

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

FINANCIAL STATEMENT
AUDIT REPORT
OF

GREENE-SULLIVAN SPECIAL
EDUCATION COOPERATIVE
GREENE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
02/15/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Cooperative	Judy A. Flowers	07-01-12 to 06-30-15
	Sarah M. Sparks	07-01-15 to 06-30-16
Treasurer	Carmen L. Hudson	07-01-12 to 10-02-15
	Claudia Walker	10-03-15 to 12-31-15
President of the Executive Board	Dr. Mark A. Barker	07-01-12 to 06-30-13
	Dan Sichting	07-01-13 to 06-30-14
	Nick Karazsia	07-01-14 to 06-30-15
	Mike Mogan	07-01-15 to 06-30-16



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE GREENE-SULLIVAN SPECIAL EDUCATION
COOPERATIVE, GREENE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Greene-Sullivan Special Education Cooperative (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement as listed in the Table of Contents.

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). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit 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 the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, 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 basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. 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 and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.


Opinion on Regulatory Basis of Accounting

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, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Capital Assets, 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 auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

October 28, 2015

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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GREENE-SULLIVAN SPECIAL EDUCATION COOPERATIVE
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Joint Services and Supply - Special Education Cooperative	\$ 484,853	\$ 1,811,863	\$ 1,656,758	\$ -	\$ 639,958	\$ 1,819,676	\$ 1,670,536	\$ -	\$ 789,098
IDEA FY 2012	(89,650)	325,871	269,553	-	(33,332)	61,558	28,226	-	-
IDEA FY 2014	-	-	-	-	-	977,195	1,121,181	-	(143,986)
IDEA FY 2013	-	1,192,051	1,310,378	-	(118,327)	558,729	441,378	-	(976)
IDEA FY 2011	(22,173)	85,622	63,449	-	-	-	-	-	-
TA Grant FY 2014	-	-	-	-	-	27,283	29,411	-	(2,128)
Federal Assistance Educational Preschool Handicapped FY 2012	(5,311)	19,559	14,248	-	-	-	-	-	-
Federal Assistance Educational Preschool Handicapped FY 2013	-	44,676	49,548	-	(4,872)	28,435	23,531	-	32
Federal Assistance Educational Preschool Handicapped FY 2014	-	-	-	-	-	39,644	53,631	-	(13,987)
Payroll Withholdings	2,422	551,175	552,392	-	1,205	577,723	577,292	-	1,636
Totals	\$ 370,141	\$ 4,030,817	\$ 3,916,326	\$ -	\$ 484,632	\$ 4,090,243	\$ 3,945,186	\$ -	\$ 629,689

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

GREENE-SULLIVAN SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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 revenue from local governmental units other than school corporations, investment income, 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.

GREENE-SULLIVAN SPECIAL EDUCATION COOPERATIVE
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.

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.

GREENE-SULLIVAN SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 3. Deposits and Investments

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

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

Note 4. Risk Management

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

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

Note 5. Pension Plan

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

GREENE-SULLIVAN SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

Note 6. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursement for expenditures made by the School Corporation were not received by June 30, 2014.

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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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

GREENE-SULLIVAN SPECIAL EDUCATION COOPERATIVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	Joint Services and Supply - Special Education Cooperative	IDEA FY 2012	IDEA FY 2014	IDEA FY 2013	IDEA FY 2011	TA Grant FY 2014	Federal Assistance Educational Preschool Handicapped FY 2012	Federal Assistance Educational Preschool Handicapped FY 2013	Federal Assistance Educational Preschool Handicapped FY 2014	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 484,853	\$ (89,650)	\$ -	\$ -	\$ (22,173)	\$ -	\$ (5,311)	\$ -	\$ -	\$ 2,422	\$ 370,141
Receipts:											
Local sources	1,588,742	-	-	-	-	-	-	-	-	-	1,588,742
State sources	223,121	-	-	-	-	-	-	-	-	-	223,121
Federal sources	-	325,871	-	1,192,051	85,622	-	19,559	44,676	-	-	1,667,779
Other	-	-	-	-	-	-	-	-	-	551,175	551,175
Total receipts	<u>1,811,863</u>	<u>325,871</u>	<u>-</u>	<u>1,192,051</u>	<u>85,622</u>	<u>-</u>	<u>19,559</u>	<u>44,676</u>	<u>-</u>	<u>551,175</u>	<u>4,030,817</u>
Disbursements:											
Current:											
Instruction	967,893	111,313	-	765,628	3,350	-	14,248	49,548	-	-	1,911,980
Support services	688,865	158,240	-	544,750	60,099	-	-	-	-	-	1,451,954
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	552,392	552,392
Total disbursements	<u>1,656,758</u>	<u>269,553</u>	<u>-</u>	<u>1,310,378</u>	<u>63,449</u>	<u>-</u>	<u>14,248</u>	<u>49,548</u>	<u>-</u>	<u>552,392</u>	<u>3,916,326</u>
Excess (deficiency) of receipts over disbursements	<u>155,105</u>	<u>56,318</u>	<u>-</u>	<u>(118,327)</u>	<u>22,173</u>	<u>-</u>	<u>5,311</u>	<u>(4,872)</u>	<u>-</u>	<u>(1,217)</u>	<u>114,491</u>
Cash and investments - ending	<u>\$ 639,958</u>	<u>\$ (33,332)</u>	<u>\$ -</u>	<u>\$ (118,327)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,872)</u>	<u>\$ -</u>	<u>\$ 1,205</u>	<u>\$ 484,632</u>

GREENE-SULLIVAN SPECIAL EDUCATION COOPERATIVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	Joint Services and Supply - Special Education Cooperative	IDEA FY 2012	IDEA FY 2014	IDEA FY 2013	IDEA FY 2011	TA Grant FY 2014	Federal Assistance Educational Preschool Handicapped FY 2012	Federal Assistance Educational Preschool Handicapped FY 2013	Federal Assistance Educational Preschool Handicapped FY 2014	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 639,958	\$ (33,332)	\$ -	\$ (118,327)	\$ -	\$ -	\$ -	\$ (4,872)	\$ -	\$ 1,205	\$ 484,632
Receipts:											
Local sources	1,594,700	-	-	-	-	-	-	-	-	-	1,594,700
State sources	224,976	-	-	-	-	-	-	-	-	-	224,976
Federal sources	-	61,558	977,195	558,729	-	27,283	-	28,435	39,644	-	1,692,844
Other	-	-	-	-	-	-	-	-	-	577,723	577,723
Total receipts	<u>1,819,676</u>	<u>61,558</u>	<u>977,195</u>	<u>558,729</u>	<u>-</u>	<u>27,283</u>	<u>-</u>	<u>28,435</u>	<u>39,644</u>	<u>577,723</u>	<u>4,090,243</u>
Disbursements:											
Current:											
Instruction	927,393	4,330	600,260	228,554	-	6,628	-	23,531	53,631	-	1,844,327
Support services	743,143	23,896	520,921	212,824	-	22,783	-	-	-	-	1,523,567
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	577,292	577,292
Total disbursements	<u>1,670,536</u>	<u>28,226</u>	<u>1,121,181</u>	<u>441,378</u>	<u>-</u>	<u>29,411</u>	<u>-</u>	<u>23,531</u>	<u>53,631</u>	<u>577,292</u>	<u>3,945,186</u>
Excess (deficiency) of receipts over disbursements	<u>149,140</u>	<u>33,332</u>	<u>(143,986)</u>	<u>117,351</u>	<u>-</u>	<u>(2,128)</u>	<u>-</u>	<u>4,904</u>	<u>(13,987)</u>	<u>431</u>	<u>145,057</u>
Cash and investments - ending	<u>\$ 789,098</u>	<u>\$ -</u>	<u>\$ (143,986)</u>	<u>\$ (976)</u>	<u>\$ -</u>	<u>\$ (2,128)</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ (13,987)</u>	<u>\$ 1,636</u>	<u>\$ 629,689</u>

GREENE-SULLIVAN SPECIAL EDUCATION COOPERATIVE
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 33,715</u>	<u>\$ 195,647</u>

GREENE-SULLIVAN SPECIAL EDUCATION COOPERATIVE
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

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.

	<u>Ending Balance</u>
Governmental activities:	
Buildings	\$ 156,357
Improvements other than buildings	6,811
Machinery, equipment, and vehicles	<u>138,502</u>
Total capital assets	<u><u>\$ 301,670</u></u>

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/>.