

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF
SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY
MARION COUNTY, INDIANA
July 1, 2013 to June 30, 2015



FILED
06/16/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sally Graybeal Barbara Howe	07-01-13 to 06-30-15 07-01-15 to 06-30-16
Executive Director	Lillian Youngblood	07-01-13 to 06-30-16
President of the School Board	Dr. Paul Kaiser	07-01-13 to 06-30-16



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SOUTHSIDE SPECIAL SERVICES
OF MARION COUNTY, MARION COUNTY, INDIANA

We have examined the accompanying financial statement of Southside Special Services of Marion County (School Corporation), for the period of July 1, 2013 to June 30, 2015. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement based on our examination.

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

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position, and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

March 14, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Cash and Investments 06-30-14	Receipts	Disbursements	Cash and Investments 06-30-15
General	\$ 1,123,545	\$ 3,529,494	\$ 3,622,769	\$ 1,030,270	\$ 4,037,695	\$ 3,871,662	\$ 1,196,303
Capital Projects	245,965	468,325	511,343	202,947	2,365,659	1,724,686	843,920
Instruction Support	-	2,000	681	1,319	-	372	947
Recreational Activities	-	-	-	-	2,124	1,464	660
Part B Grant IDEA (611) FY 14	-	4,384,783	4,583,549	(198,766)	2,230,121	2,031,355	-
Part B Grant IDEA (611) FY 12	1,516	17,875	19,391	-	-	-	-
Part B Grant IDEA (611) FY 13	(244,324)	2,378,679	2,150,233	(15,878)	194,420	178,542	-
Part B Grant IDEA (611) FY 15	-	-	-	-	3,727,876	4,160,727	(432,851)
Part B Grant IDEA (619) FY 14	-	151,771	161,445	(9,674)	63,967	54,293	-
Part B Grant IDEA (619) FY 13	(13,426)	64,104	50,678	-	-	-	-
Part B Grant IDEA (619) FY 15	-	-	-	-	132,660	149,972	(17,312)
Technical Assistance IDEA FY 14	-	13,072	18,223	(5,151)	32,079	39,977	(13,049)
Payroll Withholdings	1,207	1,452,629	1,452,232	1,604	1,526,067	1,527,643	28
Totals	<u>\$ 1,114,483</u>	<u>\$ 12,462,732</u>	<u>\$ 12,570,544</u>	<u>\$ 1,006,671</u>	<u>\$ 14,312,668</u>	<u>\$ 13,740,693</u>	<u>\$ 1,578,646</u>

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

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

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

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

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

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

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

F. Fund Accounting

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

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 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.

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 3. *Property Taxes*

No property taxes are received by the School Corporation. Monthly invoices are prepared and submitted to each of the local districts for per capital proportionate share of the general and capital funds. Funds are received directly from the member districts at one-twelfth of the district's share each month.

Note 4. *Deposits and Investments*

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

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

Note 5. *Risk Management*

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

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

Note 6. *Pension Plans*

A. *Public Employees' Retirement Fund*

Plan Description

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

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants.

OTHER INFORMATION - UNAUDITED

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

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

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Capital Projects	Instruction Support	Recreational Activities	Part B Grant IDEA (611) FY 14	Part B Grant IDEA (611) FY 12	Part B Grant IDEA (611) FY 13
Cash and investments - beginning	\$ 1,123,545	\$ 245,965	\$ -	\$ -	\$ -	\$ 1,516	\$ (244,324)
Receipts:							
Local sources	3,523,889	468,325	2,000	-	-	-	-
Federal sources	-	-	-	-	4,384,783	17,875	2,378,679
Other	5,605	-	-	-	-	-	-
Total receipts	3,529,494	468,325	2,000	-	4,384,783	17,875	2,378,679
Disbursements:							
Current:							
Instruction	1,869,444	-	681	-	2,280,146	(26,955)	942,363
Support services	1,547,550	334,519	-	-	2,303,403	(38,542)	954,642
Noninstructional services	5,775	-	-	-	-	84,888	253,228
Facilities acquisition and construction	200,000	176,824	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	3,622,769	511,343	681	-	4,583,549	19,391	2,150,233
Excess (deficiency) of receipts over disbursements	(93,275)	(43,018)	1,319	-	(198,766)	(1,516)	228,446
Cash and investments - ending	\$ 1,030,270	\$ 202,947	\$ 1,319	\$ -	\$ (198,766)	\$ -	\$ (15,878)

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Part B Grant IDEA (611) FY 15	Part B Grant IDEA (619) FY 14	Part B Grant IDEA (619) FY 13	Part B Grant IDEA (619) FY 15	Technical Assistance IDEA FY 14	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (13,426)	\$ -	\$ -	\$ 1,207	\$ 1,114,483
Receipts:							
Local sources	-	-	-	-	-	-	3,994,214
Federal sources	-	151,771	64,104	-	13,072	-	7,010,284
Other	-	-	-	-	-	1,452,629	1,458,234
Total receipts	-	151,771	64,104	-	13,072	1,452,629	12,462,732
Disbursements:							
Current:							
Instruction	-	150,175	30,936	-	-	-	5,246,790
Support services	-	11,270	19,742	-	18,223	-	5,150,807
Noninstructional services	-	-	-	-	-	-	343,891
Facilities acquisition and construction	-	-	-	-	-	-	376,824
Nonprogrammed charges	-	-	-	-	-	1,452,232	1,452,232
Total disbursements	-	161,445	50,678	-	18,223	1,452,232	12,570,544
Excess (deficiency) of receipts over disbursements	-	(9,674)	13,426	-	(5,151)	397	(107,812)
Cash and investments - ending	\$ -	\$ (9,674)	\$ -	\$ -	\$ (5,151)	\$ 1,604	\$ 1,006,671

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015

	General	Capital Projects	Instruction Support	Recreational Activities	Part B Grant IDEA (611) FY 14	Part B Grant IDEA (611) FY 12	Part B Grant IDEA (611) FY 13
Cash and investments - beginning	\$ 1,030,270	\$ 202,947	\$ 1,319	\$ -	\$ (198,766)	\$ -	\$ (15,878)
Receipts:							
Local sources	3,861,207	2,308,529	-	2,124	-	-	-
State sources	176,488	-	-	-	-	-	-
Federal sources	-	-	-	-	2,230,121	-	194,420
Other	-	57,130	-	-	-	-	-
Total receipts	4,037,695	2,365,659	-	2,124	2,230,121	-	194,420
Disbursements:							
Current:							
Instruction	2,132,288	-	372	-	802,532	-	237
Support services	1,737,637	1,660,743	-	1,464	1,175,621	-	1,342
Noninstructional services	1,737	-	-	-	53,202	-	176,963
Facilities acquisition and construction	-	63,943	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	3,871,662	1,724,686	372	1,464	2,031,355	-	178,542
Excess (deficiency) of receipts over disbursements	166,033	640,973	(372)	660	198,766	-	15,878
Cash and investments - ending	\$ 1,196,303	\$ 843,920	\$ 947	\$ 660	\$ -	\$ -	\$ -

SOUTHSIDE SPECIAL SERVICES OF MARION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Part B Grant IDEA (611) FY 15	Part B Grant IDEA (619) FY 14	Part B Grant IDEA (619) FY 13	Part B Grant IDEA (619) FY 15	Technical Assistance IDEA FY 14	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ (9,674)	\$ -	\$ -	\$ (5,151)	\$ 1,604	\$ 1,006,671
Receipts:							
Local sources	-	-	-	-	-	-	6,171,860
State sources	-	-	-	-	-	-	176,488
Federal sources	3,727,876	63,967	-	132,660	32,079	-	6,381,123
Other	-	-	-	-	-	1,526,067	1,583,197
Total receipts	3,727,876	63,967	-	132,660	32,079	1,526,067	14,312,668
Disbursements:							
Current:							
Instruction	2,125,846	54,293	-	149,972	498	-	5,266,038
Support services	1,803,375	-	-	-	39,479	-	6,419,661
Noninstructional services	231,506	-	-	-	-	-	463,408
Facilities acquisition and construction	-	-	-	-	-	-	63,943
Nonprogrammed charges	-	-	-	-	-	1,527,643	1,527,643
Total disbursements	4,160,727	54,293	-	149,972	39,977	1,527,643	13,740,693
Excess (deficiency) of receipts over disbursements	(432,851)	9,674	-	(17,312)	(7,898)	(1,576)	571,975
Cash and investments - ending	\$ (432,851)	\$ -	\$ -	\$ (17,312)	\$ (13,049)	\$ 28	\$ 1,578,646

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.