

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

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
NORTH GIBSON SCHOOL CORPORATION
GIBSON COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED

03/25/2025

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|---|--|
| Treasurer | Mindy Brines | 07-01-22 to 06-30-25 |
| Superintendent of Schools | Dr. Eric Goggins | 07-01-22 to 06-30-25 |
| President of the School Board | Joe Williams Travis Nolcox Joe Williams | 07-01-22 to 12-31-22 01-01-23 to 12-31-24 01-01-25 to 06-30-25 |



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INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

TO: THE OFFICIALS OF THE NORTH GIBSON SCHOOL CORPORATION, GIBSON COUNTY, INDIANA

This report is supplemental to the audit report of the North Gibson School Corporation (School Corporation), for the period from July 1, 2022 to June 30, 2024. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with the Financial Statement Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

March 18, 2025

NORTH GIBSON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system. The School Corporation had not established effective internal controls over the financial, federal award, and other information entered into the AFR, which resulted in the following errors:

Financial Data

- The Self-Insurance Dunn & Associates fund was omitted, resulting in an understatement of the following for fiscal year 2022-2023:
 - Beginning cash and investments of \$1,062,522.
 - Receipts of \$969,957.
 - Disbursements of \$967,242.
 - Other Financing Sources and Uses related to transfers out \$1,065,237.
 - Ending cash and investments of \$0.
- The Claims Account - Self Insurance fund overstated receipts and understated other financing sources by \$1,065,237 for 2022-2023.
- Several additional funds had individually immaterial errors or omissions, resulting in receipts and disbursements being understated by \$212,892 and \$224,892, respectively, for 2022-2023. The cash and investments were overstated by \$12,000 as of June 30, 2023. In addition, receipts and disbursements were each understated by \$94,325 for 2023-2024. The cash and investments were overstated by \$12,000 as of June 30, 2024.

Adjustments were proposed, accepted by the School Corporation, and made to the financial statement and to the Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the School Corporation.

Grant Schedule

- The School Breakfast Program expenditures for 2023-2024 were overstated by \$265,827.
- The National School Lunch Program expenditures for 2023-2024 were overstated by \$268,362. In addition, commodities were omitted in the amount of \$81,751 and \$99,929 for 2022-2023 and 2023-2024, respectively.
- Three federal grants had individually immaterial errors, which resulted in an understatement of \$10,953, in total for 2022-2023. One federal grant had an immaterial error, which resulted in an understatement of \$1,877 for 2023-2024. Other errors included incorrect program names, incorrect assistance listings numbers, and incorrect identifying numbers.

NORTH GIBSON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Expenditures of Federal Awards presented in the Federal Compliance Audit Report of the School Corporation.

Capital Assets

The School Corporation reported \$86,814,384 as capital assets at June 30, 2024, which was significantly less than the detailed capital asset listing. A detailed listing of capital assets was maintained totaling \$92,429,999.

Adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Capital Assets presented as Other Information in the Financial Statement Audit Report of the School Corporation.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

PREPAID SCHOOL MEAL ACCOUNTS

A similar comment appeared in a Management Letter addressed to the Officials of the School Corporation for the audit period ending June 30, 2022.

Condition and Context

Internal controls were not in place to ensure compliance related to Prepaid School Meal Accounts. The School Corporation officials were not reconciling the total of the individual student meal accounts to the balance of the Prepaid School Lunch Accounts Fund (8400) on a monthly basis.

NORTH GIBSON SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

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Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

The SBOA opinion is that money a student puts into their individual meal account (prepaid food account) should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while it is in the student's individual account balance, it should not be included in the School Lunch fund. It is required that the School Corporation set up a Prepaid School Lunch Accounts fund clearing account. When a student brings in a deposit the receipt would be recorded to the Prepaid School Lunch Accounts fund. Periodically, after the student has charged meals, the School Corporation should disburse the amount charged from the Prepaid School Lunch Accounts fund and receipt it into the School Lunch fund. At this point it is considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis the balance of the Prepaid School Lunch Accounts fund should be reconciled with the total of the individual meal accounts. The School Food Prescribed Forms and any approved computerized Forms will be required to be maintained in the following manner to accurately account for prepaid items. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 10)

NORTH GIBSON SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 18, 2025, with Dr. Eric Goggins, Superintendent of Schools; Mindy Brines, Treasurer; Noah Velthouse, Assistant Superintendent of Schools; and Brock Sievers, School Board member.