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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

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

January 30, 2020

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, 2018 to June 30, 2019. Per the *Independent Auditor's Report*, the financial statements present fairly the financial condition of Indianapolis Public Schools as of June 30, 2019, 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, 2019

# Indianapolis Public Schools

June 30, 2019

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**Indianapolis Public Schools**  
**Schedule of Officials**  
**June 30, 2019**

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Weston Young	07-01-16 to 12-31-19
Superintendent of Schools	Dr. Lewis Ferebee	07-01-14 to 01-04-19
	Aleesia Johnson	01-07-19 to 6-30-2019
President of the School Board	Michael O'Connor	01-01-18 to 12-31-19

## Independent Auditor's Report

School Board of Commission  
Indianapolis Public Schools  
Indianapolis, Indiana

### Report on the 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), as of and for the year ended June 30, 2019, and the related notes.

### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) 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 statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to IPS' 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' 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 reasonable 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, 2019 or changes in net position or cash flows for the year ended June 30, 2019.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements and other financing sources (uses) of IPS for the year ended June 30, 2019, 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' 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 November 22, 2019, on our consideration of IPS' 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' 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' internal control over financial reporting and compliance.

**BKD, LLP**

Indianapolis, Indiana  
November 22, 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, 2019

	Cash and Investments July 1, 2018	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments June 30, 2019
General	\$ 20,404,291	\$ 237,807,614	\$ 242,429,965	\$ 3,394,162	\$ 19,176,102
Operating Referendum Tax Levy	-	16,306,843	16,306,843	-	-
Debt Service	1,578,327	34,864,780	32,221,365	(1,000,852)	3,220,890
Retirement/Severance Bond Debt Service	97,478	2,845,074	2,881,727	-	60,825
Referendum Debt Exempt Capital	3,541,194	19,022,581	21,487,556	-	1,076,219
Capital Projects	21,813,185	34,332,462	36,362,431	(40,907)	19,742,309
School Transportation	9,050,823	34,613,381	30,396,146	426,137	13,694,195
School Bus Replacement	2,192,481	9,857,501	7,062,830	-	4,987,152
Rainy Day	18,919,896	-	-	-	18,919,896
Retirement/Severance Bond	7,282,281	-	2,148,820	-	5,133,461
GO Bond Series 2018A	-	211,486	204,636	12,833,164	12,840,014
GO Bond Series 2018B	-	343,983	135,154	20,954,850	21,163,679
Construction Fund 2019	-	(8)	642,461	-	(642,469)
School Lunch	22,326,616	18,313,160	25,625,631	(56)	15,014,089
Textbook Rental	80,686	1,736,264	1,517,289	1,007,566	1,307,227
Self-Insurance	2,957,668	3,906,182	5,332,177	-	1,531,673
Alternative Education	2,165,191	1,167,257	899,442	(2,433,006)	-
SAFE School Haven	(24,075)	23,751	(324)	-	-
Early Intervention Grant	75,559	(18,137)	52,969	(4,453)	-
Trust Funds (Limited)	1,908,847	2,588	25,091	196	1,886,540
Trust Funds (Endowed)	196	-	-	(196)	-
IPS Foundation	(261,112)	909,116	556,893	(8,410)	82,701
Lilly Endowment Funds	2,826,675	11,277	897,510	-	1,940,442
M.A. Rooney Foundation	(160,720)	21,748	(138,972)	-	-
Butler University	-	3,215	3,215	-	-
Indiana University	128,543	154,089	98,436	-	184,196
Extra Curricular Funds	254,942	-	-	(254,942)	-
Central Indiana Community Foundation	254,035	302,345	48,594	-	507,786
Indiana Family Health Council	4,255	51,544	56,869	-	(1,070)
United Way Foundation	(13,697)	190,690	(45,665)	-	222,658
Reilly Foundation	15,066	-	-	(15,066)	-
Miscellaneous Programs	1,976,314	1,840,914	2,166,572	(13,441)	1,637,215
IEA President's Fund	(43,325)	101,516	63,250	-	(5,059)
CPR Classes	17,032	4,655	6,932	-	14,755
Information Technology	23,774	-	23,089	(685)	-
Formative Assessment	1,970	344,955	315,583	-	31,342
Special Education Excess Costs	(3,839)	90,212	73,486	-	12,887
Gifted and Talented	67,442	178,738	151,553	-	94,627
Early Education Matching Grant	133,079	74	-	-	133,153
Medicaid Reimbursement	74,547	(52,429)	-	-	22,118
STEM Grants	-	2,960	2,960	-	-
Alternative Education Grant	-	-	1,138,491	2,433,006	1,294,515
Safe School Haven	-	-	32,505	-	(32,505)
Early Intervention Grant	-	151,107	68,077	4,453	87,483
Non-English Speaking Programs	565,171	1,584,512	1,455,383	-	694,300
School Technology	3,952,695	1,347,126	1,840,852	-	3,458,969
Career and Technical Performance Grant	25,559	49,185	(3,347)	468	78,559
Performance Based Awards	95,351	883,830	1,092,139	-	(112,958)
Indiana School Academic Improvement Program (ISAIP)	23,940	-	190	-	23,750
GQE Remediation	119,074	-	30,847	-	88,227
Professional Development	120,209	-	1,594	-	118,615
Safe Routes to School Grant	4,333	-	-	(4,333)	-
Title I	363,591	538,830	274,124	(1,156)	627,141
Title I Compensatory Education (a)	(6,346,052)	32,234,323	27,170,253	(511,945)	(1,793,927)
Title I School Improvement	(1,088,983)	1,517,787	1,095,806	-	(667,002)
Title I Comprehensive School	(20,837)	-	-	20,837	-
Title I SI Turn Around Grant	6,706	733,186	849,170	-	(109,278)
Refugee Child Assistance	-	10,809	13,334	-	(2,525)
Stewart Homeless Assistance Act	(2,718)	48,796	56,901	-	(10,823)
IDEA	(961,779)	7,612,678	7,738,784	(119)	(1,088,004)
Preschool Handicap	(27,709)	243,770	255,750	-	(39,689)
Title IV Safe and Drug Free Schools	(678)	181,547	297,221	(2,701)	(119,053)
Impact Aid	114,027	-	-	(114,027)	-
Vocational and Technology Board Grants	(87,398)	866,539	879,497	-	(100,356)
Medicaid Reimbursement - Federal	1,482,354	2,340,910	1,135,810	(307)	2,687,147
Improving Teacher Quality, No Child Left, Title II, Part A	(61,318)	2,101,282	2,107,696	-	(67,732)
Title III - English Proficiency Migrant	(63,015)	839,699	937,413	(2,076)	(162,805)
Prepaid Food	348	162	348	-	162
Payroll Clearing Funds	(587,487)	6,096,963	5,394,588	-	114,888
Warehouse Clearing Funds	3,468,962	1,954,484	1,819,227	-	3,604,219
	<u>\$ 120,759,971</u>	<u>\$ 480,829,906</u>	<u>\$ 485,695,167</u>	<u>\$ 36,666,161</u>	<u>\$ 152,560,871</u>

# Indianapolis Public Schools

## Notes to Financial Statement

### June 30, 2019

#### **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' 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 received 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, 2019

*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' 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.

*Proceeds from issuance of debt.* Amounts received when long-term bonds are issued.

*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, 2019

#### ***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.

#### ***Litigation***

IPS is subject to claims and other lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position on IPS. Events could occur that would change this estimate materially in the near term.

#### **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, 2019**

**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, 2019, IPS had deposit balances in the amount of \$20,781,795. 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, 2019, IPS held the following investments:

Investment Type	Carrying Value
Negotiable Certificates of Deposit	\$ 103,239,418
State External Investment Pool - Trust Indiana	32,524,351
Total	\$ 135,763,769

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, 2019, IPS' investments in certificates of deposit and an external investment pool are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**Indianapolis Public Schools**  
**Notes to Financial Statement**  
**June 30, 2019**

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, 2019.

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1 - 2	More Than 2
Negotiable Certificates of Deposit	\$ 103,239,418	\$ -	\$ -
State External Investment Pool - Trust Indiana	32,524,351	-	-
Total	<u>\$ 135,763,769</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. IPS' 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 for 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, 2019

#### **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 My Choice Retirement Savings Plan for Public Employees (My Choice). 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 benefit structure is the Public Employees' Hybrid Members Defined Contribution Account (DC Account), formerly known as the Annuity Savings Account (ASA), which 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 DC 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 DC Account. A nonvested member who terminates employment prior to retirement may withdraw his/her DC 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, 2019

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, 2019

#### ***Contributions***

Members are required to contribute 3% of their annual covered salary into their DC Account. 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 \$5,723,722 for the year ended June 30, 2019.

#### ***Retirement Benefits – DC Account***

Members are required to participate in DC Account. The DC Account 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 Teachers' Hybrid Members Defined Contribution Account (DC Account). 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 DC Account that supplements the defined-benefit at retirement.

# Indianapolis Public Schools

## Notes to Financial Statement

### June 30, 2019

#### *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 DC Account. Pension benefits vest after 10 years of creditable service. Members are immediately vested in their DC Account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's DC 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 DC 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, 2019

#### *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 to their DC Account. 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 \$6,088,436 for the year ended June 30, 2019.

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, 2019

#### **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, 2019 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 2019 totaled \$52,685,573.

#### **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, 2019

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 \$62 million of costs related to the innovation schools under separate management for which IPS was not reimbursed.

#### **Note 11: Subsequent Events**

In August 2019, IPS issued the 2019 unlimited ad valorem property tax first mortgage bonds in the amount of \$27 million. The proceeds will primarily be used for capital improvements throughout certain IPS schools.

## **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, 2019**

	General	Operating Referendum Tax Levy	Debt Service	Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects
<b>Cash and Investments - beginning</b>	\$ 20,404,291	\$ -	\$ 1,578,327	\$ 97,478	\$ 3,541,194	\$ 21,813,185
<b>Receipts:</b>						
Local sources	4,271,226	16,306,843	33,642,532	2,845,074	19,022,581	34,332,391
State sources	233,091,963	-	-	-	-	-
Federal sources	330,252	-	-	-	-	-
Other receipts	114,173	-	1,222,248	-	-	71
Total receipts	<u>237,807,614</u>	<u>16,306,843</u>	<u>34,864,780</u>	<u>2,845,074</u>	<u>19,022,581</u>	<u>34,332,462</u>
<b>Disbursements:</b>						
Instruction	169,236,148	16,306,843	-	-	-	-
Support services	70,647,437	-	-	-	-	32,531,824
Noninstructional services	2,539,132	-	-	-	-	-
Facilities acquisition and construction	7,248	-	-	-	-	3,830,607
Debt services	-	-	32,221,365	2,881,727	21,487,556	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>242,429,965</u>	<u>16,306,843</u>	<u>32,221,365</u>	<u>2,881,727</u>	<u>21,487,556</u>	<u>36,362,431</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>(4,622,351)</u>	<u>-</u>	<u>2,643,415</u>	<u>(36,653)</u>	<u>(2,464,975)</u>	<u>(2,029,969)</u>
<b>Other Financing Sources (Uses):</b>						
Sale of capital assets	2,734,670	-	-	-	-	5,157
Proceeds from issuance of debt	-	-	-	-	-	-
Transfers in	700,287	-	-	-	-	-
Transfers out	(40,795)	-	(1,000,852)	-	-	(46,064)
Total other financing sources (uses)	<u>3,394,162</u>	<u>-</u>	<u>(1,000,852)</u>	<u>-</u>	<u>-</u>	<u>(40,907)</u>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses</b>	<u>(1,228,189)</u>	<u>-</u>	<u>1,642,563</u>	<u>(36,653)</u>	<u>(2,464,975)</u>	<u>(2,070,876)</u>
<b>Cash and Investments - ending</b>	<u>\$ 19,176,102</u>	<u>\$ -</u>	<u>\$ 3,220,890</u>	<u>\$ 60,825</u>	<u>\$ 1,076,219</u>	<u>\$ 19,742,309</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, 2019**

	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	GO Bond Series 2018A	GO Bond Series 2018B
<b>Cash and Investments - beginning</b>	\$ 9,050,823	\$ 2,192,481	\$ 18,919,896	\$ 7,282,281	\$ -	\$ -
<b>Receipts:</b>						
Local sources	33,952,819	9,857,501	-	-	211,486	343,983
State sources	445,236	-	-	-	-	-
Federal sources	215,050	-	-	-	-	-
Other receipts	276	-	-	-	-	-
Total receipts	<u>34,613,381</u>	<u>9,857,501</u>	<u>-</u>	<u>-</u>	<u>211,486</u>	<u>343,983</u>
<b>Disbursements:</b>						
Instruction	-	-	-	2,040,528	-	-
Support services	30,393,051	7,062,830	-	108,292	132,173	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	72,463	135,154
Nonprogrammed charges	3,095	-	-	-	-	-
Total disbursements	<u>30,396,146</u>	<u>7,062,830</u>	<u>-</u>	<u>2,148,820</u>	<u>204,636</u>	<u>135,154</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>4,217,235</u>	<u>2,794,671</u>	<u>-</u>	<u>(2,148,820)</u>	<u>6,850</u>	<u>208,829</u>
<b>Other Financing Sources (Uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	12,964,770	20,954,850
Transfers in	426,137	-	-	-	-	-
Transfers out	-	-	-	-	(131,606)	-
Total other financing sources (uses)	<u>426,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,833,164</u>	<u>20,954,850</u>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses</b>	<u>4,643,372</u>	<u>2,794,671</u>	<u>-</u>	<u>(2,148,820)</u>	<u>12,840,014</u>	<u>21,163,679</u>
<b>Cash and Investments - ending</b>	<u>\$ 13,694,195</u>	<u>\$ 4,987,152</u>	<u>\$ 18,919,896</u>	<u>\$ 5,133,461</u>	<u>\$ 12,840,014</u>	<u>\$ 21,163,679</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, 2019**

	Construction Fund 2019	School Lunch	Textbook Rental	Self- Insurance	Alternative Education	SAFE School Haven
<b>Cash and Investments - beginning</b>	\$ -	\$ 22,326,616	\$ 80,686	\$ 2,957,668	\$ 2,165,191	\$ (24,075)
<b>Receipts:</b>						
Local sources	(8)	1,039,490	232,171	3,906,182	-	-
State sources	-	11,263	1,504,093	-	1,167,257	23,751
Federal sources	-	17,251,247	-	-	-	-
Other receipts	-	11,160	-	-	-	-
Total receipts	<u>(8)</u>	<u>18,313,160</u>	<u>1,736,264</u>	<u>3,906,182</u>	<u>1,167,257</u>	<u>23,751</u>
<b>Disbursements:</b>						
Instruction	-	-	50,523	-	898,355	(324)
Support services	-	901,853	739,564	493,051	1,087	-
Noninstructional services	-	22,161,266	-	-	-	-
Facilities acquisition and construction	642,461	750,076	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	1,812,436	727,202	4,839,126	-	-
Total disbursements	<u>642,461</u>	<u>25,625,631</u>	<u>1,517,289</u>	<u>5,332,177</u>	<u>899,442</u>	<u>(324)</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>(642,469)</u>	<u>(7,312,471)</u>	<u>218,975</u>	<u>(1,425,995)</u>	<u>267,815</u>	<u>24,075</u>
<b>Other Financing Sources (Uses):</b>						
Sale of capital assets	-	-	6,714	-	-	-
Proceeds from issuance of debt	-	-	-	-	-	-
Transfers in	-	-	1,000,852	-	-	-
Transfers out	-	(56)	-	-	(2,433,006)	-
Total other financing sources (uses)	<u>-</u>	<u>(56)</u>	<u>1,007,566</u>	<u>-</u>	<u>(2,433,006)</u>	<u>-</u>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses</b>	<u>(642,469)</u>	<u>(7,312,527)</u>	<u>1,226,541</u>	<u>(1,425,995)</u>	<u>(2,165,191)</u>	<u>24,075</u>
<b>Cash and Investments - ending</b>	<u>\$ (642,469)</u>	<u>\$ 15,014,089</u>	<u>\$ 1,307,227</u>	<u>\$ 1,531,673</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, 2019**

	Early Intervention Grant	Trust Funds (Limited)	Trust Funds (Endowed)	IPS Foundation	Lilly Endowment Funds	M.A. Rooney Foundation
<b>Cash and Investments - beginning</b>	\$ 75,559	\$ 1,908,847	\$ 196	\$ (261,112)	\$ 2,826,675	\$ (160,720)
<b>Receipts:</b>						
Local sources	-	2,588	-	909,116	11,277	21,748
State sources	(18,137)	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>(18,137)</u>	<u>2,588</u>	<u>-</u>	<u>909,116</u>	<u>11,277</u>	<u>21,748</u>
<b>Disbursements:</b>						
Instruction	65,423	-	-	227,707	209,774	(138,972)
Support services	(12,454)	(150)	-	329,186	687,736	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	25,241	-	-	-	-
Total disbursements	<u>52,969</u>	<u>25,091</u>	<u>-</u>	<u>556,893</u>	<u>897,510</u>	<u>(138,972)</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>(71,106)</u>	<u>(22,503)</u>	<u>-</u>	<u>352,223</u>	<u>(886,233)</u>	<u>160,720</u>
<b>Other Financing Sources (Uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	-	-
Transfers in	-	196	-	-	-	-
Transfers out	(4,453)	-	(196)	(8,410)	-	-
Total other financing sources (uses)	<u>(4,453)</u>	<u>196</u>	<u>(196)</u>	<u>(8,410)</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses</b>	<u>(75,559)</u>	<u>(22,307)</u>	<u>(196)</u>	<u>343,813</u>	<u>(886,233)</u>	<u>160,720</u>
<b>Cash and Investments - ending</b>	<u>\$ -</u>	<u>\$ 1,886,540</u>	<u>\$ -</u>	<u>\$ 82,701</u>	<u>\$ 1,940,442</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, 2019**

	Butler University	Indiana University	Extra Curricular Funds	Central Indiana Community Foundation	Indiana Family Health Council	United Way Foundation
<b>Cash and Investments - beginning</b>	\$ -	\$ 128,543	\$ 254,942	\$ 254,035	\$ 4,255	\$ (13,697)
<b>Receipts:</b>						
Local sources	3,215	154,089	-	302,345	51,544	190,690
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>3,215</u>	<u>154,089</u>	<u>-</u>	<u>302,345</u>	<u>51,544</u>	<u>190,690</u>
<b>Disbursements:</b>						
Instruction	-	95,221	-	46,468	-	(77,910)
Support services	3,215	3,215	-	2,126	56,869	32,245
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>3,215</u>	<u>98,436</u>	<u>-</u>	<u>48,594</u>	<u>56,869</u>	<u>(45,665)</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>-</u>	<u>55,653</u>	<u>-</u>	<u>253,751</u>	<u>(5,325)</u>	<u>236,355</u>
<b>Other Financing Sources (Uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(254,942)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(254,942)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses</b>	<u>-</u>	<u>55,653</u>	<u>(254,942)</u>	<u>253,751</u>	<u>(5,325)</u>	<u>236,355</u>
<b>Cash and Investments - ending</b>	<u>\$ -</u>	<u>\$ 184,196</u>	<u>\$ -</u>	<u>\$ 507,786</u>	<u>\$ (1,070)</u>	<u>\$ 222,658</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, 2019**

	Reilly Foundation	Miscellaneous Programs	IEA President's Fund	CPR Classes	Information Technology	Formative Assessment
<b>Cash and Investments - beginning</b>	\$ 15,066	\$ 1,976,314	\$ (43,325)	\$ 17,032	\$ 23,774	\$ 1,970
<b>Receipts:</b>						
Local sources	-	1,840,688	101,516	4,655	-	-
State sources	-	-	-	-	-	344,955
Federal sources	-	-	-	-	-	-
Other receipts	-	226	-	-	-	-
Total receipts	<u>-</u>	<u>1,840,914</u>	<u>101,516</u>	<u>4,655</u>	<u>-</u>	<u>344,955</u>
<b>Disbursements:</b>						
Instruction	-	694,127	-	6,932	-	18,327
Support services	-	1,469,254	63,250	-	23,089	297,256
Noninstructional services	-	3,191	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>2,166,572</u>	<u>63,250</u>	<u>6,932</u>	<u>23,089</u>	<u>315,583</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>-</u>	<u>(325,658)</u>	<u>38,266</u>	<u>(2,277)</u>	<u>(23,089)</u>	<u>29,372</u>
<b>Other Financing Sources (Uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	-	-
Transfers in	-	2,268	-	-	-	-
Transfers out	(15,066)	(15,709)	-	-	(685)	-
Total other financing sources (uses)	<u>(15,066)</u>	<u>(13,441)</u>	<u>-</u>	<u>-</u>	<u>(685)</u>	<u>-</u>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses</b>	<u>(15,066)</u>	<u>(339,099)</u>	<u>38,266</u>	<u>(2,277)</u>	<u>(23,774)</u>	<u>29,372</u>
<b>Cash and Investments - ending</b>	<u>\$ -</u>	<u>\$ 1,637,215</u>	<u>\$ (5,059)</u>	<u>\$ 14,755</u>	<u>\$ -</u>	<u>\$ 31,342</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, 2019**

	Special Education Excess Costs	Gifted and Talented	Early Education Matching Grant	Medicaid Reimbursement	STEM Grants	Alternative Education Grant
<b>Cash and Investments - beginning</b>	\$ (3,839)	\$ 67,442	\$ 133,079	\$ 74,547	\$ -	\$ -
<b>Receipts:</b>						
Local sources	-	-	-	-	-	-
State sources	90,212	178,738	74	(52,429)	2,960	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>90,212</u>	<u>178,738</u>	<u>74</u>	<u>(52,429)</u>	<u>2,960</u>	<u>-</u>
<b>Disbursements:</b>						
Instruction	73,486	143,008	-	-	2,960	853,034
Support services	-	8,545	-	-	-	285,457
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>73,486</u>	<u>151,553</u>	<u>-</u>	<u>-</u>	<u>2,960</u>	<u>1,138,491</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>16,726</u>	<u>27,185</u>	<u>74</u>	<u>(52,429)</u>	<u>-</u>	<u>(1,138,491)</u>
<b>Other Financing Sources (Uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	2,433,006
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,433,006</u>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses</b>	<u>16,726</u>	<u>27,185</u>	<u>74</u>	<u>(52,429)</u>	<u>-</u>	<u>1,294,515</u>
<b>Cash and Investments - ending</b>	<u>\$ 12,887</u>	<u>\$ 94,627</u>	<u>\$ 133,153</u>	<u>\$ 22,118</u>	<u>\$ -</u>	<u>\$ 1,294,515</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, 2019**

	Safe School Haven	Early Intervention Grant	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Performance Based Awards
<b>Cash and Investments - beginning</b>	\$ -	\$ -	\$ 565,171	\$ 3,952,695	\$ 25,559	\$ 95,351
<b>Receipts:</b>						
Local sources	-	-	-	-	-	-
State sources	-	151,107	1,584,272	1,345,053	49,185	883,830
Federal sources	-	-	-	2,073	-	-
Other receipts	-	-	240	-	-	-
Total receipts	<u>-</u>	<u>151,107</u>	<u>1,584,512</u>	<u>1,347,126</u>	<u>49,185</u>	<u>883,830</u>
<b>Disbursements:</b>						
Instruction	32,505	68,077	1,366,185	-	(3,347)	1,092,139
Support services	-	-	60,167	1,840,852	-	-
Noninstructional services	-	-	29,031	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>32,505</u>	<u>68,077</u>	<u>1,455,383</u>	<u>1,840,852</u>	<u>(3,347)</u>	<u>1,092,139</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>(32,505)</u>	<u>83,030</u>	<u>129,129</u>	<u>(493,726)</u>	<u>52,532</u>	<u>(208,309)</u>
<b>Other Financing Sources (Uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	-	-
Transfers in	-	4,453	-	-	-	-
Transfers out	-	-	-	-	468	-
Total other financing sources (uses)	<u>-</u>	<u>4,453</u>	<u>-</u>	<u>-</u>	<u>468</u>	<u>-</u>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses</b>	<u>(32,505)</u>	<u>87,483</u>	<u>129,129</u>	<u>(493,726)</u>	<u>53,000</u>	<u>(208,309)</u>
<b>Cash and Investments - ending</b>	<u>\$ (32,505)</u>	<u>\$ 87,483</u>	<u>\$ 694,300</u>	<u>\$ 3,458,969</u>	<u>\$ 78,559</u>	<u>\$ (112,958)</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, 2019**

	Indiana School Academic Improvement Program (ISAIIP)	GQE Remediation	Professional Development	Safe Routes to School Grant	Title I	Title I Compensatory Education (a)
<b>Cash and Investments - beginning</b>	\$ 23,940	\$ 119,074	\$ 120,209	\$ 4,333	\$ 363,591	\$ (6,346,052)
<b>Receipts:</b>						
Local sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	538,830	32,231,181
Other receipts	-	-	-	-	-	3,142
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>538,830</u>	<u>32,234,323</u>
<b>Disbursements:</b>						
Instruction	-	30,847	-	-	-	10,915,059
Support services	190	-	1,594	-	13,742	11,626,400
Noninstructional services	-	-	-	-	260,382	4,252,187
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	376,607
Total disbursements	<u>190</u>	<u>30,847</u>	<u>1,594</u>	<u>-</u>	<u>274,124</u>	<u>27,170,253</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>(190)</u>	<u>(30,847)</u>	<u>(1,594)</u>	<u>-</u>	<u>264,706</u>	<u>5,064,070</u>
<b>Other Financing Sources (Uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(4,333)	(1,156)	(511,945)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,333)</u>	<u>(1,156)</u>	<u>(511,945)</u>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses</b>	<u>(190)</u>	<u>(30,847)</u>	<u>(1,594)</u>	<u>(4,333)</u>	<u>263,550</u>	<u>4,552,125</u>
<b>Cash and Investments - ending</b>	<u>\$ 23,750</u>	<u>\$ 88,227</u>	<u>\$ 118,615</u>	<u>\$ -</u>	<u>\$ 627,141</u>	<u>\$ (1,793,927)</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, 2019**

	Title I School Improvement	Title I Comprehensive School	Title I SI Turn Around Grant	Refugee Child Assistance	Stewart Homeless Assistance Act	IDEA
<b>Cash and Investments - beginning</b>	\$ (1,088,983)	\$ (20,837)	\$ 6,706	\$ -	\$ (2,718)	\$ (961,779)
<b>Receipts:</b>						
Local sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	1,517,787	-	733,186	10,809	48,796	7,612,658
Other receipts	-	-	-	-	-	20
Total receipts	<u>1,517,787</u>	<u>-</u>	<u>733,186</u>	<u>10,809</u>	<u>48,796</u>	<u>7,612,678</u>
<b>Disbursements:</b>						
Instruction	442,226	-	312,716	5,334	-	4,733,432
Support services	649,694	-	536,454	-	-	1,853,087
Noninstructional services	3,886	-	-	8,000	55,057	1,056,062
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,844	96,203
Total disbursements	<u>1,095,806</u>	<u>-</u>	<u>849,170</u>	<u>13,334</u>	<u>56,901</u>	<u>7,738,784</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>421,981</u>	<u>-</u>	<u>(115,984)</u>	<u>(2,525)</u>	<u>(8,105)</u>	<u>(126,106)</u>
<b>Other Financing Sources (Uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	-	-
Transfers in	-	20,837	-	-	-	-
Transfers out	-	-	-	-	-	(119)
Total other financing sources (uses)	<u>-</u>	<u>20,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(119)</u>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses</b>	<u>421,981</u>	<u>20,837</u>	<u>(115,984)</u>	<u>(2,525)</u>	<u>(8,105)</u>	<u>(126,225)</u>
<b>Cash and Investments - ending</b>	\$ (667,002)	\$ -	\$ (109,278)	\$ (2,525)	\$ (10,823)	\$ (1,088,004)

**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, 2019**

	Preschool Handicap	Title IV Safe and Drug Free Schools	Impact Aid	Vocational and Technology Board Grants	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A
<b>Cash and Investments - beginning</b>	\$ (27,709)	\$ (678)	\$ 114,027	\$ (87,398)	\$ 1,482,354	\$ (61,318)
<b>Receipts:</b>						
Local sources	-	-	-	-	-	-
State sources	-	-	-	866,539	-	-
Federal sources	243,770	181,547	-	-	2,340,910	2,101,263
Other receipts	-	-	-	-	-	19
Total receipts	<u>243,770</u>	<u>181,547</u>	<u>-</u>	<u>866,539</u>	<u>2,340,910</u>	<u>2,101,282</u>
<b>Disbursements:</b>						
Instruction	237,814	249,331	-	879,497	73,890	-
Support services	-	-	-	-	1,061,920	1,518,801
Noninstructional services	14,358	47,890	-	-	-	550,098
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	3,578	-	-	-	-	38,797
Total disbursements	<u>255,750</u>	<u>297,221</u>	<u>-</u>	<u>879,497</u>	<u>1,135,810</u>	<u>2,107,696</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>(11,980)</u>	<u>(115,674)</u>	<u>-</u>	<u>(12,958)</u>	<u>1,205,100</u>	<u>(6,414)</u>
<b>Other Financing Sources (Uses):</b>						
Sale of capital assets	-	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	(2,701)	(114,027)	-	(307)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,701)</u>	<u>(114,027)</u>	<u>-</u>	<u>(307)</u>	<u>-</u>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses</b>	<u>(11,980)</u>	<u>(118,375)</u>	<u>(114,027)</u>	<u>(12,958)</u>	<u>1,204,793</u>	<u>(6,414)</u>
<b>Cash and Investments - ending</b>	<u>\$ (39,689)</u>	<u>\$ (119,053)</u>	<u>\$ -</u>	<u>\$ (100,356)</u>	<u>\$ 2,687,147</u>	<u>\$ (67,732)</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, 2019**

	Title III - English Proficiency Migrant	Prepaid Food	Payroll Clearing Funds	Warehouse Clearing Funds	Totals
<b>Cash and Investments - beginning</b>	\$ (63,015)	\$ 348	\$ (587,487)	\$ 3,468,962	\$ 120,759,971
<b>Receipts:</b>					
Local sources	-	162	9,630	-	163,567,534
State sources	839,699	-	-	-	242,509,621
Federal sources	-	-	-	-	65,359,359
Other receipts	-	-	6,087,333	1,954,484	9,393,392
Total receipts	<u>839,699</u>	<u>162</u>	<u>6,096,963</u>	<u>1,954,484</u>	<u>480,829,906</u>
<b>Disbursements:</b>					
Instruction	636,389	-	46,936	-	211,870,688
Support services	182,796	-	(286)	-	165,605,412
Noninstructional services	106,093	-	-	-	31,086,633
Facilities acquisition and construction	-	-	-	-	5,230,392
Debt services	-	-	-	-	56,798,265
Nonprogrammed charges	12,135	348	5,347,938	1,819,227	15,103,777
Total disbursements	<u>937,413</u>	<u>348</u>	<u>5,394,588</u>	<u>1,819,227</u>	<u>485,695,167</u>
<b>Excess (Deficiency) of Receipts Over Disbursements</b>	<u>(97,714)</u>	<u>(186)</u>	<u>702,375</u>	<u>135,257</u>	<u>(4,865,261)</u>
<b>Other Financing Sources (Uses):</b>					
Sale of capital assets	-	-	-	-	2,746,541
Proceeds from issuance of debt	-	-	-	-	33,919,620
Transfers in	-	-	-	-	4,588,036
Transfers out	(2,076)	-	-	-	(4,588,036)
Total other financing sources (uses)	<u>(2,076)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,666,161</u>
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses</b>	<u>(99,790)</u>	<u>(186)</u>	<u>702,375</u>	<u>135,257</u>	<u>31,800,900</u>
<b>Cash and Investments - ending</b>	<u>\$ (162,805)</u>	<u>\$ 162</u>	<u>\$ 114,888</u>	<u>\$ 3,604,219</u>	<u>\$ 152,560,871</u>

**Indianapolis Public Schools**  
**Schedule of Payables and Receivables**  
**June 30, 2019**

<b>Government or Enterprise</b>	<b>Accounts Payable</b>	<b>Accounts Receivable</b>
Governmental activities	<u>\$ 6,774,359</u>	<u>\$ 2,840,419</u>

# Indianapolis Public Schools

## Schedule of Leases and Debt

### June 30, 2019

Lessor	Purpose	2019 Lease Payment	Annual Lease Payment Due Within One Year	Lease Beginning Date	Lease Ending Date
<b>Governmental Activities</b>					
Board of School Commissioners of the City of Indianapolis	2016 Equipment Bus Lease	\$ 1,208,474	\$ 1,208,475	7/15/2016	1/15/2026
IPS Multi-School Building Corporation	First Mortgage Refunding Bonds 2007	639,000	6,814,000	7/15/2007	7/15/2020
IPS Multi-School Building Corporation	Build America Bonds 2009A	1,841,000	-	1/15/2010	7/15/2029
IPS Multi-School Building Corporation	First Mortgage Refunding Bonds 2016A	3,160,000	1,582,500	7/15/2016	1/15/2020
IPS Multi-School Building Corporation	First Mortgage Refunding Bonds 2016B	15,418,000	2,228,000	1/15/2017	1/15/2028
IPS Multi-School Building Corporation	Qualified School Construction Bonds 2009C	360,000	360,000	1/15/2010	9/15/2024
IPS Multi-School Building Corporation	Qualified School Construction Bonds 2010C	5,689,967	12,162,000	1/15/2011	7/15/2025
IPS Multi-School Building Corporation	Qualified School Construction Bonds 2010D	4,101,609	-	1/15/2011	7/15/2019
IPS Multi-School Building Corporation	First Mortgage Refunding Bonds 2014	8,154,000	-	1/15/2015	7/15/2019
IPS Multi-School Building Corporation	First Mortgage Refunding Bonds 2015	12,931,000	12,928,000	7/15/2015	1/15/2032
IPS Multi-School Building Corporation	First Mortgage Refunding Bonds 2019A	1,340,979	3,545,000	4/25/2019	12/31/2029
Total governmental activities		<u>54,844,029</u>	<u>40,827,975</u>		
Total of annual lease payments		<u>\$ 54,844,029</u>	<u>\$ 40,827,975</u>		

Type	Description of Debt Purpose	2019 Debt Service Payments	Ending Principal Balance	Principal and Interest Due Within One Year
<b>Governmental Activities</b>				
2013 General obligation bonds	Pension Advance Funding	\$ 2,881,726	\$ 7,090,203	\$ 2,880,912
2018 General obligation bonds	Capital Improvements	-	34,000,000	3,357,400
Notes and loans payable	Common School Loans	73,365	-	-
Total governmental activities		<u>2,955,091</u>	<u>41,090,203</u>	<u>6,238,312</u>
Totals		<u>\$ 2,955,091</u>	<u>\$ 41,090,203</u>	<u>\$ 6,238,312</u>

**Indianapolis Public Schools**  
**Schedule of Capital Assets**  
**June 30, 2019**

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.

	<b>Ending Balance</b>
<b>Governmental Activities</b>	
Land	\$ 2,337,502
Buildings	477,365,378
Improvements other than buildings	773,803
Machinery, equipment and vehicles	39,714,646
Total governmental activities	520,191,329
Total capital assets	\$ 520,191,329

# **Indianapolis Public Schools**

Single Audit Report

For the Year Ended June 30, 2019

# Indianapolis Public Schools

June 30, 2019

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# Indianapolis Public Schools

## Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2019

Federal Grantor	Pass-Through Grantor	Pass-Through Identifying Number	Program Title	Federal CFDA #	2019 Total Federal Expenditures	
<b>U.S. Department of Agriculture</b>						
<b>Child Nutrition Cluster:</b>						
	Indiana Department of Education	(49) 5385 - FY19	School Breakfast Program	10.553	\$ 3,801,944	
	Indiana Department of Education	(49) 5385 - FY19	National School Lunch Fund	10.555	10,238,756	
	Indiana Department of Education	(49) 5385 - FY19	After School Supplement Program	10.555	96,683	
	<i>Total Child Nutrition Cluster</i>				<u>14,137,383</u>	
	Indiana Department of Education	(49) 5385 - FY19	Child and Adult Care Food Program	10.558	137,384	
	Indiana Department of Education	(49) 5385 - FY19	Fresh Fruit and Vegetable Program	10.582	957,133	
	<b>Total U.S. Department of Agriculture</b>				<u><u>15,231,900</u></u>	
<b>U.S. Department of Education</b>						
	Indiana Department of Education	N/A	Title I Grants to Local Education Agencies	84.010	279,489	
	Indiana Department of Education	S010A160014	Title I Grants to Local Education Agencies	84.010	919	
	Indiana Department of Education	S010A170014	Title I Grants to Local Education Agencies	84.010	8,494,612	
	Indiana Department of Education	S010A180014	Title I Grants to Local Education Agencies	84.010	20,548,359	
					<u>29,323,379</u>	
	<b>Special Education Cluster:</b>					
	Indiana Department of Education	14217-028-PN01	Special Education Part B	84.027	188,535	
	Indiana Department of Education	18611-028-PN01	Special Education Part B	84.027	5,169,502	
	Indiana Department of Education	19611-028-PN01	Special Education Part B	84.027	2,416,638	
					<u>7,774,675</u>	
	Indiana Department of Education	18619-028-PN01	Special Education Preschool	84.173	108,477	
	Indiana Department of Education	45717-028-PN01	Special Education Preschool	84.173	5,791	
	Indiana Department of Education	19619-028-PN01	Special Education Preschool	84.173	142,685	
	<i>Total Special Education Cluster</i>				<u><u>256,953</u></u> <u>8,031,628</u>	

**Indianapolis Public Schools**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2019**

Federal Grantor	Pass-Through Grantor	Pass-Through Identifying Number	Program Title	Federal CFDA #	2019 Total Federal Expenditures
	Indiana Department of Workforce Development	18-4700-5385	Vocational Education	84.048	\$ 86,126
	Indiana Department of Workforce Development	19-4700-5385	Vocational Education	84.048	694,544
	Indiana Department of Education	17-7400-5385	Vocational Education	84.048	165
	Indiana Department of Education	A58-8-18CI-5054	Vocational Education	84.048	98,978
					<u>879,813</u>
	Indiana Department of Education	7000S196A180015	Education for Homeless Children and Youth	84.196	32,950
	Indiana Department of Education	7000S19A170014	Education for Homeless Children and Youth	84.196	28,276
					<u>61,226</u>
	Indiana Department of Education	S365A160014	English Language Acquisition State Grants	84.365	371,305
	Indiana Department of Education	S365A170014	English Language Acquisition State Grants	84.365	343,430
	Indiana Department of Education	S365A180014	English Language Acquisition State Grants	84.365	242,508
					<u>957,243</u>
	Indiana Department of Education	S367A140013	Supporting Effective Instruction State Grants	84.367	4,192
	Indiana Department of Education	S367A160013	Supporting Effective Instruction State Grants	84.367	903,737
	Indiana Department of Education	S367A180013	Supporting Effective Instruction State Grants	84.367	1,206,010
					<u>2,113,939</u>
	Indiana Department of Education	S377A140015	School Improvement Grants	84.377	1,015,215
	Indiana Department of Education	S424A170015	Student Support and Academic Enrichment Program	84.424	41,027
	Indiana Department of Education	S424A180015	Student Support and Academic Enrichment Program	84.424	271,827
					<u>312,854</u>
<b>Total U.S. Department of Education</b>					<u>42,695,297</u>
<b>U.S. Department of Health and Human Services</b>					
	Indiana Department of Education	700REFSOCSVC17	Refugee and Entrant Assistance - State/Replacement	93.566	10,809
	Indiana Department of Education	700REFSOCSVCF18	Refugee and Entrant Assistance - State/Replacement	93.566	2,525
					<u>13,334</u>
<b>Total U.S. Department of Health and Human Services</b>					<u>13,334</u>
<b>Total Federal Expenditures</b>					<u>\$ 57,940,531</u>

**Indianapolis Public Schools**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2019**

***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, 2019. 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. IPS had no federal loans that they were administering as of June 30, 2019, and IPS did not pass-through any federal funds to subrecipients.

**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 comprise the cash and investment balances and related receipts, disbursements and other financing sources (uses) for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated November 22, 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' 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' internal control. Accordingly, we do not express an opinion on the effectiveness of IPS' 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 the entity's financial statements 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether IPS' 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*.

### ***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' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IPS' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BKD, LLP**

Indianapolis, Indiana  
November 22, 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' major federal programs for the year ended June 30, 2019. IPS' 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' 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' 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' compliance.

### ***Basis for Qualified Opinion on Title I Grants to Loan Education 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 2019-001. Compliance with such requirements is necessary, in our opinion, for IPS to comply with the requirements applicable to that program.

### ***Qualified Opinion on Title I Grants to Local Educational Agencies***

In our opinion, except 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, 2019.

### ***Unmodified Opinion on the Other Major Federal Program***

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 program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

### ***Other Matters***

IPS' response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. IPS' 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' 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' 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 did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

IPS' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. IPS' response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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, 2019, and the related notes to the financial statement, which collectively comprise IPS' basic financial statement. We issued our report thereon dated November 22, 2019, which contained an adverse opinion on those financial statements prepared in accordance with accounting principles generally accepted in the United States of America and contained an unmodified opinion on the financial statements 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 statements as a whole. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement 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 financial statement 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 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  
November 22, 2019

**Indianapolis Public Schools**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2019**

**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, 2019**

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

7. IPS' major programs were:

<b>Cluster/Program</b>	<b>CFDA Number</b>	<b>Opinion Issued</b>
Child Nutrition Cluster Title I Grants to Local Education Agencies	Cluster 84.010	Unmodified Qualified

8. The threshold used to distinguish between Type A and Type B programs was \$1,738,216.

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

**Indianapolis Public Schools**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2019**

**Findings Required to be Reported by *Government Auditing Standards***

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**Indianapolis Public Schools**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2019**

**Findings Required to be Reported by *Uniform Guidance***

Reference Number	Finding
2019-001	<p><b>Federal Program Name:</b> Title I Grants to Local Education Agencies</p> <p><b>Federal Agency:</b> U.S. Department of Education, passed through Indiana Department of Education</p> <p><b>CFDA Title and Number:</b> Title I Grants to Local Education Agencies, CFDA 84.010</p> <p><b>Award Year:</b> July 1, 2018 - June 30, 2019</p> <p><b>Criteria or Specific Requirement:</b> 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 2018-2019 school year, graduation rates would reflect data from the 2017-2018 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 the Elementary and Secondary Education Act of 1965 (ESEA) sections 1111(h)(1)(C)(iii)(II) and 8011(25),(23) 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. As required by ESEA Section 8101, to remove a student from the cohort, a school must confirm, in writing, that the student transferred out, immigrated to another county, transferred to a prison or juvenile facility 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 a 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><b>Condition:</b> 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><b>Questioned Costs:</b> No</p> <p><b>Context:</b> During testing of individuals removed from the adjusted cohort, 15 out of 36 selections resulted in errors. From a population of 240 students, 36 were selected for testing. Errors consisted of 12 students being incorrectly removed from the adjusted cohort and 3 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, 2019**

**Reference  
Number**

**Finding**

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**Effect:** Students were removed from the adjusted cohort without appropriate documentation for removal.

**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 ESEA section 8101.

**Repeat Finding:** Yes, see 2018-003 and 2017-006.

**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.

**Views of Responsible Officials and Planned Corrective Action:** See corrective action plan prepared by management attached.

**Indianapolis Public Schools**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2019**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
2018-001	<p><b>Internal Controls Over Financial Reporting</b></p> <p>IPS' internal control environment over the preparation of monthly reconciliations did not prescribe a process for reconciliations to be formally reviewed and approved after being prepared, including the monthly reconciliation of cash and investment balances.</p>	Resolved
2018-002	<p><b>Child Nutrition Cluster - Program Income</b></p> <p>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.</p>	Resolved
2018-003	<p><b>Title I - Special Tests and Provisions - Annual Report Card, High School Graduation Rate</b></p> <p>Students were incorrectly removed from the adjusted cohort and adequate documentation for removal from the adjusted cohort was not maintained and available. Appropriate actions were not taken to correct or resolve these items during the current year.</p>	Unresolved. See Finding 2019-001
2018-004	<p><b>Internal Controls Over Preparation of the Schedule of Federal Awards</b></p> <p>IPS did not have proper system of internal controls 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.</p>	Resolved