

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

EAST GIBSON SCHOOL CORPORATION

GIBSON COUNTY, INDIANA

July 1, 2020 to June 30, 2022



FILED

02/16/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Ginger E. Schenks	07-01-20 to 06-30-23
Superintendent of Schools	James Wilson	07-01-20 to 06-30-23
President of the School Board	Stephen Sevier	07-01-20 to 06-30-23



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 EAST 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 East Gibson School Corporation (School Corporation), for the period of July 1, 2020 to June 30, 2022, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 6, 2023, 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.

Report on 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) as a basis for designing 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 or significant deficiencies 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)

Report on 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.



Beth Kelley, CPA, CFE
Deputy State Examiner

February 6, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the East 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 its major federal program for the period of July 1, 2020 to June 30, 2022. The School Corporation's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

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 its major federal program for the period of July 1, 2020 to June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School Corporation's federal programs.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2020 to June 30, 2022, and the related notes to the financial statement. We issued our report thereon dated February 6, 2023, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

February 6, 2023

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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.

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EAST GIBSON SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education				
School Breakfast Program		10.553	FY 2021	\$ 5,993	\$ -
School Breakfast Program			FY 2022	-	99,884
COVID-19 - School Breakfast Program	Indiana Department of Education				
School Breakfast Program		10.553	FY 2021	2,639	-
Total - School Breakfast Program				8,632	99,884
National School Lunch Program					
National School Lunch Program	Indiana Department of Education				
National School Lunch Program		10.555	FY 2021	19,104	-
National School Lunch Program			FY 2022	-	337,520
SNP Emergency Funds			FY 2022	-	1,161
Commodities			FY 2021/2022	35,101	46,494
Sub-Total - National School Lunch Program				54,205	385,175
COVID-19 - National School Lunch Program	Indiana Department of Education				
School Lunch and Snack Program		10.555	FY 2021	10,456	-
Total - National School Lunch Program				64,661	385,175
Special Milk Program for Children					
Milk Program	Indiana Department of Education				
Milk Program		10.556	FY 2021	215	-
			FY 2022	-	246
Sub-Total - Special Milk Program for Children				215	246
COVID-19 - Special Milk Program for Children	Indiana Department of Education				
Milk Program		10.556	FY 2021	23	-
Total - Special Milk Program for Children				238	246
Summer Food Service Program for Children					
Summer Food Service Program for Children	Indiana Department of Education				
Summer Food Service Program for Children		10.559	FY 2021	260,985	-
Summer Food Service Program for Children			FY 2022	-	7,361
Sub-Total - Summer Food Service Program for Children				260,985	7,361

EAST GIBSON SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22
COVID-19 - Summer Food Service Program for Children Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2021	42,775	-
Total - Summer Food Service Program for Children				303,760	7,361
Total - Child Nutrition Cluster				377,291	492,666
Pandemic EBT Administrative Costs PEBT Payment	Indiana Department of Education	10.649	FY 2022	-	614
Total - Department of Agriculture				377,291	493,280
<u>Department of Education</u>					
Special Education Cluster (IDEA) Special Education Grants to States	Indiana Department of Education				
Special Ed Part B 611 Grant FY2021		84.027	21611-074-PN01	76,950	127,583
Spec Ed Part B (611)			22611-074-PN01	-	46,605
IDEA Special Ed Grant FY20			20611-074-PN01	103,676	-
Sub-Total - Special Education Grants to States				180,626	174,188
COVID-19 - Special Education Grants to States 84.027X ARP of 2021		84.027	22611-074-ARP	-	3,985
Total - Special Education Grants to States				180,626	178,173
Special Education Preschool Grants	Indiana Department of Education				
Preschool Part B 619		84.173	20619-074-PN01	4	522
Part B 619 (Preschool) FY2021			21619-074-PN01	8,334	-
Preschool Part B 619			22619-074-PN01	-	7,951
Total - Special Education Preschool Grants				8,338	8,473
Total - Special Education Cluster (IDEA)				188,964	186,646
Title I Grants to Local Educational Agencies	Indiana Department of Education				
Title I FY2021		84.010	S010A200014	86,372	54,826
Title I 2020			S010A190014	21,877	-
Title I SIG OCE/WMHS FY20			S010A200014	28,125	6,737
Title I 2022			S010A210014	-	70,386
Total - Title I Grants to Local Educational Agencies				136,374	131,949

EAST GIBSON SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2021 and 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 06-30-22
Supporting Effective Instruction State Grants Title II Part A FY 2020	Indiana Department of Education	84.367	S367A200013	28,707	4,060
Student Support and Academic Enrichment Program Title IV Part A FFY18 Title IV Part A Title IV Part A FY20	Indiana Department of Education	84.424	S424A180015 S424A190015 S424A200015	1,139 10,000 -	- - 4,398
Total - Student Support and Academic Enrichment Program				11,139	4,398
COVID-19 - Education Stabilization Fund Federal Stimulus-18002 Governors Emergency Education Relief Fund (GEER) Federal Stimulus-18003 Edu Stab Relief Fund Education Stabilization Relief Fund II ESSER III (ARP)	Indiana Department of Education	84.425	S425C200018 S425D200013 S425D210013 S425U200013	52,373 127,143 - -	21,060 20,879 109,052 85,367
Total - COVID-19 - Education Stabilization Fund				179,516	236,358
Total - Department of Education				544,700	563,411
<u>Department of Health and Human Services</u>					
Medicaid Cluster Medical Assistance Program Medicaid Reimbursement-Federal Medicaid Reimbursement-Federal	Indiana Department of Education	93.778	FY20/21 FY21/22	15,873 -	- 8,284
Total - Medical Assistance Program				15,873	8,284
Total - Medicaid Cluster				15,873	8,284
Total - Department of Health and Human Services				15,873	8,284
Total federal awards expended				<u>\$ 937,864</u>	<u>\$ 1,064,975</u>

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

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

Note 1. Summary of Significant Accounting Policies

A. 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, 2021 and 2022. 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.

B. Other 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.

Note 2. Indirect Cost Rate.

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

EAST 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 weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	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

No matters are reportable.

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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.

James Wilson
Superintendent

East Gibson School Corporation
941 S. Franklin St.
Oakland City, IN 47660
812-749-4755

Christina Saulmon
Payroll/Personnel

David Edwards
Director of Maintenance/Transportation

Ginger Schenks
Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDING

FINDING 2020-001

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding:

The Superintendent, Mr. James Wilson, reviewed and approved the 2020-2021 and 2021-2022 SEFA information on Gateway & signed the downloaded report that was submitted. This is the procedure we will follow each year.

James Wilson
Superintendent

East Gibson School Corporation
941 S. Franklin St.
Oakland City, IN 47660
812-749-4755

Christina Saulmon
Payroll/Personnel

David Edwards
Director of Maintenance/Transportation

Ginger Schenks
Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDING

FINDING 2020-002

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding:

The Superintendent, Mr. James Wilson and the Aramark Food Service Director, Allison Lee meet monthly to go over expenses/income and review the spend down plan. A spreadsheet has been created to show where we stand with the 3 month average. Ginger Schenks reviews data from the binder that was started Jul, 2021.

A meeting was held 4/13/2022 with Mr. Wilson, Ginger Schenks & Allison Lee to go over the spend down plan & discussion was held on ways to spend down the excess funds. Minutes are available for that meeting. We discussed the next meeting date & it was to be after 6/30/2022. Mr. Wilson was on medical leave all Summer so we didn't meet during that time but he will get that started once again.

James Wilson
Superintendent

East Gibson School Corporation
941 S. Franklin St.
Oakland City, IN 47660
812-749-4755

Christina Saulmon
Payroll/Personnel

David Edwards
Director of Maintenance/Transportation

Ginger Schenks
Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDING

FINDING 2020-003

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding:

The Superintendent, Mr. James Wilson or Treasurer, Ginger Schenks log onto SAM.org to verify no vendors we utilize are suspended or disbarred.

The Superintendent, Mr. James Wilson and Treasurer, Ginger Schenks work together on micro and small purchases by obtaining adequate quotes and/or contracts for purchases that fall within the micro and small purchases. A requisition form is used for approval for all purchases made with Child Nutrition Funds.

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/>.