

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION

DEARBORN COUNTY, INDIANA

July 1, 2021 to June 30, 2023



**FILED**

03/07/2024



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Audit Result and Comment: Annual Financial Report .....	4-5
Exit Conference.....	6

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Julie Dudley	07-01-21 to 06-30-24
Superintendent of Schools	Karl Galey	07-01-21 to 06-30-24
President of the School Board	Bryan Johnson Kevin Mollaun	07-01-21 to 12-31-21 01-01-22 to 06-30-24



**STATE OF INDIANA**  
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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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

This report is supplemental to the audit report of the Lawrenceburg Community School Corporation (School Corporation), for the period from July 1, 2021 to June 30, 2023. 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

February 21, 2024

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

The information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA) and Schedule of Leases and Debt, was incorrect and did not agree with the School Corporation's records.

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. The Business Manager prepared and submitted the information, and it was reviewed by a second official. However, the internal control was not effective and did not detect and allow for correction of errors prior to submission. Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

- Child Nutrition Cluster expenditures were overstated by \$262,999.
- COVID-19 - Education Stabilization Fund expenditures were understated by \$324,570.

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

The School Corporation failed to properly review the debt information submitted in Gateway. As a result, the following errors were noted in the Schedule of Leases and Debt:

- The debt reported was overstated by \$34,595,000. The School Corporation incorrectly reported debt that was issued by, and the obligation of, the not-for-profit building corporations.

Audit 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 for the School Corporation.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT  
(Continued)

*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 Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Indiana Public School Corporations, Chapter 1)

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. . . ."

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on February 21, 2024, with Julie Dudley, Treasurer; Karl Galey, Superintendent of Schools; Kevin Mollaun, President of the School Board; and Mark Knigga, School Board member.