

**LEBANON CITY SCHOOL DISTRICT**

**Single Audit Reports**

**June 30, 2003**





**Auditor of State  
Betty Montgomery**

Board of Education  
Lebanon City School District

We have reviewed the Independent Auditor's Report of the Lebanon City School District, Warren County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Lebanon City School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

March 9, 2004

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**Report on compliance and on internal control over financial reporting  
based on an audit of financial statements performed in accordance with  
*Government Auditing Standards***

December 9, 2003

To the Board of Education:

We have audited the basic financial statements of the Lebanon City School District, (the District), as of and for the year ended June 30, 2003, and have issued our report thereon dated December 9, 2003, wherein we noted the District adopted Government Accounting Standards Board 34, 37 and 38 and Government Accounting Standards Board Interpretation No. 6. 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.

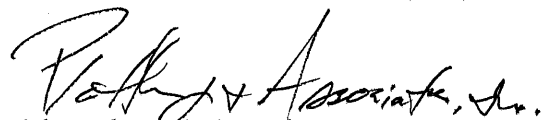
Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 non-compliance required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the Board of Education, 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.

A handwritten signature in cursive script that reads "Plattenburg & Associates, Inc.".

Plattenburg & Associates, Inc.  
Certified Public Accountants



**Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133**

December 9, 2003

To the Board of Education:

Compliance

We have audited the compliance of the Lebanon City School District, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal programs are identified in the summary of auditor's results portion of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District'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 District'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 District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

### Internal Control Over Compliance


The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the District as of and for the year ended June 30, 2003, and have issued our report thereon dated December 9, 2003. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Board of Education, 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.



Plattenburg & Associates, Inc.  
Certified Public Accountants



**LEBANON CITY SCHOOL DISTRICT**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
Passed Through Ohio Department of Education:						
Child Nutrition Cluster:						
National School Lunch Program	04-PU	10.555	\$244,736	\$0	\$242,003	\$0
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>244,736</u>	<u>0</u>	<u>242,003</u>	<u>0</u>
Food Distribution Program	03-PU	10.550	0	50,495	0	61,732
Total U.S. Department of Agriculture - Nutrition Cluster			<u>244,736</u>	<u>50,495</u>	<u>242,003</u>	<u>61,732</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Title VI - B Grant	6B-SF	84.027	398,817	0	351,561	0
Preschool Grant	PG-S1	84.173	5,517	0	11,015	0
Total Special Education Cluster			<u>404,334</u>	<u>0</u>	<u>362,576</u>	<u>0</u>
Raising the bar	*	84.318	2,683	0	5,129	0
Eisenhower Grant	MS-S1	84.281	2,177	0	13,475	0
Title I Grant	C1-S0	84.010	343,803	0	280,180	0
Title VI	C2-S1	84.298	35,218	0	25,138	0
Drug Free Schools Grant	DR-S1	84.186	19,641	0	17,783	0
Reading Excellence Act Grant	*	84.338	0	0	20,679	0
Title VI-R	*	84.340	28,334	0	30,322	0
Assistive Tech. Infusion	*	84.352	1,422	0	1,490	0
Title II-A	*	84.367	96,587	0	87,846	0
Total Department of Education			<u>934,199</u>	<u>0</u>	<u>844,618</u>	<u>0</u>
Total Federal Assistance			<u>\$1,178,935</u>	<u>\$50,495</u>	<u>\$1,086,621</u>	<u>\$61,732</u>

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B -- FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants, and it is assumed that federal monies are expended first.

\* Information unavailable

**LEBANON CITY SCHOOL DISTRICT**  
**JUNE 30, 2003**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 SECTION .505**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under Section .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	Nutrition Cluster, Special Education Cluster
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**  
**REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None Noted

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None Noted

**LEBANON CITY SCHOOL DISTRICT  
JUNE 30, 2003**

**SCHEDULE OF PRIOR AUDIT AND QUESTIONED COSTS  
*OMB CIRCULAR A-133***

Lebanon City School District had no prior audit findings or questioned costs.

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**LEBANON CITY SCHOOL DISTRICT  
LEBANON, OHIO**



*COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003*

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**LEBANON CITY SCHOOL DISTRICT**

**LEBANON, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

*Prepared by:  
Mary Beth Kemmer, Treasurer*

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Lebanon City School District  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2003

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# INTRODUCTORY SECTION



## *Lebanon's High Five*

1. **Quality Facilities for Quality Learning**
2. **State Report Card - 22 or Bust!**
3. **Success for All Students**
4. **Teacher's Learning Drives Student's Learning**
5. **Lebanon's Guarantee - All Children will Read!**



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645 Oak Street • Lebanon, Ohio 45036-1634  
Phone (513) 932-9470 • Fax (513) 932-5906

December 9, 2003

TO THE CITIZENS AND BOARD OF EDUCATION OF THE LEBANON CITY SCHOOL  
DISTRICT:

We are pleased to present the eleventh Comprehensive Annual Financial Report [CAFR] of the Lebanon City School District [District] for the fiscal year ended June 30, 2003, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from the Auditor of State and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report was prepared in conformance with generally accepted accounting principals as set forth by the Governmental Accounting Standards Board (GASB). This report will provide the taxpayers of the Lebanon City School District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

The Comprehensive Annual Financial Report is divided into three sections:

The **Introductory Section** includes a table of contents, this transmittal letter, a list of principal officials, the District's organization chart, the District's consultants and advisors, the GFOA Certificate of Achievement and ASBO Certificate of Excellence the District received for the June 30, 2002 CAFR. Also included are the District's major current and future initiatives.

The **Financial Section** includes the report of independent accountants on the financial statements, management's discussion and analysis, basic financial statements, notes to the basic financial statements, required supplementary information, and the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.

The **Statistical Section** includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparative purposes.

The District provides a full range of traditional and non-traditional educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory and vocational levels; a broad range of cocurricular and extracurricular activities; adult and community education offerings; special education programs and facilities; and community recreational facilities.

The District receives pass through grants from the State and distributes these grants to parochial/private schools located within the District. This activity is included in the entity as the Auxiliary Services Special Revenue Fund, because of the District's administrative involvement in the program. The parochial/private schools served are: St. Francis DeSales and Lebanon United Methodist Kindergarten. While these organizations share operational and service similarity with the District, each is a legally separate and distinct entity. Because of their independent nature, none of these organizations are included in this report.

## **ECONOMIC CONDITION AND OUTLOOK**

The District is located in southwestern Ohio, in the central part of Warren County. Approximately 76% of the District's tax base are agricultural and residential properties; the remainder is composed of a wide range of manufacturing, commercial and other business properties. The overall economic outlook for the area remains very positive with low unemployment rates, growth in the local tax base, and low inflationary pressures.

The District is continually challenged by the responsibility bestowed upon it by the community at large. We are always striving to provide the very best opportunities to every student, while carefully guarding the District's resources.

## **THE DISTRICT AND ITS FACILITIES**

The District serves an area of 81.9 square miles in the central part of Warren County, encompassing the City of Lebanon and portions of 3 other cities and 8 townships. Located approximately 35 miles northeast of the City of Cincinnati and 30 miles south of the City of Dayton, Lebanon is a desirable location for many families who work in both metropolitan areas.

During the 2002-2003 school year, the District served 4,670 students enrolled in 3 elementary schools, 1 intermediate school, 1 middle school and 1 high school. This enrollment increased by 64 students from the 2001-2002 school year. The preliminary enrollment for the 2003-2004 school year is 4,715, an increase of 45 students.

<b>Constructed</b>	<b>School Address</b>	<b>October, 2003 Enrollment</b>
1959	Holbrook Elementary 700 Holbrook Ave.	708
1959	Louisa Wright Elementary 600 South East St.	382
1957	Dunlavy Elementary 501 N. Water St.	344



<b>Constructed</b>	<b>School/Address</b>	<b>Enrollment</b>
1993	Donovan Intermediate 401 Justice Dr.	758
1930	Berry Middle School 23 Oakwood Ave.	1155
1969	Lebanon High School 160 Miller Rd.	1204

### **ORGANIZATION OF THE SCHOOL DISTRICT**

The Board of Education of the Lebanon City School District is a five member body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code. The Board: (1) serves as the taxing authority, contracting body and policy maker, (2) ensures that all the general laws of the State of Ohio are followed in the expenditures of the District's tax dollars, (3) approves the annual appropriation resolution and tax budget.

The Board members represent a cross section of professions in the community. The board members on June 30, 2003, were as follows:

<b>Board Member</b>	<b>Began Service</b>	<b>Term Expires</b>	<b>Profession</b>
Katherine Poitinger	January 1996	December, 2003	School Psychologist
Orville Robinson	January 1997	December, 2005	Minister
Paul Brewer	January, 2000	December, 2003	Entrepreneur
Jackson Hedges	January, 2002	December, 2005	Attorney
Donna Davis-Norris	January, 2000	December, 2003	Fiscal Service Liason

The Superintendent is the chief executive officer of the District, responsible directly to the Board for all educational and support operations. Mr. James W. Sears was appointed Superintendent effective August 12, 1999. Mr. Sears has extensive professional experience in the educational environment, and has a Master's degree from Xavier University. He has served education in many capacities as an instructor both in secondary and college, a middle school principal, and as an Assistant Superintendent.

The Treasurer is the chief financial officer of the District, responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets, investing idle funds as specified by Ohio and Law. Mrs. Mary Beth Kemmer was appointed Treasurer and serves as Secretary to the Board, effective January 16, 2000. Mrs. Kemmer received her Bachelor's degree in administration from Capital University. She holds a Master's degree in education administration from Ohio University.

## **EMPLOYEE RELATIONS**

The District currently has approximately 296 certified and 203 classified employees. The number of employees has been steady for the last several years. During the 2003 fiscal year, the District paid, from its General Fund total salaries and fringe \$23,588,025 in salaries and wages, and as retirement contributions, workers' compensation, and life and health benefits.

The District's teachers are represented for collective bargaining purposes by the Lebanon Education Associate (LEA). The District has a three year collective bargaining agreement with LEA which expires August 31, 2005. The District's classified employees are represented for collective bargaining purposes by the Ohio Association of Public School Employees [OAPSE]. The District has a three year collective bargaining agreement with OAPSE which expires June 30, 2005.

## **SERVICES PROVIDED**

The District provides a wide variety of educational and support services, as mandated by the Ohio Revised Code or board directives.

Transportation is provided for students each day. The District fleet of 73 buses and 80 drivers traveled over 750,000 miles on routes and field trips.

The food service department served 297,696 plate lunches throughout the District's 6 kitchens. This is accomplished through the full operation of 6 kitchens and no satellite sites. The District currently offers a breakfast program at 2 elementary sites.

In addition to transportation and school lunch support services, students in the District also receive guidance, psychological, and limited health services free of charge. The guidance services are designed to help students match their natural skills with vocational and/or academic programs to help them achieve their full potential in life. Psychological services include the testing and identification of students for special education programs.

The School Health Program at Lebanon City Schools is based on the concept that healthy children learn better and can take advantage of the educational opportunities provided to them. Throughout the year, the school nurses serve to promote the health of each children through preventative health measures as well as district interventions. Major activities include: Vision and hearing screening, scoliosis screening, and for parent convenience, on site immunizations clinics.

The District offers regular instructional programs daily to students in grades K-12. Over 435 students receive special services, due to physical or mental handicapping conditions. In grades K-12, approximately 286 students participated in the gifted program. The District presented 270 high school diplomas in 2003.

## **MAJOR CURRENT AND FUTURE INITIATIVES**

The following is The Mission Statement of the Board that is the guiding force for all initiatives acted upon by the Board:

### **Mission**

Lebanon City Schools are committed to providing a diversity of programs for our students; an excellent and innovative staff who reflect the values of our community; a safe, clean and caring learning environment; lifelong skills that lead to the development of each students' potential; an educational system of which all community members can be proud; and, the opportunity for parent and family involvement.

### **Vision**

Through high expectations for students, staff and this community, Lebanon City Schools will be the standard for excellence.

### **Values**

We expect excellence from all students, staff and community as we:

- Commit to meeting high academic standards
- Develop trusting relationships
- Practice tolerance and respect
- Model and foster an exemplary work ethic
- Challenge all traditional models and processes to create innovative solutions
- Maintain a customer service approach to all jobs and tasks

### **Strategic Choices**

- All decisions will be driven by what's best for students
- Accountability for learning will be implemented using student performance results
- Effective intervention for students will be provided at all levels throughout the district
- Effort will be given to increase the educational readiness for children entering kindergarten
- Extracurricular programs will be a growing, vibrant part of the educational experience
- Resources will be allocated and pursued to achieve district priorities
- Community involvement will be developed into a strong partnership with the district
- Interactions with all people will be respectful, courteous, and timely

## Objectives

- Customer service satisfaction will improve each year
- Community involvement will increase in four key areas; parents, business, civic groups and other community groups
- A plan will be developed and updated annually to pursue and allocate resources to support district priorities
- Extracurricular offerings and participation will increase in grades 5 -12 in each of the next 5 years
- A plan will be developed to increase early childhood preparedness to be implemented at the start of the 2004-05 school year
- Effective intervention opportunities and participation will increase in grades K-12 over the next 5 years
- An accountability system for learning will be implemented using student performance data in all subject areas by the start of the 2005-2006 school year

The 2002-2003 school year was another good year for our school district. We experienced several significant successes. First, we continued to build a strong connection between the schools and the community. Involvement of people in the planning for creating quality facilities for our students has been a key factor as we began the construction of a new high school and elementary school. Many staff gave extra time and effort to improve the learning in the classroom so that our students will be prepared for the proficiency tests and their future world. Their efforts were rewarded as we improved from meeting 21 of 22 standards on the State Report Card. This will place our school district in the top category called "Excellent".

The teaching staff continued to demonstrate their desire to improve the learning for all students through attending numerous in-service programs on their own time. Teachers throughout the district have been learning how to improve student thinking and writing at all levels. We firmly believe that teacher learning drives student learning.

The Board of Education worked together with a team of teachers, administrators and parents to create a strategic plan that will guide our district for the next three years. Our current Board of Education is committed to being financially prudent while providing a learning environment that encourages all students to succeed. Because of the team approach being used by the Board it was certainly another good year for our school district.

The start of each school year brings new challenges. Next year we will continue to involve staff and other members of the community as we begin the planning for the move to our new schools during the summer of 2004. The "Big Fat Move" as we are calling it will involve almost everyone in our school system in one way or another. In fact eleven of our thirteen grades will be moved to a different spot. Lots of planning has already occurred and more will be needed as we make sure that our classrooms and new grade level configurations are implemented in the best interests of students in the fall of 2004.

During this school year we will continue to improve both our curriculums and related instruction. We continue to make progress on the State Report Card. However, we are not yet where we want and need to be. In fact, our focus will continue to be “Success for All Students”. Our Directors of Instruction and the building principals will be working closely with the Instructional Leaders and the teachers to make sure that we are doing everything possible to close the achievement gap from our least to most successful students.

We are setting high expectations for our students and will be assessing as to whether or not each student attains those expectations. This year we piloted some common assessments that provided us valuable information on the individual progress of students. Next year we will be expanding our use of data so that we can determine how best to intervene with each student to assure success.

Lebanon City Schools is definitely moving in the right direction as we continue to make our decisions based upon what is best for students. Our teachers have been working hard at changing the teaching and learning so that it will prepare our students for the global society of the future. Students will need to learn how to learn, be problem solvers, and work in teams. They must become thinkers. Our curriculum and instruction must include these skills. With this in mind we will be analyzing the data found in our schools to see what needs to be done to make sure our schools are providing not only the right type of learning but also the best.

### **School-Safe Help Line**

In an attempt to be proactive in our efforts to insure the safety of the children and employees of the district, we have created a “School-Safe Help Line”. The help line provides a way for individuals to call and report incidents of vandalism, suspected vandalism or violence, threats of intimidation or other incidents that may endanger students or employees in any way. We also encourage individuals to call to report knowledge of illegal substances or weapons entering our schools.

It is our hope that access to the help line will assist in making our schools a safe and secure haven for all who enter our buildings and facilities.

### **Custodial and Maintenance Service**

Our custodial and maintenance staff continues to work diligently to maintain our school facilities and insure that we are being good stewards of our buildings. We continue with weekly building inspections to address needed repairs within the limitations of our budget. We have recently implemented on-line maintenance work order requests through our technology department to better monitor and track maintenance and repair needs throughout the district.

## **Student Discipline Policy**

Student's rights, responsibilities and conduct are defined in the Board of Education policy. This policy clearly defines the behavioral expectations for all students. In addition, the policy contains an explanation of the process by which student misbehavior is handled.

Copies of this policy are given to all students at the beginning of each school year and posted in each school office. Additional copies are available upon request from any school building.

## **Curriculum Improvements**

In the face of drastic changes in the economy, the workplace, and the workforce, the curriculum programs at Lebanon City Schools have been forward-looking to equip students with skills that will enable them to function in a changing economy and a changing workplace.

Our academic content standards serve as a basis' for what all students should know and be able to do by the time they graduate from high school. The standards, benchmarks and grade-level indicators are intended to provide the teacher, student and parents with a common set of expectations for learning.

These new curriculum standards will increase student learning and promote higher student achievement.

Curriculum program decisions focus on meeting the academic, social and emotional needs of students – The Whole Child. To address the needs of the whole child, Lebanon City Schools received two (2) \$300,000 grants to provide a comprehensive program to enhance the fitness and well-being of our students in grades 7 – 12. Individual students will receive a hands-on education in the four vital areas of fitness, including muscular strength, endurance, cardio-respiratory ability (overall health of the heart, lungs, and circulatory system), flexibility (ability to extend and increase the range of motion of joint structures), and body composition (higher percentage of lean muscle mass relative to fat mass). The new fitness centers are located at Berry Middle School and the High School.

## **School Improvement Program**

- K, 1, and 2 teachers piloted the new Ohio Diagnostic Assessments that will be operational across the State next year.
- More than 48 students were served in the Jump Start all day kindergarten program that focused on the development of early literacy skills.
- The “Amigos” mentoring program completed its third successful year. District employees are paired with selected students to provide them with some special attention and a boost of self confidence.
- Dunlavy maintains a partnership with Otterbein Retirement Community for a Volunteer Tutor Program.

- Many students participated in the “Big Brothers, Big Sisters” program, with Lebanon High School students volunteering their time to be with our children.
- The Intermediate school language arts and special education staff engaged in a year-long professional development program where teachers studied, implemented, and discussed with their colleagues professional texts and teaching methods. This focus assisted teachers in continuing to meet the literacy needs of our intermediate-aged students.
- The content teachers at Donovan spent the year teaching math with a problem-solving approach. Professional development throughout the year included developing manipulative activities, discussing successes with colleagues, and analyzing student work.
- Also at Donovan, a math tool room was created using funds from a Martha Holden Jennings grant received last year. These tools supported teachers in the problem-solving approach used to teach and investigate mathematics.

## **LONG-RANGE BUILDING AND MAINTENANCE PLANS**

The district is currently involved in an over \$50 Million building project. The new high school and elementary school will open in the summer of 2004. The increased space is needed to accommodate a rapidly growing student population.

For a more in-depth analysis of the District’s current economic condition, please see the Management Discussion and Analysis (MD&A) portion of the report in the Financial section.

## **FINANCIAL INFORMATION**

The District’s accounting system is organized on a “fund” basis. Each fund is a distinct, self-balancing entity. Records for general governmental operations are maintained on a budgetary basis system of accounting as prescribed by State statute. Cash basis accounting differs from generally accepted accounting principles [GAAP] as promulgated by the Governmental Accounting Standards Board [GASB].

## **INTERNAL ACCOUNTING AND BUDGETARY CONTROL**

In developing the District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The District utilizes a fully automated accounting system as well as an automated system of control for fixed assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. Appropriations are monitored, changed and amended/adopted on a monthly basis.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the fund level. All purchase order requests must be approved by the individual program managers and certified by the Treasurer; necessary funds are then encumbered and purchase orders are released to vendors.

The basis of accounting and the various funds utilized by the District are fully described in the notes to the basic financial statements. Additional information on the District's budgetary accounts can also be found in the notes to the basic financial statements.

## **CASH MANAGEMENT**

The Board has an aggressive cash management program which consists of expediting the receipt of revenues and prudently investing available cash in obligations collateralized by the United States Government, or the State of Ohio issued instruments or insured by the Federal Deposit Insurance Corporation [FDIC]. The total amount of earnings on investments was \$709,940 for the year ended June 30, 2003.

The cash management program is designed to minimize cash on hand and maximize investment holdings. All investments are spread among available investment options to insure maximum interest rates.

The District's investment policy is to minimize market risk while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by FDIC or collateralized. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

## **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year, the District contracted with Nationwide Insurance Company for general liability insurance with a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate with a \$1,000 deductible.



Property is protected by Indiana Insurance and holds a \$500 deductible. The bus fleet and maintenance vehicles are insured by Indiana Insurance with a \$500 deductible and a \$1,000,000 limit per occurrence.

The Ohio Casualty Insurance Company maintains a \$10,000 position bond for the Board President and Superintendent. The Ohio Casualty Insurance Company maintains a \$50,000 position bond for the Director of Operations. The Ohio Casualty Insurance Company maintains a \$1,000,000 performance bond for the Treasurer and a \$25,000 position bond for the six other employees in the Treasurer's Office. The Ohio Casualty Insurance Company holds a \$10,000 blanket bond for all other employees.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

## **INDEPENDENT AUDIT**

This report includes financial statements and supplemental schedules which have been audited by Plattenburg & Associates, Inc., a firm of independent Certified Public Accountants. The report of independent accountants of Plattenburg & Associates, Inc., specifies the scope of their audit, the use of generally accepted auditing standards and the conformity of generally accepted accounting principles, and concludes that these financial statements present fairly the financial position of the District.

## **AWARDS**

### GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada [GFOA] awarded a Certificate of Achievement to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

ASBO Certificate

The Association of School Business Officials International [ASBO] awards a Certificate of Excellence in Financial Reporting to school districts that publish Comprehensive Annual Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The award is granted only after an intensive review of the financial report by all expert panel of certified public accountants and practicing school business officials.

The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2002. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2003, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

**ACKNOWLEDGEMENTS**

The preparation of the 2003 Comprehensive Annual Financial Report of the Lebanon City School District was made possible by the combined efforts of the District's Finance Department and Plattenburg and Associates, Incorporated. The publication of this Comprehensive Annual Financial Report for the District is a major step in reinforcing the accountability of the District to the taxpayers of the community.

Respectfully submitted,

  
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Mary Beth Kemmer  
Treasurer

**LEBANON CITY SCHOOL DISTRICT  
LIST OF PRINCIPAL OFFICIALS**

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**ELECTED OFFICIALS**

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<b>President, Board of Education</b>	<b>Mr. Orville Robinson</b>
<b>Vice President, Board of Education</b>	<b>Mr. Paul Brewer</b>
<b>Board Member</b>	<b>Mr. Jack Hedges</b>
<b>Board Member</b>	<b>Ms. Katherine Poitinger</b>
<b>Board Member</b>	<b>Ms. Donna Davis-Norris</b>

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**ADMINISTRATIVE OFFICIALS**

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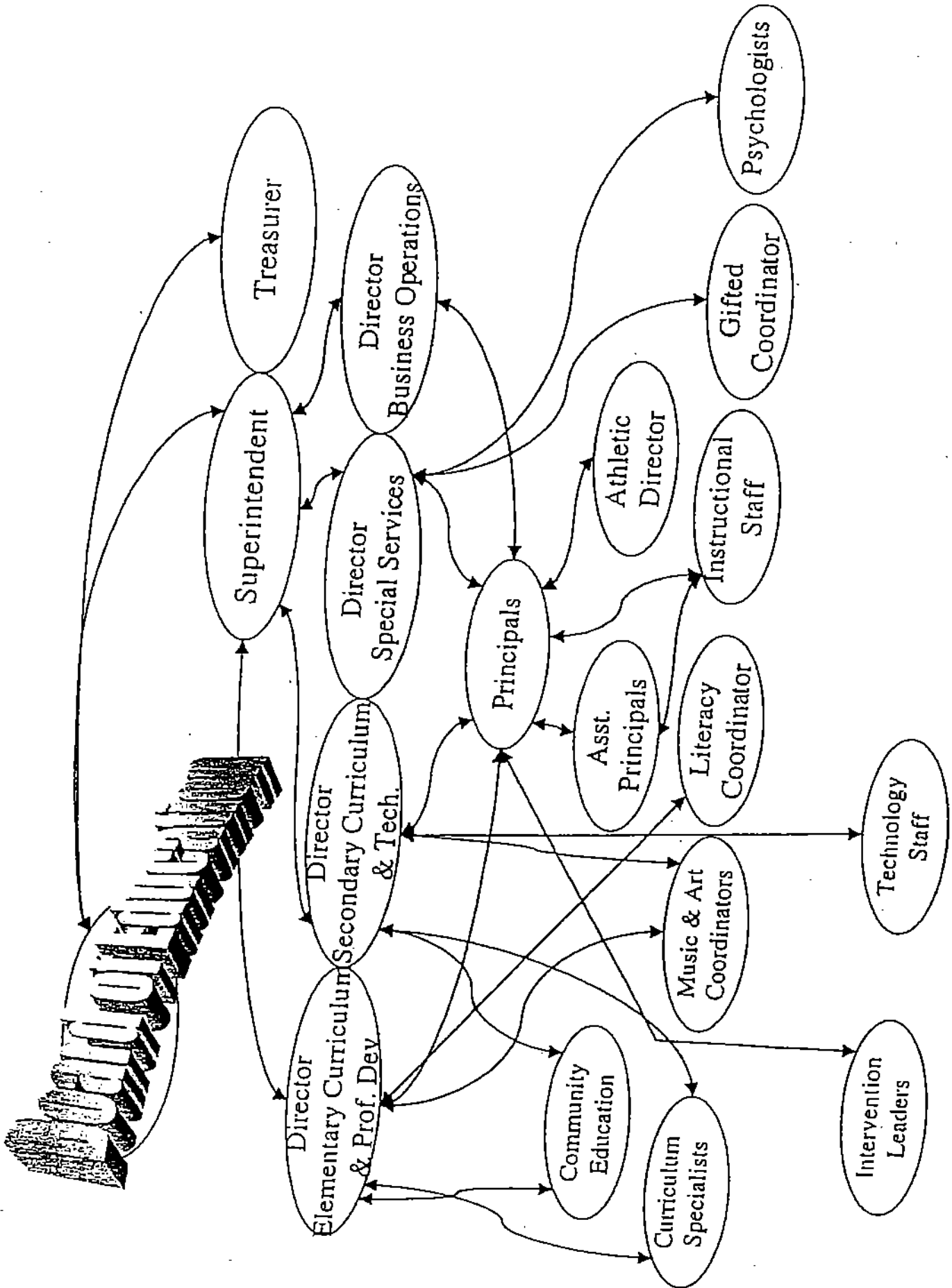
<b>Superintendent</b>	<b>Mr. James W. Sears</b>
<b>Treasurer</b>	<b>Ms. Mary Beth Kemmer</b>
<b>Director of Secondary Instruction/Technology</b>	<b>Ms. Jennifer Moormeier</b>
<b>Director of Elementary Instruction/Staff Development</b>	<b>Ms. Becky Hill</b>
<b>Director of Business Operations</b>	<b>Mr. R. Stuart Long</b>
<b>District Maintenance/Custodial Supervisor</b>	<b>Mr. Ronald Hurtt</b>
<b>Supervisor of Transportation</b>	<b>Mr. Doug Keiter</b>
<b>Director of Special Services</b>	<b>Mrs. Pamela Bullock</b>

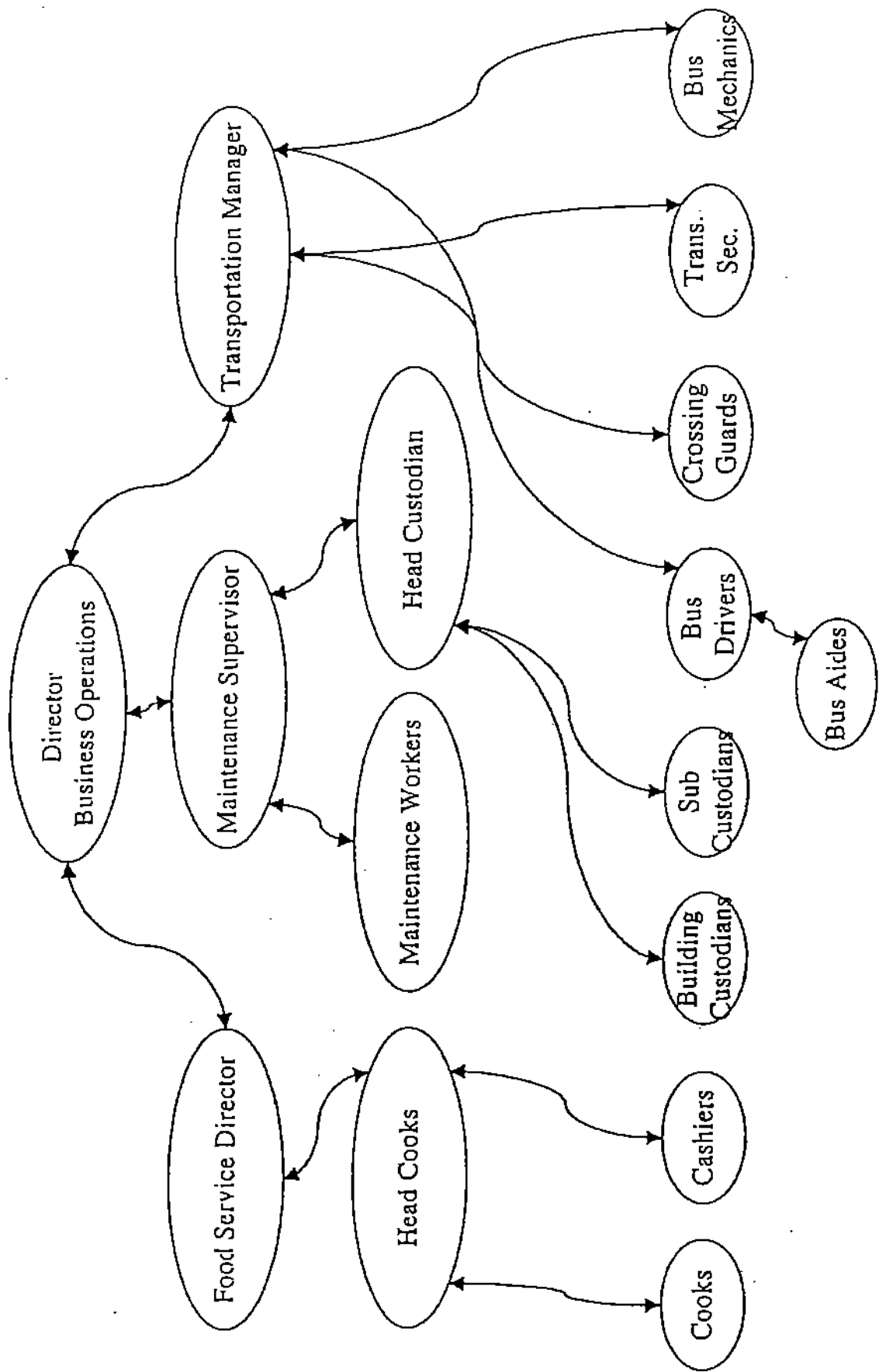
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**OFFICE OF THE TREASURER**

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<b>Treasurer</b>	<b>Ms. Mary Beth Kemmer</b>
<b>Assistant Treasurer</b>	<b>Ms. Inga Fisher</b>
<b>Payroll Specialist</b>	<b>Ms. Linda Sheppard</b>
<b>Payroll Assistant</b>	<b>Ms. Terri Lenos</b>
<b>Accounting Specialist</b>	<b>Ms. Kristy Garrison</b>
<b>Secretary/Accounting Specialist/EMIS Coordinator</b>	<b>Ms. Lori Kesner</b>
<b>Accounting Clerk</b>	<b>Ms. Jean Campbell</b>





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lebanon City School  
District, Ohio

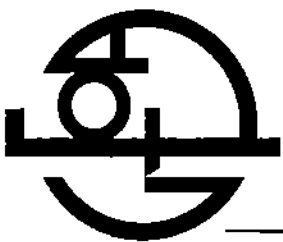
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



The Government Finance Officers Association  
of the United States and Canada

presents this

## AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Mary Beth Kemmer  
Treasurer

Lebanon City School District, Ohio

*The Award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

Date

April 1, 2003

# FINANCIAL SECTION



## *Lebanon's High Five*

1. **Quality Facilities for Quality Learning**
2. **State Report Card - 22 or Bust!**
3. **Success for All Students**
4. **Teacher's Learning Drives Student's Learning**
5. **Lebanon's Guarantee - All Children will Read!**







December 9, 2003

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lebanon City School District, (the District) as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lebanon City School District, as of June 30, 2003 and, the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the notes, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Governmental Accounting Standards Board Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*; Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures*; and Governmental Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

### **Required Supplementary Information**

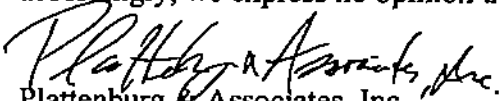
The Management's Discussion and Analysis and the budgetary information, listed in the table of contents as required supplementary information, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United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

### **Combining Financial Statements and Individual Fund Schedules**

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying information identified in the table of contents as combining and individual nonmajor fund financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **Introductory and Statistical Sections**

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information has not be subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereon.

  
Plattenburg & Associates, Inc.  
Certified Public Accountants

**LEBANON CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2003  
(Unaudited)**

The discussion and analysis of Lebanon City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Board has elected to exclude the information in this report. Subsequent reports will include the comparative information.

**Financial Highlights**

Key financial highlights for 2003 are as follows:

- In total, net assets decreased \$0.51 million. Net assets of governmental activities decreased \$0.51 million which represents a 3.2% decrease from 2002. Net assets of business-type activities increased \$0.02 million or 12.3% from 2002.
- General revenues accounted for \$32.77 million in revenue or 91.5% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3.06 million or 8.5% of total revenues of \$35.83 million.
- Total assets of governmental activities decreased by \$4.65 million as taxes receivable increased by \$0.23 million and cash and other receivables decreased by \$15.12 million.
- The District had \$34.97 million in expenses related to governmental activities; only \$1.69 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$32.74 million were also used to provide for these programs.
- As a major fund, the General Fund had \$28.59 million in revenues and \$29.28 million in expenditures. The General Fund balance decreased from \$6.02 to \$5.26 million. The Building Fund had \$0.61 million in revenues and \$11.57 million in expenditures. The Building Fund balance decreased from \$42.37 to \$31.31 million.

## Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statements of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General and Building Funds are the major funds of the District.

### Reporting the School District as a Whole

#### *Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2003?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include *all assets and liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the *Statement of Net Assets* and the *Statement of Activities*, the District is divided into two distinct kinds of activities:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's food service, uniform school supplies and community school are reported as business activities.

## Reporting the District's Most Significant Funds

### *Fund Financial Statements*

The analysis of the District's major funds is presented in the Fund Financial Statements (see Table of Contents). Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

**Governmental Funds** Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

**Proprietary Funds** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

### The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net assets for 2002 compared to 2003:

Table 1  
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>
<b>Assets</b>						
Current and Other Assets	\$76,960,903	\$62,076,717	\$123,356	(\$79,117)	\$77,084,259	\$61,997,600
Capital Assets	<u>16,400,311</u>	<u>26,630,659</u>	<u>309,634</u>	<u>305,818</u>	<u>16,709,945</u>	<u>26,936,477</u>
Total Assets	<u>93,361,214</u>	<u>88,707,376</u>	<u>432,990</u>	<u>226,701</u>	<u>93,794,204</u>	<u>88,934,077</u>
<b>Liabilities</b>						
Long-Term Liabilities	45,863,011	47,450,448	18,281	34,965	45,881,292	47,485,413
Other Liabilities	<u>30,828,536</u>	<u>25,118,747</u>	<u>266,020</u>	<u>24,686</u>	<u>31,094,556</u>	<u>25,143,433</u>
Total Liabilities	<u>76,691,547</u>	<u>72,569,195</u>	<u>284,301</u>	<u>59,651</u>	<u>76,975,848</u>	<u>72,628,846</u>
<b>Net Assets</b>						
Invested in Capital						
Assets Net of Debt	(36,315,396)	(24,068,481)	272,205	305,818	(36,043,191)	(23,762,663)
Restricted	50,206,974	33,275,297	0	0	50,206,974	33,275,297
Unrestricted	<u>2,778,089</u>	<u>6,931,365</u>	<u>(123,516)</u>	<u>(138,768)</u>	<u>2,654,573</u>	<u>6,792,597</u>
Total Net Assets	<u>\$16,669,667</u>	<u>\$16,138,181</u>	<u>\$148,689</u>	<u>\$167,050</u>	<u>\$16,818,356</u>	<u>\$16,305,231</u>

Total assets decreased \$9.95 million. Equity in pooled cash and cash equivalents decreased \$14.64 million. Taxes receivable increased \$0.23 million. Total liabilities decreased \$4.35 million, resulting in a net asset decrease of \$5.60 million.

The net assets of the District business-type activities increased by \$0.02 million. Since the increase was slight, management has reviewed and, where feasible, increased fees. This action should ensure that business-type activities remain self-supporting.

Table 2 shows the change in net assets for fiscal year 2003. Since this is the first year the District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2002 are not available.

Table 2  
Changes in Net Assets

	Governmental Activities 2003	Business-Type Activities 2003	Total 2003
<b>Revenues</b>			
<b>Program Revenues:</b>			
Charges for Services	\$460,788	\$1,098,226	\$1,559,014
Operating Grants	1,164,066	273,351	1,437,417
Capital Grants	68,051	0	68,051
<b>General Revenue:</b>			
Property Taxes	16,494,707	0	16,494,707
Grants and Entitlements	15,307,065	0	15,307,065
Other	<u>939,266</u>	<u>27,379</u>	<u>966,645</u>
<b>Total Revenues</b>	<u><b>34,433,943</b></u>	<u><b>1,398,956</b></u>	<u><b>35,832,899</b></u>
<b>Program Expenses:</b>			
Instruction	18,998,609	0	18,998,609
<b>Support Services:</b>			
Pupil and Instructional Staff	4,175,274	0	4,175,274
School Administrative, General			
Administration, Fiscal and Business	3,479,579	0	3,479,579
Operations and Maintenance	2,619,241	0	2,619,241
Pupil Transportation	2,874,984	0	2,874,984
Central	261,763	0	261,763
Community Services	293,231	0	293,231
Extracurricular Activities	858,055	0	858,055
Interest and Fiscal Charges	1,404,693	0	1,404,693
Food Service	0	1,159,752	1,159,752
Uniform School Supply	0	219,902	219,902
Community School	<u>0</u>	<u>941</u>	<u>941</u>
<b>Total Expenses</b>	<u><b>34,965,429</b></u>	<u><b>1,380,595</b></u>	<u><b>36,346,024</b></u>
<b>Change in Net Assets</b>	<u><b>(\$531,486)</b></u>	<u><b>\$18,361</b></u>	<u><b>(\$513,125)</b></u>

**Governmental Activities**

The District revenues came from mainly two sources. Property taxes levied for general purposes, Debt Service, Capital Projects and grants and entitlements comprised 92% of the District's revenues for governmental activities.

The District depends heavily on property taxes as a revenue source. The unique nature of the laws governing property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy does not increase as a result of inflation. For example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill pays \$35.00 annually in property taxes. If three years later the home were reappraised and its value were increased to \$200,000 (and this inflationary increase in value is comparable to other property values) the effective tax rate of the levy would be 0.5 mills, and the owner would still pay \$35.00.

As a result, Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 48% of revenue for governmental activities for the District in fiscal year 2003.

Instruction comprises 54% of governmental program expenses. Support services expenses were 38% of governmental program expenses. All other expenses including interest expense were 8%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2002 have not been made since they are not available.

Table 3  
Governmental Activities

	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
Instruction	\$18,998,609	\$18,171,315
Support Services:		
Pupil and Instructional Staff	4,175,274	3,880,550
School Administrative, General Administration, Fiscal and Business	3,479,579	3,394,725
Operations and Maintenance	2,619,241	2,593,728
Pupil Transportation	2,874,984	2,806,933
Central	261,763	210,872
Community Services	293,231	143,983
Extracurricular Activities	858,055	665,725
Interest and Fiscal Charges	<u>1,404,693</u>	<u>1,404,693</u>
Total Expenses	<u>\$34,965,429</u>	<u>\$33,272,524</u>

### **Business-Type Activities**

Business-type activities, include the food service operation, the sale of uniform school supplies and community school operation. These programs had revenues of \$1.40 million and expenses of \$1.38 million for fiscal year 2003. Business activities receive no support from tax revenues.

### **The District's Funds**

Information about the District's major funds is presented in the Fund Financial Statements (see Table of Contents). These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$54,457,975 and expenditures and other financing uses of \$65,725,755. The net change in fund balance for the year was \$11,267,780, or 22.5%.

### **General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2003, the District amended its general fund budget numerous times, however none were significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was \$26.02 million, below original budget estimates of \$26.06 million. Of this \$0.04 million difference, most was due to a conservative estimate for taxes and intergovernmental revenue.

The District's ending unobligated actual fund balance for the General Fund was \$2.19 million above the final budgeted amount.



## Capital Assets and Debt Administration

### Capital Assets

At the end of fiscal 2003, the District had \$26.94 million invested in land, buildings, equipment and construction in progress. Table 4 shows fiscal 2003 balances compared to fiscal 2002:

Table 4  
Capital Assets at June 30  
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2002	2003	2002	2003	2002	2003
Land	\$2,470,335	\$2,545,335	\$0	\$0	\$2,470,335	\$2,545,335
Buildings and Improvements	11,161,664	12,170,593	290,860	286,531	11,452,524	12,457,124
Equipment	2,768,312	2,499,504	18,774	19,287	2,787,086	2,518,791
Construction in Progress	0	9,415,227	0	0	0	9,415,227
Total Net Assets	<u>\$16,400,311</u>	<u>\$26,630,659</u>	<u>\$309,634</u>	<u>\$305,818</u>	<u>\$16,709,945</u>	<u>\$26,936,477</u>

The increase in capital assets is due to \$9.42 million increase for the construction of new school buildings. The District continues its ongoing commitment to maintaining and improving its capital assets.

### Debt

At June 30, 2003, the District had \$45,608,988 in bonds and capital leases payable, \$1,192,941 due within one year. Table 5 summarizes bonds and capital leases outstanding at year end.

Table 5  
Outstanding Debt, at Year End

	Governmental Activities 2002	Governmental Activities 2003
Total:		
General Obligation Bonds:		
Construction of New High School and Elementary	\$40,000,000	\$40,000,000
House Bill 264 Bond	665,000	510,000
School Bus Acquisition Bonds	54,000	0
Construction of New School Buildings	<u>5,000,000</u>	<u>5,000,000</u>
Subtotal Bonds	45,719,000	45,510,000
Capital Lease Payable:		
Abacus & MCAD Software	<u>144,011</u>	<u>98,988</u>
Subtotal Capital Lease Payable	144,011	98,988
Total Outstanding Debt at Year End	<u>\$45,863,011</u>	<u>\$45,608,988</u>

## **For the Future**

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither “adequate” nor “equitable.” Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not “equitable” nor “adequate”. The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court’s concerns.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

With no increase in state funding projected, the District must increase revenues by submitting an operating levy to the community in the near future. At this time, the Board has not set the date and amount for the levy. The District is projecting an increase in enrollment. The need for increased revenues is projected for fiscal year 2005. This increased funding will be needed to provide all students with a quality education. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

In addition, the District’s system of budgeting and internal controls is well regarded. All of the District’s financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District’s finances, the District’s management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

## **Contacting the District’s Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mary Beth Kemmer, Treasurer at Lebanon City School District, 645 Oak Street, Lebanon, Ohio 45036. Or E-mail at kemmer.marybeth@lebanon.k12.oh.us.

Lebanon City School District  
Statement of Net Assets  
June 30, 2003

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$45,952,286	\$82,042	\$46,034,328
Restricted Cash and Investments	83,747	0	83,747
<b>Receivables:</b>			
Taxes	15,542,816	0	15,542,816
Accounts	28,625	13,826	42,451
Intergovernmental	276,723	0	276,723
Internal Balances	192,520	(192,520)	0
Inventory	0	17,535	17,535
Nondepreciable Capital Assets	11,960,562	0	11,960,562
Depreciable Capital Assets, Net	14,670,097	305,818	14,975,915
<b>Total Assets</b>	<b>88,707,376</b>	<b>226,701</b>	<b>88,934,077</b>
<b>Liabilities:</b>			
Accounts Payable	2,138,070	2,249	2,140,319
Accrued Wages and Benefits	3,002,566	20,347	3,022,913
Retainage Payable	396,439	0	396,439
Accrued Interest Payable	262,860	0	262,860
Deferred Revenue	13,713,198	2,090	13,715,288
Claims Payable	605,614	0	605,614
General Obligation Notes Payable	5,000,000	0	5,000,000
<b>Long-Term Liabilities:</b>			
Due Within One Year	1,527,452	0	1,527,452
Due In More Than One Year	45,922,996	34,965	45,957,961
<b>Total Liabilities</b>	<b>72,569,195</b>	<b>59,651</b>	<b>72,628,846</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	(24,068,481)	305,818	(23,762,663)
<b>Restricted for:</b>			
Debt Service	486,081	0	486,081
Capital Projects	32,555,650	0	32,555,650
Special Revenue	233,566	0	233,566
Unrestricted	6,931,365	(138,768)	6,792,597
<b>Total Net Assets</b>	<b>\$16,138,181</b>	<b>\$167,050</b>	<b>\$16,305,231</b>

See accompanying notes.

Lebanon City School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$15,242,123	\$159,315	\$28,861	\$0
Special	2,828,911	0	634,017	0
Vocational	22,388	0	5,101	0
Other	905,187	0	0	0
<b>Support Services:</b>				
Pupil	2,005,537	174	113,696	0
Instructional Staff	2,169,737	36,252	144,602	0
General Administration	25,158	0	0	0
School Administration	2,613,147	33,420	51,434	0
Fiscal	693,845	0	0	0
Business	147,429	0	0	0
Operations and Maintenance	2,619,241	25,513	0	0
Pupil Transportation	2,874,984	0	0	68,051
Central	261,763	14,095	36,796	0
Community Services	293,231	0	149,248	0
Extracurricular Activities	858,055	192,019	311	0
Interest and Fiscal Charges	1,404,693	0	0	0
<b>Total Governmental Activities</b>	<b>34,965,429</b>	<b>460,788</b>	<b>1,164,066</b>	<b>68,051</b>
<b>Business-Type Activities:</b>				
Food Service	1,159,752	855,297	273,351	0
Uniform School Supply	219,902	234,203	0	0
Community School	941	8,726	0	0
<b>Total Business-Type Activities</b>	<b>1,380,595</b>	<b>1,098,226</b>	<b>273,351</b>	<b>0</b>
<b>Totals</b>	<b>\$36,346,024</b>	<b>\$1,559,014</b>	<b>\$1,437,417</b>	<b>\$68,051</b>

General Revenues:  
Property Taxes Levied for:  
General Purposes  
Debt Service  
Capital Projects  
Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings  
Other Revenues

Total General Revenues & Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$15,053,947)	\$0	(\$15,053,947)
(2,194,894)	0	(2,194,894)
(17,287)	0	(17,287)
(905,187)	0	(905,187)
(1,891,667)	0	(1,891,667)
(1,988,883)	0	(1,988,883)
(25,158)	0	(25,158)
(2,528,293)	0	(2,528,293)
(693,845)	0	(693,845)
(147,429)	0	(147,429)
(2,593,728)	0	(2,593,728)
(2,806,933)	0	(2,806,933)
(210,872)	0	(210,872)
(143,983)	0	(143,983)
(665,725)	0	(665,725)
(1,404,693)	0	(1,404,693)
<u>(33,272,524)</u>	<u>0</u>	<u>(33,272,524)</u>
0	(31,104)	(31,104)
0	14,301	14,301
0	7,785	7,785
<u>0</u>	<u>(9,018)</u>	<u>(9,018)</u>
<u>(\$33,272,524)</u>	<u>(\$9,018)</u>	<u>(\$33,281,542)</u>
12,817,310	0	12,817,310
2,744,068	0	2,744,068
933,329	0	933,329
15,307,065	0	15,307,065
706,577	0	706,577
232,689	27,379	260,068
<u>32,741,038</u>	<u>27,379</u>	<u>32,768,417</u>
(531,486)	18,361	(513,125)
<u>16,669,667</u>	<u>148,689</u>	<u>16,818,356</u>
<u>\$16,138,181</u>	<u>\$167,050</u>	<u>\$16,305,231</u>

Lebanon City School District  
 Balance Sheet  
 Governmental Funds  
 June 30, 2003

	General	Building	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$5,501,451	\$38,401,637	\$2,007,924	\$45,911,012
Restricted Cash and Investments	83,747	0	0	83,747
<b>Receivables:</b>				
Taxes	12,543,824	0	2,998,992	15,542,816
Accounts	8,247	16,700	0	24,947
Intergovernmental	0	0	276,723	276,723
Interfund	1,468,026	0	0	1,468,026
<b>Total Assets</b>	<b>19,605,295</b>	<b>38,418,337</b>	<b>5,283,639</b>	<b>63,307,271</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	391,334	1,711,387	35,349	2,138,070
Accrued Wages and Benefits	2,717,296	0	123,496	2,840,792
Compensated Absences	74,712	0	363	75,075
Retainage Payable	0	396,439	0	396,439
Interfund Payable	0	0	254,278	254,278
Deferred Revenue	11,159,782	0	2,715,452	13,875,234
General Obligation Notes Payable	0	5,000,000	0	5,000,000
<b>Total Liabilities</b>	<b>14,343,124</b>	<b>7,107,826</b>	<b>3,128,938</b>	<b>24,579,888</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	272,974	33,779,669	375,341	34,427,984
Reserved for Property Tax Advances	1,384,042	0	445,576	1,829,618
Reserved for Set Aside	83,747	0	0	83,747
Reserved for School Bus Purchase	215,620	0	0	215,620
Unreserved, Designated for General Fund	165,855	0	0	165,855
<b>Unreserved, Undesignated, Reported in:</b>				
General Fund	3,139,933	0	0	3,139,933
Special Revenue Funds	0	0	(80,530)	(80,530)
Debt Service Funds	0	0	413,724	413,724
Capital Projects Funds	0	(2,469,158)	1,000,590	(1,468,568)
<b>Total Fund Balances</b>	<b>5,262,171</b>	<b>31,310,511</b>	<b>2,154,701</b>	<b>38,727,383</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$19,605,295</b>	<b>\$38,418,337</b>	<b>\$5,283,639</b>	<b>\$63,307,271</b>

See accompanying notes.

Lebanon City School District  
 Reconciliation of Total Governmental Fund Balance to  
 Net Assets of Governmental Activities  
 June 30, 2003

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Total Governmental Fund Balance	\$38,727,383
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	26,630,659
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	162,036
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	(1,581,890)
In the statement of net assets, interest is accrued, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.	(262,860)
Some liabilities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.	(1,928,159)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	<u>(45,608,988)</u>
Net Assets of Governmental Activities	<u>\$16,138,181</u>

See accompanying notes.

Lebanon City School District  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2003

	General	Building	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$12,851,399	\$0	\$3,677,396	\$16,528,795
Tuition and Fees	81,887	0	2,585	84,472
Investment Earnings	105,476	590,262	7,389	703,127
Intergovernmental	15,402,765	0	1,043,116	16,445,881
Extracurricular Activities	0	0	269,048	269,048
Other Revenues	152,685	16,700	87,799	257,184
<b>Total Revenues</b>	<b>28,594,212</b>	<b>606,962</b>	<b>5,087,333</b>	<b>34,288,507</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	13,963,357	9,814,006	408,867	24,186,230
Special	2,059,011	430,058	542,197	3,031,266
Vocational	16,435	0	5,750	22,185
Other	905,187	0	0	905,187
<b>Support Services:</b>				
Pupil	1,865,494	0	125,461	1,990,955
Instructional Staff	1,926,723	0	176,164	2,102,887
General Administration	25,006	0	0	25,006
School Administration	2,180,362	516,919	71,187	2,768,468
Fiscal	606,783	42,423	48,714	697,920
Business	148,637	0	0	148,637
Operations and Maintenance	2,002,506	614,889	223,577	2,840,972
Pupil Transportation	2,806,016	0	0	2,806,016
Central	170,662	0	90,878	261,540
Community Services	136,915	0	169,124	306,039
Extracurricular Activities	469,269	150,490	208,852	828,611
<b>Debt Service:</b>				
Principal Retirement	0	0	254,023	254,023
Interest and Fiscal Charges	0	0	2,380,695	2,380,695
<b>Total Expenditures</b>	<b>29,282,363</b>	<b>11,568,785</b>	<b>4,705,489</b>	<b>45,556,637</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(688,151)</b>	<b>(10,961,823)</b>	<b>381,844</b>	<b>(11,268,130)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Fixed Assets	350	0	0	350
Transfers In	0	10,000,000	10,169,118	20,169,118
Transfers (Out)	(71,277)	(10,097,841)	(10,000,000)	(20,169,118)
<b>Total Other Financing Sources (Uses)</b>	<b>(70,927)</b>	<b>(97,841)</b>	<b>169,118</b>	<b>350</b>
<b>Net Change in Fund Balance</b>	<b>(759,078)</b>	<b>(11,059,664)</b>	<b>550,962</b>	<b>(11,267,780)</b>
<b>Fund Balance Beginning of Year</b>	<b>6,021,249</b>	<b>42,370,175</b>	<b>1,603,739</b>	<b>49,995,163</b>
<b>Fund Balance End of Year</b>	<b>\$5,262,171</b>	<b>\$31,310,511</b>	<b>\$2,154,701</b>	<b>\$38,727,383</b>

See accompanying notes.



Lebanon City School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2003

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Net Change in Fund Balance - Total Governmental Funds (S11,267,780)

Amounts reported for governmental activities in the  
 statement of activities are different because:

Governmental funds report capital outlays as expenditures.  
 However, in the statement of activities, the cost of those  
 assets is allocated over their estimated useful lives as  
 depreciation expense. This is the amount by which capital  
 outlays exceeded depreciation in the current period. 10,230,348

Revenues in the statement of activities that do not provide  
 current financial resources are not reported as revenues in  
 the funds. 145,086

Repayment of bond principal is an expenditure in the  
 governmental funds, but the repayment reduces long-term  
 liabilities in the statement of net assets. 254,023

In the statement of activities, interest is accrued, whereas in  
 governmental funds, an interest expenditure is reported when due. 976,002

Some expenses reported in the statement of activities,  
 such as compensated absences and accrued benefits,  
 do not require the use of current financial  
 resources and therefore are not reported as expenditures  
 in governmental funds. (12,127)

The internal service fund used by management to charge  
 the costs of insurance to individual funds is not reported in  
 the district-wide statement of activities. Governmental fund  
 expenditures and the related internal service fund revenues  
 are eliminated. The net revenue (expense) of the internal  
 service fund is allocated among the governmental activities. (857,038)

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Change in Net Assets of Governmental Activities (S531,486)

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See accompanying notes.

Lebanon City School District  
Statement of Net Assets  
Proprietary Funds  
June 30, 2003

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Fund
	Food Service	Uniform School Supply	Community School	Total Business-Type Activities	
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$967	\$81,074	\$1	\$82,042	\$41,274
<b>Receivables:</b>					
Accounts	864	12,962	0	13,826	3,678
Inventory	17,535	0	0	17,535	0
<b>Total Current Assets</b>	<b>19,366</b>	<b>94,036</b>	<b>1</b>	<b>113,403</b>	<b>44,952</b>
Depreciable Capital Assets, Net	305,818	0	0	305,818	0
<b>Total Assets</b>	<b>325,184</b>	<b>94,036</b>	<b>1</b>	<b>419,221</b>	<b>44,952</b>
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Accounts Payable	141	1,949	159	2,249	0
Accrued Wages and Benefits	20,347	0	0	20,347	0
Interfund Payable	188,189	4,077	254	192,520	1,021,228
Deferred Revenue	2,090	0	0	2,090	0
Claims Payable	0	0	0	0	605,614
<b>Total Current Liabilities</b>	<b>210,767</b>	<b>6,026</b>	<b>413</b>	<b>217,206</b>	<b>1,626,842</b>
<b>Long-Term Liabilities:</b>					
Compensated Absences	34,965	0	0	34,965	0
<b>Total Liabilities</b>	<b>245,732</b>	<b>6,026</b>	<b>413</b>	<b>252,171</b>	<b>1,626,842</b>
<b>Net Assets:</b>					
Invested in Capital Assets, Net of Related Debt	305,818	0	0	305,818	0
Unrestricted	(226,366)	88,010	(412)	(138,768)	(1,581,890)
<b>Total Net Assets</b>	<b>\$79,452</b>	<b>\$88,010</b>	<b>(\$412)</b>	<b>\$167,050</b>	<b>(\$1,581,890)</b>

See accompanying notes.

Lebanon City School District  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2003

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Fund
	Food Service	Uniform School Supply	Community School	Total Business-Type Activities	
<b>Operating Revenues:</b>					
Tuition and Fees	\$0	\$0	\$8,726	\$8,726	\$0
Charges for Services	855,297	234,203	0	1,089,500	2,362,667
Other Revenues	14,153	12,184	1,042	27,379	3,678
<b>Total Operating Revenues</b>	<b>869,450</b>	<b>246,387</b>	<b>9,768</b>	<b>1,125,605</b>	<b>2,366,345</b>
<b>Operating Expenses:</b>					
Personal Services	650,169	0	505	650,674	0
Contactual Services	28,918	0	0	28,918	394,412
Materials and Supplies	470,219	219,902	436	690,557	0
Depreciation	10,446	0	0	10,446	0
Claims	0	0	0	0	2,829,142
<b>Total Operating Expenses</b>	<b>1,159,752</b>	<b>219,902</b>	<b>941</b>	<b>1,380,595</b>	<b>3,223,554</b>
<b>Operating Income (Loss)</b>	<b>(290,302)</b>	<b>26,485</b>	<b>8,827</b>	<b>(254,990)</b>	<b>(857,209)</b>
<b>Non-Operating Revenues (Expenses):</b>					
Investment Earnings	0	0	0	0	171
Donated Commodities	43,701	0	0	43,701	0
Operating Grants	229,650	0	0	229,650	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>273,351</b>	<b>0</b>	<b>0</b>	<b>273,351</b>	<b>171</b>
<b>Change in Net Assets</b>	<b>(16,951)</b>	<b>26,485</b>	<b>8,827</b>	<b>18,361</b>	<b>(857,038)</b>
<b>Net Assets Beginning of Year</b>	<b>96,403</b>	<b>61,525</b>	<b>(9,239)</b>	<b>148,689</b>	<b>(724,852)</b>
<b>Net Assets End of Year</b>	<b>\$79,452</b>	<b>\$88,010</b>	<b>(\$412)</b>	<b>\$167,050</b>	<b>(\$1,581,890)</b>

See accompanying notes.

Lebanon City School District  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2003

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Fund
	Food Service	Uniform School Supply	Community School	Total Business-Type Activities	
<b>Cash Flows from Operating Activities:</b>					
Cash Received from Customers	\$868,586	\$234,203	\$9,768	\$1,112,557	\$2,363,252
Cash Payments to Employees	(616,972)	0	(505)	(617,477)	0
Cash Payments to Suppliers	(465,930)	(220,125)	(277)	(686,332)	(394,412)
Cash Payments for Claims	0	0	0	0	(2,673,625)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(214,316)</b>	<b>14,078</b>	<b>8,986</b>	<b>(191,252)</b>	<b>(704,785)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Operating Grants Received	255,540	0	0	255,540	0
Payments from Other Funds	188,188	4,077	254	192,519	1,021,228
Payments to Other Funds	(222,267)	(9,421)	(9,239)	(240,927)	(275,359)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>221,461</b>	<b>(5,344)</b>	<b>(8,985)</b>	<b>207,132</b>	<b>745,869</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Payments for Capital Acquisitions	(6,630)	0	0	(6,630)	0
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(6,630)</b>	<b>0</b>	<b>0</b>	<b>(6,630)</b>	<b>0</b>
<b>Cash Flows from Investing Activities:</b>					
Earnings on Investments	0	0	0	0	171
<b>Net Cash Provided (Used) by Cash Flows from Investing Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>171</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>515</b>	<b>8,734</b>	<b>1</b>	<b>9,250</b>	<b>41,255</b>
Cash and Cash Equivalents Beginning of Year	452	72,340	0	72,792	19
Cash and Cash Equivalents End of Year	967	81,074	1	82,042	41,274
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income (Loss)	(290,302)	26,485	8,827	(254,990)	(857,209)
Adjustments:					
Depreciation	10,446	0	0	10,446	0
Donated Commodities	43,701	0	0	43,701	0
Changes in Assets & Liabilities:					
(Increase) Decrease in Receivables	(864)	(12,184)	0	(13,048)	(3,093)
(Increase) Decrease in Inventory	6,361	0	0	6,361	0
Increase (Decrease) in Payables	0	(223)	159	(64)	155,517
Increase (Decrease) in Accrued Liabilities	25,219	0	0	25,219	0
Increase (Decrease) in Deferred Revenue	(8,877)	0	0	(8,877)	0
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(\$214,316)</b>	<b>\$14,078</b>	<b>\$8,986</b>	<b>(\$191,252)</b>	<b>(\$704,785)</b>

Schedule of Noncash Capital Activities:

During the fiscal year, the Food Service Fund  
received contributed food commodities valued at

\$43,701

See accompanying notes.

Lebanon City School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2003

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	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in Pooled Cash and Investments	\$164,817	\$68,179
Accounts Receivable	<u>0</u>	<u>15</u>
<b>Total Assets</b>	<u>164,817</u>	<u>\$68,194</u>
<b>Liabilities:</b>		
Accounts Payable	0	34
Other Liabilities	<u>0</u>	<u>68,160</u>
<b>Total Liabilities</b>	<u>0</u>	<u>\$68,194</u>
<b>Net Assets:</b>		
Held in Trust for Scholarships	<u>164,817</u>	
<b>Total Net Assets</b>	<u>\$164,817</u>	

See accompanying notes.

Lebanon City School District  
 Statement of Changes in Fiduciary Net Assets  
 Fiduciary Funds  
 For the Fiscal Year Ended June 30, 2003

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	<u>Private Purpose Trust</u>
Additions:	
Donations	\$9,000
Investment Earnings	6,642
Other	<u>2,776</u>
Total Additions	<u>18,418</u>
Deductions:	
Scholarships	<u>18,150</u>
Total Deductions	<u>18,150</u>
Change in Net Assets	268
Net Assets Beginning of Year	<u>164,549</u>
Net Assets End of Year	<u>\$164,817</u>

See accompanying notes.

**LEBANON CITY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003**

**1. DESCRIPTION OF THE DISTRICT**

The Lebanon City School District (District) was originally chartered in 1851 by the Ohio State Legislature. In 1853, State Laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in Division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's six instructional facilities, staffed by 203.40 FTE classified personnel and 296.29 FTE certificated teaching and administrative personnel to provide services to students and other community members.

In terms of enrollment, the District is the 2nd largest in Warren County among 8 districts and 79th largest in the State of Ohio among 611 districts. It currently operates three elementary schools (K-3), one intermediate school (4-5), one middle school (6-8), and one high school (9-12).

**REPORTING ENTITY**

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

The District is a participating member of the Southwestern Ohio Computer Association (SWOCA), a three-county consortium of school districts. SWOCA provides data processing services needed by participating school districts. The Butler County Joint Vocational School District serves as the fiscal agent.

The District is not involved in the budgeting or management of the Warren County Career Center. The school district is a separate body politic and corporate, established by the Ohio Revised Code.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. For business-type activities and proprietary funds, the District has elected not to follow subsequent private-sector guidance. The most significant of the District's accounting policies are described below.

### **FUND ACCOUNTING**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

#### **Governmental Funds**

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

**General Fund** - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Building Fund** - The building fund (a capital projects fund) is used to account for all transactions related to all special bond funds in the District. Proceeds from the sale of bonds, except premium and accrued interest, are paid into this fund.

#### **Proprietary Fund**

Proprietary fund reporting focuses on the determination of operating income changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no internal service funds.



Enterprise Funds – The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The District’s major enterprise funds are:

Food Service Fund – This fund accounts for the financial transactions related to the food service operations of the District.

Uniform School Supplies – This fund accounts for the purchase by students of necessary supplies, materials or other school related items in addition to those items provided for general instruction.

Community School – This fund accounts for all revenues and expenses related to the community school operation for the District.

### **Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District’s own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District’s only trust fund is a private purpose trust which accounts for scholarship programs for students.

### **MEASUREMENT FOCUS**

#### **Government-wide Financial Statements**

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. Fiduciary Funds are not included in entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

### Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary Funds are reported using the economic resources measurement focus.

### **3. BASIS OF ACCOUNTING**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

#### Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: property taxes available for advance, grants and interest.

#### Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to financial fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

#### Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

## **CASH AND CASH EQUIVALENTS**

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as "cash and cash equivalents with fiscal agent". The account on the combined balance sheet "Cash with fiscal and escrow agents" represents deposits used to pay arbitrage liability.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2003.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2003 amounted to \$709,940.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

For purposes of the statement of cash flows, the Enterprise Funds' portion of pooled cash and investments is considered a cash equivalent because the District is able to withdraw resources from the enterprise funds without prior notice or penalty.

## **INVENTORY**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption.

The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**CAPITAL ASSETS**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of six hundred dollars (\$600). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated, except land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	20-99 years	N/A
Equipment	5-20 years	5-20 years

**COMPENSATED ABSENCES**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The entire amount of compensated absences is reported as a fund liability in Proprietary Funds.

The District's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How Earned	Not Eligible	20-40 days per year or 2.08-2.50 per month	10-20 days for each service year depending on length of service
Maximum Accumulation	Not Applicable	40 days Payoff up to 10 days/yr. unused earned	Double the maximum accumulated
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon termination	Paid upon termination
<u>Sick Leave</u>			
How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	325 days	325 days	325 days
Vested	As Earned	As Earned	As Earned
Termination Entitlement	1/3 paid upon retirement	1/3 paid upon retirement	1/3 paid upon retirement

## NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

## **OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service, adult education and community school. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

## **CONTRIBUTIONS OF CAPITAL**

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

## **INTERFUND ACTIVITY**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

## **BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is authorized to further allocate appropriations to the function and object level for all funds.

### Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

### Estimated Resources

Prior to April 1, the Board accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2003.

### Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund and function level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.



Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

#### Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriations and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds.

#### Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

### **FUND EQUITY**

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, supplies inventory, prepayments, debt service, and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The unreserved portion of fund equity, reflected for the Governmental Funds, is available for use within the specific purpose of those funds.

### **CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2003, the School District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences", and GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparisons for the general and each major special revenue fund. The government-wide financial statements split the District's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the Enterprise Funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003.

**RESTATEMENT OF FUND BALANCE**

The implementation of these statements had the following effects on fund balance of the major and non-major funds of the District as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Building</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2002	\$5,948,067	\$42,370,175	\$1,603,739	\$49,921,981
Fund Reclassification	<u>73,182</u>	<u>0</u>	<u>0</u>	<u>73,182</u>
Adjusted Fund Balances, June 30, 2002	<u>\$6,021,249</u>	<u>\$42,370,175</u>	<u>\$1,603,739</u>	\$49,995,163
GASB 34 Adjustments:				
Capital Assets				\$16,400,311
Accrued Interest Payable				(1,238,862)
Compensated Absences Payable				(1,713,802)
Deferred Revenue				16,950
Accrued Wages and Benefits				(207,230)
Long Term Liabilities				(45,858,011)
Internal Service				<u>(724,852)</u>
Governmental Activities Net Assets, June 30, 2002				<u>\$16,669,667</u>

At June 30, 2002, fixed assets were restated in the Enterprise Funds. This restatement had the following effect on fund equity as it was previously reported:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Community School</u>	<u>Total</u>
Fund Equity, June 30, 2002	(\$191,946)	\$61,525	(\$9,239)	(\$139,660)
Fixed Assets	<u>288,349</u>	<u>0</u>	<u>0</u>	<u>288,349</u>
Adjusted Net Assets, June 30, 2002	<u>\$96,403</u>	<u>\$61,525</u>	<u>(\$9,239)</u>	<u>\$148,689</u>

#### 4. CASH AND CASH EQUIVALENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and cash equivalents."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies - Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies - Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) Repurchase agreements in the securities enumerated above.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits – At the year end, the carrying amount of the District's deposits was \$897,422. The bank balance of deposits was \$2,089,772 of which \$400,000 was covered by federal depository insurance. The remaining balance of \$1,689,772 was covered by 110% public depository pool, which was collateralized with securities held by the pledging financial institution's trust department but not in the District's name.

Investments – The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end (GASB Statement 3):

Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its department or agent, but not in the District's name.

Based on the above criteria, the District's investments at year-end are classified as follows:

<u>Description</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Repurchase Agreement	\$0	\$0	\$2,514	\$2,514
Federal Agency Security	0	0	39,837,032	39,837,032
State Treasury Pool*	0	0	0	112,311
Money Market Fund*	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,501,792</u>
Total Investments	<u>\$0</u>	<u>\$0</u>	<u>\$39,839,546</u>	<u>\$45,453,649</u>

\*The District's investments in the Ohio State Treasury Pool and Money Market Fund are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

## 5. PROPERTY TAXES

Real property taxes collected in 2003 were levied in April on the assessed values as of January 1, 2002, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). In 2003, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2003, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2003. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2003, was \$1,384,042 for General Fund, \$335,217 for Debt Service and \$110,359 for Capital Projects, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2003 operations. The amount available for advance at June 30, 2002 was \$1,035,085 for General Fund, \$115,218 for Debt Service and \$47,028 for Capital Projects, with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2002 operations.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2003 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$581,795,090
Public Utility Personal	23,262,620
Tangible Personal Property	<u>40,424,180</u>
Total	<u>\$645,481,890</u>

## 6. RECEIVABLES

Receivables at June 30, 2003, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

## 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Government Activities</b>				
Land	\$2,470,335	\$75,000	\$0	\$2,545,335
Buildings and Improvements	14,935,335	1,191,278	0	16,126,613
Equipment	6,643,033	274,250	274,603	6,642,680
Construction in Progress	<u>0</u>	<u>9,415,227</u>	<u>0</u>	<u>9,415,227</u>
Totals at Historical Cost	<u>\$24,048,703</u>	<u>\$10,955,755</u>	<u>\$274,603</u>	<u>\$34,729,855</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$3,773,671	\$182,349	\$0	\$3,956,020
Equipment	<u>3,874,721</u>	<u>543,058</u>	<u>274,603</u>	<u>4,143,176</u>
Total Accumulated Depreciation	<u>\$7,648,392</u>	<u>\$725,407</u>	<u>\$274,603</u>	<u>\$8,099,196</u>
Governmental Activities Capital Assets, Net	<u>\$16,400,311</u>	<u>\$10,230,348</u>	<u>\$0</u>	<u>\$26,630,659</u>

**Business-Type Activities**

Buildings and Improvements	\$428,534	\$0	\$0	\$428,534
Equipment	<u>171,731</u>	<u>6,630</u>	<u>2,450</u>	<u>175,911</u>
Total at Historical Cost	<u>\$600,265</u>	<u>\$6,630</u>	<u>\$2,450</u>	<u>\$604,445</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$137,674	\$4,329	\$0	\$142,003
Equipment	<u>152,957</u>	<u>6,117</u>	<u>2,450</u>	<u>156,624</u>
Total Accumulated Depreciation	<u>\$290,631</u>	<u>\$10,446</u>	<u>\$2,450</u>	<u>\$298,627</u>
Business-Type Activities				
Capital Assets, Net	<u>\$309,634</u>	<u>(\$3,816)</u>	<u>\$0</u>	<u>\$305,818</u>

\*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$347,904
Special	9,595
Vocational	203
Support Services:	
Pupil	14,763
Instructional Staff	133,011
General Administration	152
School Administration	24,686
Fiscal	8,233
Business	755
Operations and Maintenance	37,460
Pupil Transportation	70,327
Central	19,685
Community Services	3,738
Extracurricular Activities	<u>54,895</u>
Total Depreciation Expense	<u>\$725,407</u>

## 8. LONG-TERM LIABILITIES

	<u>Maturity Dates</u>	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Principal Outstanding</u>	<u>Due In One Year</u>
<u>Governmental Activities:</u>						
General Obligation Bonds:						
Construction of New H.S. & Elementary						
2002 5.11%	12/01/02	\$40,000,000	\$ 0	\$ 0	\$40,000,000	\$870,000
Construction of New Buildings						
2002 5.10%	12/01/02	5,000,000	0	0	5,000,000	160,000
House Bill 264						
1995 5.25%	12/01/23	665,000	0	155,000	510,000	115,000
School Bus Bonds						
1998 5.20%	12/01/02	<u>54,000</u>	<u>0</u>	<u>54,000</u>	<u>0</u>	<u>0</u>
Total General Obligation Bonds		45,719,000	0	209,000	45,510,000	1,145,000
Compensated Absences		1,708,802	132,658	0	1,841,460	334,511
Capital Leases		<u>144,011</u>	<u>0</u>	<u>45,023</u>	<u>98,988</u>	<u>47,941</u>
Total Governmental Activities Long-Term Liabilities		<u>\$47,571,813</u>	<u>\$132,658</u>	<u>\$254,023</u>	<u>\$47,450,448</u>	<u>\$1,527,452</u>
<u>Business-Type Activities</u>						
Compensated Absences		<u>\$18,281</u>	<u>\$16,684</u>	<u>\$0</u>	<u>\$34,965</u>	<u>\$0</u>

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid. Capital lease obligations will be paid from the capital projects fund.

Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$1,145,000	\$2,232,327	\$3,377,327
2005	1,445,000	2,188,495	3,633,495
2006	1,625,000	2,129,507	3,754,507
2007	745,000	2,083,670	2,828,670
2008	795,000	2,053,321	2,848,321
2009-2013	17,575,000	8,863,416	26,438,416
2014-2018	965,000	5,435,592	6,400,592
2019-2023	2,955,000	5,151,716	8,106,716
2024-2028	12,520,000	3,102,250	15,622,250
2029-2030	<u>5,740,000</u>	<u>297,250</u>	<u>6,037,250</u>
Totals	<u>\$45,510,000</u>	<u>\$33,537,544</u>	<u>\$79,047,544</u>



**9. LEASES**

**CAPITAL LEASES**

The lease for NCS-Pearson "ABACUS & MCAD" software meets the criteria of a capital lease as defined by statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee at conclusion of the lease term. Capital lease payments will be paid out of the Capital Projects Fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the net minimum lease payments at fiscal year end:

Fiscal Year Ending <u>June 30,</u>	
2004	\$54,355
2005	<u>54,355</u>
Total Minimum Lease Payments	\$108,710
Less: Amount Representing Interest	<u>(9,722)</u>
Present Value of Minimum Lease Payments	<u>\$98,988</u>

**10. NOTES PAYABLE**

A summary of the note transactions for the current year are as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
Capital Projects Fund:				
1.77% 2002 Note	\$10,000,000	\$0	\$10,000,000	\$0
1.77% 2003 Note	<u>0</u>	<u>5,000,000</u>	<u>0</u>	<u>5,000,000</u>
Total Capital Projects Fund:	<u>\$10,000,000</u>	<u>\$5,000,000</u>	<u>\$10,000,000</u>	<u>\$5,000,000</u>

The note liability is reflected in the fund which received the proceeds.

**11. DEFINED BENEFIT PENSION PLANS**

**SCHOOL EMPLOYEES RETIREMENT SYSTEM**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%; 5.2% was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$617,724, \$589,428 and \$476,844 respectively; 44.3% has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$343,896 represents the unpaid contribution for fiscal year 2003.

## **STATE TEACHERS RETIREMENT SYSTEM**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal year ended June 30, 2003, 2002, and 2001 were \$2,113,776, \$1,999,020 and \$1,776,840, respectively, 83.2% has been contributed for fiscal year 2003, and 100 percent for the fiscal years 2002 and 2001. \$355,196 represents the unpaid contribution for fiscal year 2003.

## **12. POST EMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits included hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provision and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$679,428 during the 2003 fiscal year. As of July 1, 2003, eligible benefit recipients totaled 105,300. For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For 2002 fiscal year, employer contributions to fund health care benefits were 8.54% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$376,812 during the 2003 fiscal year. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2002, net health care costs paid by SERS were \$182,946,777.

### **13. CONTINGENT LIABILITIES**

#### **GRANTS**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2003.

#### **LITIGATION**

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

### **14. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year, the District contracted with Nationwide Insurance Company for general liability insurance with a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate with a \$1,000 deductible.

Property is protected by Indiana Insurance and holds a \$500 deductible. The bus fleet and maintenance vehicles are insured by Indiana Insurance with a \$500 deductible and a \$1,000,000 limit per occurrence.

The Ohio Casualty Insurance Company maintains a \$10,000 position bond for the Board President and Superintendent. The Ohio Casualty Insurance Company maintains a \$50,000 position bond for the Director of Operations. The Ohio Casualty Insurance Company maintains a \$1,000,000 performance bond for the Treasurer and a \$25,000 position bond for the six other employees in the Treasurer's Office. The Ohio Casualty Insurance Company holds a \$10,000 blanket bond for all other employees.

There were no significant reductions in insurance coverage from coverage in the prior year.

Settlements have not exceeded insurance coverage in any of the last five fiscal years.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The District provides life insurance and accidental death and dismemberment coverage to all employees. The life insurance is \$40,000 for certified and administrative staff and \$30,000 for non-certified staff. Medical Life, a division of Community Mutual, is the life insurance carrier for the District.

The District has elected to provide employee medical/surgical and dental benefits through a self-insurance program. The District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical/surgical plan with a \$100 single and \$200 family deductible and then 20% of the next \$2,000 is payable by the employee. A third party administrator, Medical Mutual located in Cleveland, Ohio, reviews and pays all claims. The District purchases stop-loss coverage of \$50,000 per individual claim.

The District and employees pay into the Employee Benefits Self-Insurance Internal Service Fund \$852.69 for family coverage or \$325.85 for individual coverage per month, which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

In an effort to curb health care spending, a Preferred Provider Organization (PPO) medical plan was established. This provides a network of physicians and hospitals the employees may elect to utilize to reduce their out-of-pocket expenditures on health care. With this plan, the District and employees pay into the Employee Benefits Self-Insurance Internal Service Fund \$799.33 for family coverage or \$301.87 for individual coverage per month, which represents the entire premium required. Dental coverage is with Delta Dental. Premiums for this coverage are \$81.91 for family coverage or \$27.76 for individual coverage. The District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The liability for unpaid claims cost of \$605,614 reported in the Employee Benefits Self-Insurance Fund at fiscal year end, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount in 2002 and 2003 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claim</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
Fiscal Year 2002	\$308,605	\$2,254,148	\$2,112,656	\$450,097
Fiscal Year 2003	450,097	2,829,142	2,673,625	605,614

#### 15. STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

#### 16. COMPLIANCE AND ACCOUNTABILITY

The following individual funds had a deficit in fund balance at year end:

<u>Fund</u>	<u>Deficit</u>
Special Revenue Fund:	
Title VI B	\$21,820
Title I	21,515
Title VI	3,080
Public School Pre-School	4,524
Title VI-R	6,638
Enterprise Fund:	
Community School	412
Internal Service Fund	1,581,890

#### 17. FUND BALANCE RESERVES FOR SET-ASIDES

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

For fiscal year ended June 30, 2003, the District was no longer required to set aside funds in the budget reserve set-aside, with the exception of refund monies received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2002	\$ 0	\$ 0	\$ 83,747
Current Year Set-aside Requirement	628,205	628,205	0
Qualified Disbursements	(761,155)	(78,934)	0
Current Year Offsets	<u>0</u>	<u>(549,271)</u>	<u>0</u>
Set-Aside Reserve Balance as of June 30, 2003	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 83,747</u>
Restricted Cash as of June 30, 2003	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 83,747</u>
Carry Forward to Fiscal Year 2004	<u>(\$132,950)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Qualifying expenditures for textbook activity during the year were \$761,155, which exceeded the required set-aside reserve. Qualifying expenditures and offsets for capital activity exceeded the required set-aside reserve.

Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. By resolution, the Board can eliminate the reserve in accordance with the Act. As of June 30, 2003, the Board had not acted on the Senate Bill requirements to eliminate the reserve balance. The non-BWC (Bureau of Workers' Compensation) portion of monies designated for set-aside totaled \$165,855 in the General Fund. The District is still required by State law to maintain the textbook reserve and the capital acquisition reserve.

## 18. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2003, consisted of the following individual fund receivables and payables:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$1,468,026	
Special Revenue Fund:		
Auxiliary Services		\$4,165
Title VI-B		97,598
Title I		74,742
Title VI		9,247
Drug-Free Schools		21,885
Public School Pre-School		4,524
Title VI-R		38,491
Miscellaneous Federal Grants		3,626

Enterprise Fund:		
Food Service		188,189
Uniform School Supply		4,077
Community School		254
Internal Service Fund	<u>                    </u>	<u>1,021,228</u>
	<u>\$1,468,026</u>	<u>\$1,468,026</u>

**19. JOINTLY-GOVERNED ORGANIZATIONS**

Southwestern Ohio Computer Association

Southwestern Ohio Computer Association (SWOCA) is a jointly-governed organization among a three-county consortium of school districts. The jointly-governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge dependent upon the software package utilized. SWOCA is governed by a Board of Directors consisting of the Superintendents and Treasurers of member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. The Board consists of one representative from each of the participating 29 school districts. Financial information can be obtained from Michael Crumley, Director, 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Warren County Career Center

The Warren County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each participating school district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Warren County Career Center is not part of the District, and its operations are not included as part of the reporting entity. The District does not provide any funding to the Warren County Career Center. Financial information can be obtained from Evelyn Sellman, Treasurer, 3525 North State Route 48, Lebanon, Ohio 45036.

**20. CONSTRUCTION AND OTHER COMMITMENTS**

At fiscal year end, uncompleted construction contracts are as follows:

<u>Description</u>	<u>Remaining Commitment</u>
Lebanon High School and Elementary	\$35,584,773

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

Lebanon City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$11,551,280	\$11,532,803	\$12,502,442	\$969,639
Tuition and Fees	75,657	75,535	81,887	6,352
Interest	143,719	143,489	155,553	12,064
Intergovernmental	14,187,403	14,164,709	15,355,630	1,190,921
Other Revenues	105,756	105,587	114,464	8,877
<b>Total Revenues</b>	<b>26,063,815</b>	<b>26,022,123</b>	<b>28,209,976</b>	<b>2,187,853</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	12,385,036	13,763,132	13,763,132	0
Special	1,767,025	1,963,644	1,963,644	0
Other	833,144	925,849	925,849	0
<b>Support Services:</b>				
Pupil	1,784,401	1,982,953	1,982,953	0
Instructional Staff	1,794,806	1,994,516	1,994,516	0
General Administration	41,452	46,064	46,064	0
School Administration	1,914,984	2,128,066	2,128,066	0
Fiscal	589,825	655,455	655,455	0
Business	135,704	150,804	150,804	0
Operations and Maintenance	1,865,604	2,073,192	2,073,192	0
Pupil Transportation	2,524,695	2,805,621	2,805,621	0
Central	163,159	181,314	181,314	0
Community Services	19,642	21,828	21,828	0
Extracurricular Activities	419,801	466,513	466,513	0
Capital Outlay	1,710	1,900	1,900	0
<b>Total Expenditures</b>	<b>26,240,988</b>	<b>29,160,851</b>	<b>29,160,851</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(177,173)</b>	<b>(3,138,728)</b>	<b>(950,875)</b>	<b>2,187,853</b>
<b>Other financing sources (uses):</b>				
Proceeds from Sale of Fixed Assets	323	350	350	0
Advances In	645,592	698,752	698,752	0
Advances (Out)	(1,332,011)	(1,480,225)	(1,480,225)	0
Transfers (Out)	(64,140)	(71,277)	(71,277)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(750,236)</b>	<b>(852,400)</b>	<b>(852,400)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(927,409)</b>	<b>(3,991,128)</b>	<b>(1,803,275)</b>	<b>2,187,853</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>6,722,016</b>	<b>6,722,016</b>	<b>6,722,016</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$5,794,607</b>	<b>\$2,730,888</b>	<b>\$4,918,741</b>	<b>\$2,187,853</b>

See accompanying notes to the required supplementary information.

## 1. BUDGETARY PROCESS

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2003.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Board during the year.

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	(\$759,078)
Net Adjustment for Revenue Accruals	314,516
Net Adjustment for Expenditure Accruals	(729,166)
Encumbrances	<u>(629,547)</u>
Budget Basis	<u>(\$1,803,275)</u>

**COMBINING STATEMENTS  
AND INDIVIDUAL  
FUND SCHEDULES**

Lebanon City School District  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund.	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$452,093	\$413,724	\$1,142,107	\$2,007,924
<b>Receivables:</b>				
Taxes	0	2,222,498	776,494	2,998,992
Intergovernmental	276,723	0	0	276,723
<b>Total Assets</b>	<b>728,816</b>	<b>2,636,222</b>	<b>1,918,601</b>	<b>5,283,639</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	28,022	0	7,327	35,349
Accrued Wages and Benefits	123,496	0	0	123,496
Compensated Absences	363	0	0	363
Interfund Payable	254,278	0	0	254,278
Deferred Revenue	162,036	1,887,281	666,135	2,715,452
<b>Total Liabilities</b>	<b>568,195</b>	<b>1,887,281</b>	<b>673,462</b>	<b>3,128,938</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	241,151	0	134,190	375,341
Reserved for Property Tax Advances	0	335,217	110,359	445,576
<b>Unreserved, Undesignated, Reported in:</b>				
Special Revenue Funds	(80,530)	0	0	(80,530)
Debt Service Funds	0	413,724	0	413,724
Capital Projects Funds	0	0	1,000,590	1,000,590
<b>Total Fund Balances</b>	<b>160,621</b>	<b>748,941</b>	<b>1,245,139</b>	<b>2,154,701</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$728,816</b>	<b>\$2,636,222</b>	<b>\$1,918,601</b>	<b>\$5,283,639</b>

Lebanon City School District  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$0	\$2,744,067	\$933,329	\$3,677,396
Tuition and Fees	2,585	0	0	2,585
Investment Earnings	4,670	0	2,719	7,389
Intergovernmental	1,022,430	14,691	5,995	1,043,116
Extracurricular Activities	269,048	0	0	269,048
Other Revenues	87,799	0	0	87,799
<b>Total Revenues</b>	<b>1,386,532</b>	<b>2,758,758</b>	<b>942,043</b>	<b>5,087,333</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	146,854	0	262,013	408,867
Special	531,590	0	10,607	542,197
Vocational	5,750	0	0	5,750
<b>Support Services:</b>				
Pupil	125,461	0	0	125,461
Instructional Staff	176,164	0	0	176,164
School Administration	51,853	4,697	14,637	71,187
Fiscal	0	36,198	12,516	48,714
Operations and Maintenance	0	0	223,577	223,577
Central	79,324	0	11,554	90,878
Community Services	169,124	0	0	169,124
Extracurricular Activities	204,649	0	4,203	208,852
<b>Debt Service:</b>				
Principal Retirement	0	209,000	45,023	254,023
Interest and Fiscal Charges	0	2,371,363	9,332	2,380,695
<b>Total Expenditures</b>	<b>1,490,769</b>	<b>2,621,258</b>	<b>593,462</b>	<b>4,705,489</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(104,237)</b>	<b>137,500</b>	<b>348,581</b>	<b>381,844</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,000	10,168,118	0	10,169,118
Transfers (Out)	0	(10,000,000)	0	(10,000,000)
<b>Total Other Financing Sources (Uses)</b>	<b>1,000</b>	<b>168,118</b>	<b>0</b>	<b>169,118</b>
<b>Net Change in Fund Balance</b>	<b>(103,237)</b>	<b>305,618</b>	<b>348,581</b>	<b>550,962</b>
<b>Fund Balance Beginning of Year</b>	<b>263,858</b>	<b>443,323</b>	<b>896,558</b>	<b>1,603,739</b>
<b>Fund Balance End of Year</b>	<b>\$160,621</b>	<b>\$748,941</b>	<b>\$1,245,139</b>	<b>\$2,154,701</b>

Lebanon City School District  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2003

	Public School Support	Miscellaneous Local Grants	Venture Capital	Athletics	Auxiliary Services
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$109,334	\$25,141	\$0	\$49,052	\$25,953
<b>Receivables:</b>					
Intergovernmental	0	0	0	0	0
<b>Total Assets</b>	<b>109,334</b>	<b>25,141</b>	<b>0</b>	<b>49,052</b>	<b>25,953</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	3,506	158	0	6,585	1,019
Accrued Wages and Benefits	0	0	0	0	13,661
Compensated Absences	0	0	0	0	0
Interfund Payable	0	0	0	0	4,165
Deferred Revenue	0	0	0	0	0
<b>Total Liabilities</b>	<b>3,506</b>	<b>158</b>	<b>0</b>	<b>6,585</b>	<b>18,845</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	10,140	606	0	18,627	22,004
Unreserved, Undesignated, Reported in: Special Revenue Funds	95,688	24,377	0	23,840	(14,896)
<b>Total Fund Balances</b>	<b>105,828</b>	<b>24,983</b>	<b>0</b>	<b>42,467</b>	<b>7,108</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$109,334</b>	<b>\$25,141</b>	<b>\$0</b>	<b>\$49,052</b>	<b>\$25,953</b>



<u>Phonics Demonstration</u>	<u>Management Information Systems</u>	<u>Entry Year Programs</u>	<u>OECN Network Connectivity</u>	<u>SchoolNet Professional Development</u>	<u>Textbooks/ Instructional Materials Subsidy</u>	<u>Ohio Reads Grant</u>
\$39	\$3,627	\$250	\$5,897	\$4,617	\$36	\$5,995
0	0	0	0	0	0	0
<u>39</u>	<u>3,627</u>	<u>250</u>	<u>5,897</u>	<u>4,617</u>	<u>36</u>	<u>5,995</u>
0	0	0	323	0	0	0
0	761	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	761	0	323	0	0	0
0	0	0	177	0	0	4,750
<u>39</u>	<u>2,866</u>	<u>250</u>	<u>5,397</u>	<u>4,617</u>	<u>36</u>	<u>1,245</u>
<u>39</u>	<u>2,866</u>	<u>250</u>	<u>5,574</u>	<u>4,617</u>	<u>36</u>	<u>5,995</u>
<u>\$39</u>	<u>\$3,627</u>	<u>\$250</u>	<u>\$5,897</u>	<u>\$4,617</u>	<u>\$36</u>	<u>\$5,995</u>

(continued)

Lebanon City School District  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2003

	Summer Intervention Subsidy	Extended Learning Opportunity	Miscellaneous State Grants	Eisenhower	Title VI B
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$0	\$2,038	\$3,500	\$0	\$64,387
<b>Receivables:</b>					
Intergovernmental	0	0	0	0	85,610
<b>Total Assets</b>	<b>0</b>	<b>2,038</b>	<b>3,500</b>	<b>0</b>	<b>149,997</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	0	0	0	0	1,463
Accrued Wages and Benefits	0	0	0	0	48,131
Compensated Absences	0	0	0	0	363
Interfund Payable	0	0	0	0	97,598
Deferred Revenue	0	0	0	0	24,262
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>171,817</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	0	0	0	0	62,925
Unreserved, Undesignated, Reported in: Special Revenue Funds	0	2,038	3,500	0	(84,745)
<b>Total Fund Balances</b>	<b>0</b>	<b>2,038</b>	<b>3,500</b>	<b>0</b>	<b>(21,820)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$0</b>	<b>\$2,038</b>	<b>\$3,500</b>	<b>\$0</b>	<b>\$149,997</b>

<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools</u>	<u>Public School Pre-School</u>	<u>Telecomm FCC E-Rate</u>	<u>Title VI-R</u>	<u>Miscellaneous Federal Grants</u>
\$59,393	\$6,857	\$22,032	\$0	\$15,534	\$47,232	\$1,179
109,411	16,838	12,597	0	0	46,653	5,614
<u>168,804</u>	<u>23,695</u>	<u>34,629</u>	<u>0</u>	<u>15,534</u>	<u>93,885</u>	<u>6,793</u>
0	3,355	478	0	11,135	0	0
45,564	0	0	0	0	15,379	0
0	0	0	0	0	0	0
74,742	9,247	21,885	4,524	0	38,491	3,626
70,013	14,173	4,597	0	0	46,653	2,338
<u>190,319</u>	<u>26,775</u>	<u>26,960</u>	<u>4,524</u>	<u>11,135</u>	<u>100,523</u>	<u>5,964</u>
59,394	3,506	10,610	0	0	47,232	1,180
(80,909)	(6,586)	(2,941)	(4,524)	4,399	(53,870)	(351)
(21,515)	(3,080)	7,669	(4,524)	4,399	(6,638)	829
<u>\$168,804</u>	<u>\$23,695</u>	<u>\$34,629</u>	<u>\$0</u>	<u>\$15,534</u>	<u>\$93,885</u>	<u>\$6,793</u>

(continued)

Lebanon City School District  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2003

	Total Nonmajor Special Revenue Funds
<b>Assets:</b>	
Equity in Pooled Cash and Investments	\$452,093
<b>Receivables:</b>	
Intergovernmental	276,723
<b>Total Assets</b>	<u>728,816</u>
<b>Liabilities and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts Payable	28,022
Accrued Wages and Benefits	123,496
Compensated Absences	363
Interfund Payable	254,278
Deferred Revenue	162,036
<b>Total Liabilities</b>	<u>568,195</u>
<b>Fund Balances:</b>	
Reserved for Encumbrances	241,151
Unreserved, Undesignated, Reported in: Special Revenue Funds	<u>(80,530)</u>
<b>Total Fund Balances</b>	<u>160,621</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$728,816</u>

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Lebanon City School District  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 Nonmajor Special Revenue Funds  
 For the Fiscal Year Ended June 30, 2003

	Public School Support	Miscellaneous Local Grants	Venture Capital	Athletics	Auxiliary Services
<b>Revenues:</b>					
Tuition and Fees	\$2,585	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	70
Intergovernmental	0	1,300	0	0	149,005
Extracurricular Activities	100,905	0	0	168,143	0
Other Revenues	58,386	17,060	0	12,353	0
<b>Total Revenues</b>	<b>161,876</b>	<b>18,360</b>	<b>0</b>	<b>180,496</b>	<b>149,075</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	98,067	4,145	0	0	0
Special	0	0	0	0	0
Vocational	0	0	0	0	0
<b>Support Services:</b>					
Pupil	0	428	0	0	0
Instructional Staff	34,661	9,842	0	0	0
School Administration	0	0	0	0	0
Central	18,843	0	0	0	0
Community Services	0	0	0	0	148,814
Extracurricular Activities	12,798	5,594	0	186,257	0
<b>Total Expenditures</b>	<b>164,369</b>	<b>20,009</b>	<b>0</b>	<b>186,257</b>	<b>148,814</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,493)</b>	<b>(1,649)</b>	<b>0</b>	<b>(5,761)</b>	<b>261</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	1,000	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(2,493)</b>	<b>(649)</b>	<b>0</b>	<b>(5,761)</b>	<b>261</b>
<b>Fund Balance Beginning of Year</b>	<b>108,321</b>	<b>25,632</b>	<b>0</b>	<b>48,228</b>	<b>6,847</b>
<b>Fund Balance End of Year</b>	<b>\$105,828</b>	<b>\$24,983</b>	<b>\$0</b>	<b>\$42,467</b>	<b>\$7,108</b>

Phonics Demonstration	Management Information Systems	Entry Year Programs	OECN Network Connectivity	SchoolNet Professional Development	Textbooks/ Instructional Materials Subsidy	Ohio Reads Grant
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	4,600	0	0
0	17,168	6,000	26,116	0	0	6,000
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	17,168	6,000	26,116	4,600	0	6,000
32	0	0	0	2,088	1,452	0
0	0	0	0	0	0	0
0	0	5,750	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	1,515	0	7,036
0	0	0	0	0	0	0
0	18,939	0	41,542	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
32	18,939	5,750	41,542	3,603	1,452	7,036
(32)	(1,771)	250	(15,426)	997	(1,452)	(1,036)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(32)	(1,771)	250	(15,426)	997	(1,452)	(1,036)
71	4,637	0	21,000	3,620	1,488	7,031
\$39	\$2,866	\$250	\$5,574	\$4,617	\$36	\$5,995

(continued)

Lebanon City School District  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 Nonmajor Special Revenue Funds  
 For the Fiscal Year Ended June 30, 2003

	Summer Intervention Subsidy	Extended Learning Opportunity	Miscellaneous State Grants	Eisenhower	Title VI B
<b>Revenues:</b>					
Tuition and Fees	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	0
Intergovernmental	18,508	0	7,480	0	334,763
Extracurricular Activities	0	0	0	0	0
Other Revenues	0	0	0	0	0
<b>Total Revenues</b>	<b>18,508</b>	<b>0</b>	<b>7,480</b>	<b>0</b>	<b>334,763</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	25,568	0	4,480	4,244	0
Special	0	0	0	0	171,169
Vocational	0	0	0	0	0
<b>Support Services:</b>					
Pupil	0	0	0	0	119,516
Instructional Staff	156	3,038	0	9,087	699
School Administration	7,210	0	497	0	44,146
Central	0	0	0	0	0
Community Services	0	0	0	143	15,095
Extracurricular Activities	0	0	0	0	0
<b>Total Expenditures</b>	<b>32,934</b>	<b>3,038</b>	<b>4,977</b>	<b>13,474</b>	<b>350,625</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(14,426)</b>	<b>(3,038)</b>	<b>2,503</b>	<b>(13,474)</b>	<b>(15,862)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(14,426)</b>	<b>(3,038)</b>	<b>2,503</b>	<b>(13,474)</b>	<b>(15,862)</b>
<b>Fund Balance Beginning of Year</b>	<b>14,426</b>	<b>5,076</b>	<b>997</b>	<b>13,474</b>	<b>(5,958)</b>
<b>Fund Balance End of Year</b>	<b>\$0</b>	<b>\$2,038</b>	<b>\$3,500</b>	<b>\$0</b>	<b>(\$21,820)</b>



Title I	Title VI	Drug Free Schools	Public School Pre-School	Telecomm FCC E-Rate	Title VI-R	Miscellaneous Federal Grants
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
274,326	17,976	20,094	993	36,964	98,256	7,481
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>274,326</u>	<u>17,976</u>	<u>20,094</u>	<u>993</u>	<u>36,964</u>	<u>98,256</u>	<u>7,481</u>
0	4,710	0	0	0	2,068	0
271,320	0	17,602	0	0	71,499	0
0	0	0	0	0	0	0
0	0	0	5,517	0	0	0
3,617	21,408	658	0	33,707	50,740	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
3,210	1,862	0	0	0	0	0
0	0	0	0	0	0	0
<u>278,147</u>	<u>27,980</u>	<u>18,260</u>	<u>5,517</u>	<u>33,707</u>	<u>124,307</u>	<u>0</u>
<u>(3,821)</u>	<u>(10,004)</u>	<u>1,834</u>	<u>(4,524)</u>	<u>3,257</u>	<u>(26,051)</u>	<u>7,481</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>(3,821)</u>	<u>(10,004)</u>	<u>1,834</u>	<u>(4,524)</u>	<u>3,257</u>	<u>(26,051)</u>	<u>7,481</u>
<u>(17,694)</u>	<u>6,924</u>	<u>5,835</u>	<u>0</u>	<u>1,142</u>	<u>19,413</u>	<u>(6,652)</u>
<u>(\$21,515)</u>	<u>(\$3,080)</u>	<u>\$7,669</u>	<u>(\$4,524)</u>	<u>\$4,399</u>	<u>(\$6,638)</u>	<u>\$829</u>

(continued)

Lebanon City School District  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 Nonmajor Special Revenue Funds  
 For the Fiscal Year Ended June 30, 2003

	Total Nonmajor Special Revenue Funds
Revenues:	
Tuition and Fees	\$2,585
Investment Earnings	4,670
Intergovernmental	1,022,430
Extracurricular Activities	269,048
Other Revenues	87,799
Total Revenues	<u>1,386,532</u>
Expenditures:	
Current:	
Instruction:	
Regular	146,854
Special	531,590
Vocational	5,750
Support Services:	
Pupil	125,461
Instructional Staff	176,164
School Administration	51,853
Central	79,324
Community Services	169,124
Extracurricular Activities	204,649
Total Expenditures	<u>1,490,769</u>
Excess of Revenues Over (Under) Expenditures	<u>(104,237)</u>
Other Financing Sources (Uses):	
Transfers In	<u>1,000</u>
Total Other Financing Sources (Uses)	<u>1,000</u>
Net Change in Fund Balance	(103,237)
Fund Balance Beginning of Year	<u>263,858</u>
Fund Balance End of Year	<u>\$160,621</u>

Lebanon City School District  
 Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2003

	Capital Projects	SchoolNet	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$1,142,076	\$31	\$1,142,107
<b>Receivables:</b>			
Taxes	776,494	0	776,494
<b>Total Assets</b>	<b>1,918,570</b>	<b>31</b>	<b>1,918,601</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	7,327	0	7,327
Deferred Revenue	666,135	0	666,135
<b>Total Liabilities</b>	<b>673,462</b>	<b>0</b>	<b>673,462</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	134,190	0	134,190
Reserved for Property Tax Advances	110,359	0	110,359
Unreserved, Undesignated, Reported in: Capital Projects Funds	1,000,559	31	1,000,590
<b>Total Fund Balances</b>	<b>1,245,108</b>	<b>31</b>	<b>1,245,139</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,918,570</b>	<b>\$31</b>	<b>\$1,918,601</b>

Lebanon City School District  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 Nonmajor Capital Projects Funds  
 For the Fiscal Year Ended June 30, 2003

	Capital Projects	SchoolNet	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>			
Taxes	\$933,329	\$0	\$933,329
Investment Earnings	2,719	0	2,719
Intergovernmental	5,995	0	5,995
<b>Total Revenues</b>	<b>942,043</b>	<b>0</b>	<b>942,043</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	262,013	0	262,013
Special	10,607	0	10,607
<b>Support Services:</b>			
School Administration	14,637	0	14,637
Fiscal	12,516	0	12,516
Operations and Maintenance	223,577	0	223,577
Central	0	11,554	11,554
Extracurricular Activities	4,203	0	4,203
<b>Debt Service:</b>			
Principal Retirement	0	45,023	45,023
Interest and Fiscal Charges	0	9,332	9,332
<b>Total Expenditures</b>	<b>527,553</b>	<b>65,909</b>	<b>593,462</b>
<b>Net Change in Fund Balance</b>	<b>414,490</b>	<b>(65,909)</b>	<b>348,581</b>
<b>Fund Balance Beginning of Year</b>	<b>830,618</b>	<b>65,940</b>	<b>896,558</b>
<b>Fund Balance End of Year</b>	<b>\$1,245,108</b>	<b>\$31</b>	<b>\$1,245,139</b>

Lebanon City School District  
Statement of Changes In Assets and Liabilities  
Agency Fund  
For the Fiscal Year Ended June 30, 2003

	Beginning Balance	Student Activity		Ending Balance
		Additions	Deductions	
<b>Assets:</b>				
Restricted Cash and Investments	\$69,798	\$64	\$1,683	\$68,179
<b>Receivables:</b>				
Accounts	30	15	30	15
<b>Total Assets</b>	<u>\$69,828</u>	<u>\$79</u>	<u>\$1,713</u>	<u>\$68,194</u>
<b>Liabilities:</b>				
Accounts Payable	\$1,515	\$34	\$1,515	\$34
Other Liabilities	68,313	45	198	68,160
<b>Total Liabilities</b>	<u>\$69,828</u>	<u>\$79</u>	<u>\$1,713</u>	<u>\$68,194</u>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Public School Support Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Tuition and Fees	\$2,539	\$2,710	\$2,710	\$0
Extracurricular Activities	94,537	100,905	100,905	0
Other Revenues	72,673	77,569	77,569	0
<b>Total Revenues</b>	<b>169,749</b>	<b>181,184</b>	<b>181,184</b>	<b>0</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	83,607	112,525	112,525	0
<b>Support Services:</b>				
Instructional Staff	30,369	40,873	40,873	0
Central	14,001	18,843	18,843	0
Extracurricular Activities	10,240	13,782	13,782	0
<b>Total Expenditures</b>	<b>138,217</b>	<b>186,023</b>	<b>186,023</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>31,532</b>	<b>(4,839)</b>	<b>(4,839)</b>	<b>0</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>100,526</b>	<b>100,526</b>	<b>100,526</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$132,058</b>	<b>\$95,687</b>	<b>\$95,687</b>	<b>\$0</b>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Miscellaneous Local Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$265	\$2,090	\$1,300	(\$790)
Other Revenues	3,473	21,797	17,060	(4,737)
<b>Total Revenues</b>	<b>3,738</b>	<b>23,887</b>	<b>18,360</b>	<b>(5,527)</b>
Expenditures:				
Current:				
Instruction:				
Regular	929	4,145	4,145	0
Support Services:				
Pupil	96	429	429	0
Instructional Staff	2,206	9,842	9,842	0
Extracurricular Activities	1,389	6,199	6,199	0
<b>Total Expenditures</b>	<b>4,620</b>	<b>20,615</b>	<b>20,615</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(882)</b>	<b>3,272</b>	<b>(2,255)</b>	<b>(5,527)</b>
Other financing sources (uses):				
Advances (Out)	(128)	(571)	(571)	0
Transfers In	204	1,000	1,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>76</b>	<b>429</b>	<b>429</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(806)</b>	<b>3,701</b>	<b>(1,826)</b>	<b>(5,527)</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	26,203	26,203	26,203	0
<b>Fund Balance End of Year</b>	<b>\$25,397</b>	<b>\$29,904</b>	<b>\$24,377</b>	<b>(\$5,527)</b>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Venture Capital Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	0	331	331	0
Total Expenditures	0	331	331	0
Net Change in Fund Balance	0	(331)	(331)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	331	331	331	0
Fund Balance End of Year	\$331	\$0	\$0	\$0



Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Athletics Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$170,707	\$168,143	\$168,143	\$0
Other Revenues	12,853	12,660	12,660	0
<b>Total Revenues</b>	<b>183,560</b>	<b>180,803</b>	<b>180,803</b>	<b>0</b>
Expenditures:				
Current:				
Extracurricular Activities	138,596	208,029	208,029	0
<b>Total Expenditures</b>	<b>138,596</b>	<b>208,029</b>	<b>208,029</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>44,964</b>	<b>(27,226)</b>	<b>(27,226)</b>	<b>0</b>
Other financing sources (uses):				
Advances (Out)	(191)	(286)	(286)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(191)</b>	<b>(286)</b>	<b>(286)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>44,773</b>	<b>(27,512)</b>	<b>(27,512)</b>	<b>0</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	51,463	51,463	51,463	0
<b>Fund Balance End of Year</b>	<b>\$96,236</b>	<b>\$23,951</b>	<b>\$23,951</b>	<b>\$0</b>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$9,869	\$149,006	\$149,006	\$0
<b>Total Revenues</b>	<b>9,874</b>	<b>149,076</b>	<b>149,076</b>	<b>0</b>
Expenditures:				
Current:				
Community Services	87,691	170,816	170,816	0
<b>Total Expenditures</b>	<b>87,691</b>	<b>170,816</b>	<b>170,816</b>	<b>0</b>
Excess of Revenues Over (Under) Expenditures	(77,817)	(21,740)	(21,740)	0
Other financing sources (uses):				
Advances In	276	4,165	4,165	0
<b>Total Other Financing Sources (Uses)</b>	<b>276</b>	<b>4,165</b>	<b>4,165</b>	<b>0</b>
Net Change in Fund Balance	(77,541)	(17,575)	(17,575)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	20,507	20,507	20,507	0
<b>Fund Balance End of Year</b>	<b>(\$57,034)</b>	<b>\$2,932</b>	<b>\$2,932</b>	<b>\$0</b>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Phonics Demonstration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
Instruction:				
Regular	0	32	32	0
Total Expenditures	0	32	32	0
Net Change in Fund Balance	0	(32)	(32)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	71	71	71	0
Fund Balance End of Year	<u>\$71</u>	<u>\$39</u>	<u>\$39</u>	<u>\$0</u>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Management Information Systems Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$3,113	\$17,168	\$17,168	\$0
Total Revenues	3,113	17,168	17,168	0
Expenditures:				
Current:				
Support Services:				
Central	8,044	18,473	18,473	0
Total Expenditures	8,044	18,473	18,473	0
Net Change in Fund Balance	(4,931)	(1,305)	(1,305)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,932	4,932	4,932	0
Fund Balance End of Year	<u>\$1</u>	<u>\$3,627</u>	<u>\$3,627</u>	<u>\$0</u>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Entry Year Programs Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$6,000	\$6,000	\$0
Total Revenues	0	6,000	6,000	0
Expenditures:				
Current:				
Instruction:				
Vocational	0	5,750	5,750	0
Total Expenditures	0	5,750	5,750	0
Net Change in Fund Balance	0	250	250	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$250	\$250	\$0

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	OECN Network Connectivity Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$26,116	\$26,116	\$0
Total Revenues	0	26,116	26,116	0
Expenditures:				
Current:				
Support Services:				
Central	0	41,719	41,719	0
Total Expenditures	0	41,719	41,719	0
Net Change in Fund Balance	0	(15,603)	(15,603)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	21,000	21,000	21,000	0
Fund Balance End of Year	\$21,000	\$5,397	\$5,397	\$0

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	SchoolNet Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$3,450	\$8,050	\$8,050	\$0
Total Revenues	3,450	8,050	8,050	0
Expenditures:				
Current:				
Instruction:				
Regular	0	2,088	2,088	0
Support Services:				
Instructional Staff	0	1,516	1,516	0
Total Expenditures	0	3,604	3,604	0
Net Change in Fund Balance	3,450	4,446	4,446	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	171	171	171	0
Fund Balance End of Year	\$3,621	\$4,617	\$4,617	\$0

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Textbooks/ Instructional Materials Subsidy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
<b>Total Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Expenditures:				
Current:				
Instruction:				
Regular	0	1,452	1,452	0
<b>Total Expenditures</b>	<b>0</b>	<b>1,452</b>	<b>1,452</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>0</b>	<b>(1,452)</b>	<b>(1,452)</b>	<b>0</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>1,488</b>	<b>1,488</b>	<b>1,488</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$1,488</b>	<b>\$36</b>	<b>\$36</b>	<b>\$0</b>



Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Ohio Reads Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$4,750	\$10,750	\$10,750	\$0
Total Revenues	4,750	10,750	10,750	0
Expenditures:				
Current:				
Instruction:				
Regular	0	4,750	4,750	0
Support Services:				
Instructional Staff	0	6,753	6,753	0
Total Expenditures	0	11,503	11,503	0
Net Change in Fund Balance	4,750	(753)	(753)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,000	2,000	2,000	0
Fund Balance End of Year	\$6,750	\$1,247	\$1,247	\$0

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Summer Intervention Subsidy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$18,508	\$18,508	\$0
<b>Total Revenues</b>	<b>0</b>	<b>18,508</b>	<b>18,508</b>	<b>0</b>
Expenditures:				
Current:				
Instruction:				
Regular	0	25,725	25,725	0
Support Services:				
Instructional Staff	0	156	156	0
School Administration	0	7,210	7,210	0
<b>Total Expenditures</b>	<b>0</b>	<b>33,091</b>	<b>33,091</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>0</b>	<b>(14,583)</b>	<b>(14,583)</b>	<b>0</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	14,583	14,583	14,583	0
<b>Fund Balance End of Year</b>	<b>\$14,583</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Extended Learning Opportunity Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	0	3,038	3,038	0
Total Expenditures	0	3,038	3,038	0
Net Change in Fund Balance	0	(3,038)	(3,038)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,076	5,076	5,076	0
Fund Balance End of Year	\$5,076	\$2,038	\$2,038	\$0

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Miscellaneous State Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$7,000	\$4,500	(\$2,500)
<b>Total Revenues</b>	<b>0</b>	<b>7,000</b>	<b>4,500</b>	<b>(2,500)</b>
Expenditures:				
Current:				
Instruction:				
Regular	0	4,480	4,480	0
Support Services:				
School Administration	0	497	497	0
<b>Total Expenditures</b>	<b>0</b>	<b>4,977</b>	<b>4,977</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>0</b>	<b>2,023</b>	<b>(477)</b>	<b>(2,500)</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>3,977</b>	<b>3,977</b>	<b>3,977</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$3,977</b>	<b>\$6,000</b>	<b>\$3,500</b>	<b>(\$2,500)</b>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Eisenhower Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$3,387	\$3,704	\$3,387	(\$317)
<b>Total Revenues</b>	<b>3,387</b>	<b>3,704</b>	<b>3,387</b>	<b>(317)</b>
Expenditures:				
Current:				
Instruction:				
Regular	2,013	4,244	4,244	0
Support Services:				
Instructional Staff	4,311	9,087	9,087	0
Community Services	68	143	143	0
<b>Total Expenditures</b>	<b>6,392</b>	<b>13,474</b>	<b>13,474</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,005)</b>	<b>(9,770)</b>	<b>(10,087)</b>	<b>(317)</b>
Other financing sources (uses):				
Advances (Out)	(692)	(1,459)	(1,459)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(692)</b>	<b>(1,459)</b>	<b>(1,459)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(3,697)</b>	<b>(11,229)</b>	<b>(11,546)</b>	<b>(317)</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,546	11,546	11,546	0
<b>Fund Balance End of Year</b>	<b>\$7,849</b>	<b>\$317</b>	<b>\$0</b>	<b>(\$317)</b>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Title VIB Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$109,940	\$494,129	\$398,817	(\$95,312)
<b>Total Revenues</b>	<b>109,940</b>	<b>494,129</b>	<b>398,817</b>	<b>(95,312)</b>
Expenditures:				
Current:				
Instruction:				
Special	21,407	206,638	206,638	0
Support Services:				
Pupil	13,621	131,483	131,483	0
Instructional Staff	859	8,289	8,289	0
School Administration	5,528	53,360	53,360	0
Community Services	1,676	16,179	16,179	0
<b>Total Expenditures</b>	<b>43,091</b>	<b>415,949</b>	<b>415,949</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>66,849</b>	<b>78,180</b>	<b>(17,132)</b>	<b>(95,312)</b>
Other financing sources (uses):				
Advances In	26,905	97,598	97,598	0
Advances (Out)	(8,804)	(84,984)	(84,984)	0
<b>Total Other Financing Sources (Uses)</b>	<b>18,101</b>	<b>12,614</b>	<b>12,614</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>84,950</b>	<b>90,794</b>	<b>(4,518)</b>	<b>(95,312)</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,518	4,518	4,518	0
<b>Fund Balance End of Year</b>	<b>\$89,468</b>	<b>\$95,312</b>	<b>\$0</b>	<b>(\$95,312)</b>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$108,812	\$435,746	\$343,803	(\$91,943)
<b>Total Revenues</b>	<b>108,812</b>	<b>435,746</b>	<b>343,803</b>	<b>(91,943)</b>
Expenditures:				
Current:				
Instruction:				
Special	41,669	329,004	329,004	0
Support Services:				
Instructional Staff	490	3,867	3,867	0
School Administration	127	1,000	1,000	0
Community Services	722	5,703	5,703	0
<b>Total Expenditures</b>	<b>43,008</b>	<b>339,574</b>	<b>339,574</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>65,804</b>	<b>96,172</b>	<b>4,229</b>	<b>(91,943)</b>
Other financing sources (uses):				
Advances In	23,656	74,742	74,742	0
Advances (Out)	(10,109)	(79,819)	(79,819)	0
<b>Total Other Financing Sources (Uses)</b>	<b>13,547</b>	<b>(5,077)</b>	<b>(5,077)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>79,351</b>	<b>91,095</b>	<b>(848)</b>	<b>(91,943)</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	848	848	848	0
<b>Fund Balance End of Year</b>	<b>\$80,199</b>	<b>\$91,943</b>	<b>\$0</b>	<b>(\$91,943)</b>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Title VI Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$13,450	\$44,823	\$32,580	(\$12,243)
<b>Total Revenues</b>	<b>13,450</b>	<b>44,823</b>	<b>32,580</b>	<b>(12,243)</b>
Expenditures:				
Current:				
Instruction:				
Regular	196	4,709	4,709	0
Support Services:				
Instructional Staff	1,056	25,428	25,428	0
Community Services	77	1,862	1,862	0
<b>Total Expenditures</b>	<b>1,329</b>	<b>31,999</b>	<b>31,999</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>12,121</b>	<b>12,824</b>	<b>581</b>	<b>(12,243)</b>
Other financing sources (uses):				
Advances In	3,818	9,247	9,247	0
Advances (Out)	(480)	(11,542)	(11,542)	0
<b>Total Other Financing Sources (Uses)</b>	<b>3,338</b>	<b>(2,295)</b>	<b>(2,295)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>15,459</b>	<b>10,529</b>	<b>(1,714)</b>	<b>(12,243)</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,714	1,714	1,714	0
<b>Fund Balance End of Year</b>	<b>\$17,173</b>	<b>\$12,243</b>	<b>50</b>	<b>(\$12,243)</b>



Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Drug Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$8,144	\$37,020	\$19,642	(\$17,378)
<b>Total Revenues</b>	<b>8,144</b>	<b>37,020</b>	<b>19,642</b>	<b>(17,378)</b>
Expenditures:				
Current:				
Instruction:				
Special	13,857	27,513	27,513	0
Support Services:				
Instructional Staff	684	1,358	1,358	0
<b>Total Expenditures</b>	<b>14,541</b>	<b>28,871</b>	<b>28,871</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(6,397)</b>	<b>8,149</b>	<b>(9,229)</b>	<b>(17,378)</b>
Other financing sources (uses):				
Advances In	9,075	21,885	21,885	0
Advances (Out)	(962)	(1,911)	(1,911)	0
<b>Total Other Financing Sources (Uses)</b>	<b>8,113</b>	<b>19,974</b>	<b>19,974</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>1,716</b>	<b>28,123</b>	<b>10,745</b>	<b>(17,378)</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	197	197	197	0
<b>Fund Balance End of Year</b>	<b>\$1,913</b>	<b>\$28,320</b>	<b>\$10,942</b>	<b>(\$17,378)</b>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Public School Pre-School Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$5,517	\$993	(\$4,524)
<b>Total Revenues</b>	<b>0</b>	<b>5,517</b>	<b>993</b>	<b>(4,524)</b>
Expenditures:				
Current:				
Support Services:				
Pupil	5,498	11,015	11,015	0
<b>Total Expenditures</b>	<b>5,498</b>	<b>11,015</b>	<b>11,015</b>	<b>0</b>
Excess of Revenues Over (Under) Expenditures	(5,498)	(5,498)	(10,022)	(4,524)
Other financing sources (uses):				
Advances In	0	4,524	4,524	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>4,524</b>	<b>4,524</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(5,498)</b>	<b>(974)</b>	<b>(5,498)</b>	<b>(4,524)</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,498	5,498	5,498	0
<b>Fund Balance End of Year</b>	<b>\$0</b>	<b>\$4,524</b>	<b>\$0</b>	<b>(\$4,524)</b>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Telecomm FCC E-Rate Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$27,788	\$36,964	\$36,964	\$0
Total Revenues	27,788	36,964	36,964	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	28,708	33,557	33,557	0
Total Expenditures	28,708	33,557	33,557	0
Net Change in Fund Balance	(920)	3,407	3,407	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,141	1,141	1,141	0
Fund Balance End of Year	\$221	\$4,548	\$4,548	\$0

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Title VI-R Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$23,331	\$174,271	\$124,921	(\$49,350)
<b>Total Revenues</b>	<b>23,331</b>	<b>174,271</b>	<b>124,921</b>	<b>(49,350)</b>
Expenditures:				
Current:				
Instruction:				
Regular	0	4,266	4,266	0
Special	0	80,027	80,027	0
Support Services:				
Instructional Staff	0	81,106	81,106	0
<b>Total Expenditures</b>	<b>0</b>	<b>165,399</b>	<b>165,399</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>23,331</b>	<b>8,872</b>	<b>(40,478)</b>	<b>(49,350)</b>
Other financing sources (uses):				
Advances In	7,188	38,490	38,490	0
Advances (Out)	0	(1,811)	(1,811)	0
<b>Total Other Financing Sources (Uses)</b>	<b>7,188</b>	<b>36,679</b>	<b>36,679</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>30,519</b>	<b>45,551</b>	<b>(3,799)</b>	<b>(49,350)</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>3,800</b>	<b>3,800</b>	<b>3,800</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$34,319</b>	<b>\$49,351</b>	<b>\$1</b>	<b>(\$49,350)</b>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Miscellaneous Federal Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,407	\$26,622	\$4,206	(\$22,416)
Total Revenues	1,407	26,622	4,206	(22,416)
Expenditures:				
Current:				
Instruction:				
Regular	1,454	9,092	9,092	0
Special	238	1,490	1,490	0
Support Services:				
Pupil	468	2,927	2,927	0
Instructional Staff	1,999	12,502	12,502	0
School Administration	400	2,500	2,500	0
Total Expenditures	4,559	28,511	28,511	0
Excess of Revenues Over (Under) Expenditures	(3,152)	(1,889)	(24,305)	(22,416)
Other financing sources (uses):				
Advances In	1,213	3,626	3,626	0
Total Other Financing Sources (Uses)	1,213	3,626	3,626	0
Net Change in Fund Balance	(1,939)	1,737	(20,679)	(22,416)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	20,679	20,679	20,679	0
Fund Balance End of Year	\$18,740	\$22,416	\$0	(\$22,416)

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,558,640	\$2,524,068	\$2,524,068	\$0
Intergovernmental	14,892	14,691	14,691	0
<b>Total Revenues</b>	<b>2,573,532</b>	<b>2,538,759</b>	<b>2,538,759</b>	<b>0</b>
Expenditures:				
Current:				
Support Services:				
School Administration	4,697	4,697	4,697	0
Fiscal	36,198	36,198	36,198	0
Debt Service:				
Principal Retirement	10,209,000	10,209,000	10,209,000	0
Interest and Fiscal Charges	2,366,363	2,366,363	2,366,363	0
<b>Total Expenditures</b>	<b>12,616,258</b>	<b>12,616,258</b>	<b>12,616,258</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(10,042,726)</b>	<b>(10,077,499)</b>	<b>(10,077,499)</b>	<b>0</b>
Other financing sources (uses):				
Transfers In	10,307,390	10,168,118	10,168,118	0
<b>Total Other Financing Sources (Uses)</b>	<b>10,307,390</b>	<b>10,168,118</b>	<b>10,168,118</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>264,664</b>	<b>90,619</b>	<b>90,619</b>	<b>0</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	328,105	328,105	328,105	0
<b>Fund Balance End of Year</b>	<b>\$592,769</b>	<b>\$418,724</b>	<b>\$418,724</b>	<b>\$0</b>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Building Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Interest	\$168,592	\$1,013,944	\$1,013,944	\$0
Other Revenues	41	244	244	0
<b>Total Revenues</b>	<b>168,633</b>	<b>1,014,188</b>	<b>1,014,188</b>	<b>0</b>
Expenditures:				
Support Services:				
Fiscal	9,313	46,269	46,269	0
Extracurricular Activities	3,120	15,500	15,500	0
Capital Outlay	8,797,995	43,710,295	43,710,295	0
<b>Total Expenditures</b>	<b>8,810,428</b>	<b>43,772,064</b>	<b>43,772,064</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(8,641,795)</b>	<b>(42,757,876)</b>	<b>(42,757,876)</b>	<b>0</b>
Other financing sources (uses):				
Proceeds of Bonds and Notes	831,367	5,000,000	5,000,000	0
Transfers (Out)	(2,032,491)	(10,097,842)	(10,097,842)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(1,201,124)</b>	<b>(5,097,842)</b>	<b>(5,097,842)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(9,842,919)</b>	<b>(47,855,718)</b>	<b>(47,855,718)</b>	<b>0</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	52,290,489	52,290,489	52,290,489	0
<b>Fund Balance End of Year</b>	<b>\$42,447,570</b>	<b>\$4,434,771</b>	<b>\$4,434,771</b>	<b>\$0</b>

Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	Capital Projects Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$935,933	\$869,998	\$869,998	\$0
Interest	2,925	2,719	2,719	0
Intergovernmental	6,449	5,995	5,995	0
<b>Total Revenues</b>	<b>945,307</b>	<b>878,712</b>	<b>878,712</b>	<b>0</b>
Expenditures:				
Current:				
Instruction:				
Regular	94,304	71,917	71,917	0
Support Services:				
School Administration	2,103	1,604	1,604	0
Fiscal	16,412	12,516	12,516	0
Operations and Maintenance	370,637	282,651	282,651	0
Capital Outlay	416,944	317,965	317,965	0
<b>Total Expenditures</b>	<b>900,400</b>	<b>686,653</b>	<b>686,653</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>44,907</b>	<b>192,059</b>	<b>192,059</b>	<b>0</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	808,500	808,500	808,500	0
<b>Fund Balance End of Year</b>	<b>\$853,407</b>	<b>\$1,000,559</b>	<b>\$1,000,559</b>	<b>\$0</b>



Lebanon City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2003

	SchoolNet Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Taxes	\$0	\$0	\$0	\$0
<b>Total Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	0	46,314	46,314	0
<b>Support Services:</b>				
Central	0	19,595	19,595	0
<b>Total Expenditures</b>	<b>0</b>	<b>65,909</b>	<b>65,909</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>0</b>	<b>(65,909)</b>	<b>(65,909)</b>	<b>0</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>65,938</b>	<b>65,938</b>	<b>65,938</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$65,938</b>	<b>\$29</b>	<b>\$29</b>	<b>\$0</b>

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# STATISTICAL SECTION



## *Lebanon's High Five*

1. **Quality Facilities for Quality Learning**
2. **State Report Card - 22 or Bust!**
3. **Success for All Students**
4. **Teacher's Learning Drives Student's Learning**
5. **Lebanon's Guarantee - All Children will Read!**



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**TABLE 1**

**Lebanon City School District  
General Fund Revenues By Source  
Last Ten Fiscal Years**

Fiscal Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Taxes	\$5,276,542	\$6,674,473	\$7,844,594	\$8,366,475	\$8,492,596	\$9,188,807	\$11,302,538	\$11,615,779	\$11,801,570	\$12,851,399
Intergovernmental	6,560,268	7,410,115	8,022,538	8,844,101	9,753,882	10,654,313	11,469,372	12,761,066	13,932,663	15,402,765
Investment	185,001	87,497	168,837	258,947	319,569	363,858	422,709	547,274	259,819	105,476
Tuition and Fees	71,599	87,221	8,138	23,049	96,928	161,894	81,967	64,976	52,154	81,887
Other Revenues	63,082	63,544	67,622	53,191	152,069	138,845	123,509	154,610	99,178	152,685
<b>Total Revenues</b>	<b>\$12,157,492</b>	<b>\$14,322,850</b>	<b>\$16,111,769</b>	<b>\$17,645,763</b>	<b>\$18,815,944</b>	<b>\$20,527,717</b>	<b>\$23,400,095</b>	<b>\$25,143,705</b>	<b>\$26,145,384</b>	<b>\$28,594,212</b>

Source: Lebanon City School District Financial Records

TABLE 2

Lebanon City School District  
General Fund Expenditures by Function  
Last Ten Fiscal Years

Fiscal Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Regular Instruction	\$7,137,849	\$7,267,645	\$8,030,942	\$9,074,349	\$9,447,680	\$10,481,150	\$10,897,572	\$12,266,031	\$12,080,305	\$13,963,357
Special Instruction	821,989	807,103	830,695	864,330	964,384	1,004,330	985,286	1,547,577	1,890,996	2,059,011
Vocational Instruction	37,448	35	0	0	0	0	0	0	0	16,435
Other Instruction	28,402	32,448	63,245	85,077	116,920	236,461	217,674	325,606	365,495	905,187
Pupil	615,653	621,576	680,123	714,520	794,923	923,111	987,007	1,396,493	1,479,254	1,855,494
Instructional Staff	401,952	405,437	453,747	648,241	786,587	1,003,996	1,449,419	1,466,707	1,647,986	1,926,723
General Administration	29,205	24,924	30,021	30,535	38,333	35,645	81,505	43,050	38,392	25,006
School Administration	1,232,700	1,195,089	1,272,240	1,307,847	1,515,813	1,793,433	1,801,156	1,932,915	2,071,817	2,180,362
Fiscal	287,845	331,250	387,569	416,031	482,323	534,601	506,087	579,970	601,760	606,783
Business	3,957	23,048	82,915	99,592	132,144	128,593	141,429	147,448	158,938	148,617
Operations and Maintenance	1,126,983	1,191,445	1,364,460	1,501,384	1,493,647	1,551,876	1,571,910	1,871,676	2,009,294	2,002,506
Pupil Transportation	882,055	922,470	967,301	1,311,953	1,361,744	1,457,646	2,258,200	2,567,412	2,695,948	2,806,016
Central	23,105	26,508	56,894	136,754	91,147	122,304	159,938	126,674	163,473	170,662
Community Services	4,670	7,599	6,958	3,766	5,952	991	3,518	2,044	2,433	136,915
Extracurricular Activities	252,847	243,537	273,404	267,657	349,774	379,515	416,946	466,024	491,277	469,269
Capital Outlay	0	0	4,500	5,050	1,350	0	22,500	231,009	10,550	0
Debt Service	2,092	17,662	6,113	0	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$12,890,752</b>	<b>\$13,121,776</b>	<b>\$14,531,527</b>	<b>\$16,467,086</b>	<b>\$17,582,721</b>	<b>\$19,654,252</b>	<b>\$21,590,147</b>	<b>\$24,990,636</b>	<b>\$25,707,918</b>	<b>\$29,282,363</b>

Source: Lebanon City School District Financial Records

TABLE 3

Lebanon City School District  
 Property Tax Levies and Collections - Real and Tangible Personal Property (1)  
 Last Ten Collection (Calendar) Years

Year (2)	Current Levy	Delinquent Levy (3)	Total Levy	Current Collection	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Percent Total Collection As a Percent of Current Levy
1993	\$6,791,121	\$450,808	\$7,241,929	\$6,599,781	97.18%	\$317,780	\$6,917,561	101.86%
1994	7,534,998	398,115	7,933,113	7,427,544	98.57%	290,941	7,718,485	102.44%
1995	10,010,886	415,007	10,425,893	9,764,558	97.54%	264,582	10,029,140	100.18%
1996	10,709,130	435,700	11,144,830	10,435,163	97.44%	304,586	10,739,749	100.29%
1997	11,753,899	447,387	12,201,286	11,391,223	96.91%	370,332	11,761,555	100.07%
1998	11,898,841	442,536	12,341,377	11,546,561	97.04%	358,200	11,904,761	100.05%
1999	12,342,476	640,693	12,983,169	11,991,433	97.16%	376,786	12,368,219	100.21%
2000	13,345,851	760,773	14,106,624	12,980,014	97.26%	551,543	13,531,557	101.39%
2001	12,823,421	659,450	13,482,871	12,422,978	96.88%	406,966	12,829,944	100.04%
2002	16,969,320	1,110,594	18,079,914	16,389,089	96.58%	562,610	16,951,699	99.90%

Source: Warren County Auditor

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.

(2) Represents collection year. 2003 information cannot be presented because all collections have not been made by June 30.

(3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

TABLE 4

Lebanon City School District  
Assessed and Estimated Actual Value of Taxable Property  
Last Ten Collection (Calendar) Years

Year (1)	Real Property		Tangible Personal Property		Public Utilities Personal		Total	Ratio	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value		
1994	\$207,718,010	\$593,480,029	\$18,866,154	\$75,404,616	\$28,934,920	\$32,880,591	\$255,519,084	\$701,823,236	36.41%
1995	251,283,640	717,933,237	21,631,948	86,527,792	31,032,240	35,263,909	303,947,828	839,744,958	36.20%
1996	267,676,730	764,790,657	23,863,426	95,453,704	29,801,640	33,865,500	321,341,796	894,109,861	35.94%
1997	288,144,380	823,269,637	27,767,713	111,070,852	30,027,200	34,121,818	345,939,293	968,462,327	35.72%
1998	342,775,310	979,358,029	26,982,036	107,928,144	28,547,430	32,440,261	398,304,776	1,119,726,434	33.57%
1999	368,094,930	1,051,699,514	29,987,060	119,868,240	28,631,100	114,524,400	426,692,990	1,286,092,154	33.18%
2000	388,957,480	1,111,307,086	29,590,168	118,360,672	28,474,500	113,698,000	447,022,148	1,343,565,758	33.27%
2001	475,136,090	1,337,531,685	37,220,943	148,883,772	29,564,800	118,259,440	541,921,893	1,624,674,897	33.36%
2002	493,609,590	1,410,313,114	34,323,330	137,293,320	20,502,430	23,298,215	548,435,350	1,570,904,649	34.91%
2003	581,795,050	1,662,271,685	40,424,180	161,696,720	21,262,620	26,434,795	645,481,890	1,850,403,200	34.88%

Source: Warren County Auditor

(1) Represents tax collection year.



TABLE 5

Lebanon City School District  
 Property Tax Rates (Per \$1,000 of Assessed Valuation)  
 Direct and Overlapping Governments  
 Last Ten Collection (Calendar) Years

Entity	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
<b>Direct:</b>										
Lebanon City School District	\$55.63	\$55.53	\$50.63	\$50.63	\$50.03	\$51.13	\$51.13	\$51.13	\$51.13	\$44.62
<b>Overlapping:</b>										
Warren County	4.96	4.60	4.50	4.50	5.23	5.00	5.50	7.07	7.07	7.10
Warren County Career Center	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Warren-Clinton Mental Health	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Lebanon Corporation	7.72	7.72	7.72	7.82	6.32	6.32	6.52	6.62	6.62	6.70
Middletown Corporation	5.15	5.15	4.51	5.11	5.01	4.96	4.96	5.16	5.16	5.18
Mason Corporation	7.32	7.32	7.32	7.32	7.39	1.87	1.89	1.89	1.89	1.90
Centercreek Township	16.97	16.97	13.12	13.12	11.62	11.62	11.62	11.62	11.62	11.60
Salem Township	8.62	8.62	6.72	6.72	6.72	6.72	6.72	4.72	4.72	5.70
Turtlecreek Township	5.62	5.62	5.62	5.62	5.62	5.62	5.62	5.62	5.62	5.6
Union Township	6.20	6.20	6.20	6.20	6.20	5.20	5.20	6.20	6.20	6.20
Washington Township	4.78	4.78	4.78	4.78	4.78	4.78	4.78	4.78	4.78	3.76
Wayne Township	7.07	7.07	7.07	7.07	7.07	7.07	7.07	7.07	7.07	7.05

Source: Warren County Auditor

Lebanon City School District  
 Ratio of Net General Bonded Debt to Assessed Value  
 And Net Bonded Debt Per Capita  
 Last Ten Years

TABLE 6

Year	General Obligation Bonded Debt	Assessed Value	District Population	Ratio of Debt to Assessed Value	Net Debt Per Capita
1994	\$6,875,000	\$255,519,084	21,071	2.69%	\$326
1995	7,620,000	303,947,828	21,071	2.51%	362
1996	6,795,000	321,341,796	21,071	2.11%	322
1997	6,065,000	345,939,293	21,071	1.75%	288
1998	4,917,000	398,304,776	21,071	1.23%	233
1999	3,653,000	426,692,990	21,071	0.86%	173
2000	2,291,000	447,022,148	21,071	0.51%	109
2001	916,000	541,921,893	27,610	0.17%	33
2002	45,719,000	548,435,350	27,610	8.34%	1,656
2003	45,510,000	645,481,890	27,610	7.05%	1,648

Sources: Lebanon Chamber of Commerce and Lebanon City School District Financial Records

Lebanon City School District  
 Computation of Legal Debt Margin  
 June 30, 2003

TABLE 7

Assessed Valuation of District		<u>\$645,481,890</u>
<u>Overall Direct Debt Limitation</u>		
Direct debt limitation		
9% of assessed valuation		\$58,093,370
Amount available in Debt Service Fund		748,941
Gross indebtedness	(\$45,510,000)	
Less: Debt exempt from limitation	<u>0</u>	
Debt subject to 9% limitation		<u>(45,510,000)</u>
Legal debt margin within 9% limitation		<u>\$13,332,311</u>
<u>Unvoted Direct Debt Limitation</u>		
Unvoted debt limitation		
0.1% of assessed valuation		\$645,482
Amount available in Debt Service Fund related to unvoted debt		0
Gross indebtedness authorized by the Board	0	
Less: Debt exempt from limitation	<u>0</u>	
Debt subject to 0.1% limitation		<u>0</u>
Legal debt margin within 0.1% limitation		<u>\$645,482</u>
<u>Energy Conservation Bond Limitation</u>		
Ohio Revised Code Section 133.042		
Debt limitation		
0.9% of assessed valuation		\$5,809,337
Energy conservation notes authorized by the Board		<u>(510,000)</u>
Legal debt margin within 0.9% limitation		<u>\$5,299,337</u>

Source: Lebanon City School District records.

Lebanon City School District  
 Computation of Direct and Overlapping Debt  
 June 30, 2003

TABLE 8

<u>Governmental Unit</u>	<u>Gross General Obligation</u>	<u>Percent Applicable to District (1)</u>	<u>Amount Applicable to District</u>
<b>Direct:</b>			
Lebanon City School District	<u>\$49,999,999</u>	100.00%	<u>\$49,999,999</u>
<b>Overlapping:</b>			
Warren County	\$4,010,870	13.99%	\$561,121
Lebanon City	8,471,120	91.39%	7,741,757
Mason City	11,125,000	0.32%	35,600
Middletown City	19,867,000	0.29%	57,614
South Lebanon Village	491,500	0.60%	2,949
Clear Creek Township	1,760,000	6.58%	115,808
Salem Township	<u>91,768</u>	1.99%	<u>1,826</u>
<b>Total overlapping:</b>	<u>\$45,817,258</u>		<u>\$8,516,675</u>
<b>Total direct and overlapping debt:</b>	<u>\$95,817,257</u>		<u>\$58,516,674</u>

Source: Ohio Municipal Advisory Council

(1) Calculated by the Ohio Municipal Advisory Council

Lebanon City School District  
 Ratio of Annual Debt Service Expenditures  
 For General Bonded Debt to Total General Fund Expenditures  
 Last Ten Fiscal Years

TABLE 9

Fiscal Year	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (%)
1994	\$831,312	\$12,890,752	6.45%
1995	998,529	13,121,776	7.61%
1996	1,172,150	14,531,527	8.07%
1997	1,320,547	16,467,086	8.02%
1998	1,410,727	17,582,721	8.02%
1999	1,472,718	19,654,252	7.49%
2000	1,512,513	21,500,147	7.03%
2001	0	24,990,636	0.00%
2002	443,323	25,707,918	1.72%
2003	748,941	29,282,363	2.56%

Source: Lebanon City School District records.

Lebanon City School District  
 Demographic Statistics  
 Last Ten Years

TABLE 10

Year	Warren County Population (1)	Lebanon City Population (1)	School Enrollment (2)	Unemployment Rate Warren County (3)
1994	113,909	10,423	3,632	4.90%
1995	113,909	10,423	3,842	4.20%
1996	113,909	10,423	3,988	3.90%
1997	113,909	10,423	4,214	2.60%
1998	113,909	10,423	4,354	2.60%
1999	113,909	10,423	4,405	3.20%
2000	113,909	10,423	4,496	3.00%
2001	158,383	16,962	4,446	2.90%
2002	169,025	16,962	4,509	3.30%
2003	169,025	16,962	4,670	3.70%

Source: (1) Years 1993 - 2000, 1990 Census / Year 2001-2002, 2000 Census  
 (2) Lebanon City School District Records  
 (3) Ohio Bureau Employment Services  
 Prior years' amounts have been restated to reflect current available information.

Lebanon City School District  
 Construction, Bank Deposits and Property Values  
 Last Ten Calendar Years

TABLE 11

<u>Calendar Year</u>	<u>Construction (1)</u>	<u>Bank Deposits (2) (in Thousands)</u>	<u>Property Values (3)</u>
1993	\$12,774,111	\$367,097,000	\$199,964,620
1994	13,267,519	411,164,000	207,718,010
1995	30,725,199	422,581,000	251,283,640
1996	29,040,394	460,950,000	267,676,730
1997	26,993,285	465,584,000	288,144,380
1998	32,204,227	523,595,000	342,775,310
1999	31,326,951	524,246,000	368,094,830
2000	36,589,567	533,873,000	388,957,480
2001	36,191,203	618,781,000	475,136,090
2002	40,137,191	612,603,000	493,609,590

- Sources:
- (1) City of Lebanon
  - (2) Total deposits of all banks headquartered in Warren County, Ohio.  
 (includes national and state chartered banks.) Federal Reserve Bank,  
 Cleveland.
  - (3) Warren County Auditor

Lebanon City School District  
 Real Property  
 Top Ten Principal Taxpayers  
 June 30, 2003 (1)

TABLE 12

Name of Taxpayer	Real Property	% of Total Assessed Valuation
Fujitec America	\$7,423,210	1.15%
Dominion Transmission	5,973,980	0.93%
Johnson & Hardin	5,831,870	0.90%
United Telephone Company	5,622,880	0.87%
Cincinnati Gas & Electric	4,854,340	0.75%
Otterbein Home	4,797,380	0.74%
Watson Crossing	2,523,830	0.39%
Eastern Retail Holdings	1,980,220	0.31%
Lebanon Park Towne Homes	1,873,010	0.29%
Shaker Run Golf Course	1,850,310	0.28%
	<u>\$42,731,030</u>	<u>6.61%</u>

Source: Warren County Auditor.

(1) Based on information available as of June 30, 2003.



TABLE 13

Lebanon City School District  
Enrollment Projections  
June 30, 2003

Enrollment by Grade

	K	1	2	3	4	5	6	7	8	9	10	11	12	Total
2002-03	352	352	345	365	370	392	397	361	356	363	383	323	313	4,670
The following are projections:														
2003-04	591	542	360	310	356	359	385	410	368	375	342	378	352	5,128
2004-05	411	667	517	361	309	366	366	402	418	367	383	347	367	5,281
2005-06	420	464	636	518	360	317	372	381	409	416	375	388	337	5,393
2006-07	427	474	442	637	516	370	323	388	388	408	426	380	378	5,557
2007-08	435	482	452	443	635	530	376	337	395	387	417	431	369	5,689
2008-09	444	490	460	453	442	653	540	392	343	394	396	423	419	5,849
2009-10	451	501	468	461	452	454	664	562	400	342	403	401	411	5,970
2010-11	460	454	559	463	456	445	460	669	579	402	335	406	401	6,089
2011-12	480	465	460	559	469	459	450	465	675	579	410	340	415	6,226

Source: Lebanon City School District records.

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Betty Montgomery**

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**LEBANON CITY SCHOOL DISTRICT**

**WARREN COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 30, 2004**