

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SOUTH GIBSON SCHOOL CORPORATION  
GIBSON COUNTY, INDIANA

July 1, 2015 to June 30, 2017



**FILED**  
03/21/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Elaine Tenbarge	07-01-15 to 06-30-18
Superintendent of Schools	Dr. Stacey Humbaugh	07-01-15 to 06-30-18
President of the School Board	Michael Bengert Donald Steinmetz Tim Nurrenbern Dr. Conway Cox	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the South Gibson School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from 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 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 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, 2015 to June 30, 2017.

***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, 2015 to June 30, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


*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 Leases and Debt, 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 7, 2018, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

March 7, 2018



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the South Gibson School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated March 7, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

March 7, 2018

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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.

SOUTH GIBSON SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-15	Receipts	Disbursements		06-30-16	Receipts	Disbursements		
General	\$ 2,006,987	\$ 12,298,913	\$ 11,676,146	\$ (80,176)	\$ 2,549,578	\$ 12,612,872	\$ 12,573,559	\$ 17,068	\$ 2,605,959
Debt Service	1,875,806	2,939,709	3,099,000	(48,487)	1,668,028	2,976,074	3,265,000	(43,480)	1,335,622
Retirement/Severance Bond Debt Service	260,434	271,240	391,045	(7,089)	133,540	66,036	195,515	(4,061)	-
Capital Projects	824,794	2,705,104	2,254,304	(21,605)	1,253,989	2,924,582	2,107,375	416,792	2,487,988
School Transportation	1,443,320	1,040,898	1,565,569	(8,852)	909,797	1,329,869	1,558,418	(66,475)	614,773
School Bus Replacement	109,757	39,138	55,446	(903)	92,546	55,141	124,296	-	23,391
Rainy Day	734,522	-	361,497	39,646	412,671	-	344,242	450,000	518,429
Projects at FBCS/GSHS GO Bonds 2015	1,905,350	44,442	1,502,199	-	447,593	-	43,553	-	404,040
School Lunch	362,873	955,855	1,007,733	-	310,995	980,793	995,313	-	296,475
Textbook Rental	118,507	169,125	335,234	50,000	2,398	181,688	197,069	(53,052)	(66,035)
Repair and Replacement	884,965	-	-	-	884,965	25,000	193,173	(716,792)	-
Self-Insurance	774,505	1,728,602	1,253,804	-	1,249,303	1,622,542	1,637,127	-	1,234,718
Levy Excess	-	-	-	-	-	-	-	-	-
Gibson County Special Services	(108,364)	601,754	511,068	-	(17,678)	574,884	571,915	-	(14,709)
Educational License Plates	245	150	-	-	395	150	7	-	538
Safe Haven 2016/2017	-	-	-	-	-	30,000	-	-	30,000
Early Intervention Fund	-	-	-	-	-	37,902	37,902	-	-
Lilly Counseling Grant	-	-	-	-	-	29,861	8,775	-	21,086
Toyota	1,930	3,550	3,468	-	2,012	750	750	-	2,012
Cinergy Grant	57	-	-	-	57	-	-	-	57
Youth Resources	2	-	-	-	2	-	-	-	2
Walmart Barton	212	1,000	-	-	1,212	-	1,000	-	212
Fractions Project - Rowe	80	-	-	-	80	-	-	-	80
Community Foundation Alliance	3,711	7,065	8,398	-	2,378	3,500	2,378	-	3,500
FBCS Art Contest	627	-	-	-	627	-	627	-	-
Psi Iota Zeta Gamma	250	-	-	-	250	-	-	-	250
Tobacco Prevention/Cessation	500	-	-	-	500	-	500	-	-
SINE - FBCS Summer Workshop	51	-	-	-	51	-	51	-	-
Augmented Communication	1,162	-	877	-	285	-	-	-	285
Answer for Autism	-	-	-	-	-	3,000	3,000	-	-
Vuteq USA Donation	-	-	-	-	-	2,000	2,050	-	(50)
Retired Teachers Assoc. Grant	-	-	-	-	-	500	500	-	-

SOUTH GIBSON SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
Formative Assessment	-	-	-	-	-	20,801	20,801	-	-
High Ability Grant 2014/2015	4,364	-	4,364	-	-	-	-	-	-
High Ability Grant 2015/2016	-	33,927	28,148	-	5,779	-	5,779	-	-
High Ability Grant 2016/2017	-	-	-	-	-	33,407	33,407	-	-
Early Intervention Grant	-	-	2,000	-	(2,000)	-	(2,000)	-	-
Secured Schools Safety Grant	38,580	11,420	103,076	-	(53,076)	50,000	46,924	-	(50,000)
School Technology	3,930	8,724	10,410	-	2,244	10,628	8,724	-	4,148
Career and Technical Performance Grant	-	-	-	-	-	7,606	7,606	-	-
Performance Based Awards	-	-	80,176	80,176	-	71,020	71,020	-	-
Title I 2014/2015	(15,901)	32,516	16,615	-	-	-	-	-	-
Title I 2015/2016	-	131,618	139,386	-	(7,768)	23,033	15,265	-	-
Title I 2016/2017	-	-	-	-	-	98,772	139,362	-	(40,590)
Sp Ed IDEA Part B 611 FY 2014	(2,245)	8,618	6,373	-	-	-	-	-	-
Sp Ed IDEA Part B 611 FY 2015	(32,310)	273,801	244,197	-	(2,706)	3,370	664	-	-
Sp Ed IDEA Part B 611 FY 2016	-	205,699	237,505	-	(31,806)	233,504	202,449	-	(751)
Sp Ed IDEA Part B 611 FY 2017	-	-	-	-	-	269,502	332,273	-	(62,771)
Technical Assistance Grant	-	4,447	7,564	-	(3,117)	-	(3,117)	-	-
Sp Ed Preschool FY 2016	-	18,590	18,590	-	-	3,107	-	(3,107)	-
Sp Ed Preschool FY 2017	-	-	-	-	-	16,246	19,353	3,107	-
Improving Teacher Quality, No Child Left, Title II, 2014/2015	(2,934)	40,457	37,698	-	(175)	3,094	2,919	-	-
Title II - 2015/2016	-	13,544	17,729	-	(4,185)	41,247	37,237	(654)	(829)
Title II - 2016/2017	-	-	-	-	-	8,124	12,095	654	(3,317)
Title II - 2013/2014	-	332	332	-	-	-	-	-	-
Safe Schools Healthy Students	2,444	-	-	-	2,444	-	-	-	2,444
Prepaid Food	18,847	34,430	35,985	-	17,292	35,409	31,775	-	20,926
Payroll Withholdings	15,335	3,118,292	3,128,707	-	4,920	3,365,719	3,361,948	-	8,691
Totals	<u>\$ 11,232,393</u>	<u>\$ 26,742,960</u>	<u>\$ 28,144,643</u>	<u>\$ 2,710</u>	<u>\$ 9,833,420</u>	<u>\$ 27,751,733</u>	<u>\$ 28,208,579</u>	<u>\$ -</u>	<u>\$ 9,376,574</u>

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

SOUTH GIBSON SCHOOL CORPORATION  
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.

*Intermediate sources.* Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

SOUTH GIBSON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

*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.

*Noninstructional services.* Amounts disbursed for food service operations and community service operations.

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

*Debt service.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

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

*F. 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:

*Sale of capital assets.* Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

*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.

SOUTH GIBSON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Transfers out.* Amounts paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

**G. 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. 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.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**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, 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.

SOUTH GIBSON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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.

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

SOUTH GIBSON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 7. Negative Receipts and Disbursements**

The financial statement contains some disbursements which appear as negative entries. This is a result of the correction of errors from prior periods. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative disbursement was shown in the current period.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the fund being set up for reimbursable grants. The reimbursement for expenditures made by the School Corporation were not received by June 30, 2016 and 2017. The Gibson County Special Services is a fund set up for reimbursable Special Education joint expenses. The reimbursement for the joint expenses had not been received by June 30, 2016 and 2017. The Textbook Rental fund was used to purchase Chromebooks and student reimbursements were not received until the next school year. The Vuteq USA Donation fund had disbursements that exceeded receipts; a subsequent donation was received in August 2017.

SOUTH GIBSON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9.  *Holding Corporation***

The School Corporation has entered into a capital lease with South Gibson School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years 2016 and 2017 totaled \$2,863,000 and \$2,791,000, respectively.

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#### OTHER INFORMATION - UNAUDITED

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 Indiana Gateway for Government Units 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 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.

SOUTH GIBSON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Projects at FBGS/GSHS GO Bonds 2015	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 2,006,987	\$ 1,875,806	\$ 260,434	\$ 824,794	\$ 1,443,320	\$ 109,757	\$ 734,522	\$ 1,905,350	\$ 362,873	\$ 118,507
Receipts:										
Local sources	125,298	2,939,709	271,240	2,704,075	1,040,217	39,138	-	44,442	629,736	131,727
Intermediate sources	574	-	-	-	-	-	-	-	-	-
State sources	11,892,428	-	-	-	-	-	-	-	17,177	37,398
Federal sources	-	-	-	-	-	-	-	-	308,942	-
Other receipts	280,613	-	-	1,029	681	-	-	-	-	-
Total receipts	12,298,913	2,939,709	271,240	2,705,104	1,040,898	39,138	-	44,442	955,855	169,125
Disbursements:										
Instruction	8,230,708	-	-	-	-	-	-	-	-	-
Support services	3,196,536	-	-	1,254,330	1,565,569	55,446	361,497	-	-	335,234
Noninstructional services	248,902	-	-	-	-	-	-	-	1,007,733	-
Facilities acquisition and construction	-	-	-	999,974	-	-	-	1,502,199	-	-
Debt service	-	3,099,000	391,045	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	11,676,146	3,099,000	391,045	2,254,304	1,565,569	55,446	361,497	1,502,199	1,007,733	335,234
Excess (deficiency) of receipts over disbursements	622,767	(159,291)	(119,805)	450,800	(524,671)	(16,308)	(361,497)	(1,457,757)	(51,878)	(166,109)
Other financing sources (uses):										
Sale of capital assets	-	-	-	2,710	-	-	-	-	-	-
Transfers in	-	-	-	-	89,646	-	89,646	-	-	50,000
Transfers out	(80,176)	(48,487)	(7,089)	(24,315)	(98,498)	(903)	(50,000)	-	-	-
Total other financing sources (uses)	(80,176)	(48,487)	(7,089)	(21,605)	(8,852)	(903)	39,646	-	-	50,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	542,591	(207,778)	(126,894)	429,195	(533,523)	(17,211)	(321,851)	(1,457,757)	(51,878)	(116,109)
Cash and investments - ending	\$ 2,549,578	\$ 1,668,028	\$ 133,540	\$ 1,253,989	\$ 909,797	\$ 92,546	\$ 412,671	\$ 447,593	\$ 310,995	\$ 2,398

SOUTH GIBSON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2016

	Repair and Replacement	Self- Insurance	Levy Excess	Gibson County Special Services	Educational License Plates	Safe Haven 2016/2017	Early Intervention Fund	Lilly Counseling Grant	Toyota	Cinergy Grant
Cash and investments - beginning	\$ 884,965	\$ 774,505	\$ -	\$ (108,364)	\$ 245	\$ -	\$ -	\$ -	\$ 1,930	\$ 57
Receipts:										
Local sources	-	1,728,602	-	-	-	-	-	-	3,550	-
Intermediate sources	-	-	-	-	150	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	601,754	-	-	-	-	-	-
Total receipts	-	1,728,602	-	601,754	150	-	-	-	3,550	-
Disbursements:										
Instruction	-	-	-	99,702	-	-	-	-	3,468	-
Support services	-	-	-	411,366	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,253,804	-	-	-	-	-	-	-	-
Total disbursements	-	1,253,804	-	511,068	-	-	-	-	3,468	-
Excess (deficiency) of receipts over disbursements	-	474,798	-	90,686	150	-	-	-	82	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	89,646	-	-	-	-	-	-	-
Transfers out	-	-	(89,646)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	474,798	-	90,686	150	-	-	-	82	-
Cash and investments - ending	\$ 884,965	\$ 1,249,303	\$ -	\$ (17,678)	\$ 395	\$ -	\$ -	\$ -	\$ 2,012	\$ 57

SOUTH GIBSON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2016

	Youth Resources	Walmart Barton	Fractions Project - Rowe	Community Foundation Alliance	FBCS Art Contest	Psi Iota Zeta Gamma	Tobacco Prevention/ Cessation	SINE - FBCS Summer Workshop	Augmented Communication	Answer for Autism
Cash and investments - beginning	\$ 2	\$ 212	\$ 80	\$ 3,711	\$ 627	\$ 250	\$ 500	\$ 51	\$ 1,162	\$ -
Receipts:										
Local sources	-	1,000	-	7,065	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	1,000	-	7,065	-	-	-	-	-	-
Disbursements:										
Instruction	-	-	-	8,398	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	877	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	8,398	-	-	-	-	877	-
Excess (deficiency) of receipts over disbursements	-	1,000	-	(1,333)	-	-	-	-	(877)	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,000	-	(1,333)	-	-	-	-	(877)	-
Cash and investments - ending	\$ 2	\$ 1,212	\$ 80	\$ 2,378	\$ 627	\$ 250	\$ 500	\$ 51	\$ 285	\$ -

SOUTH GIBSON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Vuteq USA Donation	Retired Teachers Assoc. Grant	Formative Assessment	High Ability Grant 2014/2015	High Ability Grant 2015/2016	High Ability Grant 2016/2017	Early Intervention Grant	Secured Schools Safety Grant	School Technology	Career and Technical Performance Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 4,364	\$ -	\$ -	\$ -	\$ 38,580	\$ 3,930	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	33,927	-	-	11,420	8,724	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	33,927	-	-	11,420	8,724	-
Disbursements:										
Instruction	-	-	-	4,364	28,148	-	2,000	53,076	-	-
Support services	-	-	-	-	-	-	-	50,000	10,410	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	4,364	28,148	-	2,000	103,076	10,410	-
Excess (deficiency) of receipts over disbursements	-	-	-	(4,364)	5,779	-	(2,000)	(91,656)	(1,686)	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(4,364)	5,779	-	(2,000)	(91,656)	(1,686)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 5,779	\$ -	\$ (2,000)	\$ (53,076)	\$ 2,244	\$ -

SOUTH GIBSON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Performance Based Awards	Title I 2014/2015	Title I 2015/2016	Title I 2016/2017	Sp Ed IDEA Part B 611 FY 2014	Sp Ed IDEA Part B 611 FY 2015	Sp Ed IDEA Part B 611 FY 2016	Sp Ed IDEA Part B 611 FY 2017	Technical Assistance Grant	Sp Ed Preschool FY 2016
Cash and investments - beginning	\$ -	\$ (15,901)	\$ -	\$ -	\$ (2,245)	\$ (32,310)	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	4,447	18,590
Federal sources	-	32,516	131,618	-	8,618	273,801	205,699	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	32,516	131,618	-	8,618	273,801	205,699	-	4,447	18,590
Disbursements:										
Instruction	80,176	11,199	133,297	-	-	188,844	200,782	-	-	18,590
Support services	-	5,416	6,089	-	6,373	55,353	36,723	-	7,564	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	80,176	16,615	139,386	-	6,373	244,197	237,505	-	7,564	18,590
Excess (deficiency) of receipts over disbursements	(80,176)	15,901	(7,768)	-	2,245	29,604	(31,806)	-	(3,117)	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	80,176	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	80,176	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	15,901	(7,768)	-	2,245	29,604	(31,806)	-	(3,117)	-
Cash and investments - ending	\$ -	\$ -	\$ (7,768)	\$ -	\$ -	\$ (2,706)	\$ (31,806)	\$ -	\$ (3,117)	\$ -

SOUTH GIBSON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2016

	Sp Ed Preschool FY 2017	Improving Teacher Quality, No Child Left, Title II, 2014/2015	Title II - 2015/2016	Title II - 2016/2017	Title II - 2013/2014	Safe Schools Healthy Students	Prepaid Food	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ (2,934)	\$ -	\$ -	\$ -	\$ 2,444	\$ 18,847	\$ 15,335	\$ 11,232,393
Receipts:									
Local sources	-	-	-	-	-	-	-	-	9,665,799
Intermediate sources	-	-	-	-	-	-	-	-	724
State sources	-	-	-	-	-	-	-	-	12,024,111
Federal sources	-	40,457	13,544	-	332	-	-	-	1,015,527
Other receipts	-	-	-	-	-	-	34,430	3,118,292	4,036,799
Total receipts	-	40,457	13,544	-	332	-	34,430	3,118,292	26,742,960
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	9,062,752
Support services	-	37,698	17,729	-	332	-	-	-	7,414,542
Noninstructional services	-	-	-	-	-	-	-	-	1,256,635
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,502,173
Debt service	-	-	-	-	-	-	-	-	3,490,045
Nonprogrammed charges	-	-	-	-	-	-	35,985	3,128,707	4,418,496
Total disbursements	-	37,698	17,729	-	332	-	35,985	3,128,707	28,144,643
Excess (deficiency) of receipts over disbursements	-	2,759	(4,185)	-	-	-	(1,555)	(10,415)	(1,401,683)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	2,710
Transfers in	-	-	-	-	-	-	-	-	399,114
Transfers out	-	-	-	-	-	-	-	-	(399,114)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	2,710
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,759	(4,185)	-	-	-	(1,555)	(10,415)	(1,398,973)
Cash and investments - ending	\$ -	\$ (175)	\$ (4,185)	\$ -	\$ -	\$ 2,444	\$ 17,292	\$ 4,920	\$ 9,833,420

SOUTH GIBSON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Projects at FBGS/GSHS GO Bonds 2015	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 2,549,578	\$ 1,668,028	\$ 133,540	\$ 1,253,989	\$ 909,797	\$ 92,546	\$ 412,671	\$ 447,593	\$ 310,995	\$ 2,398
Receipts:										
Local sources	218,609	2,976,074	66,036	2,901,723	1,316,109	55,141	-	-	639,197	126,095
Intermediate sources	287	-	-	-	-	-	-	-	-	-
State sources	12,096,110	-	-	-	-	-	-	-	17,878	55,593
Federal sources	-	-	-	-	-	-	-	-	323,718	-
Other receipts	297,866	-	-	22,859	13,760	-	-	-	-	-
Total receipts	12,612,872	2,976,074	66,036	2,924,582	1,329,869	55,141	-	-	980,793	181,688
Disbursements:										
Instruction	8,894,317	-	-	-	-	-	-	-	-	-
Support services	3,427,108	-	-	1,188,347	1,558,418	124,296	344,242	-	-	197,069
Noninstructional services	252,134	-	-	-	-	-	-	-	995,313	-
Facilities acquisition and construction	-	-	-	919,028	-	-	-	43,553	-	-
Debt service	-	3,265,000	195,515	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	12,573,559	3,265,000	195,515	2,107,375	1,558,418	124,296	344,242	43,553	995,313	197,069
Excess (deficiency) of receipts over disbursements	39,313	(288,926)	(129,479)	817,207	(228,549)	(69,155)	(344,242)	(43,553)	(14,520)	(15,381)
Other financing sources (uses):										
Transfers in	17,068	2,289	-	716,792	38,008	-	501,000	-	-	65,016
Transfers out	-	(45,769)	(4,061)	(300,000)	(104,483)	-	(51,000)	-	-	(118,068)
Total other financing sources (uses)	17,068	(43,480)	(4,061)	416,792	(66,475)	-	450,000	-	-	(53,052)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	56,381	(332,406)	(133,540)	1,233,999	(295,024)	(69,155)	105,758	(43,553)	(14,520)	(68,433)
Cash and investments - ending	\$ 2,605,959	\$ 1,335,622	\$ -	\$ 2,487,988	\$ 614,773	\$ 23,391	\$ 518,429	\$ 404,040	\$ 296,475	\$ (66,035)

SOUTH GIBSON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Repair and Replacement	Self- Insurance	Levy Excess	Gibson County Special Services	Educational License Plates	Safe Haven 2016/2017	Early Intervention Fund	Lilly Counseling Grant	Toyota	Cinergy Grant
Cash and investments - beginning	\$ 884,965	\$ 1,249,303	\$ -	\$ (17,678)	\$ 395	\$ -	\$ -	\$ -	\$ 2,012	\$ 57
Receipts:										
Local sources	-	1,622,542	-	16,490	-	-	-	29,861	750	-
Intermediate sources	-	-	-	-	150	-	-	-	-	-
State sources	-	-	-	-	-	30,000	37,902	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	25,000	-	-	558,394	-	-	-	-	-	-
Total receipts	25,000	1,622,542	-	574,884	150	30,000	37,902	29,861	750	-
Disbursements:										
Instruction	-	-	-	131,991	7	-	37,902	-	750	-
Support services	-	-	-	439,924	-	-	-	8,775	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	193,173	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,637,127	-	-	-	-	-	-	-	-
Total disbursements	193,173	1,637,127	-	571,915	7	-	37,902	8,775	750	-
Excess (deficiency) of receipts over disbursements	(168,173)	(14,585)	-	2,969	143	30,000	-	21,086	-	-
Other financing sources (uses):										
Transfers in	-	-	38,008	-	-	-	-	-	-	-
Transfers out	(716,792)	-	(38,008)	-	-	-	-	-	-	-
Total other financing sources (uses)	(716,792)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(884,965)	(14,585)	-	2,969	143	30,000	-	21,086	-	-
Cash and investments - ending	\$ -	\$ 1,234,718	\$ -	\$ (14,709)	\$ 538	\$ 30,000	\$ -	\$ 21,086	\$ 2,012	\$ 57

SOUTH GIBSON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Youth Resources	Walmart Barton	Fractions Project - Rowe	Community Foundation Alliance	FBCS Art Contest	Psi Iota Zeta Gamma	Tobacco Prevention/ Cessation	SINE - FBCS Summer Workshop	Augmented Communication	Answer for Autism
Cash and investments - beginning	\$ 2	\$ 1,212	\$ 80	\$ 2,378	\$ 627	\$ 250	\$ 500	\$ 51	\$ 285	\$ -
Receipts:										
Local sources	-	-	-	3,500	-	-	-	-	-	3,000
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	3,500	-	-	-	-	-	3,000
Disbursements:										
Instruction	-	1,000	-	2,378	627	-	500	51	-	-
Support services	-	-	-	-	-	-	-	-	-	3,000
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,000	-	2,378	627	-	500	51	-	3,000
Excess (deficiency) of receipts over disbursements	-	(1,000)	-	1,122	(627)	-	(500)	(51)	-	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,000)	-	1,122	(627)	-	(500)	(51)	-	-
Cash and investments - ending	\$ 2	\$ 212	\$ 80	\$ 3,500	\$ -	\$ 250	\$ -	\$ -	\$ 285	\$ -

SOUTH GIBSON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Vuteq USA Donation	Retired Teachers Assoc. Grant	Formative Assessment	High Ability Grant 2014/2015	High Ability Grant 2015/2016	High Ability Grant 2016/2017	Early Intervention Grant	Secured Schools Safety Grant	School Technology	Career and Technical Performance Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 5,779	\$ -	\$ (2,000)	\$ (53,076)	\$ 2,244	\$ -
Receipts:										
Local sources	2,000	500	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	20,801	-	-	33,407	-	50,000	10,628	2,807
Federal sources	-	-	-	-	-	-	-	-	-	4,799
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	2,000	500	20,801	-	-	33,407	-	50,000	10,628	7,606
Disbursements:										
Instruction	-	500	20,801	-	5,779	33,407	(2,000)	(3,076)	-	7,606
Support services	2,050	-	-	-	-	-	-	50,000	8,724	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	2,050	500	20,801	-	5,779	33,407	(2,000)	46,924	8,724	7,606
Excess (deficiency) of receipts over disbursements	(50)	-	-	-	(5,779)	-	2,000	3,076	1,904	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(50)	-	-	-	(5,779)	-	2,000	3,076	1,904	-
Cash and investments - ending	\$ (50)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (50,000)	\$ 4,148	\$ -

SOUTH GIBSON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Performance Based Awards	Title I 2014/2015	Title I 2015/2016	Title I 2016/2017	Sp Ed IDEA Part B 611 FY 2014	Sp Ed IDEA Part B 611 FY 2015	Sp Ed IDEA Part B 611 FY 2016	Sp Ed IDEA Part B 611 FY 2017	Technical Assistance Grant	Sp Ed Preschool FY 2016
Cash and investments - beginning	\$ -	\$ -	\$ (7,768)	\$ -	\$ -	\$ (2,706)	\$ (31,806)	\$ -	\$ (3,117)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	71,020	-	-	-	-	-	-	-	-	3,107
Federal sources	-	-	23,033	98,772	-	3,370	233,504	269,502	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	71,020	-	23,033	98,772	-	3,370	233,504	269,502	-	3,107
Disbursements:										
Instruction	71,020	-	14,821	137,092	-	664	163,266	293,708	-	-
Support services	-	-	444	2,270	-	-	39,183	38,565	(3,117)	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	71,020	-	15,265	139,362	-	664	202,449	332,273	(3,117)	-
Excess (deficiency) of receipts over disbursements	-	-	7,768	(40,590)	-	2,706	31,055	(62,771)	3,117	3,107
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(3,107)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(3,107)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	7,768	(40,590)	-	2,706	31,055	(62,771)	3,117	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (40,590)	\$ -	\$ -	\$ (751)	\$ (62,771)	\$ -	\$ -

SOUTH GIBSON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Sp Ed Preschool FY 2017	Improving Teacher Quality, No Child Left, Title II, 2014/2015	Title II - 2015/2016	Title II - 2016/2017	Title II - 2013/2014	Safe Schools Healthy Students	Prepaid Food	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ (175)	\$ (4,185)	\$ -	\$ -	\$ 2,444	\$ 17,292	\$ 4,920	\$ 9,833,420
Receipts:									
Local sources	-	-	-	-	-	-	-	-	9,977,627
Intermediate sources	-	-	-	-	-	-	-	-	437
State sources	16,246	-	-	-	-	-	-	-	12,445,499
Federal sources	-	3,094	41,247	8,124	-	-	-	-	1,009,163
Other receipts	-	-	-	-	-	-	35,409	3,365,719	4,319,007
Total receipts	16,246	3,094	41,247	8,124	-	-	35,409	3,365,719	27,751,733
Disbursements:									
Instruction	19,353	-	-	-	-	-	-	-	9,832,464
Support services	-	2,919	37,237	12,095	-	-	-	-	7,481,549
Noninstructional services	-	-	-	-	-	-	-	-	1,247,447
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,155,754
Debt service	-	-	-	-	-	-	-	-	3,460,515
Nonprogrammed charges	-	-	-	-	-	-	31,775	3,361,948	5,030,850
Total disbursements	19,353	2,919	37,237	12,095	-	-	31,775	3,361,948	28,208,579
Excess (deficiency) of receipts over disbursements	(3,107)	175	4,010	(3,971)	-	-	3,634	3,771	(456,846)
Other financing sources (uses):									
Transfers in	3,107	-	-	654	-	-	-	-	1,381,942
Transfers out	-	-	(654)	-	-	-	-	-	(1,381,942)
Total other financing sources (uses)	3,107	-	(654)	654	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	175	3,356	(3,317)	-	-	3,634	3,771	(456,846)
Cash and investments - ending	\$ -	\$ -	\$ (829)	\$ (3,317)	\$ -	\$ 2,444	\$ 20,926	\$ 8,691	\$ 9,376,574

SOUTH GIBSON SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 679,447</u>	<u>\$ 220,331</u>

SOUTH GIBSON SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Energy Savings Operating Lease	Energy Savings Project	\$ 283,656	6/30/2009	1/15/2019
South Gibson School Building Corporation	Refinanced 07 & 08 Renovation Bonds	<u>2,714,638</u>	1/10/2017	1/10/2028
Total governmental activities		<u>2,998,294</u>		
Total of annual lease payments		<u>\$ 2,998,294</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2015 FBGS/GSHS Renovation	\$ 1,370,000	\$ 469,600
Total governmental activities		<u>1,370,000</u>	<u>469,600</u>
Totals		<u>\$ 1,370,000</u>	<u>\$ 469,600</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

**Report on Compliance for Each Major Federal Program**

We have audited the South Gibson School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

**Report on Internal Control over Compliance**


Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider to be a material weakness.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

March 7, 2018

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

SOUTH GIBSON SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Pass-Through To Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program							
	Indiana Department of Education						
	National School Breakfast Program	10.553	FY15/16	\$ -	\$ 33,993	\$ -	\$ -
	National School Breakfast Program	10.553	FY16/17	-	-	-	39,597
Total - School Breakfast Program				-	33,993	-	39,597
National School Lunch Program							
	Indiana Department of Education						
	National School Lunch Program	10.555	FY 15/16	-	274,949	-	-
	School Lunch Program - Commodities	10.555	FY 15/16	-	60,622	-	-
	National School Lunch	10.555	FY 16/17	-	-	-	284,121
	School Lunch Program - Commodities	10.555	FY 16/17	-	-	-	37,811
Total - National School Lunch Program				-	335,571	-	321,932
Total - Child Nutrition Cluster				-	369,564	-	361,529
Total - Department of Agriculture				-	369,564	-	361,529
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
	Indiana Department of Education						
	Sp Ed IDEA Part B 611 - FY2014	84.027	14214-079-PN01	-	8,618	-	-
	Sp Ed IDEA Part B. 611 FY2015	84.027	14215-079-PN01	-	273,801	-	3,370
	Sp Ed IDEA Part B 611 FY2016	84.027	14216-073-PN01	-	205,699	-	233,504
	Sp Ed IDEA Part B 611 FY2017	84.027	14217-073-PN01	-	-	-	269,502
	Sp Ed Technical Assistance FY14	84.027	99914-79-TA01	-	4,447	-	-
Total - Special Education_Grants to States				-	492,565	-	506,376

SOUTH GIBSON SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Pass-Through To Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Special Education_Preschool Grants	Indiana Department of Education						
Sp Ed Preschool 619 FY2016		84.173	45716-073-PN01	-	18,590	-	3,107
Sp Ed Preschool 619 FY2017		84.173	45717-073-PN01	-	-	-	16,246
Total - Special Education_Preschool Grants				-	18,590	-	19,353
Total - Special Education Cluster (IDEA)				-	511,155	-	525,729
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I - FY14/15		84.010	15-2765	-	32,516	-	-
Title I FY15/16		84.010	16-2765	-	131,618	-	23,033
Title I Part A FY2017		84.010	17-2765	-	-	-	98,772
Total - Title I Grants to Local Educational Agencies				-	164,134	-	121,805
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education						
Title II FY2013		84.367	13-2765	-	332	-	-
Title II Part A - FY2014		84.367	14-2765	-	40,457	-	3,094
Title II Part A FY2016		84.367	S267A160013	-	-	-	8,124
Title II Part A FY2015		84.367	S367A150015	-	13,544	-	41,247
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	54,333	-	52,465
Total - Department of Education				-	729,622	-	699,999
Total federal awards expended				\$ -	\$ 1,099,186	\$ -	\$ 1,061,528

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

SOUTH GIBSON SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

SOUTH GIBSON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies	Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
--	----

**Section II - Financial Statement Findings**

No matters are reportable.

**Section III - Federal Award Findings and Questioned Costs**

**Finding 2017-001**

Subject: Title I Grants to Local Educational Agencies - Eligibility  
 Federal Agency: Department of Education  
 Federal Program: Title I Grants to Local Educational Agencies  
 CFDA Number: 84.010  
 Federal Award Numbers and Years (or Other Identifying Numbers): 15-2765, 16-2765, 17-2765  
 Pass-Through Entity: Indiana Department of Education  
 Compliance Requirement: Eligibility  
 Audit Finding: Material Weakness

SOUTH GIBSON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement.

There were no controls in place to ensure that the eligibility determinations made for fiscal years 2016 and 2017 were accurate. The teachers administered academic tests in order to determine which children qualified to receive Title I services and compiled a list based on the results of those tests; however, there was no evidence of any review or approval process to ensure the accuracy of those determinations.

*Context*

The lack of controls was a systemic problem, occurring throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirement listed above.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

# South Gibson School Corporation

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## CORRECTIVE ACTION PLAN

### ***FINDING 2017-001***

**Contact Person Responsible for Corrective Action:** DR. STACEY HUMBAUGH  
**Contact Phone Number:** 812-753-4230

**Views of Responsible Official:** We do not concur with the finding.  
Title I principals do know the students being serviced in Title I. We have not initialed the documents in previous years.

### **Description of Corrective Action Plan:**

South Gibson School Corporation will have the principals sign off on eligibility sheets and keep a hard copy of the eligibility sheets. Mark Wahl and Tasha Jourdan will also attend the Title I Director Training provided by the IDOE on May 29-30, 2018.

**Anticipated Completion Date:** August 2018



Dr. Stacey Humbaugh  
Superintendent of Schools  
March 2, 2018

#### 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/>.