

Sheridan School District No. 37

Grant County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

June 30, 2017

LEGISLATIVE JOINT AUDITING COMMITTEE



SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
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JUNE 30, 2017

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Arkansas



Sen. Jimmy Hickey, Jr.
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Sheridan School District No. 37 and School Board Members
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Sheridan School District No. 37 (the District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, as described in Note 1, to meet the requirements of the State of Arkansas. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements 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 *Governmental 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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 District'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 statements.

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

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

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the State of Arkansas, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements 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 paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2017, or the changes in financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2017, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Schedule of Capital Assets, and the Schedule of Selected Information for the Last Five Years – Regulatory Basis are presented for the purposes of additional analysis and are not a required part of the regulatory basis financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, 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 regulatory basis financial statements as a whole.

The Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis have not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 District'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 District's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
November 16, 2017
EDSD14417

Arkansas

Sen. Jimmy Hickey, Jr.
Senate Chair
Sen. Lance Eads
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Mary Bentley
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Sheridan School District No. 37 and School Board Members
Legislative Joint Auditing Committee

We have audited, in accordance with the 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 statements of each major governmental fund and the aggregate remaining fund information of the Sheridan School District No. 37 (the "District"), as of and for the year ended June 30, 2017, and the related notes to financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated November 16, 2017. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2017, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the District'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 opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's regulatory basis financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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. Given those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

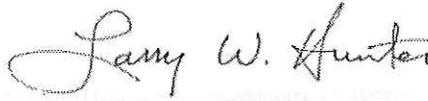
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT



Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
November 16, 2017

Arkansas

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Sheridan School District No. 37 and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

We have audited the Sheridan School District No. 37 (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect of each of the District's major federal programs for the year ended June 30, 2017. The District'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 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 each of the District'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 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 District'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 District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

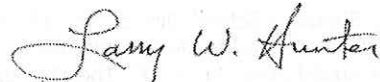
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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 an opinion on compliance for each 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 District'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

ARKANSAS LEGISLATIVE AUDIT



Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
November 16, 2017

SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 JUNE 30, 2017

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
ASSETS				
Cash	\$ 9,548,179	\$ 12,074	\$ 16,353,969	\$ 234,755
Investments			20,087,765	
Accounts receivable	10,022	\$ 233,180		
Due from other funds	105,547			
Deposit with paying agent			2,058,824	
TOTAL ASSETS	\$ 9,663,748	\$ 245,254	\$ 38,500,558	\$ 234,755
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 206,721	\$ 4,973	\$ 9,240	\$ 352
Due student groups				202,899
Due to other funds		105,547		
Total Liabilities	206,721	110,520	9,240	203,251
Fund Balances:				
Restricted	203,010	134,734	34,325,522	31,504
Assigned	552,937		4,165,796	
Unassigned	8,701,080			
Total Fund Balances	9,457,027	134,734	38,491,318	31,504
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,663,748	\$ 245,254	\$ 38,500,558	\$ 234,755

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

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

	Major		Other Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 10,001,714		
State assistance	22,340,271	\$ 12,222	\$ 141,218
Federal assistance		3,385,732	218,902
Activity revenues	387,320		
Meal sales		451,675	
Investment income	60,689	11,010	148,961
Other revenues	139,948	14,351	
TOTAL REVENUES	32,929,942	3,874,990	509,081
EXPENDITURES			
Regular programs	12,801,541		
Special education	1,556,688	705,188	
Career education programs	791,382	16,765	
Compensatory education programs	425,453	318,986	
Other instructional programs	1,848,184	72,158	
Student support services	1,378,183	293,075	
Instructional staff support services	1,658,439	678,135	
General administration support services	952,147	65,713	
School administration support services	1,907,589		
Central services support services	1,085,759		
Operation and maintenance of plant services	2,774,605	26,076	
Student transportation services	1,494,923	28,858	
Other support services	63,685	19,233	
Food services operations	1,345	1,640,462	
Facilities acquisition and construction services	470,487		760,633
Activity expenditures	371,622		
Debt Service:			
Principal retirement	197,205		425,000
Interest and fiscal charges	23,282		799,896
Net debt issuance costs			628,973
TOTAL EXPENDITURES	29,802,519	3,864,649	2,614,502
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,127,423	10,341	(2,105,421)
OTHER FINANCING SOURCES (USES)			
Transfers in			1,569,412
Transfers out	(1,569,412)		
Proceeds from sale of capital assets	58,784		
Refund to grantor		(4,698)	
Proceeds from bond issue			31,215,000
TOTAL OTHER FINANCING SOURCES (USES)	(1,510,628)	(4,698)	32,784,412

SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017

Exhibit B

	Major		
	General	Special Revenue	Other Aggregate
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 1,616,795	\$ 5,643	\$ 30,678,991
FUND BALANCES - JULY 1	7,840,232	129,091	7,812,327
FUND BALANCES - JUNE 30	\$ 9,457,027	\$ 134,734	\$ 38,491,318

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

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 9,413,900	\$ 10,001,714	\$ 587,814			
State assistance	22,214,724	22,340,271	125,547	\$ 12,198	\$ 12,222	\$ 24
Federal assistance				3,325,240	3,385,732	60,492
Activity revenues	608,833	387,320	(221,513)			
Meal sales				408,798	451,675	42,877
Investment income	70,436	60,689	(9,747)	18,466	11,010	(7,456)
Other revenues	146,781	139,948	(6,833)		14,351	14,351
TOTAL REVENUES	32,454,674	32,929,942	475,268	3,764,702	3,874,990	110,288
EXPENDITURES						
Regular programs	13,400,851	12,801,541	599,310			
Special education	1,547,024	1,556,688	(9,664)	709,911	705,188	4,723
Career education programs	853,064	791,382	61,682	5,284	16,765	(11,481)
Compensatory education programs	442,484	425,453	17,031	355,513	318,986	36,527
Other instructional programs	1,887,044	1,848,184	38,860	70,963	72,158	(1,195)
Student support services	1,384,158	1,378,183	5,975	341,490	293,075	48,415
Instructional staff support services	1,509,235	1,658,439	(149,204)	589,129	678,135	(89,006)
General administration support services	988,313	952,147	36,166	66,016	65,713	303
School administration support services	1,900,636	1,907,589	(6,953)			
Central services support services	1,067,574	1,085,759	(18,185)	150		150
Operation and maintenance of plant services	3,446,605	2,774,605	672,000	30,929	26,076	4,853
Student transportation services	1,738,192	1,494,923	243,269	24,127	28,858	(4,731)
Other support services	79,281	63,685	15,596	22,335	19,233	3,102
Food services operations	1,000	1,345	(345)	1,657,604	1,640,462	17,142
Community services operations				1,500		1,500
Facilities acquisition and construction services	114,414	470,487	(356,073)			
Activity expenditures	654,521	371,622	282,899			
Debt Service:						
Principal retirement	197,205	197,205				
Interest and fiscal charges	23,282	23,282				
TOTAL EXPENDITURES	31,234,883	29,802,519	1,432,364	3,874,951	3,864,649	10,302

SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,219,791	\$ 3,127,423	\$ 1,907,632	\$ (110,249)	\$ 10,341	\$ 120,590
OTHER FINANCING SOURCES (USES)						
Transfers in	43,310,171		(43,310,171)	9,542		(9,542)
Transfers out	(44,690,816)	(1,569,412)	43,121,404	(9,542)		9,542
Proceeds from sale of capital assets		58,784	58,784			
Refund to grantor					(4,698)	(4,698)
TOTAL OTHER FINANCING SOURCES (USES)	(1,380,645)	(1,510,628)	(129,983)	0	(4,698)	(4,698)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(160,854)	1,616,795	1,777,649	(110,249)	5,643	115,892
FUND BALANCES - JULY 1	8,120,874	7,840,232	(280,642)	130,184	129,091	(1,093)
FUND BALANCES - JUNE 30	<u>\$ 7,960,020</u>	<u>\$ 9,457,027</u>	<u>\$ 1,497,007</u>	<u>\$ 19,935</u>	<u>\$ 134,734</u>	<u>\$ 114,799</u>

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

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The Board of Education, a seven member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Sheridan School District (District). There are no component units.

B. Description of Funds

Major governmental funds (per the regulatory basis of accounting) are defined as General and Special Revenue.

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Fund includes federal revenues and related expenditures, restricted for specific educational programs or projects, including the District's food services operations. The Special Revenue Fund also includes required matching for those federal programs, program income required to be used to further the objectives of those programs, and transfers from the general fund to supplement such programs.

Other governmental funds, presented in the aggregate, consist of the following:

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. The Capital Projects Fund excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Fiduciary Fund types include the following:

Agency Funds - Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

Private-purpose Trust Funds - Private-purpose trust funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

C. Measurement Focus and Basis of Accounting

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA). This basis of accounting is prescribed by Ark. Code Ann. § 10-4-413(c), as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Measurement Focus and Basis of Accounting (Continued)

The RBA is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, specific procedures for the identification of major governmental funds, and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts.

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and capital leases are reported as other financing sources. Changes in private-purpose trust funds will be reflected in the notes to financial statements.

D. Revenue Recognition Policies

Revenues are recognized when they become susceptible to accrual in accordance with the RBA, except for property taxes (see Note 1 F below).

E. Capital Assets

Information on capital assets and related depreciation is reported at Schedule 1. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at acquisition value when received. The District maintains a threshold level of \$1,000 for capitalizing equipment. Library holdings are not capitalized.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

Asset Class	Estimated Useful Life in Years
Improvements/infrastructure	20
Buildings	50
Equipment	5-20

F. Property Taxes

Property taxes are levied (tax rates are established) in November of each year based on property assessment (real and personal) that occurred within a specific period of time beginning January 1 of the same year. Property taxes are collectible beginning the first business day of March of the year following the levy date and are considered delinquent after October 15 of the same calendar year.

Ark. Code Ann. § 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of 2016 calendar year taxes collected by June 30, 2017 and 16 percent of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue property taxes or the option to accrue property taxes was not applicable because the amount of property taxes collected by June 30, 2017 equaled or exceeded the 16 percent calculation.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

F. Property Taxes (Continued)

Amendment no. 74 to the Arkansas Constitution established a uniform minimum property tax millage rate of 25 mills for maintenance and operation of public schools. Ark. Code Ann. § 26-80-101 provides the uniform rate of tax (URT) shall be assessed and collected in the same manner as other school property taxes, but the net revenues from the URT shall be remitted to the State Treasurer and distributed by the State to the county treasurer of each county for distribution to the school districts in that county. For reporting purposes, URT revenues are considered property taxes.

G. Interfund Receivables and Payables

Interfund receivables and payables result from services rendered from one fund to another or from interfund loans.

H. Fund Balance Classifications

1. Restricted fund balance – represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Assigned fund balance – represents amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed.
3. Unassigned fund balance – represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

I. Budget and Budgetary Accounting

The District is required by state law to prepare an annual budget. The annual budget is prepared on a fiscal year basis. The District does not prepare and submit amended budgets during the fiscal year. The State Department of Education's regulations allow for the cash basis or the modified accrual basis. However, the majority of the school districts employ the cash basis method.

The District budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis. Additionally, the District routinely budgets restricted federal programs as part of the special revenue fund. Significant variances may result in the budgetary comparison of the revenues and expenditures of the special revenue fund because of the reclassification of those federal programs primarily utilized for capital projects to the other aggregate funds for reporting purposes.

Budgetary perspective differences are not considered to be significant, because the structure of the information utilized in preparing the budget and the applicable fund financial statements is essentially the same.

J. Stabilization Arrangements

The District's Board of Education has not formally set aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Minimum Fund Balance Policies

The District's Board of Education has not formally adopted a minimum fund balance policy.

L. Fund Balance Classification Policies and Procedures

The Superintendent, in conjunction with other management and accounting personnel, is authorized to assign amounts to a specific purpose. The District's Board of Education has not adopted a formal policy addressing this authorization.

The District's revenues, expenditures, and fund balances are tracked in the accounting system by numerous sources of funds. The fund balances of these sources of funds are combined to derive the District's total fund balances by fund. It is uncommon for an individual source of funds to contain restricted and unrestricted (committed, assigned, or unassigned) funds. The District does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted amounts are available. District personnel decide which resources (source of funds) to use at the time expenditures are incurred. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The District does not have a policy addressing which resources to use within the unrestricted fund balances when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

M. Encumbrances

The District does not utilize encumbrance accounting.

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,000,000	\$ 1,000,000
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	45,236,742	46,416,071
Total Deposits	\$ 46,236,742	\$ 47,416,071

The above total deposits include certificates of deposit of \$20,087,765 reported as investments and classified as nonparticipating contracts.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
State assistance	\$ 4,218	
Federal assistance		\$ 233,180
Other	5,804	
Totals	\$ 10,022	\$ 233,180

4: COMMITMENTS

The District was contractually obligated for the following at June 30, 2017:

A. Construction Contracts

Project Name	Estimated Completion Date	Contract Balance
East End School renovations - architect	April 2019	\$ 541,500
High School renovations - architect	April 2019	819,000
Intermediate School renovations	November 2017	1,634,212
Campus wide security renovations	September 2017	275,456
Stadium renovations	August 2017	622,267

B. Operating Lease (noncapital lease with initial noncancellable lease terms in excess of one year)

General description of lease and leasing arrangements: Lease agreement with Richo Americas Corporation for 32 copiers.

1. Future minimum rental payments (aggregate) at June 30, 2017: \$107,701
2. Future minimum rental payments for the succeeding years:

Year Ended June 30,	Amount
2018	\$ 107,701

Rental payments for the operating leases described above were approximately \$110,136 for the year ended June 30, 2017.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

4: **COMMITMENTS (Continued)**

C. Long-term Debt Issued and Outstanding

The District is presently paying on the following long-term debt:

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2017	Maturities To June 30, 2017
7/1/08	2/1/33	2.5 - 4.25%	\$ 1,045,000	\$ 755,000	\$ 290,000
9/7/10	3/1/27	4.70%	5,000,000	5,000,000	
7/5/13	7/6/17	2.91%	391,844	102,219	289,625
4/7/14	4/15/24	4.29%	200,000	140,000	60,000
9/1/15	9/1/20	2.57%	410,000	332,108	77,892
12/1/15	2/1/33	2 - 3.25%	13,440,000	13,050,000	390,000
12/1/16	2/1/47	2 - 4%	31,215,000	31,215,000	
Totals			<u>\$ 51,701,844</u>	<u>\$ 50,594,327</u>	<u>\$ 1,107,517</u>

Changes in Long-term Debt

	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
Bonds payable	\$ 19,230,000	\$ 31,215,000	\$ 425,000	\$ 50,020,000
Installment contracts	771,532		197,205	574,327
Totals	<u>\$ 20,001,532</u>	<u>\$ 31,215,000</u>	<u>\$ 622,205</u>	<u>\$ 50,594,327</u>

Future Principal and Interest Payments

Year Ended June 30,	Principal	Interest	Total
2018	\$ 972,113	\$ 1,694,948	\$ 2,667,061
2019	896,947	1,673,137	2,570,084
2020	909,053	1,653,661	2,562,714
2021	931,214	1,633,930	2,565,144
2022	855,000	1,613,657	2,468,657
2023-2027	9,535,000	7,760,683	17,295,683
2028-2032	8,135,000	5,725,494	13,860,494
2033-2037	8,285,000	4,426,244	12,711,244
2038-2042	9,260,000	3,042,775	12,302,775
2043-2047	10,815,000	1,312,112	12,127,112
Totals	<u>\$ 50,594,327</u>	<u>\$ 30,536,641</u>	<u>\$ 81,130,968</u>

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

4: COMMITMENTS (Continued)

Qualified School Construction Bonds

On September 7, 2010, the District obtained funding of \$5,000,000 from Qualified School Construction Bonds, a debt financial arrangement authorized by the American Recovery and Reinvestment Act of 2009. The District will deposit a specified amount annually into a sinking fund for 17 years. This amount plus interest earned will be used to retire the debt when due.

Security for Debt Payments

Ark. Code Ann. § 6-20-1204 specifies procedures to be followed if a school district is delinquent in a payment to the paying agent for bonded debt. As additional security, any delinquent payment for bonded debt will be satisfied by the Arkansas Department of Education (ADE). Depending on the date of the bond issue, ADE will recover the full amount of any delinquency payment through the withholding of a school district's state funding or a direct payment from the school district. There were no delinquent bond payments incurred by the District during the audit period.

5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2017 were comprised of the following:

Description	Governmental Funds			Fiduciary Fund Types
	Major			
	General	Special Revenue	Other Aggregate	
Vendor payables	\$ 31,709	\$ 4,973	\$ 9,240	\$ 352
Payroll withholdings and matching	3,163			
Due to grantors	171,849			
Totals	<u>\$ 206,721</u>	<u>\$ 4,973</u>	<u>\$ 9,240</u>	<u>\$ 352</u>

6: INTERFUND TRANSFERS

The District transferred \$1,569,412 from the general fund to the other aggregate funds for debt related payments of \$1,262,131 and \$307,281 for debt refunding savings required to be utilized for capital expenditures.

7: RETIREMENT PLANS

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 1-800-666-2877, or by visiting the ATRS website at www.artrs.gov.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

7: RETIREMENT PLANS (Continued)

Arkansas Teacher Retirement System (Continued)

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2017 were \$2,858,580, equal to the required contributions.

Net Pension Liability

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2016 (actuarial valuation date and measurement date) was \$30,426,189.

Arkansas Public Employees Retirement System

Plan Description

The District contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers certain non-teaching school employees. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 West Capitol Avenue, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or by visiting the APERS website at www.apers.org.

Funding Policy

APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute 5% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for school districts is 4% of covered salaries. The District's contributions to APERS for the year ended June 30, 2017 were \$2,652, equal to the required contributions.

Net Pension Liability

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2016 (actuarial valuation date and measurement date) was \$35,728.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

8: CHANGES IN PRIVATE-PURPOSE TRUST FUNDS

ADDITIONS	
Donations	\$ 13,871
Interest	<u>340</u>
TOTAL ADDITIONS	<u>14,211</u>
DEDUCTIONS	
Scholarships	<u>14,234</u>
CHANGE IN FUND BALANCE	(23)
FUND BALANCE - JULY 1	<u>31,527</u>
FUND BALANCE - JUNE 30	<u>\$ 31,504</u>

9: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$50,700,000 issued from July 1, 2008 to December 1, 2016. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$80,508,034, payable through February 1, 2047. Principal and interest paid for the current year and total property taxes pledged for debt service were \$1,222,900 and \$3,056,079, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 40.02 percent.

10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Districts carries commercial insurance for board liability, student accidents, and preschool property coverage.

The District participates in the Arkansas School Boards Association – Workers' Compensation Trust (the Trust), a self-insurance trust voluntarily established on July 1, 1994 pursuant to state law. The Trust is responsible for obtaining and administering workers' compensation insurance coverage for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Trust is responsible for monitoring, negotiating and settling claims that have been filed on behalf of and against member districts. The District contributes annually to this program.

Additionally, the District participates in the Arkansas School Boards Association – Risk Management Program (the Association), a self-insurance program voluntarily established on February 1, 1984 pursuant to state law. The Association is responsible for obtaining and administering insurance coverage for property and vehicles for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Association is responsible for monitoring, negotiating, and settling claims that have been filed against member districts. The District pays an annual premium for its coverage of buildings, contents, and vehicles.

The District participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$300,000 with a \$2,500 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

Settled claims have not exceeded coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

11: ON-BEHALF PAYMENTS

The allocation of the health insurance premiums paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$564,882 for the year ended June 30, 2017.

12: DETAILS OF GOVERNMENTAL FUND BALANCE CLASSIFICATIONS DISPLAYED IN THE AGGREGATE

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 3,927		
Educational programs - national school lunch state categorical funding	58,714		
English-language learners	23,990		
Professional development	4,313		
Capital projects			\$ 32,266,698
Child nutrition programs		\$ 31,424	
Debt service			2,058,824
Medical services		85,273	
Special education programs	87,838		
Other purposes	24,228	18,037	
Total Restricted	<u>203,010</u>	<u>134,734</u>	<u>34,325,522</u>
Assigned to:			
Capital projects			4,165,796
Student activities	552,937		
Total Assigned	<u>552,937</u>		<u>4,165,796</u>
Unassigned	<u>8,701,080</u>		
Totals	<u>\$9,457,027</u>	<u>\$ 134,734</u>	<u>\$ 38,491,318</u>

13: SUBSEQUENT EVENTS

- A. The District entered into a construction manager contract with Nabholz Construction Services on August 15, 2017 for the construction of a warehouse (for storage purposes) with a guaranteed maximum price of \$625,973.
- B. The District entered into a construction manager contract with Nabholz Construction Services on May 22, 2017 for the construction of a new high school. On October 23, 2017, the Board approved a guaranteed maximum price of \$24,998,184.

14: SALE OF CAPITAL ASSETS

During the year ended June 30, 2017, the District received proceeds of \$58,784 for the sale of land in the amount of \$57,184 and seven equipment items totaling \$1,600.

SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 SCHEDULE OF CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2017
 (Unaudited)

Schedule 1

	Balance June 30, 2017
<i>Nondepreciable capital assets:</i>	
Land	\$ 1,780,145
Construction in progress	580,410
Total nondepreciable capital assets	2,360,555
 <i>Depreciable capital assets:</i>	
Buildings	34,430,466
Improvements/infrastructure	7,092,573
Equipment	8,781,591
Total depreciable capital assets	50,304,630
 Less accumulated depreciation for:	
Buildings	13,853,032
Improvements/infrastructure	2,452,025
Equipment	6,391,133
Total accumulated depreciation	22,696,190
Total depreciable capital assets, net	27,608,440
Capital assets, net	\$ 29,968,995

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
CHILD NUTRITION CLUSTER				
<u>U. S. Department of Agriculture</u>				
Direct Program:				
National School Lunch Program (Note 3)	10.555			\$ 46,106
Passed Through Arkansas Department of Education:				
School Breakfast Program	10.553	2705		255,282
National School Lunch Program	10.555	2705		830,018
Total Arkansas Department of Education				<u>1,085,300</u>
Passed Through Arkansas Department of Human Services:				
National School Lunch Program (Note 4)	10.555	2705000		72,858
TOTAL CHILD NUTRITION CLUSTER				<u>1,204,264</u>
OTHER PROGRAMS				
<u>U. S. Department of Defense</u>				
Direct Program:				
ROTC (Note 5)	12.AR24018			72,158
<u>U. S. Department of Education</u>				
Passed Through Arkansas Department of Education:				
Title I Grants to Local Educational Agencies	84.010	2705		655,047
Special Education - Grants to States	84.027	2705		846,805
Supporting Effective Instruction State Grant	84.367	2705		114,861
Total Arkansas Department of Education				<u>1,616,713</u>
Passed Through Arkansas Department of Career Education:				
Career and Technical Education - Basic Grants to States	84.048	2705		46,732
Passed Through The Curators of the University of Missouri:				
Education Innovation and Research	84.411	C00051949-23		144,082
Total U. S. Department of Education				<u>1,807,527</u>
<u>U. S. Department of Homeland Security</u>				
Passed through Arkansas Department of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2705		9,625
TOTAL OTHER PROGRAMS				<u>1,889,310</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 0</u>	<u>\$ 3,093,574</u>

The accompanying notes are an integral part of this schedule.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Schedule 2

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Sheridan School District No. 37 (District) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.
- Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Note 3: Nonmonetary assistance is reported at the approximate value as provided by the U. S. Department of Defense through an agreement with the U. S. Department of Agriculture.
- Note 4: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 5: The Federal CFDA Number was not available. An alternative identifying number was utilized.
- Note 6: The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 7: During the year ended June 30, 2017, the District received Medicaid funding of \$216,604 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.



SHERIDAN SCHOOL DISTRICT
DISTRICT ADMINISTRATION

400 NORTH ROCK STREET | SHERIDAN, AR 72150 | 870.942.3135 | WWW.SHERIDANSCHOOLS.ORG

Schedule 4

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF AGRICULTURE
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION
SCHOOL BREAKFAST PROGRAM - CFDA NUMBER 10.553
PASS-THROUGH NUMBER 2705
AUDIT PERIOD - YEAR ENDED JUNE 30, 2016

2016 - Finding 2016-001: Reporting

Criteria or specific requirement: Monthly claims for reimbursement are required to be submitted to the Arkansas Department of Education, Child Nutrition Unit (ADE,CNU). Reimbursement claim components include the total number of free, reduced price, and paid meals served. The total meals served by category are to be derived from the daily record forms.

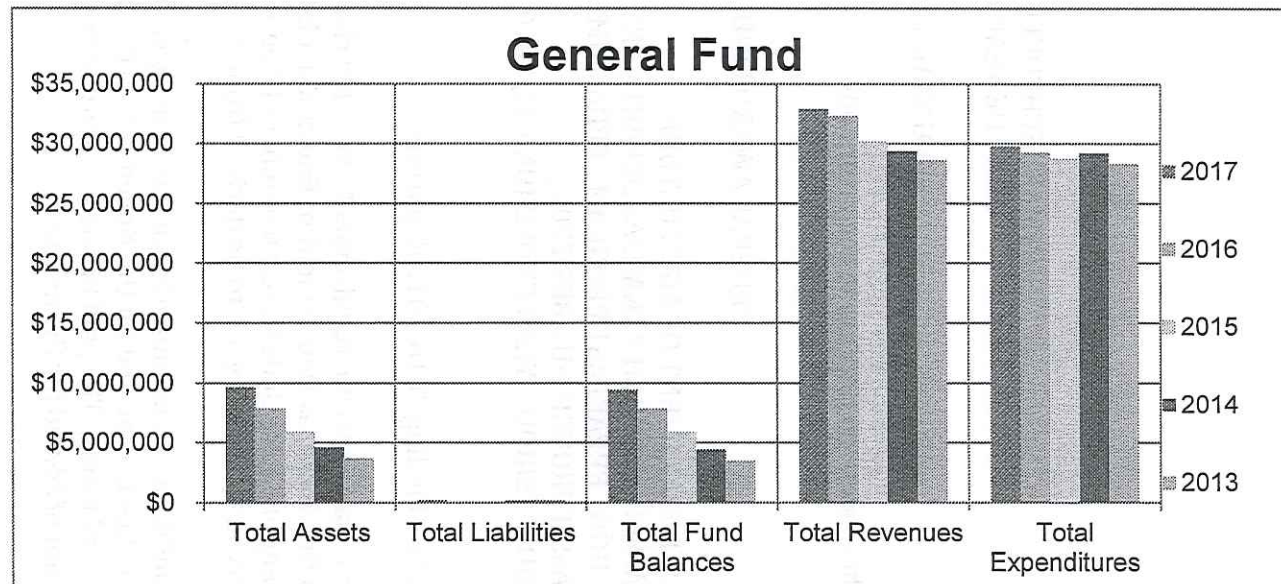
Condition: An examination of the monthly claims for reimbursement identified the number of paid breakfasts reported on the November 2015 claim for reimbursement did not agree with the daily record forms. The paid breakfasts were overstated by 16,199 at \$.29 per meal resulting in an over claim of \$4,698 for the month.

Current Status: Sheridan School District prepared check #170888 to refund overpayment to Child Nutrition on 2.2.17. The check was in the amount of \$4,697.71. Check #170888 cleared the bank on 3.8.17.

SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017
 (Unaudited)

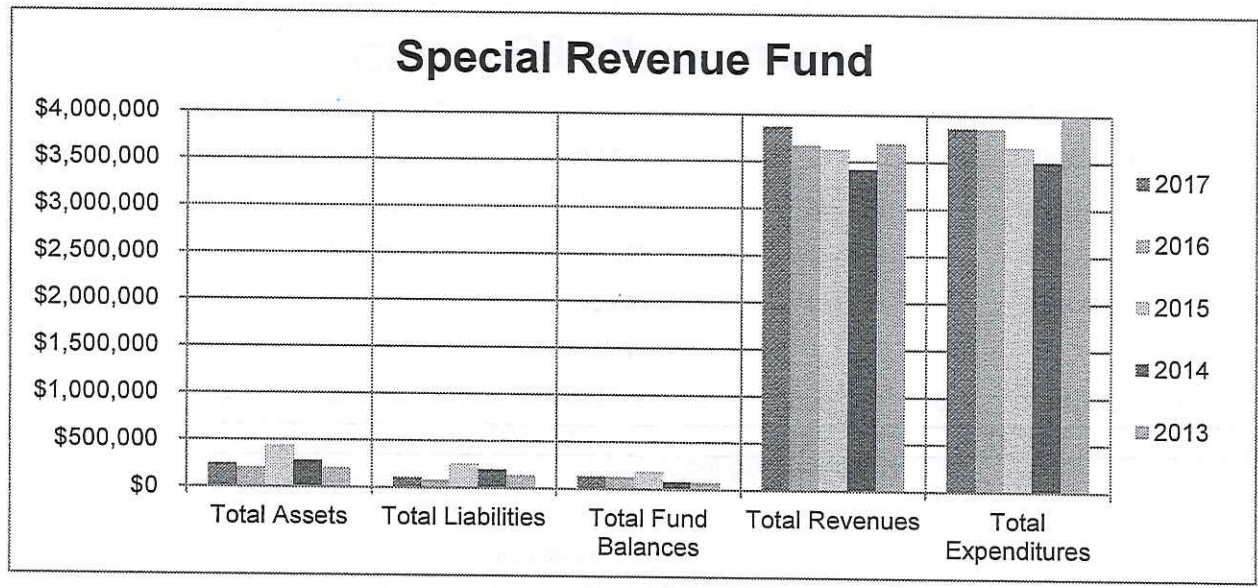
Schedule 5

General Fund	Year Ended June 30,				
	2017	2016	2015	2014	2013
Total Assets	\$ 9,663,748	\$ 7,869,231	\$ 5,837,234	\$ 4,595,644	\$ 3,686,291
Total Liabilities	206,721	28,999	22,084	171,380	240,088
Total Fund Balances	9,457,027	7,840,232	5,815,150	4,424,264	3,446,203
Total Revenues	32,929,942	32,334,573	30,230,927	29,338,342	28,583,730
Total Expenditures	29,802,519	29,203,793	28,694,838	29,158,225	28,298,146
Total Other Financing Sources (Uses)	(1,510,628)	(1,105,698)	(147,703)	797,220	(452,175)



SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017
 (Unaudited)

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2017	2016	2015	2014	2013
Total Assets	\$ 245,254	\$ 208,372	\$ 446,413	\$ 277,836	\$ 209,326
Total Liabilities	110,520	79,281	255,130	199,616	135,452
Total Fund Balances	134,734	129,091	191,283	78,220	73,874
Total Revenues	3,874,990	3,670,032	3,625,759	3,420,578	3,696,143
Total Expenditures	3,864,649	3,854,529	3,657,899	3,508,560	3,997,037
Total Other Financing Sources (Uses)	(4,698)	122,305	147,703	93,052	68,561



SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017
 (Unaudited)

Schedule 5

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2017	2016	2015	2014	2013
Total Assets	\$ 38,500,558	\$ 8,088,741	\$ 7,061,551	\$ 5,990,832	\$ 7,408,251
Total Liabilities	9,240	276,414			464,874
Total Fund Balances	38,491,318	7,812,327	7,061,651	5,990,832	6,943,377
Total Revenues	509,081	258,482	2,426,825	3,462,741	2,308,808
Total Expenditures	2,614,502	1,002,059	1,356,006	3,725,014	4,077,277
Total Other Financing Sources (Uses)	32,784,412	1,494,253		(690,272)	290,355

