

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

**Paul D. Joyce, CPA  
State Examiner**

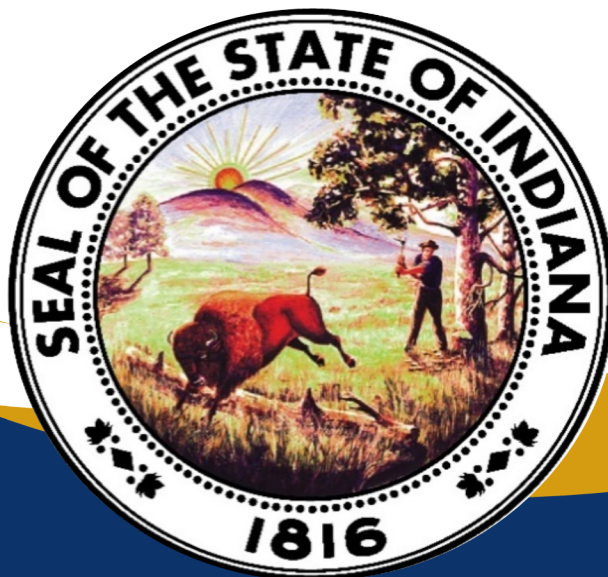
COMPLIANCE EXAMINATION REPORT

OF

TOWN OF SHERIDAN

HAMILTON COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**  
01/17/2025





Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769  
Telephone: (317) 232-2513  
Fax: (317) 232-4711  
[www.in.gov/sboa](http://www.in.gov/sboa)

January 17, 2025

To: The Officials of the Town of Sheridan  
Town of Sheridan  
Hamilton County, Indiana

This report is supplemental to the audit report of Town of Sheridan (Town), for the period from January 1, 2020 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any findings that pertain to the Town. It should be read in conjunction with the financial statement audit report of the Town, which provides an opinion on the Town's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the Town and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The findings contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the supplemental report of Town of Sheridan prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2020 to December 31, 2023. In our opinion, the supplemental report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3 and 4.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA  
Deputy State Examiner

TOWN OF SHERIDAN

Hamilton County, Indiana  
January 1, 2020 through December 31, 2023

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TOWN OF SHERIDAN  
SCHEDULE OF OFFICIALS (Unaudited)  
January 1, 2020 through December 31, 2023

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<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Town Council	David Kinhead	01-01-20 to 12-31-20
	Silas DeVaney	01-01-21 to 12-31-23
Clerk-Treasurer	Elizabeth Walden	01-01-20 to 12-31-23

## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of the Town of Sheridan

We have examined the Town of Sheridan's ("Town") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Cities and Towns* during the period January 1, 2020 through December 31, 2023. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual for Cities and Towns* applicable to the Town during the period January 1, 2020 through December 31, 2023, as described in items 2023-001 through 2023-003 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Town complied, in all material respects, with the aforementioned requirements during the period January 1, 2020 through December 31, 2023.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
December 20, 2024

TOWN OF SHERIDAN  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2020 through December 31, 2023

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**FINDING 2023-001: COMPENSATION AND BENEFITS**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns states in part, “*All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements.*”

**Condition:** During testing of payroll expenditures, we noted that 2 instances, in a sample of 10, where the pay rate for the employee was not included in the salary ordinance. The rate was set by the Fire Chief, but was not listed on the ordinance.

**FINDING 2023-002: SCHEDULES IN ANNUAL FINANCIAL REPORT – OTHER INFORMATION**

**Criteria:** The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Cities and Towns, Chapter 1).

**Condition:** Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The information entered into Gateway contained the following errors:

*Schedule of Leases and Debt*

The Town’s GEO Obligation Bond Series 2022 has a principal due within one year of \$110,000 per the supporting schedule, however, the AFR showed \$185,000. The schedule has been updated in the financial statement.

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(Continued)

TOWN OF SHERIDAN  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2020 through December 31, 2023

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**FINDING 2023-003: INTERNAL CONTROLS**

**Criteria:** The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual: "*Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .*"

**Condition:** During testing, we noted that the Town did not meet the minimum standards of internal control. Specifically, we noted the following issues:

*Annual Financial Report*

Management of the Town did not review the Annual Financial Report (AFR) in thorough enough detail to notice that receipts and disbursements were being overstated in regard to the transfers associated with the Trust Indiana Funds. During our testing of receipts and disbursements, we noted that the Town had a Trust Indiana fund set up for the Water Utility Operating Fund, the Sewage Utility Operating Fund, and the Storm Water Operating Fund. Each Trust Indiana fund was set up to track the investments related to the funds noted above. It was noted that the Town was recording transfers between the Trust Indiana Fund and the associated Operating Fund, which was overstating the receipt and disbursement activity for the year, since the money already belonged to the corresponding Operating Fund (i.e. Water Utility Operating Fund, Sewage Utility Operating Fund, and Storm Water Operating Fund).

The following entries were posted to reduce receipts and disbursements associated with these transfers for calendar year 2021:

*Water Utility Operating Fund* – Reduce receipts by \$4,191,848  
*Water Trust Indiana Fund* – Reduce disbursements by \$4,191,848

*Sewage Utility Operating Fund* – Reduce receipts by \$2,459,520  
*Sewer Trust Indiana Fund* – Reduce disbursements by \$2,459,520

*Storm Water Operating Fund* – Reduce receipts by \$100,015  
*Storm Water Trust Indiana Fund* – Reduce disbursements by \$100,015

TOWN OF SHERIDAN  
EXIT CONFERENCE  
January 1, 2020 through December 31, 2023

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The contents of this report were discussed on December 20, 2024 with Elizabeth Walden, Clerk-Treasurer, and Silas DeVaney, President of the Town Council.