



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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November 19, 2021

To: The Officials of the Daviess-Martin Special Education Cooperative
Daviess-Martin Special Education Cooperative
P.O. Box 637
Washington, IN 47501

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the review of the Daviess-Martin Special Education Cooperative. We have reviewed the review report concluded upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2018 to June 30, 2020. Per the *Independent Accountant's Review Report*, the financial statements included in the report present fairly the financial condition of the Daviess-Martin Special Education Cooperative as of June 30, 2019 and 2020, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Crowe LLP prepared the review report in accordance with the guidelines established by the State Board of Accounts.

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

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

DAVISS-MARTIN SPECIAL EDUCATION COOPERATIVE
Daviss County, Indiana

FINANCIAL STATEMENTS
June 30, 2019 and 2020

DAVIESS-MARTIN SPECIAL EDUCATION COOPERATIVE
Daviess County, Indiana

FINANCIAL STATEMENTS
June 30, 2019 and 2020

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DAVISS-MARTIN SPECIAL EDUCATION COOPERATIVE
SCHEDULE OF OFFICIALS (Unaudited)
June 30, 2019 and 2020

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shelia Roy	07-01-18 to 6-30-20
Director	Mary M. Rodimel	07-01-18 to 6-30-20
President of the Cooperative Board	Dr. Daniel L. Roach	07-01-18 to 6-30-20

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Those Charged with Governance
Daviness-Martin Special Education Cooperative
Daviness County, Indiana

Report on the Financial Statement

We have reviewed the accompanying statements of receipts, disbursements, other financing sources (uses), and cash and investment balances of the Daviness-Martin Special Education Cooperative (School Corporation) as of and for the years ended June 30, 2019 and 2020, and the related notes (the financial statements). A review includes primarily applying analytical procedures to management's financial data and making inquiries of the School Corporation's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements 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 this basis of accounting is an acceptable basis for the preparation of financial statement in the circumstances. Management is also 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the regulatory basis of accounting.

(Continued)

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the prescribed basis of accounting in accordance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). The financial statements are prepared in accordance with the prescribed basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, for the purpose of complying with state statute (IC 5-11-1-6). Our conclusion is not modified with respect to this matter.

Other Matters

The accompanying Schedule of Officials is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Restriction on Use

This report is intended solely for the information and use of the Daviess-Martin Special Education Cooperative and the Indiana State Board of Accounts and is not intended to be and should not be, used by anyone other than these specified parties.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
November 15, 2021

DAVIESS-MARTIN SPECIAL EDUCATION COOPERATIVE
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2019 and 2020

Fund	Cash and Investments		Other Financing		Cash and Investments		Other Financing		Cash and Investments
	07-01-18	Receipts	Disbursements	Sources (Uses)	06-30-19	Receipts	Disbursements	Sources (Uses)	06-30-20
General	\$ 295,521	\$ 128,332	\$ 16,999	\$ (383,021)	\$ 23,833	\$ -	\$ 23,833	\$ -	\$ -
Operations	-	670,541	204,859	396,971	862,653	737,192	437,798	-	1,162,047
Capital Projects	86,740	59,227	14,653	(131,314)	-	-	-	-	-
School Transportation	245,700	151,165	131,209	(265,657)	(1)	-	-	-	(1)
Local Rainy Day	400,000	-	-	-	400,000	-	-	-	400,000
Joint Operations - Special Education Cooperative	1,335,583	4,033,513	3,692,537	383,021	2,059,580	4,798,506	3,501,360	-	3,356,726
School Technology FY19	15,050	10,285	1,294	-	24,041	-	375	(23,667)	(1)
FY 17 Part B 619 Preschool	-	191	191	-	-	-	68	68	-
FY 19 Part B 611	-	892,047	975,609	-	(83,562)	238,172	532,975	-	(378,365)
FY 2020 Part B 611	-	-	-	-	-	871,940	633,318	(667,699)	(429,077)
IDEA	(34,179)	231,670	197,492	-	(1)	-	-	-	(1)
Special Education - Part B 2017-2018	(67,730)	458,517	454,200	-	(63,413)	204,695	141,214	(68)	-
FY 2020 Part B 611	-	-	-	-	-	-	667,699	667,699	-
FY 18 Part B 619 Preschool	-	5,231	5,231	-	-	-	-	-	-
FY 19 Part B 619 Preschool	-	46,925	46,925	-	-	-	3,578	-	(3,578)
School Technology FY20	-	-	-	-	-	-	-	23,667	23,667
Payroll Withholding	5,556	907,201	904,007	-	8,750	936,856	948,826	-	(3,220)
Totals	\$ 2,282,241	\$ 7,594,845	\$ 6,645,206	\$ -	\$ 3,231,880	\$ 7,787,361	\$ 6,891,044	\$ -	\$ 4,128,197

See Independent Accountant's Review Report and notes to financial statements.

DAVIESS-MARTIN SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Daviess-Martin Special Education Cooperative (the School Corporation) was established under the laws of the State of Indiana. The School Corporation operates under an appointed governing board.

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

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 (GAAP), 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. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

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.

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.

(Continued)

DAVIESS-MARTIN SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

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

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.

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 School Corporation itself.

(Continued)

DAVIESS-MARTIN SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2020

NOTE 2 - 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 (PDIF). This includes any deposit accounts issued or offered by a qualifying financial institution.

The School Corporation held cash deposits with financial institutions that maintained FDIC and PDIF coverages, as applicable. The School Corporation did not hold investments for any of the years under review.

NOTE 3 - PENSION PLAN

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.

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.

(Continued)

DAVIESS-MARTIN SPECIAL EDUCATION COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2020

NOTE 3 - PENSION PLAN (Continued)

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.

NOTE 4 - CASH BALANCE DEFICITS

The financial statement contains the School Transportation, FY19 Part B 611, IDEA, and the Special Education – Part B 2017-2018 fund with deficits in cash for the year end June 30, 2019. The School Transportation and IDEA deficit fund balances are due to rounding differences. The FY18 Part B 611 and Special Education – Part B 2017 - 2018 deficits are a result of the funds being set up for reimbursable grant.

The financial statement contains the School Transportation, School Technology FY19, IDEA, FY 19 Part B 619 Preschool, and payroll withholding with deficits in cash for the year end June 30, 2020. The School Transportation, School Technology FY19, and IDEA deficit fund balances are due to rounding differences. The FY 19 Part B 619 Preschool fund deficit is a result of the funds being set up for reimbursable grant. The payroll withholding deficit is a result of needing more transfers in to cover the amount transferred out to other funds.

DAVISS-MARTIN SPECIAL EDUCATION COOPERATIVE
EXIT CONFERENCE
June 30, 2019 and 2020

The contents of this report were discussed on November 12, 2021, with Nettie Mandujano, Treasurer, Chad Ballengee, DMSEC Director, and Dan Roach, Board President.