

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CHARLES A. BEARD MEMORIAL
SCHOOL CORPORATION
HENRY COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
04/22/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Stephanie L. Madison	07-01-16 to 06-30-19
Superintendent of Schools	Jediah T. Behny	07-01-16 to 06-30-19
President of the School Board	Wade Beatty	01-01-16 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CHARLES A. BEARD MEMORIAL
SCHOOL CORPORATION, HENRY COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Charles A. Beard Memorial School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2016 to June 30, 2018.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2016 to June 30, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 9, 2019, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

April 9, 2019



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 CHARLES A. BEARD MEMORIAL
SCHOOL CORPORATION, HENRY 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 Charles A. Beard Memorial School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated April 9, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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


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

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

April 9, 2019

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 1,378,801	\$ 7,841,657	\$ 7,759,769	\$ 146	\$ 1,460,835	\$ 7,501,134	\$ 7,743,004	\$ -	\$ 1,218,965
Debt Service	803,444	2,154,227	2,026,138	(7,828)	923,705	2,163,038	2,182,780	(3,355)	900,608
Capital Projects	349,774	1,237,646	1,227,553	-	359,867	1,017,787	897,242	1	480,413
School Transportation	417,127	1,120,824	998,905	-	539,046	1,078,902	1,118,514	5	499,439
School Bus Replacement	172,840	253,078	242,141	-	183,777	210,700	209,720	4	184,761
Rainy Day	324,870	-	53,703	-	271,167	-	64,743	-	206,424
Construction	23	-	-	-	23	-	-	-	23
General Obligation Bond	-	-	142,976	1,100,000	957,024	-	947,174	-	9,850
School Lunch	116,197	537,739	544,134	-	109,802	533,800	514,205	-	129,397
Textbook Rental	83,991	85,250	75,629	7,828	101,440	85,194	101,484	3,345	88,495
Levy Excess	2,188	-	-	-	2,188	-	-	-	2,188
Educational License Plates	263	56	-	-	319	19	-	-	338
Lilly Counseling Grant	-	30,000	3,100	-	26,900	-	24,797	-	2,103
Scholarships and Awards	-	-	-	-	-	5,833	-	-	5,833
Pioneer Case Scholarship	-	-	-	-	-	1,000	-	-	1,000
Miscellaneous Programs	5,323	2,125	-	-	7,448	3,010	5,010	-	5,448
Formative Assessment	-	14,849	14,849	-	-	13,186	13,186	-	-
Secured Schools Safety Grant	-	-	50,000	-	(50,000)	50,000	-	-	-
School Technology	19,643	13,139	17,579	-	15,203	13,843	9,802	-	19,244
Career and Technical Performance Grant	-	15,405	10,860	-	4,545	11,685	4,563	-	11,667
Performance Based Awards	-	-	-	-	-	32,550	32,550	-	-
Excellence in Performance Grant	-	5,800	5,800	-	-	-	-	-	-
High Ability 16/17	-	29,882	29,211	-	671	-	671	-	-
High Ability 17/18	-	-	-	-	-	29,464	29,464	-	-
Title I 2015-2016	(10,262)	62,106	51,844	-	-	-	-	-	-
Title I School Improvement	-	1,746	1,746	-	-	-	-	-	-
Title I 16/17	-	151,198	170,899	-	(19,701)	44,124	24,423	-	-
Title I 17/18	-	-	-	-	-	107,097	122,168	-	(15,071)
Title II FY16	-	-	-	-	-	15,201	15,439	-	(238)
Title II FY15	-	17,356	18,306	-	(950)	18,261	17,311	-	-
Title II 2013-2014	(8,900)	25,068	16,168	-	-	-	-	-	-
Payroll Clearing Funds	44,199	1,581,793	1,580,176	-	45,816	1,558,858	1,570,422	-	34,252
Prepaid Lunch Fund	6,229	97,469	97,003	-	6,695	175,456	178,353	-	3,798
Totals	\$ 3,705,750	\$ 15,278,412	\$ 15,138,489	\$ 1,100,146	\$ 4,945,819	\$ 14,670,142	\$ 15,827,025	\$ -	\$ 3,788,937

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

CHARLES A. BEARD MEMORIAL 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.

CHARLES A. BEARD MEMORIAL 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.

Temporary loans. Amounts received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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:

Proceeds of long-term debt. Amounts received in relation to the issuance of bonds or other long-term debt issues.

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.

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.

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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 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. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2017 and 2018.

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with the Knightstown High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2017 and 2018 totaled \$851,500 and \$851,500, respectively.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

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CHARLES A. BEARD MEMORIAL 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	General Obligation Bond	School Lunch
Cash and investments - beginning	\$ 1,378,801	\$ 803,444	\$ 349,774	\$ 417,127	\$ 172,840	\$ 324,870	\$ 23	\$ -	\$ 116,197
Receipts:									
Local sources	23,395	2,154,227	879,816	882,804	188,844	-	-	-	196,593
Intermediate sources	273	-	-	-	-	-	-	-	-
State sources	7,633,029	-	-	-	-	-	-	-	5,074
Federal sources	-	-	-	-	-	-	-	-	314,175
Temporary loans	154,000	-	219,000	221,000	51,000	-	-	-	-
Interfund loans	17,220	-	-	-	-	-	-	-	-
Other Receipts	13,740	-	138,830	17,020	13,234	-	-	-	21,897
Total receipts	7,841,657	2,154,227	1,237,646	1,120,824	253,078	-	-	-	537,739
Disbursements:									
Instruction	4,674,998	-	-	-	-	-	-	-	-
Support services	2,374,212	-	649,571	831,905	197,141	-	-	-	7,757
Noninstructional services	316,799	-	-	-	-	-	-	-	536,377
Facilities acquisition and construction	540	-	305,982	-	-	53,703	-	142,976	-
Debt service	376,000	2,026,138	272,000	167,000	45,000	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	17,220	-	-	-	-	-	-	-	-
Total disbursements	7,759,769	2,026,138	1,227,553	998,905	242,141	53,703	-	142,976	544,134
Excess (deficiency) of receipts over disbursements	81,888	128,089	10,093	121,919	10,937	(53,703)	-	(142,976)	(6,395)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	1,100,000	-
Sale of capital assets	146	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(7,828)	-	-	-	-	-	-	-
Total other financing sources (uses)	146	(7,828)	-	-	-	-	-	1,100,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	82,034	120,261	10,093	121,919	10,937	(53,703)	-	957,024	(6,395)
Cash and investments - ending	\$ 1,460,835	\$ 923,705	\$ 359,867	\$ 539,046	\$ 183,777	\$ 271,167	\$ 23	\$ 957,024	\$ 109,802

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

	Textbook Rental	Levy Excess	Educational License Plates	Lilly Counseling Grant	Scholarships and Awards	Pioneer Case Scholarship	Miscellaneous Programs	Formative Assessment	Secured Schools Safety Grant
Cash and investments - beginning	\$ 83,991	\$ 2,188	\$ 263	\$ -	\$ -	\$ -	\$ 5,323	\$ -	\$ -
Receipts:									
Local sources	43,162	-	-	30,000	-	-	2,125	-	-
Intermediate sources	-	-	56	-	-	-	-	-	-
State sources	41,626	-	-	-	-	-	-	14,849	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other Receipts	462	-	-	-	-	-	-	-	-
Total receipts	85,250	-	56	30,000	-	-	2,125	14,849	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	75,629	-	-	3,100	-	-	-	14,849	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	50,000
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	75,629	-	-	3,100	-	-	-	14,849	50,000
Excess (deficiency) of receipts over disbursements	9,621	-	56	26,900	-	-	2,125	-	(50,000)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	7,828	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	7,828	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	17,449	-	56	26,900	-	-	2,125	-	(50,000)
Cash and investments - ending	\$ 101,440	\$ 2,188	\$ 319	\$ 26,900	\$ -	\$ -	\$ 7,448	\$ -	\$ (50,000)

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

	School Technology	Career and Technical Performance Grant	Performance Based Awards	Excellence In Performance Grant	High Ability 16/17	High Ability 17/18	Title I 2015-2016	Title I School Improvement
Cash and investments - beginning	\$ 19,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,262)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	8,468	5,053	-	5,800	29,882	-	-	-
Federal sources	-	10,352	-	-	-	-	62,106	1,746
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other Receipts	4,671	-	-	-	-	-	-	-
Total receipts	13,139	15,405	-	5,800	29,882	-	62,106	1,746
Disbursements:								
Instruction	-	10,860	-	5,800	29,211	-	42,201	1,746
Support services	17,579	-	-	-	-	-	7,557	-
Noninstructional services	-	-	-	-	-	-	2,086	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	17,579	10,860	-	5,800	29,211	-	51,844	1,746
Excess (deficiency) of receipts over disbursements	(4,440)	4,545	-	-	671	-	10,262	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,440)	4,545	-	-	671	-	10,262	-
Cash and investments - ending	\$ 15,203	\$ 4,545	\$ -	\$ -	\$ 671	\$ -	\$ -	\$ -

CHARLES A. BEARD MEMORIAL 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 I 16/17	Title I 17/18	Title II FY16	Title II FY15	Title II 2013-2014	Payroll Clearing Funds	Prepaid Lunch Fund	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (8,900)	\$ 44,199	\$ 6,229	\$ 3,705,750
Receipts:								
Local sources	-	-	-	-	-	-	-	4,400,966
Intermediate sources	-	-	-	-	-	-	-	329
State sources	-	-	-	-	-	-	-	7,743,781
Federal sources	136,519	-	-	14,815	25,068	-	-	564,781
Temporary loans	-	-	-	-	-	-	-	645,000
Interfund loans	14,679	-	-	2,541	-	-	-	34,440
Other Receipts	-	-	-	-	-	1,581,793	97,469	1,889,115
Total receipts	151,198	-	-	17,356	25,068	1,581,793	97,469	15,278,412
Disbursements:								
Instruction	120,989	-	-	-	-	-	-	4,885,805
Support services	34,000	-	-	15,764	16,168	-	-	4,245,232
Noninstructional services	1,231	-	-	-	-	-	-	856,493
Facilities acquisition and construction	-	-	-	-	-	-	-	553,201
Debt service	-	-	-	-	-	-	-	2,886,138
Nonprogrammed charges	-	-	-	-	-	1,580,176	97,003	1,677,179
Interfund loans	14,679	-	-	2,542	-	-	-	34,441
Total disbursements	170,899	-	-	18,306	16,168	1,580,176	97,003	15,138,489
Excess (deficiency) of receipts over disbursements	(19,701)	-	-	(950)	8,900	1,617	466	139,923
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,100,000
Sale of capital assets	-	-	-	-	-	-	-	146
Transfers in	-	-	-	-	-	-	-	7,828
Transfers out	-	-	-	-	-	-	-	(7,828)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,100,146
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,701)	-	-	(950)	8,900	1,617	466	1,240,069
Cash and investments - ending	\$ (19,701)	\$ -	\$ -	\$ (950)	\$ -	\$ 45,816	\$ 6,695	\$ 4,945,819

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	General Obligation Bond	School Lunch
Cash and investments - beginning	\$ 1,460,835	\$ 923,705	\$ 359,867	\$ 539,046	\$ 183,777	\$ 271,167	\$ 23	\$ 957,024	\$ 109,802
Receipts:									
Local sources	43,765	2,163,038	859,787	892,314	210,700	-	-	-	177,755
Intermediate sources	150	-	-	-	-	-	-	-	-
State sources	7,439,105	-	-	-	-	-	-	-	5,064
Federal sources	-	-	-	-	-	-	-	-	326,510
Temporary loans	-	-	158,000	182,000	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other Receipts	18,114	-	-	4,588	-	-	-	-	24,471
Total receipts	7,501,134	2,163,038	1,017,787	1,078,902	210,700	-	-	-	533,800
Disbursements:									
Instruction	4,731,075	-	-	-	-	-	-	-	-
Support services	2,519,787	-	651,331	897,514	158,720	-	-	-	8,780
Noninstructional services	338,106	-	-	-	-	-	-	-	505,425
Facilities acquisition and construction	36	-	26,911	-	-	64,743	-	947,174	-
Debt service	154,000	2,182,780	219,000	221,000	51,000	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	7,743,004	2,182,780	897,242	1,118,514	209,720	64,743	-	947,174	514,205
Excess (deficiency) of receipts over disbursements	(241,870)	(19,742)	120,545	(39,612)	980	(64,743)	-	(947,174)	19,595
Other financing sources (uses):									
Transfers in	-	-	1	5	4	-	-	-	-
Transfers out	-	(3,355)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(3,355)	1	5	4	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(241,870)	(23,097)	120,546	(39,607)	984	(64,743)	-	(947,174)	19,595
Cash and investments - ending	\$ 1,218,965	\$ 900,608	\$ 480,413	\$ 499,439	\$ 184,761	\$ 206,424	\$ 23	\$ 9,850	\$ 129,397

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Textbook Rental	Levy Excess	Educational License Plates	Lilly Counseling Grant	Scholarships and Awards	Pioneer Case Scholarship	Miscellaneous Programs	Formative Assessment	Secured Schools Safety Grant
Cash and investments - beginning	\$ 101,440	\$ 2,188	\$ 319	\$ 26,900	\$ -	\$ -	\$ 7,448	\$ -	\$ (50,000)
Receipts:									
Local sources	40,026	-	-	-	5,833	1,000	3,010	-	-
Intermediate sources	-	-	19	-	-	-	-	-	-
State sources	41,708	-	-	-	-	-	-	13,186	50,000
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other Receipts	3,460	-	-	-	-	-	-	-	-
Total receipts	85,194	-	19	-	5,833	1,000	3,010	13,186	50,000
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	101,484	-	-	24,797	-	-	-	13,186	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	5,010	-	-
Total disbursements	101,484	-	-	24,797	-	-	5,010	13,186	-
Excess (deficiency) of receipts over disbursements	(16,290)	-	19	(24,797)	5,833	1,000	(2,000)	-	50,000
Other financing sources (uses):									
Transfers in	3,345	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	3,345	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,945)	-	19	(24,797)	5,833	1,000	(2,000)	-	50,000
Cash and investments - ending	\$ 88,495	\$ 2,188	\$ 338	\$ 2,103	\$ 5,833	\$ 1,000	\$ 5,448	\$ -	\$ -

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	School Technology	Career and Technical Performance Grant	Performance Based Awards	Excellence In Performance Grant	High Ability 16/17	High Ability 17/18	Title I 2015-2016	Title I School Improvement
Cash and investments - beginning	\$ 15,203	\$ 4,545	\$ -	\$ -	\$ 671	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	11,010	-	32,550	-	-	29,464	-	-
Federal sources	-	11,685	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other Receipts	2,833	-	-	-	-	-	-	-
Total receipts	13,843	11,685	32,550	-	-	29,464	-	-
Disbursements:								
Instruction	-	4,563	32,550	-	671	29,464	-	-
Support services	9,802	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	9,802	4,563	32,550	-	671	29,464	-	-
Excess (deficiency) of receipts over disbursements	4,041	7,122	-	-	(671)	-	-	-
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	4,041	7,122	-	-	(671)	-	-	-
Cash and investments - ending	\$ 19,244	\$ 11,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Title I 16/17	Title I 17/18	Title II FY16	Title II FY15	Title II 2013-2014	Payroll Clearing Funds	Prepaid Lunch Fund	Totals
Cash and investments - beginning	\$ (19,701)	\$ -	\$ -	\$ (950)	\$ -	\$ 45,816	\$ 6,695	\$ 4,945,819
Receipts:								
Local sources	-	-	-	-	-	-	-	4,397,228
Intermediate sources	-	-	-	-	-	-	-	169
State sources	-	-	-	-	-	-	-	7,622,087
Federal sources	44,124	107,097	15,201	18,261	-	-	-	522,878
Temporary loans	-	-	-	-	-	-	-	340,000
Interfund loans	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	1,558,858	175,456	1,787,780
Total receipts	44,124	107,097	15,201	18,261	-	1,558,858	175,456	14,670,142
Disbursements:								
Instruction	23,653	113,939	-	-	-	-	-	4,935,915
Support services	-	6,607	15,439	17,311	-	-	-	4,424,758
Noninstructional services	770	1,622	-	-	-	-	-	845,923
Facilities acquisition and construction	-	-	-	-	-	-	-	1,038,864
Debt service	-	-	-	-	-	-	-	2,827,780
Nonprogrammed charges	-	-	-	-	-	1,570,422	178,353	1,753,785
Total disbursements	24,423	122,168	15,439	17,311	-	1,570,422	178,353	15,827,025
Excess (deficiency) of receipts over disbursements	19,701	(15,071)	(238)	950	-	(11,564)	(2,897)	(1,156,883)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	3,355
Transfers out	-	-	-	-	-	-	-	(3,355)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,701	(15,071)	(238)	950	-	(11,564)	(2,897)	(1,156,883)
Cash and investments - ending	\$ -	\$ (15,071)	\$ (238)	\$ -	\$ -	\$ 34,252	\$ 3,798	\$ 3,788,937

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 15,706</u>	<u>\$ 15,309</u>

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Daimler Truck Financial	2018 School Buses	\$ 113,037	07/25/17	07/25/21
Daimler Truck Financial	2018 Activity Bus	9,518	05/29/15	01/06/20
Daimler Truck Financial	2017 School Bus	18,951	04/12/16	07/01/20
Knightstown High School Bldg Corp	High School 2009 Bond	688,000	08/05/09	01/10/24
Knightstown High School Bldg Corp	High School 2009 QSCB	164,500	12/30/09	01/01/25
MacAllister Machinery	Tractor	6,118	08/25/14	03/01/19
Santander Bank N.A.	2014 School Bus	<u>17,215</u>	11/19/13	11/21/18
Total governmental activities		<u>1,017,339</u>		
Total of annual lease payments		<u>\$ 1,017,339</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	General Obligation Bonds Series 2016	\$ 590,000	\$ 394,204
Tax anticipation warrants	Tax Anticipation Warrants	340,000	349,343
Notes and loans payable	Common School Loan A0471	2,676,000	371,964
Notes and loans payable	Common School Loan A0488	1,901,625	418,358
Notes and loans payable	Common School Loan A0501	451,000	99,220
Notes and loans payable	Common School Loan A1809	<u>45,832</u>	<u>23,317</u>
Total governmental activities		<u>6,004,457</u>	<u>1,656,406</u>
Totals		<u>\$ 6,004,457</u>	<u>\$ 1,656,406</u>

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 411,550
Buildings	25,143,375
Improvements other than buildings	1,985,725
Machinery, equipment, and vehicles	<u>1,945,469</u>
Total governmental activities	<u>29,486,119</u>
Total capital assets	<u>\$ 29,486,119</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CHARLES A. BEARD MEMORIAL
SCHOOL CORPORATION, HENRY COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the Charles A. Beard Memorial School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the period of July 1, 2016 to June 30, 2018. The School Corporation's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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 the School Corporation's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on the 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 its major federal program for the period of July 1, 2016 to June 30, 2018.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002. 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 2018-001 and 2018-002, that we consider to be material weaknesses.

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.

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

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
Paul D. Joyce, CPA
State Examiner

April 9, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 17	\$ -	\$ 54,128	\$ -	\$ -
School Breakfast Program			FY 18	-	-	-	60,740
Total - School Breakfast Program				-	54,128	-	60,740
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY 17	-	260,047	-	-
National School Lunch Program			FY 18	-	-	-	265,770
Commodities				-	51,824	-	70,430
Total - National School Lunch Program				-	311,871	-	336,200
Total - Child Nutrition Cluster				-	365,999	-	396,940
Total - Department of Agriculture				-	365,999	-	396,940
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education			14216-042-PN01	-	102,155	-	-
Special Education			14217-042-PN01	-	201,496	-	100,601
Special Education			14218-042-PN01	-	-	-	219,928
Total - Special Education Grants to States				-	303,651	-	320,529
Special Education Preschool Grants							
Special Education	Indiana Department of Education	84.173					
Special Education			45716-042-PN01	-	7,571	-	-
Special Education			45717-042-PN01	-	12,279	-	7,778
Special Education			45718-042-PN01	-	-	-	12,899
Total - Special Education Preschool Grants				-	19,850	-	20,677
Total - Special Education Cluster (IDEA)				-	323,501	-	341,206
Title I Grants to Local Educational Agencies							
Title I Basic Grant	Indiana Department of Education	84.010					
Title I Basic Grant			16-3455	-	62,105	-	-
Title I Basic Grant			17-3455	-	136,519	-	44,124
Title I Basic Grant			18-3455	-	-	-	107,097
Title I Basic School Improvement Grant			S010A150014	-	1,746	-	-
Total - Title I Grants to Local Educational Agencies				-	200,370	-	151,221
Supporting Effective Instruction State Grants							
Title II	Indiana Department of Education	84.367					
Title II			14-3455	-	25,068	-	-
Title II			15-3455	-	14,815	-	18,261
Title II			16-3455	-	-	-	15,201
Total - Supporting Effective Instruction State Grants				-	39,883	-	33,462
Total - Department of Education				-	563,754	-	525,889
Total federal awards expended				\$ -	\$ 929,753	\$ -	\$ 922,829

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

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Special Education Cooperative

The School Corporation is a member of the Newcastle Area Special Services 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.

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major program:	
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 Program and type of auditor's report issued on compliance for it:

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

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-001

Subject: Child Nutrition Cluster - Internal Controls over Eligibility and Program Income
 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 17, FY 18
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirements: Eligibility, Program Income
 Audit Finding: Material Weakness

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit report related to the Eligibility compliance requirement. The prior audit finding number was 2016-006.

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 following compliance requirements:

Eligibility

The School Corporation did not have a control procedure in place to ensure that the eligibility determinations were being reviewed after the initial determination.

Program Income

Only one individual was responsible for reconciling the prepaid lunch account and transferring the program income to the School Lunch account. There was no additional review or monitoring procedures over the transfers.

Context

The lack of controls was a systemic issue, which occurred 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 grant agreement and the compliance requirements listed above.

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.

Questioned Costs

There were no questioned costs identified.

CHARLES A. BEARD MEMORIAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2018-002

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
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 17, FY 18
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 report. The prior audit finding number was 2016-010.

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 Procurement and Suspension and Debarment compliance requirement.

Procurement

The School Corporation did not have internal controls in place to ensure that small purchases were made in compliance with procurement requirements. The School Corporation did not obtain price or rate quotations for all small purchases made from vendors of the Child Nutrition program and did not have a contract with one vendor that was required to have a contract.

Suspension and Debarment

The School Corporation did not have controls in place to ensure that vendors were not suspended or debarred from participation in federal programs.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

CHARLES A. BEARD MEMORIAL 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). . . ."

2 CFR 200.320 states in part:

"The non-Federal entity must use one of the following methods of procurement. . . .

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirements.

Effect

The failure to establish an effective internal control system enabled non-compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance 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.

Charles A. Beard Memorial School Corporation

8139 W US Hwy 40
Knightstown, Indiana 46148

School Board

Wade Beatty, President
Cynthia Neal, Vice President
Gerald Leonard, Secretary
Steve Ferrell
Graham Richardson
Thomas Schaetzle
John Swartz



Jediah Behny
Superintendent

Voice: 765-345-5101
Fax: 765-345-5103

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Stephanie Madison
Contact Phone Number: 765-345-5101

Status of Audit Finding: Corrected July 1, 2018. The Fiscal Officer prepares the Schedule of Expenditures of Federal Awards and submits it to the Superintendent for review and approval before submission.

FINDING 2016-002

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Stephanie Madison
Contact Phone Number: 765-345-5101

Status of Audit Finding: Corrected July 1, 2016. The Fiscal Officer prepares the monthly bank reconciliation and submits it to the Superintendent for review.

FINDING 2016-003

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Stephanie Madison
Contact Phone Number: 765-345-5101

Status of Audit Finding: Corrected July 1, 2018. The Fiscal Officer prepares reports for School Nutrition and submits it to the Food Service Director for review and approval before submission.

FINDING 2016-004

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Jody McMahel
Contact Phone Number: 765-345-5101

Status of Audit Finding: Corrected July 1, 2018. The Fiscal Officer and the Food Service Director prepare and review the Paid Lunch Equity before submission.

FINDING 2016-005

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Stephanie Madison
Contact Phone Number: 765-345-5101

Status of Audit Finding: Corrected March 30, 2016. The school corporation used the excess funds to purchase new equipment.

FINDING 2016-006

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Stephanie Madison

Status of Audit Finding: In Progress. Due to the timing of the audit for fiscal year 2016, this was corrected in fiscal year 2019. The applications are now entered and reviewed by two or more individuals.

FINDING 2016-007

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jediah Behny
Contact Phone Number: 765-345-5101

Status of Audit Finding: Corrected May 24, 2016. As a member of the NCASS, the Superintendent has taken steps to ensure that proper internal controls in place to the best of his ability.

FINDING 2016-008

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jediah Behny
Contact Phone Number: 765-345-5101

Status of Audit Finding: Corrected May 24, 2016. As a member of the NCASS, the Superintendent has taken steps to ensure that proper internal controls in place to the best of his ability.

FINDING 2016-009

Fiscal year in which the finding initially occurred: 2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Stephanie Madison
Contact Phone Number: 765-345-5101

Status of Audit Finding: Corrected June 3, 2016. Fund 8400, Prepaid Food, was created on June 3, 2016.

FINDING 2016-010

Fiscal year in which the finding initially occurred: 2015

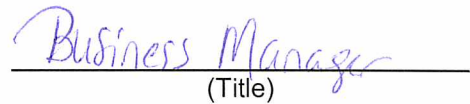
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

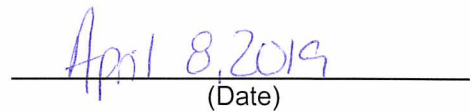
Contact Person Responsible for Corrective Action: Stephanie Madison

Contact Phone Number: 765-345-5101

Status of Audit Finding: In progress. Due to the timing of the audit for fiscal year 2016, this was corrected in fiscal year 2019. The Food Service Director prepares the documents for the procurement process and ensures that vendors have not been suspended or debarred. The documentation is then submitted to the business office for review.


(Signature)


(Title)


(Date)

Charles A. Beard Memorial School Corporation

8139 W US Hwy 40
Knightstown, Indiana 46148

School Board

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Graham Richardson



Jediah Behny
Superintendent

Voice: 765-345-5101
Fax: 765-345-5103

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Stephanie Madison
Contact Phone Number: 765-345-5101

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The school corporation implemented new internal controls following the Department of Education's School Nutrition audit, in which guidance was given to follow protocol of the provided Free and Reduced application that contains one signature line and to spot check a variable number of applications to ensure compliance. Having received additional guidance from State Board of Accounts, the corporation has made all efforts to review and initial every Free and Reduced application. The implementation of new internal controls also allowed for the additional layer of oversight of transfers between the prepaid lunch account and the school food service account. The transfers will be prepared and reviewed by two staff members each month.

Completion Date: July 1, 2018

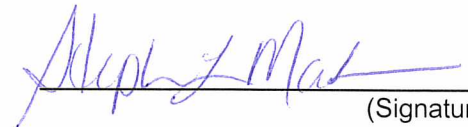
FINDING 2018-002

Contact Person Responsible for Corrective Action: Jody McMahel
Contact Phone Number: 765-345-5101

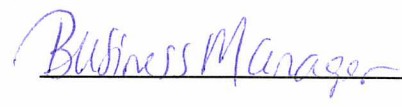
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The school corporation will establish effective internal controls by adding an additional layer of oversight to ensure the completion and retention of documentation required for the procurement process, as well as ensuring vendors have not been suspended or debarred.

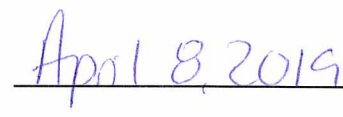
Completion Date: July 1, 2018



(Signature)



(Title)



(Date)

AN EQUAL OPPORTUNITY EMPLOYER

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/>.