

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

EXAMINATION REPORT  
OF  
SHERIDAN COMMUNITY SCHOOLS  
HAMILTON COUNTY, INDIANA  
July 1, 2005 to June 30, 2006



**FILED**  
12/11/2006



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Financial Information:	
Government-Wide Financial Statements:	
Statement of Cash and Investments .....	4
Statement of Cash Activities .....	5
Fund Financial Statements:	
Governmental Funds:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Governmental Funds .....	6
Fiduciary Funds:	
Statement of Receipts, Disbursements, and Changes in Cash and Investments – Fiduciary Funds .....	7
Statement of Cash and Investments – Fiduciary Fund .....	8
Notes to Financial Information.....	9-11
Required Supplementary Information:	
Schedule of Funding Progress .....	12
Supplementary Information:	
Schedule of Long-Term Debt.....	13
Examination Results and Comments:	
Overdrawn Fund Balances .....	14
Capital Asset Records .....	14
Exit Conference.....	15

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Robin Popejoy	07-01-05 to 06-30-07
Superintendent of Schools	Dr. Scott Robinson	07-01-05 to 07-02-06
	Vacant	07-03-06 to 07-09-06
	Lynn Sheets	07-10-06 to 07-31-06
	Dr. Derek Arrowood	08-01-06 to 06-30-07
President of the School Board	Loretta Sutherland	07-01-05 to 06-30-06
	Mark Durr	07-01-06 to 06-30-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SHERIDAN COMMUNITY SCHOOLS, HAMILTON COUNTY, INDIANA

We have examined the financial information presented herein of Sheridan Community Schools (School Corporation), for the period of July 1, 2005 to June 30, 2006. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the year ended June 30, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress and Schedule of Long-Term Debt as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. The Schedule of Funding Progress and Schedule of Long-Term Debt have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 30, 2006

SHERIDAN COMMUNITY SCHOOLS  
STATEMENT OF CASH AND INVESTMENTS  
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 2,413,451
Restricted assets:	
Cash and investments	<u>336,746</u>
Total assets	<u>\$ 2,750,197</u>
<u>Net Assets</u>	
Restricted for:	
Debt service	\$ 336,746
Unrestricted	<u>2,413,451</u>
Total net assets	<u>\$ 2,750,197</u>

The accompanying notes are an integral part of the financial statements.

SHERIDAN COMMUNITY SCHOOLS  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 3,108,498	\$ -	\$ 40,334	\$ (3,068,164)
Support services	4,494,736	361,873	142,485	(3,990,378)
Community services	195,841	-	-	(195,841)
Nonprogrammed charges	438,201	-	-	(438,201)
Debt service	1,286,403	-	-	(1,286,403)
Total governmental activities	\$ 9,523,679	\$ 361,873	\$ 182,819	(8,978,987)
General receipts:				
Property taxes				3,765,633
Other local sources				243,529
State aid				4,399,783
Grants and contributions not restricted				91,264
Bonds and loans				1,245,050
Sale of property, adjustments, and refunds				40,443
Investment earnings				54,379
Total general receipts				9,840,081
Change in cash and investments				861,094
Net assets - beginning				1,889,103
Net assets - ending				\$ 2,750,197

The accompanying notes are an integral part of the financial statements.

SHERIDAN COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 2,346,612	\$ 575,391	\$ 503,955	\$ 818,940	\$ 180,622	\$ 470,266	\$ 4,895,786
Intermediate sources	487	-	-	-	-	450	937
State sources	4,427,870	-	-	-	-	91,104	4,518,974
Federal sources	-	-	-	-	-	152,266	152,266
Bonds and loans	625,000	-	47,239	-	-	104,129	776,368
Sale of property, adjustments and refunds	27,707	1,378	-	3,239	-	8,118	40,442
Intergovernmental transfers	24	-	-	-	-	89,770	89,794
<b>Total receipts</b>	<u>7,427,700</u>	<u>576,769</u>	<u>551,194</u>	<u>822,179</u>	<u>180,622</u>	<u>916,103</u>	<u>10,474,567</u>
Disbursements:							
Current:							
Instruction	2,952,906	-	-	-	-	155,592	3,108,498
Support services	2,678,029	550,821	10,448	653,828	-	601,610	4,494,736
Community services	195,145	-	-	-	-	696	195,841
Nonprogrammed charges	450,630	8,004	7,327	11,608	49,235	1,191	527,995
Debt services	708,782	-	449,051	-	-	128,570	1,286,403
<b>Total disbursements</b>	<u>6,985,492</u>	<u>558,825</u>	<u>466,826</u>	<u>665,436</u>	<u>49,235</u>	<u>887,659</u>	<u>9,613,473</u>
Excess of total receipts over total disbursements	442,208	17,944	84,368	156,743	131,387	28,444	861,094
Cash and investments - beginning	895,321	45,201	213,989	257,529	-	477,063	1,889,103
<b>Cash and investments - ending</b>	<u>\$ 1,337,529</u>	<u>\$ 63,145</u>	<u>\$ 298,357</u>	<u>\$ 414,272</u>	<u>\$ 131,387</u>	<u>\$ 505,507</u>	<u>\$ 2,750,197</u>

The accompanying notes are an integral part of the financial statements.

SHERIDAN COMMUNITY SCHOOLS  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN CASH AND INVESTMENTS  
 FIDUCIARY FUNDS  
 For The Year Ended June 30, 2006

	Pension Trust	Private- Purpose Trust
Additions:		
Local sources	\$ -	\$ 1,500
Intermediate sources	468,682	-
Sale of property, adjustments and refunds	-	1,130
Total additions	468,682	2,630
Deductions:		
Instruction	-	3,935
Excess (deficiency) of total additions over (under) total deductions	468,682	(1,305)
Cash and investments - beginning	-	3,825
Cash and investments - ending	\$ 468,682	\$ 2,520

The accompanying notes are an integral part of the financial statements.

SHERIDAN COMMUNITY SCHOOLS  
 STATEMENT OF CASH AND INVESTMENTS  
 FIDUCIARY FUNDS  
 June 30, 2006

<u>Assets</u>	<u>Pension Trust</u>	<u>Private Purpose Trust</u>
Cash and investments	\$ 468,682	\$ 2,520
<u>Net Assets</u>		
Held in trust for employee benefits and other purposes	\$ 468,682	\$ 2,520

The accompanying notes are an integral part of the financial statements.

SHERIDAN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

School Corporation, as used herein, shall include, but is not limited to, 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.

Note 2. Fund Accounting

The School Corporation uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. 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 March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

SHERIDAN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent 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 PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Teacher's Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teacher's Retirement Fund (TRF), 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 TRF 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% 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.

TRF 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:

SHERIDAN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Teacher's Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

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.

SHERIDAN COMMUNITY SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 981,515	\$ 1,047,265	\$ (65,750)	94%	\$ 878,831	(7%)
07-01-04	999,761	1,114,700	(114,939)	90%	788,275	(15%)
07-01-05	1,040,966	1,037,181	3,785	100%	702,671	1%

SHERIDAN SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

June 30, 2006

The School Corporation has entered into the following debt:

Description of Debt	Ending Balance	Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 1,804,833	\$ 320,000
Bonds payable:		
General obligation bonds:		
School Improvements	1,375,000	40,000
Retirement Bond	970,000	30,000
Total governmental activities debt	\$ 4,149,833	\$ 390,000

SHERIDAN COMMUNITY SCHOOLS  
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Construction Fund and School Technology Fund were overdrawn in 2005-2006.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CAPITAL ASSET RECORDS

Information presented for audit did not indicate a complete inventory or record of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SHERIDAN COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on October 30, 2006, with Robin Popejoy, Treasurer; Dr. Derek Arrowood, Superintendent of Schools; and Mark Durr, President of the School Board. The officials concurred with our findings.