

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

LEBANON COMMUNITY SCHOOL CORPORATION
BOONE COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
03/18/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Melissa Moore	07-01-10 to 06-30-13
Business Manager	Charles Tait	07-01-10 to 06-30-13
Superintendent of Schools	Dr. Robert Taylor	07-01-10 to 06-30-15
President of the School Board	M. Michelle Thomas David Herr	07-01-10 to 12-31-12 01-01-13 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the Lebanon Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated February 14, 2013, 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.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.



Bruce Hartman
State Examiner

February 14, 2013



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statement of the Lebanon Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 14, 2013, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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 opinion on the financial statement, 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be material a weakness.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying 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, School Board, others within the entity, 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.



Bruce Hartman
State Examiner

February 14, 2013

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

LEBANON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 2,922,477	\$ 21,168,209	\$ 20,828,251	\$ 132,504	\$ 3,394,939	\$ 21,847,658	\$ 21,866,994	\$ 26,075	\$ 3,401,678
Debt Service	348,422	7,434,590	5,807,924	(23,047)	1,952,041	5,194,630	4,887,797	-	2,258,874
Retirement/Severance Bond Debt Service	169,405	307,737	307,364	-	169,778	245,786	307,624	-	107,940
Referendum Debt Exempt Capital	-	-	-	-	-	1,726,565	1,602,500	-	124,065
Capital Projects	1,139,506	2,837,783	2,333,350	287	1,644,226	3,379,544	2,966,360	934	2,058,344
School Transportation	1,026,111	1,812,431	1,479,161	(71,422)	1,287,959	1,847,961	1,675,972	-	1,459,948
School Bus Replacement	(39,251)	206,609	168,776	1,500	82	241,630	304,415	-	(62,703)
Special Education Preschool	-	-	-	-	-	-	-	-	-
Rainy Day	4,381,700	-	-	-	4,381,700	-	-	-	4,381,700
Construction	-	1,935	92,618	7,000,000	6,909,317	9,336	3,415,647	-	3,503,006
School Lunch	284,269	1,786,115	1,817,972	-	252,412	1,906,957	1,919,751	-	239,618
Textbook Rental	(48,238)	341,500	343,385	5,242	(44,881)	374,688	355,923	5,609	(20,507)
Levy Excess	-	42,096	-	(42,096)	-	-	-	-	-
Joint Services and Supply Special Education Cooperative	-	-	-	-	-	484,270	17,658	-	466,612
Early Intervention Grant	-	-	-	-	-	-	-	-	-
Early Intervention Grant 2009-10	-	-	-	-	-	-	-	-	-
Early Literacy Grant 2010-11	-	29,032	29,032	-	-	-	-	-	-
Early Intervention Grant 2012	-	-	-	-	-	2,122	2,122	-	-
School Intervention and Career Counseling	1,891	-	1,891	-	-	-	-	-	-
Literacy Academy	-	-	-	-	-	-	-	-	-
Educational Support	38,112	300	2,526	(18,000)	17,886	-	17,886	-	-
Perry/Worth Wetlands Project	1,537	-	600	-	937	-	638	-	299
Building Trades	(105,234)	1,500	122,939	249,292	22,619	40	144,700	1,000	(121,041)
Career Majors Grant 2009-10	2,127	-	2,127	-	-	-	-	-	-
School Intervention Counseling	-	15,000	15,000	-	-	-	-	-	-
LEF Grants October 2009	971	-	127	-	844	-	665	(179)	-
LEF Grants March 2009	546	-	387	-	159	-	158	(1)	-
LEF Grants November 2011	136	-	-	(136)	-	5,591	3,258	-	2,333
LEF Grants March 2011	-	9,000	1,657	-	7,343	-	7,157	-	186
LEF Grants 2011	-	2,560	1,382	184	1,362	-	149	-	1,213
LEF Grants March 2006	-	-	-	-	-	10,254	2,838	359	7,775
LEF Grants March 2007	921	-	873	(48)	-	-	-	-	-
LEF Grants October 2010	-	3,526	3,523	-	3	-	3	-	-
LEF Grants March 2010	3,907	-	3,805	-	102	-	102	-	-
Lilly Grant AG	-	-	-	-	-	-	-	-	-
Instructional Support Fund	39,101	45,153	51,984	275	32,545	71,331	61,009	372	43,239
LHS Graduation Coach	24,089	45,660	64,434	-	5,315	3,000	3,763	(2,767)	1,785
CAGI Grant HBS	-	26,000	26,000	-	-	-	-	-	-
Community Foundation Grant	-	10,000	10,000	-	-	-	-	-	-
Graduation Coach 2011-12	-	22,017	-	18,000	40,017	10,000	51,975	5,307	3,349
Graduation Coach 2012-13	-	-	-	-	-	25,600	-	-	25,600
KAT Program Stokes	-	1,326	-	-	1,326	-	1,272	-	54
Educational Support Aramark	-	30,000	-	-	30,000	-	-	-	30,000
High Ability Building Block	-	-	-	-	-	-	14,258	-	(14,258)
Medicaid Reimbursement	5,119	752	257	-	5,614	2,854	577	-	7,891
Non-English Speaking Grant 2008-09	-	-	-	-	-	-	-	-	-
Non-English Speaking Grant 2009-10	2,474	-	2,474	-	-	-	-	-	-

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

LEBANON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012
(Continued)

	Cash and Investments			Other Financing	Cash and Investments			Other Financing	Cash and Investments
	07-01-10	Receipts	Disbursements	Sources (Uses)	06-30-11	Receipts	Disbursements	Sources (Uses)	06-30-12
Non-English Speaking Grant 2010-11	-	4,163	1,766	-	2,397	-	2,397	-	-
Non-English Speaking Grant 2011-12	-	-	-	-	-	2,932	1,309	-	1,623
School Technology	-	6,389	2,386	-	4,003	6,411	-	-	10,414
Technology Grants [IC 20-40-15]	59,605	39,348	70,558	-	28,395	83,266	78,915	-	32,746
Title I 2008-09	-	-	-	-	-	-	-	-	-
Title I 2009-10	48,881	6,858	55,739	-	-	-	-	-	-
Title I 2010-11	-	336,882	298,671	-	38,211	-	38,211	-	-
Title I Distinguished Award	-	25,000	21,952	-	3,048	506	3,554	-	-
Title I 2011-12	-	-	-	-	-	324,966	454,482	-	(129,516)
Title I IUMCH 2008-09	-	-	-	-	-	-	-	-	-
Title I Subpart 2 IUMCH 2009-10	16,280	-	16,280	-	-	-	-	-	-
Title I Part D IUMCH 2010-11	-	67,397	54,697	-	12,700	-	12,700	-	-
Title I IUMCH 2011-12	-	-	-	-	-	16,118	54,983	-	(38,865)
Innovative Education Program Strategies Title V (Part A)	-	-	-	-	-	-	-	-	-
Special Education Flow-Through 2008-09	-	-	-	-	-	-	-	-	-
Special Educaiton Flow-Through 2009-10	66,326	-	66,326	-	-	-	-	-	-
Special Education Flow-Through 2010-11	-	708,731	661,888	-	46,843	-	46,843	-	-
Special Education Flow-Through 2011-12	-	-	-	-	-	615,998	653,286	-	(37,288)
IDEA 619 FY2012 Joint Services	-	-	-	-	-	68,333	-	-	68,333
IDEA 611 FY2012 Joint Services	-	-	-	-	-	272,160	-	-	272,160
IDEA LEA 611 Grant Flow-Through	-	-	-	-	-	1,806,450	1,830,627	-	(24,177)
Drug Free Title IV 2008-09	-	-	-	-	-	-	-	-	-
Drug Free Title IV 2009-10	7,653	-	7,653	-	-	-	-	-	-
Drug Free Title IV 2010-11	5,478	4,545	895	-	9,128	1,689	10,817	-	-
LEF Grants October 2007	179	-	-	-	179	-	-	(179)	-
Career Majors Grant 2010-11	-	15,000	15,000	-	-	-	-	-	-
Medicaid Reimbursement Federal	4,324	1,334	-	-	5,658	7,311	-	-	12,969
Early Retiree Insurance Program	-	-	-	-	-	32,854	-	-	32,854
Title IIA 2008-09	-	-	-	-	-	-	-	-	-
Title IIA 2008-10	19,349	-	19,349	-	-	-	-	-	-
Title IIA 2009-11	66,440	60,000	122,552	-	3,888	-	3,888	-	-
Title IIA 2010-12	-	-	2,665	-	(2,665)	79,169	111,696	-	(35,192)
Title IIA 2011-13	-	-	-	-	-	30,384	89,431	-	(59,047)
Title III 2008-09	-	-	-	-	-	-	-	-	-
Title III 2009-10	609	-	609	-	-	-	-	-	-
Title III 2010-11	-	5,000	5,000	-	-	378	378	-	-
Fiscal Stabilization Education	-	-	-	-	-	-	-	-	-
Title I Grants to LEAs	35,557	115,300	134,413	-	16,444	-	16,444	-	-
Special Education Part B	(216,478)	310,791	207,653	-	(113,340)	141,778	28,438	-	-
Special Education Part B Preschool	(6,910)	10,701	3,791	-	-	-	-	-	-
School Lunch Equipment	-	-	-	-	-	-	-	-	-
Title I Part D Subpart 2	100	-	100	-	-	-	-	-	-
Education Jobs	-	104,430	76,722	-	27,708	574,321	602,029	-	-
Clearing	137,945	5,300,640	5,325,608	-	112,977	5,390,355	5,411,990	-	91,342
Totals	\$ 10,445,436	\$ 43,303,340	\$ 40,692,092	\$ 7,252,535	\$ 20,309,219	\$ 46,845,196	\$ 49,085,589	\$ 36,530	\$ 18,105,356

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

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. 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 accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient and self-insurance payments.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

LEBANON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

The School Corporation may be 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.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

Public Employees' Retirement Fund

Plan Description

The Indiana Teacher's Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent 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.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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 also contributes to additional pension plans unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day
Cash and investments - beginning	\$ 2,922,477	\$ 348,422	\$ 169,405	\$ -	\$ 1,139,506	\$ 1,026,111	\$ (39,251)	\$ -	\$ 4,381,700
Receipts:									
Local sources	166,950	7,434,590	307,737	-	2,837,783	1,807,620	206,609	-	-
Intermediate sources	5,451	-	-	-	-	-	-	-	-
State sources	20,993,558	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	2,250	-	-	-	-	4,811	-	-	-
Total receipts	<u>21,168,209</u>	<u>7,434,590</u>	<u>307,737</u>	<u>-</u>	<u>2,837,783</u>	<u>1,812,431</u>	<u>206,609</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	13,707,294	-	-	-	-	-	-	-	-
Support services	6,755,153	-	-	-	1,459,075	1,470,511	168,776	-	-
Noninstructional services	365,804	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	874,275	8,650	-	-	-
Debt services	-	5,807,924	307,364	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>20,828,251</u>	<u>5,807,924</u>	<u>307,364</u>	<u>-</u>	<u>2,333,350</u>	<u>1,479,161</u>	<u>168,776</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>339,958</u>	<u>1,626,666</u>	<u>373</u>	<u>-</u>	<u>504,433</u>	<u>333,270</u>	<u>37,833</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	1,181	-	-	-	287	-	1,500	-	-
Transfers in	131,323	-	-	-	-	42,096	-	-	-
Transfers out	-	(23,047)	-	-	-	(113,518)	-	-	-
Total other financing sources (uses)	<u>132,504</u>	<u>(23,047)</u>	<u>-</u>	<u>-</u>	<u>287</u>	<u>(71,422)</u>	<u>1,500</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>472,462</u>	<u>1,603,619</u>	<u>373</u>	<u>-</u>	<u>504,720</u>	<u>261,848</u>	<u>39,333</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,394,939</u>	<u>\$ 1,952,041</u>	<u>\$ 169,778</u>	<u>\$ -</u>	<u>\$ 1,644,226</u>	<u>\$ 1,287,959</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 4,381,700</u>

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Construction	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply Special Education Cooperative	Early Intervention Grant	Early Intervention Grant 2009-10	Early Literacy Grant 2010-11	Early Intervention Grant 2012
Cash and investments - beginning	\$ -	\$ 284,269	\$ (48,238)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	1,935	973,540	240,900	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	19,340	99,600	42,096	-	-	-	29,032	-
Federal sources	-	793,235	-	-	-	-	-	-	-
Other	-	-	1,000	-	-	-	-	-	-
Total receipts	1,935	1,786,115	341,500	42,096	-	-	-	29,032	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	29,032	-
Support services	-	340	343,385	-	-	-	-	-	-
Noninstructional services	-	1,798,706	-	-	-	-	-	-	-
Facilities acquisition and construction	92,618	18,926	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	92,618	1,817,972	343,385	-	-	-	-	29,032	-
Excess (deficiency) of receipts over disbursements	(90,683)	(31,857)	(1,885)	42,096	-	-	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	7,000,000	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	23,047	-	-	-	-	-	-
Transfers out	-	-	(17,805)	(42,096)	-	-	-	-	-
Total other financing sources (uses)	7,000,000	-	5,242	(42,096)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,909,317	(31,857)	3,357	-	-	-	-	-	-
Cash and investments - ending	\$ 6,909,317	\$ 252,412	\$ (44,881)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	School Intervention and Career Counseling	Literacy Academy	Educational Support	Perry/Worth Wetlands Project	Building Trades	Career Majors Grant 2009-10	School Intervention Counseling	LEF Grants October 2009	LEF Grants March 2009
Cash and investments - beginning	\$ 1,891	\$ -	\$ 38,112	\$ 1,537	\$ (105,234)	\$ 2,127	\$ -	\$ 971	\$ 546
Receipts:									
Local sources	-	-	-	-	1,500	-	-	-	-
Intermediate sources	-	-	300	-	-	-	-	-	-
State sources	-	-	-	-	-	-	15,000	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	300	-	1,500	-	15,000	-	-
Disbursements:									
Current:									
Instruction	-	-	2,526	-	122,939	-	-	127	387
Support services	1,891	-	-	-	-	2,127	15,000	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	600	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,891	-	2,526	600	122,939	2,127	15,000	127	387
Excess (deficiency) of receipts over disbursements	(1,891)	-	(2,226)	(600)	(121,439)	(2,127)	-	(127)	(387)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	249,292	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(18,000)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(18,000)	-	249,292	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,891)	-	(20,226)	(600)	127,853	(2,127)	-	(127)	(387)
Cash and investments - ending	\$ -	\$ -	\$ 17,886	\$ 937	\$ 22,619	\$ -	\$ -	\$ 844	\$ 159

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	LEF Grants November 2011	LEF Grants March 2011	LEF Grants 2011	LEF Grants March 2006	LEF Grants March 2007	LEF Grants October 2010	LEF Grants March 2010	Lilly Grant AG	Instructional Support Fund
Cash and investments - beginning	\$ 136	\$ -	\$ -	\$ -	\$ 921	\$ -	\$ 3,907	\$ -	\$ 39,101
Receipts:									
Local sources	-	9,000	2,560	-	-	3,526	-	-	44,653
Intermediate sources	-	-	-	-	-	-	-	-	500
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	9,000	2,560	-	-	3,526	-	-	45,153
Disbursements:									
Current:									
Instruction	-	1,657	1,382	-	873	3,523	3,805	-	3,627
Support services	-	-	-	-	-	-	-	-	48,357
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,657	1,382	-	873	3,523	3,805	-	51,984
Excess (deficiency) of receipts over disbursements	-	7,343	1,178	-	(873)	3	(3,805)	-	(6,831)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	275
Transfers in	-	-	184	-	-	-	-	-	-
Transfers out	(136)	-	-	-	(48)	-	-	-	-
Total other financing sources (uses)	(136)	-	184	-	(48)	-	-	-	275
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(136)	7,343	1,362	-	(921)	3	(3,805)	-	(6,556)
Cash and investments - ending	\$ -	\$ 7,343	\$ 1,362	\$ -	\$ -	\$ 3	\$ 102	\$ -	\$ 32,545

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	LHS Graduation Coach	CAGI Grant HBS	Community Foundation Grant	Graduation Coach 2011-12	Graduation Coach 2012-13	KAT Program Stokes	Educational Support Aramark	High Ability Building Block
Cash and investments - beginning	\$ 24,089	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	45,660	26,000	10,000	22,017	-	1,326	30,000	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>45,660</u>	<u>26,000</u>	<u>10,000</u>	<u>22,017</u>	<u>-</u>	<u>1,326</u>	<u>30,000</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	64,434	26,000	10,000	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>64,434</u>	<u>26,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(18,774)</u>	<u>-</u>	<u>-</u>	<u>22,017</u>	<u>-</u>	<u>1,326</u>	<u>30,000</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	18,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(18,774)</u>	<u>-</u>	<u>-</u>	<u>40,017</u>	<u>-</u>	<u>1,326</u>	<u>30,000</u>	<u>-</u>
Cash and investments - ending	<u>\$ 5,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,017</u>	<u>\$ -</u>	<u>\$ 1,326</u>	<u>\$ 30,000</u>	<u>\$ -</u>

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Medicaid Reimbursement	Non-English Speaking Grant 2008-09	Non-English Speaking Grant 2009-10	Non-English Speaking Grant 2010-11	Non-English Speaking Grant 2011-12	School Technology	Technology Grants [IC 20-40-15]	Title I 2008-09
Cash and investments - beginning	\$ 5,119	\$ -	\$ 2,474	\$ -	\$ -	\$ -	\$ 59,605	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	752	-	-	4,163	-	6,389	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	39,348	-
Total receipts	752	-	-	4,163	-	6,389	39,348	-
Disbursements:								
Current:								
Instruction	-	-	2,474	1,766	-	-	204	-
Support services	257	-	-	-	-	2,386	70,354	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	257	-	2,474	1,766	-	2,386	70,558	-
Excess (deficiency) of receipts over disbursements	495	-	(2,474)	2,397	-	4,003	(31,210)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	495	-	(2,474)	2,397	-	4,003	(31,210)	-
Cash and investments - ending	\$ 5,614	\$ -	\$ -	\$ 2,397	\$ -	\$ 4,003	\$ 28,395	\$ -

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I 2009-10	Title I 2010-11	Title I Distinguished Award	Title I 2011-12	Title I IUMCH 2008-09	Title I Subpart 2 IUMCH 2009-10	Title I Part D IUMCH 2010-11	Title I IUMCH 2011-12
Cash and investments - beginning	\$ 48,881	\$ -	\$ -	\$ -	\$ -	\$ 16,280	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	6,858	336,882	25,000	-	-	-	67,397	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>6,858</u>	<u>336,882</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,397</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	35,113	233,147	3,868	-	-	16,280	54,697	-
Support services	5,391	19,750	17,087	-	-	-	-	-
Noninstructional services	15,235	45,774	997	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>55,739</u>	<u>298,671</u>	<u>21,952</u>	<u>-</u>	<u>-</u>	<u>16,280</u>	<u>54,697</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(48,881)</u>	<u>38,211</u>	<u>3,048</u>	<u>-</u>	<u>-</u>	<u>(16,280)</u>	<u>12,700</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</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	<u>(48,881)</u>	<u>38,211</u>	<u>3,048</u>	<u>-</u>	<u>-</u>	<u>(16,280)</u>	<u>12,700</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 38,211</u>	<u>\$ 3,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,700</u>	<u>\$ -</u>

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Innovative Education Program Strategies Title V (Part A)	Special Education Flow-Through 2008-09	Special Education Flow-Through 2009-10	Special Education Flow-Through 2010-11	Special Education Flow-Through 2011-12	IDEA 619 FY2012 Joint Services	IDEA 611 FY2012 Joint Services	IDEA LEA 611 Grant Flow-Through
Cash and investments - beginning	\$ -	\$ -	\$ 66,326	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	334	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	708,397	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	708,731	-	-	-	-
Disbursements:								
Current:								
Instruction	-	-	64,700	584,487	-	-	-	-
Support services	-	-	1,626	77,401	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	66,326	661,888	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	(66,326)	46,843	-	-	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(66,326)	46,843	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 46,843	\$ -	\$ -	\$ -	\$ -

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Drug Free Title IV 2008-09	Drug Free Title IV 2009-10	Drug Free Title IV 2010-11	LEF Grants October 2007	Career Majors Grant 2010-11	Medicaid Reimbursement Federal	Early Retiree Insurance Program	Title IIA 2008-09
Cash and investments - beginning	\$ -	\$ 7,653	\$ 5,478	\$ 179	\$ -	\$ 4,324	\$ -	\$ -
Receipts:								
Local sources	-	-	45	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	4,500	-	15,000	1,334	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	4,545	-	15,000	1,334	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	7,653	895	-	15,000	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	7,653	895	-	15,000	-	-	-
Excess (deficiency) of receipts over disbursements	-	(7,653)	3,650	-	-	1,334	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(7,653)	3,650	-	-	1,334	-	-
Cash and investments - ending	\$ -	\$ -	\$ 9,128	\$ 179	\$ -	\$ 5,658	\$ -	\$ -

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title IIA 2008-10	Title IIA 2009-11	Title IIA 2010-12	Title IIA 2011-13	Title III 2008-09	Title III 2009-10	Title III 2010-11	Fiscal Stabilization Education
Cash and investments - beginning	\$ 19,349	\$ 66,440	\$ -	\$ -	\$ -	\$ 609	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	60,000	-	-	-	-	5,000	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	60,000	-	-	-	-	5,000	-
Disbursements:								
Current:								
Instruction	10,283	106,350	-	-	-	609	5,000	-
Support services	9,066	16,202	2,665	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	19,349	122,552	2,665	-	-	609	5,000	-
Excess (deficiency) of receipts over disbursements	(19,349)	(62,552)	(2,665)	-	-	(609)	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,349)	(62,552)	(2,665)	-	-	(609)	-	-
Cash and investments - ending	\$ -	\$ 3,888	\$ (2,665)	\$ -	\$ -	\$ -	\$ -	\$ -

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	School Lunch Equipment	Title I Part D Subpart 2	Education Jobs	Clearing	Totals
Cash and investments - beginning	\$ 35,557	\$ (216,478)	\$ (6,910)	\$ -	\$ 100	\$ -	\$ 137,945	\$ 10,445,436
Receipts:								
Local sources	-	-	-	-	-	-	-	14,174,285
Intermediate sources	-	-	-	-	-	-	-	6,251
State sources	-	-	-	-	-	-	-	21,209,930
Federal sources	115,300	310,791	10,701	-	-	104,430	-	2,564,825
Other	-	-	-	-	-	-	5,300,640	5,348,049
Total receipts	115,300	310,791	10,701	-	-	104,430	5,300,640	43,303,340
Disbursements:								
Current:								
Instruction	52,561	13,507	3,791	-	100	76,722	-	15,243,265
Support services	78,735	184,765	-	-	-	-	-	10,773,848
Noninstructional services	3,117	-	-	-	-	-	-	2,229,633
Facilities acquisition and construction	-	9,381	-	-	-	-	-	1,004,450
Debt services	-	-	-	-	-	-	-	6,115,288
Nonprogrammed charges	-	-	-	-	-	-	5,325,608	5,325,608
Total disbursements	134,413	207,653	3,791	-	100	76,722	5,325,608	40,692,092
Excess (deficiency) of receipts over disbursements	(19,113)	103,138	6,910	-	(100)	27,708	(24,968)	2,611,248
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	7,000,000
Sale of capital assets	-	-	-	-	-	-	-	252,535
Transfers in	-	-	-	-	-	-	-	214,650
Transfers out	-	-	-	-	-	-	-	(214,650)
Total other financing sources (uses)	-	-	-	-	-	-	-	7,252,535
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,113)	103,138	6,910	-	(100)	27,708	(24,968)	9,863,783
Cash and investments - ending	\$ 16,444	\$ (113,340)	\$ -	\$ -	\$ -	\$ 27,708	\$ 112,977	\$ 20,309,219

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day
Cash and investments - beginning	\$ 3,394,939	\$ 1,952,041	\$ 169,778	\$ -	\$ 1,644,226	\$ 1,287,959	\$ 82	\$ -	\$ 4,381,700
Receipts:									
Local sources	368,195	5,194,630	245,786	1,726,565	3,365,143	1,847,961	241,630	-	-
Intermediate sources	25	-	-	-	-	-	-	-	-
State sources	21,478,424	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	1,014	-	-	-	14,401	-	-	-	-
Total receipts	<u>21,847,658</u>	<u>5,194,630</u>	<u>245,786</u>	<u>1,726,565</u>	<u>3,379,544</u>	<u>1,847,961</u>	<u>241,630</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	14,283,857	-	-	-	-	-	-	-	-
Support services	7,196,289	-	-	-	1,931,051	1,600,481	304,415	-	-
Noninstructional services	386,848	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	1,035,309	75,491	-	-	-
Debt services	-	4,887,797	307,624	1,602,500	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>21,866,994</u>	<u>4,887,797</u>	<u>307,624</u>	<u>1,602,500</u>	<u>2,966,360</u>	<u>1,675,972</u>	<u>304,415</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(19,336)</u>	<u>306,833</u>	<u>(61,838)</u>	<u>124,065</u>	<u>413,184</u>	<u>171,989</u>	<u>(62,785)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	934	-	-	-	-
Transfers in	26,075	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>26,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>6,739</u>	<u>306,833</u>	<u>(61,838)</u>	<u>124,065</u>	<u>414,118</u>	<u>171,989</u>	<u>(62,785)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,401,678</u>	<u>\$ 2,258,874</u>	<u>\$ 107,940</u>	<u>\$ 124,065</u>	<u>\$ 2,058,344</u>	<u>\$ 1,459,948</u>	<u>\$ (62,703)</u>	<u>\$ -</u>	<u>\$ 4,381,700</u>

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Construction	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply Special Education Cooperative	Early Intervention Grant	Early Intervention Grant 2009-10	Early Literacy Grant 2010-11	Early Intervention Grant 2012
Cash and investments - beginning	\$ 6,909,317	\$ 252,412	\$ (44,881)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	9,336	995,579	257,349	-	484,270	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	17,190	116,339	-	-	-	-	-	2,122
Federal sources	-	894,188	-	-	-	-	-	-	-
Other	-	-	1,000	-	-	-	-	-	-
Total receipts	9,336	1,906,957	374,688	-	484,270	-	-	-	2,122
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	2,122
Support services	-	88	355,923	-	17,658	-	-	-	-
Noninstructional services	-	1,909,628	-	-	-	-	-	-	-
Facilities acquisition and construction	3,415,647	10,035	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	3,415,647	1,919,751	355,923	-	17,658	-	-	-	2,122
Excess (deficiency) of receipts over disbursements	(3,406,311)	(12,794)	18,765	-	466,612	-	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	31,684	-	-	-	-	-	-
Transfers out	-	-	(26,075)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	5,609	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,406,311)	(12,794)	24,374	-	466,612	-	-	-	-
Cash and investments - ending	\$ 3,503,006	\$ 239,618	\$ (20,507)	\$ -	\$ 466,612	\$ -	\$ -	\$ -	\$ -

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	School Intervention and Career Counseling	Literacy Academy	Educational Support	Perry/Worth Wetlands Project	Building Trades	Career Majors Grant 2009-10	School Intervention Counseling	LEF Grants October 2009	LEF Grants March 2009
Cash and investments - beginning	\$ -	\$ -	\$ 17,886	\$ 937	\$ 22,619	\$ -	\$ -	\$ 844	\$ 159
Receipts:									
Local sources	-	-	-	-	40	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	40	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	17,886	-	144,700	-	-	665	158
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	638	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	17,886	638	144,700	-	-	665	158
Excess (deficiency) of receipts over disbursements	-	-	(17,886)	(638)	(144,660)	-	-	(665)	(158)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	1,000	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(179)	(1)
Total other financing sources (uses)	-	-	-	-	1,000	-	-	(179)	(1)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(17,886)	(638)	(143,660)	-	-	(844)	(159)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 299	\$ (121,041)	\$ -	\$ -	\$ -	\$ -

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	LEF Grants November 2011	LEF Grants March 2011	LEF Grants 2011	LEF Grants March 2006	LEF Grants March 2007	LEF Grants October 2010	LEF Grants March 2010	Lilly Grant AG	Instructional Support Fund
Cash and investments - beginning	\$ -	\$ 7,343	\$ 1,362	\$ -	\$ -	\$ 3	\$ 102	\$ -	\$ 32,545
Receipts:									
Local sources	5,591	-	-	10,254	-	-	-	-	70,355
Intermediate sources	-	-	-	-	-	-	-	-	976
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>5,591</u>	<u>-</u>	<u>-</u>	<u>10,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,331</u>
Disbursements:									
Current:									
Instruction	3,258	7,157	149	2,838	-	3	102	-	3,942
Support services	-	-	-	-	-	-	-	-	57,067
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>3,258</u>	<u>7,157</u>	<u>149</u>	<u>2,838</u>	<u>-</u>	<u>3</u>	<u>102</u>	<u>-</u>	<u>61,009</u>
Excess (deficiency) of receipts over disbursements	<u>2,333</u>	<u>(7,157)</u>	<u>(149)</u>	<u>7,416</u>	<u>-</u>	<u>(3)</u>	<u>(102)</u>	<u>-</u>	<u>10,322</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	2,912
Transfers in	-	-	-	359	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(2,540)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,333</u>	<u>(7,157)</u>	<u>(149)</u>	<u>7,775</u>	<u>-</u>	<u>(3)</u>	<u>(102)</u>	<u>-</u>	<u>10,694</u>
Cash and investments - ending	<u>\$ 2,333</u>	<u>\$ 186</u>	<u>\$ 1,213</u>	<u>\$ 7,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,239</u>

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	LHS Graduation Coach	CAGI Grant HBS	Community Foundation Grant	Graduation Coach 2011-12	Graduation Coach 2012-13	KAT Program Stokes	Educational Support Aramark	High Ability Building Block
Cash and investments - beginning	\$ 5,315	\$ -	\$ -	\$ 40,017	\$ -	\$ 1,326	\$ 30,000	\$ -
Receipts:								
Local sources	3,000	-	-	10,000	25,600	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>25,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	3,763	-	-	51,975	-	1,272	-	14,258
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>3,763</u>	<u>-</u>	<u>-</u>	<u>51,975</u>	<u>-</u>	<u>1,272</u>	<u>-</u>	<u>14,258</u>
Excess (deficiency) of receipts over disbursements	<u>(763)</u>	<u>-</u>	<u>-</u>	<u>(41,975)</u>	<u>25,600</u>	<u>(1,272)</u>	<u>-</u>	<u>(14,258)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	2,540	-	-	5,307	-	-	-	-
Transfers out	<u>(5,307)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,767)</u>	<u>-</u>	<u>-</u>	<u>5,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(3,530)</u>	<u>-</u>	<u>-</u>	<u>(36,668)</u>	<u>25,600</u>	<u>(1,272)</u>	<u>-</u>	<u>(14,258)</u>
Cash and investments - ending	<u>\$ 1,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,349</u>	<u>\$ 25,600</u>	<u>\$ 54</u>	<u>\$ 30,000</u>	<u>\$ (14,258)</u>

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Medicaid Reimbursement	Non-English Speaking Grant 2008-09	Non-English Speaking Grant 2009-10	Non-English Speaking Grant 2010-11	Non-English Speaking Grant 2011-12	School Technology	Technology Grants [IC 20-40-15]	Title I 2008-09
Cash and investments - beginning	\$ 5,614	\$ -	\$ -	\$ 2,397	\$ -	\$ 4,003	\$ 28,395	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	2,854	-	-	-	2,932	6,411	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	83,266	-
Total receipts	2,854	-	-	-	2,932	6,411	83,266	-
Disbursements:								
Current:								
Instruction	-	-	-	2,397	1,309	-	15,249	-
Support services	577	-	-	-	-	-	63,666	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	577	-	-	2,397	1,309	-	78,915	-
Excess (deficiency) of receipts over disbursements	2,277	-	-	(2,397)	1,623	6,411	4,351	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,277	-	-	(2,397)	1,623	6,411	4,351	-
Cash and investments - ending	\$ 7,891	\$ -	\$ -	\$ -	\$ 1,623	\$ 10,414	\$ 32,746	\$ -

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title I 2009-10	Title I 2010-11	Title I Distinguished Award	Title I 2011-12	Title I IUMCH 2008-09	Title I Subpart 2 IUMCH 2009-10	Title I Part D IUMCH 2010-11	Title I IUMCH 2011-12
Cash and investments - beginning	\$ -	\$ 38,211	\$ 3,048	\$ -	\$ -	\$ -	\$ 12,700	\$ -
Receipts:								
Local sources	-	-	506	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	324,966	-	-	-	16,118
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	506	324,966	-	-	-	16,118
Disbursements:								
Current:								
Instruction	-	24,844	1,762	316,458	-	-	12,700	54,983
Support services	-	2,410	1,792	3,495	-	-	-	-
Noninstructional services	-	10,957	-	134,529	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	38,211	3,554	454,482	-	-	12,700	54,983
Excess (deficiency) of receipts over disbursements	-	(38,211)	(3,048)	(129,516)	-	-	(12,700)	(38,865)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(38,211)	(3,048)	(129,516)	-	-	(12,700)	(38,865)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (129,516)	\$ -	\$ -	\$ -	\$ (38,865)

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Innovative Education Program Strategies Title V (Part A)	Special Education Flow-Through 2008-09	Special Education Flow-Through 2009-10	Special Education Flow-Through 2010-11	Special Education Flow-Through 2011-12	IDEA 619 FY2012 Joint Services	IDEA 611 FY2012 Joint Services	IDEA LEA 611 Grant Flow-Through
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 46,843	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	615,998	68,333	272,160	1,806,450
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	615,998	68,333	272,160	1,806,450
Disbursements:								
Current:								
Instruction	-	-	-	46,843	588,632	-	-	-
Support services	-	-	-	-	64,654	-	-	1,830,627
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	46,843	653,286	-	-	1,830,627
Excess (deficiency) of receipts over disbursements	-	-	-	(46,843)	(37,288)	68,333	272,160	(24,177)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(46,843)	(37,288)	68,333	272,160	(24,177)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (37,288)	\$ 68,333	\$ 272,160	\$ (24,177)

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Drug Free Title IV 2008-09	Drug Free Title IV 2009-10	Drug Free Title IV 2010-11	LEF Grants October 2007	Career Majors Grant 2010-11	Medicaid Reimbursement Federal	Early Retiree Insurance Program	Title IIA 2008-09
Cash and investments - beginning	\$ -	\$ -	\$ 9,128	\$ 179	\$ -	\$ 5,658	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	32,854	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	1,689	-	-	7,311	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	1,689	-	-	7,311	32,854	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	10,817	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	10,817	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	(9,128)	-	-	7,311	32,854	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(179)	-	-	-	-
Total other financing sources (uses)	-	-	-	(179)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(9,128)	(179)	-	7,311	32,854	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,969	\$ 32,854	\$ -

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title IIA 2008-10	Title IIA 2009-11	Title IIA 2010-12	Title IIA 2011-13	Title III 2008-09	Title III 2009-10	Title III 2010-11	Fiscal Stabilization Education
Cash and investments - beginning	\$ -	\$ 3,888	\$ (2,665)	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	79,169	30,384	-	-	378	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	79,169	30,384	-	-	378	-
Disbursements:								
Current:								
Instruction	-	2,442	96,608	68,555	-	-	378	-
Support services	-	1,446	15,088	20,876	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	3,888	111,696	89,431	-	-	378	-
Excess (deficiency) of receipts over disbursements	-	(3,888)	(32,527)	(59,047)	-	-	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,888)	(32,527)	(59,047)	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ (35,192)	\$ (59,047)	\$ -	\$ -	\$ -	\$ -

LEBANON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	School Lunch Equipment	Title I Part D Subpart 2	Education Jobs	Clearing	Totals
Cash and investments - beginning	\$ 16,444	\$ (113,340)	\$ -	\$ -	\$ -	\$ 27,708	\$ 112,977	\$ 20,309,219
Receipts:								
Local sources	-	-	-	-	-	-	-	14,894,644
Intermediate sources	-	-	-	-	-	-	-	1,001
State sources	-	-	-	-	-	-	-	21,626,272
Federal sources	-	141,778	-	-	-	574,321	-	4,833,243
Other	-	-	-	-	-	-	5,390,355	5,490,036
Total receipts	-	141,778	-	-	-	574,321	5,390,355	46,845,196
Disbursements:								
Current:								
Instruction	5,175	3,500	-	-	-	602,029	-	16,381,969
Support services	10,626	18,862	-	-	-	-	-	13,507,908
Noninstructional services	643	-	-	-	-	-	-	2,442,605
Facilities acquisition and construction	-	6,076	-	-	-	-	-	4,543,196
Debt services	-	-	-	-	-	-	-	6,797,921
Nonprogrammed charges	-	-	-	-	-	-	5,411,990	5,411,990
Total disbursements	16,444	28,438	-	-	-	602,029	5,411,990	49,085,589
Excess (deficiency) of receipts over disbursements	(16,444)	113,340	-	-	-	(27,708)	(21,635)	(2,240,393)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	4,846
Transfers in	-	-	-	-	-	-	-	65,965
Transfers out	-	-	-	-	-	-	-	(34,281)
Total other financing sources (uses)	-	-	-	-	-	-	-	36,530
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16,444)	113,340	-	-	-	(27,708)	(21,635)	(2,203,863)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,342	\$ 18,105,356

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LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
JUNE 30, 2012

<u>School Corporation</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ -</u>	<u>\$ 338,344</u>

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
JUNE 30, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
US Bank	LMS Building Corporation - 2007a	\$ 1,926,000	07-05-98	01-05-18
US Bank	LMS Building Corporation - 2007	2,136,000	07-10-07	01-10-21
Bank of New York Trust Co	LMS Building Corporation - 2011	<u>1,602,500</u>	01-10-12	01-10-24
Total of annual lease payments		<u>\$ 5,664,500</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General Obligation Bond of 2003	Building repairs and upkeep	\$ 255,000	\$ 133,119
Pension Debt Service Bond of 2004	Severance obligations	<u>1,825,000</u>	<u>307,002</u>
Totals		<u>\$ 2,080,000</u>	<u>\$ 440,120</u>

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
JUNE 30, 2012

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>Ending Balance</u>
Governmental activities:	
Land	\$ 1,150,000
Buildings	84,867,834
Improvements other than buildings	1,145,879
Machinery, equipment and vehicles	<u>8,174,591</u>
Total capital assets	<u>\$ 95,338,304</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 had not fully separated incompatible activities related to receipts, disbursements, payroll, and cash and investment balances. 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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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 nonreimbursement funds were overdrawn at June 30, 2011 and June 30, 2012:

	<u>June 30, 2011</u>	<u>June 30, 2012</u>
Textbook Rental	\$ 44,881	\$ 20,507
School Bus Replacement	-	62,703
Building Trades	-	121,041

The fund 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)

DEPOSITS

Receipts in numerous instances were deposited later than the next business day. Delays in depositing of up to seven days were noted.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . ."

LEBANON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

CLAIMS PROCESSING

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.

Indiana Code 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."

COLLECTIVE BARGAINING AGREEMENTS

The collective bargaining agreement presented for audit contained clauses regarding the following items that are prohibited by Indiana Code 20-29-6-4.5: 1. Exclusive bargaining rights; 2. Evaluations, assignments and hiring of staff; 3. Unpaid leave; 4. School calendar; 5. Supremacy; 6. Amendments; 7. Severability; 8. Contract limitations and management rights; 9. Rights of employees to participate in collective bargaining; and 10. Association use of facilities and communication capabilities.

Indiana Code 20-29-6-4 states:

"(a) A school employer shall bargain collectively with the exclusive representative on the following:

- (1) Salary.
- (2) Wages.
- (3) Salary and wage related fringe benefits, including accident, sickness, health, dental, vision, life, disability, retirement benefits, and paid time off as permitted to be bargained under IC 20-28-9-11.

(b) Salary and wages include the amounts of pay increases available to employees under the salary scale adopted under IC 20-28-9-1, but do not include the teacher evaluation procedures and criteria, or any components of the teacher evaluation plan, rubric, or tool."

Indiana Code 20-29-6-4.5 states,

"(a) For a contract entered into after June 30, 2011, a school employer may not bargain collectively with the exclusive representative on the following:

- (1) The school calendar.
- (2) Teacher dismissal procedures and criteria.

LEBANON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

- (3) Restructuring options available to a school employer under federal or state statutes, regulations, or rules because of the failure of the school corporation or a school to meet federal or state accountability standards.
 - (4) The ability of a school employer to contract, partner, or operate jointly with an educational entity that provides postsecondary credits to students of the school employer or dual credits from the school employer and the educational entity.
 - (5) Any subject not expressly listed in section 4 of this chapter.
- (b) A subject set forth in subsection (a) that may not be bargained collectively may not be included in an agreement entered into under this article."

SBOA will review school corporations' collective bargaining agreements during the audit process to determine whether the agreements contained prohibited subjects of bargaining. . . . Financial losses related to a corporation's inclusion of prohibited subjects may be the personal obligation of the responsible school official or employee. (The School Administrator and Uniform Compliance Guidelines Volume 198, June 2012)

OVERDRAWN FUND BALANCES (Applies to the Extra-Curricular Account (ECA))

The following ECA accounts were overdrawn at June 30, 2011, as follows:

Central Art	\$ 21.28
Middle School Athletics	3,481.33
High School Best Buddies Chapter	216.75

The fund 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)

USE OF FORM SA-7, CLAIM FOR PAYMENT (Applies to ECA)

Claim forms do not contain all information necessary to constitute a valid claim. Proper signatures were not located on 33 of the 60 claims reviewed.

Signatures are required by the person authorized to purchase and the person acknowledging the receipt of the good or services. Additionally, the extra-curricular treasurer is to sign the required certification on the form SA-7. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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 THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
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 Lebanon Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. However the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012-3 and 2012-4.

Internal Control Over Compliance

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

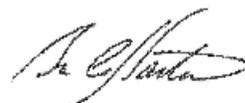
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-2 and 2012-3 to be material weaknesses.

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

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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.



Bruce Hartman
State Examiner

February 14, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program				
	10.553	FY 2010-11	\$ 200,297	\$ -
		FY 2011-12	-	247,896
Total for program			200,297	247,896
National School Lunch Program				
	10.555	FY 2010-11	666,534	-
		FY 2011-12	-	744,804
Total for program			666,534	744,804
Summer Food Service Program for Children				
	10.559	FY 2010-11	16,270	-
		FY 2011-12	-	9,609
Total for program			16,270	9,609
Total for cluster			883,101	1,002,309
Child and Adult Care Food Program				
	10.558	FY 2010-11	12,036	-
		FY 2011-12	-	9,004
Total for program			12,036	9,004
Total for federal grantor agency			895,137	1,011,313
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
	84.010	10-0665	55,740	-
		10-0665	16,280	-
		11-0665	336,883	-
		11-0665	67,397	-
		FY 11	25,000	-
		12-0665	-	324,966
		12-0665	-	16,117
Total for program			501,300	341,083
ARRA - Title 1 Grants to Local Educational Agencies, Recovery Act				
	84.389	10-0665	100	-
		10-0665	134,413	16,444
Total for program			134,513	16,444
Total for cluster			635,813	357,527
Pass-Through Community Schools of Frankfort				
Special Education Cluster (IDEA)				
Special Education - Grants to States				
	84.027	FY 2009-10	66,326	-
		FY 2010-11	708,397	-
Pass-Through Indiana Department of Education				
		FY 2011-12	-	1,806,450
		FY 2011-12	-	68,333
Total for program			774,723	1,874,783
Pass-Through Community Schools of Franfort				
ARRA - Special Education Grants to States, Recovery Act				
	84.391	33310-006-SN01	310,791	141,778
ARRA Special Education - Preschool Grants, Recovery Act				
	84.392	44410-006-SN01	10,701	-
Total for cluster			1,096,215	2,016,561
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants				
	84.186	08-0665	7,653	-
		09-0665	10,023	1,689
Total for program			17,676	1,689
Projects with Industry				
	84.234	FY 2010-11	15,000	-
English Language Acquisition State Grants				
	84.365	FY 2009-10	609	-
		FY 2010-11	5,000	378
Total for program			5,609	378
Improving Teacher Quality State Grants				
	84.367	FY 2008-10	19,349	-
		FY 2009-11	122,552	3,888
		FY 2010-12	-	79,169
		FY 2011-13	-	30,384
Total for program			141,901	113,441
Education Jobs Fund				
	84.410	FY 2010-11	104,430	574,320
Total for federal grantor agency			2,016,644	3,063,916
Total federal awards expended			\$ 2,911,781	\$ 4,075,229

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

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2011 and 2012:

Program Title	Federal CFDA Number	2011	2012
Special Education – Grants to States	84.027	\$ -	\$ 942,471

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
National School Lunch Program	10.555	\$ 69,050	\$ 81,121
School Breakfast Program	10.553	20,759	27,000

LEBANON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	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 OMB Circular A-133?	yes

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.410	Child Nutrition Cluster Title I, Part A Cluster Education Jobs Fund

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements, payroll, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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

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

FINDING 2012-2 - INTERNAL CONTROL/ELIGIBILITY

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program
National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year: FY 2010-11, FY 2011-2012
Pass-Through Entity: Indiana Department of Education

While reviewing the School Corporation's process for determining a student's eligibility for free or deduced meals, it was noted that although the determination had been completed, the appropriate official failed to sign the application to provide documentation that the process had been completed. Even though the signature requirement was not compliance of the program, it was a control requirement instituted by the Indiana Department of Education. The School Corporation did not establish these controls to ensure that the appropriate official had completed and signed the eligibility determination.

OMB Circular A-133 section .330(b) states:

"The auditee shall: Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Without the proper internal controls in place, the School Corporation risks incorrectly approving the number of eligible students for free or reduced lunch.

We recommended that the School Corporation further enhance their internal control procedures, specifically by management reviewing and verifying program applications prior to making the determination of a student's eligibility.

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

FINDING 2012-3 - CASH MANAGEMENT AND REPORTING

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program
National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year: FY 2010-11, FY 2011-2012
Pass-Through Entity: Indiana Department of Education

As part of the requirements of the school lunch program, the School Corporation is required to submit monthly claims for reimbursement. The School Corporation submitted claims for reimbursement for the months ending March 31, 2011 and May 31, 2011, containing errors relating to the number of meals served at Lebanon Middle School and Perry-Worth Elementary. The number of meals served for each month was understated by 15,328 and 17,120 meals, respectively. Controls were not in place to ensure that reimbursements due, for each month, were filed accurately.

Monthly claims for reimbursement are part of the reporting requirements of the National School Lunch Program. These reports are due in the office of the Indiana Department of Education on the 10th of the month following the end of the reported month. The administrating agency uses these reports to ensure that monthly claims are limited to the number of free and reduced price lunches served, by type, to eligible children.

Additionally, the School Corporation is required to submit annual financial reports to the Indiana Department of Education. Annual financial reports were submitted in the format required by Indiana Department of Education; however, the annual reports for both the 2010-2011 and the 2011-2012 school years were not timely and did not reflect the activity of the School Lunch Fund maintained in the School's Fund Ledger.

The total revenues, expenses and the beginning and ending fund balances reported do not trace to the fund ledger for the School Lunch Fund for either year.

At June 30, 2011, the School Lunch Fund balance on the School's ledger was \$252,411; however the annual report filed with the Indiana Department of Education reported the ending fund balance as \$749,383. For June 30, 2012, the School Lunch Fund balance on the School's ledger was \$239,615; however the balance shown on the annual financial report to Indiana Department of Education was \$797,531.

The SEA uses these reports to determine that the School Food Authority has expended funds in compliance with the grant agreement signed with the State.

The School Corporation contracts with a food management services company and the meal reimbursement claims and annual reports have been compiled by this company. There is no indication that these reports are reviewed by the School Corporation's management and the School Corporation Officials have not established any controls or procedures for review of the reports.

7 CFR 210.8(a) states in part:

"The school food authority shall establish internal controls which ensure the accuracy of lunch counts prior to the submission of the monthly Claim for Reimbursement. At a minimum, these internal controls shall include: an on-site review of the lunch counting and claiming system employed by each school within the jurisdiction of the school food authority; comparisons of daily free, reduced price and paid lunch counts against data which will assist in the identification of

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

lunch counts in excess of the number of free, reduced price and paid lunches served each day to children eligible for such lunches; and a system for following up on those lunch counts which suggest the likelihood of lunch counting problems."

7 CFR 210.8(c) states in part:

"The Claim for Reimbursement shall include data in sufficient detail to justify the reimbursement claimed and to enable the State agency to provide the Report of School Program Operations required under § 210.5(d) of this part. Such data shall include, at a minimum, the number of free, reduced price and paid lunches and meal supplements served to eligible children. The claim shall be signed by a school food authority official."

7 CFR Section 3016.20 states in part: "

. . . (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) Financial Reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures and income.
- (3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes . . ."

The State Agency Sponsor Agreement for Child Nutrition Program states in part: "Program Administration. The Sponsor agrees to comply with all applicable laws, regulations, guidelines, and amendments thereto."

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

The Indiana Department of Education Sponsor Training Manual for School Nutrition Programs, Version 1.0, Chapter 9 states in part: "

"At the end of each program year, each sponsor must submit an annual financial report that summarizes its financial participation in the School Nutrition Program. This report requires your organization to provide total amounts for income and expenses, and requires you to provide account and depreciation information."

OMB Circular A-133 section .330(b) states,

"The auditee shall: Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The School Corporation is not in compliance with the reporting requirements for this program. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal awards.

We recommended that the School Corporation establish internal controls over the preparation and filing of all required claims and reports that would require management approval prior to submission. In addition, the information submitted should be supported by the fund ledger or other supporting record for the applicable time period.

FINDING 2012-4 - CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Education Jobs
CFDA Number: 84.410
Federal Award Number and Year (or Other Identifying Number): FY 2010-11
Pass-Through Entity: Indiana Department of Education

Some amounts received by the School Corporation for the Education Jobs Grant were drawn down in advance. School Corporation Officials are required to draw funds in accordance with federal guidelines which require procedures to be in place to minimize the time elapsing between the transfer of funds and their disbursement. The School Corporation may request draws up to two times per month, by submitting an Education Jobs Fund Request Form to the Indiana Department of Education. The funds received by the School Corporation on January 12, 2012 were used to pay for disbursements through May 11, 2012. The month end cash balances in the Education Jobs Fund during this time period were as follows:

January 2012	\$ 481,972.93
February 2012	314,292.84
March 2012	9,307.11
April 2012	(897.80)
May 2012	-

34 CFR 80.21(c) states in part: *Advances*. Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of funds and their disbursement by the grantee and subgrantee."

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

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant. Additionally, failure to follow cash management requirements may cause future funding to be reduced by the pass-through agency.

We recommend that School Corporation Officials develop and implement procedures and controls to ensure that the request and disbursement of federal funds is in compliance with applicable requirements.



Administration Center – Office of the Superintendent

1810 North Grant Street
LEBANON, INDIANA 46052

Phone: (765) 482-0380

Fax: (765) 483-3053

CORRECTIVE ACTION PLAN

FINDING 2012-4	CASH MANAGEMENT
Federal Agency	U S Department of Education
Federal Program	Education Jobs
CFDA Number	84.410
Pass-Through Entity	Indiana Department of Education
Auditee Contact Person	Charles Tait
Title of Contact Person	Assistant Superintendent/ Business Manager
Phone Number	765-482-0380 ext 31811

RE: The specific grants that are reimbursable grants

Request for reimbursement will follow the end-of-month reports for expenditures and will be filed for accordingly.

Person responsible for filing : Charles Tait Asst. Supt.

Charles L. Tait
Business/Assistant Superintendent

Robert L. Taylor
Superintendent

Diane Lee Scott
Director of Instruction

Bob J. Ross
Director of Resource and Operation

Chad A. Martin
Director of Technology

Willis T. Pullins
Director of Assessment



Administration Center – Office of the Superintendent

1810 North Grant Street

LEBANON, INDIANA 46052

Phone: (765) 482-0380

Fax: (765) 483-3053

SECTION II - Financial Statement Findings

FINDING 2012-1 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Auditee Contact Person Charles Tait
Title of Contact Person Assistant Superintendent/ Business Manager
Phone Number 765-482-0380 ext 31811

The following were implemented January 2011 – immediately after the previous audit notes

RE: DEPOSITS Deposits are prepared by building secretaries, designated food service staff, school corporation treasurer, and school corporation extra-curricular treasurer. Funds are accounted for specifically with each deposit slip. Deposits are then secured in a sealable numbered bank envelope. Each deposit bag is logged into the safe. The courier then will sign for each bag when he collects from each school site. The courier then delivers the deposit bags to the bank. The bank teller then signs for each numbered deposit bag. The bank will count and reconcile each deposit. Any discrepancies are reported. Upon receiving the bank receipts – the corporation extra-curricular treasurer and the corporation accounts payable/receivable staff note any discrepancies with the deposit slips submitted and the actual recorded deposit.

RE: INVOICES AND CLAIMS All Purchase Orders are submitted and approved by the building principal. All Purchase Orders are then reviewed by the Asst. Supt. – approved or denied.

All invoices and all claims are reviewed by the Asst. Supt. Before they are submitted for payment to the accounts payable. Any billing discrepancies are reviewed and corrected by the Asst. Superintendent and the Accounts Payable staff.

A detailed report of claims is submitted to the Asst. Supt, Superintendent, and the School Board for review and approval at the monthly meeting.

RE: PAYROLL For the hourly staff, the building administration reviews the hours logged by each staff member and submits final approval to the payroll dept. The payroll staff will review the submissions by the building administrator for any errors, edits, etc. The Asst. Supt. Will randomly review the detailed employee/ hourly submission. Hourly pay is entered by the payroll staff on the Komputrol payroll system.

For salaried staff, the payroll dept. enters the salary using the Komputrol software to compute the compensation per pay period.

A payroll distribution report is submitted for each payroll to the Asst. Supt. A detailed payroll report with names and individual pay information is submitted to the Asst. Superintendent upon request.

Charles L. Tait Business/Assistant Superintendent
Robert L. Taylor Superintendent
Diane Lee Scott Director of Instruction
Bob J. Ross Director of Resource and Operation
Chad A. Martin Director of Technology
Willis T. Pullins Director of Assessment



Administration Center – Office of the Superintendent

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The school board reviews and approves each payroll at the monthly meeting

RE: MONTHLY BANK STATEMENTS AND REPORTS

The corporation treasurer reviews and balances monthly bank statements with the school corporation accounting balances. The extra-curricular treasurer reviews both and will initial a balanced report.

The corporation extra-curricular treasurer reviews and balances monthly bank statements with the school corporation extra-curricular accounts. The corporation treasurer reviews both and will initial a balanced report.

Monthly reports of revenue and expenditures are submitted to the Asst. Superintendent/ Business Manager, the Superintendent, and to each member of the School Board.

FINDING 2012-2	INTERNAL CONTROL/ELIGIBILITY
Federal Agency	U S Department of Agriculture
Federal Program	School Breakfast Program National School Lunch Program Special Milk Program for Children Summer Food Service Program for Children
CFDA Number	10.533, 10.555, 10.556, 10.559
Pass-Through Entity	Indiana Department of Education
Auditee Contact Person	Charles Tait
Title of Contact Person	Assistant Superintendent/ Business Manager
Phone Number	765-482-0380 ext 31811

Food service director and Assistant Superintendent will review and initial all reports submitted.
Eligibility Determination
Applications

FINDING 2012-3 INTERNAL CONTROL/CASH MANAGEMENT AND REPORTING

Federal Agency	U S Department of Agriculture
Federal Program	School Breakfast Program National School Lunch Program Special Milk Program for Children Summer Food Service Program for Children
CFDA Number	10.533, 10.555, 10.556, 10.559
Pass-Through Entity	Indiana Department of Education
Auditee Contact Person	Charles Tait
Title of Contact Person	Assistant Superintendent/ Business Manager
Phone Number	765-482-0380 ext 31811

Charles L. Tait Business/Assistant Superintendent	Robert L. Taylor Superintendent	Diane Lee Scott Director of Instruction
Bob J. Ross Director of Resource and Operation	Chad A. Martin Director of Technology	
	Willis T. Pullins Director of Assessment	



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Food service director and Assistant Superintendent will review and initial all reports submitted.
The Student Services Software and the Food Service Software will be used to generate the reports and then be cross referenced with the School Corporation Financial Software reports regarding revenue and expenditures.

Respectfully submitted,

Charles Tait

2-22-2013

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 February 14, 2013, with Dr. Robert Taylor, Superintendent of Schools; Charles Tait, Business Manager; David Herr, President of the School Board; Melissa Moore, Treasurer; and Jennifer Rice, School Lunch Director. The officials concurred with our audit findings.