

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SCOTT COUNTY SCHOOL DISTRICT 1

SCOTT COUNTY, INDIANA

July 1, 2020 to June 30, 2022



**FILED**  
02/24/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jami R. Parks	07-01-20 to 06-30-23
Superintendent of Schools	Trevor Jones	07-01-20 to 06-30-23
President of the School Board	Joie Bukowski Ryan Payne Kathy Morris David Deaton	07-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 to 12-31-22 01-01-23 to 06-30-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SCOTT COUNTY SCHOOL DISTRICT 1, SCOTT COUNTY, INDIANA

This report is supplemental to our audit report of the Scott County School District 1 (School Corporation), for the period from July 1, 2020 to June 30, 2022. 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 our 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 Results and Comments contained herein describe the identified reportable instances 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 Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

February 15, 2023

SCOTT COUNTY SCHOOL DISTRICT 1  
AUDIT RESULTS AND COMMENTS

**MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

The School Corporation did not comply with the State Examiner Directive and failed to upload monthly bank statement files and annual files on the Indiana Gateway for Government Units financial reporting system for the audit period.

*Criteria*

This amended directive is effective with the December 2020 monthly files. The upload of December 2020 monthly files will be due February 15, 2021 and by the 15<sup>th</sup> of each month thereafter unless the State Board of Accounts (SBOA) establishes a different date. This is effective for 2020 annual files which will be due March 1, 2021, for calendar year end units. For schools . . . this is effective for year ending June 30, 2021, which will be due August 29, 2021. Thereafter, annual files must be uploaded no later than . . . August 29<sup>th</sup> for schools . . . for the prior year end unless the SBOA establishes a different date. . . .

The following files and governmental unit information are required to be uploaded monthly by all units except as noted:

- Bank reconcilements, Bank Statements, and Outstanding Check Lists . . .

The following files and governmental unit information are required to be uploaded annually . . .

- Year-end Investment Statements . . .
- Detail of Receipts for the year
- Detail of Disbursements for the year . . .
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds ledger, summarizing year-to-date total receipts, year-to-date total disbursements, and beginning and ending balances by fund
- Additionally for Schools only: School Lunch Prepaid Account Balance Report as of June 30 Approved Salary Schedule for Noncertified Employees and Amendments . . .
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements)
- . . .

(Amended State Examiner Directive 2018-1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

The Schedule of Leases and Debt, Schedule of Capital Assets, and Schedule of Payables and Receivables as reported in the Annual Financial Reports on the Indiana Gateway for Government Units financial reporting system, contained material errors for the year ending June 30, 2022.

SCOTT COUNTY SCHOOL DISTRICT 1  
AUDIT RESULTS AND COMMENTS  
(Continued)

The Schedule of Leases and Debt understated the Annual Lease Payment amount by \$689,954. The debt Ending Principal Balance was overstated by \$1,053,384. The Principal and Interest Due Within One Year was overstated by \$77,983.

The Schedule of Capital Assets was understated by a material amount, as information was not available and included regarding buildings owned by the School Corporation.

No amounts were reported on the Schedule of Payables and Receivables.

There were material errors that were reported on the grant schedule. For fiscal year 2020-2021, the School Corporation did not report one of its grants resulting in an understatement of expenditures of \$789,994, and incorrectly reported the expenditures of four other grants resulting in an understatement of \$343,884. Additionally, for 2021-2022, the School Corporation did not report nine of its grants resulting in an understatement of expenditures of \$3,447,524, and incorrectly reported the expenditures of another grant resulting in an overstatement of \$64,452.

*Criteria*

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

"The state examiner shall require from audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. 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](#)."

**OVERDRAWN CASH BALANCES**

The same comment appeared in a Management Letter addressed to the Treasurer and School Board members for the audit period ending June 30, 2020.

*Condition and Context*

The financial statement included the following funds with overdrawn cash balances at June 30, 2021 and 2022:

SCOTT COUNTY SCHOOL DISTRICT 1  
AUDIT RESULTS AND COMMENTS  
(Continued)

Fund	Amount Overdrawn 06-30-21	Amount Overdrawn 06-30-22
Construction	\$ -	\$ 4,400
School Lunch	131,598	59,593
We Care	-	833
Ind. School Academic Improvement	10,966	10,966
Scott Co Community Channel	4,256	4,776
Title I 2016-2017	33,879	33,879
Title I 17/18	37,329	37,329
Title I SY 20/21	29,981	1,465
Title IV Nurse	9,734	9,734
21St Cclc	18,867	18,867
Title IIA-FY 17	5,416	5,416
Social Security Withholding	35,873	35,873
Teacher Retirement Withholding	26	26
Group Insurance Withholding	7,252	8,633
Aflac/Flex One	12,498	12,498
Child Support Deduction	5,606	5,606
Anytime Fitness Withholding	-	234
Garnishment Withholding	630	630

*Criteria*

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

**CAPITAL ASSETS**

The same comment also appeared in prior Report B56859.

*Condition and Context*

The School Corporation did not conduct an inventory of capital assets every two years.

The capital asset ledger provided by the School Corporation was not complete, as it did not contain any of the buildings owned by the School Corporation.

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

SCOTT COUNTY SCHOOL DISTRICT 1  
EXIT CONFERENCE

The contents of this report were discussed on February 15, 2023, with Jami R. Parks, Treasurer; Trevor Jones, Superintendent of Schools; Janie Alexander, School Board member; Ryan Herald, Austin High School Principal; and Stacey Teipen, Federal Programs Director.