

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

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
WES-DEL COMMUNITY SCHOOL CORPORATION  
DELAWARE COUNTY, INDIANA  
July 1, 2022 to June 30, 2024



**FILED**

03/17/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sharon Fowler Teresa Whitesel	07-01-22 to 02-27-25 02-28-25 to 06-30-25
Superintendent of Schools	Kyle Mealy	07-01-22 to 06-30-25
President of the School Board	Larry Batt Gary Rooker Larry Batt Amy Townsend	01-01-22 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 12-31-24 01-01-25 to 06-30-25



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## INDIANA STATE BOARD OF ACCOUNTS

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

This report is supplemental to the audit report of the Wes-Del Community School Corporation (School Corporation), for the period from July 1, 2022 to June 30, 2024. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with the Financial Statement Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

March 6, 2025

WES-DEL COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

**ANNUAL FINANCIAL REPORT**

A similar comment also appeared in prior Report B60804, entitled *ANNUAL FINANCIAL REPORT*.

*Condition and Context*

The School Corporation did not implement effective internal controls to ensure compliance with Annual Financial Report (AFR) requirements.

Financial and other information are required to be entered annually into the AFR via the Indiana Gateway for Government Units (Gateway) financial reporting system. The AFR is the source of the financial statement and other information schedules presented in the Financial Statement Audit Report and the Schedule of Expenditures of Federal Awards (SEFA) presented in the Federal Compliance Audit Report of the School Corporation.

Due to the lack of effective internal controls, the financial statement, Other Information, and SEFA presented for audit included the following errors:

*Financial Statement*

- Payroll Clearing activity was originally omitted from the financial statement presented for audit. The 'Payroll Clearing fund' is a combination of multiple payroll clearing funds on the School Corporation's ledger. The beginning cash balance was understated by \$48,557. Receipts for fiscal year 2022-2023 were understated by \$1,933,844 and for 2023-2024 were understated by \$1,758,511. Disbursements for 2022-2023 were understated by \$1,939,747 and for 2023-2024 were understated by \$1,752,015. The ending cash and investments at June 30, 2024, was then understated \$49,150.
- The Prepaid School Lunch Accounts fund was incorrectly reported in the AFR, which understated beginning cash and investment balance by \$9,089, receipts by \$150,830 and disbursements by \$153,790, and ending cash and investment balance by \$6,129 in 2022-2023.
- The Education fund was incorrectly reported in the AFR, which overstated other financing sources and ending cash and investments balance by \$250,000 in 2023-2024.
- The fund 9100 Certificate of Deposit was incorrectly included in the AFR. This fund is an internal mechanism for tracking investments and not a true fund, and thus, it should not have been included and was removed.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement and to the Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the School Corporation.

*Leases and Debt*

The leases and debt information entered into Gateway did not properly report the outstanding debt and annual lease payments. The holding corporation annual lease payments were understated by \$1,823,500 as of June 30, 2024. The General Obligation Bonds ending principal balance was overstated by \$11,456,346.

WES-DEL COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT  
(Continued)

Adjustments were proposed, accepted by the School Corporation, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report of the School Corporation.

*Grant Information*

The grant information reported in Gateway contained errors, which resulted in total misstatements in expenditures of \$438,167.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in the Federal Compliance Audit Report of the School Corporation.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

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

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

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

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

WES-DEL COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2025, with Kyle Mealy, Superintendent of Schools; Sharon Fowler, former Treasurer; Teresa Whitesel, Treasurer; and Amy Townsend, President of the School Board.