

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

WES-DEL COMMUNITY SCHOOL CORPORATION  
DELAWARE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
09/17/2015



## 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.....	18-25
Schedule of Payables and Receivables .....	26
Schedule of Leases and Debt .....	27
Schedule of Capital Assets.....	29
 Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	32-33
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	37
Notes to Schedule of Expenditures of Federal Awards .....	38
Schedule of Findings and Questioned Costs .....	39-43
 Auditee Prepared Document:	
Corrective Action Plan .....	46
Other Report .....	47

## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sharon Fowler	07-01-12 to 06-30-15
Superintendent of Schools	Stephen McColley Michael Bush	07-01-12 to 06-30-13 07-01-13 to 06-30-15
President of the School Board	Dick Johnson Steve Dowling Todd Trehearne	07-01-12 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15



# 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 WES-DEL COMMUNITY SCHOOL  
CORPORATION, DELAWARE COUNTY, INDIANA

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

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

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

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

### ***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

***Supplementary Information***

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

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, 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 June 1, 2015, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

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

June 1, 2015



# 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 WES-DEL COMMUNITY SCHOOL  
CORPORATION, DELAWARE 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 Wes-Del Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated June 1, 2015, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

### ***Internal Control Over Financial Reporting***

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be material weaknesses.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

***Wes-Del Community School Corporation's Response to Findings***

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

***Purpose of This Report***

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

  
Paul D. Joyce, CPA  
State Examiner

June 1, 2015

(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.)

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

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 1,311,650	\$ 5,225,652	\$ 5,680,070	\$ -	\$ 857,232	\$ 5,289,644	\$ 4,845,404	\$ -	\$ 1,301,472
Debt Service	387,435	569,426	607,945	-	348,916	637,972	616,359	-	370,529
Capital Projects	127,654	669,509	717,766	-	79,397	679,323	651,599	-	107,121
School Transportation	468,378	448,099	387,272	(130,575)	398,630	476,977	444,278	-	431,329
School Bus Replacement	145,055	172,278	170,208	-	147,125	188,105	170,208	-	165,022
Rainy Day	519,425	-	150,000	130,575	500,000	-	-	-	500,000
Retirement/Severance Bond	7,947	-	5,794	-	2,153	-	2,153	-	-
Construction	-	-	-	-	-	-	51,986	1,498,000	1,446,014
School Lunch	14,974	371,887	388,101	-	(1,240)	382,453	382,156	-	(943)
Textbook Rental	42,310	106,242	79,193	-	69,359	119,667	142,852	-	46,174
Gaston Endowment Fund	-	500	-	-	500	-	440	-	60
Recreational Activities	5,947	-	5,947	-	-	-	-	-	-
United Way	-	45,930	27,876	-	18,054	1,000	9,666	-	9,388
Miscellaneous Programs	35	-	35	-	-	-	-	-	-
Thomas Donation	500	-	500	-	-	-	-	-	-
MC United Way	136	118	254	-	-	-	-	-	-
Instructional Support	128	-	-	-	128	-	-	-	128
School Technology	14,086	18,093	16,155	-	16,024	17,241	24,503	-	8,762
Extended Background Checks	116	998	1,085	-	29	1,305	1,218	-	116
Gifted & Talented 10-11	4,079	-	4,079	-	-	-	-	-	-
Gifted & Talented 12-13	-	28,608	25,492	-	3,116	-	3,116	-	-
Gifted & Talented 14-15	-	-	-	-	-	28,770	17,768	-	11,002
State Chronic Diseases	-	-	1,567	-	(1,567)	1,567	-	-	-
Title I 11-12	(3,469)	16,653	13,184	-	-	-	-	-	-
Title I 12-13	-	102,296	110,283	-	(7,987)	18,846	10,859	-	-
Title I 13-14	-	-	-	-	-	88,259	92,174	-	(3,915)
Spec Ed 11-12	(22,846)	42,099	19,253	-	-	-	-	-	-
Spec Ed 12-13	-	166,047	180,395	-	(14,348)	44,743	30,395	-	-
Spec Ed 13-14 #5202	-	-	-	-	-	155,339	175,726	-	(20,387)
Spec Ed 13-14 #5902	72	-	72	-	-	-	-	-	-
Team Nutrition Training Grants	521	-	521	-	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	(2,360)	18,590	16,230	-	-	29,793	29,793	-	-
Education Jobs	-	3,381	3,381	-	-	-	-	-	-
Payroll Clearing Funds	32,783	1,315,535	-	-	1,348,318	1,310,803	1,310,161	-	1,348,959
Prepaid Lunch	1,060	174,251	-	-	175,311	195,507	194,511	-	176,307
<b>Totals</b>	<b>\$ 3,055,616</b>	<b>\$ 9,496,191</b>	<b>\$ 8,612,658</b>	<b>\$ -</b>	<b>\$ 3,939,149</b>	<b>\$ 9,667,314</b>	<b>\$ 9,207,325</b>	<b>\$ 1,498,000</b>	<b>\$ 5,897,138</b>

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

WES-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

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

***A. Reporting Entity***

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

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

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

***B. Basis of Accounting***

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

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

***C. Cash and Investments***

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

***D. Receipts***

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

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

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

WES-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

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

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

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

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

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

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

*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:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

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

WES-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

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

WES-DEL COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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.

WES-DEL COMMUNITY SCHOOL CORPORATION  
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 Wes-Del Community School Corporation were not received by June 30, 2013 and 2014.

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with Harrison-Washington 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 2013 and 2014 totaled \$599,000 and \$598,000, respectively.

#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 1,311,650	\$ 387,435	\$ 127,654	\$ 468,378	\$ 145,055	\$ 519,425	\$ 7,947	\$ -	\$ 14,974
Receipts:									
Local sources	4,702	569,426	669,509	447,977	172,278	-	-	-	177,246
Intermediate sources	384	-	-	-	-	-	-	-	-
State sources	5,216,462	-	-	-	-	-	-	-	4,492
Federal sources	-	-	-	-	-	-	-	-	190,149
Other	4,104	-	-	122	-	-	-	-	-
Total receipts	5,225,652	569,426	669,509	448,099	172,278	-	-	-	371,887
Disbursements:									
Current:									
Instruction	3,581,052	-	-	-	-	-	-	-	-
Support services	2,035,523	-	462,164	387,272	170,208	150,000	5,794	-	-
Noninstructional services	63,495	-	-	-	-	-	-	-	388,101
Facilities acquisition and construction	-	-	255,602	-	-	-	-	-	-
Debt services	-	607,945	-	-	-	-	-	-	-
Total disbursements	5,680,070	607,945	717,766	387,272	170,208	150,000	5,794	-	388,101
Excess (deficiency) of receipts over disbursements	(454,418)	(38,519)	(48,257)	60,827	2,070	(150,000)	(5,794)	-	(16,214)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	130,575	-	-	-
Transfers out	-	-	-	(130,575)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(130,575)	-	130,575	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(454,418)	(38,519)	(48,257)	(69,748)	2,070	(19,425)	(5,794)	-	(16,214)
Cash and investments - ending	\$ 857,232	\$ 348,916	\$ 79,397	\$ 398,630	\$ 147,125	\$ 500,000	\$ 2,153	\$ -	\$ (1,240)

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

	Textbook Rental	Gaston Endowment Fund	Recreational Activities	United Way	Miscellaneous Programs	Thomas Donation	MC United Way	Instructional Support	School Technology
Cash and investments - beginning	\$ 42,310	\$ -	\$ 5,947	\$ -	\$ 35	\$ 500	\$ 136	\$ 128	\$ 14,086
Receipts:									
Local sources	69,256	500	-	45,930	-	-	118	-	10,611
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	27,951	-	-	-	-	-	-	-	7,482
Federal sources	-	-	-	-	-	-	-	-	-
Other	9,035	-	-	-	-	-	-	-	-
Total receipts	106,242	500	-	45,930	-	-	118	-	18,093
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	79,193	-	5,947	27,876	35	500	254	-	16,155
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Total disbursements	79,193	-	5,947	27,876	35	500	254	-	16,155
Excess (deficiency) of receipts over disbursements	27,049	500	(5,947)	18,054	(35)	(500)	(136)	-	1,938
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	27,049	500	(5,947)	18,054	(35)	(500)	(136)	-	1,938
Cash and investments - ending	\$ 69,359	\$ 500	\$ -	\$ 18,054	\$ -	\$ -	\$ 128	\$ 16,024	

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

	Extended Background Checks	Gifted & Talented 10-11	Gifted & Talented 12-13	Gifted & Talented 14-15	State Chronic Diseases	Title I 11-12	Title I 12-13	Title I 13-14	Spec Ed 11-12
Cash and investments - beginning	\$ 116	\$ 4,079	\$ -	\$ -	\$ -	\$ (3,469)	\$ -	\$ -	\$ (22,846)
Receipts:									
Local sources	998	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	28,608	-	-	-	-	-	-
Federal sources	-	-	-	-	-	16,653	102,296	-	42,099
Other	-	-	-	-	-	-	-	-	-
Total receipts	998	-	28,608	-	-	16,653	102,296	-	42,099
Disbursements:									
Current:									
Instruction	-	4,079	25,492	-	-	12,756	109,835	-	19,253
Support services	1,085	-	-	-	1,567	428	448	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Total disbursements	1,085	4,079	25,492	-	1,567	13,184	110,283	-	19,253
Excess (deficiency) of receipts over disbursements	(87)	(4,079)	3,116	-	(1,567)	3,469	(7,987)	-	22,846
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(87)	(4,079)	3,116	-	(1,567)	3,469	(7,987)	-	22,846
Cash and investments - ending	\$ 29	\$ -	\$ 3,116	\$ -	\$ (1,567)	\$ -	\$ (7,987)	\$ -	\$ -

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

	Spec Ed 12-13	Spec Ed 13-14 #5202	Spec Ed 13-14 #5902	Team Nutrition Training Grants	Improving Teaching Quality, No Child Left, Title II, Part A	Education Jobs	Payroll Clearing Funds	Prepaid Lunch	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 72	\$ 521	\$ (2,360)	\$ -	\$ 32,783	\$ 1,060	\$ 3,055,616
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,168,551
Intermediate sources	-	-	-	-	-	-	-	-	384
State sources	-	-	-	-	-	-	-	-	5,284,995
Federal sources	166,047	-	-	-	18,590	3,381	-	-	539,215
Other	-	-	-	-	-	-	1,315,535	174,251	1,503,046
Total receipts	166,047	-	-	-	18,590	3,381	1,315,535	174,251	9,496,191
Disbursements:									
Current:									
Instruction	180,395	-	-	-	16,230	3,381	-	-	3,952,473
Support services	-	-	72	521	-	-	-	-	3,345,042
Noninstructional services	-	-	-	-	-	-	-	-	451,596
Facilities acquisition and construction	-	-	-	-	-	-	-	-	255,602
Debt services	-	-	-	-	-	-	-	-	607,945
Total disbursements	180,395	-	72	521	16,230	3,381	-	-	8,612,658
Excess (deficiency) of receipts over disbursements	(14,348)	-	(72)	(521)	2,360	-	1,315,535	174,251	883,533
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	130,575
Transfers out	-	-	-	-	-	-	-	-	(130,575)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,348)	-	(72)	(521)	2,360	-	1,315,535	174,251	883,533
Cash and investments - ending	\$ (14,348)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,348,318	\$ 175,311	\$ 3,939,149

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 857,232	\$ 348,916	\$ 79,397	\$ 398,630	\$ 147,125	\$ 500,000	\$ 2,153	\$ -	\$ (1,240)
Receipts:									
Local sources	1,722	637,972	679,024	476,927	188,105	-	-	-	200,110
Intermediate sources	287	-	-	-	-	-	-	-	-
State sources	5,286,057	-	-	-	-	-	-	-	4,298
Federal sources	-	-	-	-	-	-	-	-	178,045
Other	1,578	-	299	50	-	-	-	-	-
Total receipts	5,289,644	637,972	679,323	476,977	188,105	-	-	-	382,453
Disbursements:									
Current:									
Instruction	3,136,149	-	-	-	-	-	-	-	-
Support services	1,648,552	-	502,971	444,278	170,208	-	2,153	-	-
Noninstructional services	60,703	-	-	-	-	-	-	-	382,156
Facilities acquisition and construction	-	-	148,628	-	-	-	-	51,986	-
Debt services	-	616,359	-	-	-	-	-	-	-
Total disbursements	4,845,404	616,359	651,599	444,278	170,208	-	2,153	51,986	382,156
Excess (deficiency) of receipts over disbursements	444,240	21,613	27,724	32,699	17,897	-	(2,153)	(51,986)	297
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	1,498,000	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	1,498,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	444,240	21,613	27,724	32,699	17,897	-	(2,153)	1,446,014	297
Cash and investments - ending	\$ 1,301,472	\$ 370,529	\$ 107,121	\$ 431,329	\$ 165,022	\$ 500,000	\$ -	\$ 1,446,014	\$ (943)

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

	Textbook Rental	Gaston Endowment Fund	Recreational Activities	United Way	Miscellaneous Programs	Thomas Donation	MC United Way	Instructional Support	School Technology
Cash and investments - beginning	\$ 69,359	\$ 500	\$ -	\$ 18,054	\$ -	\$ -	\$ -	\$ 128	\$ 16,024
Receipts:									
Local sources	70,877	-	-	1,000	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	30,431	-	-	-	-	-	-	-	17,241
Federal sources	-	-	-	-	-	-	-	-	-
Other	18,359	-	-	-	-	-	-	-	-
Total receipts	119,667	-	-	1,000	-	-	-	-	17,241
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	142,852	440	-	9,666	-	-	-	-	24,503
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Total disbursements	142,852	440	-	9,666	-	-	-	-	24,503
Excess (deficiency) of receipts over disbursements	(23,185)	(440)	-	(8,666)	-	-	-	-	(7,262)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(23,185)	(440)	-	(8,666)	-	-	-	-	(7,262)
Cash and investments - ending	\$ 46,174	\$ 60	\$ -	\$ 9,388	\$ -	\$ -	\$ -	\$ 128	\$ 8,762

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

	Extended Background Checks	Gifted & Talented 10-11	Gifted & Talented 12-13	Gifted & Talented 14-15	State Chronic Diseases	Title I 11-12	Title I 12-13	Title I 13-14	Spec Ed 11-12
Cash and investments - beginning	\$ 29	\$ -	\$ 3,116	\$ -	\$ (1,567)	\$ -	\$ (7,987)	\$ -	\$ -
Receipts:									
Local sources	1,305	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	28,770	1,567	-	-	-	-
Federal sources	-	-	-	-	-	-	18,846	88,259	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	1,305	-	-	28,770	1,567	-	18,846	88,259	-
Disbursements:									
Current:									
Instruction	-	-	2,616	17,768	-	-	9,364	92,174	-
Support services	1,218	-	500	-	-	-	1,495	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Total disbursements	1,218	-	3,116	17,768	-	-	10,859	92,174	-
Excess (deficiency) of receipts over disbursements	87	-	(3,116)	11,002	1,567	-	7,987	(3,915)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	87	-	(3,116)	11,002	1,567	-	7,987	(3,915)	-
Cash and investments - ending	\$ 116	\$ -	\$ -	\$ 11,002	\$ -	\$ -	\$ -	\$ (3,915)	\$ -

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

	Spec Ed 12-13	Spec Ed 13-14 #5202	Spec Ed 13-14 #5902	Team Nutrition Training Grants	Improving Teaching Quality, No Child Left, Title II, Part A	Education Jobs	Payroll Clearing Funds	Prepaid Lunch	Totals
Cash and investments - beginning	\$ (14,348)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,348,318	\$ 175,311	\$ 3,939,149
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,257,042
Intermediate sources	-	-	-	-	-	-	-	-	287
State sources	-	-	-	-	-	-	-	-	5,368,364
Federal sources	44,743	155,339	-	-	29,793	-	-	-	515,025
Other	-	-	-	-	-	-	1,310,803	195,507	1,526,596
Total receipts	44,743	155,339	-	-	29,793	-	1,310,803	195,507	9,667,314
Disbursements:									
Current:									
Instruction	30,395	171,526	-	-	14,793	-	-	-	3,474,785
Support services	-	4,200	-	-	15,000	-	-	-	2,968,036
Noninstructional services	-	-	-	-	-	-	-	-	442,859
Facilities acquisition and construction	-	-	-	-	-	-	-	-	200,614
Debt services	-	-	-	-	-	-	1,310,161	194,511	2,121,031
Total disbursements	30,395	175,726	-	-	29,793	-	1,310,161	194,511	9,207,325
Excess (deficiency) of receipts over disbursements	14,348	(20,387)	-	-	-	-	641	997	459,989
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,498,000
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	1,498,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,348	(20,387)	-	-	-	-	641	997	1,957,989
Cash and investments - ending	\$ -	\$ (20,387)	\$ -	\$ -	\$ -	\$ -	\$ 1,348,959	\$ 176,307	\$ 5,897,138

WES-DEL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ <u>134,567</u>	\$ <u>24,301</u>

WES-DEL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
IKON	Copier Lease	\$ 30,057	5/1/2012	4/30/2017
KS State Bank	Bus Lease	170,207	1/1/2010	7/5/2015
Harrison-Washington School Building Corporation	Renovations to the Elementary School	<u>598,820</u>	7/15/2013	1/15/2026
Total of annual lease payments		<u><u>\$ 799,084</u></u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General Obligation Bonds	Renovations to the High School	\$ 1,500,000	\$ _____ -
Totals		<u><u>\$ 1,500,000</u></u>	<u><u>\$ _____ -</u></u>

(This page intentionally left blank.)

WES-DEL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2014

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.

	Ending Balance
Governmental activities:	
Land	\$ 304,395
Infrastructure	132,800
Buildings	9,298,524
Improvements other than buildings	20,078,046
Machinery, equipment, and vehicles	<u>4,303,145</u>
Total governmental activities	<u>34,116,910</u>
Total capital assets	<u>\$ 34,116,910</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# 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 COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE WES-DEL COMMUNITY SCHOOL CORPORATION, DELAWARE COUNTY, INDIANA

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

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

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

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

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

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003. Our opinion on each major federal program is not modified with respect to these matters.

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

***Report on Internal Control Over Compliance***

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002 to be material weaknesses.

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

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

*Paul D. Joyce*

Paul D. Joyce, CPA  
State Examiner

(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.)

WES-DEL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<b><u>Department of Agriculture</u></b>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	1885	\$ 25,728	\$ 23,843
National School Lunch Program	Indiana Department of Education	10.555	1885	193,311	181,917
Total - Child Nutrition Cluster				219,039	205,760
Total - Department of Agriculture				219,039	205,760
<b><u>Department of Education</u></b>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	FY 12 FY 13 FY 14	16,653 102,295 -	- 18,846 88,259
Total - Title I, Part A Cluster				118,948	107,105
Special Education Cluster					
Special Education_Grants to States	Indiana Department of Education	84.027	14212-010-PN01 14213-010-PN01 14214-010-PN01	42,099 166,046 -	- 44,743 155,339
Total - Special Education Cluster				208,145	200,082
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	13-1885 14-1885	18,590 -	- 29,793
Total - Improving Teacher Quality State Grants				18,590	29,793
Education Jobs Fund					
Education Jobs	Indiana Department of Education	84.410	1885	3,381	-
Total - Department of Education				349,064	336,980
Total federal awards expended				\$ 568,103	\$ 542,740

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

WES-DEL COMMUNITY SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Noncash Assistance**

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

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 26,889	\$ 27,714

WES-DEL COMMUNITY SCHOOL CORPORATION  
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? Significant deficiencies identified?	yes none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

Identification of Major Programs:

Name of Federal Program or Cluster

Title I, Part A Cluster  
Special Education Cluster

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

Auditee qualified as low-risk auditee? no

***Section II - Financial Statement Findings***

***FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

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

The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected. The Treasurer independently prepares the SEFA without oversight, review, or approval.

WES-DEL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

- (a) total federal expenditures were incorrectly reported; and
- (b) expenditures and information such as grantor agency, program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number were omitted for some grant awards.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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

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

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

WES-DEL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

***FINDING 2014-002 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, ELIGIBILITY, AND REPORTING***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): FY12, FY13, FY14

Pass-Through Entity: Indiana Department of Education

Federal Agency: Department of Education

Federal Program: Special Education - Grants to States

CFDA Number: 84.027

Federal Award Number and Year (or Other Identifying Number): 14212-010-PN01, 14213-010-PN01,  
14214-010-PN01

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, and Reporting. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Activities Allowed or Unallowed and Allowable Cost/Cost Principles*

For the purposes of activities allowed or unallowed and allowable costs/cost principles, the Treasurer prepares the payroll for all employees. However, there are no controls in place to ensure that only Title I and Special Education employees are paid from the correct Title I and Special Education funds.

*Cash Management and Reporting*

As it regards Cash Management and Reporting compliance requirements, the Treasurer is the sole person involved in preparing and submitting the requests for reimbursements for Title I Special Education. The Title I final expenditure report is also prepared by the Treasurer with no oversight or review of this function.

*Eligibility*

The Eligibility compliance requirement for the targeted assistance Title I Grant is the responsibility of the Title I Director. Though there is documentation that the testing and evaluation of students is occurring periodically throughout the school year, there is no oversight or review of the final ranking order.

WES-DEL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

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

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

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

**FINDING 2014-003 - ALLOWABLE COSTS/COST PRINCIPLES - COMPLIANCE REQUIREMENTS**

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): FY12, FY13, FY14

Pass-Through Entity: Indiana Department of Education

The School Corporation has an employee that is paid partially out of Title I grant funds and partially out of the General fund. School Corporation officials did not ensure that Time and Efforts Logs were prepared for the employee as is required.

OMB Circular A-87, Attachment B, paragraph 8.h. (4) states:

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

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

WES-DEL COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

By not having Time and Effort Logs for this employee, Title I funds could be spent for activities not related to Title I duties. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management prepare the Time and Effort Logs for any employees paid from more than one fund in order to meet the compliance requirements listed above.

(This page intentionally left blank.)

#### AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

CORRECTIVE ACTION PLAN

Findings 2014 – 001

**Resolution:** The corporation treasurer now knows the correct procedure.

Findings 2014 – 002

**Federal Agency:** U.S. Department of Education  
**Federal Program:** Title I Grants to Local Educational Agencies  
**CFDA Number:** 84.010  
**Federal Award Number and Year:** FY12, FY13, FY14  
**Pass-Through Entity:** Indiana Department of Education  
**Federal Agency:** U.S. Department of Education  
**Federal Program:** Special Education – Grants to States  
**CFDA Number:** 84.027  
**Federal Award Number and Year:** 14212-010-PN01, 14213-010-PN01, 14214-010-PN01  
**Pass-Through Entity:** Indiana Department of Education

**Resolution:** The corporation treasurer will make sure all payroll distributions for Title I and Special Education are reviewed by another individual before processing payroll.

The corporation treasurer will present all transactions involving funds within Title I and Special Education to either the deputy treasurer or the Superintendent for their review before submitting.

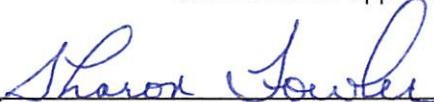
The Title I Director will review and verify the final ranking order of students.

Findings 2014 – 003

**Federal Agency:** U.S. Department of Education  
**Federal Program:** Title I Grants to Local Educational Agencies  
**CFDA Number:** 84.010  
**Federal Award Number and Year:** FY12, FY13, FY14  
**Pass-Through Entity:** Indiana Department of Education

**Resolution:** The Title I Director will prepare the Time and Efforts Logs for employees paid partially from the Title I funds.

The corporation treasurer and all employees involved with Federal grants will submit all documents for approval to other employees for review, before submitting.

  
Sharon Fowler, Corporation Treasurer  
audit findings response 2015

  
Date

Page 1 of 1

#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.