

**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, 2016 to June 30, 2018



**FILED**  
03/21/2019



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
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 <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement .....	12-16
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	18-29
Schedule of Payables and Receivables .....	31
Schedule of Leases and Debt .....	32
Schedule of Capital Assets.....	33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance .....	36-37
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	41
Notes to Schedule of Expenditures of Federal Awards .....	42
Schedule of Findings and Questioned Costs .....	43-48
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	50-51
Corrective Action Plan .....	52-54
Other Reports.....	55

### SCHEDULE OF OFFICIALS

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



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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, 2016 to June 30, 2018, and the related notes to the financial statement as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

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

***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Opinion on Regulatory Basis of Accounting***

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

***Other Matters***

*Supplementary Information*

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


*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated February 14, 2019, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

February 14, 2019



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated February 14, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002, that we consider to be material weaknesses.

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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002.

**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

February 14, 2019

(This page intentionally left blank.)

## 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.

(This page intentionally left blank.)

SHERIDAN COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 244,509	\$ 6,869,920	\$ 6,782,823	\$ -	\$ 331,606	\$ 7,357,099	\$ 7,513,669	\$ -	\$ 175,036
Referendum Tax Levy	181,147	1,251,412	1,095,789	(2,265)	334,505	955,736	939,021	-	351,220
Debt Service	1,495,798	2,711,404	2,896,180	(8,156)	1,302,866	2,639,041	2,433,000	-	1,508,907
Retirement/Severance Bond Debt Service	45,812	62,009	93,687	(290)	13,844	43,876	34,782	-	22,938
Capital Projects	622,938	886,297	723,324	(2,684)	783,227	885,188	914,770	(200,000)	553,645
School Transportation	540,600	792,654	700,987	(2,385)	629,882	841,413	794,428	-	676,867
School Bus Replacement	185,913	194,142	379,281	(423)	351	175,089	42,000	-	133,440
Rainy Day	886,316	-	-	-	886,316	-	209,818	200,000	876,498
School Lunch	(104)	586,674	566,463	-	20,107	601,038	556,235	-	64,910
Textbook Rental	127,768	114,942	169,299	-	73,411	116,273	64,118	-	125,566
Repair and Replacement	-	96,898	96,898	-	-	-	-	-	-
Levy Excess	417	-	-	16,203	16,620	-	-	-	16,620
Child Care Program	(7,864)	213,519	195,515	-	10,140	243,719	236,510	-	17,349
Educational License Plates	338	150	-	-	488	169	-	-	657
SAFE School Haven	(12,500)	12,500	-	-	-	-	-	-	-
Early Intervention Grant	-	5,020	5,020	-	-	-	-	-	-
Moore Foundation	8,457	13,000	18,820	-	2,637	13,000	11,885	-	3,752
Instruction Support	250	-	250	-	-	-	-	-	-
Ricker Donation	-	1,529	1,295	-	234	5,604	1,507	-	4,331
Lily Counseling Grant	-	30,000	9,167	-	20,833	-	20,833	-	-
Legacy Fund	-	-	-	-	-	3,000	-	-	3,000
Duke Energy Grant	22,278	30,000	15,626	-	36,652	-	16,043	-	20,609
Scholarships and Awards	7,366	2,500	2,500	-	7,366	1,500	2,500	-	6,366
Biddle Foundations	4,000	6,400	6,851	-	3,549	-	2,532	-	1,017
JBS United Inc. Donation	-	385	385	-	-	-	-	-	-
Urban/Grainger Donation	7,102	-	-	-	7,102	6,000	-	-	13,102
Miscellaneous Programs	-	113,899	99,521	-	14,378	94,601	23,827	-	85,152
JPMorgan Chase	-	5,599	-	-	5,599	5,301	-	-	10,900
Formative Assessment	-	12,732	12,732	-	-	12,539	12,539	-	-
High Ability Grant	2,384	29,163	31,547	-	-	29,081	29,082	-	(1)
Secured Schools Safety Grant	(14,552)	83,549	73,204	-	(4,207)	18,375	57,946	-	(43,778)
Scholarships and Awards	-	-	-	-	-	3,985	444	-	3,541
Non-English Speaking Programs	-	1,536	1,536	-	-	2,500	2,500	-	-
School Technology	-	8,468	4,860	-	3,608	11,010	2,318	-	12,300
Career and Technical Performance Grant	-	2,871	2,871	-	-	1,219	1,219	-	-
Performance Based Awards	-	-	-	-	-	32,281	32,281	-	-
Indiana School Academic Improvement Program (ISAIP)	-	-	-	-	-	22,668	24,414	-	(1,746)
Senator David Ford Technology	67	7,283	7,350	-	-	-	-	-	-
Title I	(10,793)	143,971	151,350	-	(18,172)	172,884	158,481	-	(3,769)
Federal B Grant	-	53,260	53,260	-	-	17,545	17,545	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	(7,519)	28,536	29,838	-	(8,821)	37,454	29,493	-	(860)
Rural Schools Achievement	-	-	-	-	-	10,000	8,281	-	1,719
Prepaid Lunch	-	287,675	287,675	-	-	271,694	263,977	-	7,717
Payroll Clearing	-	1,800,077	1,800,077	-	-	1,814,331	1,814,331	-	-
<b>Totals</b>	<b>\$ 4,330,128</b>	<b>\$ 16,459,974</b>	<b>\$ 16,315,981</b>	<b>\$ -</b>	<b>\$ 4,474,121</b>	<b>\$ 16,445,213</b>	<b>\$ 16,272,329</b>	<b>\$ -</b>	<b>\$ 4,647,005</b>

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

SHERIDAN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

*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.

*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:

SHERIDAN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

**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.

SHERIDAN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

SHERIDAN COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

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

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with the Sheridan Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2017 and 2018 totaled \$2,324,000 and \$2,324,000, respectively.

#### 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, 2017

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 244,509	\$ 181,147	\$ 1,495,798	\$ 45,812	\$ 622,938	\$ 540,600	\$ 185,913	\$ 886,316
Receipts:								
Local sources	129,433	791,412	2,446,404	62,009	866,199	788,603	147,142	-
Intermediate sources	33	-	-	-	-	-	-	-
State sources	6,719,459	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	460,000	265,000	-	-	-	47,000	-
Other receipts	20,995	-	-	-	20,098	4,051	-	-
Total receipts	6,869,920	1,251,412	2,711,404	62,009	886,297	792,654	194,142	-
Disbursements:								
Instruction	4,247,839	259,892	-	-	-	-	-	-
Support services	2,187,848	575,897	-	-	679,630	700,987	374,281	-
Noninstructional services	347,136	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	43,694	-	-	-
Debt service	-	-	2,431,180	93,687	-	-	-	-
Interfund loans	-	260,000	465,000	-	-	-	5,000	-
Total disbursements	6,782,823	1,095,789	2,896,180	93,687	723,324	700,987	379,281	-
Excess (deficiency) of receipts over disbursements	87,097	155,623	(184,776)	(31,678)	162,973	91,667	(185,139)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(2,265)	(8,156)	(290)	(2,684)	(2,385)	(423)	-
Total other financing sources (uses)	-	(2,265)	(8,156)	(290)	(2,684)	(2,385)	(423)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	87,097	153,358	(192,932)	(31,968)	160,289	89,282	(185,562)	-
Cash and investments - ending	\$ 331,606	\$ 334,505	\$ 1,302,866	\$ 13,844	\$ 783,227	\$ 629,882	\$ 351	\$ 886,316

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, 2017

	School Lunch	Textbook Rental	Repair and Replacement	Levy Excess	Child Care Program	Educational License Plates	SAFE School Haven	Early Intervention Grant
Cash and investments - beginning	\$ (104)	\$ 127,768	\$ -	\$ 417	\$ (7,864)	\$ 338	\$ (12,500)	\$ -
Receipts:								
Local sources	317,042	82,270	-	-	213,519	-	-	-
Intermediate sources	-	-	-	-	-	150	-	-
State sources	6,857	30,118	-	-	-	-	12,500	5,020
Federal sources	253,730	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	9,045	2,554	96,898	-	-	-	-	-
Total receipts	586,674	114,942	96,898	-	213,519	150	12,500	5,020
Disbursements:								
Instruction	-	-	-	-	195,515	-	-	5,020
Support services	5,497	169,299	96,898	-	-	-	-	-
Noninstructional services	544,663	-	-	-	-	-	-	-
Facilities acquisition and construction	16,303	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	566,463	169,299	96,898	-	195,515	-	-	5,020
Excess (deficiency) of receipts over disbursements	20,211	(54,357)	-	-	18,004	150	12,500	-
Other financing sources (uses):								
Transfers in	-	-	-	16,203	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	16,203	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	20,211	(54,357)	-	16,203	18,004	150	12,500	-
Cash and investments - ending	\$ 20,107	\$ 73,411	\$ -	\$ 16,620	\$ 10,140	\$ 488	\$ -	\$ -

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, 2017

	Moore Foundation	Instruction Support	Ricker Donation	Lily Counseling Grant	Legacy Fund	Extra- Curricular Activities	Duke Energy Grant	Welfare Activities
Cash and investments - beginning	\$ 8,457	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ 22,278	\$ -
Receipts:								
Local sources	13,000	-	1,529	30,000	-	-	30,000	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	13,000	-	1,529	30,000	-	-	30,000	-
Disbursements:								
Instruction	-	-	-	-	-	-	14,785	-
Support services	-	250	1,295	9,167	-	-	841	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	18,820	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	18,820	250	1,295	9,167	-	-	15,626	-
Excess (deficiency) of receipts over disbursements	(5,820)	(250)	234	20,833	-	-	14,374	-
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	(5,820)	(250)	234	20,833	-	-	14,374	-
Cash and investments - ending	\$ 2,637	\$ -	\$ 234	\$ 20,833	\$ -	\$ -	\$ 36,652	\$ -

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, 2017

	Scholarships and Awards	Biddle Foundations	JBS United Inc. Donation	Urban/Grainger Donation	Miscellaneous Programs	JPMorgan Chase	Formative Assessment	High Ability Grant
Cash and investments - beginning	\$ 7,366	\$ 4,000	\$ -	\$ 7,102	\$ -	\$ -	\$ -	\$ 2,384
Receipts:								
Local sources	2,500	6,400	385	-	113,899	5,599	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	12,732	29,163
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	2,500	6,400	385	-	113,899	5,599	12,732	29,163
Disbursements:								
Instruction	2,500	-	-	-	-	-	-	31,547
Support services	-	6,851	385	-	57,521	-	12,732	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	42,000	-	-	-
Total disbursements	2,500	6,851	385	-	99,521	-	12,732	31,547
Excess (deficiency) of receipts over disbursements	-	(451)	-	-	14,378	5,599	-	(2,384)
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	-	(451)	-	-	14,378	5,599	-	(2,384)
Cash and investments - ending	\$ 7,366	\$ 3,549	\$ -	\$ 7,102	\$ 14,378	\$ 5,599	\$ -	\$ -

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, 2017

	Secured Schools Safety Grant	Scholarships and Awards	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Performance Based Awards	Indiana School Academic Improvement Program (ISAIP)	Senator David Ford Technology
Cash and investments - beginning	\$ (14,552)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	83,549	-	1,536	8,468	2,871	-	-	7,283
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	83,549	-	1,536	8,468	2,871	-	-	7,283
Disbursements:								
Instruction	73,204	-	1,536	-	2,871	-	-	-
Support services	-	-	-	4,860	-	-	-	7,350
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	73,204	-	1,536	4,860	2,871	-	-	7,350
Excess (deficiency) of receipts over disbursements	10,345	-	-	3,608	-	-	-	(67)
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	10,345	-	-	3,608	-	-	-	(67)
Cash and investments - ending	\$ (4,207)	\$ -	\$ -	\$ 3,608	\$ -	\$ -	\$ -	\$ -

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, 2017

	Title I	Federal B Grant	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools Achievement	Prepaid Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ (10,793)	\$ -	\$ (7,519)	\$ -	\$ -	\$ -	\$ 4,330,128
Receipts:							
Local sources	-	-	-	-	-	-	6,047,345
Intermediate sources	-	-	-	-	-	-	183
State sources	-	-	-	-	-	-	6,919,556
Federal sources	143,971	53,260	28,536	-	-	-	479,497
Interfund loans	-	-	-	-	-	-	772,000
Other receipts	-	-	-	-	287,675	1,800,077	2,241,393
Total receipts	143,971	53,260	28,536	-	287,675	1,800,077	16,459,974
Disbursements:							
Instruction	129,528	53,260	2,000	-	-	-	5,019,497
Support services	21,822	-	27,838	-	-	-	4,941,249
Noninstructional services	-	-	-	-	-	-	891,799
Facilities acquisition and construction	-	-	-	-	-	-	78,817
Debt service	-	-	-	-	-	-	2,524,867
Interfund loans	-	-	-	-	287,675	1,800,077	2,859,752
Total disbursements	151,350	53,260	29,838	-	287,675	1,800,077	16,315,981
Excess (deficiency) of receipts over disbursements	(7,379)	-	(1,302)	-	-	-	143,993
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	16,203
Transfers out	-	-	-	-	-	-	(16,203)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,379)	-	(1,302)	-	-	-	143,993
Cash and investments - ending	\$ (18,172)	\$ -	\$ (8,821)	\$ -	\$ -	\$ -	\$ 4,474,121

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, 2018

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 331,606	\$ 334,505	\$ 1,302,866	\$ 13,844	\$ 783,227	\$ 629,882	\$ 351	\$ 886,316
Receipts:								
Local sources	114,020	955,718	2,439,041	43,876	885,188	839,057	175,089	-
Intermediate sources	36	-	-	-	-	-	-	-
State sources	7,231,228	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	200,000	-	-	-	-	-
Other receipts	11,815	18	-	-	-	2,356	-	-
Total receipts	7,357,099	955,736	2,639,041	43,876	885,188	841,413	175,089	-
Disbursements:								
Instruction	4,665,005	187,939	-	-	-	-	-	-
Support services	2,495,768	551,082	-	-	814,564	794,428	-	209,818
Noninstructional services	352,896	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	100,206	-	-	-
Debt service	-	-	2,433,000	34,782	-	-	-	-
Interfund loans	-	200,000	-	-	-	-	42,000	-
Total disbursements	7,513,669	939,021	2,433,000	34,782	914,770	794,428	42,000	209,818
Excess (deficiency) of receipts over disbursements	(156,570)	16,715	206,041	9,094	(29,582)	46,985	133,089	(209,818)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	200,000
Transfers out	-	-	-	-	(200,000)	-	-	-
Total other financing sources (uses)	-	-	-	-	(200,000)	-	-	200,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(156,570)	16,715	206,041	9,094	(229,582)	46,985	133,089	(9,818)
Cash and investments - ending	\$ 175,036	\$ 351,220	\$ 1,508,907	\$ 22,938	\$ 553,645	\$ 676,867	\$ 133,440	\$ 876,498

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, 2018

	School Lunch	Textbook Rental	Repair and Replacement	Levy Excess	Child Care Program	Educational License Plates	SAFE School Haven	Early Intervention Grant
Cash and investments - beginning	\$ 20,107	\$ 73,411	\$ -	\$ 16,620	\$ 10,140	\$ 488	\$ -	\$ -
Receipts:								
Local sources	291,144	80,309	-	-	243,719	-	-	-
Intermediate sources	-	-	-	-	-	169	-	-
State sources	6,919	35,964	-	-	-	-	-	-
Federal sources	296,798	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	6,177	-	-	-	-	-	-	-
Total receipts	601,038	116,273	-	-	243,719	169	-	-
Disbursements:								
Instruction	-	-	-	-	236,510	-	-	-
Support services	8,846	64,118	-	-	-	-	-	-
Noninstructional services	538,929	-	-	-	-	-	-	-
Facilities acquisition and construction	8,460	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	556,235	64,118	-	-	236,510	-	-	-
Excess (deficiency) of receipts over disbursements	44,803	52,155	-	-	7,209	169	-	-
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	44,803	52,155	-	-	7,209	169	-	-
Cash and investments - ending	\$ 64,910	\$ 125,566	\$ -	\$ 16,620	\$ 17,349	\$ 657	\$ -	\$ -

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, 2018

	Moore Foundation	Instruction Support	Ricker Donation	Lily Counseling Grant	Legacy Fund	Extra- Curricular Activities	Duke Energy Grant	Welfare Activities
Cash and investments - beginning	\$ 2,637	\$ -	\$ 234	\$ 20,833	\$ -	\$ -	\$ 36,652	\$ -
Receipts:								
Local sources	13,000	-	5,604	-	3,000	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	13,000	-	5,604	-	3,000	-	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	16,043	-
Support services	-	-	1,507	20,833	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	11,885	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	11,885	-	1,507	20,833	-	-	16,043	-
Excess (deficiency) of receipts over disbursements	1,115	-	4,097	(20,833)	3,000	-	(16,043)	-
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	1,115	-	4,097	(20,833)	3,000	-	(16,043)	-
Cash and investments - ending	\$ 3,752	\$ -	\$ 4,331	\$ -	\$ 3,000	\$ -	\$ 20,609	\$ -

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, 2018

	Scholarships and Awards	Biddle Foundations	JBS United Inc. Donation	Urban/Grainger Donation	Miscellaneous Programs	JPMorgan Chase	Formative Assessment	High Ability Grant
Cash and investments - beginning	\$ 7,366	\$ 3,549	\$ -	\$ 7,102	\$ 14,378	\$ 5,599	\$ -	\$ -
Receipts:								
Local sources	1,500	-	-	6,000	52,601	5,301	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	12,539	29,081
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	42,000	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	1,500	-	-	6,000	94,601	5,301	12,539	29,081
Disbursements:								
Instruction	2,500	-	-	-	-	-	-	29,082
Support services	-	2,532	-	-	23,827	-	12,539	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	2,500	2,532	-	-	23,827	-	12,539	29,082
Excess (deficiency) of receipts over disbursements	(1,000)	(2,532)	-	6,000	70,774	5,301	-	(1)
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	(1,000)	(2,532)	-	6,000	70,774	5,301	-	(1)
Cash and investments - ending	\$ 6,366	\$ 1,017	\$ -	\$ 13,102	\$ 85,152	\$ 10,900	\$ -	\$ (1)

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, 2018

	Secured Schools Safety Grant	Scholarships and Awards	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Performance Based Awards	Indiana School Academic Improvement Program (ISAIP)	Senator David Ford Technology
Cash and investments - beginning	\$ (4,207)	\$ -	\$ -	\$ 3,608	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	3,985	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	18,375	-	2,500	11,010	1,219	32,281	22,668	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	18,375	3,985	2,500	11,010	1,219	32,281	22,668	-
Disbursements:								
Instruction	57,946	444	2,500	-	1,219	29,644	450	-
Support services	-	-	-	2,318	-	2,637	23,964	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	57,946	444	2,500	2,318	1,219	32,281	24,414	-
Excess (deficiency) of receipts over disbursements	(39,571)	3,541	-	8,692	-	-	(1,746)	-
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	(39,571)	3,541	-	8,692	-	-	(1,746)	-
Cash and investments - ending	\$ (43,778)	\$ 3,541	\$ -	\$ 12,300	\$ -	\$ -	\$ (1,746)	\$ -

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, 2018

	Title I	Federal B Grant	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools Achievement	Prepaid Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ (18,172)	\$ -	\$ (8,821)	\$ -	\$ -	\$ -	\$ 4,474,121
Receipts:							
Local sources	-	-	-	10,000	-	-	6,168,152
Intermediate sources	-	-	-	-	-	-	205
State sources	-	-	-	-	-	-	7,403,784
Federal sources	172,884	17,545	37,454	-	-	-	524,681
Interfund loans	-	-	-	-	-	-	242,000
Other receipts	-	-	-	-	271,694	1,814,331	2,106,391
Total receipts	172,884	17,545	37,454	10,000	271,694	1,814,331	16,445,213
Disbursements:							
Instruction	158,481	17,545	2,000	8,281	-	-	5,415,589
Support services	-	-	27,493	-	-	-	5,056,274
Noninstructional services	-	-	-	-	-	-	891,825
Facilities acquisition and construction	-	-	-	-	-	-	120,551
Debt service	-	-	-	-	-	-	2,467,782
Interfund loans	-	-	-	-	263,977	1,814,331	2,320,308
Total disbursements	158,481	17,545	29,493	8,281	263,977	1,814,331	16,272,329
Excess (deficiency) of receipts over disbursements	14,403	-	7,961	1,719	7,717	-	172,884
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	200,000
Transfers out	-	-	-	-	-	-	(200,000)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,403	-	7,961	1,719	7,717	-	172,884
Cash and investments - ending	\$ (3,769)	\$ -	\$ (860)	\$ 1,719	\$ 7,717	\$ -	\$ 4,647,005

(This page intentionally left blank.)

SHERIDAN COMMUNITY SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 380,624</u>	<u>\$ -</u>

SHERIDAN COMMUNITY SCHOOLS  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2018

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	\$ 2,069,000	04/15/15	01/15/33
Sheridan Community School Building Corporation	QZAB 2013 Mortgage Bonds, Renovation of Middle School and High School	<u>255,000</u>	08/07/13	01/15/21
Total governmental activities		<u>2,324,000</u>		
Total of annual lease payments		<u>\$ 2,324,000</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	\$ 690,000	\$ 109,740
General obligation bonds	General Obligation Pension Bond 2006	<u>273,962</u>	<u>38,580</u>
Total governmental activities		<u>963,962</u>	<u>148,320</u>
Totals		<u>\$ 963,962</u>	<u>\$ 148,320</u>

SHERIDAN COMMUNITY SCHOOLS  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2018

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,750,000
Infrastructure	42,254,486
Buildings	4,161,600
Improvements other than buildings	200,000
Machinery, equipment, and vehicles	<u>2,105,642</u>
Total governmental activities	<u>50,471,728</u>
Total capital assets	<u>\$ 50,471,728</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

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

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

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

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the School Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of July 1, 2016 to June 30, 2018.

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

**Report on Internal Control over Compliance**


Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2018-003, that we consider to be a material weakness.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

February 14, 2019

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

SHERIDAN COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2017 and 2018

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2017	\$ -	\$ 52,673	\$ -	\$ -
			FY 2018	-	-	-	65,312
Total - School Breakfast Program				-	52,673	-	65,312
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY 2017	-	201,058	-	-
			FY 2018	-	-	-	231,486
National School Lunch Program - Commodities			FY 2017	-	44,856	-	-
			FY 2018	-	-	-	52,840
Total - National School Lunch Program				-	245,914	-	284,326
Total - Child Nutrition Cluster				-	298,587	-	349,638
Total - Department of Agriculture				-	298,587	-	349,638
<b>Department of Education</b>							
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Part A			16-3055	-	10,793	-	-
Title I Part A			17-3055	-	105,678	-	21,110
Title I Part A			18-3055	-	-	-	146,462
Title I School Improvement Grant 1003(a)			S010A150014	-	27,500	-	27,476
Total - Title I Grants to Local Educational Agencies				-	143,971	-	195,048
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Part B FY 2016 Subgrant			14216-025-PN01	-	69,566	-	3,149
Part B FY 2017 Subgrant			14217-025-PN01	-	165,806	-	41,669
Part B FY 2018 Subgrant			18611-023-PN01	-	-	-	156,673
Total - Special Education Grants to States				-	235,372	-	201,491
Special Education Preschool Grants	Indiana Department of Education	84.173					
Preschool FY 2016 Subgrant			45716-023-PN01	-	1,701	-	-
Preschool FY 2017 Subgrant			45717-023-PN01	-	13,927	-	889
Preschool FY 2018 Subgrant			18619-023-PN01	-	-	-	10,707
Total - Special Education Preschool Grants				-	15,628	-	11,596
Total - Special Education Cluster (IDEA)				-	251,000	-	213,087
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A			16-3055	-	7,519	-	-
Title II Part A			17-3055	-	21,017	-	8,584
Title II Part A			18-3055	-	-	-	28,870
Total - Supporting Effective Instruction State Grants				-	28,536	-	37,454
Total - Department of Education				-	423,507	-	445,589
Total federal awards expended				\$ -	\$ 722,094	\$ -	\$ 795,227

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, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

**Note 2. Summary of Significant Accounting Policies**

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

**Note 3. Special Education Cooperative**

The School Corporation is a member of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative), which operates the Special Education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

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 program:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Program and type of auditor's report issued on compliance for it:

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

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

Auditee qualified as low-risk auditee?	no
--	----

**Section II - Financial Statement Findings**

**FINDING 2018-001**

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 2016-001.

*Condition*

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

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

*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. . . ."

*Cause*

Management had not established a proper system of internal control that would have included proper segregation of duties.

*Effect*

The failure to establish controls could have enabled misstatements or irregularities to remain undetected.

*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 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 2018-002**

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

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-002.

*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 established internal controls over the federal award information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's SEFA; however, the controls were not effective.

*Context*

The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster expenditures were understated by \$44,856 and \$52,840 for the 2017 and 2018 fiscal years, respectively.
2. The Special Education Cluster (IDEA) expenditures were overstated by \$53,260 and \$18,976 for the 2017 and 2018 fiscal years, respectively.
3. The Title I Grants to Local Educational Agencies expenditures were understated by \$45,082 for the 2018 fiscal year.
4. The Supporting Effective Instruction State Grants expenditures were understated by \$5,000 and \$8,584 for the 2017 and 2018 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. . . ."

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

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

*"Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*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, material misstatements of the SEFA remained undetected.

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

*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 2018-003**

Subject: Child Nutrition Cluster - Eligibility and Reporting  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2017, FY 2018  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Eligibility, Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report in regard to eligibility. The prior audit finding number was 2016-003.

*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 compliance requirements listed above.

*Eligibility*

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.

*Reporting*

A control process had not been established to ensure the Verification Summary Reports were accurate prior to submission. There was no documentation of an oversight or review process, or other compensating control, to ensure reports were completed and accurate prior to submission.

*Context*

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

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

Management had not developed a system of internal controls to ensure compliance with the grant agreement and the compliance requirements listed above.

*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 compliance requirements listed above.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

#### 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*

---

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-001 – FINANCIAL TRANSACTIONS AND REPORTING**

*Fiscal year in which the finding initially occurred: 2016*

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

*Contact Person Responsible for Corrective Action: Robin Popejoy*

*Contact Phone Number: 317-758-4172*

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.

This process has been made a permanent procedure to our process.

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

*Fiscal year in which the finding initially occurred: 2016*

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

*Contact Person Responsible for Corrective Action: Robin Popejoy*

*Contact Phone Number: 317-758-4172*

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

Superintendent is overlooking the reporting process.

### **FINDING 2016-003 – ELIGIBILITY**

*Fiscal year in which the finding initially occurred: 2016*

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

*Contact Person Responsible for Corrective Action: Robin Popejoy*

*Contact Phone Number: 317-758-4172*

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.

This process has been made a permanent procedure to our process.

**FINDING 2016-004 – ALLOWABLE COSTS/COST PRINCIPLES**

*Fiscal year in which the finding initially occurred: 2016*

*Pass-Through Entity, if pass-through or Federal Agency, if direct: Noblesville Schools/Indiana Department of Education*

*Contact Person Responsible for Corrective Action: Robin Popejoy*

*Contact Phone Number: 317-758-3171*

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.

**FINDING 2016-005 – CASH MANAGEMENT**

*Fiscal year in which the finding initially occurred: 2016*

*Pass-Through Entity, if pass-through or Federal Agency, if direct: Noblesville Schools/Indiana Department of Education*

*Contact Person Responsible for Corrective Action: Robin Popejoy*

*Contact Phone Number: 317-758-3171*

Reimbursements will only be requested for expenditures on cash basis rather than an accrual basis.

**FINDING 2016-006 – EQUIPMENT AND REAL PROPERTY MANAGEMENT**

*Fiscal year in which the finding initially occurred: 2016*

*Pass-Through Entity, if pass-through or Federal Agency, if direct: Noblesville Schools/Indiana Department of Education*

*Contact Person Responsible for Corrective Action: Robin Popejoy*

*Contact Phone Number: 317-758-3171*

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

**FINDING 2016-007 – REPORTING**

*Fiscal year in which the finding initially occurred: 2016*

*Pass-Through Entity, if pass-through or Federal Agency, if direct: Noblesville Schools/Indiana Department of Education*

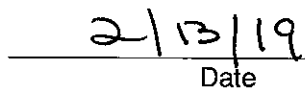
*Contact Person Responsible for Corrective Action: Robin Popejoy*

*Contact Phone Number: 317-758-3171*

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.

  
Signature

  
Title

  
Date

---

# Sheridan Community Schools

---

*Home of the Sheridan Blackhawks*

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

---

*Dr. Doug Miller, Superintendent*

---

## ***FINDING 2018-001 – 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: February 14, 2019

---

# Sheridan Community Schools

---

*Home of the Sheridan Blackhawks*

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

*Dr. Doug Miller, Superintendent*

---

**FINDING 2018-002 –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: February 14, 2019

---

# Sheridan Community Schools

---

*Home of the Sheridan Blackhawks*

---

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

---

*Dr. Doug Miller, Superintendent*

---

***FINDING 2018-003 – CHILD NUTRITION CLUSTER – INTERNAL CONTROLS***

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: February 14, 2019

#### 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/>.