

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, 2008 to June 30, 2010



FILED

01/10/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Melissa Moore	07-01-08 to 06-30-11
Superintendent of Schools	Dr. Robert Taylor	07-01-08 to 06-30-11
President of the School Board	Alan Cragun M. Michelle Thomas	07-01-08 to 06-30-10 07-01-10 to 06-30-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, the business-type 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, 2009 and 2010, 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, 2009 and 2010, 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 November 23, 2010, 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 integral part of 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.

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

November 23, 2010



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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, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated November 23, 2010. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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.

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)

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. However, of the significant deficiencies described above, we consider item 2010-1 to be a material weakness.

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 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 Corrective Action Plan. 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

November 23, 2010

LEBANON COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 16,124,914	\$ -	\$ 428,486	\$ (15,696,428)
Support services	11,029,195	1,258,849	506,547	(9,263,799)
Noninstructional services	2,101,927	-	-	(2,101,927)
Facilities acquisition and construction	1,403,328	-	-	(1,403,328)
Debt service	15,280,709	-	-	(15,280,709)
Nonprogrammed charges	593,594	-	-	(593,594)
Total governmental activities	\$ 46,533,667	\$ 1,258,849	\$ 935,033	(44,339,785)
General receipts:				
Property taxes				17,799,555
Other local sources				2,823,341
State aid				15,253,891
Bonds and loans				3,500,000
Grants and contributions not restricted to specific programs				3,173,668
Sale of property				1,267
Investment earnings				76,502
Other				51,848
Total general receipts				42,680,072
Change in net assets				(1,659,713)
Net assets - beginning				5,563,363
Net assets - ending				\$ 3,903,650
<u>Assets</u>				
Cash and investments				\$ 3,903,650
<u>Net Assets</u>				
Unrestricted				\$ 3,903,650

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, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 15,807,745	\$ -	\$ 382,697	\$ (15,425,048)
Support services	11,221,869	1,001,942	969,011	(9,250,916)
Noninstructional services	2,228,954	-	-	(2,228,954)
Facilities acquisition and construction	1,209,930	-	-	(1,209,930)
Debt service	9,892,211	-	-	(9,892,211)
Nonprogrammed charges	436,598	-	-	(436,598)
	<u>\$ 40,797,307</u>	<u>\$ 1,001,942</u>	<u>\$ 1,351,708</u>	<u>(38,443,657)</u>
Total governmental activities				
General receipts:				
Property taxes				19,116,904
Other local sources				2,386,508
State aid				20,280,122
Grants and contributions not restricted to specific programs				2,859,675
Sale of property				9,960
Investment earnings				80,383
Other				113,945
Total general receipts				<u>44,847,497</u>
Change in net assets				6,403,840
Net assets - beginning				<u>3,903,650</u>
Net assets - ending				<u>\$ 10,307,490</u>
<u>Assets</u>				
Cash and investments				\$ 9,789,663
Restricted assets:				
Cash and investments				<u>517,827</u>
Total assets				<u>\$ 10,307,490</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 517,827
Unrestricted				<u>9,789,663</u>
Total net assets				<u>\$ 10,307,490</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, 2009

	General	Rainy Day	Federal Stimulus Grant	Debt Service	Capital Projects	Other	Totals
Receipts:							
Local sources	\$ 8,143,859	\$ -	\$ -	\$ 6,396,207	\$ 3,090,022	\$ 4,247,259	\$ 21,877,347
Intermediate sources	299	-	-	-	-	80,602	80,901
State sources	15,675,631	-	-	-	-	276,920	15,952,551
Federal sources	-	-	1,766,427	-	-	1,643,614	3,410,041
Temporary loans	-	-	-	3,500,000	-	-	3,500,000
Other	531	-	-	-	457	50,859	51,847
Total receipts	23,820,320	-	1,766,427	9,896,207	3,090,479	6,299,254	44,872,687
Disbursements:							
Current:							
Instruction	13,682,562	300,000	547,937	-	-	1,594,415	16,124,914
Support services	7,203,469	-	-	-	1,488,317	2,337,409	11,029,195
Noninstructional services	412,570	-	-	-	-	1,689,357	2,101,927
Facilities acquisition and construction	-	-	-	-	1,376,132	27,196	1,403,328
Debt services	3,668,066	-	-	8,973,490	1,055,286	1,583,867	15,280,709
Nonprogrammed charges	589,837	-	-	-	-	3,757	593,594
Total disbursements	25,556,504	300,000	547,937	8,973,490	3,919,735	7,236,001	46,533,667
Excess (deficiency) of receipts over disbursements	(1,736,184)	(300,000)	1,218,490	922,717	(829,256)	(936,747)	(1,660,980)
Other financing sources (uses):							
Sale of capital assets	567	-	-	-	700	-	1,267
Transfers in	21,326	1,224,700	-	-	-	16,726	1,262,752
Transfers out	-	-	-	(1,210,907)	-	(51,845)	(1,262,752)
Total other financing sources (uses)	21,893	1,224,700	-	(1,210,907)	700	(35,119)	1,267
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,714,291)	924,700	1,218,490	(288,190)	(828,556)	(971,866)	(1,659,713)
Cash and investments - beginning	3,427,438	957,000	-	83,033	296,480	799,412	5,563,363
Cash and investments - ending	<u>\$ 1,713,147</u>	<u>\$ 1,881,700</u>	<u>\$ 1,218,490</u>	<u>\$ (205,157)</u>	<u>\$ (532,076)</u>	<u>\$ (172,454)</u>	<u>\$ 3,903,650</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 1,713,147</u>	<u>\$ 1,881,700</u>	<u>\$ 1,218,490</u>	<u>\$ (205,157)</u>	<u>\$ (532,076)</u>	<u>\$ (172,454)</u>	<u>\$ 3,903,650</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 1,713,147</u>	<u>\$ 1,881,700</u>	<u>\$ 1,218,490</u>	<u>\$ (205,157)</u>	<u>\$ (532,076)</u>	<u>\$ (172,454)</u>	<u>\$ 3,903,650</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, 2010

	General	Rainy Day	Federal Stimulus Grant	Debt Service	Capital Projects	Other	Totals
Receipts:							
Local sources	\$ 244,002	\$ -	\$ -	\$ 12,642,151	\$ 4,288,028	\$ 5,396,256	\$ 22,570,437
Intermediate sources	299	-	-	-	-	15,000	15,299
State sources	20,656,687	-	-	-	-	253,461	20,910,148
Federal sources	-	-	706,451	-	-	2,874,907	3,581,358
Other	2,437	-	-	-	14,508	97,000	113,945
Total receipts	20,903,425	-	706,451	12,642,151	4,302,536	8,636,624	47,191,187
Disbursements:							
Current:							
Instruction	11,932,515	-	1,924,941	-	-	1,950,289	15,807,745
Support services	7,000,811	-	-	-	1,586,051	2,635,007	11,221,869
Noninstructional services	442,355	-	-	-	-	1,786,599	2,228,954
Facilities acquisition and construction	-	-	-	-	1,044,904	165,026	1,209,930
Debt services	-	-	-	9,586,004	-	306,207	9,892,211
Nonprogrammed charges	436,598	-	-	-	-	-	436,598
Total disbursements	19,812,279	-	1,924,941	9,586,004	2,630,955	6,843,128	40,797,307
Excess (deficiency) of receipts over disbursements	1,091,146	-	(1,218,490)	3,056,147	1,671,581	1,793,496	6,393,880
Other financing sources (uses):							
Sale of capital assets	9,960	-	-	-	-	-	9,960
Transfers in	108,224	2,500,000	-	-	-	4,733	2,612,957
Transfers out	-	-	-	(2,502,568)	-	(110,389)	(2,612,957)
Total other financing sources (uses)	118,184	2,500,000	-	(2,502,568)	-	(105,656)	9,960
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,209,330	2,500,000	(1,218,490)	553,579	1,671,581	1,687,840	6,403,840
Cash and investments - beginning	1,713,147	1,881,700	1,218,490	(205,157)	(532,076)	(172,454)	3,903,650
Cash and investments - ending	<u>\$ 2,922,477</u>	<u>\$ 4,381,700</u>	<u>\$ -</u>	<u>\$ 348,422</u>	<u>\$ 1,139,505</u>	<u>\$ 1,515,386</u>	<u>\$ 10,307,490</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,922,477	\$ 4,381,700	\$ -	\$ -	\$ 1,139,505	\$ 1,345,981	\$ 9,789,663
Restricted assets:							
Cash and investments	-	-	-	348,422	-	169,405	517,827
Total cash and investment assets - ending	<u>\$ 2,922,477</u>	<u>\$ 4,381,700</u>	<u>\$ -</u>	<u>\$ 348,422</u>	<u>\$ 1,139,505</u>	<u>\$ 1,515,386</u>	<u>\$ 10,307,490</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 348,422	\$ -	\$ 169,405	\$ 517,827
Unrestricted	2,922,477	4,381,700	-	-	1,139,505	1,345,981	9,789,663
Total cash and investment fund balance - ending	<u>\$ 2,922,477</u>	<u>\$ 4,381,700</u>	<u>\$ -</u>	<u>\$ 348,422</u>	<u>\$ 1,139,505</u>	<u>\$ 1,515,386</u>	<u>\$ 10,307,490</u>

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 Years Ended June 30, 2009 and June 30, 2010

	Agency Fund	
	June 30, 2009	June 30, 2010
Net assets:		
Cash and investments	\$ 207,897	\$ 137,945

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

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 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 Boone-Clinton-Northwest Hendricks County Joint Services for Exceptional Children uses its surplus resources to undertake special projects for the School Corporation. Complete financial statements for the Boone-Clinton-Northwest Hendricks County Joint Services for Exceptional Children 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 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.

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Rainy Day Fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The Federal Stimulus Grant Fund is used to account for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

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 of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

Additionally, the School Corporation reports the following fund types:

Agency funds account for assets held by the School Corporation as an agent for employee payroll withholdings and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

C. Measurement Focus and Basis of Accounting

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

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

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

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

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

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

4. 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.

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

- 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."

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

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.

F. Internal and Interfund 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 in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

- 1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
- 2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
- 3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
- 4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

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

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

1. 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal activities within the primary government.

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 January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, 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, 2009 and 2010, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	2009	2010
Debt Service	\$ 205,157	\$ -
Capital Projects	532,076	-
Transportation Operating	172,034	-
Textbook Rental	3,346	48,239
Building Trades Program	99,016	105,235
Title I IUMH 08/09	858	-
Flow-Through Grant 08/09	253	-
Federal Medicaid	69	-
ARRA Special Ed Part B	-	216,478
ARRA Special Ed Preschool	-	6,910
Pension Bond	143,603	-
School Bus Replacement	228,374	39,251

Cash and investment deficits arose primarily from disbursements exceeding receipts due to timing of tax distributions; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$10,445,437.

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, 2009 and 2010, were as follows:

Transfer From	Transfer To	2009	2010
Debt Service Fund	Rainy Day Fund	\$ 1,210,000	\$ 2,500,000
	Other Governmental Funds	907	2,568
Other Governmental Funds	General Fund	21,326	108,224
	Rainy Day Fund	14,700	-
	Other Governmental Funds	15,819	2,165
Totals		<u>\$ 1,262,752</u>	<u>\$ 2,612,957</u>

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Excess funds are transferred to the Rainy Day fund in accordance with IC 36-1-8-5.1. Short term interfund loans were used to continue operations when property tax collections were received late.

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; 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; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance 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 a capital lease with Lebanon High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010, totaled \$1,658,500 and \$1,488,500, respectively.

The School Corporation has entered into a capital lease with Lebanon Middle School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2009 and 2010, totaled \$3,589,000 and \$3,833,500, respectively.

C. Subsequent Events

The School Corporation had a referendum in the November 2010 election relating to capital projects. The referendum was passed by the voters. The referendum approved a \$40 million bond issue to complete improvements to school buildings.

D. Termination Benefits

Certified staff who retire with at least eight years service with Lebanon Community School Corporation may receive \$5,250 per year until age 65 to be used for medical related expenses.

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Pension Plans

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

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

Funding Policy

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's contributions to the plan during the period were \$1,280,512.

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

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, Indiana 46802-3506
Phone - (800) 454-6265

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 period were \$1,145,068.

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
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 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Early Intervention 08/09	Boone County Grant	Literacy Academy
Receipts:							
Local sources	\$ 1,682,547	\$ 23,144	\$ 1,261,327	\$ 276,407	\$ 186	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	157,030	-	102,463	10,373	-	-
Federal sources	-	-	403,274	-	-	-	-
Other	15	-	8,426	1,000	-	-	-
Total receipts	<u>1,682,562</u>	<u>180,174</u>	<u>1,673,027</u>	<u>379,870</u>	<u>10,559</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	139,054	-	-	10,505	-	-
Support services	1,549,558	20,988	242	321,857	-	480	1,007
Noninstructional services	-	-	1,655,222	-	-	-	-
Facilities acquisition and construction	3,200	-	7,676	-	-	-	-
Debt services	1,005,199	-	-	-	-	-	-
Nonprogrammed charges	-	3,757	-	-	-	-	-
Total disbursements	<u>2,557,957</u>	<u>163,799</u>	<u>1,663,140</u>	<u>321,857</u>	<u>10,505</u>	<u>480</u>	<u>1,007</u>
Excess (deficiency) of receipts over disbursements	<u>(875,395)</u>	<u>16,375</u>	<u>9,887</u>	<u>58,013</u>	<u>54</u>	<u>(480)</u>	<u>(1,007)</u>
Other financing sources (uses):							
Transfers in	-	-	-	907	-	-	-
Transfers out	-	-	-	(21,326)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,419)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(875,395)</u>	<u>16,375</u>	<u>9,887</u>	<u>37,594</u>	<u>54</u>	<u>(480)</u>	<u>(1,007)</u>
Cash and investments - beginning	<u>703,361</u>	<u>56,690</u>	<u>138,406</u>	<u>(40,940)</u>	<u>-</u>	<u>480</u>	<u>1,404</u>
Cash and investments - ending	<u>\$ (172,034)</u>	<u>\$ 73,065</u>	<u>\$ 148,293</u>	<u>\$ (3,346)</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 397</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ (172,034)	\$ 73,065	\$ 148,293	\$ (3,346)	\$ 54	\$ -	\$ 397
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (172,034)</u>	<u>\$ 73,065</u>	<u>\$ 148,293</u>	<u>\$ (3,346)</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 397</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>(172,034)</u>	<u>73,065</u>	<u>148,293</u>	<u>(3,346)</u>	<u>54</u>	<u>-</u>	<u>397</u>
Total cash and investment fund balance - ending	<u>\$ (172,034)</u>	<u>\$ 73,065</u>	<u>\$ 148,293</u>	<u>\$ (3,346)</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 397</u>

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, 2009
 (Continued)

	Cape Grant Preschool	Cape Grant 08/09	Perry/Worth Wetlands Project	Building Trades Program	Education Foundation Grants March 2009	Education Foundation Grants October 2008	Education Foundation Grants March 2008
Receipts:							
Local sources	\$ -	\$ 220,000	\$ -	\$ 106,266	\$ 2,450	\$ 2,384	\$ 64
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	220,000	-	106,266	2,450	2,384	64
Disbursements:							
Current:							
Instruction	17,877	214,452	-	143,731	462	3,023	6,065
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	17,877	214,452	-	143,731	462	3,023	6,065
Excess (deficiency) of receipts over disbursements	(17,877)	5,548	-	(37,465)	1,988	(639)	(6,001)
Other financing sources (uses):							
Transfers in	-	-	-	-	1,748	775	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	1,748	775	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,877)	5,548	-	(37,465)	3,736	136	(6,001)
Cash and investments - beginning	17,877	-	1,537	(61,551)	-	-	9,073
Cash and investments - ending	\$ -	\$ 5,548	\$ 1,537	\$ (99,016)	\$ 3,736	\$ 136	\$ 3,072
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 5,548	\$ 1,537	\$ (99,016)	\$ 3,736	\$ 136	\$ 3,072
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 5,548	\$ 1,537	\$ (99,016)	\$ 3,736	\$ 136	\$ 3,072
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	5,548	1,537	(99,016)	3,736	136	3,072
Total cash and investment fund balance - ending	\$ -	\$ 5,548	\$ 1,537	\$ (99,016)	\$ 3,736	\$ 136	\$ 3,072

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, 2009
 (Continued)

	Education Foundation Grants October 2006	Education Foundation Grants March 2007	Education Foundation Grants October 2007	Compassionate Spirit Grant 07/08	Compassionate Spirit Grant 08/09	Lily Agriculture Grant	Instructional Support
Receipts:							
Local sources	\$ -	\$ 47	\$ -	\$ -	\$ -	\$ -	\$ 25,347
Intermediate sources	-	-	-	-	-	-	80,602
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	47	-	-	-	-	105,949
Disbursements:							
Current:							
Instruction	-	527	1,041	6,718	8,479	1,415	18,186
Support services	-	-	-	-	-	-	61,561
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	527	1,041	6,718	8,479	1,415	79,747
Excess (deficiency) of receipts over disbursements	-	(480)	(1,041)	(6,718)	(8,479)	(1,415)	26,202
Other financing sources (uses):							
Transfers in	-	-	-	-	8,479	-	-
Transfers out	-	(775)	(1,748)	(8,479)	-	-	-
Total other financing sources (uses)	-	(775)	(1,748)	(8,479)	8,479	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,255)	(2,789)	(15,197)	-	(1,415)	26,202
Cash and investments - beginning	301	2,176	2,789	15,197	-	3,268	54,048
Cash and investments - ending	\$ 301	\$ 921	\$ -	\$ -	\$ -	\$ 1,853	\$ 80,250
Cash and Investment Assets - Ending							
Cash and investments	\$ 301	\$ 921	\$ -	\$ -	\$ -	\$ 1,853	\$ 80,250
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 301	\$ 921	\$ -	\$ -	\$ -	\$ 1,853	\$ 80,250
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	301	921	-	-	-	1,853	80,250
Total cash and investment fund balance - ending	\$ 301	\$ 921	\$ -	\$ -	\$ -	\$ 1,853	\$ 80,250

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, 2009
 (Continued)

	State Medicaid	Non-English Speaking Grant 07/08	Non-English Speaking Grant 08/09	Non-English Speaking Grant 09/10	Technology Bear	Leap Art Camp	Title I CSR
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	308	-	6,746	-	-	-	-
Federal sources	-	-	-	-	-	-	7,200
Other	-	-	-	-	41,418	-	-
Total receipts	308	-	6,746	-	41,418	-	7,200
Disbursements:							
Current:							
Instruction	-	4,428	5,094	-	40	141	17,923
Support services	63	-	-	-	15,052	-	1,202
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	16,320	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	63	4,428	5,094	-	31,412	141	19,125
Excess (deficiency) of receipts over disbursements	245	(4,428)	1,652	-	10,006	(141)	(11,925)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(4,817)
Total other financing sources (uses)	-	-	-	-	-	-	(4,817)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	245	(4,428)	1,652	-	10,006	(141)	(16,742)
Cash and investments - beginning	1,394	4,428	-	-	16,990	141	16,742
Cash and investments - ending	\$ 1,639	\$ -	\$ 1,652	\$ -	\$ 26,996	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,639	\$ -	\$ 1,652	\$ -	\$ 26,996	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,639	\$ -	\$ 1,652	\$ -	\$ 26,996	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,639	-	1,652	-	26,996	-	-
Total cash and investment fund balance - ending	\$ 1,639	\$ -	\$ 1,652	\$ -	\$ 26,996	\$ -	\$ -

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, 2009
 (Continued)

	Title I 08/09	Title I IUMH 07/08	Title I IUMH 08/09	Title V Innovative Programs	Flow-Through Grant 07/08	Flow-Through Grant 08/09
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	334,722	14,700	65,080	7,541	56,500	580,669
Other	-	-	-	-	-	-
Total receipts	<u>334,722</u>	<u>14,700</u>	<u>65,080</u>	<u>7,541</u>	<u>56,500</u>	<u>580,669</u>
Disbursements:						
Current:						
Instruction	251,562	24,560	65,938	247	51,419	503,326
Support services	7,428	-	-	-	-	77,596
Noninstructional services	34,135	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>293,125</u>	<u>24,560</u>	<u>65,938</u>	<u>247</u>	<u>51,419</u>	<u>580,922</u>
Excess (deficiency) of receipts over disbursements	<u>41,597</u>	<u>(9,860)</u>	<u>(858)</u>	<u>7,294</u>	<u>5,081</u>	<u>(253)</u>
Other financing sources (uses):						
Transfers in	4,817	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>4,817</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	46,414	(9,860)	(858)	7,294	5,081	(253)
Cash and investments - beginning	<u>-</u>	<u>9,860</u>	<u>-</u>	<u>-</u>	<u>(5,081)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 46,414</u>	<u>\$ -</u>	<u>\$ (858)</u>	<u>\$ 7,294</u>	<u>\$ -</u>	<u>\$ (253)</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 46,414	\$ -	\$ (858)	\$ 7,294	\$ -	\$ (253)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 46,414</u>	<u>\$ -</u>	<u>\$ (858)</u>	<u>\$ 7,294</u>	<u>\$ -</u>	<u>\$ (253)</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	46,414	-	(858)	7,294	-	(253)
Total cash and investment fund balance - ending	<u>\$ 46,414</u>	<u>\$ -</u>	<u>\$ (858)</u>	<u>\$ 7,294</u>	<u>\$ -</u>	<u>\$ (253)</u>

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, 2009
 (Continued)

	Drug-Free 07/08	Drug-Free 08/09	Education Foundation Grants October 2007	Federal Medicaid	Title IIA 07/08	Title IIA 08/09
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	502	-	119,640
Other	-	-	-	-	-	-
Total receipts	-	-	-	502	-	119,640
Disbursements:						
Current:						
Instruction	-	-	-	-	7,372	87,462
Support services	4,015	4,753	-	-	17,942	12,470
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	4,015	4,753	-	-	25,314	99,932
Excess (deficiency) of receipts over disbursements	(4,015)	(4,753)	-	502	(25,314)	19,708
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	(4,015)	(4,753)	-	502	(25,314)	19,708
Cash and investments - beginning	4,015	9,712	179	(571)	25,314	(1,000)
Cash and investments - ending	\$ -	\$ 4,959	\$ 179	\$ (69)	\$ -	\$ 18,708
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 4,959	\$ 179	\$ (69)	\$ -	\$ 18,708
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 4,959	\$ 179	\$ (69)	\$ -	\$ 18,708
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	4,959	179	(69)	-	18,708
Total cash and investment fund balance - ending	\$ -	\$ 4,959	\$ 179	\$ (69)	\$ -	\$ 18,708

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, 2009
 (Continued)

	Title IIA 09/10	Title III 07/08	Title III 08/09	Pension Bond	School Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 313,409	\$ 333,681	\$ 4,247,259
Intermediate sources	-	-	-	-	-	80,602
State sources	-	-	-	-	-	276,920
Federal sources	47,851	-	5,935	-	-	1,643,614
Other	-	-	-	-	-	50,859
Total receipts	47,851	-	5,935	313,409	333,681	6,299,254
Disbursements:						
Current:						
Instruction	-	500	2,868	-	-	1,594,415
Support services	2,823	-	-	-	238,372	2,337,409
Noninstructional services	-	-	-	-	-	1,689,357
Facilities acquisition and construction	-	-	-	-	-	27,196
Debt services	-	-	-	309,367	269,301	1,583,867
Nonprogrammed charges	-	-	-	-	-	3,757
Total disbursements	2,823	500	2,868	309,367	507,673	7,236,001
Excess (deficiency) of receipts over disbursements	45,028	(500)	3,067	4,042	(173,992)	(936,747)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	16,726
Transfers out	-	-	-	(3,700)	(11,000)	(51,845)
Total other financing sources (uses)	-	-	-	(3,700)	(11,000)	(35,119)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	45,028	(500)	3,067	342	(184,992)	(971,866)
Cash and investments - beginning	-	500	-	(143,945)	(43,382)	799,412
Cash and investments - ending	\$ 45,028	\$ -	\$ 3,067	\$ (143,603)	\$ (228,374)	\$ (172,454)
Cash and Investment Assets - Ending						
Cash and investments	\$ 45,028	\$ -	\$ 3,067	\$ -	\$ (228,374)	\$ (28,851)
Restricted assets:						
Cash and investments	-	-	-	(143,603)	-	(143,603)
Total cash and investment assets - ending	\$ 45,028	\$ -	\$ 3,067	\$ (143,603)	\$ (228,374)	\$ (172,454)
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ (143,603)	\$ (228,374)	\$ (371,977)
Unrestricted	45,028	-	3,067	-	-	199,523
Total cash and investment fund balance - ending	\$ 45,028	\$ -	\$ 3,067	\$ (143,603)	\$ (228,374)	\$ (172,454)

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, 2010

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Early Intervention 08/09	Early Intervention 09/10	School Intervention
Receipts:							
Local sources	\$ 2,724,885	\$ 631	\$ 1,002,118	\$ 252,249	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	15,000
State sources	-	88,000	20,168	98,533	-	36,620	-
Federal sources	-	-	841,909	-	-	-	-
Other	3,006	-	-	1,000	-	-	-
Total receipts	2,727,891	88,631	1,864,195	351,782	-	36,620	15,000
Disbursements:							
Current:							
Instruction	-	65,297	-	-	54	36,620	-
Support services	1,504,276	7,742	690	379,676	-	-	13,109
Noninstructional services	-	-	1,718,594	-	-	-	-
Facilities acquisition and construction	25,470	-	8,935	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	1,529,746	73,039	1,728,219	379,676	54	36,620	13,109
Excess (deficiency) of receipts over disbursements	1,198,145	15,592	135,976	(27,894)	(54)	-	1,891
Other financing sources (uses):							
Transfers in	-	-	-	2,568	-	-	-
Transfers out	-	(88,657)	-	(19,567)	-	-	-
Total other financing sources (uses)	-	(88,657)	-	(16,999)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,198,145	(73,065)	135,976	(44,893)	(54)	-	1,891
Cash and investments - beginning	(172,034)	73,065	148,293	(3,346)	54	-	-
Cash and investments - ending	\$ 1,026,111	\$ -	\$ 284,269	\$ (48,239)	\$ -	\$ -	\$ 1,891
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 1,026,111	\$ -	\$ 284,269	\$ (48,239)	\$ -	\$ -	\$ 1,891
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,026,111	\$ -	\$ 284,269	\$ (48,239)	\$ -	\$ -	\$ 1,891
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,026,111	-	284,269	(48,239)	-	-	1,891
Total cash and investment fund balance - ending	\$ 1,026,111	\$ -	\$ 284,269	\$ (48,239)	\$ -	\$ -	\$ 1,891

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, 2010
 (Continued)

	Literacy Academy	Cape Grant 08/09	Perry/Worth Wetlands Project	Building Trades Program	Career Majors Grant 09/10	Education Foundation Grants October 2009	Education Foundation Grants March 2009
Receipts:							
Local sources	\$ -	\$ 106,790	\$ -	\$ 97,952	\$ -	\$ 4,472	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	14,995	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	106,790	-	97,952	14,995	4,472	-
Disbursements:							
Current:							
Instruction	-	74,225	-	104,171	-	3,501	3,190
Support services	397	-	-	-	12,868	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	397	74,225	-	104,171	12,868	3,501	3,190
Excess (deficiency) of receipts over disbursements	(397)	32,565	-	(6,219)	2,127	971	(3,190)
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	(397)	32,565	-	(6,219)	2,127	971	(3,190)
Cash and investments - beginning	397	5,548	1,537	(99,016)	-	-	3,736
Cash and investments - ending	\$ -	\$ 38,113	\$ 1,537	\$ (105,235)	\$ 2,127	\$ 971	\$ 546
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ 38,113	\$ 1,537	\$ (105,235)	\$ 2,127	\$ 971	\$ 546
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 38,113	\$ 1,537	\$ (105,235)	\$ 2,127	\$ 971	\$ 546
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	38,113	1,537	(105,235)	2,127	971	546
Total cash and investment fund balance - ending	\$ -	\$ 38,113	\$ 1,537	\$ (105,235)	\$ 2,127	\$ 971	\$ 546

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, 2010
 (Continued)

	Education Foundation Grants October 2008	Education Foundation Grants March 2008	Education Foundation Grants October 2006	Education Foundation Grants March 2007	Education Foundation Grants March 2010	Lily Agriculture Grant	Instructional Support
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 4,319	\$ -	\$ 24,116
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	-	4,319	-	24,116
Disbursements:							
Current:							
Instruction	-	936	301	-	2,548	1,853	10,059
Support services	-	-	-	-	-	-	55,207
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	936	301	-	2,548	1,853	65,266
Excess (deficiency) of receipts over disbursements	-	(936)	(301)	-	1,771	(1,853)	(41,150)
Other financing sources (uses):							
Transfers in	-	-	-	-	2,136	-	-
Transfers out	-	(2,136)	-	-	-	-	-
Total other financing sources (uses)	-	(2,136)	-	-	2,136	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,072)	(301)	-	3,907	(1,853)	(41,150)
Cash and investments - beginning	136	3,072	301	921	-	1,853	80,250
Cash and investments - ending	\$ 136	\$ -	\$ -	\$ 921	\$ 3,907	\$ -	\$ 39,100
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 136	\$ -	\$ -	\$ 921	\$ 3,907	\$ -	\$ 39,100
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 136	\$ -	\$ -	\$ 921	\$ 3,907	\$ -	\$ 39,100
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	136	-	-	921	3,907	-	39,100
Total cash and investment fund balance - ending	\$ 136	\$ -	\$ -	\$ 921	\$ 3,907	\$ -	\$ 39,100

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, 2010
 (Continued)

	High School Graduation Coach	State Medicaid	Non-English Speaking Grant 08/09	Non-English Speaking Grant 09/10	Technology Bear	Title I 08/09
Receipts:						
Local sources	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	4,008	-	6,132	-	-
Federal sources	-	-	-	-	-	20
Other	-	-	-	-	92,994	-
Total receipts	25,000	4,008	-	6,132	92,994	20
Disbursements:						
Current:						
Instruction	911	-	1,652	3,657	-	40,731
Support services	-	528	-	-	60,385	2,231
Noninstructional services	-	-	-	-	-	3,472
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	911	528	1,652	3,657	60,385	46,434
Excess (deficiency) of receipts over disbursements	24,089	3,480	(1,652)	2,475	32,609	(46,414)
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	24,089	3,480	(1,652)	2,475	32,609	(46,414)
Cash and investments - beginning	-	1,639	1,652	-	26,996	46,414
Cash and investments - ending	\$ 24,089	\$ 5,119	\$ -	\$ 2,475	\$ 59,605	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 24,089	\$ 5,119	\$ -	\$ 2,475	\$ 59,605	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 24,089	\$ 5,119	\$ -	\$ 2,475	\$ 59,605	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	24,089	5,119	-	2,475	59,605	-
Total cash and investment fund balance - ending	\$ 24,089	\$ 5,119	\$ -	\$ 2,475	\$ 59,605	\$ -

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, 2010
 (Continued)

	Title I 09/10	Title I IUMH 08/09	Title I IUMH 09/10	Title V Innovative Programs	Flow-Through Grant 08/09	Flow-Through Grant 09/10
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	356,406	11,000	67,264	-	52,500	722,912
Other	-	-	-	-	-	-
Total receipts	356,406	11,000	67,264	-	52,500	722,912
Disbursements:						
Current:						
Instruction	222,202	10,113	51,012	7,294	51,965	575,275
Support services	25,025	-	-	-	282	81,311
Noninstructional services	60,298	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	307,525	10,113	51,012	7,294	52,247	656,586
Excess (deficiency) of receipts over disbursements	48,881	887	16,252	(7,294)	253	66,326
Other financing sources (uses):						
Transfers in	-	-	29	-	-	-
Transfers out	-	(29)	-	-	-	-
Total other financing sources (uses)	-	(29)	29	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	48,881	858	16,281	(7,294)	253	66,326
Cash and investments - beginning	-	(858)	-	7,294	(253)	-
Cash and investments - ending	\$ 48,881	\$ -	\$ 16,281	\$ -	\$ -	\$ 66,326
Cash and Investment Assets - Ending						
Cash and investments	\$ 48,881	\$ -	\$ 16,281	\$ -	\$ -	\$ 66,326
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 48,881	\$ -	\$ 16,281	\$ -	\$ -	\$ 66,326
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	48,881	-	16,281	-	-	66,326
Total cash and investment fund balance - ending	\$ 48,881	\$ -	\$ 16,281	\$ -	\$ -	\$ 66,326

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, 2010
 (Continued)

	Drug-Free 08/09	Drug-Free 09/10	Drug-Free 10/11	Education Foundation Grants October 2007	Federal Medicaid	Title IIA 07/08
Receipts:						
Local sources	\$ -	\$ 15	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	8,462	6,457	-	4,394	-
Other	-	-	-	-	-	-
Total receipts	-	8,477	6,457	-	4,394	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	11,433
Support services	4,959	824	979	-	-	7,275
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	4,959	824	979	-	-	18,708
Excess (deficiency) of receipts over disbursements	(4,959)	7,653	5,478	-	4,394	(18,708)
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	(4,959)	7,653	5,478	-	4,394	(18,708)
Cash and investments - beginning	4,959	-	-	179	(69)	18,708
Cash and investments - ending	\$ -	\$ 7,653	\$ 5,478	\$ 179	\$ 4,325	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 7,653	\$ 5,478	\$ 179	\$ 4,325	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 7,653	\$ 5,478	\$ 179	\$ 4,325	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	7,653	5,478	179	4,325	-
Total cash and investment fund balance - ending	\$ -	\$ 7,653	\$ 5,478	\$ 179	\$ 4,325	\$ -

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, 2010
 (Continued)

	Title IIA 08/09	Title IIA 09/10	Title III 08/09	Title III 09/10	ARRA Title I	ARRA Special Ed Part B
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	70,000	66,440	-	5,609	115,300	449,341
Other	-	-	-	-	-	-
Total receipts	70,000	66,440	-	5,609	115,300	449,341
Disbursements:						
Current:						
Instruction	90,138	-	3,067	5,000	45,900	445,975
Support services	5,541	-	-	-	29,608	96,723
Noninstructional services	-	-	-	-	4,235	-
Facilities acquisition and construction	-	-	-	-	-	123,121
Debt services	-	-	-	-	-	-
Total disbursements	95,679	-	3,067	5,000	79,743	665,819
Excess (deficiency) of receipts over disbursements	(25,679)	66,440	(3,067)	609	35,557	(216,478)
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	(25,679)	66,440	(3,067)	609	35,557	(216,478)
Cash and investments - beginning	45,028	-	3,067	-	-	-
Cash and investments - ending	\$ 19,349	\$ 66,440	\$ -	\$ 609	\$ 35,557	\$ (216,478)
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 19,349	\$ 66,440	\$ -	\$ 609	\$ 35,557	\$ (216,478)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 19,349	\$ 66,440	\$ -	\$ 609	\$ 35,557	\$ (216,478)
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	19,349	66,440	-	609	35,557	(216,478)
Total cash and investment fund balance - ending	\$ 19,349	\$ 66,440	\$ -	\$ 609	\$ 35,557	\$ (216,478)

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, 2010
 (Continued)

	ARRA Special Ed Preschool	ARRA School Lunch Equipment	ARRA Title I Part D	Retirement Bond	School Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 619,215	\$ 534,494	\$ 5,396,256
Intermediate sources	-	-	-	-	-	15,000
State sources	-	-	-	-	-	253,461
Federal sources	22,700	7,500	51,698	-	-	2,874,907
Other	-	-	-	-	-	97,000
Total receipts	22,700	7,500	51,698	619,215	534,494	8,636,624
Disbursements:						
Current:						
Instruction	29,610	-	51,599	-	-	1,950,289
Support services	-	-	-	-	345,371	2,635,007
Noninstructional services	-	-	-	-	-	1,786,599
Facilities acquisition and construction	-	7,500	-	-	-	165,026
Debt services	-	-	-	306,207	-	306,207
Total disbursements	29,610	7,500	51,599	306,207	345,371	6,843,128
Excess (deficiency) of receipts over disbursements	(6,910)	-	99	313,008	189,123	1,793,496
Other financing sources (uses):						
Transfers in	-	-	-	-	-	4,733
Transfers out	-	-	-	-	-	(110,389)
Total other financing sources (uses)	-	-	-	-	-	(105,656)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,910)	-	99	313,008	189,123	1,687,840
Cash and investments - beginning	-	-	-	(143,603)	(228,374)	(172,454)
Cash and investments - ending	\$ (6,910)	\$ -	\$ 99	\$ 169,405	\$ (39,251)	\$ 1,515,386
Cash and Investment Assets - Ending						
Cash and investments	\$ (6,910)	\$ -	\$ 99	\$ -	\$ (39,251)	\$ 1,345,981
Restricted assets:						
Cash and investments	-	-	-	169,405	-	169,405
Total cash and investment assets - ending	\$ (6,910)	\$ -	\$ 99	\$ 169,405	\$ (39,251)	\$ 1,515,386
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 169,405	\$ -	\$ 169,405
Unrestricted	(6,910)	-	99	-	(39,251)	1,345,981
Total cash and investment fund balance - ending	\$ (6,910)	\$ -	\$ 99	\$ 169,405	\$ (39,251)	\$ 1,515,386

LEBANON COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2010

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:	
Land	\$ 1,150,000
Buildings	64,867,834
Improvements other than buildings	1,145,879
Machinery and equipment	<u>8,174,591</u>
Total governmental activities, capital assets	<u>\$ 75,338,304</u>

LEBANON COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

The School has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Lebanon High School Bldg Corp	\$ 1,890,000	\$ 1,321,000
Lebanon Middle School Bldg Corp	3,855,000	491,500
Lebanon Middle School Bldg Corp	12,970,000	1,632,000
Lebanon Middle School Bldg Corp	7,648,695	1,926,000
Notes and loans payable:		
Common School Loan A 0286	36,354	37,444
Common School Loan A 0306	37,491	38,428
Bonds payable:		
General obligation bonds:		
2003 Bonds	490,000	132,726
2005 Bonds	225,000	228,825
Pension Bond	<u>2,195,000</u>	<u>307,364</u>
Total governmental activities debt	<u>\$ 29,347,540</u>	<u>\$ 6,115,287</u>

LEBANON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the following deficiency in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Lack of Segregation of Duties: Control activities were not selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, payroll, and cash and investment balances. The Treasurer prepares and posts receipts, processes payroll, maintains the funds ledger and reconciles the depository balances. There is no indication of additional oversight of these functions. The failure to establish these controls could enable material misstatements or irregularities to go undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN FUND BALANCES

The following funds were overdrawn at June 30, 2009 and June 30, 2010:

	<u>June 30, 2009</u>	<u>June 30, 2010</u>
Debt Service	\$ 205,157	\$ -
Capital Projects	532,076	-
Transportation Operating	172,034	-
Textbook Rental	3,346	48,239
Building Trades Program	99,016	105,235
Title I IUMH 08/09	858	-
Flow-Through Grant 08/09	253	-
Federal Medicaid	69	-
Pension Bond	143,603	-
School Bus Replacement	228,374	39,251

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)

LEBANON COMMUNITY SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

OVERDRAWN FUND BALANCES - EXTRA-CURRICULAR ACCOUNT

The following extra-curricular account funds were overdrawn at June 30, 2009 and June 30, 2010:

	<u>June 30, 2009</u>	<u>June 30, 2010</u>
High School Funds:		
Special Occasion Creation	\$ -	\$ 179
Fellowship of Christian Athletes	-	417
Middle School Funds:		
Athletic	25,358	16,619
Other Funds:		
Administration Calendar	-	532

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 Extra-Curricular Accounts, Chapter 7)

ERRORS ON CLAIMS

Checks are written each day, as the claims are submitted to the accounting staff. The checks are dated and posted as of the date written. Except for claims that can be paid prior to School Board approval (per policy approved by the School Board), the checks are held in the safe until after the School Board approval at the monthly meeting.

IC 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services. . . .

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . .

(5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

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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

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

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, 2009 and 2010. 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, 2009 and 2010.

Internal Control Over Compliance

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

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)

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 section of the report entitled Corrective Action Plan. 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

November 23, 2010

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	0665	\$ 140,617	\$ 184,348
National School Lunch Program	10.555	0665	594,183	745,338
Summer Food Service Program for Children	10.559	0665	-	4,618
Total for cluster			<u>734,800</u>	<u>934,304</u>
Pass-Through Indiana Department of Education				
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	0665	-	7,500
Total for federal grantor agency			<u>734,800</u>	<u>941,804</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	08-0665	23,942	-
		09-0665	293,125	46,434
		10-0665	-	307,525
		08-0665	24,560	-
		09-0665	65,938	10,141
		10-0665	-	51,012
Total for program			<u>407,565</u>	<u>415,112</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-0665	-	79,743
		10-0665	-	51,599
Total for program			<u>-</u>	<u>131,342</u>
Total for cluster			<u>407,565</u>	<u>546,454</u>
Pass-Through Community Schools of Frankfort				
Special Education Cluster				
Special Education - Grants to States	84.027	FY 07/08	51,419	-
		FY 08/09	580,922	52,246
		FY 09/10	-	656,586
Total for program			<u>632,341</u>	<u>708,832</u>
ARRA - Special Education Grants to States, Recovery Act	84.391	0665	-	665,819
ARRA - Special Education-Preschool Grants, Recovery Act	84.392	0665	-	29,610
Total for cluster			<u>632,341</u>	<u>1,404,261</u>

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

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010
(Continued)

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 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	06-0665 07-0665 08-0665 09-0665	4,015 4,753 - -	- 4,958 824 979
Total for program			<u>8,768</u>	<u>6,761</u>
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243	FY 09/10	-	<u>12,868</u>
Pass-Through Indiana Department of Workforce Development State Grants for Innovative Programs	84.298	09-0665	<u>247</u>	<u>7,294</u>
Pass-Through Wabash Valley Education Center English Language Acquisition Grants	84.365	FY 07/08 FY 08/09 FY 09/10	500 2,867 -	- 3,067 5,000
Total for program			<u>3,367</u>	<u>8,067</u>
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367	FY 07/08 FY 08/09 FY 09/10	25,314 99,932 2,823	- 18,708 95,679
Total for program			<u>128,069</u>	<u>114,387</u>
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	0665	<u>547,937</u>	<u>1,924,941</u>
Total for program			<u>547,937</u>	<u>1,924,941</u>
Total for federal grantor agency			<u>1,728,294</u>	<u>4,025,033</u>
Total federal awards expended			<u>\$ 2,463,094</u>	<u>\$ 4,966,837</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 cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
School Breakfast Program	10.553	\$ 13,105	\$ 17,434
National School Lunch Program	10.555	56,547	70,503

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?	yes
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:

CFDA Number	Name of Federal Program or Cluster
	Title I Cluster
	Special Education Cluster
	State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? yes

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

FINDING 2010-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the following deficiency in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to be undetected. The Treasurer writes and posts receipts, maintains the funds ledger, and reconciles the depository accounts.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9).

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.



Administration Center – Office of the Superintendent

1810 North Grant Street
LEBANON, INDIANA 46052

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11/23/2010

The Administration of the Lebanon Community School Corporation has reviewed the financial statement finding 2010 – 1 , Internal Controls over financial transactions and reporting, related to the audit for the period July 1, 2008 to June 30, 2010.

RE: Section II –Financial Statement Findings

Lack of Segregation of Duties

Corrective Action Plan for this Finding

The Assistant Superintendent / Business Manager will review with the School Corporation Treasurer and the Extra- Curricular Treasurer on a monthly basis the Depository Reconciliation to the Bank Statements.

Submitted by Charles Tait
Asst. Supt. / Business Manager

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

LEBANON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 6, 2010, with Dr. Robert Taylor, Superintendent of Schools; Charles Tait, Business Manager; Melissa Moore, Treasurer; and M. Michelle Thomas, President of the School Board.