

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SHERIDAN COMMUNITY SCHOOLS  
HAMILTON COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
04/21/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Robin Popejoy	07-01-12 to 06-30-16
Superintendent of Schools	Dr. Derek Arrowood Dr. David Mundy	07-01-12 to 12-31-13 01-01-14 to 06-30-16
President of the School Board	Alan Lyon Todd Roberts Todd Burtron Jim Hopkins	07-01-12 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-16



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the Sheridan Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, 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 of 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 of 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, 2012 to June 30, 2014.

***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, 2012 to June 30, 2014, 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 the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated January 26, 2016, 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 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 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

January 26, 2016



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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 SHERIDAN COMMUNITY SCHOOLS, HAMILTON 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 Sheridan Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated January 26, 2016, 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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002.

**Sheridan Community School's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

January 26, 2016

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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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SHERIDAN COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 414,046	\$ 6,913,347	\$ 6,344,151	\$ -	\$ 983,242	\$ 6,661,688	\$ 6,593,998	\$ (200,000)	\$ 850,932
Referendum Tax Levy	654,916	1,051,285	1,638,705	-	67,496	1,197,074	1,188,633	-	75,937
Debt Service	510,991	2,838,623	2,540,024	-	809,590	3,080,665	2,654,338	-	1,235,917
Retirement/Severance Bond Debt Service	53,629	104,719	107,143	-	51,205	98,860	98,481	-	51,584
Capital Projects	226,869	883,503	713,786	-	396,586	841,590	734,941	(175,000)	328,235
School Transportation	357,682	790,441	659,884	-	488,239	717,289	712,971	(100,000)	392,557
School Bus Replacement	256,548	130,304	202,441	-	184,411	151,637	175,889	-	160,159
Rainy Day	200,000	600,000	553,322	-	246,678	324,740	395,102	475,000	651,316
School Lunch	84,452	559,659	609,431	-	34,680	554,943	579,815	-	9,808
Textbook Rental	50,344	96,210	110,341	-	36,213	113,421	100,104	-	49,530
Repair and Replacement	-	-	-	-	-	173,166	176,556	-	(3,390)
Educational License Plates	507	2,338	2,583	-	262	1,785	338	-	1,709
Safe Haven Grant 2012-2013	-	10,848	11,500	-	(652)	2,017	1,365	-	-
Safe Haven Grant 2013-2014	-	-	-	-	-	8,050	8,050	-	-
Moore Foundation	1,730	9,000	8,350	-	2,380	14,000	11,927	-	4,453
Extra-Curricular Activities	-	-	-	-	-	1,500	-	-	1,500
WVWCI Wellness Program	345	655	840	-	160	240	306	-	94
Scholarships and Awards	15,916	21,300	17,600	-	19,616	20,376	20,176	-	19,816
Biddle Memorial	654	-	654	-	-	-	-	-	-
JBS United Inc. Donation	-	1,500	1,500	-	-	1,500	-	-	1,500
Urban/Grainger Donation	2,322	10,000	2,322	-	10,000	7,000	10,000	-	7,000
Fuel Up to Play 60	1,074	-	1,074	-	-	-	-	-	-
High Ability Grant 2012-2013	-	30,106	29,973	-	133	-	133	-	-
High Ability Grant 2013-2014	-	-	-	-	-	28,137	28,137	-	-
Secured Schools Safety Grant	-	-	-	-	-	15,389	16,758	-	(1,369)
Non-English Speaking Programs P.L. 273-1999	-	754	754	-	-	-	-	-	-
State Connectivity	1,888	5,753	3,759	-	3,882	4,437	8,319	-	-
Oral Health Grant 2013	-	-	-	-	-	100	-	-	100
E Learning Professional Grant	-	-	-	-	-	-	25	-	(25)
Title I Grant 2011-2012	(110)	13,876	5,891	(7,875)	-	-	-	-	-
Title I Grant 2012-2013	-	144,666	182,104	7,875	(29,563)	40,269	10,706	-	-
Title I Grant 2013-2014	-	-	-	-	-	116,805	157,496	-	(40,691)
Serve America	2,619	127	2,746	-	-	-	-	-	-
Federal Part B 2011-2012	(2,036)	7,688	5,652	-	-	-	-	-	-
Federal Part B 2013	-	-	-	-	-	27,362	27,362	-	-
Tech Assistance Fed Part B	-	-	-	-	-	5,749	5,749	-	-
Special Ed Improvement Grant	-	-	58,615	-	(58,615)	69,972	11,357	-	-
School Intervention & Career	-	15,000	14,912	-	88	15,000	15,128	-	(40)
Department of Health/Human Service 2011-2012	3,205	31,419	34,624	-	-	-	-	-	-
Department of Health/Human Service 2012-2013	-	74,007	73,278	-	729	31,903	32,632	-	-
Department of Health/Human Service 2013-2014	-	-	-	-	-	90,678	90,678	-	-
Title II Part A 2010-2011	(660)	11,267	10,607	-	-	-	-	-	-
Title II Part A 2011-2013	-	26,238	27,197	-	(959)	8,455	7,496	-	-
Title II Part A 2012-2014	-	-	-	-	-	26,553	29,416	-	(2,863)
Title III - Language Instruction	-	1,583	1,583	-	-	125	125	-	-
Education Jobs	-	7,749	7,749	-	-	-	-	-	-
Payroll Clearing	-	1,554,390	1,554,390	-	-	1,547,221	1,545,517	-	1,704
<b>Totals</b>	<b>\$ 2,836,931</b>	<b>\$ 15,948,355</b>	<b>\$ 15,539,485</b>	<b>\$ -</b>	<b>\$ 3,245,801</b>	<b>\$ 15,999,696</b>	<b>\$ 15,450,024</b>	<b>\$ -</b>	<b>\$ 3,795,473</b>

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

SHERIDAN COMMUNITY SCHOOLS  
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, 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 which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

SHERIDAN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money 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 which include money 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 which include amounts received from various sources which include 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 which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, self-insurance payments, and payroll clearing fund expenditures.

Interfund loans which include money 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.

SHERIDAN COMMUNITY SCHOOLS  
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:

Transfers in which includes money 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 which includes money 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 money 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 money 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 March 1 (lien date) 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.

SHERIDAN COMMUNITY SCHOOLS  
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, 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

SHERIDAN COMMUNITY SCHOOLS  
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 or expenditures. The reimbursements for such expenditures made by the School Corporation were not received by June 30, 2013 and 2014.

SHERIDAN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. *Holding Corporation***

The School Corporation has entered into a capital lease with the Sheridan Community 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 fiscal years 2013 and 2014 totaled \$2,065,500 and \$2,066,000, respectively.

**Note 9. *Subsequent Events***

On February 2, 2015, the School Corporation granted approval for the Sheridan Community School Building Corporation (Building Corporation) to issue new bonds. On April 15, 2015, the Building Corporation issued bonds in the amount of \$27,130,000. The proceeds of the bonds were used to refund the outstanding bonds from the Building Corporation's 2008 issue with the remaining funds set aside for renovations/improvements to Sheridan Elementary School, Sheridan Middle School, and Sheridan High School.

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#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. 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 Gateway 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 Financial Reports of the School Corporation which are 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.

SHERIDAN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 414,046	\$ 654,916	\$ 510,991	\$ 53,629	\$ 226,869	\$ 357,682	\$ 256,548	\$ 200,000
Receipts:								
Local sources	133,073	701,285	2,488,623	104,719	852,345	779,869	130,304	-
Intermediate sources	12	-	-	-	-	-	-	-
State sources	6,727,580	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	16,925	-	-	-
Interfund loans	-	350,000	350,000	-	-	-	-	600,000
Other	52,682	-	-	-	14,233	10,572	-	-
Total receipts	<u>6,913,347</u>	<u>1,051,285</u>	<u>2,838,623</u>	<u>104,719</u>	<u>883,503</u>	<u>790,441</u>	<u>130,304</u>	<u>600,000</u>
Disbursements:								
Current:								
Instruction	4,077,820	94,307	-	-	-	-	-	-
Support services	1,945,185	594,398	-	-	618,558	659,884	202,441	-
Noninstructional services	321,146	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	95,228	-	-	553,322
Debt services	-	-	2,190,024	107,143	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	950,000	350,000	-	-	-	-	-
Total disbursements	<u>6,344,151</u>	<u>1,638,705</u>	<u>2,540,024</u>	<u>107,143</u>	<u>713,786</u>	<u>659,884</u>	<u>202,441</u>	<u>553,322</u>
Excess (deficiency) of receipts over disbursements	<u>569,196</u>	<u>(587,420)</u>	<u>298,599</u>	<u>(2,424)</u>	<u>169,717</u>	<u>130,557</u>	<u>(72,137)</u>	<u>46,678</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>569,196</u>	<u>(587,420)</u>	<u>298,599</u>	<u>(2,424)</u>	<u>169,717</u>	<u>130,557</u>	<u>(72,137)</u>	<u>46,678</u>
Cash and investments - ending	<u>\$ 983,242</u>	<u>\$ 67,496</u>	<u>\$ 809,590</u>	<u>\$ 51,205</u>	<u>\$ 396,586</u>	<u>\$ 488,239</u>	<u>\$ 184,411</u>	<u>\$ 246,678</u>

SHERIDAN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	School Lunch	Textbook Rental	Repair and Replacement	Educational License Plates	Safe Haven Grant 2012-2013	Safe Haven Grant 2013-2014	Moore Foundation	Extra - Curricular Activities
Cash and investments - beginning	\$ 84,452	\$ 50,344	\$ -	\$ 507	\$ -	\$ -	\$ 1,730	\$ -
Receipts:								
Local sources	296,201	64,669	-	-	-	-	9,000	-
Intermediate sources	-	-	-	468	-	-	-	-
State sources	7,374	31,530	-	1,870	10,848	-	-	-
Federal sources	249,190	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	6,894	11	-	-	-	-	-	-
Total receipts	<u>559,659</u>	<u>96,210</u>	<u>-</u>	<u>2,338</u>	<u>10,848</u>	<u>-</u>	<u>9,000</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	11,500	-	-	-
Support services	3,795	110,341	-	2,583	-	-	-	-
Noninstructional services	577,754	-	-	-	-	-	-	-
Facilities acquisition and construction	27,882	-	-	-	-	-	8,350	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>609,431</u>	<u>110,341</u>	<u>-</u>	<u>2,583</u>	<u>11,500</u>	<u>-</u>	<u>8,350</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(49,772)</u>	<u>(14,131)</u>	<u>-</u>	<u>(245)</u>	<u>(652)</u>	<u>-</u>	<u>650</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(49,772)</u>	<u>(14,131)</u>	<u>-</u>	<u>(245)</u>	<u>(652)</u>	<u>-</u>	<u>650</u>	<u>-</u>
Cash and investments - ending	<u>\$ 34,680</u>	<u>\$ 36,213</u>	<u>\$ -</u>	<u>\$ 262</u>	<u>\$ (652)</u>	<u>\$ -</u>	<u>\$ 2,380</u>	<u>\$ -</u>

SHERIDAN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	WVWCI Wellness Program	Scholarships and Awards	Biddle Memorial	JBS United Inc. Donation	Urban/Grainger Donation	Fuel Up to Play 60	High Ability Grant 2012-2013	High Ability Grant 2013-2014
Cash and investments - beginning	\$ 345	\$ 15,916	\$ 654	\$ -	\$ 2,322	\$ 1,074	\$ -	\$ -
Receipts:								
Local sources	655	21,300	-	1,500	10,000	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	30,106	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	655	21,300	-	1,500	10,000	-	30,106	-
Disbursements:								
Current:								
Instruction	-	17,600	-	-	-	-	29,973	-
Support services	840	-	654	1,500	2,322	1,074	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	840	17,600	654	1,500	2,322	1,074	29,973	-
Excess (deficiency) of receipts over disbursements	(185)	3,700	(654)	-	7,678	(1,074)	133	-
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	(185)	3,700	(654)	-	7,678	(1,074)	133	-
Cash and investments - ending	\$ 160	\$ 19,616	\$ -	\$ -	\$ 10,000	\$ -	\$ 133	\$ -

SHERIDAN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	State Connectivity	Oral Health Grant 2013	E Learning Professional Grant	Title I Grant 2011-2012	Title I Grant 2012-2013	Title I Grant 2013-2014
Cash and investments - beginning	\$ -	\$ -	\$ 1,888	\$ -	\$ -	\$ (110)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	754	5,753	-	-	-	-	-
Federal sources	-	-	-	-	-	13,876	144,666	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	754	5,753	-	-	13,876	144,666	-
Disbursements:								
Current:								
Instruction	-	754	-	-	-	3,308	163,616	-
Support services	-	-	3,759	-	-	2,583	18,488	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	754	3,759	-	-	5,891	182,104	-
Excess (deficiency) of receipts over disbursements	-	-	1,994	-	-	7,985	(37,438)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	7,875	-
Transfers out	-	-	-	-	-	(7,875)	-	-
Total other financing sources (uses)	-	-	-	-	-	(7,875)	7,875	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,994	-	-	110	(29,563)	-
Cash and investments - ending	\$ -	\$ -	\$ 3,882	\$ -	\$ -	\$ -	\$ (29,563)	\$ -

SHERIDAN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Serve America	Federal Part B 2011-2012	Federal Part B 2013	Tech Assistance Fed Part B	Special Ed Improvement Grant	School Intervention & Career	Department of Health/Human Service 2011-2012	Department of Health/Human Service 2012-2013
Cash and investments - beginning	\$ 2,619	\$ (2,036)	\$ -	\$ -	\$ -	\$ -	\$ 3,205	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	15,000	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	127	7,688	-	-	-	-	31,419	73,928
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	79
Total receipts	<u>127</u>	<u>7,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>31,419</u>	<u>74,007</u>
Disbursements:								
Current:								
Instruction	-	5,652	-	-	58,615	-	-	-
Support services	2,746	-	-	-	-	14,912	34,624	73,278
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>2,746</u>	<u>5,652</u>	<u>-</u>	<u>-</u>	<u>58,615</u>	<u>14,912</u>	<u>34,624</u>	<u>73,278</u>
Excess (deficiency) of receipts over disbursements	<u>(2,619)</u>	<u>2,036</u>	<u>-</u>	<u>-</u>	<u>(58,615)</u>	<u>88</u>	<u>(3,205)</u>	<u>729</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,619)</u>	<u>2,036</u>	<u>-</u>	<u>-</u>	<u>(58,615)</u>	<u>88</u>	<u>(3,205)</u>	<u>729</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (58,615)</u>	<u>\$ 88</u>	<u>\$ -</u>	<u>\$ 729</u>

SHERIDAN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Department of Health/Human Service 2013-2014	Title II Part A 2010-2011	Title II Part A 2011-2013	Title II Part A 2012-2014	Title III - Language Instruction	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (660)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,836,931
Receipts:								
Local sources	-	-	-	-	-	-	-	5,593,543
Intermediate sources	-	-	-	-	-	-	-	15,480
State sources	-	-	-	-	-	-	-	6,815,815
Federal sources	-	11,267	26,238	-	1,583	7,749	-	567,731
Temporary loans	-	-	-	-	-	-	-	16,925
Interfund loans	-	-	-	-	-	-	-	1,300,000
Other	-	-	-	-	-	-	1,554,390	1,638,861
Total receipts	-	11,267	26,238	-	1,583	7,749	1,554,390	15,948,355
Disbursements:								
Current:								
Instruction	-	6,086	4,000	-	-	7,749	-	4,480,980
Support services	-	4,521	23,197	-	1,583	-	-	4,323,266
Noninstructional services	-	-	-	-	-	-	-	898,900
Facilities acquisition and construction	-	-	-	-	-	-	-	684,782
Debt services	-	-	-	-	-	-	-	2,297,167
Nonprogrammed charges	-	-	-	-	-	-	1,554,390	1,554,390
Interfund loans	-	-	-	-	-	-	-	1,300,000
Total disbursements	-	10,607	27,197	-	1,583	7,749	1,554,390	15,539,485
Excess (deficiency) of receipts over disbursements	-	660	(959)	-	-	-	-	408,870
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	7,875
Transfers out	-	-	-	-	-	-	-	(7,875)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	660	(959)	-	-	-	-	408,870
Cash and investments - ending	\$ -	\$ -	\$ (959)	\$ -	\$ -	\$ -	\$ -	\$ 3,245,801

SHERIDAN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 983,242	\$ 67,496	\$ 809,590	\$ 51,205	\$ 396,586	\$ 488,239	\$ 184,411	\$ 246,678
Receipts:								
Local sources	161,318	706,749	2,597,301	98,860	817,672	714,686	151,637	-
Intermediate sources	26	-	-	-	-	-	-	-
State sources	6,481,405	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	483,364	483,364	-	-	-	-	-
Other	18,939	6,961	-	-	23,918	2,603	-	324,740
Total receipts	<u>6,661,688</u>	<u>1,197,074</u>	<u>3,080,665</u>	<u>98,860</u>	<u>841,590</u>	<u>717,289</u>	<u>151,637</u>	<u>324,740</u>
Disbursements:								
Current:								
Instruction	4,090,196	221,425	-	-	-	-	-	-
Support services	2,171,650	481,456	-	-	623,950	712,971	175,889	-
Noninstructional services	332,152	-	-	-	-	-	-	-
Facilities acquisition and construction	-	2,388	-	-	110,991	-	-	395,102
Debt services	-	-	2,170,974	98,481	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	483,364	483,364	-	-	-	-	-
Total disbursements	<u>6,593,998</u>	<u>1,188,633</u>	<u>2,654,338</u>	<u>98,481</u>	<u>734,941</u>	<u>712,971</u>	<u>175,889</u>	<u>395,102</u>
Excess (deficiency) of receipts over disbursements	<u>67,690</u>	<u>8,441</u>	<u>426,327</u>	<u>379</u>	<u>106,649</u>	<u>4,318</u>	<u>(24,252)</u>	<u>(70,362)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	475,000
Transfers out	(200,000)	-	-	-	(175,000)	(100,000)	-	-
Total other financing sources (uses)	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(175,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>475,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(132,310)</u>	<u>8,441</u>	<u>426,327</u>	<u>379</u>	<u>(68,351)</u>	<u>(95,682)</u>	<u>(24,252)</u>	<u>404,638</u>
Cash and investments - ending	<u>\$ 850,932</u>	<u>\$ 75,937</u>	<u>\$ 1,235,917</u>	<u>\$ 51,584</u>	<u>\$ 328,235</u>	<u>\$ 392,557</u>	<u>\$ 160,159</u>	<u>\$ 651,316</u>

SHERIDAN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	School Lunch	Textbook Rental	Repair and Replacement	Educational License Plates	Safe Haven Grant 2012-2013	Safe Haven Grant 2013-2014	Moore Foundation	Extra-Curricular Activities
Cash and investments - beginning	\$ 34,680	\$ 36,213	\$ -	\$ 262	\$ (652)	\$ -	\$ 2,380	\$ -
Receipts:								
Local sources	292,549	72,962	-	-	-	-	14,000	1,500
Intermediate sources	-	-	-	169	-	-	-	-
State sources	7,283	28,829	-	1,616	2,017	8,050	-	-
Federal sources	247,323	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	7,788	11,630	173,166	-	-	-	-	-
Total receipts	<u>554,943</u>	<u>113,421</u>	<u>173,166</u>	<u>1,785</u>	<u>2,017</u>	<u>8,050</u>	<u>14,000</u>	<u>1,500</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	1,365	8,050	-	-
Support services	3,771	100,104	176,556	338	-	-	-	-
Noninstructional services	572,843	-	-	-	-	-	-	-
Facilities acquisition and construction	3,201	-	-	-	-	-	11,927	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>579,815</u>	<u>100,104</u>	<u>176,556</u>	<u>338</u>	<u>1,365</u>	<u>8,050</u>	<u>11,927</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(24,872)</u>	<u>13,317</u>	<u>(3,390)</u>	<u>1,447</u>	<u>652</u>	<u>-</u>	<u>2,073</u>	<u>1,500</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(24,872)</u>	<u>13,317</u>	<u>(3,390)</u>	<u>1,447</u>	<u>652</u>	<u>-</u>	<u>2,073</u>	<u>1,500</u>
Cash and investments - ending	<u>\$ 9,808</u>	<u>\$ 49,530</u>	<u>\$ (3,390)</u>	<u>\$ 1,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,453</u>	<u>\$ 1,500</u>

SHERIDAN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	WVWCI Wellness Program	Scholarships and Awards	Biddle Memorial	JBS United Inc. Donation	Urban/Grainger Donation	Fuel Up to Play 60	High Ability Grant 2012-2013	High Ability Grant 2013-2014
Cash and investments - beginning	\$ 160	\$ 19,616	\$ -	\$ -	\$ 10,000	\$ -	\$ 133	\$ -
Receipts:								
Local sources	240	20,376	-	1,500	7,000	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	28,137
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	240	20,376	-	1,500	7,000	-	-	28,137
Disbursements:								
Current:								
Instruction	-	20,176	-	-	-	-	133	27,987
Support services	306	-	-	-	10,000	-	-	150
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	306	20,176	-	-	10,000	-	133	28,137
Excess (deficiency) of receipts over disbursements	(66)	200	-	1,500	(3,000)	-	(133)	-
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	(66)	200	-	1,500	(3,000)	-	(133)	-
Cash and investments - ending	\$ 94	\$ 19,816	\$ -	\$ 1,500	\$ 7,000	\$ -	\$ -	\$ -

SHERIDAN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	State Connectivity	Oral Health Grant 2013	E Learning Professional Grant	Title I Grant 2011-2012	Title I Grant 2012-2013	Title I Grant 2013-2014
Cash and investments - beginning	\$ -	\$ -	\$ 3,882	\$ -	\$ -	\$ -	\$ (29,563)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	15,389	-	4,437	100	-	-	-	-
Federal sources	-	-	-	-	-	-	40,269	116,805
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	15,389	-	4,437	100	-	-	40,269	116,805
Disbursements:								
Current:								
Instruction	16,758	-	-	-	-	-	6,063	131,169
Support services	-	-	8,319	-	25	-	4,643	26,327
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	16,758	-	8,319	-	25	-	10,706	157,496
Excess (deficiency) of receipts over disbursements	(1,369)	-	(3,882)	100	(25)	-	29,563	(40,691)
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	(1,369)	-	(3,882)	100	(25)	-	29,563	(40,691)
Cash and investments - ending	\$ (1,369)	\$ -	\$ -	\$ 100	\$ (25)	\$ -	\$ -	\$ (40,691)

SHERIDAN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Serve America	Federal Part B 2011-2012	Federal Part B 2013	Tech Assistance Fed Part B	Special Ed Improvement Grant	School Intervention & Career	Department of Health/Human Service 2011-2012	Department of Health/Human Service 2012-2013
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (58,615)	\$ 88	\$ -	\$ 729
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	15,000	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	27,362	5,749	69,972	-	-	31,728
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	175
Total receipts	-	-	27,362	5,749	69,972	15,000	-	31,903
Disbursements:								
Current:								
Instruction	-	-	27,362	5,749	11,357	-	-	-
Support services	-	-	-	-	-	15,128	-	32,632
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	27,362	5,749	11,357	15,128	-	32,632
Excess (deficiency) of receipts over disbursements	-	-	-	-	58,615	(128)	-	(729)
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	-	-	-	-	58,615	(128)	-	(729)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40)	\$ -	\$ -

SHERIDAN COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Department of Health/Human Service 2013-2014	Title II Part A 2010-2011	Title II Part A 2011-2013	Title II Part A 2012-2014	Title III - Language Instruction	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (959)	\$ -	\$ -	\$ -	\$ -	\$ 3,245,801
Receipts:								
Local sources	-	-	-	-	-	-	-	5,658,350
Intermediate sources	-	-	-	-	-	-	-	15,195
State sources	-	-	-	-	-	-	-	6,577,263
Federal sources	90,678	-	8,455	26,553	125	-	-	665,019
Interfund loans	-	-	-	-	-	-	-	966,728
Other	-	-	-	-	-	-	1,547,221	2,117,141
Total receipts	90,678	-	8,455	26,553	125	-	1,547,221	15,999,696
Disbursements:								
Current:								
Instruction	-	-	-	4,000	-	-	-	4,571,790
Support services	90,678	-	7,496	25,416	125	-	-	4,667,930
Noninstructional services	-	-	-	-	-	-	-	904,995
Facilities acquisition and construction	-	-	-	-	-	-	-	523,609
Debt services	-	-	-	-	-	-	-	2,269,455
Nonprogrammed charges	-	-	-	-	-	-	1,545,517	1,545,517
Interfund loans	-	-	-	-	-	-	-	966,728
Total disbursements	90,678	-	7,496	29,416	125	-	1,545,517	15,450,024
Excess (deficiency) of receipts over disbursements	-	-	959	(2,863)	-	-	1,704	549,672
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	475,000
Transfers out	-	-	-	-	-	-	-	(475,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	959	(2,863)	-	-	1,704	549,672
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (2,863)	\$ -	\$ -	\$ 1,704	\$ 3,795,473

SHERIDAN COMMUNITY SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ -</u>	<u>\$ 6,321</u>

SHERIDAN COMMUNITY SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Sheridan Community School Building Corp, Bonds of 2008	Construction of new Elementary School	\$ 2,067,500	12/10/07	01/15/31
Sheridan Community School Building Corp, Bonds of 2013	Middle/High School Renovations/Technology Improvements	<u>255,000</u>	07/01/13	01/15/22
Total of annual lease payments		<u>\$ 2,322,500</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	General Obligation Bond Series 2005	\$ 965,000	\$ 102,049
General obligation bonds	Pension Bonds Series 2003	160,000	53,478
General obligation bonds	General Obligation Pension Bond 2006	<u>355,000</u>	<u>41,139</u>
Totals		<u>\$ 1,480,000</u>	<u>\$ 196,666</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Sheridan Community School's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

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

**Report on Internal Control Over Compliance**


Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

January 26, 2016

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

SHERIDAN COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2013 and 2014

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	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 2013	\$ 53,018	\$ -
			FY 2014	-	48,624
Total - School Breakfast Program				<u>53,018</u>	<u>48,624</u>
National School Lunch Program	Indiana Department of Education	10.555	FY 2013	235,813	-
			FY 2014	-	231,092
Total - National School Lunch Program				<u>235,813</u>	<u>231,092</u>
Total - Child Nutrition Cluster				<u>288,831</u>	<u>279,716</u>
Total - Department of Agriculture				<u>288,831</u>	<u>279,716</u>
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	12-3055	13,876	-
			13-3055	144,666	40,269
			14-3055	-	116,805
Total - Title I Grants to Local Educational Agencies				<u>158,542</u>	<u>157,074</u>
Total - Title I, Part A Cluster				<u>158,542</u>	<u>157,074</u>
Special Education Cluster					
Special Education_Grants to States		84.027			
Federal Grant Part B	Carmel - Clay Schools		14212-025-PN01	7,688	-
Federal Grant Part B	Noblesville Schools		14213-PN01	-	27,362
Improvement	Indiana Department of Education		7000H027A110084	-	69,972
Technical Assistance			99914-143-PN01	-	5,749
Total - Special Education Grants to States				<u>7,688</u>	<u>103,083</u>
Total - Special Education Cluster				<u>7,688</u>	<u>103,083</u>

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

SHERIDAN COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2013 and 2014  
(Continued)

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	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Education (continued)</u>					
English Language Acquisition State Grants	Wabash Valley Education Center	84.365	01115-110-PN01	1,583	125
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	12-3055 13-3055 14-3055	11,267 26,238 -	- 8,455 26,553
Total - Improving Teacher Quality State Grants				37,505	35,008
Education Jobs Fund	Indiana Department of Education	84.410	7000S410A100015	7,749	-
Total - Department of Education				213,067	295,290
<u>Department of Health and Human Services</u>					
Drug-Free Communities Support Program Grants	Direct grant	93.276	5H79SP015657-03 5H79SP015657-04 5H79SP015657-05	31,419 73,928 -	- 31,728 90,678
Total - Drug-Free Communities Support Program Grants				105,347	122,406
Total - Department of Health and Human Services				105,347	122,406
<u>Corporation for National and Community Service</u>					
Learn and Serve America_School and Community Based Programs	Indiana Department of Education	94.004	7000009KSNIN001	127	-
Total - Corporation for National and Community Service				127	-
Total federal awards expended				<u>\$ 607,372</u>	<u>\$ 697,412</u>

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

SHERIDAN COMMUNITY SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 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. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 39,641	\$ 32,393

SHERIDAN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

\_\_\_\_\_  
Name of Federal Program or Cluster

Child Nutrition Cluster  
Title I, Part A Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Financial Statement. Specifically, the following deficiencies were noted and determined to be material weaknesses:

1. Lack of Segregation of Duties: The School Corporation has not separated incompatible activities related to cash and investment balances, receipts, disbursements, payroll, and related liabilities. The Director of Business prepares the bank reconciliation, posts and deposits receipts, and posts checks without any oversight, review, or approval process. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

SHERIDAN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. Monitoring of Controls: The School Board has not conducted an evaluation of the School Corporation's system of internal control. The failure to monitor the internal control system places the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting requires the School Corporation to monitor and assess the quality of the system of internal control.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***FINDING 2014-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation did not have procedures in place to ensure the compiled information was reviewed prior to submission. The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected. Specifically, the following deficiencies were noted and determined cumulatively to result in a material weakness.

During the audit of the SEFA, we noted the following errors:

- The School Breakfast Program (CFDA #10.553) expenditures were included as part of the expenditures of the National School Lunch Program (CFDA #10.555).
- The following grants were omitted from the original schedule: English Language Acquisition State Grants, Improving Teacher Quality State Grants, Education Jobs Fund, and Learn and Serve America\_School and Community Based Programs.
- Incorrect grant names were listed for the following grants: Title I Grants to Local Educational Agencies and Special Education\_Grants to States.

We believe the errors discussed above constitute a material weakness which was partially caused by a lack of sufficient internal controls over the preparation of the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

SHERIDAN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

"The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

***Section III - Federal Award Findings and Questioned Costs***

***FINDING 2014-003 - PROGRAM INCOME AND REPORTING***

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY-2013, FY-2014

Pass-Through Entity: Indiana Department of Education

SHERIDAN COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the following compliance requirements: Program Income and Reporting. Specifically, the following deficiencies were noted and determined to be material weaknesses:

Program income is generated from the sales of food service items. The School Lunch Director collects the monies from the Cafeteria Managers and deposits the funds to the Corporation's checking account. There is no oversight of the School Lunch Director's reconciliation of monies charged per the Food Service system to the amounts deposited.

The monthly Sponsor Claim for Reimbursement and Claim for Reimbursement were prepared and submitted without documentation of any oversight of the reports.

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

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

#### AUDITEE PREPARED DOCUMENTS

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

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# Sheridan Community Schools

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*Home of the Sheridan Blackhawks*

24795 N. Hinesley Road • Sheridan, Indiana 46069 • 317-758-4172

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*Dr. Dave Mundy, Superintendent*

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## Summary Schedule of Prior Audit Findings

### FINDING 2012-2 - ELIGIBILITY

Federal Agency: United States Department of Agriculture  
Federal Program: National School Lunch  
CFDA Number: 10.555  
Federal Award Number and Year: FY 2011 and FY 2012  
Pass-Through Entity: Indiana Department of Education

Sheridan Community Schools implemented the following process to ensure compliance with this Finding:

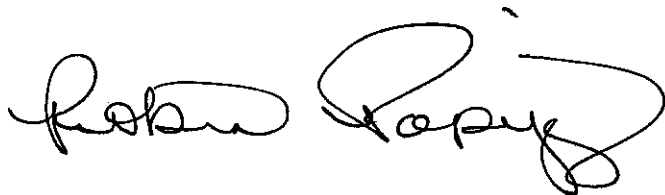
At each school, a qualified individual determines a student's eligibility for free or reduced meals based on the submitted application. The application is then reviewed by the School Lunch Director who signs and dates the application to provide documentation that the eligibility process has been completed.

### FINDING 2012-3 - CASH MANAGEMENT and FINDING 2012-4 - REPORTING

Federal Agency: United States Department of Education  
Federal Program: Title I Grants to Local Educational Agencies, ARRA – Title I Grants to Local Educational Agency, Recovery Act  
CFDA Number: 84.010 and 84.389  
Federal Award Number and Year: 10-3055, 11-3055, 12-3055, FY 2011 ARRA, and FY 2012 ARRA  
Pass-Through Entity: Indiana Department of Education

Sheridan Community Schools implemented the following process to ensure compliance with these Findings:

The Title I Director prepares the reimbursement requests and ensures every reimbursement request has supporting documentation attached that agrees to the amount requested and consists of only expenditures made prior to the reimbursement request date. All reimbursement requests are then submitted to and reviewed for compliance by the Director of Business.



Robin Popejoy  
Director of Business/Treasurer  
Sheridan Community Schools

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## **CORRECTIVE ACTION PLAN**

### ***FINDING 2014-001 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

Sheridan Community Schools will review their process and attempt to institute procedures that would involve, at least on a sample basis, reviews of the duties being performed by the Treasurer, including, but not limited to the preparation of the financial statements. Sheridan Community Schools will also monitor the system of internal control in the future to determine the effectiveness and efficiency of the systems in place.

Sheridan Community Schools is a very small governmental unit and management has determined that the cost associated with employing additional staff necessary to properly segregate the duties would outweigh the benefits of additional internal control structure. The School Corporation acknowledges and assumes the risk inherent with the current design of the School Corporation Treasurer.

### ***FINDING 2014-002 – INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

Sheridan Community Schools will review their process and take the necessary steps to implement adequate internal controls over the preparation of Schedule of Expenditures of Federal Awards. This is to certify the accuracy of reporting these federal awards in the future.

***FINDING 2014-003 - PROGRAM INCOME AND REPORTING***

Federal Agency: U.S. Department of Agriculture

Federal Program: Child Nutrition Cluster

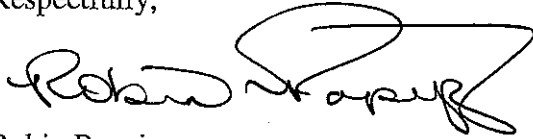
CFDA Number: 10.555

Federal Award Number and Year (or Other Identifying Number): FY-2013 and FY-2014

Pass-Through Entity: Indiana Department of Education

Sheridan Community Schools will establish effective internal control system that was stated in findings 2014-003 related to compliance requirement.

Respectfully,

A handwritten signature in black ink, appearing to read "Robin Popejoy". The signature is stylized and written over a large, faint circular mark.

Robin Popejoy  
Director of Business  
317-758-4172

#### 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/>.