

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, 2014 to June 30, 2016



FILED
07/31/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Robin Popejoy	07-01-14 to 06-30-19
Superintendent of Schools	Dr. David Mundy Dr. Doug Miller	07-01-14 to 06-30-17 07-01-17 to 06-30-19
President of the School Board	Todd Burtron James Hopkins Todd Roberts Todd Burtron	01-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
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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, 2014 to June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016.

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, 2014 to June 30, 2016, 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 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 July 2, 2018, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

July 2, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDIANAPOLIS, INDIANA 46204-2769

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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, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated July 2, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002 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 from 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 2016-002.

Sheridan Community Schools' 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

July 2, 2018

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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, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 850,932	\$ 6,721,030	\$ 6,897,215	\$ 23	\$ 674,770	\$ 6,707,581	\$ 7,137,843	\$ -	\$ 244,508
Referendum Tax Levy	75,937	945,567	982,583	8,977	47,898	970,477	830,729	(6,500)	181,146
Debt Service	1,235,917	3,255,280	3,020,299	(145,239)	1,325,659	3,106,818	2,944,160	7,483	1,495,800
Retirement/Severance Bond Debt Service	51,584	97,283	94,617	(5,201)	49,049	85,554	87,809	(983)	45,811
Capital Projects	328,235	808,663	768,765	99,249	467,382	845,376	554,818	(135,000)	622,940
School Transportation	392,557	706,945	629,283	76,899	547,118	787,387	693,904	(100,000)	540,601
School Bus Replacement	160,159	152,328	222,157	(34,685)	55,645	130,268	-	-	185,913
Rainy Day	651,316	-	-	-	651,316	-	-	235,000	886,316
School Lunch	9,808	568,849	598,443	-	(19,786)	590,445	570,763	-	(104)
Textbook Rental	49,530	88,696	16,866	-	121,360	99,650	93,242	-	127,768
Repair and Replacement	(3,390)	115,898	114,967	-	(2,459)	128,939	126,480	-	-
Levy Excess	-	23	-	(23)	-	417	-	-	417
Child Care Program	-	95,545	84,832	-	10,713	188,796	207,373	-	(7,864)
Educational License Plates	1,709	169	1,709	-	169	(3,317)	(3,486)	-	338
SAFE School Haven	-	-	2,000	-	(2,000)	12,500	23,000	-	(12,500)
Moore Foundation	4,453	12,000	15,582	-	871	23,000	15,414	-	8,457
Target Donation	-	1,000	1,000	-	-	-	-	-	-
Instruction Support	-	250	-	-	250	-	-	-	250
Extra-Curricular Activities	1,500	1,500	1,500	-	1,500	2,500	4,000	-	-
Duke Energy Grant	-	30,594	3,899	-	26,695	21,437	25,854	-	22,278
2015 Donation-Brit	-	116	-	-	116	-	116	-	-
Welfare Activities	94	-	-	-	94	-	94	-	-
Scholarships and Awards	19,816	20,300	17,800	-	22,316	3,700	18,650	-	7,366
Biddle Foundations	-	-	-	-	-	4,000	-	-	4,000
JBS United Inc. Donation	1,500	3,000	1,500	-	3,000	-	3,000	-	-
Urban/Grainger Donation	7,000	2,000	7,000	-	2,000	6,000	898	-	7,102
Formative Assessment	-	-	-	-	-	6,561	6,561	-	-
High Ability Grant	-	28,464	13,189	-	15,275	29,336	42,227	-	2,384
Secured Schools Safety Grant	(1,369)	23,447	43,979	-	(21,901)	37,742	30,393	-	(14,552)
Non-English Speaking Programs	-	366	-	-	366	1,231	1,597	-	-
School Technology	-	7,671	3,741	-	3,930	10,050	13,980	-	-
Oral Health Grant 2013	100	-	100	-	-	-	-	-	-
Senator David Ford Technology	(25)	1,112	81,006	-	(79,919)	91,044	11,058	-	67
Title I Grant 2013-2014	(40,691)	48,397	7,706	-	-	-	-	-	-
Title I	-	95,588	129,335	-	(33,747)	194,528	171,574	-	(10,793)
Federal Part B 2014	-	1,256	1,256	-	-	-	-	-	-
Federal Part B 2015	-	29,322	31,057	-	(1,735)	32,999	31,264	-	-
School Intervention & Career	(40)	-	(40)	-	-	-	-	-	-
Dept of Health and Human Services	-	25,791	25,791	-	-	-	-	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	-	26,449	30,273	-	(3,824)	23,068	26,764	-	(7,520)
Title II Part A 2012-2014	(2,863)	5,118	2,255	-	-	-	-	-	-
Title III - English Proficiency Migrant	-	1,962	1,962	-	-	-	-	-	-
Prepaid Lunch	-	-	-	-	-	7,658	7,658	-	-
Payroll Clearing	1,704	1,690,938	1,693,354	-	(712)	1,840,514	1,839,802	-	-
Totals	\$ 3,795,473	\$ 15,612,917	\$ 15,546,981	\$ -	\$ 3,861,409	\$ 15,986,259	\$ 15,517,539	\$ -	\$ 4,330,129

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, the following: school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

SHERIDAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

SHERIDAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts and Disbursements

The financial statement contains some receipts and disbursements which appear as negative entries. This is a result of a correcting entries made to the funds.

SHERIDAN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. For most funds, this is a result of the reimbursement for expenditures made by the School Corporation not being received by June 30, 2015 and 2016. For other funds, disbursements exceeded receipts.

Note 9. Holding Corporations

The School Corporation has entered into capital leases 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 school years 2015 and 2016 totaled \$2,347,500 and \$2,324,000, respectively.

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OTHER INFORMATION - UNAUDITED

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

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

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

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, 2015

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ 850,932	\$ 75,937	\$ 1,235,917	\$ 51,584	\$ 328,235	\$ 392,557	\$ 160,159	\$ 651,316	\$ 9,808
Receipts:									
Local sources	161,460	742,056	2,705,280	97,283	801,027	705,946	132,328	-	298,244
Intermediate sources	19	-	-	-	-	-	-	-	-
State sources	6,516,094	-	-	-	-	-	-	-	7,254
Federal sources	-	-	-	-	-	-	-	-	259,229
Interfund loans	-	200,000	550,000	-	-	-	20,000	-	-
Other receipts	43,457	3,511	-	-	7,636	999	-	-	4,122
Total receipts	6,721,030	945,567	3,255,280	97,283	808,663	706,945	152,328	-	568,849
Disbursements:									
Instruction	4,329,582	218,834	-	-	-	-	-	-	-
Support services	2,260,420	563,749	-	-	585,794	629,283	222,157	-	4,216
Noninstructional services	307,213	-	-	-	-	-	-	-	592,183
Facilities acquisition and construction	-	-	-	-	182,971	-	-	-	2,044
Debt service	-	-	2,450,299	94,617	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	200,000	570,000	-	-	-	-	-	-
Total disbursements	6,897,215	982,583	3,020,299	94,617	768,765	629,283	222,157	-	598,443
Excess (deficiency) of receipts over disbursements	(176,185)	(37,016)	234,981	2,666	39,898	77,662	(69,829)	-	(29,594)
Other financing sources (uses):									
Transfers in	23	8,977	-	-	99,249	76,899	9,319	-	-
Transfers out	-	-	(145,239)	(5,201)	-	-	(44,004)	-	-
Total other financing sources (uses)	23	8,977	(145,239)	(5,201)	99,249	76,899	(34,685)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(176,162)	(28,039)	89,742	(2,535)	139,147	154,561	(104,514)	-	(29,594)
Cash and investments - ending	\$ 674,770	\$ 47,898	\$ 1,325,659	\$ 49,049	\$ 467,382	\$ 547,118	\$ 55,645	\$ 651,316	\$ (19,786)

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, 2015

	Textbook Rental	Repair and Replacement	Levy Excess	Child Care Program	Educational License Plates	SAFE School Haven	Moore Foundation	Target Donation	Instruction Support
Cash and investments - beginning	\$ 49,530	\$ (3,390)	\$ -	\$ -	\$ 1,709	\$ -	\$ 4,453	\$ -	\$ -
Receipts:									
Local sources	57,462	-	-	95,545	-	-	12,000	1,000	250
Intermediate sources	-	-	-	-	169	-	-	-	-
State sources	30,336	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	898	115,898	23	-	-	-	-	-	-
Total receipts	88,696	115,898	23	95,545	169	-	12,000	1,000	250
Disbursements:									
Instruction	-	-	-	84,780	-	2,000	-	1,000	-
Support services	16,866	114,967	-	52	1,709	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	15,582	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	16,866	114,967	-	84,832	1,709	2,000	15,582	1,000	-
Excess (deficiency) of receipts over disbursements	71,830	931	23	10,713	(1,540)	(2,000)	(3,582)	-	250
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(23)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(23)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	71,830	931	-	10,713	(1,540)	(2,000)	(3,582)	-	250
Cash and investments - ending	\$ 121,360	\$ (2,459)	\$ -	\$ 10,713	\$ 169	\$ (2,000)	\$ 871	\$ -	\$ 250

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, 2015

	Extra- Curricular Activities	Duke Energy Grant	2015 Donation-Brit	Welfare Activities	Scholarships and Awards	Biddle Foundations	JBS United Inc. Donation	Urban/ Grainger Donation	Formative Assessment
Cash and investments - beginning	\$ 1,500	\$ -	\$ -	\$ 94	\$ 19,816	\$ -	\$ 1,500	\$ 7,000	\$ -
Receipts:									
Local sources	1,500	30,594	116	-	20,300	-	3,000	2,000	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	1,500	30,594	116	-	20,300	-	3,000	2,000	-
Disbursements:									
Instruction	-	40	-	-	17,800	-	-	-	-
Support services	1,500	3,859	-	-	-	-	1,500	7,000	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	1,500	3,899	-	-	17,800	-	1,500	7,000	-
Excess (deficiency) of receipts over disbursements	-	26,695	116	-	2,500	-	1,500	(5,000)	-
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	-	26,695	116	-	2,500	-	1,500	(5,000)	-
Cash and investments - ending	\$ 1,500	\$ 26,695	\$ 116	\$ 94	\$ 22,316	\$ -	\$ 3,000	\$ 2,000	\$ -

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, 2015

	High Ability Grant	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Oral Health Grant 2013	Senator David Ford Technology	Title I Grant 2013-2014	Title I	Federal Part B 2014
Cash and investments - beginning	\$ -	\$ (1,369)	\$ -	\$ -	\$ 100	\$ (25)	\$ (40,691)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	28,464	23,447	366	7,671	-	1,112	-	-	-
Federal sources	-	-	-	-	-	-	48,397	95,588	1,256
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	28,464	23,447	366	7,671	-	1,112	48,397	95,588	1,256
Disbursements:									
Instruction	12,959	43,979	-	-	-	-	2,625	111,138	1,256
Support services	230	-	-	3,741	100	81,006	5,081	18,197	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	13,189	43,979	-	3,741	100	81,006	7,706	129,335	1,256
Excess (deficiency) of receipts over disbursements	15,275	(20,532)	366	3,930	(100)	(79,894)	40,691	(33,747)	-
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	15,275	(20,532)	366	3,930	(100)	(79,894)	40,691	(33,747)	-
Cash and investments - ending	\$ 15,275	\$ (21,901)	\$ 366	\$ 3,930	\$ -	\$ (79,919)	\$ -	\$ (33,747)	\$ -

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, 2015

	Federal Part B 2015	School Intervention & Career	Dept of Health and Human Services	Improving Teacher Quality, No Child Left, Title II, Part A	Title II Part A 2012-2014	Title III - English Proficiency Migrant	Prepaid Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (40)	\$ -	\$ -	\$ (2,863)	\$ -	\$ -	\$ 1,704	\$ 3,795,473
Receipts:									
Local sources	-	-	-	-	-	-	-	-	5,867,391
Intermediate sources	-	-	-	-	-	-	-	-	188
State sources	-	-	-	-	-	-	-	-	6,614,744
Federal sources	29,322	-	25,791	26,449	5,118	1,962	-	-	493,112
Interfund loans	-	-	-	-	-	-	-	-	770,000
Other receipts	-	-	-	-	-	-	-	1,690,938	1,867,482
Total receipts	29,322	-	25,791	26,449	5,118	1,962	-	1,690,938	15,612,917
Disbursements:									
Instruction	30,407	-	-	578	-	1,962	-	-	4,858,940
Support services	650	(40)	25,791	29,695	2,255	-	-	-	4,579,778
Noninstructional services	-	-	-	-	-	-	-	-	899,396
Facilities acquisition and construction	-	-	-	-	-	-	-	-	200,597
Debt service	-	-	-	-	-	-	-	-	2,544,916
Nonprogrammed charges	-	-	-	-	-	-	-	1,693,354	1,693,354
Interfund loans	-	-	-	-	-	-	-	-	770,000
Total disbursements	31,057	(40)	25,791	30,273	2,255	1,962	-	1,693,354	15,546,981
Excess (deficiency) of receipts over disbursements	(1,735)	40	-	(3,824)	2,863	-	-	(2,416)	65,936
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	194,467
Transfers out	-	-	-	-	-	-	-	-	(194,467)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,735)	40	-	(3,824)	2,863	-	-	(2,416)	65,936
Cash and investments - ending	\$ (1,735)	\$ -	\$ -	\$ (3,824)	\$ -	\$ -	\$ -	\$ (712)	\$ 3,861,409

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, 2016

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ 674,770	\$ 47,898	\$ 1,325,659	\$ 49,049	\$ 467,382	\$ 547,118	\$ 55,645	\$ 651,316	\$ (19,786)
Receipts:									
Local sources	121,102	785,477	2,596,818	85,554	842,827	784,255	130,268	-	310,983
Intermediate sources	20	-	-	-	-	-	-	-	-
State sources	6,538,233	-	-	-	-	-	-	-	7,420
Federal sources	-	-	-	-	-	-	-	-	261,947
Interfund loans	-	185,000	510,000	-	-	-	-	-	-
Other receipts	48,226	-	-	-	2,549	3,132	-	-	10,095
Total receipts	6,707,581	970,477	3,106,818	85,554	845,376	787,387	130,268	-	590,445
Disbursements:									
Instruction	4,574,349	77,332	-	-	-	-	-	-	-
Support services	2,245,292	568,397	-	-	488,479	693,904	-	-	4,873
Noninstructional services	318,202	-	-	-	-	-	-	-	561,530
Facilities acquisition and construction	-	-	-	-	66,339	-	-	-	4,360
Debt service	-	-	2,434,160	87,809	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	185,000	510,000	-	-	-	-	-	-
Total disbursements	7,137,843	830,729	2,944,160	87,809	554,818	693,904	-	-	570,763
Excess (deficiency) of receipts over disbursements	(430,262)	139,748	162,658	(2,255)	290,558	93,483	130,268	-	19,682
Other financing sources (uses):									
Transfers in	-	-	7,483	-	-	-	-	235,000	-
Transfers out	-	(6,500)	-	(983)	(135,000)	(100,000)	-	-	-
Total other financing sources (uses)	-	(6,500)	7,483	(983)	(135,000)	(100,000)	-	235,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(430,262)	133,248	170,141	(3,238)	155,558	(6,517)	130,268	235,000	19,682
Cash and investments - ending	\$ 244,508	\$ 181,146	\$ 1,495,800	\$ 45,811	\$ 622,940	\$ 540,601	\$ 185,913	\$ 886,316	\$ (104)

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, 2016

	Textbook Rental	Repair and Replacement	Levy Excess	Child Care Program	Educational License Plates	SAFE School Haven	Moore Foundation	Target Donation	Instruction Support
Cash and investments - beginning	\$ 121,360	\$ (2,459)	\$ -	\$ 10,713	\$ 169	\$ (2,000)	\$ 871	\$ -	\$ 250
Receipts:									
Local sources	67,548	-	417	188,796	-	-	23,000	-	-
Intermediate sources	-	-	-	-	(3,317)	-	-	-	-
State sources	31,112	-	-	-	-	12,500	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	990	128,939	-	-	-	-	-	-	-
Total receipts	99,650	128,939	417	188,796	(3,317)	12,500	23,000	-	-
Disbursements:									
Instruction	-	-	-	207,373	-	12,460	-	-	-
Support services	93,242	126,480	-	-	(3,486)	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	10,540	15,414	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	93,242	126,480	-	207,373	(3,486)	23,000	15,414	-	-
Excess (deficiency) of receipts over disbursements	6,408	2,459	417	(18,577)	169	(10,500)	7,586	-	-
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	6,408	2,459	417	(18,577)	169	(10,500)	7,586	-	-
Cash and investments - ending	\$ 127,768	\$ -	\$ 417	\$ (7,864)	\$ 338	\$ (12,500)	\$ 8,457	\$ -	\$ 250

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, 2016

	Extra- Curricular Activities	Duke Energy Grant	2015 Donation-Brit	Welfare Activities	Scholarships and Awards	Biddle Foundations	JBS United Inc. Donation	Urban/ Grainger Donation	Formative Assessment
Cash and investments - beginning	\$ 1,500	\$ 26,695	\$ 116	\$ 94	\$ 22,316	\$ -	\$ 3,000	\$ 2,000	\$ -
Receipts:									
Local sources	2,500	21,437	-	-	3,700	4,000	-	6,000	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	6,561
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	2,500	21,437	-	-	3,700	4,000	-	6,000	6,561
Disbursements:									
Instruction	-	18,148	116	-	18,650	-	-	-	-
Support services	4,000	7,706	-	94	-	-	3,000	898	6,561
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	4,000	25,854	116	94	18,650	-	3,000	898	6,561
Excess (deficiency) of receipts over disbursements	(1,500)	(4,417)	(116)	(94)	(14,950)	4,000	(3,000)	5,102	-
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	(1,500)	(4,417)	(116)	(94)	(14,950)	4,000	(3,000)	5,102	-
Cash and investments - ending	\$ -	\$ 22,278	\$ -	\$ -	\$ 7,366	\$ 4,000	\$ -	\$ 7,102	\$ -

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, 2016

	High Ability Grant	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Oral Health Grant 2013	Senator David Ford Technology	Title I Grant 2013-2014	Title I	Federal Part B 2014
Cash and investments - beginning	\$ 15,275	\$ (21,901)	\$ 366	\$ 3,930	\$ -	\$ (79,919)	\$ -	\$ (33,747)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	29,336	37,742	1,231	10,050	-	91,044	-	-	-
Federal sources	-	-	-	-	-	-	-	194,528	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	29,336	37,742	1,231	10,050	-	91,044	-	194,528	-
Disbursements:									
Instruction	42,227	30,393	1,597	-	-	-	-	145,904	-
Support services	-	-	-	13,980	-	11,058	-	25,670	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	42,227	30,393	1,597	13,980	-	11,058	-	171,574	-
Excess (deficiency) of receipts over disbursements	(12,891)	7,349	(366)	(3,930)	-	79,986	-	22,954	-
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	(12,891)	7,349	(366)	(3,930)	-	79,986	-	22,954	-
Cash and investments - ending	\$ 2,384	\$ (14,552)	\$ -	\$ -	\$ -	\$ 67	\$ -	\$ (10,793)	\$ -

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, 2016

	Federal Part B 2015	School Intervention & Career	Dept of Health and Human Services	Improving Teacher Quality, No Child Left, Title II, Part A	Title II Part A 2012-2014	Title III - English Proficiency Migrant	Prepaid Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ (1,735)	\$ -	\$ -	\$ (3,824)	\$ -	\$ -	\$ -	\$ (712)	\$ 3,861,409
Receipts:									
Local sources	-	-	-	-	-	-	-	-	5,974,682
Intermediate sources	-	-	-	-	-	-	-	-	(3,297)
State sources	-	-	-	-	-	-	-	-	6,765,229
Federal sources	32,999	-	-	23,068	-	-	-	-	512,542
Interfund loans	-	-	-	-	-	-	-	-	695,000
Other receipts	-	-	-	-	-	-	7,658	1,840,514	2,042,103
Total receipts	32,999	-	-	23,068	-	-	7,658	1,840,514	15,986,259
Disbursements:									
Instruction	31,038	-	-	1,066	-	-	-	-	5,160,653
Support services	226	-	-	25,698	-	-	-	-	4,316,072
Noninstructional services	-	-	-	-	-	-	-	-	879,732
Facilities acquisition and construction	-	-	-	-	-	-	-	-	96,653
Debt service	-	-	-	-	-	-	-	-	2,521,969
Nonprogrammed charges	-	-	-	-	-	-	7,658	1,839,802	1,847,460
Interfund loans	-	-	-	-	-	-	-	-	695,000
Total disbursements	31,264	-	-	26,764	-	-	7,658	1,839,802	15,517,539
Excess (deficiency) of receipts over disbursements	1,735	-	-	(3,696)	-	-	-	712	468,720
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	242,483
Transfers out	-	-	-	-	-	-	-	-	(242,483)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,735	-	-	(3,696)	-	-	-	712	468,720
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (7,520)	\$ -	\$ -	\$ -	\$ -	\$ 4,330,129

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SHERIDAN COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Sheridan Community School Building Corporation	First Mortgage Bonds Series 2008/Refinance 2015	\$ 1,034,500	4/15/2015	1/15/2033
Sheridan Community School Building Corporation	QZAB 2013 Mortgage Bonds, Renovation of Middle School and High School	<u>255,000</u>	8/7/2013	1/15/2021
Total governmental activities		<u>1,289,500</u>		
Total of annual lease payments		<u><u>\$ 2,196,999</u></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	\$ 835,000	\$ 106,230
General obligation bonds	Pension Bonds Series 2002	60,000	62,586
General obligation bonds	General Obligation Pension Bond 2006	<u>313,963</u>	<u>35,955</u>
Total governmental activities		<u>1,208,963</u>	<u>204,771</u>
Totals		<u><u>\$ 1,208,963</u></u>	<u><u>\$ 204,771</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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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 Schools' (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, 2014 to June 30, 2016. 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.

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in items 2016-004, 2016-005, and 2016-007 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles, Cash Management, and Reporting that are applicable to its Special Education Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, 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 the Special Education Cluster (IDEA) for the period of July 1, 2014 to June 30, 2016.

Unmodified Opinion on Child Nutrition Cluster

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Child Nutrition Cluster as identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2016-006. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

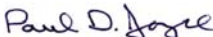
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-004, 2016-005, 2016-006, and 2016-007 to be material weaknesses.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

July 2, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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SHERIDAN COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	3055	\$ -	\$ 52,221	\$ -	\$ 55,771
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			3055	-	207,007	-	206,176
National School Lunch Program - Commodities			3055	-	35,148	-	35,613
Total - National School Lunch Program				-	242,155	-	241,789
Total - Child Nutrition Cluster				-	294,376	-	297,560
Total - Department of Agriculture				-	294,376	-	297,560
<u>Department of Education</u>							
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	FY 2015	-	143,985	-	-
			FY 2016	-	-	-	194,528
Total - Title I Grants to Local Educational Agencies				-	143,985	-	194,528
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027	14214-025-PN01	-	30,794	-	3,343
Part B FY 2014 Subgrant			14214-025-PN01	-	29,322	-	-
			14215-025-PN01	-	171,155	-	19,883
Part B FY 2015 Subgrant			14215-025-PN01	-	-	-	29,966
			14216-023-PN01	-	-	-	158,652
Total - Special Education Grants to States				-	231,271	-	211,844
Special Education Preschool Grants	Indiana Department of Education	84.173	45715-025-PN01	-	13,554	-	-
			45716-023-PN01	-	-	-	14,362
Total - Special Education Preschool Grants				-	13,554	-	14,362
Total - Special Education Cluster (IDEA)				-	244,825	-	226,206
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	FY 2015	-	31,568	-	-
			FY 2016	-	-	-	23,068
Total - Supporting Effective Instruction State Grants				-	31,568	-	23,068
Total - Department of Education				-	420,378	-	420,734
<u>Department of Health and Human Services</u>							
Drug-Free Communities Support Program Grants	Direct Grant	93.276	5H79SP015657-05	-	25,790	-	-
Total federal awards expended				\$ -	\$ 740,544	\$ -	\$ 741,362

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 (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

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?	yes
Type of auditor's report issued on compliance for major programs:	Unmodified for Child Nutrition Cluster and Qualified for Special Education Cluster (IDEA)
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
Special Education Cluster (IDEA)

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 2016-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-001.

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

Condition

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

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to cash and investments and receipts.

The Director of Business independently prepared the bank reconciliation and posted, deposited, and reconciled receipts without any oversight, review, or approval process. The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

2. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls.

Context

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

Criteria

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

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

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

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

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

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

Management remediates identified issues. . . ."

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

Cause

Management of the School Corporation had not established a proper system of internal control. An evaluation of the School Corporation's system of internal control had not been conducted. Management had not conducted a risk assessment related to the School Corporation's financial transactions and reporting.

Effect

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

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-002

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-002.

Condition

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

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

Context

The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster expenditures were overstated by \$274,474 and \$292,767 for the 2015 and 2016 fiscal years, respectively.

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

2. The Special Education Cluster (IDEA) expenditures were understated by \$215,503 and \$196,240 for the 2015 and 2016 fiscal years, respectively.
3. The Title I Grants to Local Educational Agencies expenditures were understated by \$48,398 and \$34,346 for the 2015 and 2016 fiscal years, respectively.
4. The Supporting Effective Instruction State Grants expenditures were understated by \$31,568 and \$23,068 for the 2015 and 2016 fiscal years, respectively.

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

Criteria

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

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

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

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

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 § _____.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.

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

- (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."

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003

Subject: Child Nutrition Cluster - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): 3055
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness

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

Condition

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the proper eligibility determinations were made for students prior to providing benefits. Eligibility determinations were made by one employee without an oversight, review, or approval process.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility compliance requirement.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and Eligibility compliance requirement.

Views of Responsible Officials

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

FINDING 2016-004

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

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-025-PN01, 14215-025-PN01,
14216-023-PN01, 45715-025-PN01,
45716-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation was a member school corporation of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. During 2015-2016, the fiscal agent of the Cooperative spent the federal money on behalf of the School Corporation and other member school corporations and was responsible for following the compliance requirements related to allowable costs/cost principles.

An effective internal control system, which would include segregation of duties, was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. In addition, there was no oversight of the Cooperative by the School Corporation. Because the grant agreements were between the IDOE and each member school corporation of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements.

The fiscal agent of the Cooperative was responsible for maintaining Semi-Annual Certifications for the Cooperative employees whose salaries were charged solely to a specific grant. For grants 14214-025-PN01, 14215-025-PN01, and 45716-025-PN01, the Semi-Annual Certifications listing the employees were maintained; however, they were not certified by the employee or an appropriate supervisor. There were also no personnel activity reports or equivalent documentation maintained for employees who were expected to work on multiple cost objectives.

For grants 14216-023-PN01 and 45716-023-PN01, the fiscal agent was not able to provide records that would support the activities performed by the employees charged to the grant.

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

Context

Of the three Semi-Annual Certifications required to be maintained during the period for all employees whose salaries were charged entirely to one federal fund, none were not certified by an appropriate supervisor. There were also six employees whose salaries were charged to more than one fund, but no personnel activity reports were maintained for those employees.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

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

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

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

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

- (5) Personnel activity reports or equivalent documentation must meet the following standards:
- (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
 - (b) They must account for the total activity for which each employee is compensated,
 - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
 - (d) They must be signed by the employee. . . ."

2 CFR 200.430(i) states in part:

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

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

Cause

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Cooperative's management establish controls, including segregation of duties, related to the grant agreement and Allowable Costs/Cost Principles compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

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

Views of Responsible Officials

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

FINDING 2016-005

Subject: Special Education Cluster (IDEA) - Cash Management

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-025-PN01, 14215-025-PN01,
14216-023-PN01, 45715-025-PN01,
45716-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Cash Management

Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation was a member school corporation of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. During 2015-2016, the fiscal agent of the Cooperative spent the federal money on behalf of the School Corporation and other member school corporations and was responsible for following the compliance requirements related to cash management.

An effective internal control system, which would include segregation of duties, was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement. In addition, there was no oversight of the Cooperative by the School Corporation. Because the grant agreements were between the IDOE and each member school corporation of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements.

The fiscal agent utilized its accounting software to generate a report which included paid checks as well as claims that were entered into the accounting software but not yet paid. This information was summarized in an Excel spreadsheet. The spreadsheet was then used to prepare the Requests for Reimbursement. The Requests for Reimbursement were reviewed by the Cooperative Director; however, the requesting of reimbursement for claims incurred but not paid was not identified as a potential problem.

Context

All five Requests for Reimbursement tested contained expenditures that were incurred but not yet paid.

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.21(d) states in part: ". . . Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . . ."

2 CFR 200.305(b)(3) states in part: "Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per § 200.207 Specific conditions, or when the non-Federal entity requests payment by reimbursement. . . ."

Cause

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Cash Management compliance requirement.

Effect

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

Questioned Costs

The noncompliance identified in the sample selected for testing resulted in \$12,966 of expenditures being requested for reimbursement prior to being paid.

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

Recommendation

We recommended that the Cooperative's management establish controls, including segregation of duties, related to the grant agreement and Cash Management compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

Views of Responsible Officials

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

FINDING 2016-006

Subject: Special Education Cluster (IDEA) - Equipment and Real Property Management

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-025-PN01, 14215-025-PN01,
14216-023-PN01, 45715-025-PN01,
45716-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Equipment and Real Property Management

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation was a member school corporation of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative had taken on the responsibility of tracking equipment acquisitions and disposals of equipment that was purchased with federal funds of the member school corporations of the Cooperative.

An effective internal control system, which would include segregation of duties, was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Equipment and Real Property Management compliance requirement. In addition, there was no oversight of the Cooperative by the School Corporation. Because the grant agreements were between the IDOE and each member school corporation of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements.

A secretary of the Cooperative maintained an equipment inventory listing. The listing did not contain all the required information, such as acquisition cost, disposal date, and the sale price of the property, if sold.

Context

The equipment inventory listing did not contain the acquisition cost for any of the equipment listed.

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.32 states in part:

". . . (b) *States*. A State will use, manage, and dispose of equipment acquired under a grant by the State in accordance with State laws and procedures. Other grantees and subgrantees will follow paragraphs (c) through (e) of this section. . . .

(d) *Management requirements*. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . ."

2 CFR 200.313 states in part:

". . . (b) A state must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures. Other non-Federal entities must follow paragraphs (c) through (e) of this section. . . .

(d) *Management requirements*. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

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

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . ."

Cause

Management of the School Corporation had not designed and implemented internal control procedures to ensure compliance with the Equipment and Real Property Management compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Cooperative's management establish controls, including segregation of duties, related to the grant agreement and Equipment and Real Property Management compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

Views of Responsible Officials

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

FINDING 2016-007

Subject: Special Education Cluster (IDEA) - Reporting

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-025-PN01, 14215-025-PN01,
14216-023-PN01, 45715-025-PN01,
45716-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

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

Condition

The School Corporation was a member school of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). The grant agreements for the special education programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. During the audit period, the fiscal agent of the Cooperative and the Cooperative itself was responsible for submitting the proper reports on behalf of the School Corporation and following the compliance requirements related to Reporting.

An effective internal control system, which would include segregation of duties, was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. In addition, there was no oversight of the Cooperative by the School Corporation. Because the grant agreements were between IDOE and each member school corporation of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements.

The fiscal agent utilized its accounting software to generate a report, which included paid checks as well as claims that were entered into the accounting software but not yet paid. This information was summarized in an Excel spreadsheet. The spreadsheet was then used to prepare the Requests for Reimbursement and the Quarterly Monitoring Reports for Proportionate Shares. The Requests for Reimbursement and the Quarterly Monitoring Reports for Proportionate Shares required expenses paid to be reported. The Requests for Reimbursement and the Quarterly Monitoring Reports for Proportionate Shares were reviewed by the Cooperative Director; however, the reporting of amounts incurred but not paid was not identified as a potential problem.

The Cooperative Director prepared the Final Report utilizing the final Excel spreadsheet maintained by the fiscal agent and then submitted the report without any review, approval, or other control to ensure its accuracy.

Context

The reporting of claims incurred but not yet paid was a systemic problem throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meeting the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:
. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

Cause

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Reporting compliance requirement.

Effect

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

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Cooperative's management establish controls, including segregation of duties, related to the grant agreement and Reporting compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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

Sheridan Community Schools

Home of the Sheridan Blackhawks

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

Dr. Doug Miller, Superintendent

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

Fiscal year in which the finding initially occurred: 2014

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

Contact Person Responsible for Correct Action: Robin Popejoy

Contact Phone Number: 317-758-4172

Sheridan Community Schools continues to struggle with this, as with any 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 was given knowledge of different ways they could segregate some of their duties with their current staffing and will continue to look for ways for segregation.

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

Fiscal year in which the finding initially occurred: 2014

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

Contact Person Responsible for Correct Action: Robin Popejoy

Contact Phone Number: 317-758-4172

Sheridan Community Schools are continuing taking 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.

FINDING 2014-003 - PROGRAM INCOME AND REPORTING

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: U.S. Department of Agriculture/Indiana Department of Education

Contact Person Responsible for Correct Action: Robin Popejoy

Contact Phone Number: 317-758-4172

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

Our POS System records all transactions made per cashier entry. At the close of the day, each cashier records transactions in the POS System in the amount of their registers minus their start cash for the next day. FSD then prints out and verifies the amount to each cashier's end of day sales were per POS report to what is given for the actual deposit. The Cafeteria Director makes out deposit tickets and verifies each cashier deposits and is deposited daily to the bank. A report with all daily financial transactions and deposits is then given to the Dir. of Business to verify all deposits have cleared and reconciled monthly.

POS reports are kept for all transactions on a daily basis. These procedures are done at two locations, the elementary school and middle/ high school.

Sheridan Community Schools

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Dr. Doug Miller, Superintendent

FINDING 2016-001 – FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Robin Popejoy
Contact Phone Number: 317-758-4172

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

This finding included internal control procedure were not in place from the prior Audit. Those procedures were discussed and adjustments have been made.

Even though our Central Office is very small, procedures have been put in place for the office staff to be monitored by other members of the office.

Anticipated Completion Date: June 26, 2018

Sheridan Community Schools

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Dr. Doug Miller, Superintendent

FINDING 2016-002 –PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Robin Popejoy
Contact Phone Number: 317-758-4172

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

This finding included internal control procedure were not in place from the prior Audit. Those procedures and errors were discussed and adjustments have been made to the SEFA by the Director of Business.

While the SEFA was prepared by the Director of Business, errors was still noted on the SEFA. The Director of Business understands the errors that were made and knows how to prevent them in the future.

Anticipated Completion Date: June 26, 2018

Sheridan Community Schools

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Dr. Doug Miller, Superintendent

FINDING 2016-003 – ELIGIBILITY

Contact Person Responsible for Corrective Action: Robin Popejoy
Contact Phone Number: 317-758-4431

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

This finding included the lack of internal control review to ensure accuracy of compliance and requirements to the grant agreement for Eligibility for the School Breakfast and Lunch Programs.

Management has discussed with Food Service Director and a review will be conducted by another Food Service employee or Director of Business to ensure accuracy.

Anticipated Completion Date: June 26, 2018

Sheridan Community Schools

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Dr. Doug Miller, Superintendent

FINDING 2016-004 – ALLOWABLE COSTS/COST PRINCIPLES

Contact Person Responsible for Corrective Action: Robin Phelps
Contact Phone Number: 317-758-3171

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Semi-annual reports will be maintained for all staff members who are paid fully from one of the grants and Personnel Activity Reports will be maintained each month for each staff member paid from more than one fund.

Anticipated Completion Date: April 25, 2017

Sheridan Community Schools

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Dr. Doug Miller, Superintendent

FINDING 2016-005 – CASH MANAGEMENT

Contact Person Responsible for Corrective Action: Robin Phelps
Contact Phone Number: 317-758-3171

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In the future, reimbursements will only be requested for expenditures on cash basis rather than an accrual basis.

Anticipated Completion Date: April 25, 2017

Sheridan Community Schools

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Dr. Doug Miller, Superintendent

FINDING 2016-006 – EQUIPMENT AND REAL PROPERTY MANAGEMENT

Contact Person Responsible for Corrective Action: Robin Phelps
Contact Phone Number: 317-758-3171

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In the future, the equipment inventory will be kept with all of the appropriate information including acquisition cost, disposal date, and sale price of property if sold.

Anticipated Completion Date: April 25, 2017

Sheridan Community Schools

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Dr. Doug Miller, Superintendent

FINDING 2016-007 – REPORTING

Contact Person Responsible for Corrective Action: Robin Phelps
Contact Phone Number: 317-758-3171

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The quarterly monitoring reports will reflect expenditures on a cash basis rather than accrual basis. In addition, the non-public quarterly reports and the final grant reports will be reviewed by the Governing Board made up of representative from each district served by Hamilton-Boone-Madison Special Services Cooperative.

Anticipated Completion Date: April 25, 2017

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/>.