



STATE OF INDIANA
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March 15, 2019

Indianapolis Public Schools
120 E Walnut St.
Indianapolis, IN 46204

We have received the audit report of Indianapolis Public Schools which was opined upon by BKD, LLP, Independent Public Accountants, for the period July 1, 2017 to June 30, 2018. Per the *Independent Auditor's Report*, the financial statements present fairly the financial condition of Indianapolis Public Schools as of June 30, 2018, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

Indianapolis Public Schools

Independent Auditor's Report and Financial Statements

June 30, 2018



Indianapolis Public Schools

June 30, 2018

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Indianapolis Public Schools
Schedule of Officials
June 30, 2018

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Weston Young	07-01-16 to 12-31-18
Superintendent of Schools	Dr. Lewis D. Ferebee	07-01-14 to 06-30-18
President of the School Board	Mary Ann Sullivan	01-01-16 to 12-31-17
	Michael O'Connor	01-01-18 to 12-31-18

Independent Auditor's Report

School Board of Commissioners
Indianapolis Public Schools
Indianapolis, Indiana

Reports on Financial Statement

We have audited the accompanying statement of receipts, disbursements, other financing sources (uses) and cash and investment balances - regulatory basis of Indianapolis Public Schools (IPS), for the year ended June 30, 2018, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

Basis for Adverse Opinion on United States Generally Accepted Accounting Principles

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

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

Adverse Opinion on United States Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on United States Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of IPS as of June 30, 2018 or changes in its net position or cash flows thereof for the year ended June 30, 2018.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash and investments and the receipts, disbursements and other financing sources (uses) of IPS for the year ended June 30, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise IPS's basic financial statement. The other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statement. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated January 9, 2019 on our consideration of IPS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of IPS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IPS's internal control over financial reporting and compliance.

BKD, LLP

Indianapolis, Indiana
January 9, 2019

Indianapolis Public Schools
Statement of Receipts, Disbursements, Other Financing Sources (Uses) and
Cash and Investment Balances - Regulatory Basis
For the Year Ended June 30, 2018

	Cash and Investments July 1, 2017	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments June 30, 2018
General	\$ 33,173,818	\$ 237,222,260	\$ 265,963,415	\$ 15,971,628	\$ 20,404,291
Debt Service	15,564,172	19,193,315	32,329,160	(850,000)	1,578,327
Retirement/Severance Bond Debt Service	984,078	1,999,344	2,885,944	-	97,478
Referendum Debt Exempt Capital	9,510,302	12,087,894	18,057,002	-	3,541,194
Capital Projects	23,288,999	35,429,647	36,823,788	(81,673)	21,813,185
School Transportation	5,591,083	35,809,383	32,624,219	274,576	9,050,823
School Bus Replacement	597,670	11,830,055	10,235,244	-	2,192,481
Rainy Day	18,919,896	-	-	-	18,919,896
Retirement/Severance Bond	7,674,396	-	392,115	-	7,282,281
School Lunch	25,945,609	21,803,472	25,414,660	(7,805)	22,326,616
Textbook Rental	840,801	1,948,652	3,618,456	909,689	80,686
Self-Insurance	1,465,662	18,004,163	16,562,936	50,779	2,957,668
Alternative Education	3,304,739	1,230,154	2,369,702	-	2,165,191
SAFE School Haven	(30,090)	36,249	30,234	-	(24,075)
Early Intervention Grant	204,700	172,608	301,749	-	75,559
Trust Funds (Limited)	2,997,757	453,527	250,057	(1,292,380)	1,908,847
Trust Funds (Endowed)	376,762	(487,542)	(133,781)	(22,805)	196
Sallie Mae Foundation	(56,524)	-	-	56,524	-
Instructional Support	9,901	-	-	(9,901)	-
IPS Foundation	33,104	-	294,216	-	(261,112)
Lilly Endowment Funds	125,184	2,871,400	168,039	(1,870)	2,826,675
M.A. Rooney Foundation	(200,076)	83,669	44,313	-	(160,720)
University of Indianapolis	26,556	-	-	(26,556)	-
Butler University	14,550	9,375	23,925	-	-
New Teacher Project, Inc.	(199)	199	-	-	-
Ball State University	8,006	-	-	(8,006)	-
Indiana State University	1,969	-	1,969	-	-
Indiana University	60,299	195,190	126,946	-	128,543
Purdue University	825	-	825	-	-
Parents as Successful Students	507	-	-	(507)	-
Bilingual Chess Club	200	-	-	(200)	-
Extra Curricular Funds	254,943	-	1	-	254,942
Central Indiana Community Foundation	271,277	217,500	234,742	-	254,035
Arts Council of Indianapolis	2,066	-	-	(2,066)	-
Dance Kaleidoscope	6,083	-	-	(6,083)	-
Safe Passage Grant	1,197	-	-	(1,197)	-
Cristel Dehaan Family Foundation	353	-	-	(353)	-
Indiana Family Health Council	(50,141)	64,073	9,677	-	4,255
United Way Foundation	65,721	22,424	101,842	-	(13,697)
Lumina Foundation	12,329	-	-	(12,329)	-
Reilly Foundation	15,066	-	-	-	15,066
School Insurance	3,000	-	-	(3,000)	-
Closed School Maintenance	553,660	-	-	(553,660)	-
Contractors Escrow	637,104	-	-	(637,104)	-
Lowe's Foundation	9,996	-	9,996	-	-
AllState Foundation	10,000	-	-	(10,000)	-
Miscellaneous Programs	669,556	1,929,500	620,237	(2,505)	1,976,314
IEA President's Fund	(34,424)	69,611	78,512	-	(43,325)
Minority Awareness Summit	208	-	-	(208)	-
Academic Summer School Program	19,949	-	-	(19,949)	-
CPR Classes	13,719	4,250	937	-	17,032
Intel ISEF Middle School After	7,490	-	6,200	(1,290)	-
CIESC	16,778	-	-	(16,778)	-

Indianapolis Public Schools
Statement of Receipts, Disbursements, Other Financing Sources (Uses) and Cash
and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	July 1, 2017	Receipts	Disbursements		June 30, 2018
Information Technology	\$ 54,168	\$ -	\$ 30,394	\$ -	\$ 23,774
Formative Assessment	100,614	372,154	470,798	-	1,970
Special Education Excess Costs	-	14,533	18,372	-	(3,839)
Gifted and Talented	74,482	183,660	190,700	-	67,442
High School Graduation Coaches	(113,570)	-	-	113,570	-
Teacher Quality Improvement Program	2,000	-	-	(2,000)	-
Step Ahead	4,295	-	-	(4,295)	-
Drug Free Communities	(20,441)	37,599	17,158	-	-
Early Education Matching Grant	114,373	18,706	-	-	133,079
Medicaid Reimbursement	59,176	15,371	-	-	74,547
Welfare Activities	(66,993)	-	-	66,993	-
School Logo Uniform	217	-	-	(217)	-
Non-English Speaking Programs	474,135	1,459,569	1,361,573	(6,960)	565,171
School Technology	2,729,286	1,261,033	37,624	-	3,952,695
Technology Plan Buddy	1,050	-	-	(1,050)	-
Career and Technical Performance Grant	22,458	38,777	35,208	(468)	25,559
Performance Based Awards	-	966,743	871,392	-	95,351
Indiana School Academic Improvement Program (ISAIP)	24,723	-	783	-	23,940
Build Indiana Fund	3,408	-	3,285	(123)	-
GQE Remediation	228,799	-	109,725	-	119,074
Energy Grant	32,861	-	-	(32,861)	-
Expanding World Languages	1,292	-	1,292	-	-
Professional Development	120,208	-	(1)	-	120,209
Safe Routes to School Grant	(4,333)	8,695	29	-	4,333
Title I	366,879	161,354	164,642	-	363,591
Title I Compensatory Education (a)	(2,732,766)	21,802,958	25,132,007	(284,237)	(6,346,052)
Title I School Improvement	(541,934)	2,365,241	2,895,422	(16,868)	(1,088,983)
Title I Delinquent	(939)	-	-	939	-
Title I Comprehensive School	(20,837)	-	-	-	(20,837)
Title I SI Turn Around Grant	(9,076)	546,249	530,467	-	6,706
Refugee Child Assistance	(888)	11,469	10,581	-	-
Stewart Homeless Assistance Act	(574)	79,067	81,211	-	(2,718)
IDEA	(2,157,819)	8,695,706	7,497,848	(1,818)	(961,779)
Preschool Handicap	(25,427)	263,583	265,865	-	(27,709)
Adult Basic Education	4,422	-	-	(4,422)	-
IPIC - Adult Basic Education	(64)	64	-	-	-
Title IV Safe and Drug Free Schools	-	-	678	-	(678)
Carol M White Physical Education	12,342	-	-	(12,342)	-
Project Peace	(12,244)	-	-	12,244	-
Impact Aid	114,028	-	1	-	114,027
Magnet Funds	4,033	-	-	(4,033)	-
Emergency Response Planning	7,420	-	-	(7,420)	-
Vocational and Technology Board Grants	(68,935)	1,008,831	1,014,601	(12,693)	(87,398)
Workforce Development School to Work	35,415	-	-	(35,415)	-
Medicaid Reimbursement - Federal	922,762	1,849,163	1,289,571	-	1,482,354
21st Century Learning Center	1,124	-	-	(1,124)	-
Improving Teacher Quality, No Child Left, Title II, Part A	(153,467)	2,650,423	2,558,274	-	(61,318)
ITQ, Enhanced Education through Technology, Title II, Part D	8,308	-	-	(8,308)	-
Title III - English Proficiency Migrant	(120,902)	1,049,741	983,720	(8,134)	(63,015)
Title II Part B Math and Science Partnership	(47,807)	93,116	45,309	-	-
Prepaid Food	-	348	-	-	348
Payroll Clearing Funds	988,000	4,556,067	6,131,554	-	(587,487)
Warehouse Clearing Funds	3,421,253	2,301,791	2,254,082	-	3,468,962
	<u>\$ 156,755,101</u>	<u>\$ 454,012,383</u>	<u>\$ 503,451,442</u>	<u>\$ 13,443,929</u>	<u>\$ 120,759,971</u>

Indianapolis Public Schools

Notes to Financial Statement

June 30, 2018

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Indianapolis Public Schools (IPS) is the largest public school district in Indiana and was established under the laws of the State of Indiana. IPS operates under a Board of School Trustees form of government and provides educational services. IPS is an agile, innovative educational organization committed to academic excellence built through individualized, relationship-based learning. IPS's revenues and other support are derived principally from contributions, local tax dollars and federal and state grants and its activities are conducted principally in the education area.

Basis of Accounting

This financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with the 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 (GAAP). The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred. Additionally, management does not present a Management's Discussion and Analysis as required by GAAP.

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.

Investments

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

Receipts

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

Local sources. Amounts receipts from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, IPS activities, revenue from community service activities, and other revenue from local sources.

State sources. Amounts received as distributions from the State of Indiana that are to be used by IPS for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of IPS.

Indianapolis Public Schools

Notes to Financial Statement

June 30, 2018

Federal sources. Amounts received as distributions from the federal government that are to be used by IPS for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of IPS.

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above. Also included are transfers into clearing accounts from the individual funds of IPS.

Disbursements

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

Instruction. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, contracted services, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by IPS, including: all expenditures for the reduction of the principal and interest of IPS's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments. Also included are transfers out of clearing accounts to individual funds of IPS.

Other Financing Sources and Uses

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

Sale of capital assets. Amounts received when land, buildings, or equipment owned by IPS are sold.

Transfers in. Amounts 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. Amounts paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Indianapolis Public Schools

Notes to Financial Statement

June 30, 2018

Fund Accounting

Separate funds are established, maintained, and reported by IPS. Each fund is used to account for amounts 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 IPS. The amounts 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 IPS 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 IPS submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to April 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3: Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to IPS in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments, which normally become delinquent if not paid by May 10 and November 10, respectively.

Indianapolis Public Schools

Notes to Financial Statement

June 30, 2018

Note 4: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds, and has a principal office or branch that qualified to receive public funds of the political subdivision. The IPS deposit policy for custodial risk is to comply with Indiana Code 5-13. At June 30, 2018, IPS had deposit balances in the amount of \$9,702,765. The bank balances were insured by the Federal Deposit Insurance Corporation or the Indiana Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of June 30, 2018, IPS held the following investments:

Investment Type	Carrying Value
Negotiable Certificates of Deposit	\$ 85,000,000
State External Investment Pool - Trust Indiana	26,057,206
Total	\$ 111,057,206

Investment Policy

Indiana statutes authorize IPS to invest in United States obligations and issues of federal agencies, secured repurchase agreements fully collateralized by U.S. Treasury or U.S. agency obligations, municipal securities of Indiana issuers that have not defaulted during the previous twenty years, certificates of deposit and open-end money market mutual funds. It is the policy of IPS to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of IPS and conforming to all state/local statutes governing the investment of public funds.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, an organization will not be able to recover the value of investments or collateral securities that are in possession of an outside party. At June 30, 2018, IPS's investments in certificates of deposit and an external investment pool are not exposed to custodial credit risk because their existence are not evidenced by securities that exist in physical or book entry form.

Indianapolis Public Schools
Notes to Financial Statement
June 30, 2018

Interest Rate Risk

Interest rate risk is the risk that changes in the interest rates will adversely affect the value of an investment. IPS must follow state statute and limit the stated final maturities of the investments to no more than five years. IPS does not have a formal investment policy for interest rate risk for investments but has elected to follow Indiana State statutes.

Below is a segmented time distribution for IPS investments at June 30, 2018.

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1 - 2	More Than 2
Negotiable Certificates of Deposit	\$ 67,000,000	\$ 18,000,000	\$ -
State External Investment Pool - Trust Indiana	26,057,206	-	-
Total	\$ 93,057,206	\$ 18,000,000	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. IPS's investment holdings are not rated, and IPS investment policy for credit risk is to stay in compliance with Indiana Code.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. IPS investment policy of credit risk is to limit investments to not more than 50% of the funds held by the investing officer and available for investment.

Foreign Currently Risk

IPS does not have investments in foreign securities.

Note 5: Risk Management

IPS may be exposed to various risk 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 IPS to set aside money for claim settlements. The self-insurance fund is 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.

Indianapolis Public Schools

Notes to Financial Statement

June 30, 2018

Note 6: Pension Plans

Public Employees Retirement Fund

Plan Description

IPS participates in the Public Employees' Retirement Fund, a cost-sharing multiple-employer defined-benefit plan effective July 1, 2013 based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. Political subdivisions means a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two (2) tiers to the PERF Plan. The first is the Public Employees Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees Annuity Savings Account Only Plan (PERF ASA Only Plan). Details of the PERF Hybrid Plan are described below.

PERF Hybrid Plan Description

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3, and IC 5-10.5. There are two (2) aspects to the PERF Hybrid Plan defined-benefit structure. The first portion is the monthly defined-benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan is the annuity savings account (ASA) that supplements the defined benefit at retirement.

Retirement Benefits - Defined Benefit Pension

The PERF Hybrid Plan retirement benefit consists of the sum of the defined pension benefit provided by the employer contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. The vesting period is eight (8) years for certain elected officials. Members are immediately vested in their annuity savings account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their annuity savings account and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the annuity savings account. A nonvested member who terminates employment prior to retirement may withdraw his/her annuity savings account after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service.

Indianapolis Public Schools

Notes to Financial Statement

June 30, 2018

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years or creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) difference groups. For PERF members who serve as an elected official, the highest one (1) year (total of four (4) consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for early retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable services is at least 85 is entitled to 100 percent of the benefits described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

Retirement Benefits - Disability and Survivor Benefits

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two (2) or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

Indianapolis Public Schools

Notes to Financial Statement

June 30, 2018

Contributions

Members are required to contribute 3% of their annual covered salary. IPS is required to contribute at an actuarially determined rate; the current rate for calendar year 2018 is 11.20% of annual covered payroll. The contribution requirements of plan members and the primary government are established and may be amended by the INPRS Board of Trustees. The actuarial amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PERF plan from IPS were \$6,318,854 for the year ended June 30, 2018.

Retirement Benefits - Annuity Savings Account

Members are required to participate in an Annuity Savings Account (ASA). The ASA consists of the members' contributions, set by statute at three (3) percent of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the members' account. The employer may elect to make the contributions on behalf of the member. IPS has elected not to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10 percent of their compensation into the annuity savings accounts. A member's contributions and interest credits belong to the member and do not belong to the State or political subdivision.

Teachers Retirement Fund

Plan Description

IPS participates in the Indiana Teachers' Retirement Fund (TRF), a cost-sharing multiple-employer defined-benefit plan. TRF was established to provide retirement, disability, and survivor benefits to full time teachers of the State of Indiana not covered by another plan. There are two (2) tiers to the TRF Plan. The first is the Teachers' Retirement Defined Benefit Plan (TRF Plan) and the second is the Teacher's Annuity Savings Account Only Plan (TRF ASA Only Plan). Details of the TRF Plan are described below.

TRF Plan

The TRF Plan was established by the Indiana General Assembly in 1921 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2. There are two (2) aspects to the TRF Plan defined-benefit structure. The first portion is the monthly defined-benefit pension that is funded by the employer. The second portion of the TRF Plan is the annuity savings account (ASA) that supplements the defined-benefit at retirement.

Indianapolis Public Schools

Notes to Financial Statement

June 30, 2018

Retirement Benefits - Defined-Benefit Pension

The TRF Plan retirement benefit consists of the sum of the defined pension benefit provided by the employer contributions plus the amount credited to the member's annuity savings account. Pension benefits vest after 10 years of creditable service. Members are immediately vested in their annuity savings account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested TRF members leaving a covered position, who wait 30 days after termination, may withdraw their annuity savings account and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the annuity savings account. A nonvested member who terminates employment prior to retirement may withdraw his/her annuity savings account after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years or creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) difference groups. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for early retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable services is at least 85 is entitled to 100 percent of the benefits described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

Indianapolis Public Schools

Notes to Financial Statement

June 30, 2018

Retirement Benefits - Disability and Survivor Benefits

The TRF Plan also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. TRF classroom disability may be available for those who do not qualify for social security disability guidelines. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two (2) or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

Contributions

Members are required to contribute 3% of their annual covered salary. IPS is required to contribute at an actuarially determined rate; the rate for fiscal year 2018 was 7.50% of annual covered payroll. The contribution requirements of plan members and the primary government are established and may be amended by the INPRS Board of Trustees. The actuarial amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

IPS 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. IPS 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. Contributions to the TRF plan from IPS were \$6,942,444 for the year ended June 30, 2018.

INPRS issues publicly available financial information that includes financial statements and required supplementary information for the PERF and TRF plans that can be found at:

<https://www.in.gov/inprs/>

Indianapolis Public Schools

Notes to Financial Statement

June 30, 2018

Note 7: Negative Receipts and Disbursements

The financial statement contains some negative receipts and disbursements, which are generally the result of adjustments (recoding entries) between funds.

Note 8: Cash Balance Deficits

The financial statements contain some funds with deficits in cash. These typically reflect expenditures related to reimbursable federal, state or private grants. Several funds with negative cash balances at June 30, 2018, were subsequently reimbursed after year end.

Note 9: IPS Multi-School Holding Corporation

IPS has entered into various capital leases with IPS Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and construction or reconstruction facilities for lease to IPS. The lessor has been determined to be a related party of IPS by management and lease payments during 2018 totaled \$50,241,874.

Note 10: Innovation Schools

In 2014, state legislators approved a law that enabled school districts across the state with the authority to create Innovation School Network Schools. These schools are able to operate with the authority to make decisions about all aspects of their school - both academic and operational - and are held accountable by the school district for agreed-upon student outcomes. The purpose of innovation schools is to allow our district - and schools within our district - the additional flexibility to make decisions based on the specific needs of a school's student body.

In IPS, there are four pathways a school may take to become an innovation school:

1. Launch as a new innovation school
2. Launch as an innovation charter school
3. Restart an existing chronically underperforming school as an innovation school
4. Convert an existing high-performing school as an innovation school

Innovation network schools are an important part of the IPS mission of ensuring an excellent school in every neighborhood.

Indianapolis Public Schools

Notes to Financial Statement

June 30, 2018

Beginning July 1, 2015, as authorized by state statute, the School Corporation has entered into agreements with school management teams to reconstitute and operate eligible schools as an Innovation Network School or an Innovation Network Charter School. The school management teams operate as independent contractors to IPS to provide instruction and education services as outlined in the respective agreements. Eligible funds are received and reported as revenue by IPS and disbursed pursuant to an agreement with the independent contractor. The disbursements are categorized as part of "Instruction Disbursements".

The financial activity of the separately incorporated not-for-profit innovations schools are excluded from this financial statement, except for those funds received on behalf of the innovation schools and subsequently paid to each as noted above. During fiscal year 2018, IPS incurred approximately \$43 million of costs related to the innovation schools under separate management for which IPS was not reimbursed.

Note 11: Subsequent Events

In September 2018, IPS issued the 2018A and 2018B general obligation bonds in the amount of \$13 million and \$21 million, respectively. The proceeds will primarily be used for capital improvements throughout certain IPS schools.

In November 2018, taxpayers approved a \$220,000,000 operating referendum and a \$52,000,000 capital improvement referendum to be recognized as additional revenue over the next eight years.

Other Information (Unaudited)

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis
For the Year Ended June 30, 2018

	General	Debt Service	Retirement/ Severance/ Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation
Cash and Investments - beginning	\$ 33,173,818	\$ 15,564,172	\$ 984,078	\$ 9,510,302	\$ 23,288,999	\$ 5,591,083
Receipts:						
Local sources	4,361,400	19,193,315	1,999,344	12,087,894	35,352,809	35,784,313
State sources	232,572,373	-	-	-	-	-
Federal sources	367,366	-	-	-	-	-
Other receipts	(78,879)	-	-	-	76,838	25,070
Total receipts	<u>237,222,260</u>	<u>19,193,315</u>	<u>1,999,344</u>	<u>12,087,894</u>	<u>35,429,647</u>	<u>35,809,383</u>
Disbursements:						
Instruction	181,802,532	-	-	-	-	-
Support services	81,010,177	-	-	-	32,872,509	32,624,219
Noninstructional services	3,137,806	-	-	-	-	-
Facilities acquisition and construction	11,720	-	-	-	3,951,279	-
Debt services	1,180	32,329,160	2,885,944	18,057,002	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>265,963,415</u>	<u>32,329,160</u>	<u>2,885,944</u>	<u>18,057,002</u>	<u>36,823,788</u>	<u>32,624,219</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(28,741,155)</u>	<u>(13,135,845)</u>	<u>(886,600)</u>	<u>(5,969,108)</u>	<u>(1,394,141)</u>	<u>3,185,164</u>
Other Financing Sources (Uses):						
Sale of capital assets	13,375,741	-	-	-	8,499	-
Transfers in	2,625,276	-	-	-	-	274,576
Transfers out	(29,389)	(850,000)	-	-	(90,172)	-
Total other financing sources (uses)	<u>15,971,628</u>	<u>(850,000)</u>	<u>-</u>	<u>-</u>	<u>(81,673)</u>	<u>274,576</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>(12,769,527)</u>	<u>(13,985,845)</u>	<u>(886,600)</u>	<u>(5,969,108)</u>	<u>(1,475,814)</u>	<u>3,459,740</u>
Cash and Investments - ending	<u>\$ 20,404,291</u>	<u>\$ 1,578,327</u>	<u>\$ 97,478</u>	<u>\$ 3,541,194</u>	<u>\$ 21,813,185</u>	<u>\$ 9,050,823</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch	Textbook Rental	Self- Insurance
Cash and Investments - beginning	\$ 597,670	\$ 18,919,896	\$ 7,674,396	\$ 25,945,609	\$ 840,801	\$ 1,465,662
Receipts:						
Local sources	11,830,055	-	-	2,224,594	1,948,612	18,004,163
State sources	-	-	-	-	-	-
Federal sources	-	-	-	19,563,382	-	-
Other receipts	-	-	-	15,496	40	-
Total receipts	<u>11,830,055</u>	<u>-</u>	<u>-</u>	<u>21,803,472</u>	<u>1,948,652</u>	<u>18,004,163</u>
Disbursements:						
Instruction	-	-	194,546	-	220,705	-
Support services	10,235,244	-	197,569	1,052,072	2,021,323	196,018
Noninstructional services	-	-	-	22,258,744	-	-
Facilities acquisition and construction	-	-	-	962,336	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	1,141,508	1,376,428	16,366,918
Total disbursements	<u>10,235,244</u>	<u>-</u>	<u>392,115</u>	<u>25,414,660</u>	<u>3,618,456</u>	<u>16,562,936</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>1,594,811</u>	<u>-</u>	<u>(392,115)</u>	<u>(3,611,188)</u>	<u>(1,669,804)</u>	<u>1,441,227</u>
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	59,689	-
Transfers in	-	-	-	451	850,000	50,779
Transfers out	-	-	-	(8,256)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,805)</u>	<u>909,689</u>	<u>50,779</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>1,594,811</u>	<u>-</u>	<u>(392,115)</u>	<u>(3,618,993)</u>	<u>(760,115)</u>	<u>1,492,006</u>
Cash and Investments - ending	<u>\$ 2,192,481</u>	<u>\$ 18,919,896</u>	<u>\$ 7,282,281</u>	<u>\$ 22,326,616</u>	<u>\$ 80,686</u>	<u>\$ 2,957,668</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	Alternative Education	SAFE School Haven	Early Intervention Grant	Trust Funds (Limited)	Trust Funds (Endowed)	Sallie Mae Foundation
Cash and Investments - beginning	\$ 3,304,739	\$ (30,090)	\$ 204,700	\$ 2,997,757	\$ 376,762	\$ (56,524)
Receipts:						
Local sources	-	-	-	453,614	(488,339)	-
State sources	1,229,687	36,249	172,608	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	467	-	-	(87)	797	-
Total receipts	<u>1,230,154</u>	<u>36,249</u>	<u>172,608</u>	<u>453,527</u>	<u>(487,542)</u>	<u>-</u>
Disbursements:						
Instruction	2,353,243	30,234	231,063	-	-	-
Support services	16,459	-	70,686	150	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	249,907	(133,781)	-
Total disbursements	<u>2,369,702</u>	<u>30,234</u>	<u>301,749</u>	<u>250,057</u>	<u>(133,781)</u>	<u>-</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(1,139,548)</u>	<u>6,015</u>	<u>(129,141)</u>	<u>203,470</u>	<u>(353,761)</u>	<u>-</u>
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	149,817	(22,805)	56,524
Transfers out	-	-	-	(1,442,197)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,292,380)</u>	<u>(22,805)</u>	<u>56,524</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>(1,139,548)</u>	<u>6,015</u>	<u>(129,141)</u>	<u>(1,088,910)</u>	<u>(376,566)</u>	<u>56,524</u>
Cash and Investments - ending	<u>\$ 2,165,191</u>	<u>\$ (24,075)</u>	<u>\$ 75,559</u>	<u>\$ 1,908,847</u>	<u>\$ 196</u>	<u>\$ -</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	Instructional Support	IPS Foundation	Lilly Endowment Funds	M.A. Rooney Foundation	University of Indianapolis	Butler University
Cash and Investments - beginning	\$ 9,901	\$ 33,104	\$ 125,184	\$ (200,076)	\$ 26,556	\$ 14,550
Receipts:						
Local sources	-	-	2,871,400	83,669	-	9,375
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>2,871,400</u>	<u>83,669</u>	<u>-</u>	<u>9,375</u>
Disbursements:						
Instruction	-	490	1,332	44,313	-	-
Support services	-	293,726	166,707	-	-	23,925
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>294,216</u>	<u>168,039</u>	<u>44,313</u>	<u>-</u>	<u>23,925</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>-</u>	<u>(294,216)</u>	<u>2,703,361</u>	<u>39,356</u>	<u>-</u>	<u>(14,550)</u>
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(9,901)	-	(1,870)	-	(26,556)	-
Total other financing sources (uses)	<u>(9,901)</u>	<u>-</u>	<u>(1,870)</u>	<u>-</u>	<u>(26,556)</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>(9,901)</u>	<u>(294,216)</u>	<u>2,701,491</u>	<u>39,356</u>	<u>(26,556)</u>	<u>(14,550)</u>
Cash and Investments - ending	<u>\$ -</u>	<u>\$ (261,112)</u>	<u>\$ 2,826,675</u>	<u>\$ (160,720)</u>	<u>\$ -</u>	<u>\$ -</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	New Teacher Project, Inc.	Ball State University	Indiana State University	Indiana University	Purdue University	Parents as Successful Students
Cash and Investments - beginning	\$ (199)	\$ 8,006	\$ 1,969	\$ 60,299	\$ 825	\$ 507
Receipts:						
Local sources	-	-	-	195,190	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	199	-	-	-	-	-
Total receipts	<u>199</u>	<u>-</u>	<u>-</u>	<u>195,190</u>	<u>-</u>	<u>-</u>
Disbursements:						
Instruction	-	-	1,969	126,946	825	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>1,969</u>	<u>126,946</u>	<u>825</u>	<u>-</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>199</u>	<u>-</u>	<u>(1,969)</u>	<u>68,244</u>	<u>(825)</u>	<u>-</u>
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	(8,006)	-	-	-	(507)
Total other financing sources (uses)	<u>-</u>	<u>(8,006)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(507)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>199</u>	<u>(8,006)</u>	<u>(1,969)</u>	<u>68,244</u>	<u>(825)</u>	<u>(507)</u>
Cash and Investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,543</u>	<u>\$ -</u>	<u>\$ -</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	Bilingual Chess Club	Extra Curricular Funds	Central Indiana Community Foundation	Arts Council of Indianapolis	Dance Kaleidoscope	Safe Passage Grant
Cash and Investments - beginning	\$ 200	\$ 254,943	\$ 271,277	\$ 2,066	\$ 6,083	\$ 1,197
Receipts:						
Local sources	-	-	217,500	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	217,500	-	-	-
Disbursements:						
Instruction	-	-	209,742	-	-	-
Support services	-	-	25,000	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	1	-	-	-	-
Total disbursements	-	1	234,742	-	-	-
Excess (Deficiency) of Receipts Over Disbursements	-	(1)	(17,242)	-	-	-
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(200)	-	-	(2,066)	(6,083)	(1,197)
Total other financing sources (uses)	(200)	-	-	(2,066)	(6,083)	(1,197)
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(200)	(1)	(17,242)	(2,066)	(6,083)	(1,197)
Cash and Investments - ending	\$ -	\$ 254,942	\$ 254,035	\$ -	\$ -	\$ -

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	Cristel DeHaan Family Foundation	Indiana Family Health Council	United Way Foundation	Lumina Foundation	Reilly Foundation	School Insurance
Cash and Investments - beginning	\$ 353	\$ (50,141)	\$ 65,721	\$ 12,329	\$ 15,066	\$ 3,000
Receipts:						
Local sources	-	64,073	22,424	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>64,073</u>	<u>22,424</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Instruction	-	-	101,493	-	-	-
Support services	-	9,677	349	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>9,677</u>	<u>101,842</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>-</u>	<u>54,396</u>	<u>(79,418)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(353)	-	-	(12,329)	-	(3,000)
Total other financing sources (uses)	<u>(353)</u>	<u>-</u>	<u>-</u>	<u>(12,329)</u>	<u>-</u>	<u>(3,000)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>(353)</u>	<u>54,396</u>	<u>(79,418)</u>	<u>(12,329)</u>	<u>-</u>	<u>(3,000)</u>
Cash and Investments - ending	<u>\$ -</u>	<u>\$ 4,255</u>	<u>\$ (13,697)</u>	<u>\$ -</u>	<u>\$ 15,066</u>	<u>\$ -</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	Closed School Maintenance	Contractors Escrow	Lowe's Foundation	AllState Foundation	Miscellaneous Programs	IEA President's Fund
Cash and Investments - beginning	\$ 553,660	\$ 637,104	\$ 9,996	\$ 10,000	\$ 669,556	\$ (34,424)
Receipts:						
Local sources	-	-	-	-	1,929,500	69,611
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,929,500</u>	<u>69,611</u>
Disbursements:						
Instruction	-	-	-	-	323,044	-
Support services	-	-	2,989	-	297,193	78,512
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	7,007	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>9,996</u>	<u>-</u>	<u>620,237</u>	<u>78,512</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>-</u>	<u>-</u>	<u>(9,996)</u>	<u>-</u>	<u>1,309,263</u>	<u>(8,901)</u>
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(553,660)	(637,104)	-	(10,000)	(2,505)	-
Total other financing sources (uses)	<u>(553,660)</u>	<u>(637,104)</u>	<u>-</u>	<u>(10,000)</u>	<u>(2,505)</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>(553,660)</u>	<u>(637,104)</u>	<u>(9,996)</u>	<u>(10,000)</u>	<u>1,306,758</u>	<u>(8,901)</u>
Cash and Investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,976,314</u>	<u>\$ (43,325)</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	Minority Awareness Summit	Academic Summer School Program	CPR Classes	Intel ISEF Middle School After	CIECS	Information Technology
Cash and Investments - beginning	\$ 208	\$ 19,949	\$ 13,719	\$ 7,490	\$ 16,778	\$ 54,168
Receipts:						
Local sources	-	-	4,250	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	4,250	-	-	-
Disbursements:						
Instruction	-	-	797	-	-	-
Support services	-	-	140	6,200	-	30,394
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	-	937	6,200	-	30,394
Excess (Deficiency) of Receipts Over Disbursements	-	-	3,313	(6,200)	-	(30,394)
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(208)	(19,949)	-	(1,290)	(16,778)	-
Total other financing sources (uses)	(208)	(19,949)	-	(1,290)	(16,778)	-
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(208)	(19,949)	3,313	(7,490)	(16,778)	(30,394)
Cash and Investments - ending	\$ -	\$ -	\$ 17,032	\$ -	\$ -	\$ 23,774

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	Formative Assessment	Special Education Excess Costs	Gifted and Talented	High School Graduation Coaches	Teacher Quality Improvement Program	Step Ahead
Cash and Investments - beginning	\$ 100,614	\$ -	\$ 74,482	\$ (113,570)	\$ 2,000	\$ 4,295
Receipts:						
Local sources	-	-	-	-	-	-
State sources	372,154	14,533	183,660	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>372,154</u>	<u>14,533</u>	<u>183,660</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Instruction	-	18,372	179,234	-	-	-
Support services	470,798	-	11,417	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	49	-	-	-
Total disbursements	<u>470,798</u>	<u>18,372</u>	<u>190,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(98,644)</u>	<u>(3,839)</u>	<u>(7,040)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	113,570	-	-
Transfers out	-	-	-	-	(2,000)	(4,295)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,570</u>	<u>(2,000)</u>	<u>(4,295)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>(98,644)</u>	<u>(3,839)</u>	<u>(7,040)</u>	<u>113,570</u>	<u>(2,000)</u>	<u>(4,295)</u>
Cash and Investments - ending	<u>\$ 1,970</u>	<u>\$ (3,839)</u>	<u>\$ 67,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	Drug Free Communities	Early Education Matching Grant	Medicaid Reimbursement	Welfare Activities	School Logo Uniform	Non-English Speaking Programs
Cash and Investments - beginning	\$ (20,441)	\$ 114,373	\$ 59,176	\$ (66,993)	\$ 217	\$ 474,135
Receipts:						
Local sources	37,599	-	-	-	-	-
State sources	-	18,706	15,371	-	-	1,459,401
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	168
Total receipts	<u>37,599</u>	<u>18,706</u>	<u>15,371</u>	<u>-</u>	<u>-</u>	<u>1,459,569</u>
Disbursements:						
Instruction	17,158	-	-	-	-	1,267,856
Support services	-	-	-	-	-	70,653
Noninstructional services	-	-	-	-	-	23,064
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>17,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,361,573</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>20,441</u>	<u>18,706</u>	<u>15,371</u>	<u>-</u>	<u>-</u>	<u>97,996</u>
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	66,993	-	-
Transfers out	-	-	-	-	(217)	(6,960)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,993</u>	<u>(217)</u>	<u>(6,960)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>20,441</u>	<u>18,706</u>	<u>15,371</u>	<u>66,993</u>	<u>(217)</u>	<u>91,036</u>
Cash and Investments - ending	<u>\$ -</u>	<u>\$ 133,079</u>	<u>\$ 74,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 565,171</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	School Technology	Technology Plan Buddy	Career and Technical Performance Grant	Performance Based Awards	Indiana School Academic Improvement Program (ISAIP)	Build Indiana Fund
Cash and Investments - beginning	\$ 2,729,286	\$ 1,050	\$ 22,458	\$ -	\$ 24,723	\$ 3,408
Receipts:						
Local sources	-	-	-	-	-	-
State sources	1,261,033	-	38,777	966,743	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>1,261,033</u>	<u>-</u>	<u>38,777</u>	<u>966,743</u>	<u>-</u>	<u>-</u>
Disbursements:						
Instruction	1	-	35,208	871,392	-	-
Support services	37,623	-	-	-	783	3,285
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>37,624</u>	<u>-</u>	<u>35,208</u>	<u>871,392</u>	<u>783</u>	<u>3,285</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>1,223,409</u>	<u>-</u>	<u>3,569</u>	<u>95,351</u>	<u>(783)</u>	<u>(3,285)</u>
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	(1,050)	(468)	-	-	(123)
Total other financing sources (uses)	<u>-</u>	<u>(1,050)</u>	<u>(468)</u>	<u>-</u>	<u>-</u>	<u>(123)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>1,223,409</u>	<u>(1,050)</u>	<u>3,101</u>	<u>95,351</u>	<u>(783)</u>	<u>(3,408)</u>
Cash and Investments - ending	<u>\$ 3,952,695</u>	<u>\$ -</u>	<u>\$ 25,559</u>	<u>\$ 95,351</u>	<u>\$ 23,940</u>	<u>\$ -</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	GQE Remediation	Energy Grant	Expanding World Languages	Professional Development	Safe Routes to School Grant	Title I
Cash and Investments - beginning	\$ 228,799	\$ 32,861	\$ 1,292	\$ 120,208	\$ (4,333)	\$ 366,879
Receipts:						
Local sources	-	-	-	-	8,695	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	161,354
Other receipts	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,695</u>	<u>161,354</u>
Disbursements:						
Instruction	109,725	-	-	(1)	-	-
Support services	-	-	1,292	-	29	-
Noninstructional services	-	-	-	-	-	164,642
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>109,725</u>	<u>-</u>	<u>1,292</u>	<u>(1)</u>	<u>29</u>	<u>164,642</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(109,725)</u>	<u>-</u>	<u>(1,292)</u>	<u>1</u>	<u>8,666</u>	<u>(3,288)</u>
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	(32,861)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(32,861)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>(109,725)</u>	<u>(32,861)</u>	<u>(1,292)</u>	<u>1</u>	<u>8,666</u>	<u>(3,288)</u>
Cash and Investments - ending	<u>\$ 119,074</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,209</u>	<u>\$ 4,333</u>	<u>\$ 363,591</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	Title I Compensatory Education (a)	Title I School Improvement	Title I Delinquent	Title I Comprehensive School	Title I SI Turn Around Grant	Refugee Child Assistance
Cash and Investments - beginning	\$ (2,732,766)	\$ (541,934)	\$ (939)	\$ (20,837)	\$ (9,076)	\$ (888)
Receipts:						
Local sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	21,802,040	2,365,241	-	-	546,249	11,469
Other receipts	918	-	-	-	-	-
Total receipts	<u>21,802,958</u>	<u>2,365,241</u>	<u>-</u>	<u>-</u>	<u>546,249</u>	<u>11,469</u>
Disbursements:						
Instruction	12,066,643	550,692	-	-	172,162	10,581
Support services	9,056,840	2,336,485	-	-	357,652	-
Noninstructional services	3,674,405	8,245	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	334,119	-	-	-	653	-
Total disbursements	<u>25,132,007</u>	<u>2,895,422</u>	<u>-</u>	<u>-</u>	<u>530,467</u>	<u>10,581</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(3,329,049)</u>	<u>(530,181)</u>	<u>-</u>	<u>-</u>	<u>15,782</u>	<u>888</u>
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	939	-	-	-
Transfers out	(284,237)	(16,868)	-	-	-	-
Total other financing sources (uses)	<u>(284,237)</u>	<u>(16,868)</u>	<u>939</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>(3,613,286)</u>	<u>(547,049)</u>	<u>939</u>	<u>-</u>	<u>15,782</u>	<u>888</u>
Cash and Investments - ending	<u>\$ (6,346,052)</u>	<u>\$ (1,088,983)</u>	<u>\$ -</u>	<u>\$ (20,837)</u>	<u>\$ 6,706</u>	<u>\$ -</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	Stewart Homeless Assistance Act	IDEA	Preschool Handicap	Adult Basic Education	IPIC - Adult Basic Education	Title IV Safe and Drug Free Schools
Cash and Investments - beginning	\$ (574)	\$ (2,157,819)	\$ (25,427)	\$ 4,422	\$ (64)	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	79,067	8,695,621	263,583	-	-	-
Other receipts	-	85	-	-	64	-
Total receipts	<u>79,067</u>	<u>8,695,706</u>	<u>263,583</u>	<u>-</u>	<u>64</u>	<u>-</u>
Disbursements:						
Instruction	-	4,735,147	259,744	-	-	-
Support services	-	1,655,855	-	-	-	-
Noninstructional services	79,368	1,004,243	2,246	-	-	678
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	1,843	102,603	3,875	-	-	-
Total disbursements	<u>81,211</u>	<u>7,497,848</u>	<u>265,865</u>	<u>-</u>	<u>-</u>	<u>678</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(2,144)</u>	<u>1,197,858</u>	<u>(2,282)</u>	<u>-</u>	<u>64</u>	<u>(678)</u>
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	(1,818)	-	(4,422)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(1,818)</u>	<u>-</u>	<u>(4,422)</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>(2,144)</u>	<u>1,196,040</u>	<u>(2,282)</u>	<u>(4,422)</u>	<u>64</u>	<u>(678)</u>
Cash and Investments - ending	<u>\$ (2,718)</u>	<u>\$ (961,779)</u>	<u>\$ (27,709)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (678)</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	Carol M. White Physical Education	Project Peace	Impact Aid	Magnet Funds	Emergency Response Planning	Vocational and Technology Board Grants
Cash and Investments - beginning	\$ 12,342	\$ (12,244)	\$ 114,028	\$ 4,033	\$ 7,420	\$ (68,935)
Receipts:						
Local sources	-	-	-	-	-	-
State sources	-	-	-	-	-	1,008,831
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,008,831</u>
Disbursements:						
Instruction	-	-	1	-	-	1,014,601
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>1,014,601</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(5,770)</u>
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	12,244	-	-	-	-
Transfers out	(12,342)	-	-	(4,033)	(7,420)	(12,693)
Total other financing sources (uses)	<u>(12,342)</u>	<u>12,244</u>	<u>-</u>	<u>(4,033)</u>	<u>(7,420)</u>	<u>(12,693)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>(12,342)</u>	<u>12,244</u>	<u>(1)</u>	<u>(4,033)</u>	<u>(7,420)</u>	<u>(18,463)</u>
Cash and Investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (87,398)</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	Workforce Development School to Work	Medicaid Reimbursement - Federal	21st Century Learning Center	Improving Teacher Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Title III - English Proficiency Migrant
Cash and Investments - beginning	\$ 35,415	\$ 922,762	\$ 1,124	\$ (153,467)	\$ 8,308	\$ (120,902)
Receipts:						
Local sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	1,849,163	-	2,649,080	-	1,049,741
Other receipts	-	-	-	1,343	-	-
Total receipts	<u>-</u>	<u>1,849,163</u>	<u>-</u>	<u>2,650,423</u>	<u>-</u>	<u>1,049,741</u>
Disbursements:						
Instruction	-	182,357	-	-	-	604,998
Support services	-	1,107,214	-	2,039,075	-	293,212
Noninstructional services	-	-	-	484,713	-	77,750
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	34,486	-	7,760
Total disbursements	<u>-</u>	<u>1,289,571</u>	<u>-</u>	<u>2,558,274</u>	<u>-</u>	<u>983,720</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>-</u>	<u>559,592</u>	<u>-</u>	<u>92,149</u>	<u>-</u>	<u>66,021</u>
Other Financing Sources (Uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(35,415)	-	(1,124)	-	(8,308)	(8,134)
Total other financing sources (uses)	<u>(35,415)</u>	<u>-</u>	<u>(1,124)</u>	<u>-</u>	<u>(8,308)</u>	<u>(8,134)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>(35,415)</u>	<u>559,592</u>	<u>(1,124)</u>	<u>92,149</u>	<u>(8,308)</u>	<u>57,887</u>
Cash and Investments - ending	<u>\$ -</u>	<u>\$ 1,482,354</u>	<u>\$ -</u>	<u>\$ (61,318)</u>	<u>\$ -</u>	<u>\$ (63,015)</u>

Indianapolis Public Schools
Combining Schedule of Receipts, Disbursements, Other Financing Sources
(Uses), and Cash and Investment Balances - Regulatory Basis (Continued)
For the Year Ended June 30, 2018

	Title II, Part B Math and Science Partnership	Prepaid Food	Payroll Clearing Funds	Warehouse Clearing Funds	Totals
Cash and Investments - beginning	\$ (47,807)	\$ -	\$ 988,000	\$ 3,421,253	\$ 156,755,101
Receipts:					
Local sources	-	348	-	-	148,265,408
State sources	-	-	-	-	239,350,126
Federal sources	93,116	-	-	-	59,496,472
Other receipts	-	-	4,556,067	2,301,791	6,900,377
Total receipts	<u>93,116</u>	<u>348</u>	<u>4,556,067</u>	<u>2,301,791</u>	<u>454,012,383</u>
Disbursements:					
Instruction	-	-	-	-	207,739,145
Support services	44,377	-	-	-	178,717,828
Noninstructional services	-	-	-	-	30,915,904
Facilities acquisition and construction	-	-	-	-	4,925,335
Debt services	-	-	-	-	53,273,286
Nonprogrammed charges	932	-	6,131,554	2,254,082	27,879,944
Total disbursements	<u>45,309</u>	<u>-</u>	<u>6,131,554</u>	<u>2,254,082</u>	<u>503,451,442</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>47,807</u>	<u>348</u>	<u>(1,575,487)</u>	<u>47,709</u>	<u>(49,439,059)</u>
Other Financing Sources (Uses):					
Sale of capital assets	-	-	-	-	13,443,929
Transfers in	-	-	-	-	4,178,364
Transfers out	-	-	-	-	(4,178,364)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,443,929</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>47,807</u>	<u>348</u>	<u>(1,575,487)</u>	<u>47,709</u>	<u>(35,995,130)</u>
Cash and Investments - ending	<u>\$ -</u>	<u>\$ 348</u>	<u>\$ (587,487)</u>	<u>\$ 3,468,962</u>	<u>\$ 120,759,971</u>

Indianapolis Public Schools
Schedule of Payables and Receivables
June 30, 2018

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 3,929,130</u>	<u>\$ 829,945</u>

Indianapolis Public Schools

Schedule of Leases and Debt

June 30, 2018

Lessor	Purpose	Annual Lease Payment	Annual Lease Payment Due Within One Year	Lease Beginning Date
Governmental Activities				
Board of School Commissioners of the City of Indianapolis	2016 Equipment Bus Lease	\$ 1,208,474	\$ 1,208,475	7/15/2016
IPS Multi-School Building Corporation	First Mortgage Refunding Bonds 2007	638,000	369,000	7/15/2007
IPS Multi-School Building Corporation	Build America Bonds 2009A	2,025,000	3,690,000	1/15/2010
IPS Multi-School Building Corporation	First Mortgage Refunding Bonds 2016A	3,162,620	3,160,000	7/15/2016
IPS Multi-School Building Corporation	First Mortgage Refunding Bonds 2016B	15,517,626	15,418,000	1/15/2017
IPS Multi-School Building Corporation	Qualified School Construction Bonds 2009C	2,025,000	360,000	1/15/2010
IPS Multi-School Building Corporation	Qualified School Construction Bonds 2010C	61,000	4,840,000	1/15/2011
IPS Multi-School Building Corporation	Qualified School Construction Bonds 2010D	7,000	4,014,000	1/15/2011
IPS Multi-School Building Corporation	First Mortgage Refunding Bonds 2014	13,883,000	8,154,000	1/15/2015
IPS Multi-School Building Corporation	First Mortgage Refunding Bonds 2015	12,922,628	12,928,500	7/15/2015
Total governmental activities		<u>51,450,348</u>	<u>54,141,975</u>	
Total of annual lease payments		<u>\$ 51,450,348</u>	<u>\$ 54,141,975</u>	

Type	Description of Debt	Purpose	2018 Debt Service Payments	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities					
General obligation bonds	Pension Advance Funding		\$ 2,885,944	\$ 9,705,203	\$ 2,881,726
Notes and loans payable	Common School Loans		147,825	73,000	73,365
Total governmental activities			<u>3,033,769</u>	<u>9,778,203</u>	<u>2,955,091</u>
Totals			<u>\$ 3,033,769</u>	<u>\$ 9,778,203</u>	<u>\$ 2,955,091</u>

Indianapolis Public Schools
Schedule of Capital Assets
June 30, 2018

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

	Ending Balance
Governmental Activities	
Land	\$ 2,337,502
Buildings	477,365,378
Improvements other than buildings	773,803
Machinery, equipment and vehicles	39,876,986
Total governmental activities	520,353,669
Total capital assets	\$ 520,353,669

Indianapolis Public Schools

Single Audit Report

For the Year Ended June 30, 2018



Indianapolis Public Schools
For the Year Ended June 30, 2018

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Indianapolis Public Schools

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Federal Grantor	Pass-Through Grantor	Pass-Through Identifying Number	Program Title	Federal CFDA #	2018 Total Federal Expenditures	2018 Amount Passed-Through to Subrecipients
U.S. Department of Agriculture						
Child Nutrition Cluster						
	Indiana Department of Education	(49) 5385 - FY18	School Breakfast Program	10.553	\$ 5,145,856	\$ -
	Indiana Department of Education	(49) 5385 - FY18	National School Lunch Fund	10.555	13,256,566	-
	Indiana Department of Education	(49) 5385 - FY18	After School Supplement Program	10.555	138,739	-
	Total Child Nutrition Cluster				<u>18,541,161</u>	<u>-</u>
	Indiana Department of Education	(49) 5385 - FY18	Child and Adult Care Food Program	10.558	170,568	-
	Indiana Department of Education	(49) 5385 - FY18	Fresh Fruit and Vegetable Program	10.582	1,079,232	-
				Total U.S. Department of Agriculture	<u>19,790,961</u>	<u>-</u>
U.S. Department of Education						
	Indiana Department of Education	N/A	Title I Grants to Local Education Agencies	84.010	404	-
	Indiana Department of Education	N/A	Title I Grants to Local Education Agencies	84.010	3,412,344	-
	Indiana Department of Education	N/A	Title I Grants to Local Education Agencies	84.010	18,054,297	-
	Indiana Department of Education	S010A160014	Title I Grants to Local Education Agencies	84.010	1,368,073	-
	Indiana Department of Education	S010A160014	Title I Grants to Local Education Agencies	84.010	1,544,217	-
	Indiana Department of Education	N/A	Title I Grants to Local Education Agencies	84.010	7,423,784	-
					<u>31,803,119</u>	<u>-</u>
Special Education Cluster						
	Indiana Department of Education	14217-028-PN01	Special Education Part B	84.027	5,419,934	-
	Indiana Department of Education	14216-028-PN01	Special Education Part B	84.027	219,422	-
	Indiana Department of Education	18611-028-PN01	Special Education Part B	84.027	3,842,503	-
					<u>9,481,859</u>	<u>-</u>
	Indiana Department of Education	45716-028-PN01	Special Education Preschool	84.173	7,043	-
	Indiana Department of Education	45717-028-PN01	Special Education Preschool	84.173	139,085	-
	Indiana Department of Education	45717-030-PN01	Special Education Preschool	84.173	145,973	-
					<u>292,101</u>	<u>-</u>
	Total Special Education Cluster				<u>9,773,960</u>	<u>-</u>

Indianapolis Public Schools
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2018

Federal Grantor	Pass-Through Grantor	Pass-Through Identifying Number	Program Title	Federal CFDA #	2018 Total Federal Expenditures	2018 Amount Passed-Through to Subrecipients
	Indiana Department of Education	18-4700-5385	Vocational Education	84.048	\$ 939,994	\$ -
	Indiana Department of Education	17-7400-5385	Vocational Education	84.048	52,109	-
	Indiana Department of Education	A58-7-17CI-4351	Vocational Education	84.048	99,611	-
					<u>1,091,714</u>	<u>-</u>
	Indiana Department of Education	A58-7-17SS3941	Education for Homeless Children and Youth	84.196	40,208	-
	Indiana Department of Education	N/A	Education for Homeless Children and Youth	84.196	46,725	-
					<u>86,933</u>	<u>-</u>
	Indiana Department of Education	01117-006-FLUX	English Language Acquisition State Grants	84.365	5,518	-
	Indiana Department of Education		English Language Acquisition State Grants	84.365	438,725	-
	Indiana Department of Education	01118-068-PN01	English Language Acquisition State Grants	84.365	142,037	-
	Indiana Department of Education	01117-070-PN01	English Language Acquisition State Grants	84.365	505,768	-
	Indiana Department of Education	01118-003-FLUX	English Language Acquisition State Grants	84.365	29,900	-
					<u>1,121,948</u>	<u>-</u>
	Indiana Department of Education	A58-6-16CI-3739	Mathematics and Science Partnerships	84.366	45,309	-
	Indiana Department of Education	S367A150013	Supporting Effective Instruction State Grants	84.367	1,020,148	-
	Indiana Department of Education	S367A160013	Supporting Effective Instruction State Grants	84.367	1,751,309	-
					<u>2,771,457</u>	<u>-</u>
	Indiana Department of Education	S377A150013	School Improvement Grants	84.377	407,572	-
	Indiana Department of Education	S3778140015	School Improvement Grants	84.377	138,677	-
					<u>546,249</u>	<u>-</u>
	Indiana Department of Education	N/A	Student Support and Academic Enrichment Program	84.424	678	-
				Total U.S. Department of Education	<u>47,241,367</u>	<u>-</u>
U.S. Department of Health and Human Services						
	Indiana Department of Education	700REFSOCSVCF17	Refugee and Entrant Assistance - State/Replacement	93.566	7,662	-
	Indiana Department of Education	700REFSOCSVCF18	Refugee and Entrant Assistance - State/Replacement	93.566	2,919	-
					<u>10,581</u>	<u>-</u>
	Indiana Department of Education	700REFSOCSVCF18	Refugee and Entrant Assistance Discretionary Grants	93.576	888	-
				Total U.S. Department of Health and Human Services	<u>11,469</u>	<u>-</u>
				Total Federal Expenditures	<u>\$ 67,043,797</u>	<u>\$ -</u>

Indianapolis Public Schools
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Indianapolis Public Schools (IPS) under programs of the federal government for the year ended June 30, 2018. The accompanying notes are an integral part of this Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of IPS, it is not intended to and does not present the financial position, changes in net position or cash flows of IPS.
2. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. IPS has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. During the year ended June 30, 2018, IPS modified how amounts are reported on the schedule of expenditures of federal awards to report cash basis expenditure amounts instead of receipts received during the year for cost-reimbursement federal grants, which management believes is a more appropriate methodology for preparing the schedule of expenditures of federal awards. As a result, the Schedule for the year ended June 30, 2018 includes federal expenditures of \$5,575,004 that were paid during fiscal year 2017 but not reimbursed until fiscal year 2018 and were therefore not previously included on the 2017 Schedule.
4. IPS had no federal loans that they were administering as of June 30, 2018.

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Independent Auditor's Report

School Board of Commissioners
Indianapolis Public Schools
Indianapolis, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of Indianapolis Public Schools (IPS), which comprises the cash and investments and related receipts, disbursements and other financing sources (uses) for the year ended June 30, 2018, and the related notes to the financial statement and have issued our report thereon dated January 9, 2019, wherein our report expressed an adverse opinion because of departures from accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of IPS's statement of receipts, disbursements, other financing sources (uses), and cash and investment balances will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether IPS's statement of receipts, disbursements, other financing sources (uses), and cash and investment balances is free from 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*.

IPS's Response to Findings

IPS's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. IPS's response was not subjected to the auditing procedures applied in the audit of the statement of receipts, disbursements, other financing sources (uses), and cash and investment balances, and accordingly, we express no opinion on it.

Purpose of this Report

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

BKD, LLP

Indianapolis, Indiana
January 9, 2019

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

School Board of Commissioners
Indianapolis Public Schools
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited Indianapolis Public Schools' (IPS) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of IPS's major federal programs for the year ended June 30, 2018. IPS's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of IPS's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 IPS'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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of IPS's compliance.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in the accompanying schedule of findings and questioned costs, IPS did not comply with requirements regarding Program Income that are applicable to its Child Nutrition Cluster, as described in finding number 2018-002. Compliance with such requirements is necessary, in our opinion, for IPS to comply with requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Child Nutrition Cluster* paragraph, IPS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the year ended June 30, 2018.

Basis for Qualified Opinion on Title I Grants to Local Educational Agencies

As described in the accompanying schedule of findings and questioned costs, IPS did not comply with requirements regarding Special Tests-Annual Report Card, High School Graduation Rate that are applicable to its Title I Grants to Local Educational Agencies, CFDA 84.010 Program, as described in finding number 2018-003. Compliance with such requirements is necessary, in our opinion, for IPS to comply with requirements applicable to that program.

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, expect for the noncompliance described in the *Basis for Qualified Opinion on the Title I Grants to Local Educational Agencies* paragraph, IPS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Title I Grants to Local Educational Agencies Program for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, IPS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

Other Matters

IPS's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. IPS's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of IPS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered IPS's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 IPS's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a 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.

Our consideration of 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 material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-002, 2018-003 and 2018-004 that we consider to be material weaknesses.

IPS's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. IPS's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

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

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statement of IPS for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprise IPS's basic financial statement. We issued our report thereon dated January 9, 2019, which contained an adverse opinion on the financial statement prepared in accordance with accounting principles generally accepted in the United States of America and contained an unmodified opinion on the financial statement prepared in accordance with the regulatory basis of accounting as established by the Indiana State Board of Accounts (regulatory basis). Our audit was conducted for the purpose of forming an opinion on the financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement on the regulatory basis. The information has been subjected to the auditing procedures applied in the audit of the financial statement on the regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement on the regulatory basis or to the basic financial statement itself on the regulatory basis, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statement as a whole, which has been prepared on the regulatory basis of accounting as established by the Indiana State Board of Accounts.

BKD, LLP

Indianapolis, Indiana
January 9, 2019

Indianapolis Public Schools
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
 Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:
Significant deficiency(ies)? Yes None reported
Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
Significant deficiency(ies)? Yes None reported
Material weakness(es)? Yes No

5. The opinions expressed in the independent auditor's report on compliance for major federal awards were:
 Unmodified Qualified Adverse Disclaimer

Indianapolis Public Schools
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2018

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? Yes No

7. IPS's major programs were:

Cluster/Program	CFDA Number	Opinion Issued
Child Nutrition Cluster	Cluster	Qualified
Title I Grants to Local Education Agencies	84.010	Qualified
Special Education Cluster (IDEA)	Cluster	Unmodified
Supporting Effective Instruction State Grants	84.367	Unmodified

8. The threshold used to distinguish between Type A and Type B programs was \$2,011,314.

9. IPS qualified as a low-risk auditee? Yes No

Indianapolis Public Schools
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2018

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2018-001	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.</p> <p>Condition: IPS’s internal control environment over the preparation of monthly reconciliations does not prescribe a process for reconciliations to be formally reviewed and approved after being prepared, including the monthly reconciliation of cash and investment balances. (Significant Deficiency)</p> <p>Context: While IPS does send reconciliations to management after being prepared on a monthly basis, there is no formal review of the reconciliation being prepared.</p> <p>Effect: Errors in the reconciliation process could occur and unauthorized changes could be made during the reconciliation process, and go undetected.</p> <p>Cause: No documented review and approval after preparation of reconciliations, including monthly bank reconciliations.</p> <p>Repeat Finding: No.</p> <p>Recommendation: Internal controls should be put in place for a formal review and approval of significant reconciliations to occur on a monthly basis, including the reconciliation of all cash and investment balances. A process should be implemented to ensure sign off of this review is documented.</p> <p>Views of Responsible Officials and Planned Corrective Action: See corrective action plan prepared by management attached.</p>

Indianapolis Public Schools
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2018

Findings Required to be Reported by *Uniform Guidance*

Reference Number	Finding
2018-002	<p>Federal Program: Child Nutrition Cluster</p> <p>Federal Agency: U.S. Department of Agriculture, passed through Indiana Department of Education</p> <p>CFDA Title and Number: School Breakfast Program, CFDA 10.553, National School Lunch Program, CFDA 10.555</p> <p>Award Year: July 1, 2017 - June 30, 2018</p> <p>Criteria or Specific Requirement: Program Income - Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities, including establishing and maintaining internal control over the Federal award that provides reasonable assurance that the nonfederal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. (2CFR 200.303 and 2CFR 200.302)</p> <p>Condition: Internal controls over accounting for expenses relating to contracts with non-IPS schools generating program income were commingled and reported with total federal expenses for the program. (Material Weakness and Material Noncompliance)</p> <p>Questioned Costs: No</p> <p>Context: During testing of program income and inquiry with management, all the expenses (approximately \$2.6 million) relating to non-IPS schools generating program income for IPS were commingled with the total federal expenses for the program reported to the State, and program income related to the non-IPS schools were not appropriately reflected as program income.</p> <p>Effect: Total IPS federal expenditures reported to the State were overstated.</p> <p>Cause: Internal controls over reporting expenses relating to non-IPS schools do not effectively track and remove non-IPS expenditures from total federal expenditures.</p> <p>Repeat Finding: No.</p> <p>Recommendation: We recommend IPS revisit controls in place over this compliance requirement to ensure adequate tracking and recording of program income.</p> <p>Views of Responsible Officials and Planned Corrective Action: See corrective action plan prepared by management attached.</p>

Indianapolis Public Schools
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2018

Reference Number	Finding
2018-003	<p>Federal Program Name: Title I Grants to Local Education Agencies</p> <p>Federal Agency: U.S. Department of Education, passed through Indiana Department of Education</p> <p>CFDA Title and Number: Title I Grants to Local Education Agencies, CFDA 84.010</p> <p>Award Year: July 1, 2017 - June 30, 2018</p> <p>Criteria or Specific Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate - Local Education Agencies must report graduation rate data for all public high schools at the school level using the 4-year adjusted cohort rate. For reporting during the 2017-2018 school year, graduation rates would reflect data from the 2016-2017 school year. Accordingly, the requirements for calculating and reporting graduation rates under the Elementary and Secondary Education Act, as amended by the No Child Left Behind Act of 2001, would continue to apply. Under these requirements, graduation rate data must be reported both in the aggregate and disaggregated by each subgroup described in 34 CFR section 200.13(b)(7)(ii) using a 4-year adjusted cohort graduation rate. Only students who earn a regular high school diploma may be counted as a graduate for purposes for calculating the 4-year adjusted graduation rate. The term “regular high school diploma” means the standard high school diploma that is awarded to students in the State and that is fully aligned with the State’s academic content standards or a higher diploma and does not include a General Educational Development credential, certificate or attendance, or an alternative award. To remove a student from the cohort, a school must confirm, in writing, that the student transferred out, immigrated to another county, or is deceased. To confirm that a student transferred out, the school must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. A student who is retained in grade, enrolls in a General Educational Development program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort.</p> <p>Condition: Students were incorrectly removed from the adjusted cohort and adequate documentation for removal from the adjusted cohort was not maintained and available. (Material Weakness and Material Noncompliance)</p> <p>Questioned Costs: No</p> <p>Context: During testing of individuals removed from the adjusted cohort, 15 out of 40 selections resulted in errors. From a population of 334 students, 40 were selected for testing. Errors consisted of 8 students being incorrectly removed from the adjusted cohort and 7 students lacking documentation for being removed from the adjusted cohort. Our sample selection was not, and was not intended to be, statistically valid.</p>

Indianapolis Public Schools
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2018

Reference Number	Finding
	<p>Effect: Students were removed from the adjusted cohort without appropriate documentation for removal.</p> <p>Cause: During the current year a number of schools closed and during that process, documentation was misplaced. Additionally, internal controls surrounding the removal of individuals from the cohort did not properly ensure the removal was for a valid reason as permitted by 34 CFR 200.19.</p> <p>Repeat Finding: Yes, see 2017-006 and 2016-006.</p> <p>Recommendation: We recommend IPS revisit controls over this compliance requirement to ensure appropriate documentation is maintained and appropriate students are removed from the adjusted cohort.</p> <p>Views of Responsible Officials and Planned Corrective Action: See corrective action plan prepared by management attached.</p>
2018-004	<p>Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting, including preparation of the Schedule of Federal Awards (2CFR 200.510).</p> <p>Condition: IPS did not have proper systems of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). Due to the lack of controls, federal expenditures were initially reported on the SEFA under an incorrect CFDA number. Audit adjustments were proposed, accepted, and made to the SEFA during the audit process. (Material Weakness)</p> <p>Question Costs: No</p> <p>Context: Testing of the SEFA identified that \$1,963,502 of Title I funding under 16T1S grant was incorrectly reported under CFDA number 84.377, and should have been reported under CFDA 84.010.</p> <p>Effect: Misstatements existed between CFDA numbers within the presentation of the SEFA.</p> <p>Cause: Failure of internal controls during SEFA preparation to detect errors in reporting.</p> <p>Repeat Finding: No</p> <p>Recommendation: We recommend IPS revisit controls over preparation and review of SEFA to ensure federal awards are properly reported under the correct CFDA numbers.</p> <p>Views of Responsible Officials and Planned Corrective Action: See corrective action plan prepared by management attached.</p>

Indianapolis Public Schools
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

Reference Number	Summary of Finding	Status
2017-001	<p>Title I Grants to Local Educational Agencies, Supporting Effective Instruction State Grants, and Special Education Cluster- Cash Management and Reporting</p> <p>IPS had not established and implemented an effective internal control system to ensure compliance with requirements related to grant agreements and the Cash Management and Reporting requirements. There were many instances in which the amounts requested for reimbursement were not completely substantiated.</p>	Resolved
2017-002	<p>Child Nutrition Cluster, Title I Grants to Local Educational Agencies, and Supporting Effective Instruction State Grants - Allowable Costs/Cost Principles</p> <p>IPS had not established and implemented an effective internal control system to ensure compliance with requirements related to the grant agreements and the Allowable Costs/Cost Principles compliance requirement. IPS had not established an effective internal control system related to the application of the indirect cost rate. The indirect cost rate assigned by the Indiana Department of Education for the 2015-2016 school year was applied during the 2016-2017 school year resulting in overcharged indirect costs.</p>	Resolved
2017-003	<p>Child Nutrition Cluster - Program Income</p> <p>IPS had not established and implemented an effective internal control system to ensure compliance with requirements related to the grant agreement and the Program Income compliance requirement. IPS established a single fund, the School Lunch fund, to record all activity of the food service programs. All receipts from sales, as well as prepayments, were recorded directly in the School Lunch Fund. Prepayments were not recorded in a separate fund; therefore, program income was overcharged to the program.</p>	Resolved
2017-004	<p>Special Education Cluster - Period of Performance</p> <p>IPS had not established and implemented an effective internal control system to ensure compliance with requirements related to grant agreement and the Period of Performance compliance requirement. Grant expenses eligible to be charged to Special Education grant 14SEO were required to have been obligated by September 30, 2016, and spent by December 15, 2016. Two items in testing did not have valid obligations as defined by the federal grantors.</p>	<p>Comment no longer warranted for grant 14SEO. No grants ended in fiscal year 2018 with this period of performance requirement. IPS internal controls strengthened to ensure period of performance requirements met beginning with fiscal year 2018.</p>

Indianapolis Public Schools
Summary Schedule of Prior Audit Findings (Continued)
Year Ended June 30, 2018

Reference Number	Summary of Finding	Status
2017-005	<p>Special Education Cluster, Title I Grants to Local Educational Agencies, and Supporting Effective Instruction State Grants - Special Tests and Provisions - Schoolwide Programs</p> <p>IPS had not established and implemented an effective internal control system to ensure compliance with requirements related to the grant agreement and the Special Test and Provisions - Schoolwide Programs compliance requirement. Each individual school participating in a schoolwide program must submit an individual improvement plan that includes specific core elements and specific components, and the control in place did not detect missing components.</p>	Resolved
2017-006	<p>Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate</p> <p>IPS had not established and implemented an effective internal control system to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement. IPS procedures related to oversight and review of the process of removing a student from the graduation cohort were not properly implemented. Supporting documentation was not consistently maintained for the students who were removed from the graduation cohort.</p>	Unresolved. See Finding 2018-003
2017-007	<p>Special Education Cluster - Allowable Costs/Cost Principles</p> <p>IPS had not established and implemented an effective internal control system to ensure compliance with the requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. IPS was required to maintain Semi-Annual Certifications in order to comply with the time and effort requirements applicable to employees who worked solely on Special Education under the Special Education grant awarded. Semi-Annual Certification for employees who were paid from project 14215-030-PN01 were not completed by IPS.</p>	Resolved
2017-008	<p>Special Education Cluster - Reporting</p> <p>IPS had not established and implemented an effective internal control system to ensure compliance with the requirements related to the grant agreement and the Reporting compliance requirement. No audit evidence was presented that indicated IPS had monitored the submission of required reports.</p>	Resolved

Indianapolis Public Schools
Summary Schedule of Prior Audit Findings (Continued)
Year Ended June 30, 2018

Reference Number	Summary of Finding	Status
2017-009	<p>Title I Grants to Local Educational Agencies - Special Tests and Provisions - Assessment System Security</p> <p>IPS had not established and implemented an effective internal control system to ensure compliance with the requirements related to the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement. IPS procedures related to oversight and review of the process of implementing required assessment system security was not effective. Supporting documentation was not consistently maintained for the test administrators who received the required education and the testing policies at the school building level.</p>	Resolved



CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Brandon Weems / Pat Niland
Contact Phone Number: (317)226-3277 / (317)226-3602

Views of Responsible Official:

We concur with the finding. During the Single Audit performed by BKD, it was discovered and presented to management that there existed a significant deficiency in the formal review process for monthly reconciliations for cash, investments, and banking activity. While there was a process for completing the monthly reconciliations and presenting them to management on a monthly basis, there was no formal process established for review and concurrence.

Description of Corrective Action Plan:

Management will conduct a monthly review of the reconciliations of cash, investments, and banking activity, and Management's review will be documented by signing and dating the reconciliation.

Anticipated Completion Date:
7/31/18

(Signature)

Accounting Coordinator

(Title)

December 7, 2018

(Date)

Brandon Weems | Accounting Coordinator

o 317.226.3277 f 317.226.4939 weemsb@myips.org Indianapolis Public Schools 120 E. Walnut St., Indianapolis, IN 46204

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CORRECTIVE ACTION PLAN

FINDING 2018-002 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: John Patrick Niland

Contact Phone Number: (317) 226-3602

Views of Responsible Official:

We agree with the finding. The Foodservice Department sells packaged meals and supplies to private and charter schools. The revenue from such sales was properly classified as non-federal, but the related expenses were not properly allocated to the same set of accounts established to account for this business segment. IPS also provides fresh fruit and vegetables to students in 61 schools that it operates, only 2 of which are fully funded through the reimbursements from the federal Fresh Fruit and Vegetable Program. Of the remaining 59 schools, 35 are only partially funded, and the other 24 are entirely unfunded, the expenses being borne by the Foodservice Department and paid out of the department's cash reserves. In total this amounted to expenses of approximately \$960,000 which were reported as being related to the National School Lunch Program and School Breakfast Program but should have been reported on the Annual Financial Report in the "Non-Federal" column.

Description of Corrective Action Plan:

Beginning with the 2018-2019 program year, records are being kept quantifying the expenses related to the unfunded portion of the fresh fruit and vegetable, and these costs will be reported separately from the federal programs. Additionally, the workpapers used to prepare the Annual Financial Report have been revised to categorize the expenses related to meals and supplies sold externally to non-IPS sites as "non-federal". Finally, the Annual Financial Report will be reviewed by another member of the Finance team and the Foodservice Director for reasonableness before being submitted via Gateway.

Anticipated Completion Date: Corrective actions have been implemented as of December 13, 2018.



(Signature)

Accounting Officer

(Title)

December 13, 2018

(Date)



CORRECTIVE ACTION PLAN

FINDING 2018-003 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Tammy Bowman
Contact Phone Number: (317) 226-3545

Views of Responsible Official:

We agree with the finding. While supporting documentation was not consistently maintained for the graduation cohorts that were audited, it should be noted that a cohort embodies four years of processes and procedures. The district has established and implemented the processes and procedures identified in our previous corrective plan to ensure that state and federal requirements are met. Schools are currently implementing these processes and procedures.

Description of Corrective Action Plan:

The following practices and procedures have been implemented to ensure that proper cohort withdrawal documentation is maintained for students leaving the Indianapolis Public School system as outlined by the Indiana Department of Education.

District Level

- Update the Entry / Withdrawal Manual that includes the documentation requirements outlined by the Indiana Department of Education.
- Provided a district wide training for all registrars and school secretaries responsible for withdrawing students and maintaining student records.
- Required Cohort Withdrawal Documentation Notebooks for all high schools.
- Implemented random district Cohort Withdrawal Documentation Notebook checks.

School-Based

- Create and maintain Cohort Documentation Notebooks for each cohort year.
- Follow up within a minimum of two weeks of a student withdrawing to obtain any documentation that has not been received.
- School based staff will cross reference the state cohort report with documentation on file monthly and follow up on any missing documentation and/or needed corrections.
- Submit monthly Cohort Monitoring Reports to the Student Services Office.
- Administrator will check and verify the graduating Cohort’s documentation and submit a Verification Form.

Anticipated Completion Date: Corrective action was implemented during the 2018-2019 school year.



Signature

Curriculum Officer

Title

December 5, 2018

Date

Tammy Bowman | Curriculum Officer – Interim Student Services Supervisor

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CORRECTIVE ACTION PLAN

FINDING 2018-004

Contact Person Responsible for Corrective Action: Brandon Weems / Pat Niland
Contact Phone Number: (317)226-3277 / (317)226-3602

Views of Responsible Official:

We concur with the finding. During the Single Audit performed by BKD, it was brought to our attention that when submitting the FY18 SEFA, the grant revenues for Title I Funding under the 16T1S grant was reported under CFDA number 84.377 and should have been reported under CFDA 84.010. While we performed two reviews of the CFDA numbers before the SEFA was submitted, this error was not caught prior to submission. This was brought to our attention by the BKD audit staff and the SEFA was reopened, corrected and re-submitted.

Description of Corrective Action Plan:

The grant accounting department has implemented a more thorough review process to include a spreadsheet that will be updated with CFDA numbers as new grants are awarded. Prior to providing this information to the Accounting Officer, two grant accounting staff will review the data for accuracy independently and each will sign off on the list that is scanned and emailed for entry to the SEFA.

Anticipated Completion Date:
11/14/18

(Signature)

Accounting Coordinator

(Title)

December 5, 2018

(Date)

Brandon Weems | Accounting Coordinator

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