

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH GIBSON SCHOOL CORPORATION
GIBSON COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
03/21/2019

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Schedule of Officials | 2 |
| Independent Auditor's Report | 3-5 |
| 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 <i>Government Auditing Standards</i> | 6-7 |
| Financial Statement and Accompanying Notes: | |
| Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis..... | 11 |
| Notes to Financial Statement | 12-17 |
| Other Information - Unaudited: | |
| Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis..... | 21-32 |
| Schedule of Payables and Receivables | 33 |
| Schedule of Leases and Debt | 34 |
| Schedule of Capital Assets..... | 35 |
| Supplemental Audit of Federal Awards: | |
| Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance | 38-40 |
| Schedule of Expenditures of Federal Awards and Accompanying Notes: | |
| Schedule of Expenditures of Federal Awards..... | 43 |
| Notes to Schedule of Expenditures of Federal Awards | 44 |
| Schedule of Findings and Questioned Costs | 45-47 |
| Auditee-Prepared Document: | |
| Corrective Action Plan | 50 |
| Other Reports..... | 51 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|---------------------------------|--|
| Treasurer | Jerica Davis | 07-01-16 to 06-30-19 |
| Superintendent of Schools | Dr. Brian Harmon | 07-01-16 to 06-30-19 |
| President of the School Board | H. Mark Lunghuhn Michael Ice | 07-01-16 to 12-31-18 01-01-19 to 12-31-19 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the North Gibson School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

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, 2016 to June 30, 2018, 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, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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 January 31, 2019, 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

January 31, 2019



STATE OF INDIANA
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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 NORTH 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 North Gibson School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated January 31, 2019, 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.

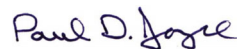
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

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

January 31, 2019

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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.

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NORTH GIBSON SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

| Fund | Cash and Investments 07-01-16 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-17 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-18 |
|--|-------------------------------------|---------------|---------------|--------------------------------------|-------------------------------------|---------------|---------------|--------------------------------------|-------------------------------------|
| General | \$ 1,195,049 | \$ 14,174,078 | \$ 13,975,231 | \$ - | \$ 1,393,896 | \$ 14,412,723 | \$ 14,134,634 | \$ 250 | \$ 1,672,235 |
| Debt Service | 1,749,804 | 4,427,837 | 4,271,705 | - | 1,905,936 | 4,671,580 | 4,616,207 | - | 1,961,309 |
| Retirement/Severance Bond Debt Service | - | 455,612 | 463,928 | 8,316 | - | 463,145 | 464,732 | 1,587 | - |
| Capital Projects | 699,734 | 2,728,805 | 2,883,624 | (300,000) | 244,915 | 2,841,079 | 2,504,161 | (150,000) | 431,833 |
| School Transportation | 1,197,477 | 2,210,305 | 1,423,611 | (600,000) | 1,384,171 | 2,302,127 | 1,433,197 | (700,000) | 1,553,101 |
| School Bus Replacement | 29,538 | - | - | (29,538) | - | 76,352 | - | - | 76,352 |
| Rainy Day | 557,514 | - | 709,870 | 945,435 | 793,079 | 51,983 | 673,672 | 844,244 | 1,015,634 |
| Construction | - | - | - | - | - | 1,105,630 | 75,377 | - | 1,030,253 |
| School Lunch | - | 1,123,978 | 1,061,026 | (41,625) | 21,327 | 1,140,157 | 1,099,017 | - | 62,467 |
| Prepaid Food | 10,385 | 212 | - | - | 10,597 | 969 | - | - | 11,566 |
| Textbook Rental | 342,326 | 155,162 | 186,081 | - | 311,407 | 161,264 | 124,527 | - | 348,144 |
| Self-Insurance | 1,552,464 | 2,085,130 | 2,111,428 | - | 1,526,166 | 2,156,322 | 1,701,514 | - | 1,980,974 |
| Child Care Program | - | 47,553 | 57,765 | 10,212 | - | 41,692 | 53,061 | 11,369 | - |
| Educational License Plates | 10,597 | 131 | - | - | 10,728 | 131 | - | - | 10,859 |
| SAFE School Haven | (1,996) | 1,996 | - | - | - | - | - | - | - |
| SAFE School Haven 2016 | - | 9,050 | 12,929 | - | (3,879) | 3,879 | - | - | - |
| SAFE School Haven 2017 | - | - | - | - | - | 9,050 | 12,929 | - | (3,879) |
| Early Intervention Grant 16/17 | - | 9,096 | 8,246 | - | 850 | - | 850 | - | - |
| Early Intervention Grant 17/18 | - | - | - | - | - | 9,675 | 8,402 | - | 1,273 |
| Lily Counseling Grant | - | 25,361 | 12,055 | - | 13,306 | - | 13,306 | - | - |
| Stem Program | 488 | 20,000 | 370 | - | 20,118 | 24,970 | 18,951 | - | 26,137 |
| Student Distress | 5,473 | 4,687 | 1,894 | - | 8,266 | 5,960 | 2,030 | - | 12,196 |
| McCullough Grant | 998 | - | - | - | 998 | - | - | - | 998 |
| William L. West Trust | 155,945 | 27,000 | 14,809 | - | 168,136 | 27,000 | 91,891 | - | 103,245 |
| Esther & Jesse Townsley Memorial Award | 560 | - | - | - | 560 | - | - | - | 560 |
| John S. Woods Family Scholarship | 12,005 | 1,325 | 1,000 | - | 12,330 | - | 1,000 | - | 11,330 |
| Noble Hale Scholarship | 35,246 | - | 1,500 | - | 33,746 | - | 1,500 | - | 32,246 |
| Michele Hurt Memorial Scholarship | 1,107 | 1,100 | 1,000 | - | 1,207 | 1,000 | 1,000 | - | 1,207 |
| Miscellaneous Programs | 421 | 216 | - | - | 637 | 743 | - | - | 1,380 |
| PCHS Child Care | 20,919 | 79,292 | 107,411 | 7,200 | - | 110,002 | 102,437 | (7,200) | 365 |
| Formative Assessment | - | 26,661 | 26,661 | - | - | 20,693 | 48,165 | - | (27,472) |
| Special Education Excess Costs | - | 60,982 | 65,070 | - | (4,088) | 83,910 | 68,856 | - | 10,966 |
| IN Preschool Grants | 10,305 | - | 10,305 | - | - | - | - | - | - |
| Instruction Support | - | 33,928 | 25,459 | - | 8,469 | - | 8,469 | - | - |
| High Ability 17/18 | - | - | - | - | - | 33,575 | 28,341 | - | 5,234 |
| Secured Schools Safety Grant | - | 50,000 | 146,000 | - | (96,000) | 50,000 | 56,900 | - | (102,900) |
| NESP 16/17 | - | 6,661 | 4,813 | - | 1,848 | - | 1,848 | - | - |
| NESP 17/18 | - | - | - | - | - | 8,500 | 6,676 | - | 1,824 |
| School Technology | 2,244 | 6,308 | - | - | 8,552 | 7,770 | - | - | 16,322 |
| Career and Technical Performance Grant | - | 12,391 | - | - | 12,391 | 3,726 | 22,193 | - | (6,076) |
| Performance Based Awards | - | - | - | - | - | 59,980 | 59,980 | - | - |
| Special Education Excess Costs 16/17 | (10,644) | 55,852 | 45,208 | - | - | - | - | - | - |
| Project Lead the Way | - | - | - | - | - | 10,000 | 1,225 | - | 8,775 |
| Title I FY 16 | (79,130) | 172,571 | 93,441 | - | - | - | - | - | - |
| Title I FY 17 | - | 232,637 | 290,448 | - | (57,811) | 150,787 | 92,976 | - | - |
| Title I FY 18 | - | - | - | - | - | 239,799 | 296,582 | - | (56,783) |
| Special Ed Part B 611 FY 18 | - | - | - | - | - | 492,455 | 522,433 | - | (29,978) |
| Special Ed Part B 619 FY 18 | - | - | - | - | - | 21,246 | 21,246 | - | - |
| Special Ed Part B 611 FY 16 | (26,365) | 32,138 | 5,773 | - | - | - | - | - | - |
| Special Ed Part B 611 FY 17 | - | 483,687 | 489,440 | - | (5,753) | 24,820 | 19,067 | - | - |
| Special Ed Part B 619 FY 17 | - | 21,294 | 21,294 | - | - | - | - | - | - |
| Title II A FY 15 | (5,647) | 38,524 | 32,877 | - | - | 727 | 727 | - | - |
| Title II A FY 16 | - | 41,417 | 47,074 | - | (5,657) | 34,077 | 28,420 | - | - |
| Title II A FY 17 | - | - | - | - | - | 54,867 | 61,332 | - | (6,465) |
| Payroll Clearing | (4,699) | 3,871,606 | 3,866,383 | - | 524 | 2,289,236 | 2,290,378 | - | (618) |
| Totals | \$ 7,462,118 | \$ 32,734,583 | \$ 32,475,729 | \$ - | \$ 7,720,972 | \$ 33,203,601 | \$ 30,770,209 | \$ 250 | \$ 10,154,614 |

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

NORTH 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.

NORTH 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.

NORTH GIBSON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

NORTH GIBSON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 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.

NORTH GIBSON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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 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.

C. Additional Pension Plan

The School Corporation also contributes to an additional pension plan unique to the School Corporation. Information regarding this plan may be obtained from the School Corporation.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Some of these funds were the result of the Indiana Department of Education requiring that these grant funds be spent prior to being reimbursed. These grant funds were expected to have negative balances because of the manner in which the grants were administered. The reimbursements for the expenditures made by the School Corporation were not received by June 30 for each fiscal year. The Payroll Clearing fund deficit is due to timing in repayment from the extra-curricular accounts for processing their portion of payroll and benefits. The Formative Assessment and the Special Education Excess Costs funds are partially reimbursed from the Indiana Department of Education and the deficit was due to the timing of transfers from the General fund for the unreimbursed balance.

NORTH GIBSON SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporation*

The School Corporation has entered into a capital lease with North Gibson Multi-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 years 2017 and 2018 totaled \$4,198,000 and \$4,267,000, respectively.

Note 9. *Other Postemployment Benefits*

The School Corporation provides to eligible retirees and their spouses the following benefits: post-employment health insurance and bridge to retirement benefits, as authorized by Indiana Code 5-10-8. The School Corporation also provides termination benefits to eligible retirees. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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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.

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NORTH 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

| | General | Debt Service | Retirement/ Severance/ Bond Debt Service | Capital Projects | School Transportation | School Bus Replacement | Rainy Day | Construction | School Lunch | Prepaid Food |
|---|---------------------|---------------------|--|---------------------|--------------------------|------------------------------|-------------------|--------------|------------------|------------------|
| Cash and investments - beginning | \$ 1,195,049 | \$ 1,749,804 | \$ - | \$ 699,734 | \$ 1,197,477 | \$ 29,538 | \$ 557,514 | \$ - | \$ - | \$ 10,385 |
| Receipts: | | | | | | | | | | |
| Local sources | 71,716 | 4,427,837 | 455,612 | 2,728,805 | 2,205,035 | - | - | - | 458,354 | - |
| Intermediate sources | 265 | - | - | - | - | - | - | - | - | - |
| State sources | 14,101,133 | - | - | - | - | - | - | - | 10,846 | - |
| Federal sources | - | - | - | - | - | - | - | - | 654,778 | - |
| Other receipts | 964 | - | - | - | 5,270 | - | - | - | - | 212 |
| Total receipts | <u>14,174,078</u> | <u>4,427,837</u> | <u>455,612</u> | <u>2,728,805</u> | <u>2,210,305</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,123,978</u> | <u>212</u> |
| Disbursements: | | | | | | | | | | |
| Instruction | 10,283,293 | - | - | - | - | - | 551,778 | - | - | - |
| Support services | 3,452,073 | 108 | - | 1,395,880 | 1,423,611 | - | 147,944 | - | 2,809 | - |
| Noninstructional services | 239,865 | - | - | - | - | - | - | - | 1,058,217 | - |
| Facilities acquisition and construction | - | - | - | 1,487,744 | - | - | 10,148 | - | - | - |
| Debt service | - | 4,271,597 | 463,928 | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - | - |
| Total disbursements | <u>13,975,231</u> | <u>4,271,705</u> | <u>463,928</u> | <u>2,883,624</u> | <u>1,423,611</u> | <u>-</u> | <u>709,870</u> | <u>-</u> | <u>1,061,026</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>198,847</u> | <u>156,132</u> | <u>(8,316)</u> | <u>(154,819)</u> | <u>786,694</u> | <u>-</u> | <u>(709,870)</u> | <u>-</u> | <u>62,952</u> | <u>212</u> |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers in | - | - | 39,773 | - | - | - | 1,013,054 | - | - | - |
| Transfers out | - | - | (31,457) | (300,000) | (600,000) | (29,538) | (67,619) | - | (41,625) | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>8,316</u> | <u>(300,000)</u> | <u>(600,000)</u> | <u>(29,538)</u> | <u>945,435</u> | <u>-</u> | <u>(41,625)</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>198,847</u> | <u>156,132</u> | <u>-</u> | <u>(454,819)</u> | <u>186,694</u> | <u>(29,538)</u> | <u>235,565</u> | <u>-</u> | <u>21,327</u> | <u>212</u> |
| Cash and investments - ending | <u>\$ 1,393,896</u> | <u>\$ 1,905,936</u> | <u>\$ -</u> | <u>\$ 244,915</u> | <u>\$ 1,384,171</u> | <u>\$ -</u> | <u>\$ 793,079</u> | <u>\$ -</u> | <u>\$ 21,327</u> | <u>\$ 10,597</u> |

NORTH 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

| | Textbook Rental | Self- Insurance | Child Care Program | Educational License Plates | SAFE School Haven | SAFE School Haven 2016 | SAFE School Haven 2017 | Early Intervention Grant 16/17 | Early Intervention Grant 17/18 | Lily Counseling Grant |
|---|--------------------|---------------------|--------------------------|----------------------------------|-------------------------|---------------------------------|---------------------------------|---|---|-----------------------------|
| Cash and investments - beginning | \$ 342,326 | \$ 1,552,464 | \$ - | \$ 10,597 | \$ (1,996) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | | | | |
| Local sources | 69,624 | 2,085,130 | - | - | - | - | - | - | - | 25,361 |
| Intermediate sources | - | - | - | 131 | - | - | - | - | - | - |
| State sources | 85,538 | - | 47,553 | - | 1,996 | 9,050 | - | 9,096 | - | - |
| Federal sources | - | - | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - | - | - |
| Total receipts | <u>155,162</u> | <u>2,085,130</u> | <u>47,553</u> | <u>131</u> | <u>1,996</u> | <u>9,050</u> | <u>-</u> | <u>9,096</u> | <u>-</u> | <u>25,361</u> |
| Disbursements: | | | | | | | | | | |
| Instruction | - | - | - | - | - | - | - | 8,246 | - | - |
| Support services | 186,081 | 745 | - | - | - | 12,929 | - | - | - | 12,055 |
| Noninstructional services | - | - | 57,765 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | 2,110,683 | - | - | - | - | - | - | - | - |
| Total disbursements | <u>186,081</u> | <u>2,111,428</u> | <u>57,765</u> | <u>-</u> | <u>-</u> | <u>12,929</u> | <u>-</u> | <u>8,246</u> | <u>-</u> | <u>12,055</u> |
| Excess (deficiency) of receipts over disbursements | <u>(30,919)</u> | <u>(26,298)</u> | <u>(10,212)</u> | <u>131</u> | <u>1,996</u> | <u>(3,879)</u> | <u>-</u> | <u>850</u> | <u>-</u> | <u>13,306</u> |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers in | - | - | 20,647 | - | - | - | - | - | - | - |
| Transfers out | - | - | (10,435) | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>10,212</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(30,919)</u> | <u>(26,298)</u> | <u>-</u> | <u>131</u> | <u>1,996</u> | <u>(3,879)</u> | <u>-</u> | <u>850</u> | <u>-</u> | <u>13,306</u> |
| Cash and investments - ending | <u>\$ 311,407</u> | <u>\$ 1,526,166</u> | <u>\$ -</u> | <u>\$ 10,728</u> | <u>\$ -</u> | <u>\$ (3,879)</u> | <u>\$ -</u> | <u>\$ 850</u> | <u>\$ -</u> | <u>\$ 13,306</u> |

NORTH 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

| | Stem Program | Student Distress | McCullough Grant | William L. West Trust | Esther & Jesse Townesley Memorial Award | John S. Woods Family Scholarship | Noble Hale Scholarship | Michele Hurt Memorial Scholarship | Miscellaneous Programs |
|---|-----------------|---------------------|---------------------|--------------------------|--|--|------------------------------|--|---------------------------|
| Cash and investments - beginning | \$ 488 | \$ 5,473 | \$ 998 | \$ 155,945 | \$ 560 | \$ 12,005 | \$ 35,246 | \$ 1,107 | \$ 421 |
| Receipts: | | | | | | | | | |
| Local sources | - | 4,687 | - | 27,000 | - | 1,325 | - | 1,100 | 216 |
| Intermediate sources | 20,000 | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - | - |
| Total receipts | 20,000 | 4,687 | - | 27,000 | - | 1,325 | - | 1,100 | 216 |
| Disbursements: | | | | | | | | | |
| Instruction | 370 | - | - | 3,809 | - | - | - | - | - |
| Support services | - | - | - | - | - | - | - | - | - |
| Noninstructional services | - | 1,894 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | 11,000 | - | 1,000 | 1,500 | 1,000 | - |
| Total disbursements | 370 | 1,894 | - | 14,809 | - | 1,000 | 1,500 | 1,000 | - |
| Excess (deficiency) of receipts over disbursements | 19,630 | 2,793 | - | 12,191 | - | 325 | (1,500) | 100 | 216 |
| 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 | 19,630 | 2,793 | - | 12,191 | - | 325 | (1,500) | 100 | 216 |
| Cash and investments - ending | \$ 20,118 | \$ 8,266 | \$ 998 | \$ 168,136 | \$ 560 | \$ 12,330 | \$ 33,746 | \$ 1,207 | \$ 637 |

NORTH 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

| | PCHS Child Care | Formative Assessment | Special Education Excess Costs | IN Preschool Grants | Instruction Support | High Ability 17/18 | Secured Schools Safety Grant | NESP 16/17 | NESP 17/18 |
|---|--------------------|-------------------------|---|---------------------------|------------------------|--------------------------|---------------------------------------|---------------|---------------|
| Cash and investments - beginning | \$ 20,919 | \$ - | \$ - | \$ 10,305 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | | | |
| Local sources | 79,292 | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - |
| State sources | - | 26,661 | 60,982 | - | 33,928 | - | 50,000 | 6,661 | - |
| Federal sources | - | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - | - |
| Total receipts | 79,292 | 26,661 | 60,982 | - | 33,928 | - | 50,000 | 6,661 | - |
| Disbursements: | | | | | | | | | |
| Instruction | 91,700 | - | 65,070 | 10,305 | 25,459 | - | - | 4,813 | - |
| Support services | - | 26,661 | - | - | - | - | 146,000 | - | - |
| Noninstructional services | 15,711 | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - |
| Total disbursements | 107,411 | 26,661 | 65,070 | 10,305 | 25,459 | - | 146,000 | 4,813 | - |
| Excess (deficiency) of receipts over disbursements | (28,119) | - | (4,088) | (10,305) | 8,469 | - | (96,000) | 1,848 | - |
| Other financing sources (uses): | | | | | | | | | |
| Transfers in | 7,200 | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 7,200 | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (20,919) | - | (4,088) | (10,305) | 8,469 | - | (96,000) | 1,848 | - |
| Cash and investments - ending | \$ - | \$ - | \$ (4,088) | \$ - | \$ 8,469 | \$ - | \$ (96,000) | \$ 1,848 | \$ - |

NORTH 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

| | School Technology | Career and Technical Performance Grant | Performance Based Awards | Special Education Excess Costs 16/17 | Project Lead the Way | Title I FY 16 | Title I FY 17 | Title I FY 18 | Special Ed Part B 611 FY 18 |
|---|----------------------|---|--------------------------------|---|-------------------------------|------------------|------------------|------------------|---|
| Cash and investments - beginning | \$ 2,244 | \$ - | \$ - | \$ (10,644) | \$ - | \$ (79,130) | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - |
| State sources | 6,308 | 12,391 | - | 55,852 | - | - | - | - | - |
| Federal sources | - | - | - | - | - | 172,571 | 232,637 | - | - |
| Other receipts | - | - | - | - | - | - | - | - | - |
| Total receipts | 6,308 | 12,391 | - | 55,852 | - | 172,571 | 232,637 | - | - |
| Disbursements: | | | | | | | | | |
| Instruction | - | - | - | 45,208 | - | 92,957 | 290,448 | - | - |
| Support services | - | - | - | - | - | - | - | - | - |
| Noninstructional services | - | - | - | - | - | 484 | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - |
| Total disbursements | - | - | - | 45,208 | - | 93,441 | 290,448 | - | - |
| Excess (deficiency) of receipts over disbursements | 6,308 | 12,391 | - | 10,644 | - | 79,130 | (57,811) | - | - |
| 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 | 6,308 | 12,391 | - | 10,644 | - | 79,130 | (57,811) | - | - |
| Cash and investments - ending | \$ 8,552 | \$ 12,391 | \$ - | \$ - | \$ - | \$ - | \$ (57,811) | \$ - | \$ - |

NORTH 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

| | Special Ed Part B 619 FY 18 | Special Ed Part B 611 FY 16 | Special Ed Part B 611 FY 17 | Special Ed Part B 619 FY 17 | Title II A FY 15 | Title II A FY 16 | Title II A FY 17 | Payroll Clearing | Totals |
|---|---|---|---|---|---------------------|---------------------|---------------------|---------------------|--------------|
| Cash and investments - beginning | \$ - | \$ (26,365) | \$ - | \$ - | \$ (5,647) | \$ - | \$ - | \$ (4,699) | \$ 7,462,118 |
| Receipts: | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | 12,641,094 |
| Intermediate sources | - | - | - | - | - | - | - | - | 20,396 |
| State sources | - | - | - | - | - | - | - | - | 14,517,995 |
| Federal sources | - | 32,138 | 483,687 | 21,294 | 38,524 | 41,417 | - | - | 1,677,046 |
| Other receipts | - | - | - | - | - | - | - | 3,871,606 | 3,878,052 |
| Total receipts | - | 32,138 | 483,687 | 21,294 | 38,524 | 41,417 | - | 3,871,606 | 32,734,583 |
| Disbursements: | | | | | | | | | |
| Instruction | - | 5,250 | 483,066 | 21,294 | 27,581 | 47,074 | - | - | 12,057,721 |
| Support services | - | 523 | 6,374 | - | 5,296 | - | - | - | 6,819,089 |
| Noninstructional services | - | - | - | - | - | - | - | - | 1,373,936 |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | 1,497,892 |
| Debt service | - | - | - | - | - | - | - | - | 4,735,525 |
| Nonprogrammed charges | - | - | - | - | - | - | - | 3,866,383 | 5,991,566 |
| Total disbursements | - | 5,773 | 489,440 | 21,294 | 32,877 | 47,074 | - | 3,866,383 | 32,475,729 |
| Excess (deficiency) of receipts over disbursements | - | 26,365 | (5,753) | - | 5,647 | (5,657) | - | 5,223 | 258,854 |
| Other financing sources (uses): | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | 1,080,674 |
| Transfers out | - | - | - | - | - | - | - | - | (1,080,674) |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 26,365 | (5,753) | - | 5,647 | (5,657) | - | 5,223 | 258,854 |
| Cash and investments - ending | \$ - | \$ - | \$ (5,753) | \$ - | \$ - | \$ (5,657) | \$ - | \$ 524 | \$ 7,720,972 |

NORTH 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, 2018

| | General | Debt Service | Retirement/ Severance Bond Debt Service | Capital Projects | School Transportation | School Bus Replacement | Rainy Day | Construction | School Lunch | Prepaid Food |
|---|--------------|--------------|---|---------------------|--------------------------|------------------------------|--------------|--------------|-----------------|-----------------|
| Cash and investments - beginning | \$ 1,393,896 | \$ 1,905,936 | \$ - | \$ 244,915 | \$ 1,384,171 | \$ - | \$ 793,079 | \$ - | \$ 21,327 | \$ 10,597 |
| Receipts: | | | | | | | | | | |
| Local sources | 101,027 | 4,671,580 | 463,145 | 2,841,079 | 2,302,127 | 76,352 | 51,983 | 1,105,630 | 440,070 | - |
| Intermediate sources | 531 | - | - | - | - | - | - | - | - | - |
| State sources | 14,310,970 | - | - | - | - | - | - | - | 10,722 | - |
| Federal sources | - | - | - | - | - | - | - | - | 689,365 | - |
| Other receipts | 195 | - | - | - | - | - | - | - | - | 969 |
| Total receipts | 14,412,723 | 4,671,580 | 463,145 | 2,841,079 | 2,302,127 | 76,352 | 51,983 | 1,105,630 | 1,140,157 | 969 |
| Disbursements: | | | | | | | | | | |
| Instruction | 10,424,632 | - | - | - | - | - | 276,959 | - | - | - |
| Support services | 3,452,857 | 111 | - | 1,318,775 | 1,433,197 | - | 251,955 | - | 3,411 | - |
| Noninstructional services | 257,145 | - | - | - | - | - | - | - | 1,095,606 | - |
| Facilities acquisition and construction | - | - | - | 1,185,386 | - | - | 144,758 | 75,377 | - | - |
| Debt service | - | 4,616,096 | 464,732 | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - | - |
| Total disbursements | 14,134,634 | 4,616,207 | 464,732 | 2,504,161 | 1,433,197 | - | 673,672 | 75,377 | 1,099,017 | - |
| Excess (deficiency) of receipts over disbursements | 278,089 | 55,373 | (1,587) | 336,918 | 868,930 | 76,352 | (621,689) | 1,030,253 | 41,140 | 969 |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | 250 | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | 41,360 | - | - | - | 917,619 | - | - | - |
| Transfers out | - | - | (39,773) | (150,000) | (700,000) | - | (73,375) | - | - | - |
| Total other financing sources (uses) | 250 | - | 1,587 | (150,000) | (700,000) | - | 844,244 | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 278,339 | 55,373 | - | 186,918 | 168,930 | 76,352 | 222,555 | 1,030,253 | 41,140 | 969 |
| Cash and investments - ending | \$ 1,672,235 | \$ 1,961,309 | \$ - | \$ 431,833 | \$ 1,553,101 | \$ 76,352 | \$ 1,015,634 | \$ 1,030,253 | \$ 62,467 | \$ 11,566 |

NORTH 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, 2018

| | Textbook Rental | Self- Insurance | Child Care Program | Educational License Plates | SAFE School Haven | SAFE School Haven 2016 | SAFE School Haven 2017 | Early Intervention Grant 16/17 | Early Intervention Grant 17/18 | Lily Counseling Grant |
|---|--------------------|--------------------|--------------------------|----------------------------------|-------------------------|---------------------------------|---------------------------------|---|---|-----------------------------|
| Cash and investments - beginning | \$ 311,407 | \$ 1,526,166 | \$ - | \$ 10,728 | \$ - | \$ (3,879) | \$ - | \$ 850 | \$ - | \$ 13,306 |
| Receipts: | | | | | | | | | | |
| Local sources | 74,464 | 2,156,322 | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | 131 | - | - | - | - | - | - |
| State sources | 86,800 | - | 41,692 | - | - | 3,879 | 9,050 | - | 9,675 | - |
| Federal sources | - | - | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - | - | - |
| Total receipts | 161,264 | 2,156,322 | 41,692 | 131 | - | 3,879 | 9,050 | - | 9,675 | - |
| Disbursements: | | | | | | | | | | |
| Instruction | - | - | - | - | - | - | - | 850 | 8,402 | - |
| Support services | 124,527 | 821 | - | - | - | - | 12,929 | - | - | 13,306 |
| Noninstructional services | - | - | 53,061 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | 1,700,693 | - | - | - | - | - | - | - | - |
| Total disbursements | 124,527 | 1,701,514 | 53,061 | - | - | - | 12,929 | 850 | 8,402 | 13,306 |
| Excess (deficiency) of receipts over disbursements | 36,737 | 454,808 | (11,369) | 131 | - | 3,879 | (3,879) | (850) | 1,273 | (13,306) |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | 32,016 | - | - | - | - | - | - | - |
| Transfers out | - | - | (20,647) | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | 11,369 | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 36,737 | 454,808 | - | 131 | - | 3,879 | (3,879) | (850) | 1,273 | (13,306) |
| Cash and investments - ending | \$ 348,144 | \$ 1,980,974 | \$ - | \$ 10,859 | \$ - | \$ - | \$ (3,879) | \$ - | \$ 1,273 | \$ - |

NORTH 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, 2018

| | Stem Program | Student Distress | McCullough Grant | William L. West Trust | Esther & Jesse Townesley Memorial Award | John S. Woods Family Scholarship | Noble Hale Scholarship | Michele Hurt Memorial Scholarship | Miscellaneous Programs |
|---|-----------------|---------------------|---------------------|--------------------------|--|--|------------------------------|--|---------------------------|
| Cash and investments - beginning | \$ 20,118 | \$ 8,266 | \$ 998 | \$ 168,136 | \$ 560 | \$ 12,330 | \$ 33,746 | \$ 1,207 | \$ 637 |
| Receipts: | | | | | | | | | |
| Local sources | 4,970 | 5,960 | - | 27,000 | - | - | - | 1,000 | 743 |
| Intermediate sources | 20,000 | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - | - |
| Total receipts | 24,970 | 5,960 | - | 27,000 | - | - | - | 1,000 | 743 |
| Disbursements: | | | | | | | | | |
| Instruction | 18,951 | - | - | 80,891 | - | - | - | - | - |
| Support services | - | - | - | - | - | - | - | - | - |
| Noninstructional services | - | 2,030 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | 11,000 | - | 1,000 | 1,500 | 1,000 | - |
| Total disbursements | 18,951 | 2,030 | - | 91,891 | - | 1,000 | 1,500 | 1,000 | - |
| Excess (deficiency) of receipts over disbursements | 6,019 | 3,930 | - | (64,891) | - | (1,000) | (1,500) | - | 743 |
| 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 | 6,019 | 3,930 | - | (64,891) | - | (1,000) | (1,500) | - | 743 |
| Cash and investments - ending | \$ 26,137 | \$ 12,196 | \$ 998 | \$ 103,245 | \$ 560 | \$ 11,330 | \$ 32,246 | \$ 1,207 | \$ 1,380 |

NORTH 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, 2018

| | PCHS Child Care | Formative Assessment | Special Education Excess Costs | IN Preschool Grants | Instruction Support | High Ability 17/18 | Secured Schools Safety Grant | NESP 16/17 | NESP 17/18 |
|---|--------------------|-------------------------|---|---------------------------|------------------------|--------------------------|---------------------------------------|---------------|---------------|
| Cash and investments - beginning | \$ - | \$ - | \$ (4,088) | \$ - | \$ 8,469 | \$ - | \$ (96,000) | \$ 1,848 | \$ - |
| Receipts: | | | | | | | | | |
| Local sources | 110,002 | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - |
| State sources | - | 20,693 | 83,910 | - | - | 33,575 | 50,000 | - | 8,500 |
| Federal sources | - | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - | - |
| Total receipts | 110,002 | 20,693 | 83,910 | - | - | 33,575 | 50,000 | - | 8,500 |
| Disbursements: | | | | | | | | | |
| Instruction | 84,125 | - | 68,856 | - | 8,469 | 28,341 | - | 1,848 | 6,676 |
| Support services | - | 48,165 | - | - | - | - | 56,900 | - | - |
| Noninstructional services | 18,312 | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - |
| Total disbursements | 102,437 | 48,165 | 68,856 | - | 8,469 | 28,341 | 56,900 | 1,848 | 6,676 |
| Excess (deficiency) of receipts over disbursements | 7,565 | (27,472) | 15,054 | - | (8,469) | 5,234 | (6,900) | (1,848) | 1,824 |
| Other financing sources (uses): | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - |
| Transfers out | (7,200) | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | (7,200) | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 365 | (27,472) | 15,054 | - | (8,469) | 5,234 | (6,900) | (1,848) | 1,824 |
| Cash and investments - ending | \$ 365 | \$ (27,472) | \$ 10,966 | \$ - | \$ - | \$ 5,234 | \$ (102,900) | \$ - | \$ 1,824 |

NORTH 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, 2018

| | School Technology | Career and Technical Performance Grant | Performance Based Awards | Special Education Excess Costs 16/17 | Project Lead the Way | Title I FY 16 | Title I FY 17 | Title I FY 18 | Special Ed Part B 611 FY 18 |
|---|----------------------|---|--------------------------------|---|-------------------------------|------------------|------------------|------------------|---|
| Cash and investments - beginning | \$ 8,552 | \$ 12,391 | \$ - | \$ - | \$ - | \$ - | \$ (57,811) | \$ - | \$ - |
| Receipts: | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - | - |
| State sources | 7,770 | 3,726 | 59,980 | - | 10,000 | - | - | - | - |
| Federal sources | - | - | - | - | - | - | 150,787 | 239,799 | 492,455 |
| Other receipts | - | - | - | - | - | - | - | - | - |
| Total receipts | 7,770 | 3,726 | 59,980 | - | 10,000 | - | 150,787 | 239,799 | 492,455 |
| Disbursements: | | | | | | | | | |
| Instruction | - | 22,193 | 59,980 | - | 1,225 | - | 92,976 | 294,331 | 516,489 |
| Support services | - | - | - | - | - | - | - | 2,112 | 5,944 |
| Noninstructional services | - | - | - | - | - | - | - | 139 | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - | - |
| Total disbursements | - | 22,193 | 59,980 | - | 1,225 | - | 92,976 | 296,582 | 522,433 |
| Excess (deficiency) of receipts over disbursements | 7,770 | (18,467) | - | - | 8,775 | - | 57,811 | (56,783) | (29,978) |
| 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 | 7,770 | (18,467) | - | - | 8,775 | - | 57,811 | (56,783) | (29,978) |
| Cash and investments - ending | \$ 16,322 | \$ (6,076) | \$ - | \$ - | \$ 8,775 | \$ - | \$ - | \$ (56,783) | \$ (29,978) |

NORTH 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, 2018

| | Special Ed Part B 619 FY 18 | Special Ed Part B 611 FY 16 | Special Ed Part B 611 FY 17 | Special Ed Part B 619 FY 17 | Title II A FY 15 | Title II A FY 16 | Title II A FY 17 | Payroll Clearing | Totals |
|---|---|---|---|---|---------------------|---------------------|---------------------|---------------------|---------------|
| Cash and investments - beginning | \$ - | \$ - | \$ (5,753) | \$ - | \$ - | \$ (5,657) | \$ - | \$ 524 | \$ 7,720,972 |
| Receipts: | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | 14,433,454 |
| Intermediate sources | - | - | - | - | - | - | - | - | 20,662 |
| State sources | - | - | - | - | - | - | - | - | 14,750,942 |
| Federal sources | 21,246 | - | 24,820 | - | 727 | 34,077 | 54,867 | - | 1,708,143 |
| Other receipts | - | - | - | - | - | - | - | 2,289,236 | 2,290,400 |
| Total receipts | 21,246 | - | 24,820 | - | 727 | 34,077 | 54,867 | 2,289,236 | 33,203,601 |
| Disbursements: | | | | | | | | | |
| Instruction | 21,246 | - | 17,825 | - | - | 21,111 | 55,566 | - | 12,111,942 |
| Support services | - | - | 1,242 | - | 727 | 7,309 | 5,766 | - | 6,740,054 |
| Noninstructional services | - | - | - | - | - | - | - | - | 1,426,293 |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | 1,405,521 |
| Debt service | - | - | - | - | - | - | - | - | 5,080,828 |
| Nonprogrammed charges | - | - | - | - | - | - | - | 2,290,378 | 4,005,571 |
| Total disbursements | 21,246 | - | 19,067 | - | 727 | 28,420 | 61,332 | 2,290,378 | 30,770,209 |
| Excess (deficiency) of receipts over disbursements | - | - | 5,753 | - | - | 5,657 | (6,465) | (1,142) | 2,433,392 |
| Other financing sources (uses): | | | | | | | | | |
| Sale of capital assets | - | - | - | - | - | - | - | - | 250 |
| Transfers in | - | - | - | - | - | - | - | - | 990,995 |
| Transfers out | - | - | - | - | - | - | - | - | (990,995) |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | 250 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | - | 5,753 | - | - | 5,657 | (6,465) | (1,142) | 2,433,642 |
| Cash and investments - ending | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (6,465) | \$ (618) | \$ 10,154,614 |

NORTH GIBSON SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

| <u>Government or Enterprise</u> | <u>Accounts Payable</u> | <u>Accounts Receivable</u> |
|---------------------------------|-------------------------|----------------------------|
| Governmental activities | <u>\$ 636,384</u> | <u>\$ 150,485</u> |

NORTH GIBSON SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2018

| Lessor | Purpose | Annual Lease Payment | Lease Beginning Date | Lease Ending Date |
|---|--|----------------------------|----------------------------|-------------------------|
| Governmental activities: | | | | |
| North Gibson Multi-School Building Corporation 2009 & 2010 Series | Construction Costs of Issuance Professional Fees | \$ 3,784,500 | 12/31/2009 | 6/30/2029 |
| North Gibson Multi-School Building Corporation 2015A Series | Construction Costs of Issuance Professional Fees | 96,500 | 10/28/2015 | 12/31/2025 |
| North Gibson Multi-School Building Corporation 2015B Series | Construction Costs of Issuance Professional Fees | 74,500 | 10/28/2015 | 12/31/2025 |
| North Gibson Multi-School Building Corporation 2015C Series | Construction Costs of Issuance Professional Fees | 194,000 | 10/28/2015 | 12/31/2020 |
| North Gibson Multi-School Building Corporation 2015D Series | Construction Costs of Issuance Professional Fees | <u>121,000</u> | 10/28/2015 | 12/31/2018 |
| Total of annual lease payments | | <u>\$ 4,270,500</u> | | |

| Type | Description of Debt | Purpose | Ending Principal Balance | Principal and Interest Due Within One Year |
|--------------------------|--|---------|--------------------------------|---|
| Governmental activities: | | | | |
| General obligation bonds | Amended Taxable General Obligation Pension Bonds of 2003 | | \$ 2,342,631 | \$ 464,048 |
| General obligation bonds | Bond Series 2017 | | 840,000 | 569,050 |
| Notes and loans payable | Common School Fund Technology Loan Number A1943 06/2015 | | <u>32,898</u> | <u>33,063</u> |
| Totals | | | <u>\$ 3,215,529</u> | <u>\$ 1,066,161</u> |

NORTH GIBSON SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

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

| | <u>Ending Balance</u> |
|------------------------------------|---------------------------|
| Governmental activities: | |
| Buildings | \$ 64,649,506 |
| Improvements other than buildings | 5,044,187 |
| Machinery, equipment, and vehicles | 4,645,869 |
| Construction in progress | <u>1,300,000</u> |
| Total capital assets | <u>\$ 75,639,562</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
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
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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 NORTH GIBSON SCHOOL CORPORATION, GIBSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the North 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, 2016 to June 30, 2018. 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.

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

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, 2016 to June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

The School Corporation's response to the noncompliance finding 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.

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 2018-001, that we consider to be a material weakness.

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

The School Corporation's response to the internal control over compliance finding 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

January 31, 2019

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.

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NORTH GIBSON SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2017 and 2018

| 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 | Passed Through to Subrecipient 06-30-17 | Total Federal Awards Expended 06-30-17 | Passed Through to Subrecipient 06-30-18 | Total Federal Awards Expended 06-30-18 |
|--|-------------------------------------|---------------------------|--|---|---|---|---|
| Department of Agriculture | | | | | | | |
| Child Nutrition Cluster | | | | | | | |
| School Breakfast Program | IN Department of Education | 10.553 | | | | | |
| School Breakfast Program | | | FY 16/17 | \$ - | \$ 135,752 | \$ - | \$ - |
| School Breakfast Program | | | FY 17/18 | - | - | - | 147,024 |
| Total - School Breakfast Program | | | | - | 135,752 | - | 147,024 |
| National School Lunch Program | | | | | | | |
| School Lunch and Snack Program | IN Department of Education | 10.555 | | | | | |
| School Lunch - Commodities | | | FY 16/17 | - | 519,028 | - | - |
| School Lunch and Snack Program | | | FY 16/17 | - | 117,193 | - | - |
| School Lunch - Commodities | | | FY 17/18 | - | - | - | 542,340 |
| School Lunch - Commodities | | | FY 17/18 | - | - | - | 113,338 |
| Total - National School Lunch Program | | | | - | 636,221 | - | 655,678 |
| Total - Child Nutrition Cluster | | | | - | 771,973 | - | 802,702 |
| Total - Department of Agriculture | | | | - | 771,973 | - | 802,702 |
| Department of Education | | | | | | | |
| Title I Grants to Local Educational Agencies | | | | | | | |
| Title I - FY 2016 | IN Department of Education | 84.010 | S010A150014 | - | 172,571 | - | - |
| Title I - FY 2017 | | | S010A160014 | - | 232,637 | - | 150,787 |
| Title I - FY 2018 | | | S010A170014 | - | - | - | 239,799 |
| Total - Title I Grants to Local Educational Agencies | | | | - | 405,208 | - | 390,586 |
| Special Education Cluster (IDEA) | | | | | | | |
| Special Education Grants to States | | | | | | | |
| IDEA Part B Section 611 Special Education FY 2016 | IN Department of Education | 84.027 | 14216-072-PN01 | - | 32,139 | - | - |
| IDEA Part B Section 611 Special Education FY 2017 | | | 14217-072-PN01 | - | 483,687 | - | 24,820 |
| IDEA Part B Section 611 Special Education FY 2018 | | | 18611-072-PN01 | - | - | - | 492,455 |
| Total - Special Education Grants to States | | | | - | 515,826 | - | 517,275 |
| Special Education Preschool Grants | | | | | | | |
| IDEA Part B Section 619 Special Education FY 2017 | IN Department of Education | 84.173 | 45717-072-PN01 | - | 21,294 | - | - |
| IDEA Part B Section 619 Special Education FY 2018 | | | 18619-072-PN01 | - | - | - | 21,246 |
| Total - Special Education Preschool Grants | | | | - | 21,294 | - | 21,246 |
| Total - Special Education Cluster (IDEA) | | | | - | 537,120 | - | 538,521 |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | | | | | | | |
| Title IIA ITQ/SEI FY 2015 | IN Department of Education | 84.367 | FFY 2015 | - | 38,524 | - | - |
| Title IIA ITQ/SEI FY 2016 | | | FFY 2016 | - | 41,417 | - | - |
| Title IIA ITQ/SEI FY 2015 | | | S367A150015 | - | - | - | 727 |
| Title IIA ITQ/SEI FY 2016 | | | S367A160013 | - | - | - | 34,077 |
| Title IIA ITQ/SEI FY 17 | | | S367A170013 | - | - | - | 54,867 |
| Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | | | | - | 79,941 | - | 89,671 |
| Total - Department of Education | | | | - | 1,022,269 | - | 1,018,778 |
| Total federal awards expended | | | | \$ - | \$ 1,794,242 | \$ - | \$ 1,821,480 |

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

NORTH 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, 2017 and 2018. 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.

NORTH 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 is required to be reported in accordance with section 2 CFR 200.516(a)? | yes |

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

| <u>Name of Federal Program or Cluster</u> | <u>Opinion Issued</u> |
|--|-----------------------|
| Child Nutrition Cluster | Unmodified |
| Special Education Cluster (IDEA) | 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 2018-001

Subject: Special Education Cluster (IDEA) - Suspension and Debarment
 Federal Agency: Department of Education
 Federal Programs: Special Education Grants to States, Special Education Preschool Grants
 CFDA Numbers: 84.027, 84.173
 Federal Award Numbers and Years (or Other Identifying Numbers): 14216-072-PN01, 14217-072-PN01, 18611-072-PN01, 45717-072-PN01, 18619-072-PN01

Pass-Through Entity: IN Department of Education
 Compliance Requirement: Procurement and Suspension and Debarment
 Audit Findings: Material Weakness, Other Matters

NORTH 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 suspension and debarment requirements. There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs.

The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls and noncompliance were systemic issues 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). . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person"

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the suspension and debarment requirements.

Effect

The failure to establish an effective internal control system enabled noncompliance to occur and to remain undetected. Noncompliance with the grant agreement and the suspension and debarment requirements could have resulted in the loss of federal funds to the School Corporation.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENT

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



NORTH GIBSON SCHOOL CORPORATION

Office of the Superintendent

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www.ngsc.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2018 – 001

Contact Person Responsible for Corrective Action: Jerica Davis
Contact Phone Number: 812-385-4851
Views of Responsible Officials: Agreement with Finding

Description of Corrective Action Plan:

North Gibson will enter into contracts with providers of services for special education. Prior to entering such contracts, North Gibson will obtain a signed Indiana Department of Education Suspension and Debarment Certificate to verify that contractors and/or successful bidders are not on the suspended and debarred list with the federal government.

Anticipated Completion Date:

The corrective action described above will be effective with contracts awarded in 2019 for the 2019/2020 school year.


(Signature)

Jerica Davis, Support Services Director

January 17, 2019

Superintendent
Dr. Brian Harmon

Assistant to the Superintendent
Dr. Eric Goggins

Support Services Director
Mrs. Jerica Davis

Deputy Treas./Adm. Asst.
Mrs. Nancy Leukhardt

Payroll/Transportation
Mrs. Tina Burton

Administrative Secretary
Tammy Ruple

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/>.