

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

AUDIT REPORT

OF

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION

DEARBORN COUNTY, INDIANA

July 1, 2005 to June 30, 2007



**FILED**

03/31/2008



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pam Taylor	01-01-05 to 12-31-08
Superintendent of Schools	Dan Kuebler (Office Vacant) R. Stephen Gookins (Interim)	07-01-05 to 06-30-07 07-01-07 to 07-10-07 07-11-07 to 12-31-08
President of the School Board	Greg McAdams Kelly Mollaun	01-10-05 to 12-31-06 01-01-07 to 12-31-08



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE LAWRENCEBURG COMMUNITY  
SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lawrenceburg Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. 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 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 11, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Schedule of Capital Assets and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 11, 2008



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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

TO: THE OFFICIALS OF THE LAWRENCEBURG COMMUNITY  
SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lawrenceburg Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 11, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management in a separate letter dated February 11, 2008.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 11, 2008

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 5,541,573	\$ -	\$ 155,303	\$ (5,386,270)
Support services	7,990,858	279,536	267,534	(7,443,788)
Community services	252,384	-	-	(252,384)
Nonprogrammed charges	515,188	-	-	(515,188)
Debt service	<u>10,345,765</u>	<u>-</u>	<u>-</u>	<u>(10,345,765)</u>
 Total governmental activities	 <u>\$ 24,645,768</u>	 <u>\$ 279,536</u>	 <u>\$ 422,837</u>	 <u>(23,943,395)</u>
 General receipts:				
Property taxes				15,897,928
Other local sources				2,125,475
State aid				3,783,984
Bonds and loans				2,780,212
Grants and contributions not restricted to specific programs				381,653
Sale of property, adjustments, and refunds				34,218
Investment earnings				<u>89,603</u>
 Total general receipts				 <u>25,093,073</u>
 Change in net assets				 1,149,678
 Net assets - beginning				 <u>3,261,123</u>
 Net assets - ending				 <u>\$ 4,410,801</u>
 <u>Assets</u>				
Cash and investments				\$ 3,887,012
Restricted assets:				
Cash and investments				<u>523,789</u>
 Total assets				 <u>\$ 4,410,801</u>
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 520,663
Other purposes				3,126
Unrestricted				<u>3,887,012</u>
 Total net assets				 <u>\$ 4,410,801</u>

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

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 5,356,072	\$ -	\$ 147,432	\$ (5,208,640)
Support services	7,874,000	320,903	275,109	(7,277,988)
Community services	255,533	-	-	(255,533)
Nonprogrammed charges	545,251	-	-	(545,251)
Debt service	<u>4,567,559</u>	<u>-</u>	<u>-</u>	<u>(4,567,559)</u>
Total governmental activities	<u>\$ 18,598,415</u>	<u>\$ 320,903</u>	<u>\$ 422,541</u>	<u>(17,854,971)</u>
General receipts:				
Property taxes				8,551,632
Other local sources				1,776,532
State aid				1,074,916
Bonds and loans				4,427,245
Grants and contributions not restricted to specific programs				361,789
Sale of property, adjustments, and refunds				20,499
Investment earnings				<u>93,983</u>
Total general receipts				<u>16,306,596</u>
Change in net assets				(1,548,375)
Net assets - beginning				<u>4,410,801</u>
Net assets - ending				<u>\$ 2,862,426</u>
<u>Assets</u>				
Cash and investments				\$ 2,506,036
Restricted assets:				
Cash and investments				<u>356,390</u>
Total assets				<u>\$ 2,862,426</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 347,271
Other purposes				9,119
Unrestricted				<u>2,506,036</u>
Total net assets				<u>\$ 2,862,426</u>

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

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006

	General	Transportation Operating	Levy Excess	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 10,890,733	\$ 993,370	\$ 543,998	\$ 4,058,890	\$ 1,231,721	\$ 157,927	\$ 499,220	\$ 18,375,859
Intermediate sources	315	-	-	-	-	-	713	1,028
State sources	3,926,402	-	-	-	-	-	78,098	4,004,500
Federal sources	-	-	-	-	-	-	583,974	583,974
Bonds and loans	2,125,205	301,235	-	353,772	-	-	-	2,780,212
Sale of property, adjustments and refunds	4,025	-	-	18,932	850	-	10,411	34,218
<b>Total receipts</b>	<b>16,946,680</b>	<b>1,294,605</b>	<b>543,998</b>	<b>4,431,594</b>	<b>1,232,571</b>	<b>157,927</b>	<b>1,172,416</b>	<b>25,779,791</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	5,170,773	-	-	-	-	-	370,800	5,541,573
Support services	5,323,110	533,612	-	-	1,151,399	59,346	888,270	7,955,737
Community services	251,884	-	-	-	-	-	500	252,384
Nonprogrammed charges	515,188	-	-	-	-	-	-	515,188
Debt services	5,040,793	518,595	-	4,786,377	-	-	-	10,345,765
<b>Total disbursements</b>	<b>16,301,748</b>	<b>1,052,207</b>	<b>-</b>	<b>4,786,377</b>	<b>1,151,399</b>	<b>59,346</b>	<b>1,259,570</b>	<b>24,610,647</b>
Excess (deficiency) of receipts over disbursements	644,932	242,398	543,998	(354,783)	81,172	98,581	(87,154)	1,169,144
<b>Other financing sources (uses):</b>								
Transfers in	212,346	-	-	-	-	-	12,274	224,620
Transfers out	(16,515)	-	-	-	-	-	(224,620)	(241,135)
<b>Total other financing sources (uses)</b>	<b>195,831</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(212,346)</b>	<b>(16,515)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	840,763	242,398	543,998	(354,783)	81,172	98,581	(299,500)	1,152,629
Cash and investments - beginning	1,383,303	(86,049)	-	875,446	855,810	(52,337)	278,873	3,255,046
Cash and investments - ending	<u>\$ 2,224,066</u>	<u>\$ 156,349</u>	<u>\$ 543,998</u>	<u>\$ 520,663</u>	<u>\$ 936,982</u>	<u>\$ 46,244</u>	<u>\$ (20,627)</u>	4,407,675
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								3,126
Net assets of governmental activities								<u>\$ 4,410,801</u>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 2,224,066	\$ 156,349	\$ 543,998	\$ -	\$ 936,982	\$ 46,244	\$ (20,627)	\$ 3,887,012
Restricted assets:								
Cash and investments	-	-	-	520,663	-	-	-	520,663
<b>Total cash and investment assets - ending</b>	<u>\$ 2,224,066</u>	<u>\$ 156,349</u>	<u>\$ 543,998</u>	<u>\$ 520,663</u>	<u>\$ 936,982</u>	<u>\$ 46,244</u>	<u>\$ (20,627)</u>	<u>\$ 4,407,675</u>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 520,663	\$ -	\$ -	\$ -	\$ 520,663
Unrestricted	2,224,066	156,349	543,998	-	936,982	46,244	(20,627)	3,887,012
<b>Total cash and investment fund balance - ending</b>	<u>\$ 2,224,066</u>	<u>\$ 156,349</u>	<u>\$ 543,998</u>	<u>\$ 520,663</u>	<u>\$ 936,982</u>	<u>\$ 46,244</u>	<u>\$ (20,627)</u>	<u>\$ 4,407,675</u>

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

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Levy Excess	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 7,014,365	\$ 426,120	\$ -	\$ 1,938,182	\$ 696,323	\$ 89,885	\$ 558,126	\$ 10,723,001
Intermediate sources	315	-	-	-	-	-	1,050	1,365
State sources	1,209,369	-	-	-	-	-	76,511	1,285,880
Federal sources	-	-	-	-	-	-	573,365	573,365
Bonds and loans	4,085,485	341,760	-	-	-	-	-	4,427,245
Sale of property, adjustments and refunds	-	-	-	-	8,678	-	11,821	20,499
<b>Total receipts</b>	<b>12,309,534</b>	<b>767,880</b>	<b>-</b>	<b>1,938,182</b>	<b>705,001</b>	<b>89,885</b>	<b>1,220,873</b>	<b>17,031,355</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	4,989,332	-	-	-	-	-	366,740	5,356,072
Support services	4,949,990	541,486	-	-	1,425,955	89,601	836,938	7,843,970
Community services	233,033	-	-	-	-	-	22,500	255,533
Nonprogrammed charges	545,251	-	-	-	-	-	-	545,251
Debt services	2,125,205	330,780	-	2,111,574	-	-	-	4,567,559
<b>Total disbursements</b>	<b>12,842,811</b>	<b>872,266</b>	<b>-</b>	<b>2,111,574</b>	<b>1,425,955</b>	<b>89,601</b>	<b>1,226,178</b>	<b>18,568,385</b>
Excess (deficiency) of receipts over disbursements	(533,277)	(104,386)	-	(173,392)	(720,954)	284	(5,305)	(1,537,030)
<b>Other financing sources (uses):</b>								
Transfers out	(17,338)	-	-	-	-	-	-	(17,338)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(550,615)	(104,386)	-	(173,392)	(720,954)	284	(5,305)	(1,554,368)
Cash and investments - beginning	2,224,066	156,349	543,998	520,663	936,982	46,244	(20,627)	4,407,675
Cash and investments - ending	\$ 1,673,451	\$ 51,963	\$ 543,998	\$ 347,271	\$ 216,028	\$ 46,528	\$ (25,932)	2,853,307
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								9,119
Net assets of governmental activities								<u>\$ 2,862,426</u>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 1,673,451	\$ 51,963	\$ 543,998	\$ -	\$ 216,028	\$ 46,528	\$ (25,932)	\$ 2,506,036
Restricted assets:								
Cash and investments	-	-	-	347,271	-	-	-	347,271
<b>Total cash and investment assets - ending</b>	<b>\$ 1,673,451</b>	<b>\$ 51,963</b>	<b>\$ 543,998</b>	<b>\$ 347,271</b>	<b>\$ 216,028</b>	<b>\$ 46,528</b>	<b>\$ (25,932)</b>	<b>\$ 2,853,307</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 347,271	\$ -	\$ -	\$ -	\$ 347,271
Other purposes	-	-	-	-	-	-	-	-
Unrestricted	1,673,451	51,963	543,998	-	216,028	46,528	(25,932)	2,506,036
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,673,451</b>	<b>\$ 51,963</b>	<b>\$ 543,998</b>	<b>\$ 347,271</b>	<b>\$ 216,028</b>	<b>\$ 46,528</b>	<b>\$ (25,932)</b>	<b>\$ 2,853,307</b>

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

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS  
PROPRIETARY FUND  
For the Year Ended June 30, 2006

	Internal Service Fund
Receipts:	
Local sources	\$ 15,655
Disbursements:	
Support services	35,121
Deficiency of receipts over disbursements	(19,466)
Transfer in	16,515
Change in net assets	(2,951)
Cash and investment fund balance - beginning	6,077
Cash and investment fund balance - ending	\$ 3,126
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 3,126
Total cash and investment assets - ending	\$ 3,126
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 3,126
Total cash and investment fund balance - ending	\$ 3,126

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

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS  
PROPRIETARY FUND  
For the Year Ended June 30, 2007

	<u>Internal Service Fund</u>
Receipts:	
Local sources	\$ 18,685
Disbursements:	
Support services	<u>30,030</u>
Deficiency of receipts over disbursements	(11,345)
Transfers in	<u>17,338</u>
Change in net assets	5,993
Cash and investment fund balance - beginning	<u>3,126</u>
Cash and investment fund balance - ending	<u><u>\$ 9,119</u></u>
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 9,119</u>
Total cash and investment assets - ending	<u><u>\$ 9,119</u></u>
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 9,119</u>
Total cash and investment fund balance - ending	<u><u>\$ 9,119</u></u>

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

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2006

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Investment earnings:		
Interest	\$ 1,336	
Deductions:		
Nonprogrammed charges	3,196	
Deficiency of total additions over total deductions	(1,860)	
Cash and investment fund balance - beginning	101,815	
Cash and investment fund balance - ending	\$ 99,955	
Net assets:		
Cash and investments	\$ 99,955	\$ 8,162
Total net assets - cash and investment basis held in trust	\$ 99,955	\$ 8,162

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

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Investment earnings:			
Interest	\$ -	\$ 4,626	
Contributions:			
Employer	<u>29,162</u>	<u>-</u>	
Total additions	<u>29,162</u>	<u>4,626</u>	
Deductions:			
Nonprogrammed charges	<u>-</u>	<u>1,800</u>	
Excess of total additions over total deductions	29,162	2,826	
Cash and investment fund balance - beginning	<u>-</u>	<u>99,955</u>	
Cash and investment fund balance - ending	<u>\$ 29,162</u>	<u>\$ 102,781</u>	
Net assets:			
Cash and investments	<u>\$ 29,162</u>	<u>\$ 102,781</u>	<u>\$ 12,137</u>
Total net assets - cash and investment basis held in trust	<u>\$ 29,162</u>	<u>\$ 102,781</u>	<u>\$ 12,137</u>

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

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. 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 School Corporation's financial reporting entity is composed of the Primary Government.

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with other school corporations in a joint venture to operate the Ripley-Ohio-Dearborn Special Cooperative (Co-op) which was created to provide special education services. The School Corporation is obligated by contract to remit an annual amount based on the contractual funding formula to supplement the Co-op. Payments to Co-op during the school year 2006-2007 were \$476,048. Complete financial statements for the Co-op can be obtained from the Co-op's administrative office at Sunman-Dearborn Community School Corporation, Sunman, Indiana.

The School Corporation is a participant with other school corporations in a joint venture to operate the Southeastern Career Center (Career Center) which was created to provide vocational education services. The School Corporation is obligated by contract to remit an annual amount based on the contractual funding formula to supplement the Career Center. Payments to the Career Center during the school year 2006-2007 were \$190,736. Complete financial statements for the Career Center can be obtained from the Career Center's administrative office at Versailles, Indiana.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The levy excess fund is used to account for property taxes received which exceed 102% of the ad valorem property tax levy.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for financial transactions of the Schools Corporation's self-insured dental plan.

The pension trust funds account for the activities and accumulate resource for the School Corporation's post-retirement and severance benefits payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the high school graduating seniors with scholarship funds.

Agency funds account for assets held by the School Corporation as an agent for various federal and state agencies, and private insurance companies and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 10 to 12 days per year based on months of service. Unused sick leave may be accumulated to a maximum of 90 days for noncertified employees and 170 days for certified employees, except for administrators which is unlimited. Accumulated sick leave is paid to employees through cash payments upon termination.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 days to 20 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 2 days to 3 days per year. Unused personal leave shall be transferred to the employee's sick leave accumulated balance at the end of each year.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for the proprietary fund result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Cash Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.

2. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets - Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets - Cash and Investment Basis.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2006 and 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2006	2007
Textbook Rental	\$ 85,214	\$ 56,579
Latchkey	1,865	2,689

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Policies

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>	<u>2007</u>
General Fund	Internal Service Fund	\$ 16,515	\$ 17,338
Other governmental funds	General Fund	212,346	-
Other governmental funds	Other governmental funds	<u>12,274</u>	<u>-</u>
Totals		<u>\$ 241,135</u>	<u>\$ 17,338</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

The School Corporation is 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 and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Dental Benefits

The School Corporation has chosen to establish a risk financing fund for risks associated with dental benefits. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. A premium is charged to the fund that accounts for employee payroll and School Corporation contribution. The total charge allocated to the fund is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

Medical Benefits to Employees

During 1999, the School Corporation joined with other governmental entities to form the South-eastern Indiana Insurance Consortium, a public entity risk pool currently operating as a common risk management and insurance program for eight member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to administrators and noncertified employees. The School Corporation pays an annual premium to the risk pool for its medical benefits to employees' coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$100,000 per insured event. The risk pool obtains independent coverage for any individual's claim in excess of the \$100,000 in a plan year.

B. Related Party Transactions

During the period for which financial statements are presented, the School Corporation had material transactions with Seitz Insurance Agency Inc., in which George M. Seitz is part owner and his spouse, Shirley A. Seitz, is a member of the School Corporation Board. The School Corporation paid insurance premiums totaling \$425,064 during school years 2005-2006 and 2006-2007.

C. Holding Corporation

The School Corporation has entered into a capital lease with Lawrenceburg Building Corporation (the lessor). The lessor was organized as not-for-profit corporations 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 year totaled \$1,671,000.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plans

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 101,921
Interest on net pension obligation	(15,060)
Adjustment to annual required contribution	17,162
Annual pension cost	104,023
Contributions made	100,598
Increase in net pension obligation	3,425
Net pension obligation, beginning of year	(207,729)
Net pension obligation, end of year	\$ (204,304)
Contribution rates:	
School Corporation	5.5%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 64,798	139%	\$ (172,437)
	06-30-05	72,831	148%	(207,729)
	06-30-06	104,023	97%	(204,304)

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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 TRF 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 member's contributions, set by state statute at 3% 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.

TRF 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:

Teachers' Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

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.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$219,348, \$213,274 and \$202,954, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,762,705	\$ 1,674,436	\$ 88,269	105%	\$ 1,529,920	6%
07-01-05	1,848,118	1,990,194	(142,076)	93%	1,718,554	(8%)
07-01-06	1,878,176	1,953,434	(75,258)	96%	1,801,578	(4%)

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Education License Plate	Donations, Gifts, and Trusts	CAPE Grant	CASA/ Drug Free
<b>Receipts:</b>							
Local sources	\$ 27,255	\$ 277,872	\$ 122,200	\$ -	\$ 1,362	\$ 14,502	\$ 1,940
Intermediate sources	-	-	-	713	-	-	-
State sources	31,867	11,242	22,104	-	-	-	-
Federal sources	-	234,188	-	-	-	-	-
Sale of property, adjustments and refunds	-	10,036	375	-	-	-	-
<b>Total receipts</b>	<b>59,122</b>	<b>533,338</b>	<b>144,679</b>	<b>713</b>	<b>1,362</b>	<b>14,502</b>	<b>1,940</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	36,906	-	-	-	-	-	1,848
Support services	-	525,452	230,255	957	1,607	14,931	-
Community services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>36,906</b>	<b>525,452</b>	<b>230,255</b>	<b>957</b>	<b>1,607</b>	<b>14,931</b>	<b>1,848</b>
Excess (deficiency) of receipts over disbursements	22,216	7,886	(85,576)	(244)	(245)	(429)	92
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	22,216	7,886	(85,576)	(244)	(245)	(429)	92
Cash and investments - beginning	5,752	5,105	362	490	450	-	859
Cash and investments - ending	<u>\$ 27,968</u>	<u>\$ 12,991</u>	<u>\$ (85,214)</u>	<u>\$ 246</u>	<u>\$ 205</u>	<u>\$ (429)</u>	<u>\$ 951</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	<u>\$ 27,968</u>	<u>\$ 12,991</u>	<u>\$ (85,214)</u>	<u>\$ 246</u>	<u>\$ 205</u>	<u>\$ (429)</u>	<u>\$ 951</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	<u>\$ 27,968</u>	<u>\$ 12,991</u>	<u>\$ (85,214)</u>	<u>\$ 246</u>	<u>\$ 205</u>	<u>\$ (429)</u>	<u>\$ 951</u>

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Medicaid Reimbursement	Non-English Speaking Program	School Technology	Gifted and Talented	Teacher Mentor Training	Latchkey	Title I 2003-2004
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,326	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	44	-	12,841	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>44</b>	<b>-</b>	<b>12,841</b>	<b>-</b>	<b>25,326</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	13,206	-	21,142	68
Support services	1,146	-	-	1,821	501	3,318	13,522
Community services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,146</b>	<b>-</b>	<b>-</b>	<b>15,027</b>	<b>501</b>	<b>24,460</b>	<b>13,590</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(1,146)</b>	<b>44</b>	<b>-</b>	<b>(2,186)</b>	<b>(501)</b>	<b>866</b>	<b>(13,590)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(1,146)</b>	<b>44</b>	<b>-</b>	<b>(2,186)</b>	<b>(501)</b>	<b>866</b>	<b>(13,590)</b>
Cash and investments - beginning	1,146	-	(7,295)	2,186	501	(2,731)	13,590
Cash and investments - ending	\$ -	\$ 44	\$ (7,295)	\$ -	\$ -	\$ (1,865)	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 44	\$ (7,295)	\$ -	\$ -	\$ (1,865)	\$ -
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ -	\$ 44	\$ (7,295)	\$ -	\$ -	\$ (1,865)	\$ -

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Title I 2004-2005	Title I 2005-2006	Title V Part A 2004-2005	Title V Part A 2005-2006	Drug Free Schools 2003-2004	Drug Free Schools 2005-2006	Medicaid Reimbursement Federal
<b>Receipts:</b>							
Local sources	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	22,100	207,661	-	-	-	10,187	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>22,100</b>	<b>207,668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,187</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	9,575	178,182	-	-	-	-	-
Support services	1,444	41,260	1,733	6,715	8,779	5,895	2,965
Community services	-	500	-	-	-	-	-
<b>Total disbursements</b>	<b>11,019</b>	<b>219,942</b>	<b>1,733</b>	<b>6,715</b>	<b>8,779</b>	<b>5,895</b>	<b>2,965</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>11,081</b>	<b>(12,274)</b>	<b>(1,733)</b>	<b>(6,715)</b>	<b>(8,779)</b>	<b>4,292</b>	<b>(2,965)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	12,274	-	-	-	-	-
Transfers out	(12,274)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(12,274)</b>	<b>12,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(1,193)</b>	<b>-</b>	<b>(1,733)</b>	<b>(6,715)</b>	<b>(8,779)</b>	<b>4,292</b>	<b>(2,965)</b>
Cash and investments - beginning	1,193	-	1,733	7,834	8,779	-	10,173
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,119	\$ -	\$ 4,292	\$ 7,208
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ 1,119	\$ -	\$ 4,292	\$ 7,208
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ -	\$ -	\$ -	\$ 1,119	\$ -	\$ 4,292	\$ 7,208

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006  
 (Continued)

	Title II, Part A Teacher Quality	Title II, Part D	Construction	Community Mental Health	Homework Assistance Program	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 28,756	\$ 499,220
Intermediate sources	-	-	-	-	-	713
State sources	-	-	-	-	-	78,098
Federal sources	104,858	4,980	-	-	-	583,974
Sale of property, adjustments and refunds	-	-	-	-	-	10,411
<b>Total receipts</b>	<b>104,858</b>	<b>4,980</b>	<b>-</b>	<b>-</b>	<b>28,756</b>	<b>1,172,416</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	82,764	-	-	-	27,109	370,800
Support services	15,581	1,167	3,388	1,130	4,703	888,270
Community services	-	-	-	-	-	500
<b>Total disbursements</b>	<b>98,345</b>	<b>1,167</b>	<b>3,388</b>	<b>1,130</b>	<b>31,812</b>	<b>1,259,570</b>
Excess (deficiency) of receipts over disbursements	6,513	3,813	(3,388)	(1,130)	(3,056)	(87,154)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	12,274
Transfers out	-	-	(212,346)	-	-	(224,620)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(212,346)</b>	<b>-</b>	<b>-</b>	<b>(212,346)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,513	3,813	(215,734)	(1,130)	(3,056)	(299,500)
Cash and investments - beginning	1,060	3,220	215,734	7,117	1,615	278,873
Cash and investments - ending	<u>\$ 7,573</u>	<u>\$ 7,033</u>	<u>\$ -</u>	<u>\$ 5,987</u>	<u>\$ (1,441)</u>	<u>\$ (20,627)</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 7,573</u>	<u>\$ 7,033</u>	<u>\$ -</u>	<u>\$ 5,987</u>	<u>\$ (1,441)</u>	<u>\$ (20,627)</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 7,573</u>	<u>\$ 7,033</u>	<u>\$ -</u>	<u>\$ 5,987</u>	<u>\$ (1,441)</u>	<u>\$ (20,627)</u>

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Education License Plate	Donations, Gifts, and Trusts	CAPE Grant
<b>Receipts:</b>						
Local sources	\$ 14,648	\$ 300,601	\$ 147,428	\$ -	\$ 58	\$ 41,726
Intermediate sources	-	-	-	1,050	-	-
State sources	28,555	10,513	24,465	-	-	-
Federal sources	-	240,131	-	-	-	-
Sale of property, adjustments and refunds	-	11,734	87	-	-	-
<b>Total receipts</b>	<u>43,203</u>	<u>562,979</u>	<u>171,980</u>	<u>1,050</u>	<u>58</u>	<u>41,726</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	62,206	-	-	-	-	11,282
Support services	-	574,012	143,345	-	263	32,218
Community services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>62,206</u>	<u>574,012</u>	<u>143,345</u>	<u>-</u>	<u>263</u>	<u>43,500</u>
Excess (deficiency) of receipts over disbursements	<u>(19,003)</u>	<u>(11,033)</u>	<u>28,635</u>	<u>1,050</u>	<u>(205)</u>	<u>(1,774)</u>
Cash and investments - beginning	<u>27,968</u>	<u>12,991</u>	<u>(85,214)</u>	<u>246</u>	<u>205</u>	<u>(429)</u>
Cash and investments - ending	<u>\$ 8,965</u>	<u>\$ 1,958</u>	<u>\$ (56,579)</u>	<u>\$ 1,296</u>	<u>\$ -</u>	<u>\$ (2,203)</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 8,965</u>	<u>\$ 1,958</u>	<u>\$ (56,579)</u>	<u>\$ 1,296</u>	<u>\$ -</u>	<u>\$ (2,203)</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 8,965</u>	<u>\$ 1,958</u>	<u>\$ (56,579)</u>	<u>\$ 1,296</u>	<u>\$ -</u>	<u>\$ (2,203)</u>

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	CASA/ Drug Free	Non-English Speaking Program	School Technology	Gifted and Talented	Latchkey
<b>Receipts:</b>					
Local sources	\$ 1,940	\$ -	\$ -	\$ -	\$ 25,837
Intermediate sources	-	-	-	-	-
State sources	-	137	-	12,841	-
Federal sources	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<u>1,940</u>	<u>137</u>	<u>-</u>	<u>12,841</u>	<u>25,837</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	1,753	-	-	12,186	22,867
Support services	-	-	-	655	3,794
Community services	-	-	-	-	-
<b>Total disbursements</b>	<u>1,753</u>	<u>-</u>	<u>-</u>	<u>12,841</u>	<u>26,661</u>
Excess (deficiency) of receipts over disbursements	<u>187</u>	<u>137</u>	<u>-</u>	<u>-</u>	<u>(824)</u>
Cash and investments - beginning	<u>951</u>	<u>44</u>	<u>(7,295)</u>	<u>-</u>	<u>(1,865)</u>
Cash and investments - ending	<u>\$ 1,138</u>	<u>\$ 181</u>	<u>\$ (7,295)</u>	<u>\$ -</u>	<u>\$ (2,689)</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	<u>\$ 1,138</u>	<u>\$ 181</u>	<u>\$ (7,295)</u>	<u>\$ -</u>	<u>\$ (2,689)</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	<u>\$ 1,138</u>	<u>\$ 181</u>	<u>\$ (7,295)</u>	<u>\$ -</u>	<u>\$ (2,689)</u>

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Fund 2005-2006	Title I 2006-2007	Title V Part A 2005-2006	Title V Part A 2006-2007	Drug Free Schools 2005-2006
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	18,800	186,156	-	5,364	-
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<u>18,800</u>	<u>186,156</u>	<u>-</u>	<u>5,364</u>	<u>-</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	17,091	147,311	-	-	-
Support services	1,709	37,345	1,119	5,364	4,292
Community services	-	1,500	-	-	-
<b>Total disbursements</b>	<u>18,800</u>	<u>186,156</u>	<u>1,119</u>	<u>5,364</u>	<u>4,292</u>
Excess (deficiency) of receipts over disbursements	-	-	(1,119)	-	(4,292)
Cash and investments - beginning	-	-	1,119	-	4,292
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Drug Free Schools 2006-2007	Drug Free Schools 2007-2008	Medicaid Reimbursement Federal	Hurricane Katrina Relief	Title II, Part A Teacher Quality
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	9,123	1,000	-	21,000	87,921
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<u>9,123</u>	<u>1,000</u>	<u>-</u>	<u>21,000</u>	<u>87,921</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	79,594
Support services	3,894	-	483	-	15,900
Community services	-	-	-	21,000	-
<b>Total disbursements</b>	<u>3,894</u>	<u>-</u>	<u>483</u>	<u>21,000</u>	<u>95,494</u>
Excess (deficiency) of receipts over disbursements	<u>5,229</u>	<u>1,000</u>	<u>(483)</u>	<u>-</u>	<u>(7,573)</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>7,208</u>	<u>-</u>	<u>7,573</u>
Cash and investments - ending	<u>\$ 5,229</u>	<u>\$ 1,000</u>	<u>\$ 6,725</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	<u>\$ 5,229</u>	<u>\$ 1,000</u>	<u>\$ 6,725</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	<u>\$ 5,229</u>	<u>\$ 1,000</u>	<u>\$ 6,725</u>	<u>\$ -</u>	<u>\$ -</u>

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Title II, Part D	Construction	Community Mental Health	Homework Assistance Program	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ 25,888	\$ 558,126
Intermediate sources	-	-	-	-	1,050
State sources	-	-	-	-	76,511
Federal sources	3,870	-	-	-	573,365
Sale of property, adjustments and refunds	-	-	-	-	11,821
<b>Total receipts</b>	<u>3,870</u>	<u>-</u>	<u>-</u>	<u>25,888</u>	<u>1,220,873</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	12,450	366,740
Support services	6,403	-	4,024	2,118	836,938
Community services	-	-	-	-	22,500
<b>Total disbursements</b>	<u>6,403</u>	<u>-</u>	<u>4,024</u>	<u>14,568</u>	<u>1,226,178</u>
Excess (deficiency) of receipts over disbursements	<u>(2,533)</u>	<u>-</u>	<u>(4,024)</u>	<u>11,320</u>	<u>(5,305)</u>
Cash and investments - beginning	<u>7,033</u>	<u>-</u>	<u>5,987</u>	<u>(1,441)</u>	<u>(20,627)</u>
Cash and investments - ending	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ 1,963</u>	<u>\$ 9,879</u>	<u>\$ (25,932)</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ 1,963</u>	<u>\$ 9,879</u>	<u>\$ (25,932)</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ 1,963</u>	<u>\$ 9,879</u>	<u>\$ (25,932)</u>

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2007

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 476,000
Buildings	65,247,484
Improvements other than buildings	2,243,341
Machinery and equipment	<u>4,304,093</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 72,270,918</u>

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2007

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Primary school construction and middle school renovation	\$ 20,920,000	\$ 826,000
Notes and loans payable	648,567	354,980
Total governmental activities debt	\$ 21,568,567	\$ 1,180,980

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The following funds were overdrawn as of June 30, 2006 and 2007:

<u>Fund</u>	<u>2006</u>	<u>2007</u>
Textbook Rental	\$ 85,214	\$ 56,579
Latchkey	1,865	2,689

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 governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

A detailed lists of students for Central Elementary for the school year 2005-2006 were not presented for audit to support the ADM claimed by the School Corporation. The detailed lists of students for the school year 2005-2006 presented for audit by Lawrenceburg Primary School, Greendale Middle School and Lawrenceburg High School did not contain written certification by the school building Principal.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (The School Administrator and Uniform Compliance Guidelines, Volume 123, September 2003)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE LAWRENCEBURG COMMUNITY  
SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

Compliance

We have audited the compliance of the Lawrenceburg Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 11, 2008

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 64,998	\$ -
		FY 06	-	63,669
		FY 07	-	-
National School Lunch Program	10.555		197,821	-
		FY 06	-	-
		FY 07	-	210,678
Total for federal grantor agency			<u>262,819</u>	<u>274,347</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
	84.010		23,293	-
		05-1620	-	-
		06-1620	219,941	18,800
		07-1620	-	186,156
		Par D, Subpart 2	13,590	-
Total for program			<u>256,824</u>	<u>204,956</u>
Safe and Drug Free Schools and Communities - State Grants				
	84.186		8,779	-
		03-099	-	-
		04-081	5,895	4,292
		05-045	-	3,894
Total for program			<u>14,674</u>	<u>8,186</u>
State Grants for Innovative Programs				
	84.298		1,733	-
		03-093	-	-
		04-062	6,714	1,119
		05-108	-	5,364
Total for program			<u>8,447</u>	<u>6,483</u>
Education Technology State Grants				
	84.318		1,167	-
		FY 04	-	-
		FY 05	-	6,403
Total for program			<u>1,167</u>	<u>6,403</u>
Improving Teacher Quality State Grants				
	84.367		6,356	-
		03-087	-	-
		04-069	84,858	-
		05-139	7,131	75,790
		06-1620	-	19,704
Total for program			<u>98,345</u>	<u>95,494</u>
Hurricane Education Recovery				
	84.938		-	21,000
Total for federal grantor agency			<u>379,457</u>	<u>342,522</u>
Total federal awards expended			<u>\$ 642,276</u>	<u>\$ 616,869</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Lawrenceburg Community School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 the Indiana Code (IC 5-11-1 et seq.), audits of School Corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
N/A	Child Nutrition 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

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 11, 2008, with R. Stephen Gookins, Interim Superintendent of Schools; Pam Taylor, Treasurer; and Shirley Seitz, School Board Member. The officials concurred with our audit findings.