

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

AUDIT REPORT

OF

LEBANON COMMUNITY SCHOOL CORPORATION

BOONE COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED

05/01/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Melissa Moore	07-01-06 to 06-30-08
Superintendent of Schools	Ralph Walker Robert Taylor	07-01-06 to 08-30-06 09-01-06 to 06-30-09
President of the School Board	Ronald Morelock John Rice Alan Cragun	07-01-06 to 06-30-07 07-01-07 to 06-30-08 07-01-08 to 06-30-09



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

TO: THE OFFICIALS OF THE LEBANON COMMUNITY
SCHOOL CORPORATION, BOONE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lebanon Community School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, 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, 2007 and 2008, 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 25, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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 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 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 Combining Schedules, as listed in the Table of Contents, 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 Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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 25, 2009



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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 LEBANON COMMUNITY
SCHOOL CORPORATION, BOONE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lebanon Community School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 25, 2009. 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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the school board 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 25, 2009

LEBANON 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	\$ 15,708,286	\$ -	\$ 100,615	\$ (15,607,671)
Support services	14,129,818	1,050,053	726,640	(12,353,125)
Community services	350,461	-	-	(350,461)
Nonprogrammed charges	505,250	-	-	(505,250)
Debt service	7,762,827	-	-	(7,762,827)
Total government	<u>\$ 38,456,642</u>	<u>\$ 1,050,053</u>	<u>\$ 827,255</u>	<u>(36,579,334)</u>
General receipts:				
Property taxes				9,425,513
Other local sources				1,887,700
State aid				12,525,184
Bonds and loans				9,504,192
Grants and contributions not restricted to specific programs				1,421,076
Sale of property, adjustments, and refunds				144,209
Investment earnings				342,838
Total general receipts				<u>35,250,712</u>
Change in net assets				(1,328,622)
Net assets - beginning				<u>9,053,656</u>
Net assets - ending				<u>\$ 7,725,034</u>
 <u>Assets</u>				
Cash and investments				<u>\$ 7,725,034</u>
 <u>Net Assets</u>				
Unrestricted				<u>\$ 7,725,034</u>

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

LEBANON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<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	\$ 16,415,734	\$ -	\$ 340,491	\$ (16,075,243)
Support services	13,947,053	921,400	691,761	(12,333,892)
Community services	380,113	-	-	(380,113)
Nonprogrammed charges	345,098	-	-	(345,098)
Debt service	<u>18,670,602</u>	<u>-</u>	<u>-</u>	<u>(18,670,602)</u>
Total government	<u>\$ 49,758,600</u>	<u>\$ 921,400</u>	<u>\$ 1,032,252</u>	<u>(47,804,948)</u>
General receipts:				
Property taxes				16,247,054
Other local sources				2,659,386
State aid				13,189,141
Bonds and loans				11,571,384
Grants and contributions not restricted to specific programs				1,596,282
Sale of property, adjustments, and refunds				145,936
Investment earnings				<u>234,099</u>
Total general receipts				<u>45,643,282</u>
Change in net assets				(2,161,666)
Net assets - beginning				<u>7,725,034</u>
Net assets - ending				<u>\$ 5,563,368</u>
<u>Assets</u>				
Cash and investments				<u>\$ 5,563,368</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 5,563,368</u>

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

LEBANON 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	Rainy Day	CLASS 06/07	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 4,077,362	\$ 874,789	\$ -	\$ 227,898	\$ 3,816,043	\$ 1,495,029	\$ 206,100	\$ 2,350,695	\$ 13,047,916
Intermediate sources	299	-	-	-	-	-	-	-	299
State sources	12,607,665	-	-	-	-	-	-	245,207	12,852,872
Federal sources	7,143	-	-	-	-	-	-	1,571,389	1,578,532
Bonds and loans	3,491,559	1,092,821	-	-	2,770,842	1,888,601	260,369	-	9,504,192
Sale of property, adjustments and refunds	18,062	2,131	-	-	-	4,591	-	119,425	144,209
Total receipts	20,202,090	1,969,741	-	227,898	6,586,885	3,388,221	466,469	4,286,716	37,128,020
Disbursements:									
Current:									
Instruction	13,998,208	-	-	29,559	-	-	-	1,680,519	15,708,286
Support services	5,370,372	1,499,622	-	525,344	497,819	3,192,268	322,358	2,722,035	14,129,818
Community services	348,725	-	-	-	-	-	-	1,736	350,461
Nonprogrammed charges	505,250	-	-	-	-	-	-	-	505,250
Debt services	1,079,931	462,147	-	-	5,913,118	-	-	307,631	7,762,827
Total disbursements	21,302,486	1,961,769	-	554,903	6,410,937	3,192,268	322,358	4,711,921	38,456,642
Excess (deficiency) of receipts over disbursements	(1,100,396)	7,972	-	(327,005)	175,948	195,953	144,111	(425,205)	(1,328,622)
Other financing sources (uses):									
Transfers in	55,878	-	475,000	-	-	-	-	372,193	903,071
Transfers out	(71,116)	(16,859)	-	-	(583,944)	(29,136)	(4,017)	(197,999)	(903,071)
Total other financing sources (uses)	(15,238)	(16,859)	475,000	-	(583,944)	(29,136)	(4,017)	174,194	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,115,634)	(8,887)	475,000	(327,005)	(407,996)	166,817	140,094	(251,011)	(1,328,622)
Cash and investments - beginning	5,011,582	682,969	292,000	1,217,329	356,511	843,462	(202,271)	852,074	9,053,656
Cash and investments - ending	\$ 3,895,948	\$ 674,082	\$ 767,000	\$ 890,324	\$ (51,485)	\$ 1,010,279	\$ (62,177)	\$ 601,063	\$ 7,725,034
Cash and Investment Assets - Ending									
Cash and investments	\$ 3,895,948	\$ 674,082	\$ 767,000	\$ 890,324	\$ (51,485)	\$ 1,010,279	\$ (62,177)	\$ 601,063	\$ 7,725,034
Cash and Investment Fund Balance - Ending									
Unrestricted	\$ 3,895,948	\$ 674,082	\$ 767,000	\$ 890,324	\$ (51,485)	\$ 1,010,279	\$ (62,177)	\$ 601,063	\$ 7,725,034

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

LEBANON 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, 2008

	General	Transportation Operating	Rainy Day	CLASS 06/07	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 7,508,731	\$ 1,564,587	\$ -	\$ -	\$ 6,150,248	\$ 2,777,444	\$ 368,200	\$ 1,958,619	\$ 20,327,829
Intermediate sources	299	-	-	-	-	-	-	-	299
State sources	13,524,093	-	-	-	-	-	-	286,428	13,810,521
Federal sources	-	-	-	-	-	-	-	1,740,965	1,740,965
Bonds and loans	3,663,597	995,783	-	-	5,539,572	1,096,870	275,562	-	11,571,384
Sale of property, adjustments and refunds	19,128	9,070	-	-	-	22,555	-	95,183	145,936
Total receipts	24,715,848	2,569,440	-	-	11,689,820	3,896,869	643,762	4,081,195	47,596,934
Disbursements:									
Current:									
Instruction	14,555,215	-	-	10,940	-	-	-	1,849,579	16,415,734
Support services	6,379,230	1,460,592	-	879,384	-	2,680,904	323,477	2,223,466	13,947,053
Community services	379,244	-	-	-	-	-	-	869	380,113
Nonprogrammed charges	345,098	-	-	-	-	-	-	-	345,098
Debt services	3,596,759	1,096,428	-	-	11,441,508	1,958,900	270,508	306,499	18,670,602
Total disbursements	25,255,546	2,557,020	-	890,324	11,441,508	4,639,804	593,985	4,380,413	49,758,600
Excess (deficiency) of receipts over disbursements	(539,698)	12,420	-	(890,324)	248,312	(742,935)	49,777	(299,218)	(2,161,666)
Other financing sources (uses):									
Transfers in	71,188	16,859	190,000	-	74,374	29,136	4,017	228,366	613,940
Transfers out	-	-	-	-	(188,168)	-	(35,000)	(390,772)	(613,940)
Total other financing sources (uses)	71,188	16,859	190,000	-	(113,794)	29,136	(30,983)	(162,406)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(468,510)	29,279	190,000	(890,324)	134,518	(713,799)	18,794	(461,624)	(2,161,666)
Cash and investments - beginning	3,895,948	674,082	767,000	890,324	(51,485)	1,010,279	(62,177)	601,063	7,725,034
Cash and investments - ending	\$ 3,427,438	\$ 703,361	\$ 957,000	\$ -	\$ 83,033	\$ 296,480	\$ (43,383)	\$ 139,439	\$ 5,563,368
Cash and Investment Assets - Ending									
Cash and investments	\$ 3,427,438	\$ 703,361	\$ 957,000	\$ -	\$ 83,033	\$ 296,480	\$ (43,383)	\$ 139,439	\$ 5,563,368
Cash and Investment Fund Balance - Ending									
Unrestricted	\$ 3,427,438	\$ 703,361	\$ 957,000	\$ -	\$ 83,033	\$ 296,480	\$ (43,383)	\$ 139,439	\$ 5,563,368

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

LEBANON COMMUNITY SCHOOL CORPORATION
STATEMENT OF CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	<u>Agency Funds</u>	
	<u>June 30, 2007</u>	<u>June 30, 2008</u>
Net assets:		
Cash and investments	<u>\$ 183,357</u>	<u>\$ 53,420</u>

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

LEBANON 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 following:

Primary Government:	Lebanon Community School Corporation
Blended Component Unit:	None
Discretely Presented Component Unit:	None

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 six area schools in a joint venture to operate Boone-Clinton-Northwest Hendricks County Joint Services for Exceptional Children which was created to provide education services to special education students. The School Corporation is obligated by contract to remit a pro-rata share of expenses annually to the Community Schools of Frankfort. Complete financial statements for this joint venture can be obtained from the Community Schools of Frankfort.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 rainy day fund is used to account for funds in accordance with IC 36-1-8.5-1 and a locally adopted resolution.

The CLASS – 06/07 fund is used to account for receipts and disbursements for the CLASS program, an independent professional development program, funded by the State of Indiana and housed in the school. This fund covers the program for the 06/07 fiscal year. The CLASS personnel provide professional development services to schools in Indiana.

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.

The School Corporation reports the following major proprietary funds:

Additionally, the School Corporation reports the following fund types:

Agency funds account for assets held by the School Corporation as an agent for state and federal tax and other payroll withholdings.

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.

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 proprietary 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.

3. Capital Assets

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

4. 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.

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. 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.

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 proprietary funds and the similar discretely presented component unit 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 Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

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

LEBANON COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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 government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

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, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2006	2007
School Bus Replacement	\$ 62,177	\$ 43,383
Textbook Rental	138,287	40,938
Building Trades Program	3,018	61,550
Career Majors Grant - 06/07	5,128	-
Flow Through grant - 07/08	-	5,081
Federal Medicaid	1,178	571

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the (underestimate of current requirements; these deficits are to be repaid from future receipts.)

III. Detailed Notes on All Funds

A. Deposits and Investments

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. At June 30, 2008, the School Corporation had deposit balances in the amount of \$7,908,388, 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.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>	<u>2007</u>
General Fund	Other governmental	\$ 71,116	\$ -
Transportation Operating	Other governmental	16,859	-
Debt Service	Rainy Day	-	-
	Other governmental	583,944	188,168
Capital Projects	Other governmental	29,136	-
School Bus Replacement	Other governmental	4,017	35,000
Other governmental	General Fund	-	71,188
	Transportation Operating	-	16,859
	Debt Service	-	49,374
	Capital Projects	-	29,136
	School Bus Replacement	-	4,017
	Other governmental	197,999	220,198
Totals		<u>\$ 903,071</u>	<u>\$ 613,940</u>

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

C. Restatements and Reclassifications

For the year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit. Several special revenue funds had previously been misclassified as private-purpose trust funds.

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Opinion Unit	Balance as Reported June 30, 2006	Fund Reclassification	Change in Major Funds	Balance as Restated June 30, 2006
Major funds:				
Rainy Day	\$ -	\$ -	\$ 292,000	\$ 292,000
Other aggregate funds:				
Other governmental funds	1,082,792	61,282	(292,000)	852,074
Private-Purpose Trust Funds	61,282	(61,282)	-	-

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, retirees, and dependents (excluding postemployment benefits); 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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); 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.

B. Holding Corporations

The School Corporation has entered into capital leases with Lebanon High School Building Corporation and Lebanon Middle School Building Corporation (the lessors). The lessors were 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 lessors have been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2007 and 2008 totaled \$5,093,000 and \$2,565,000, respectively.

C. Pension Plans

1. 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

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2008, 2007, and 2006, were \$609,544, \$523,150, and \$475,231, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

2. Defined Contribution Pension Plan

Private Pension

Plan Description

The School Corporation has a defined contribution pension plan administered by Lincoln National Life Insurance Company as authorized by Indiana Code 5-10.2-2-1. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by written agreement between the School Corporation and the Plan Administrator. The Plan Administrator issues a publicly available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by contacting:

Lincoln National Life Insurance Company
1300 South Clinton Street
Fort Wayne, IN 46802-3506
Phone – (800) 454-6265

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members are established by the written agreement between the School Corporation and the Plan Administrator. Plan members are required to contribute from 1% to 10% of the annual covered salary, based on employee election. The School Corporation is required to contribute at an actuarially determined rate. The current rate is 2.5% to a maximum of 7.5% of annual covered payroll, based on the employees' contribution. Employer contributions to the plan for the fiscal years ending June 30, 2007 and 2008, were \$165,560 and \$172,086, respectively. Employee contributions to the plan for the fiscal years ending June 30, 2007 and 2008, were \$73,100 and \$80,586, respectively.

LEBANON 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	Levy Excess	Flow-Through Grant 05/06	Flow-Through Grant 06/07	Beyond Kindergarten Grant
Receipts:							
Local sources	\$ 12,242	\$ 924,817	\$ 334,914	\$ -	\$ 51,173	\$ 261,302	\$ 125,236
State sources	115,685	20,732	70,161	-	-	-	-
Federal sources	-	580,723	-	-	-	365,610	-
Sale of property, adjustments and refunds	-	95,727	-	-	-	-	-
Total receipts	127,927	1,621,999	405,075	-	51,173	626,912	125,236
Disbursements:							
Current:							
Instruction	93,309	-	-	-	67,919	467,027	123,928
Support services	-	1,395,328	340,235	-	4,903	72,926	155
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	93,309	1,395,328	340,235	-	72,822	539,953	124,083
Excess (deficiency) of receipts over disbursements	34,618	226,671	64,840	-	(21,649)	86,959	1,153
Other financing sources (uses):							
Transfers in	-	-	59,570	199,429	-	-	-
Transfers out	(238)	-	(55,878)	-	-	-	-
Total other financing sources (uses)	(238)	-	3,692	199,429	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	34,380	226,671	68,532	199,429	(21,649)	86,959	1,153
Cash and investments - beginning	32,939	(74,426)	(206,819)	-	21,649	-	8,370
Cash and investments - ending	\$ 67,319	\$ 152,245	\$ (138,287)	\$ 199,429	\$ -	\$ 86,959	\$ 9,523
Cash and Investment Assets - Ending							
Cash and investments	\$ 67,319	\$ 152,245	\$ (138,287)	\$ 199,429	\$ -	\$ 86,959	\$ 9,523
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 67,319	\$ 152,245	\$ (138,287)	\$ 199,429	\$ -	\$ 86,959	\$ 9,523

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

LEBANON 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)

	Alternative Education	Safe Haven	Early Intervention	Community Foundation	Boone County Grant	Lilly Cape Grant Director	Literacy Academy
Receipts:							
Local sources	\$ 4,788	\$ -	\$ -	\$ 60,894	\$ -	\$ -	\$ 17,663
State sources	-	-	3,500	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	4,788	-	3,500	60,894	-	-	17,663
Disbursements:							
Current:							
Instruction	-	-	-	-	-	10,264	35,543
Support services	-	6,999	4,500	33,435	490	-	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	6,999	4,500	33,435	490	10,264	35,543
Excess (deficiency) of receipts over disbursements	4,788	(6,999)	(1,000)	27,459	(490)	(10,264)	(17,880)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(55,097)	-	-	-
Total other financing sources (uses)	-	-	-	(55,097)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,788	(6,999)	(1,000)	(27,638)	(490)	(10,264)	(17,880)
Cash and investments - beginning	(4,788)	6,999	1,000	27,638	2,056	10,264	24,457
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 1,566	\$ -	\$ 6,577
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 1,566	\$ -	\$ 6,577
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 1,566	\$ -	\$ 6,577

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

LEBANON 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)

	Lilly Cape Grant Preschool	Lilly Cape Grant Transportation	Perry/Worth Wetlands Project	Building Trades	Careers Major 05/06	Careers Major 06/07	Gifted and Talented 05/06
Receipts:							
Local sources	\$ 214,400	\$ -	\$ -	\$ 49,154	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	21,258	2,142	-
Sale of property, adjustments and refunds	350	273	-	-	-	-	-
Total receipts	214,750	273	-	49,154	21,258	2,142	-
Disbursements:							
Current:							
Instruction	195,581	263	-	52,172	16,588	7,270	3,797
Support services	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	195,581	263	-	52,172	16,588	7,270	3,797
Excess (deficiency) of receipts over disbursements	19,169	10	-	(3,018)	4,670	(5,128)	(3,797)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,169	10	-	(3,018)	4,670	(5,128)	(3,797)
Cash and investments - beginning	-	-	1,537	-	(4,670)	-	3,797
Cash and investments - ending	\$ 19,169	\$ 10	\$ 1,537	\$ (3,018)	\$ -	\$ (5,128)	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 19,169	\$ 10	\$ 1,537	\$ (3,018)	\$ -	\$ (5,128)	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 19,169	\$ 10	\$ 1,537	\$ (3,018)	\$ -	\$ (5,128)	\$ -

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

LEBANON 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)

	Gifted and Talented 06/07	Lilly Agriculture Grant	Instructional Support	State Medicaid	Non-English Speaking	Technology Bear	Title I CSR 05/06
Receipts:							
Local sources	\$ -	\$ 4,212	\$ 3,000	\$ -	\$ -	\$ -	\$ -
State sources	16,465	-	-	18,195	469	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	20,080	-
Total receipts	16,465	4,212	3,000	18,195	469	20,080	-
Disbursements:							
Current:							
Instruction	8,548	-	-	-	-	1,920	6,115
Support services	-	-	17,937	22,648	-	11,528	16,198
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	8,548	-	17,937	22,648	-	13,448	22,313
Excess (deficiency) of receipts over disbursements	7,917	4,212	(14,937)	(4,453)	469	6,632	(22,313)
Other financing sources (uses):							
Transfers in	-	-	55,097	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	55,097	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,917	4,212	40,160	(4,453)	469	6,632	(22,313)
Cash and investments - beginning	-	-	-	5,630	789	(1,793)	22,313
Cash and investments - ending	\$ 7,917	\$ 4,212	\$ 40,160	\$ 1,177	\$ 1,258	\$ 4,839	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 7,917	\$ 4,212	\$ 40,160	\$ 1,177	\$ 1,258	\$ 4,839	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 7,917	\$ 4,212	\$ 40,160	\$ 1,177	\$ 1,258	\$ 4,839	\$ -

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

LEBANON 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 I 05/06	Title I Part D	Title I CSR	Title I 06/07	Title I Methodist Home 06/07	Title V 04/06	Title V 05/07
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	13,842	29,224	-	277,440	92,248	-	11,104
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	13,842	29,224	-	277,440	92,248	-	11,104
Disbursements:							
Current:							
Instruction	60,019	15,038	411	206,446	68,856	14,194	350
Support services	2,446	-	-	56,653	1,750	1,759	-
Community services	1,198	-	-	538	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	63,663	15,038	411	263,637	70,606	15,953	350
Excess (deficiency) of receipts over disbursements	(49,821)	14,186	(411)	13,803	21,642	(15,953)	10,754
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(49,821)	14,186	(411)	13,803	21,642	(15,953)	10,754
Cash and investments - beginning	49,821	(14,186)	411	-	-	15,953	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 13,803	\$ 21,642	\$ -	\$ 10,754
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ 13,803	\$ 21,642	\$ -	\$ 10,754
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ -	\$ -	\$ 13,803	\$ 21,642	\$ -	\$ 10,754

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

LEBANON 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 V 06/08	Drug-Free Schools 05/06	Drug-Free Schools 06/07	Implementing Support Class	Lebanon Education Foundation Grant March 2007	Lebanon Education Foundation Grant October 2007	Compassionate Spirit Grant 05/06
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 8,291	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	5,558	-	12,884	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	5,558	-	12,884	-	8,291	-	-
Disbursements:							
Current:							
Instruction	-	-	-	-	2,305	253	4,791
Support services	-	10,943	3,395	-	-	-	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	10,943	3,395	-	2,305	253	4,791
Excess (deficiency) of receipts over disbursements	5,558	(10,943)	9,489	-	5,986	(253)	(4,791)
Other financing sources (uses):							
Transfers in	-	-	-	-	1,819	179	-
Transfers out	-	-	-	-	-	(282)	(2,855)
Total other financing sources (uses)	-	-	-	-	1,819	(103)	(2,855)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,558	(10,943)	9,489	-	7,805	(356)	(7,646)
Cash and investments - beginning	-	10,943	-	1,437	-	535	7,751
Cash and investments - ending	\$ 5,558	\$ -	\$ 9,489	\$ 1,437	\$ 7,805	\$ 179	\$ 105
Cash and Investment Assets - Ending							
Cash and investments	\$ 5,558	\$ -	\$ 9,489	\$ 1,437	\$ 7,805	\$ 179	\$ 105
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 5,558	\$ -	\$ 9,489	\$ 1,437	\$ 7,805	\$ 179	\$ 105

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

LEBANON 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)

	Lebanon Education Foundation Grant October 2005	Lebanon Education Foundation Grant March 2006	Compassionate Spirit Grant 06/07	Leap Art Camp	Lebanon Education Foundation Grant October 2006	Compassionate Spirit Grant 07/08	Federal Medicaid
Receipts:							
Local sources	\$ -	\$ 2,500	\$ 77,018	\$ 300	\$ 9,528	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	29,686
Sale of property, adjustments and refunds	-	-	-	2,995	-	-	-
Total receipts	-	2,500	77,018	3,295	9,528	-	29,686
Disbursements:							
Current:							
Instruction	2,726	7,025	96,863	6,059	3,390	347	2,845
Support services	-	-	-	-	-	-	41,332
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	2,726	7,025	96,863	6,059	3,390	347	44,177
Excess (deficiency) of receipts over disbursements	(2,726)	(4,525)	(19,845)	(2,764)	6,138	(347)	(14,491)
Other financing sources (uses):							
Transfers in	-	-	-	-	220	55,879	-
Transfers out	(1,936)	-	(53,024)	-	-	-	-
Total other financing sources (uses)	(1,936)	-	(53,024)	-	220	55,879	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,662)	(4,525)	(72,869)	(2,764)	6,358	55,532	(14,491)
Cash and investments - beginning	4,662	6,221	92,263	5,050	-	-	13,313
Cash and investments - ending	\$ -	\$ 1,696	\$ 19,394	\$ 2,286	\$ 6,358	\$ 55,532	\$ (1,178)
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 1,696	\$ 19,394	\$ 2,286	\$ 6,358	\$ 55,532	\$ (1,178)
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 1,696	\$ 19,394	\$ 2,286	\$ 6,358	\$ 55,532	\$ (1,178)

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

LEBANON 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)

	Team Nutrition Grant	Title II Part A	Title II Part D	Title III	Pension Debt Service	Construction	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 189,263	\$ -	\$ 2,350,695
State sources	-	-	-	-	-	-	245,207
Federal sources	500	114,323	-	14,847	-	-	1,571,389
Sale of property, adjustments and refunds	-	-	-	-	-	-	119,425
Total receipts	500	114,323	-	14,847	189,263	-	4,286,716
Disbursements:							
Current:							
Instruction	498	80,406	8,520	8,933	-	-	1,680,519
Support services	-	23,638	-	-	-	652,837	2,722,035
Community services	-	-	-	-	-	-	1,736
Debt services	-	-	-	-	307,631	-	307,631
Total disbursements	498	104,044	8,520	8,933	307,631	652,837	4,711,921
Excess (deficiency) of receipts over disbursements	2	10,279	(8,520)	5,914	(118,368)	(652,837)	(425,205)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	372,193
Transfers out	-	-	-	-	(28,689)	-	(197,999)
Total other financing sources (uses)	-	-	-	-	(28,689)	-	174,194
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2	10,279	(8,520)	5,914	(147,057)	(652,837)	(251,011)
Cash and investments - beginning	-	12,023	9,273	1,937	17,699	740,026	852,074
Cash and investments - ending	\$ 2	\$ 22,302	\$ 753	\$ 7,851	\$ (129,358)	\$ 87,189	\$ 601,063
Cash and Investment Assets - Ending							
Cash and investments	\$ 2	\$ 22,302	\$ 753	\$ 7,851	\$ (129,358)	\$ 87,189	\$ 601,063
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 2	\$ 22,302	\$ 753	\$ 7,851	\$ (129,358)	\$ 87,189	\$ 601,063

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

LEBANON 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, 2008

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Flow-Through Grant 06/07	Flow-Through Grant 07/08	Beyond Kindergarten Grant
Receipts:							
Local sources	\$ 21,187	\$ 900,585	\$ 298,272	\$ -	\$ -	\$ -	\$ -
State sources	118,744	20,443	139,381	-	-	-	-
Federal sources	-	530,958	-	-	-	168,987	-
Sale of property, adjustments and refunds	-	916	1,000	-	-	-	-
Total receipts	<u>139,931</u>	<u>1,452,902</u>	<u>438,653</u>	<u>-</u>	<u>-</u>	<u>168,987</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	134,950	-	-	-	83,666	208,624	9,523
Support services	15,848	1,466,741	399,472	-	3,293	31,323	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	<u>150,798</u>	<u>1,466,741</u>	<u>399,472</u>	<u>-</u>	<u>86,959</u>	<u>239,947</u>	<u>9,523</u>
Excess (deficiency) of receipts over disbursements	<u>(10,867)</u>	<u>(13,839)</u>	<u>39,181</u>	<u>-</u>	<u>(86,959)</u>	<u>(70,960)</u>	<u>(9,523)</u>
Other financing sources (uses):							
Transfers in	238	-	58,168	-	-	70,960	-
Transfers out	-	-	-	(199,429)	-	-	-
Total other financing sources (uses)	<u>238</u>	<u>-</u>	<u>58,168</u>	<u>(199,429)</u>	<u>-</u>	<u>70,960</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(10,629)</u>	<u>(13,839)</u>	<u>97,349</u>	<u>(199,429)</u>	<u>(86,959)</u>	<u>-</u>	<u>(9,523)</u>
Cash and investments - beginning	<u>67,319</u>	<u>152,245</u>	<u>(138,287)</u>	<u>199,429</u>	<u>86,959</u>	<u>-</u>	<u>9,523</u>
Cash and investments - ending	<u>\$ 56,690</u>	<u>\$ 138,406</u>	<u>\$ (40,938)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 56,690</u>	<u>\$ 138,406</u>	<u>\$ (40,938)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 56,690</u>	<u>\$ 138,406</u>	<u>\$ (40,938)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

LEBANON 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, 2008
 (Continued)

	Safe Haven	Boone County Grant	Literacy Academy	Lilly Cape Grant Preschool	Lilly Cape Grant Transportation	Perry/Worth Wetlands Project	Building Trades
Receipts:							
Local sources	\$ -	\$ (1,086)	\$ -	\$ 218,593	\$ -	\$ -	\$ 48,682
State sources	838	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	838	(1,086)	-	218,593	-	-	48,682
Disbursements:							
Current:							
Instruction	838	-	5,172	219,885	10	-	107,214
Support services	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	838	-	5,172	219,885	10	-	107,214
Excess (deficiency) of receipts over disbursements	-	(1,086)	(5,172)	(1,292)	(10)	-	(58,532)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,086)	(5,172)	(1,292)	(10)	-	(58,532)
Cash and investments - beginning	-	1,566	6,577	19,169	10	1,537	(3,018)
Cash and investments - ending	\$ -	\$ 480	\$ 1,405	\$ 17,877	\$ -	\$ 1,537	\$ (61,550)
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 480	\$ 1,405	\$ 17,877	\$ -	\$ 1,537	\$ (61,550)
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 480	\$ 1,405	\$ 17,877	\$ -	\$ 1,537	\$ (61,550)

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

LEBANON 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, 2008
 (Continued)

	Careers Major 06/07	Lebanon Education Foundation Grant March 2008	Lebanon Education Foundation Grant October 2006	Lebanon Education Foundation Grant March 2006	Lebanon Education Foundation Grant March 2007	Lebanon Education Foundation Grant October 2007	Gifted and Talented 06/07
Receipts:							
Local sources	\$ 272	\$ 10,245	\$ -	\$ -	\$ 2,940	\$ 3,830	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	37,858	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	38,130	10,245	-	-	2,940	3,830	-
Disbursements:							
Current:							
Instruction	33,002	2,920	426	-	4,081	1,880	7,845
Support services	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	33,002	2,920	426	-	4,081	1,880	7,845
Excess (deficiency) of receipts over disbursements	5,128	7,325	(426)	-	(1,141)	1,950	(7,845)
Other financing sources (uses):							
Transfers in	-	1,749	2,477	838	3,317	838	-
Transfers out	-	-	(1,749)	(838)	-	-	(72)
Total other financing sources (uses)	-	1,749	728	-	3,317	838	(72)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,128	9,074	302	-	2,176	2,788	(7,917)
Cash and investments - beginning	(5,128)	-	-	-	-	-	7,917
Cash and investments - ending	\$ -	\$ 9,074	\$ 302	\$ -	\$ 2,176	\$ 2,788	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 9,074	\$ 302	\$ -	\$ 2,176	\$ 2,788	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 9,074	\$ 302	\$ -	\$ 2,176	\$ 2,788	\$ -

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

LEBANON 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, 2008
 (Continued)

	Compassionate Spirit Grant 07/08	Lilly Agriculture Grant	Instructional Support	Implementing Support Class	State Medicaid	Non-English Speaking
Receipts:						
Local sources	\$ -	\$ -	\$ 61,834	\$ 1,437	\$ -	\$ -
State sources	-	-	-	-	372	6,650
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>61,834</u>	<u>1,437</u>	<u>372</u>	<u>6,650</u>
Disbursements:						
Current:						
Instruction	59,617	945	15,576	-	-	3,480
Support services	-	-	32,370	1,437	154	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>59,617</u>	<u>945</u>	<u>47,946</u>	<u>1,437</u>	<u>154</u>	<u>3,480</u>
Excess (deficiency) of receipts over disbursements	<u>(59,617)</u>	<u>(945)</u>	<u>13,888</u>	<u>-</u>	<u>218</u>	<u>3,170</u>
Other financing sources (uses):						
Transfers in	74,815	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>74,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,198	(945)	13,888	-	218	3,170
Cash and investments - beginning	-	4,212	40,160	-	1,177	1,258
Cash and investments - ending	<u>\$ 15,198</u>	<u>\$ 3,267</u>	<u>\$ 54,048</u>	<u>\$ -</u>	<u>\$ 1,395</u>	<u>\$ 4,428</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 15,198</u>	<u>\$ 3,267</u>	<u>\$ 54,048</u>	<u>\$ -</u>	<u>\$ 1,395</u>	<u>\$ 4,428</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 15,198</u>	<u>\$ 3,267</u>	<u>\$ 54,048</u>	<u>\$ -</u>	<u>\$ 1,395</u>	<u>\$ 4,428</u>

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

LEBANON 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, 2008
 (Continued)

	Technology Bear	Leap Art Camp	Title I CSR	Title I Methodist Home 07/08	Title I 06/07	Title I Methodist Home 06/07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	360,218	81,403	25,000	-
Sale of property, adjustments and refunds	92,782	-	-	-	-	-
Total receipts	92,782	-	360,218	81,403	25,000	-
Disbursements:						
Current:						
Instruction	500	-	321,757	71,543	32,985	21,549
Support services	80,131	-	21,719	-	4,949	93
Community services	-	-	-	-	869	-
Debt services	-	-	-	-	-	-
Total disbursements	80,631	-	343,476	71,543	38,803	21,642
Excess (deficiency) of receipts over disbursements	12,151	-	16,742	9,860	(13,803)	(21,642)
Other financing sources (uses):						
Transfers in	-	141	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	141	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,151	141	16,742	9,860	(13,803)	(21,642)
Cash and investments - beginning	4,839	-	-	-	13,803	21,642
Cash and investments - ending	\$ 16,990	\$ 141	\$ 16,742	\$ 9,860	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 16,990	\$ 141	\$ 16,742	\$ 9,860	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 16,990	\$ 141	\$ 16,742	\$ 9,860	\$ -	\$ -

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

LEBANON 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, 2008
 (Continued)

	Title V 05/07	Title V 06/08	Flow-Through Grant 07/08	Drug-Free Schools 07/08	Drug-Free Schools 06/07	Drug-Free Schools 08/09
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	395,500	9,882	-	9,712
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>395,500</u>	<u>9,882</u>	<u>-</u>	<u>9,712</u>
Disbursements:						
Current:						
Instruction	16,312	-	284,944	-	-	-
Support services	-	-	44,677	5,867	9,489	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>16,312</u>	<u>-</u>	<u>329,621</u>	<u>5,867</u>	<u>9,489</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(16,312)</u>	<u>-</u>	<u>65,879</u>	<u>4,015</u>	<u>(9,489)</u>	<u>9,712</u>
Other financing sources (uses):						
Transfers in	5,558	-	-	-	-	-
Transfers out	-	(5,558)	(70,960)	-	-	-
Total other financing sources (uses)	<u>5,558</u>	<u>(5,558)</u>	<u>(70,960)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(10,754)</u>	<u>(5,558)</u>	<u>(5,081)</u>	<u>4,015</u>	<u>(9,489)</u>	<u>9,712</u>
Cash and investments - beginning	<u>10,754</u>	<u>5,558</u>	<u>-</u>	<u>-</u>	<u>9,489</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,081)</u>	<u>\$ 4,015</u>	<u>\$ -</u>	<u>\$ 9,712</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,081)</u>	<u>\$ 4,015</u>	<u>\$ -</u>	<u>\$ 9,712</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,081)</u>	<u>\$ 4,015</u>	<u>\$ -</u>	<u>\$ 9,712</u>

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

LEBANON 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, 2008
 (Continued)

	Implementing Support Class	Lebanon Education Foundation Grant March 2007	Lebanon Education Foundation Grant October 2007	Compassionate Spirit Grant 05/06	Lebanon Education Foundation Grant March 2006	Compassionate Spirit Grant 06/07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Current:						
Instruction	-	4,488	-	105	858	13,816
Support services	1,437	-	-	-	-	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	1,437	4,488	-	105	858	13,816
Excess (deficiency) of receipts over disbursements	(1,437)	(4,488)	-	(105)	(858)	(13,816)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(3,317)	-	-	(838)	(5,578)
Total other financing sources (uses)	-	(3,317)	-	-	(838)	(5,578)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,437)	(7,805)	-	(105)	(1,696)	(19,394)
Cash and investments - beginning	1,437	7,805	179	105	1,696	19,394
Cash and investments - ending	\$ -	\$ -	\$ 179	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 179	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ -	\$ 179	\$ -	\$ -	\$ -

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

LEBANON 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, 2008
 (Continued)

	Leap Art Camp	Lebanon Education Foundation Grant October 2006	Compassionate Spirit Grant 07/08	Federal Medicaid	Team Nutrition Grant	Title II Part A
Receipts:						
Local sources	\$ 299	\$ -	\$ 78,306	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	-	607	-	116,960
Sale of property, adjustments and refunds	485	-	-	-	-	-
	<u>784</u>	<u>-</u>	<u>78,306</u>	<u>607</u>	<u>-</u>	<u>116,960</u>
Disbursements:						
Current:						
Instruction	2,929	3,881	64,601	-	2	97,671
Support services	-	-	-	-	-	16,277
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
	<u>2,929</u>	<u>3,881</u>	<u>64,601</u>	<u>-</u>	<u>2</u>	<u>113,948</u>
Excess (deficiency) of receipts over disbursements	<u>(2,145)</u>	<u>(3,881)</u>	<u>13,705</u>	<u>607</u>	<u>(2)</u>	<u>3,012</u>
Other financing sources (uses):						
Transfers in	-	-	5,578	-	-	-
Transfers out	(141)	(2,477)	(74,815)	-	-	-
	<u>(141)</u>	<u>(2,477)</u>	<u>(69,237)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,286)</u>	<u>(6,358)</u>	<u>(55,532)</u>	<u>607</u>	<u>(2)</u>	<u>3,012</u>
Cash and investments - beginning	<u>2,286</u>	<u>6,358</u>	<u>55,532</u>	<u>(1,178)</u>	<u>2</u>	<u>22,302</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (571)</u>	<u>\$ -</u>	<u>\$ 25,314</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (571)</u>	<u>\$ -</u>	<u>\$ 25,314</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (571)</u>	<u>\$ -</u>	<u>\$ 25,314</u>

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

LEBANON 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, 2008
 (Continued)

	Title II 08/09	Title II Part D	Title III	Pension Debt Service	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 313,223	\$ -	\$ 1,958,619
State sources	-	-	-	-	-	286,428
Federal sources	-	-	3,880	-	-	1,740,965
Sale of property, adjustments and refunds	-	-	-	-	-	95,183
Total receipts	-	-	3,880	313,223	-	4,081,195
Disbursements:						
Current:						
Instruction	-	753	11,231	-	-	1,849,579
Support services	1,000	-	-	-	87,189	2,223,466
Community services	-	-	-	-	-	869
Debt services	-	-	-	306,499	-	306,499
Total disbursements	1,000	753	11,231	306,499	87,189	4,380,413
Excess (deficiency) of receipts over disbursements	(1,000)	(753)	(7,351)	6,724	(87,189)	(299,218)
Other financing sources (uses):						
Transfers in	-	-	-	3,689	-	228,366
Transfers out	-	-	-	(25,000)	-	(390,772)
Total other financing sources (uses)	-	-	-	(21,311)	-	(162,406)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,000)	(753)	(7,351)	(14,587)	(87,189)	(461,624)
Cash and investments - beginning	-	753	7,851	(129,358)	87,189	601,063
Cash and investments - ending	\$ (1,000)	\$ -	\$ 500	\$ (143,945)	\$ -	\$ 139,439
Cash and Investment Assets - Ending						
Cash and investments	\$ (1,000)	\$ -	\$ 500	\$ (143,945)	\$ -	\$ 139,439
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ (1,000)	\$ -	\$ 500	\$ (143,945)	\$ -	\$ 139,439

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

LEBANON COMMUNITY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

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	\$ 1,150,000
Buildings	42,322,958
Improvements other than buildings	437,363
Machinery and equipment	<u>94,059</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 44,004,380</u>

LEBANON COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The Unitttype has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
1995 Middle School Building Corporation Lease	\$ 10,431,155	\$ 1,926,000
2000 Middle School Building Corporation Lease	14,190,000	1,246,500
2001 Middle School Building Corporation Lease	4,270,000	416,500
2002 Middle School Building Corporation Lease	4,720,000	1,658,500
Common school loans payable:		
Loan A0286	181,769	82,522
Loan A0303	187,456	83,418
Bonds payable:		
2003 General obligation bonds	715,000	135,868
2005 General obligation bonds	1,070,000	447,053
2006 Retirement bonds	<u>2,530,000</u>	<u>309,368</u>
Total governmental activities debt	<u>\$ 38,295,380</u>	<u>\$ 6,305,729</u>

LEBANON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

SCHOOL FOOD VERIFICATIONS OF ELIGIBILITY

The School Corporation test-checked the validity of information provided on the applications for free and reduced-priced meals during the 2006-2007 and 2007-2008 school years. The results of the test-checks, which were reported to the Indiana Department of Education in accordance with 7CFR 245.6(a), are as follows:

2006-2007	
Number of Approved Applications	637
Number of Approved Applications Verified	24
Method of Selection	Random selection
Error Rate of Items Verified	82%
2007-2008	
Number of Approved Applications	686
Number of Approved Applications Verified	53
Method of Selection	Random selection
Error Rate of Items Verified	59%

An "error" for purposes of the test-check was an application that could not be verified by the program participant with requested "income verification" information (i.e., paycheck stub, W-2, etc.). Any program participant who was found to have an application that could not be verified, including those who failed to respond to the school's request, was dropped from the free and reduced-price meal program.

Officials should request a written position from the Indiana Department of Education stating whether the corrective action taken was sufficient or if additional verifications need to be performed when high incidences of errors in test sample verifications are noted. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

TRAVEL STIPEND

The administrator compensation policy approved by the School Board includes travel stipends to be paid to several administrators. The stipend amounts range from \$150 to \$500 per year. The stipends are to cover all travel within the School Corporation boundaries. The recipients do not provide detail of actual miles traveled to support the payment.

LEBANON COMMUNITY SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

Official Opinion No. 74 of the Indiana Attorney General, issued in 1953, concluded there is no statutory authority for payment of a fixed amount of travel allowance to public employees and that a public employer may not reimburse an employee for travel expense which is, in fact, not incurred by the employee. Also, there is no authority for a travel allowance to be paid without regard to the number of miles, if any, actually traveled.

Therefore, the State Board of Accounts is of the audit position that a fixed amount for travel allowance should not be paid. The prescribed method is to reimburse the employee for travel on the basis of a claim filed on Mileage Claim, Form No. 101, for reimbursement at a rate per mile as established by the local board of school trustees for all employees of the corporation. (The School Administrator and Uniform Compliance Guidelines, March 2000, Volume 149)

OVERDRAWN FUND BALANCES

Several funds were overdrawn during the audit period. The following is a schedule of the overdrawn balances at each year-end:

Fund	Overdrawn Balance at June 30,	
	2006	2007
School Bus Replacement	\$ 62,177	\$ 43,383
Textbook Rental	138,287	40,938
Building Trades Program	3,018	61,550
Career Majors Grant - 06/07	5,128	-
Flow Through Grant - 07/08	-	5,081
Federal Medicaid	1,178	571

The 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)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 LEBANON COMMUNITY
SCHOOL CORPORATION, BOONE COUNTY, INDIANA

Compliance

We have audited the compliance of the Lebanon 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, 2007 and 2008. 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, 2007 and 2008.

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

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)

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.

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.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the school board 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 25, 2009

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

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 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	0665	\$ 103,970	\$ 113,357
National School Lunch Program	10.555	0665	505,797	531,461
			<u>609,767</u>	<u>644,818</u>
Total for federal grantor agency				
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Pass-Through Indiana Criminal Justice Institute				
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	0665	6,999	838
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies	84.010	07-0665	263,637	38,803
		08-0665	411	343,476
		07-0665	70,606	21,642
		08-0665	-	71,543
			<u>334,654</u>	<u>475,464</u>
Total for program				
Pass-Through Community Schools of Frankfort				
Special Education - Grants to States	84.027	FY05/06	72,822	-
		FY06/07	539,953	86,959
		FY07/08	-	640,528
			<u>612,775</u>	<u>727,487</u>
Total for program				
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants	84.186	0655-06	3,395	9,489
		05-274	-	5,867
			<u>3,395</u>	<u>15,356</u>
Total for program				
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education	84.243	FY05/06	16,588	-
		FY06/07	7,270	33,002
			<u>23,858</u>	<u>33,002</u>
Total for program				
Pass-Through Indiana Department of Education				
State Grants for Innovative Programs	84.298	05-297	350	16,312
		06-0665	-	5,558
			<u>350</u>	<u>21,870</u>
Total for program				
Pass-Through Wabash Valley Education Center				
English Language Acquisition Grants	84.365A	FY07/08	8,933	11,231
Pass-Through Indiana Department of Education				
Improving Teacher Quality State Grants	84.367	06-0665	8,520	753
		07-0665	104,044	113,948
			<u>112,564</u>	<u>114,701</u>
Total for program				
Total for federal grantor agency			<u>1,103,528</u>	<u>1,399,949</u>
Total federal awards expended			<u>\$ 1,713,295</u>	<u>\$ 2,044,767</u>

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

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Lebanon 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 schools shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the year ended June 30, 2008:

Program Title	Federal CFDA Number	2007	2008
Title I Grants to Local Educational Agencies	84.010	\$ 70,606	\$ 92,185

III. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ended June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
National School Lunch Program	10.555	\$ 87,428	\$ 47,809

LEBANON 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
Significant deficiencies 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
Significant deficiencies 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:

Name of Federal Program or Cluster

Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?	yes
--	-----

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

LEBANON COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

LEBANON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 11, 2009, with Robert Taylor, Superintendent of Schools; Charles Tait, Business Manager; and Alan Cragun, President of the School Board. The official response has been made a part of this report and may be found on page 51.



Administration Center – Office of the Superintendent

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State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, IN 46204-2765

To Whom It May Concern:

RE: Audit Report

RE: SCHOOL FOOD VERIFICATIONS OF ELIGIBILITY

Documentation was provided to the auditor that the procedures followed at LCSC are in compliance with the DOE. DOE has instructed Lebanon Community School Corp. that verification should be 3% of applications (no more no less).

RE: TRAVEL STIPEND

The administration will review this with the school board and follow the directives of the school board.

RE: OVERDRAWN FUND BALANCES

It is noted that several funds were overdrawn as of June 30. This fact is correct. When the tax collections are not collected in a timely fashion, then it is possible that a negative balance will be reflected (i.e. School Bus Replacement). LCSC has never exceeded the APPROVED BUDGET BY THE DLGF.

The textbook rental fund is now operating in the black.

The Building Trades program has expenditures that are recorded and when the house is sold the fund is in the black.

The Career Majors Grant is a reimbursable grant. Funds have to be expended prior to receipt of the funds.

The Flow Through Grant funds are regulated by the state – if the flow of funds from the state do not keep up with the expenditures, there will be a negative balance temporarily. At the close out of the Grant the Fund Balance is Zero.

The practice that I follow with the school board, is to report the accurate fund balances at the end of each month. I do not transfer funds so that it appears that the fund is in the black.

Respectfully submitted by Charles Tait

Charles L. Tait
Business/Assistant Superintendent

Bob J. Ross
Director of Resource and Operation

Robert L. Taylor
Superintendent

Willis T. Pullins
Director of Assessment

Diane Lee Scott
Director of Instruction

Chad A. Martin
Director of Technology