

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTHWEST SCHOOL CORPORATION
SULLIVAN COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
12/14/2018

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.....	10-11
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.....	20-33
Schedule of Payables and Receivables	34
Schedule of Leases and Debt	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.....	42-43
Notes to Schedule of Expenditures of Federal Awards	44
Schedule of Findings and Questioned Costs	45-62
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	64-67
Corrective Action Plan	68-71
Other Reports.....	72

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Amy Kinnett	07-01-15 to 05-17-17
	(Vacant)	05-18-17 to 06-01-17
	Glenda D. Small (interim)	06-02-17 to 09-10-17
	Michele Hazelrigg	09-11-17 to 12-31-18
Superintendent of Schools	Chris Stitzle	07-01-15 to 06-30-19
President of the School Board	Barbara Rotramel	01-01-15 to 12-31-15
	Kevin Arnett	01-01-16 to 12-31-16
	Mitzie Badger	01-01-17 to 12-31-17
	Grant Bryant	01-01-18 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SOUTHWEST SCHOOL CORPORATION, SULLIVAN COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Southwest School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2015 to June 30, 2017.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2015 to June 30, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 25, 2018, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

October 25, 2018



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
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 SOUTHWEST SCHOOL CORPORATION, SULLIVAN 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 Southwest School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated October 25, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002.

Southwest School Corporation's Response to Findings

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

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

October 25, 2018

(This page intentionally left blank.)

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.

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

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 1,997,436	\$ 11,549,210	\$ 11,280,083	\$ (71,926)	\$ 2,194,637	\$ 11,480,468	\$ 11,776,762	\$ 66,125	\$ 1,964,468
Debt Service	1,330,350	2,543,305	2,491,000	(29,499)	1,353,156	2,555,455	2,492,000	-	1,416,611
Retirement/Severance Bond Debt Service	56,737	691,759	686,710	-	61,786	668,100	642,215	-	87,671
Capital Projects	231,757	2,210,186	1,935,515	-	506,428	2,281,669	2,276,076	(193,000)	319,021
School Transportation	508,070	1,490,644	1,265,284	(296,910)	436,520	1,545,839	1,347,228	(100,000)	535,131
School Bus Replacement	4	-	-	-	4	-	-	-	4
Rainy Day	1,433,441	4,514	615,516	300,000	1,122,439	-	592,310	300,000	830,129
Post-Retirement/Severance Future Benefits	-	-	20,659	15,000	(5,659)	-	6,241	11,900	-
Construction	70,000	-	67,841	-	2,159	-	2,159	-	-
School Lunch	124,245	866,168	878,727	-	111,686	815,812	883,010	-	44,488
Textbook Rental	191,807	164,677	184,784	29,499	201,199	149,936	230,987	-	120,148
Self-Insurance	200,000	-	-	-	200,000	736	-	374,497	575,233
Levy Excess	3,090	-	-	(3,090)	-	-	-	-	-
Educational License Plates	-	131	-	-	131	-	-	-	131
Early Intervention Grant	-	-	-	-	-	9,197	5,872	-	3,325
Donations - High Ability, etc.	1,340	-	-	-	1,340	-	-	-	1,340
Donations - Lockers	900	5,600	1,274	-	5,226	1,500	5,726	-	1,000
Donations - Athletic Sound System	7,000	-	-	-	7,000	-	-	(7,000)	-
Donations - Lockers	1,000	-	-	-	1,000	-	-	-	1,000
Donations - Corporationwide	56	-	-	-	56	2,500	2,556	-	-
Donations - Summer Reading	102	-	-	-	102	-	-	-	102
Donations - Stuff the Bus	965	-	600	-	365	-	-	-	365
Donations - Youth Tobacco	250	-	-	-	250	-	-	-	250
Donations - WIN Energy Grant	-	-	-	-	-	977	-	-	977
Contributions/Donations - Private Sources	39	-	-	-	39	1,000	377	-	662
Scholarships and Awards	-	2,500	2,500	-	-	2,500	2,500	-	-
Chad Smith Scholarship Fund	-	-	-	-	-	11,158	710	-	10,448
Comm Found Grant (Angels) SMS	1,583	204	362	-	1,425	398	1,126	-	697
Comm Found Grant (Angels) SHS	216	-	-	-	216	-	-	-	216
Comm Found Grant (Angels) SES	1,699	252	133	-	1,818	490	1,166	-	1,142
Community Foundation Grant - Library	-	5,816	5,816	-	-	-	-	-	-
Walmart Foundation	250	-	-	-	250	-	250	-	-
Donations - Building Trades	16,038	-	16,038	-	-	9,000	-	-	9,000

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

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
Donations - Jones	-	5,675	5,096	-	579	8,993	9,572	-	-
Donations - SMS	619	992	112	-	1,499	6,197	6,748	-	948
Casey's Kicks SHS	-	1,924	-	-	1,924	1,936	-	-	3,860
Casey's Kicks SES	-	1,962	1,941	-	21	1,926	1,799	-	148
Casey's Kicks Carl	-	843	-	-	843	847	1,096	-	594
Lilly Counseling Planning Grant	-	-	-	-	-	30,000	18,732	-	11,268
Formative Assessment	-	720	-	-	720	20,042	-	-	20,762
High Ability Grant 14-15	11,437	-	11,437	-	-	-	-	-	-
High Ability Grant 15-16	-	31,667	23,908	-	7,759	-	7,759	-	-
High Ability Grant 16-17	-	-	-	-	-	31,686	27,684	-	4,002
Secured Schools Safety Grant	(101,926)	45,000	-	56,926	-	28,000	51,057	-	(23,057)
School Technology	34,143	43,632	56,173	-	21,602	63,689	49,902	-	35,389
Career and Technical Performance Grant	-	-	-	-	-	8,895	8,876	-	19
Performance Based Awards	2,005	-	-	-	2,005	-	-	(2,005)	-
PBIS Grant	-	1,853	1,716	-	137	1,395	2,095	-	(563)
ISTA Settlement	859,452	198	244,133	-	615,517	-	286,999	-	328,518
eLearning Grant	(14,783)	75,097	65,337	-	(5,023)	-	20,109	-	(25,132)
Title I 2016-17	-	-	-	-	-	199,791	260,259	-	(60,468)
Title I 2015-16	-	233,789	323,168	-	(89,379)	124,416	35,037	-	-
Title I 2014-15	(152,720)	203,642	50,922	-	-	-	-	-	-
Drug Free	700	-	-	-	700	-	-	-	700
Title II, Part A 2013-14	(2,046)	612	(1,434)	-	-	-	-	-	-
Title II, Part A 2014-15	(32,314)	43,213	64,547	-	(53,648)	30,551	(23,097)	-	-
Title II, Part A 2015-16	-	30,550	570	-	29,980	43,034	73,014	-	-
Title II, Part A 2016-17	-	-	-	-	-	17,460	23,268	-	(5,808)
Prepaid Insurance - Anthem	374,497	-	-	-	374,497	-	-	(374,497)	-
Prepaid Food	-	-	-	-	-	9,129	-	-	9,129
Payroll Withholdings and Benefits	7,496	2,618,903	2,607,821	-	18,578	2,702,982	2,700,911	-	20,649
Totals	\$ 7,164,935	\$ 22,875,238	\$ 22,908,289	\$ -	\$ 7,131,884	\$ 22,867,704	\$ 23,831,091	\$ 76,020	\$ 6,244,517

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

SOUTHWEST 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.

SOUTHWEST SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

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

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

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

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

F. Other Financing Sources and Uses

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

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

Transfers in. Amounts received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

SOUTHWEST SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

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

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

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

SOUTHWEST SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching

SOUTHWEST SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Note 7. Negative Disbursements

The financial statement contains some disbursements which appear as negative entries. This is a result of the transfer of disbursements originally charged to the Title II funds (2013-2014 and 2014-2015) in excess of the approved grant amount.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of grants awaiting reimbursement, except for the Post-Retirement/Severance Future Benefits fund, which was overspent, and the eLearning Grant fund, which is past the period of availability and is no longer eligible for reimbursement.

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with Southwest Sullivan 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 ended June 30, 2016 and 2017, totaled \$2,491,000 and \$1,246,000, respectively.

SOUTHWEST SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 10. Subsequent Events

On August 29, 2018, the School Corporation issued \$2,900,000 in General Obligation Bonds of 2018 for renovation of and improvements to school facilities, including equipment, technology, and site improvements.

(This page intentionally left blank.)

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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 1,997,436	\$ 1,330,350	\$ 56,737	\$ 231,757	\$ 508,070	\$ 4	\$ 1,433,441	\$ -	\$ 70,000
Receipts:									
Local sources	202,946	2,543,305	691,759	2,210,186	1,490,644	-	4,514	-	-
Intermediate sources	414	-	-	-	-	-	-	-	-
State sources	11,345,850	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	11,549,210	2,543,305	691,759	2,210,186	1,490,644	-	4,514	-	-
Disbursements:									
Instruction	7,804,902	-	-	-	-	-	-	20,189	-
Support services	3,251,187	-	-	1,200,949	1,265,284	-	168,243	470	-
Noninstructional services	223,994	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	734,566	-	-	447,273	-	67,841
Debt service	-	2,491,000	686,710	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	11,280,083	2,491,000	686,710	1,935,515	1,265,284	-	615,516	20,659	67,841
Excess (deficiency) of receipts over disbursements	269,127	52,305	5,049	274,671	225,360	-	(611,002)	(20,659)	(67,841)
Other financing sources (uses):									
Transfers in	-	-	-	-	3,090	-	300,000	15,000	-
Transfers out	(71,926)	(29,499)	-	-	(300,000)	-	-	-	-
Total other financing sources (uses)	(71,926)	(29,499)	-	-	(296,910)	-	300,000	15,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	197,201	22,806	5,049	274,671	(71,550)	-	(311,002)	(5,659)	(67,841)
Cash and investments - ending	\$ 2,194,637	\$ 1,353,156	\$ 61,786	\$ 506,428	\$ 436,520	\$ 4	\$ 1,122,439	\$ (5,659)	\$ 2,159

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

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Early Intervention Grant	Donations - High Ability, etc.	Donations - Lockers	Donations - Athletic Sound System
Cash and investments - beginning	\$ 124,245	\$ 191,807	\$ 200,000	\$ 3,090	\$ -	\$ -	\$ 1,340	\$ 900	\$ 7,000
Receipts:									
Local sources	350,450	99,509	-	-	-	-	-	5,600	-
Intermediate sources	-	-	-	-	131	-	-	-	-
State sources	9,742	65,168	-	-	-	-	-	-	-
Federal sources	505,976	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	866,168	164,677	-	-	131	-	-	5,600	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	897	184,784	-	-	-	-	-	-	-
Noninstructional services	877,830	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	1,274	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	878,727	184,784	-	-	-	-	-	1,274	-
Excess (deficiency) of receipts over disbursements	(12,559)	(20,107)	-	-	131	-	-	4,326	-
Other financing sources (uses):									
Transfers in	-	29,499	-	-	-	-	-	-	-
Transfers out	-	-	-	(3,090)	-	-	-	-	-
Total other financing sources (uses)	-	29,499	-	(3,090)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,559)	9,392	-	(3,090)	131	-	-	4,326	-
Cash and investments - ending	\$ 111,686	\$ 201,199	\$ 200,000	\$ -	\$ 131	\$ -	\$ 1,340	\$ 5,226	\$ 7,000

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

	Donations - Lockers	Donations - Corporationwide	Donations - Summer Reading	Donations - Stuff the Bus	Donations - Youth Tobacco	Donations - WIN Energy Grant	Contributions/ Donations - Private Sources	Scholarships and Awards	Chad Smith Scholarship Fund
Cash and investments - beginning	\$ 1,000	\$ 56	\$ 102	\$ 965	\$ 250	\$ -	\$ 39	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	2,500	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	2,500	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	600	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	2,500	-
Total disbursements	-	-	-	600	-	-	-	2,500	-
Excess (deficiency) of receipts over disbursements	-	-	-	(600)	-	-	-	-	-
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	-	-	-	(600)	-	-	-	-	-
Cash and investments - ending	\$ 1,000	\$ 56	\$ 102	\$ 365	\$ 250	\$ -	\$ 39	\$ -	\$ -

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

	Comm Found Grant (Angels) SMS	Comm Found Grant (Angels) SHS	Comm Found Grant (Angels) SES	Community Foundation Grant - Library	Walmart Foundation	Donations - Building Trades	Donations - Jones	Donations - SMS	Casey's Kicks SHS
Cash and investments - beginning	\$ 1,583	\$ 216	\$ 1,699	\$ -	\$ 250	\$ 16,038	\$ -	\$ 619	\$ -
Receipts:									
Local sources	204	-	252	5,816	-	-	5,675	992	1,924
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>204</u>	<u>-</u>	<u>252</u>	<u>5,816</u>	<u>-</u>	<u>-</u>	<u>5,675</u>	<u>992</u>	<u>1,924</u>
Disbursements:									
Instruction	362	-	133	5,816	-	16,038	-	112	-
Support services	-	-	-	-	-	-	5,096	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>362</u>	<u>-</u>	<u>133</u>	<u>5,816</u>	<u>-</u>	<u>16,038</u>	<u>5,096</u>	<u>112</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(158)</u>	<u>-</u>	<u>119</u>	<u>-</u>	<u>-</u>	<u>(16,038)</u>	<u>579</u>	<u>880</u>	<u>1,924</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</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>(158)</u>	<u>-</u>	<u>119</u>	<u>-</u>	<u>-</u>	<u>(16,038)</u>	<u>579</u>	<u>880</u>	<u>1,924</u>
Cash and investments - ending	<u>\$ 1,425</u>	<u>\$ 216</u>	<u>\$ 1,818</u>	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ 579</u>	<u>\$ 1,499</u>	<u>\$ 1,924</u>

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

	Casey's Kicks SES	Casey's Kicks Carl	Lilly Counseling Planning Grant	Formative Assessment	High Ability Grant 14-15	High Ability Grant 15-16	High Ability Grant 16-17	Secured Schools Safety Grant	School Technology
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 11,437	\$ -	\$ -	\$ (101,926)	\$ 34,143
Receipts:									
Local sources	1,962	843	-	-	-	-	-	-	37,716
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	720	-	31,667	-	45,000	5,916
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	1,962	843	-	720	-	31,667	-	45,000	43,632
Disbursements:									
Instruction	1,941	-	-	-	11,437	23,908	-	-	56,051
Support services	-	-	-	-	-	-	-	-	122
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,941	-	-	-	11,437	23,908	-	-	56,173
Excess (deficiency) of receipts over disbursements	21	843	-	720	(11,437)	7,759	-	45,000	(12,541)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	56,926	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	56,926	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	21	843	-	720	(11,437)	7,759	-	101,926	(12,541)
Cash and investments - ending	\$ 21	\$ 843	\$ -	\$ 720	\$ -	\$ 7,759	\$ -	\$ -	\$ 21,602

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

	Career and Technical Performance Grant	Performance Based Awards	PBIS Grant	ISTA Settlement	eLearning Grant	Title I 2016-17	Title I 2015-16	Title I 2014-15	Drug Free
Cash and investments - beginning	\$ -	\$ 2,005	\$ -	\$ 859,452	\$ (14,783)	\$ -	\$ -	\$ (152,720)	\$ 700
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	198	75,097	-	-	-	-
Federal sources	-	-	1,853	-	-	-	233,789	203,642	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	1,853	198	75,097	-	233,789	203,642	-
Disbursements:									
Instruction	-	-	-	-	-	-	238,574	27,679	-
Support services	-	-	-	244,133	65,337	-	83,225	23,177	-
Noninstructional services	-	-	1,716	-	-	-	1,369	66	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	1,716	244,133	65,337	-	323,168	50,922	-
Excess (deficiency) of receipts over disbursements	-	-	137	(243,935)	9,760	-	(89,379)	152,720	-
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	-	-	137	(243,935)	9,760	-	(89,379)	152,720	-
Cash and investments - ending	\$ -	\$ 2,005	\$ 137	\$ 615,517	\$ (5,023)	\$ -	\$ (89,379)	\$ -	\$ 700

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

	Title II, Part A 2013-14	Title II, Part A 2014-15	Title II, Part A 2015-16	Title II, Part A 2016-17	Prepaid Insurance - Anthem	Prepaid Food	Payroll Withholdings and Benefits	Totals
Cash and investments - beginning	\$ (2,046)	\$ (32,314)	\$ -	\$ -	\$ 374,497	\$ -	\$ 7,496	\$ 7,164,935
Receipts:								
Local sources	-	-	-	-	-	-	-	7,656,797
Intermediate sources	-	-	-	-	-	-	-	545
State sources	-	-	-	-	-	-	-	11,579,358
Federal sources	612	43,213	30,550	-	-	-	-	1,019,635
Other receipts	-	-	-	-	-	-	2,618,903	2,618,903
Total receipts	612	43,213	30,550	-	-	-	2,618,903	22,875,238
Disbursements:								
Instruction	(64)	64,547	570	-	-	-	2,607,821	10,880,016
Support services	-	-	-	-	-	-	-	6,492,904
Noninstructional services	-	-	-	-	-	-	-	1,105,575
Facilities acquisition and construction	(1,370)	-	-	-	-	-	-	1,249,584
Debt service	-	-	-	-	-	-	-	3,177,710
Nonprogrammed charges	-	-	-	-	-	-	-	2,500
Total disbursements	(1,434)	64,547	570	-	-	-	2,607,821	22,908,289
Excess (deficiency) of receipts over disbursements	2,046	(21,334)	29,980	-	-	-	11,082	(33,051)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	404,515
Transfers out	-	-	-	-	-	-	-	(404,515)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,046	(21,334)	29,980	-	-	-	11,082	(33,051)
Cash and investments - ending	\$ -	\$ (53,648)	\$ 29,980	\$ -	\$ 374,497	\$ -	\$ 18,578	\$ 7,131,884

SOUTHWEST 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	Post- Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 2,194,637	\$ 1,353,156	\$ 61,786	\$ 506,428	\$ 436,520	\$ 4	\$ 1,122,439	\$ (5,659)	\$ 2,159
Receipts:									
Local sources	186,288	2,555,455	668,100	2,279,251	1,545,838	-	-	-	-
Intermediate sources	366	-	-	-	-	-	-	-	-
State sources	11,291,924	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other Receipts	1,890	-	-	2,418	1	-	-	-	-
Total receipts	11,480,468	2,555,455	668,100	2,281,669	1,545,839	-	-	-	-
Disbursements:									
Instruction	8,204,473	-	-	-	-	-	73	6,241	-
Support services	3,337,045	-	-	1,346,986	1,347,228	-	270,464	-	-
Noninstructional services	235,244	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	929,090	-	-	321,773	-	2,159
Debt service	-	2,492,000	642,215	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	11,776,762	2,492,000	642,215	2,276,076	1,347,228	-	592,310	6,241	2,159
Excess (deficiency) of receipts over disbursements	(296,294)	63,455	25,885	5,593	198,611	-	(592,310)	(6,241)	(2,159)
Other financing sources (uses):									
Sale of capital assets	76,020	-	-	-	-	-	-	-	-
Transfers in	2,005	-	-	7,000	-	-	300,000	11,900	-
Transfers out	(11,900)	-	-	(200,000)	(100,000)	-	-	-	-
Total other financing sources (uses)	66,125	-	-	(193,000)	(100,000)	-	300,000	11,900	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(230,169)	63,455	25,885	(187,407)	98,611	-	(292,310)	5,659	(2,159)
Cash and investments - ending	\$ 1,964,468	\$ 1,416,611	\$ 87,671	\$ 319,021	\$ 535,131	\$ 4	\$ 830,129	\$ -	\$ -

SOUTHWEST 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 Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Early Intervention Grant	Donations - High Ability, etc.	Donations - Lockers	Donations - Athletic Sound System
Cash and investments - beginning	\$ 111,686	\$ 201,199	\$ 200,000	\$ -	\$ 131	\$ -	\$ 1,340	\$ 5,226	\$ 7,000
Receipts:									
Local sources	328,802	86,844	736	-	-	-	-	1,500	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	8,674	63,092	-	-	-	9,197	-	-	-
Federal sources	478,336	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-	-
Total receipts	815,812	149,936	736	-	-	9,197	-	1,500	-
Disbursements:									
Instruction	-	-	-	-	-	5,872	-	-	-
Support services	118	230,987	-	-	-	-	-	-	-
Noninstructional services	879,524	-	-	-	-	-	-	-	-
Facilities acquisition and construction	3,368	-	-	-	-	-	-	5,726	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	883,010	230,987	-	-	-	5,872	-	5,726	-
Excess (deficiency) of receipts over disbursements	(67,198)	(81,051)	736	-	-	3,325	-	(4,226)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	374,497	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(7,000)
Total other financing sources (uses)	-	-	374,497	-	-	-	-	-	(7,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(67,198)	(81,051)	375,233	-	-	3,325	-	(4,226)	(7,000)
Cash and investments - ending	\$ 44,488	\$ 120,148	\$ 575,233	\$ -	\$ 131	\$ 3,325	\$ 1,340	\$ 1,000	\$ -

SOUTHWEST 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

	Donations - Lockers	Donations - Corporationwide	Donations - Summer Reading	Donations - Stuff the Bus	Donations - Youth Tobacco	Donations - WIN Energy Grant	Contributions/ Donations - Private Sources	Scholarships and Awards	Chad Smith Scholarship Fund
Cash and investments - beginning	\$ 1,000	\$ 56	\$ 102	\$ 365	\$ 250	\$ -	\$ 39	\$ -	\$ -
Receipts:									
Local sources	-	2,500	-	-	-	977	1,000	2,500	11,158
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	2,500	-	-	-	977	1,000	2,500	11,158
Disbursements:									
Instruction	-	2,556	-	-	-	-	377	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	2,500	710
Total disbursements	-	2,556	-	-	-	-	377	2,500	710
Excess (deficiency) of receipts over disbursements	-	(56)	-	-	-	977	623	-	10,448
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	-	(56)	-	-	-	977	623	-	10,448
Cash and investments - ending	\$ 1,000	\$ -	\$ 102	\$ 365	\$ 250	\$ 977	\$ 662	\$ -	\$ 10,448

SOUTHWEST 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

	Comm Found Grant (Angels) SMS	Comm Found Grant (Angels) SHS	Comm Found Grant (Angels) SES	Community Foundation Grant - Library	Walmart Foundation	Donations - Building Trades	Donations - Jones	Donations - SMS	Casey's Kicks SHS
Cash and investments - beginning	\$ 1,425	\$ 216	\$ 1,818	\$ -	\$ 250	\$ -	\$ 579	\$ 1,499	\$ 1,924
Receipts:									
Local sources	398	-	490	-	-	9,000	8,993	6,197	1,936
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-	-
Total receipts	398	-	490	-	-	9,000	8,993	6,197	1,936
Disbursements:									
Instruction	1,126	-	1,166	-	250	-	-	6,748	-
Support services	-	-	-	-	-	-	9,572	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,126	-	1,166	-	250	-	9,572	6,748	-
Excess (deficiency) of receipts over disbursements	(728)	-	(676)	-	(250)	9,000	(579)	(551)	1,936
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	(728)	-	(676)	-	(250)	9,000	(579)	(551)	1,936
Cash and investments - ending	\$ 697	\$ 216	\$ 1,142	\$ -	\$ -	\$ 9,000	\$ -	\$ 948	\$ 3,860

SOUTHWEST 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

	Casey's Kicks SES	Casey's Kicks Carl	Lilly Counseling Planning Grant	Formative Assessment	High Ability Grant 14-15	High Ability Grant 15-16	High Ability Grant 16-17	Secured Schools Safety Grant	School Technology
Cash and investments - beginning	\$ 21	\$ 843	\$ -	\$ 720	\$ -	\$ 7,759	\$ -	\$ -	\$ 21,602
Receipts:									
Local sources	1,926	847	30,000	-	-	-	-	-	55,661
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	20,042	-	-	31,686	28,000	7,820
Federal sources	-	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-	208
Total receipts	1,926	847	30,000	20,042	-	-	31,686	28,000	63,689
Disbursements:									
Instruction	1,799	1,096	18,732	-	-	7,759	27,684	-	49,902
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	51,057	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,799	1,096	18,732	-	-	7,759	27,684	51,057	49,902
Excess (deficiency) of receipts over disbursements	127	(249)	11,268	20,042	-	(7,759)	4,002	(23,057)	13,787
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	127	(249)	11,268	20,042	-	(7,759)	4,002	(23,057)	13,787
Cash and investments - ending	\$ 148	\$ 594	\$ 11,268	\$ 20,762	\$ -	\$ -	\$ 4,002	\$ (23,057)	\$ 35,389

SOUTHWEST 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

	Career and Technical Performance Grant	Performance Based Awards	PBIS Grant	ISTA Settlement	eLearning Grant	Title I 2016-17	Title I 2015-16	Title I 2014-15	Drug Free
Cash and investments - beginning	\$ -	\$ 2,005	\$ 137	\$ 615,517	\$ (5,023)	\$ -	\$ (89,379)	\$ -	\$ 700
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	8,895	-	-	-	-	-	-	-	-
Federal sources	-	-	1,395	-	-	199,791	124,416	-	-
Other Receipts	-	-	-	-	-	-	-	-	-
Total receipts	8,895	-	1,395	-	-	199,791	124,416	-	-
Disbursements:									
Instruction	8,876	-	-	-	-	217,476	32,665	-	-
Support services	-	-	-	286,999	20,109	42,783	430	-	-
Noninstructional services	-	-	2,095	-	-	-	1,942	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,876	-	2,095	286,999	20,109	260,259	35,037	-	-
Excess (deficiency) of receipts over disbursements	19	-	(700)	(286,999)	(20,109)	(60,468)	89,379	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(2,005)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(2,005)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19	(2,005)	(700)	(286,999)	(20,109)	(60,468)	89,379	-	-
Cash and investments - ending	\$ 19	\$ -	\$ (563)	\$ 328,518	\$ (25,132)	\$ (60,468)	\$ -	\$ -	\$ 700

SOUTHWEST 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

	Title II, Part A 2013-14	Title II, Part A 2014-15	Title II, Part A 2015-16	Title II, Part A 2016-17	Prepaid Insurance - Anthem	Prepaid Food	Payroll Withholdings and Benefits	Totals
Cash and investments - beginning	\$ -	\$ (53,648)	\$ 29,980	\$ -	\$ 374,497	\$ -	\$ 18,578	\$ 7,131,884
Receipts:								
Local sources	-	-	-	-	-	-	-	7,786,397
Intermediate sources	-	-	-	-	-	-	-	366
State sources	-	-	-	-	-	-	-	11,469,330
Federal sources	-	30,551	43,034	17,460	-	-	-	894,983
Other Receipts	-	-	-	-	-	9,129	2,702,982	2,716,628
Total receipts	-	30,551	43,034	17,460	-	9,129	2,702,982	22,867,704
Disbursements:								
Instruction	-	(23,097)	68,014	23,268	-	-	2,700,911	11,363,967
Support services	-	-	-	-	-	-	-	6,892,721
Noninstructional services	-	-	-	-	-	-	-	1,118,805
Facilities acquisition and construction	-	-	5,000	-	-	-	-	1,318,173
Debt service	-	-	-	-	-	-	-	3,134,215
Nonprogrammed charges	-	-	-	-	-	-	-	3,210
Total disbursements	-	(23,097)	73,014	23,268	-	-	2,700,911	23,831,091
Excess (deficiency) of receipts over disbursements	-	53,648	(29,980)	(5,808)	-	9,129	2,071	(963,387)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	76,020
Transfers in	-	-	-	-	-	-	-	695,402
Transfers out	-	-	-	-	(374,497)	-	-	(695,402)
Total other financing sources (uses)	-	-	-	-	(374,497)	-	-	76,020
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	53,648	(29,980)	(5,808)	(374,497)	9,129	2,071	(887,367)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (5,808)	\$ -	\$ 9,129	\$ 20,649	\$ 6,244,517

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 372,926</u>	<u>\$ 115,026</u>

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple Inc.	Computer Hardware	\$ 57,804	07/07/2016	01/15/2019
Apple Inc.	Computer Hardware	196,091	04/11/2014	01/10/2018
Apple Inc.	Computer Hardward	251,400	03/29/2017	04/30/2021
DeLage Landen Public Finance LLC	Outdoor Lighting	20,887	02/09/2017	01/20/2020
First Financial Bank	Guaranteed Energy Savings	173,601	02/25/2015	07/15/2022
Musco Finance LLC	Baseball Lighting	32,898	11/17/2014	07/20/2018
Apple Inc.	Computer Hardware	69,421	06/28/2013	01/15/2016
American Capital	Computer Hardware	31,291	06/05/2015	06/05/2017
Southwest Sullivan School Building Corporation	Roof Replacement for SHS & Carlisle Elem	186,000	07/15/2011	01/15/2027
Southwest Sullivan School Building Corporation	Renovations and Upgrades for SHS	240,000	01/15/2015	01/15/2025
Southwest Sullivan School Building Corporation	Refinancing of Construction Bond	<u>2,066,000</u>	07/15/2015	07/15/2025
Total of annual lease payments		<u>\$ 3,325,394</u>		

(This page intentionally left blank.)

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
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE SOUTHWEST SCHOOL CORPORATION, SULLIVAN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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, 2015 to June 30, 2017.

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 items 2017-004, 2017-005, 2017-006, 2017-008, and 2017-009. Our opinion on each major federal program is not modified with respect to these matters.

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

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 items 2017-003, 2017-004, 2017-005, 2017-006, 2017-007, 2017-008, and 2017-009, that we consider to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

October 25, 2018

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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
Fund 800 School Lunch			FY 15/16	\$ -	\$ 114,858	\$ -	\$ -
Fund 800 School Lunch			FY 16/17	-	-	-	107,599
Total - School Breakfast Program				-	114,858	-	107,599
National School Lunch Program							
Fund 800 School Lunch	Indiana Department of Education	10.555	FY 15/16	-	386,184	-	-
Fund 800 School Lunch			FY 16/17	-	-	-	370,737
Commodities			FY 15/16	-	56,685	-	-
Commodities			FY 16/17	-	-	-	34,519
Total - National School Lunch Program				-	442,869	-	405,256
Summer Food Service Program for Children							
Fund 800	Indiana Department of Education	10.559	FY 15/16	-	4,934	-	-
Total - Child Nutrition Cluster				-	562,661	-	512,855
Total - Department of Agriculture				-	562,661	-	512,855
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Allocation from Greene-Sullivan Co-Op	Indiana Department of Education	84.027	14214-24-PN01	-	1,291	-	-
Allocation from Greene-Sullivan Co-Op			99914-24-PN01	-	2,643	-	-
Allocation from Greene-Sullivan Co-Op			14215-24-PN01	-	95,563	-	31,421
Allocation from Greene-Sullivan Co-Op			14216-22-PN01	-	369,844	-	99,066
Allocation from Greene-Sullivan Co-Op			14217-22-PN01	-	-	-	360,166
Total - Special Education Grants to States				-	469,341	-	490,653

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Special Education Preschool Grants	Indiana Department of Education	84.173					
Allocation from Greene-Sullivan Co-Op			45715-24-PN01	-	12,813	-	825
Allocation from Greene-Sullivan Co-Op			45716-22-PN01	-	9,620	-	9,912
Allocation from Greene-Sullivan Co-Op			45717-22-PN01	-	-	-	7,375
Total - Special Education Preschool Grants				-	22,433	-	18,112
Total - Special Education Cluster (IDEA)				-	491,774	-	508,765
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Fund 4160 Title I			FY 14/15	-	203,642	-	-
Fund 4120 Title I			FY 15/16	-	233,789	-	124,416
Fund 4110 Title I			FY 16/17	-	-	-	199,791
Total - Title I Grants to Local Educational Agencies				-	437,431	-	324,207
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Fund 6844			FY 13/14	-	613	-	-
Fund 6846 Title II			FY 14/15	-	73,763	-	73,584
Fund 6847 Title II			FY 16/17	-	-	-	17,460
Total - Supporting Effective Instruction State Grants				-	74,376	-	91,044
Total - Department of Education				-	1,566,242	-	1,436,871
Total federal awards expended				\$ -	\$ 1,566,242	\$ -	\$ 1,436,871

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

SOUTHWEST SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Special Education Cooperative

The School Corporation is a member of the Greene-Sullivan Special Education Cooperative (Cooperative), which operates the Special Education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

SOUTHWEST 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?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are 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:

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

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

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

Section II - Financial Statement Findings

FINDING 2017-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-002.

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to cash and investments and receipts. One person was solely responsible for the preparation of the bank reconciliations and for all aspects of the receipt process, including issuing receipts, depositing the funds, and reconciling the transactions in the records. There was no evidence of a control such as an oversight, review, or approval process.
2. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting would have required the School Corporation to monitor and assess the quality of the system of internal control.

Context

The deficiencies in the internal control system were systemic issues throughout the audit period.

Criteria

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

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

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

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

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management of the School Corporation had not established a proper system of internal control related to cash and investments and receipts.

Effect

The failure to establish controls could have enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

Recommendation

We recommended that the School Corporation's management establish and implement a system of internal controls, including segregation of duties, related to financial transactions and reporting of cash and investments and receipts.

Views of Responsible Officials

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

FINDING 2017-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's SEFA. One employee prepared the federal award information and entered it into Gateway without a control in place to prevent, or detect and correct, errors prior to submission.

Context

Due to the lack of effective controls, the SEFA contained the following errors:

1. Federal expenditures were understated in total by \$781,041 and \$477,007 for the 2015-2016 and 2016-2017 school years, respectively.

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. Several CFDA numbers, program names, pass-through entities, or pass-through identifying numbers were incorrectly reported or missing.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

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

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

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

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

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-003

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 15/16, FY 16/17

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting, Special Tests
and Provisions - School Food Accounts

Audit Finding: Material Weakness

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding numbers were 2015-006 and 2015-007.

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 compliance requirements listed above.

Cash Management (School Breakfast Program and National School Lunch Program)

The School Corporation did not have effective procedures in place to ensure that the food service account balance (net cash resources) did not exceed three months average expenditures.

Reporting

There was no evidence of an oversight, review, or approval process, or other compensating controls, to ensure that the monthly Sponsor Claims (claims for reimbursement), NSLP Annual Financial Report, or School Food Authority (SFA) Verification Collection Reports were accurate and complete.

Special Tests and Provisions - School Food Accounts (School Breakfast Program and National School Lunch Program)

Proper controls were not in place related to the school food accounts. There was no evidence that management of the School Corporation monitored or reviewed the school food accounts to ensure that its non-profit school food service was in accordance with state requirements.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the compliance requirements listed above.

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Cash Management, Reporting, and Special Tests and Provisions - School Food Accounts compliance requirements.

Views of Responsible Officials

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

FINDING 2017-004

Subject: School Breakfast Program and National School Lunch Program - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15/16, FY 16/17
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Other Matters

Condition

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

In addition to paper applications, the School Corporation also used Harmony Student Management Software to receive and make eligibility determinations for online applications. The software allowed a household member to be counted twice on the same application, which caused the household size and the eligibility determination to be incorrect.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. In addition to the instance of noncompliance identified, this error could have occurred for any online application in which a household member was listed more than once.

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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). . . ."

7 CFR 245.3 states in part:

"(a) Each State agency, or FNSRO where applicable, shall by July 1 of each year announce family-size income standards to be used by local educational agencies, as defined in § 245.2, under the jurisdiction of such State agency, or FNSRO where applicable, in making eligibility determinations for free or reduced price meals and for free milk. Such family size income standards for free and reduced price meals and for free milk shall be in accordance with Income Eligibility Guidelines published by the Department by notice in the FEDERAL REGISTER.

(b) Each participating local educational agency and all participating schools under its jurisdiction must adhere to the eligibility criteria specified in this part. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the eligibility requirements.

Effect

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

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 Eligibility compliance requirement.

Views of Responsible Officials

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

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-005

Subject: National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity
Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15/16, FY 16/17
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-008.

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 paid lunch equity requirements.

The School Corporation did not have documentation that the weighted average price calculations had been completed for either school year.

Context

The School Corporation was required to perform the weighted average price calculation for each school year. The calculation was not presented for audit for either school year. The lack of documentation prevented the determination of the School Corporation's compliance with the paid lunch equity requirements.

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). . . ."

7 CFR 210.14(e) states in part:

"*Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

- (1) *Calculation procedures.* Each school food authority shall:

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.
- (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (i.e., the reimbursement difference);
- (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

Cause

Management had not developed an effective system of internal controls that would have ensured compliance with paid lunch equity requirements.

Effect

The failure to establish an effective internal control system could have enabled material noncompliance to go undetected. The lack of documentation prevented the determination of the School Corporation's compliance with the paid lunch equity requirements. Noncompliance with the grant agreement and the paid lunch equity requirements could have resulted in the loss of federal funds to the School Corporation.

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 Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Views of Responsible Officials

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

FINDING 2017-006

Subject: School Breakfast Program, National School Lunch Program - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 15/16, FY 16/17

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Audit Findings: Material Weakness, Other Matters

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-006.

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

The Food Service Director determined eligibility for free and reduced price lunches and also performed verifications for those applications. There was no evidence of an oversight, review, or approval process. Additionally, ten applications were required to be verified for fiscal year 2015-2016, but only nine were presented for audit.

Context

The lack of controls was a systemic issue throughout the audit period. The noncompliance applied to the 2015-2016 school year.

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). . . ."

7 CFR 245.6a(c)(3) states in part:

"*Standard sample size.* Unless eligible for an alternative sample size under paragraph (d) of this section, the sample size for each local educational agency shall equal the lesser of:

- (i) Three (3) percent of all applications approved by the local educational agency for the school year, as of October 1 of the school year, selected from error prone applications; . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

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 Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Views of Responsible Officials

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

FINDING 2017-007

Subject: Special Education Cluster (IDEA) - Level of Effort - Maintenance of Effort

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): 14214-24-PN01, 99914-24-PN01,
14215-24-PN01, 14216-22-PN01,
14217-22-PN01, 45715-24-PN01,
45716-22-PN01, 45717-22-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Finding: Material Weakness

Condition

The School Corporation was a member of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grants. There was no oversight of the Cooperative by the School Corporation. Because the grant agreements were between the Indiana Department of Education and each member of the Cooperative, the School Corporation was ultimately responsible for ensuring compliance with the requirements.

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the level of effort - maintenance of effort (MOE) requirements. The MOE calculation was performed by the Cooperative from information supplied by the School Corporation. There was no evidence of an oversight or review of the calculation by the School Corporation.

Context

The lack of controls was a systemic issue throughout the audit period.

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls to ensure compliance with the MOE requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

Views of Responsible Officials

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

FINDING 2017-008

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

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): 14214-24-PN01, 99914-24-PN01,
14215-24-PN01, 14216-22-PN01,
45715-24-PN01, 45716-22-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-003.

Condition

The School Corporation is a member of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grants. There was no oversight of the Cooperative by the School Corporation. Because the grant agreements were between the Indiana Department of Education and each member of the Cooperative, the School Corporation was ultimately responsible for ensuring compliance with the requirements.

The School Corporation had not established an internal control system to ensure compliance with the Allowable Costs/Cost Principles compliance requirement. The School Corporation failed to ensure that the Cooperative kept the necessary documentation related to time and effort reporting. For those employees that were paid entirely from the special education programs, the Cooperative did not submit Semi-Annual Certification Reports. For employees that had a portion of their wages paid from the special education programs, there were no personnel activity reports to support the amount of wages charged to each cost objective. There was no evidence of an oversight or review by the School Corporation to ensure compliance.

Context

The lack of controls was a systemic issue. The noncompliance applied to the 2015-2016 school year. There were no Semi-Annual Certification Reports completed nor were personnel activity reports maintained to support the amount of wages paid from each cost objective during the 2015-2016 school year.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . .(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

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). . . ."

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-87, Attachment B, Section 8(h), states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

2 CFR 200.430(i) states in part:

"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS) . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and nonFederal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement concerning time and effort reporting.

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system enabled noncompliance to occur. Noncompliance with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and implement procedures to ensure compliance and comply with the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

FINDING 2017-009

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment
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): 14214-24-PN01, 99914-24-PN01,
14215-24-PN01, 14216-22-PN01,
14217-22-PN01, 45715-24-PN01,
45716-22-PN01, 45717-22-PN01

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

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-005.

Condition

The School Corporation is a member of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grants. There was no oversight of the Cooperative by the School Corporation. Because the grant agreements were between the Indiana Department of Education and each member of the Cooperative, the School Corporation was ultimately responsible for ensuring compliance with the requirements.

An effective internal control system was not in place to ensure compliance with requirements related to the grant agreement and the procurement and suspension and debarment requirements.

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Procurement

The School Corporation did not have internal controls in place to ensure that the purchasing methods used complied with procurement procedures or with applicable state and local requirements.

A local procurement policy was not implemented by the Cooperative for the audit period.

Suspension and Debarment

The Cooperative had not established an effective internal control system to ensure compliance with suspension and debarment requirements. There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs. There was no oversight or review by the School Corporation to ensure compliance.

No procedures were performed 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. There was no verification that vendors were not suspended or debarred prior to awarding the contracts to 100 percent of applicable vendors for both school years.

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 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

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

SOUTHWEST SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that would have ensured compliance with the procurement and suspension and debarment requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and implement procedures to monitor the Cooperative to ensure compliance and comply with the grant agreement and the Procurement and 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.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

SOUTHWEST SCHOOL CORPORATION



P.O. Box 510, Sullivan, Indiana 47882-1225

Phone: 812-268-6311

Fax: 812-268-6312

CHRIS STITZLE, Superintendent
JON STUCKEY, Asst. Superintendent, Transp. Dir.
MICHELE HAZELRIGG, Treasurer-Bookkeeper
TRACY VANDERGRUFF, Payroll Clerk, Personnel
REBECCA SCOTT, Administrative Assistant
BRIAN IRWIN, Technology Coordinator

BOARD OF SCHOOL TRUSTEES

MITZIE BADGER
JON BOBBITT
GRANT BRYANT
BARBARA ROTRAMEL
JERRY D. WILSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal Year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE

Contact Person Responsible for Corrective Action: Chris Stitzle

Contact Phone Number: 812-268-6311

Subject: Preparation of Schedule of Expenditures of Federal Awards

Due to the timing of the audit, Southwest School Corporation could not establish controls to prevent, or detect and correct, errors on the SEFA. As of today, we have an internal control system in place to review expenditure reports that are received and are verified by the Superintendent and Treasurer.

FINDING 2015-002

Fiscal Year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE

Contact Person Responsible for Corrective Action: Chris Stitzle

Contact Phone Number: 812-268-6311

Subject: Internal Controls over Financial Transactions and Reporting

Due to the timing of the audit, Southwest School Corporation could not implement a proper system of internal controls related to cash and receipts. As of today, we have an internal control system in place. All deposits that are received are forwarded to the Treasurer who makes out the deposit and posts to the ledger. The deposit and supporting documentation are reviewed and initialed by the Superintendent or designee and deposited in a timely manner. Receipts/documentation are maintained for the deposits. The Treasurer prepares monthly bank reconciliations which are presented and approved by the School Board monthly.

FINDING 2015-003

Fiscal Year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE

Contact Person Responsible for Corrective Action: Chris Stitzle

Contact Phone Number: 812-268-6311

Subject: Special Education Cluster (IDEA) – Allowable Costs/Cost Principals

In working with the Greene-Sullivan Special Education Cooperative, their Treasurer and Deputy Treasurer both verify coding in the accounting system for employee salaries and benefits. A semi-annual certification is also completed to verify coding is correct.

FINDING 2015-004

Fiscal Year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE

Contact Person Responsible for Corrective Action: Chris Stitzle

Contact Phone Number: 812-268-6311

Subject: Special Education Cluster (IDEA) – Reporting

In working with the Greene-Sullivan Special Education Cooperative, semi-annual reports are completed and emailed to the Treasurer and Superintendent for review.

FINDING 2015-005

Fiscal Year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE

Contact Person Responsible for Corrective Action: Chris Stitzle

Contact Phone Number: 812-268-6311

Subject: Special Education Cluster (IDEA) – Procurement & Suspension & Debarment

In working with the Greene-Sullivan Special Education Cooperative, GSSEC staff check the System for Award Management (SAM Website) before entering into covered transactions with contractors. This documentation is also printed from SAM.

FINDING 2015-006

Fiscal Year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE

Contact Person Responsible for Corrective Action: Chris Stitzle

Contact Phone Number: 812-268-6311

Subject: Internal Controls over Child Nutrition Cluster

Monthly food reports are completed by the Food Service Director and reviewed by the Superintendent or Assistant Superintendent for compliance. Food service account balance will also be reviewed by Superintendent and Treasurer to ensure that net cash resources don't exceed three month average expenditures. If they do, a plan will be developed. The Treasurer will ensure monthly that fund 800 is used only for school food account transactions.

Each school treasurer determines eligibility for free and reduced lunches and the Assistant Treasurer reviews and approves the applications.

FINDING 2015-007

Fiscal Year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE

Contact Person Responsible for Corrective Action: Chris Stitzle

Contact Phone Number: 812-268-6311

Subject: School Breakfast Program and Nation School Lunch Program – Reporting

The Food Service Director prepares the reports and the Deputy Treasurer or Superintendent checks them for accurate reporting for all federal food service funding and compliance requirements.

FINDING 2015-008

Fiscal Year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE

Contact Person Responsible for Corrective Action: Chris Stitzle

Contact Phone Number: 812-268-6311

Subject: National School Lunch Program – Special Tests and Provisions – Paid Lunch Equity

The Food Service Director uses the lunch price equity tool to determine if Southwest School Corporation is compliant. The Superintendent or Deputy Treasurer checks the calculations to insure accuracy.

Chris Stizle
(Signature)
Superintendent
(Title)
10-9-18
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR s200.511(b).)

SOUTHWEST SCHOOL CORPORATION

P.O. Box 510, Sullivan, Indiana 47882-1225
Phone: 812-268-6311 Fax: 812-268-6312



CHRIS STITZLE, Superintendent
JON STUCKEY, Asst. Superintendent, Transp. Dir.
MICHELE HAZELRIGG, Treasurer-Bookkeeper
TRACY VANDERGRIFF, Payroll Clerk, Personnel
REBECCA SCOTT, Administrative Assistant
BRIAN IRWIN, Technology Coordinator

BOARD OF SCHOOL TRUSTEES
MITZIE BADGER
JON BOBBITT
GRANT BRYANT
BARBARA ROTRAMEL
JERRY D. WILSON

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Chris Stitzle
Contact Phone Number: 812-268-6311

Views of Responsible Official: We concur with findings.

Description of Corrective Action Plan:

All incoming items for deposit are received by central office personnel – Superintendent, Assistant Superintendent, Treasurer, Deputy Treasurer and Administrative Assistant and are forwarded to the Treasurer who makes out the deposit and posts to the ledger. Deposits are reviewed with supporting documentation and initialed by the Superintendent, Assistant Superintendent, Deputy Treasurer or Administrative Assistant and deposited in a timely manner by central office personnel/employees. Deposit receipts will be maintained with supporting documentation for audit purposes.

Bank reconciliations are prepared monthly by the Treasurer and provided to the Board and Superintendent for signatures of review and approval.

Anticipated Completion Date: Corrective action implemented in September 2017

FINDING 2017-002

Contact Person Responsible for Corrective Action: Chris Stitzle
Contact Phone Number: 812-268-6311

Views of Responsible Official: We concur with findings.

Description of Corrective Action Plan:

Federal expenditure reports will be obtained and verified by Treasurer and Superintendent for each school year reported. Each grant will be identified by corresponding CFDA and program identifying information as required by SEFA reporting.

Anticipated Completion Date: November 2018

FINDING 2017-003

Contact Person Responsible for Corrective Action: Chris Stitzle
Contact Phone Number: 812-268-6311

Views of Responsible Official: We concur with findings.

Description of Corrective Action Plan:

Prepaid food balances have been established in a separate "prepaid" lunch account. This should reflect a more accurate food service account balance for comparison with the three-month average expenditures.

A secondary verification will be reviewed and approved by the Superintendent or Assistant Superintendent for the monthly free and reduced application. Monthly food reports will be reviewed by the Superintendent or Assistant Superintendent for comparison of expenditures and revenue and non-profit food service compliance.

Anticipated Completion Date: November 2018

FINDING 2017-004

Contact Person Responsible for Corrective Action: Chris Stitzle
Contact Phone Number: 812-268-6311

Views of Responsible Official: We concur with findings.

Description of Corrective Action Plan:

School building personnel will review all on-line lunch applications for accuracy to ensure eligibility determinations are correct. Deputy Treasurer will complete a final check of the applications for verification.

Anticipated Completion Date: November 2018

FINDING 2017-005

Contact Person Responsible for Corrective Action: Chris Stitzle
Contact Phone Number: 812-268-6311

Views of Responsible Official: We concur with findings.

Description of Corrective Action Plan:

School lunch prices will be established in accordance with grant program requirements. The Food Service Director will use the lunch price equity tool to determine if the Southwest School Corporation is compliant. The Superintendent or Deputy Treasurer will check the calculations for accuracy.

Anticipated Completion Date: November 2018

FINDING 2017-006

Contact Person Responsible for Corrective Action: Chris Stitzle
Contact Phone Number: 812-268-6311

Views of Responsible Official: We concur with findings.

Description of Corrective Action Plan:

A secondary verification will be reviewed and approved by the Superintendent or Assistant Superintendent for the free and reduced application.

The Food Service Director will prepare all reports. The Superintendent or Deputy Treasurer will check for accurate reporting for all federal food service funding and compliance requirements.

Monthly food reports will be reviewed by the Superintendent or Assistant Superintendent for comparison of expenditures and revenue and non-profit food service compliance.

Anticipated Completion Date: November 2018

FINDING 2017-007

Contact Person Responsible for Corrective Action: Chris Stitzle
Contact Phone Number: 812-268-6311

Views of Responsible Official: We concur with findings.

Description of Corrective Action Plan:

The Level of Effort – Maintenance of Effort that is completed by the Corporation will be reviewed and signed by the Treasurer and Superintendent prior to submitting to the Greene-Sullivan Special Education Cooperative.

Anticipated Completion Date: November 2018

FINDING 2017-008

Contact Person Responsible for Corrective Action: Chris Stitzle
Contact Phone Number: 812-268-6311

Views of Responsible Official: We concur with findings.

Description of Corrective Action Plan:

Management of the Southwest School Corporation will work with the Green-Sullivan Special Education Cooperative to establish internal controls that will ensure the Cooperative is in compliance with "Allowable Costs/Cost Principals" compliance requirements concerning time and effort reporting. The Greene-Sullivan Special Education Cooperative has a corrective action plan in place for their Treasurer and Deputy Treasurer to both verify the coding in their accounting system for employee salaries and benefits at the beginning of each school year. Completing their semi-annual Certification will also help to ensure that coding is correct.

Anticipated Completion Date: November 2018

FINDING 2017-009

Contact Person Responsible for Corrective Action: Chris Stitzle
Contact Phone Number: 812-268-6311

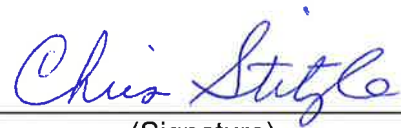
Views of Responsible Official: We concur with findings.

Description of Corrective Action Plan:

Management of the Southwest School Corporation will work with the Greene-Sullivan Special Education Cooperative to establish internal controls that will ensure the Cooperative is in compliance with Procurement and Suspension and Debarment requirement concerning the approval of contracts only after verifying the vendors were not suspended or debarred. The Greene-Sullivan Special Education Cooperative has a corrective action plan in place that requires their staff to require a written clause in all agreements that states the contractor was not suspended or ineligible of receiving Federal Funds. The GSSEC staff will check the System for Award Management (SAM Website) before entering into covered transactions with contractors and print out this documentation.

Southwest School Corporation Board will review and adopt the Greene-Sullivan Special Education Cooperative Procurement Policy after their policy is adopted by their Board. The Southwest School Corporation Superintendent is a member of the Greene-Sullivan Special Education Cooperative Board and will assist with monitoring for compliance.

Anticipated Completion Date: November 2018



(Signature)

Superintendent

(Title)

10/18/18

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/>.