

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF

GREENE-SULLIVAN SPECIAL
EDUCATION COOPERATIVE
GREENE COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
09/05/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Cooperative	Judy A. Flowers Sarah M. Sparks	07-01-14 to 06-30-15 07-01-15 to 06-30-18
Treasurer	Carmen L. Hudson Claudia Walker	07-01-14 to 10-02-15 10-03-15 to 12-31-17
President of the Executive Board	Nick Karazsia Mike Mogan Dr. Mark A. Baker Chris Stitzle	07-01-14 to 06-30-15 07-01-15 to 06-30-16 07-01-16 to 06-30-17 07-01-17 to 06-30-18



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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of the Greene-Sullivan Special Education Cooperative (School Corporation), for the period of July 1, 2014 to June 30, 2016. The School Corporation's management is responsible for the fair presentation of the financial statement in accordance with the prescribed basis of accounting described in Note 1. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the financial statement is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the financial statement. The nature, timing, and extent of the procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.


As discussed in Note 1 to 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 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 described in the preceding paragraph, the financial statement for the period of July 1, 2014 to June 30, 2016, referred to above, does not present, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation.

INDEPENDENT ACCOUNTANT'S REPORT
(Continued)

In our opinion, the financial statement for the period of July 1, 2014 to June 30, 2016, referred to above, presents the financial position and results of operations of the School Corporation based on the prescribed basis of accounting described in Note 1 to the financial statement, in all material respects.

Our examination was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, 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 examination procedures applied to the financial statement and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

July 12, 2017

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, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Cash and Investments 06-30-15	Receipts	Disbursements	Cash and Investments 06-30-16
General	\$ -	\$ -	\$ -	\$ -	\$ 8,549	\$ 8,549	\$ -
Joint Services and Supply - Special Education Cooperative	789,098	1,763,092	1,444,393	1,107,797	1,514,202	1,630,610	991,389
IDEA FY 2014	(143,986)	647,457	574,324	(70,853)	75,294	4,886	(445)
IDEA FY 2013	(976)	6,089	5,113	-	-	-	-
IDEA	-	1,054,863	1,258,205	(203,342)	519,396	352,760	(36,706)
IDEA FY 2016	-	-	-	-	1,198,900	1,315,804	(116,904)
TA Grant FY 2014	(2,128)	-	50	(2,178)	12,222	10,044	-
Federal Assistance Educational Preschool Handicapped FY 2013	32	-	32	-	-	-	-
Federal Assistance Educational Preschool Handicapped FY 2014	(13,987)	30,994	17,007	-	-	-	-
Federal Assistance Educational Preschool Handicapped FY 2015	-	23,778	27,441	(3,663)	43,446	41,142	(1,359)
Federal Assistance Educational Preschool Handicapped FY 2016	-	-	-	-	25,374	30,549	(5,175)
Payroll Withholdings	1,636	517,580	516,955	2,261	503,179	503,696	1,744
Totals	<u>\$ 629,689</u>	<u>\$ 4,043,853</u>	<u>\$ 3,843,520</u>	<u>\$ 830,022</u>	<u>\$ 3,900,562</u>	<u>\$ 3,898,040</u>	<u>\$ 832,544</u>

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, the following: 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. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation 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 the School Corporation 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 the School Corporation.

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

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation 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 the School Corporation.

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.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. 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, and payments to other governmental units.

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

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

F. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. 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 the School Corporation. 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 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, the following: 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:

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

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.

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 reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 and 2016.

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OTHER INFORMATION - UNEXAMINED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 School Corporation's Financial Reports 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.

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, 2015

	General	Joint Services and Supply - Special Education Cooperative	IDEA FY 2014	IDEA FY 2013	IDEA	IDEA FY 2016	TA Grant FY 2014
Cash and investments - beginning	\$ -	\$ 789,098	\$ (143,986)	\$ (976)	\$ -	\$ -	\$ (2,128)
Receipts:							
Local sources	-	1,526,003	-	-	-	-	-
State sources	-	237,089	-	-	-	-	-
Federal sources	-	-	647,457	6,089	1,054,863	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	<u>1,763,092</u>	<u>647,457</u>	<u>6,089</u>	<u>1,054,863</u>	-	-
Disbursements:							
Instruction	-	804,821	132,983	46	653,983	-	50
Support services	-	639,572	441,341	5,067	604,222	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	<u>1,444,393</u>	<u>574,324</u>	<u>5,113</u>	<u>1,258,205</u>	-	50
Excess (deficiency) of receipts over disbursements	-	<u>318,699</u>	<u>73,133</u>	<u>976</u>	<u>(203,342)</u>	-	<u>(50)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	<u>318,699</u>	<u>73,133</u>	<u>976</u>	<u>(203,342)</u>	-	<u>(50)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,107,797</u>	<u>\$ (70,853)</u>	<u>\$ -</u>	<u>\$ (203,342)</u>	<u>\$ -</u>	<u>\$ (2,178)</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, 2015
 (Continued)

	Federal Assistance Educational Preschool Handicapped FY 2013	Federal Assistance Educational Preschool Handicapped FY 2014	Federal Assistance Educational Preschool Handicapped FY 2015	Federal Assistance Educational Preschool Handicapped FY 2016	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 32	\$ (13,987)	\$ -	\$ -	\$ 1,636	\$ 629,689
Receipts:						
Local sources	-	-	-	-	-	1,526,003
State sources	-	-	-	-	-	237,089
Federal sources	-	30,994	23,778	-	-	1,763,181
Other receipts	-	-	-	-	517,580	517,580
Total receipts	-	30,994	23,778	-	517,580	4,043,853
Disbursements:						
Instruction	32	17,007	27,441	-	-	1,636,363
Support services	-	-	-	-	-	1,690,202
Interfund loans	-	-	-	-	516,955	516,955
Total disbursements	32	17,007	27,441	-	516,955	3,843,520
Excess (deficiency) of receipts over disbursements	(32)	13,987	(3,663)	-	625	200,333
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(32)	13,987	(3,663)	-	625	200,333
Cash and investments - ending	\$ -	\$ -	\$ (3,663)	\$ -	\$ 2,261	\$ 830,022

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, 2016

	General	Joint Services and Supply - Special Education Cooperative	IDEA FY 2014	IDEA FY 2013	IDEA	IDEA FY 2016	TA Grant FY 2014
Cash and investments - beginning	\$ -	\$ 1,107,797	\$ (70,853)	\$ -	\$ (203,342)	\$ -	\$ (2,178)
Receipts:							
Local sources	-	1,270,926	-	-	-	-	-
State sources	8,549	243,276	-	-	-	-	-
Federal sources	-	-	75,294	-	519,396	1,198,900	12,222
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>8,549</u>	<u>1,514,202</u>	<u>75,294</u>	<u>-</u>	<u>519,396</u>	<u>1,198,900</u>	<u>12,222</u>
Disbursements:							
Instruction	-	857,594	617	-	84,099	696,284	-
Support services	8,549	773,016	4,269	-	268,661	619,520	10,044
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>8,549</u>	<u>1,630,610</u>	<u>4,886</u>	<u>-</u>	<u>352,760</u>	<u>1,315,804</u>	<u>10,044</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(116,408)</u>	<u>70,408</u>	<u>-</u>	<u>166,636</u>	<u>(116,904)</u>	<u>2,178</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(116,408)</u>	<u>70,408</u>	<u>-</u>	<u>166,636</u>	<u>(116,904)</u>	<u>2,178</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 991,389</u>	<u>\$ (445)</u>	<u>\$ -</u>	<u>\$ (36,706)</u>	<u>\$ (116,904)</u>	<u>\$ -</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, 2016
 (Continued)

	Federal Assistance Educational Preschool Handicapped FY 2013	Federal Assistance Educational Preschool Handicapped FY 2014	Federal Assistance Educational Preschool Handicapped FY 2015	Federal Assistance Educational Preschool Handicapped FY 2016	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (3,663)	\$ -	\$ 2,261	\$ 830,022
Receipts:						
Local sources	-	-	-	-	-	1,270,926
State sources	-	-	-	-	-	251,825
Federal sources	-	-	43,446	25,374	-	1,874,632
Other receipts	-	-	-	-	503,179	503,179
Total receipts	-	-	43,446	25,374	503,179	3,900,562
Disbursements:						
Instruction	-	-	41,142	30,549	-	1,710,285
Support services	-	-	-	-	-	1,684,059
Interfund loans	-	-	-	-	503,696	503,696
Total disbursements	-	-	41,142	30,549	503,696	3,898,040
Excess (deficiency) of receipts over disbursements	-	-	2,304	(5,175)	(517)	2,522
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	2,304	(5,175)	(517)	2,522
Cash and investments - ending	\$ -	\$ -	\$ (1,359)	\$ (5,175)	\$ 1,744	\$ 832,544

GREENE-SULLIVAN SPECIAL EDUCATION COOPERATIVE
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ -</u>	<u>\$ 158,785</u>

GREENE-SULLIVAN SPECIAL EDUCATION COOPERATIVE
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2016

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

	Ending Balance
Governmental activities:	
Buildings	\$ 156,357
Improvements other than buildings	6,811
Machinery, equipment, and vehicles	158,137
Total governmental activities	321,305
Total capital assets	\$ 321,305

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/>.