

LEBANON CITY SCHOOL DISTRICT

Single Audit Reports

June 30, 2004



**Auditor of State
Betty Montgomery**

Board of Education
Lebanon City School District
700 Holbrook Ave.
Lebanon, OH 45036

We have reviewed the *Report of Independent Accountants* of the Lebanon City School District, Warren County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2003 through June 30, 2004. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

May 20, 2005

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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***

February 11, 2005

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lebanon City School District (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 11, 2005. 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 two instances of non-compliance required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2004-001 to 2004-003.

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 Auditor of State, the Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

February 11, 2005

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 its major federal program for the year ended June 30, 2004. The District's major federal program is 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 on 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 its major federal program for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the 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 financial statements of the governmental activities, each major fund, and the aggregate remaining information of the District as of and for the year ended June 30, 2004, and have issued our report thereon dated February 11, 2005. Our audit was made 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, the Auditor of State, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Certified Public Accountants

LEBANON CITY SCHOOL DISTRICT
JUNE 30, 2004

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

Finding Number 2004-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. During the year, the District had disbursements exceeding appropriations in the following funds: debt service fund \$1,742,915, lunchroom fund \$352,152, employee benefits fund \$240,785, athletics fund \$3,544, EMIS fund \$5,669, Title IV-A fund \$5,502, and IDEA Early Education fund \$4,581. Expenditures should be monitored to ensure compliance.

Finding Number 2004-002

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue. During the year, the District had appropriations exceeding estimated resources in the following funds: community school fund \$399, student activities fund \$541,544, Title I fund \$73,933, Title V fund \$1,818, and Title II-A fund \$14,787. Appropriations should be monitored to ensure compliance.

Finding Number 2004-003

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue. At the beginning of the year, the District had appropriations exceeding estimated resources in the following funds: Building \$2,753,595, food service \$625,551, uniform school supplies \$51,432, athletic \$61,737, auxiliary services \$37,953, schoolnet professional development \$3,382, student intervention \$4,617, IDEA part B \$70,550, Title I \$73,933, Title V \$2,214, Title II-A \$14,831, Title II-D \$5,090, transportation construction \$1,507,170, and employee benefits \$2,440,610. Appropriations should be monitored to ensure compliance.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Noted

LEBANON CITY SCHOOL DISTRICT
JUNE 30, 2004

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

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

LEBANON CITY SCHOOL DISTRICT

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed Through Ohio Department of Education:						
Child Nutrition Cluster:						
National School Breakfast Program	05-PU	10.553	\$5,811	\$0	\$5,811	\$0
National School Lunch Program	04-PU	10.555	213,328	0	213,328	0
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>219,139</u>	<u>0</u>	<u>219,139</u>	<u>0</u>
Food Distribution Program	03-PU	10.550	0	36,952	0	36,952
Total U.S. Department of Agriculture -Nutrition Cluster			<u>219,139</u>	<u>36,952</u>	<u>219,139</u>	<u>36,952</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Title VI - B	6B-SF	84.027	477,561	0	459,061	0
Preschool	PG-S1	84.173	5,852	0	5,852	0
Total Special Education Cluster			<u>483,413</u>	<u>0</u>	<u>464,913</u>	<u>0</u>
Title II-D	TJ-S1	84.318	12,156	0	11,600	0
Title I	C1-S0	84.010	443,359	0	389,400	0
Title V	C2-S1	84.298	21,652	0	21,469	0
Drug Free Schools	DR-S1	84.186	29,518	0	28,944	0
Title II-A	TR-S1	84.367	135,876	0	142,480	0
Total Department of Education			<u>1,125,974</u>	<u>0</u>	<u>1,058,806</u>	<u>0</u>
Total Federal Assistance			<u>\$1,345,113</u>	<u>\$36,952</u>	<u>\$1,277,945</u>	<u>\$36,952</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
WARREN COUNTY, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

LEBANON CITY SCHOOL DISTRICT
WARREN COUNTY, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Issued by:
Mary Beth Kemmer
Treasurer/CFO

Prepared by:
Inga Fisher
Assistant Treasurer

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INTRODUCTORY SECTION

Lebanon City School District
Warren County, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004

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February 11, 2005

Citizens of the Lebanon City School District
Board of Education
Lebanon, Ohio

We are pleased to present the twelfth Comprehensive Annual Financial Report (CAFR) of the Lebanon City School District (the School District) for the fiscal year ended June 30, 2004. This report, prepared by the Treasurer's office, includes an opinion from Plattenburg and Associates, Inc. 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 School 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 School District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

The CAFR is divided into three sections:

1. The Introductory Section includes a table of contents, this transmittal letter, the ASBO Certificate of Excellence in Financial Reporting, the GFOA Certificate of Achievement for Excellence in Financial Reporting, a list of elected and administrative officials, the School District's organization chart, and the Office of The Treasurer.
2. The Financial Section includes the report of independent accountants on the financial statements, management's discussion and analysis, basic financial statements and notes to the basic financial statements that provide an overview of the financial position and operating results of the School District, the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. The Statistical Section includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparative purposes.

SCHOOL DISTRICT OVERVIEW

The School District serves an area of 81.9 square miles in the central part of Warren County, encompassing the City of Lebanon and portions of three other cities and eight 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 2003-2004 school year, the School District served 4,778 students enrolled in three elementary schools, one intermediate school, one middle school and one high school. This enrollment increased by 108 students from the 2002-2003 school year. The preliminary enrollment for the 2004-2005 school year is 4,715, which is an increase of 45 students from the prior year. The following table shows the schools that were in operation for the fiscal year ended June 30, 2004.

<u>Year Constructed</u>	<u>School Name and Address</u>	<u>October, 2003 Enrollment</u>
1959	Holbrook Elementary 700 Holbrook Ave.	715
1959	Louisa Wright Elementary 600 South East St.	384
1957	Dunlavy Elementary 501 N. Water St.	347
1993	Donovan Intermediate 401 Justice Dr.	760
1930	Berry Middle School 23 Oakwood Ave.	1,161
1969	Lebanon High School 160 Miller Rd.	1,411

The School 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 co curricular and extracurricular activities; adult and community education offerings; special education programs and facilities; and community recreational facilities.

The School District receives pass through grants from the State and distributes these grants to parochial/private schools located within the School District. This activity is included in the entity as the auxiliary services nonmajor special revenue fund because of the School 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 School District, each is a legally separate and distinct entity. Because of their independent nature, neither of these organizations are included in this report.

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 School District's tax dollars and (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, 2004, were as follows:

<u>Board Member</u>	<u>Began Service</u>	<u>Term Expires</u>	<u>Profession</u>
Donna Davis-Norris	January, 2000	December, 2007	Fiscal Service Liaison
Jackson Hedges	January, 2002	December, 2005	Attorney
Katherine Pointinger	January, 1996	December, 2007	School Psychologist
Orville Robinson	January, 1998	December, 2005	Minister
Lee Wiederhold	January, 2004	December, 2007	Entrepreneur

The Superintendent is the chief executive officer of the School 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 School District, responsible directly to the Board for maintaining all financial records, issuing all payments, maintaining custody of all School District funds and assets and 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.

ECONOMIC CONDITION AND OUTLOOK

The School District is located in southwestern Ohio, in the central part of Warren County. Approximately 76 percent of the School District's tax base is 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 School 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 School District's resources.

EMPLOYEE RELATIONS

The School District currently has approximately 306 certified and 195 classified employees. The number of employees has been steady for the last several years. During the 2004 fiscal year, the School District paid \$26,020,338 in total salaries and fringe benefits consisting of retirement contributions, workers' compensation, and life and health benefits from the general fund.

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

SERVICES PROVIDED

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

The School District offers regular instructional programs daily to students in grades K-12. Over 476 students receive special services, due to physical or mental handicapping conditions. In grades K-12, approximately 378 students participated in the gifted program. The School District presented 264 high school diplomas in 2004.

Transportation

The transportation facility provides service to the School District, students, parents and staff as growth continues. Our staff has grown to nearly 80 drivers, all trained and licensed by the State of Ohio Commercial Drivers License Department. The fleet of 73 buses is maintained by three mechanics. Last year, the buses traveled over 790,000 miles on routes and field trips; all within the 180-day school year. Our safety record is exceptional! Routes are adjusted all year as needed.

Food Service

The food service department served 329,543 plate lunches throughout the School District's six kitchens. This is accomplished through the full operation of these kitchens and no satellite sites. The School District currently offers a breakfast program at Berry Middle School and Lebanon High School.

In addition to transportation and school lunch support services, students in the School 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.

School Psychologists

The school psychologists are assigned throughout the School District, but base out of the Office of Special Services at Berry Middle School. The psychologists serve on the building intervention assistance teams as needed and are primarily responsible for conducting multi-factored evaluations and triennial re-evaluations for students with an identified disability. Additional services include evaluation for gifted services, consultation with teachers and interagency collaboration. Our psychologists evaluate children as young as three years of age who are suspected of having a disability. Any child who is identified as having a disability is re-evaluated at least every three years to re-determine eligibility for special services.

School Health Program

The school health program at this School District is based on the concept that healthy children learn better and can take greater advantage of the educational opportunities provided to them. Throughout the year, the school nurses serve to promote the health of each child through preventative health measures as well as direct interventions. Major activities include: vision and hearing screening (grades K, 1, 3, 5, 7, 9), scoliosis screening (grades 6, 7, 8, 9) and immunization clinics on-site for parent convenience. Other areas of responsibility include: monitoring medication administration, intervening for ill/injured students, communicating student medical concerns to staff and providing staff with emergency plans for students with serious health conditions.

Custodial and Maintenance Service

All custodial and maintenance crews (along with numerous summer help employees), worked diligently on the “Big Move,” while continuing to maintain and improve our existing buildings. The excitement of having two new buildings is growing daily as crews have been re-assigned and are starting to make their moves into all of our schools. Our buildings square footage has almost doubled for our custodians and maintenance crews along with the land the grounds crews will maintain. Our commitment to the community is to maintain and improve these facilities to the best of our ability.

School-Safe Help Line

In an attempt to be proactive in our efforts to insure the safety of the children and employees of the School District, we have continued to use the “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.

MAJOR CURRENT AND FUTURE INITIATIVES

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

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 School 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 School District priorities
- Community involvement will be developed into a strong partnership with the School 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 School District priorities
- Extracurricular offerings and participation will increase in grades 5 -12 in each of the next five 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 five 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 2003-2004 school year was another good year for our School District. Not only did we continue on our road of academic improvement, but we also saw the schematic drawings for our new elementary and high school become actual buildings that opened in September, 2004. This was an exciting time for both the School District and the community! Right after Labor Day, the new Lebanon High School on Drake Road and Bowman Primary School at the corner of St. Rt. 122 and Hart Road opened their doors for the first time. All of the pictures throughout the CAFR highlight Bowman Primary School.

Much time and effort was given by our staff to make sure that these new facilities were being constructed to meet both the current and future instructional needs of the students who attend there. Also, many staff gave extra time and effort by attending professional development programs aimed at improving the learning in the classroom so that our students will be prepared for the proficiency tests and their future. Their efforts were rewarded as we are in the top category in the State rankings called "Excellent" by meeting 17 of 18 standards.

Five years ago, the School District was in the Continuous Improvement category on the State Report Card with lots of room for improvement. The Board of Education made a commitment to provide the leadership and support to take Lebanon on the road to becoming an "Excellent" school district. With the support of the Board of Education, we have been striving to provide quality facilities that will promote quality learning. Also, our Board of Education has encouraged creative thinking and planning as we stretch the tax-payers' dollars to get the most for our dollars. This can be quickly illustrated by the fact that we have extended the five year operating levy that was passed in 1999 into meeting our needs for an extra year. What makes this so

significant is that our enrollment has been increasing at a much higher rate than our revenue. We want Lebanon to be a place where each person feels that they are getting the best bang for their buck. We are fortunate to have a Board of Education who does a great job of walking that fine but important line of meeting the education needs of all students while being financially prudent.

During the coming school year, we will continue to improve both our curriculums and the related instruction throughout the School District. Even though we are in the top category on the State Report Card, we still have room to grow. This year, we will be focusing our planning efforts to develop programs for two ends of the spectrum - our most talented students and our at-risk students. It is our responsibility to find the answers and programs to assure that each and every student's needs are met. 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 between our least to most successful students.

At the elementary level, we will be initiating the Connected Schools model where grade level principals stay with a group of students from first through sixth grade. Our main goal is to establish strong positive relationships between the principal and each student. Research indicates that strong positive relationships between the principal, teacher and student have a tremendous impact upon improved academic achievement. The Connected Schools model has been created to provide another support system to guarantee student success. We will continue to set high expectations for our students and will be assessing how well each individual student attains those expectations.

Lebanon City Schools are definitely on the road to excellence by making decisions based upon what is best for all students. Our teachers have been working hard at improving the teaching and learning in order to prepare our students for the world of the future. The 2004-2005 school year will definitely be an exciting time for our School District. We need to stay true to our commitment to being one of the best school districts in the State.

Student Discipline Policy

Students' 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

The curriculum department has been busy updating the courses of study to match what the Ohio Department of Education has determined that all children should be able to know and do. The standards, benchmarks and grade-level indicators are intended to provide the teacher, students and parents with a common set of expectations for learning.

The School District is seeing an improvement in learning based on the information provided by the Local Report Card. Teachers are focusing on providing frequent assessments to help remediate quickly so that children have all the pieces of the puzzle that they need to fully understand concepts.

To help provide teachers with the tools they need to provide the best instruction possible, they attend professional development activities during early release and late arrivals and before and after the school day and during the summer. Some of the topics studied this school year include: writing in all subject areas, mathematical thinking, and inquiry based science and early reading skills.

Lebanon teachers are working hard to insure that all children can learn!

School Improvement Program

- K, 1, and 2 teachers piloted the new Ohio Diagnostic Assessments that was operational across the State this 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 fourth successful year. School 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.

FINANCIAL INFORMATION

The School 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).

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

Internal Control Structure and Budgetary Controls

In developing the School 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 School 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 School District are fully described in the notes to the basic financial statements. Additional information on the School 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 \$448,595 for the year ended June 30, 2004.

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 School 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 School 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 School District contracted with Indiana Insurance for general liability insurance with a \$1,000,000 single occurrence limit and a \$5,000,000 aggregate with a \$10,000 deductible. Property is protected by Indiana Insurance and holds a \$1,000 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 School 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.

OTHER INFORMATION

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 School District.

Awards

ASBO Certificate of Excellence in Financial Reporting - 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 School District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2003. The School District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2004, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School District for its comprehensive annual financial report for the fiscal year ended June 30, 2003. 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.

Acknowledgements

The preparation of the 2004 Comprehensive Annual Financial Report of the Lebanon City School District was made possible by the combined efforts of Inga Fisher, Assistant Treasurer, the entire Treasurer's Office and Plattenburg and Associates, Incorporated. The publication of this Comprehensive Annual Financial Report for the School District is a major step in reinforcing the accountability of the School District to the taxpayers of the community.

Respectfully submitted,



Mary Beth Kemmer
Treasurer/CFO

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

LEBANON CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2003

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

William A. Fall
President

Barbara W. Keller
Executive Director

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, 2003

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.



Nancy L. Zielke

President

Jeffrey R. Enos

Executive Director

Lebanon City School District
Warren County, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004

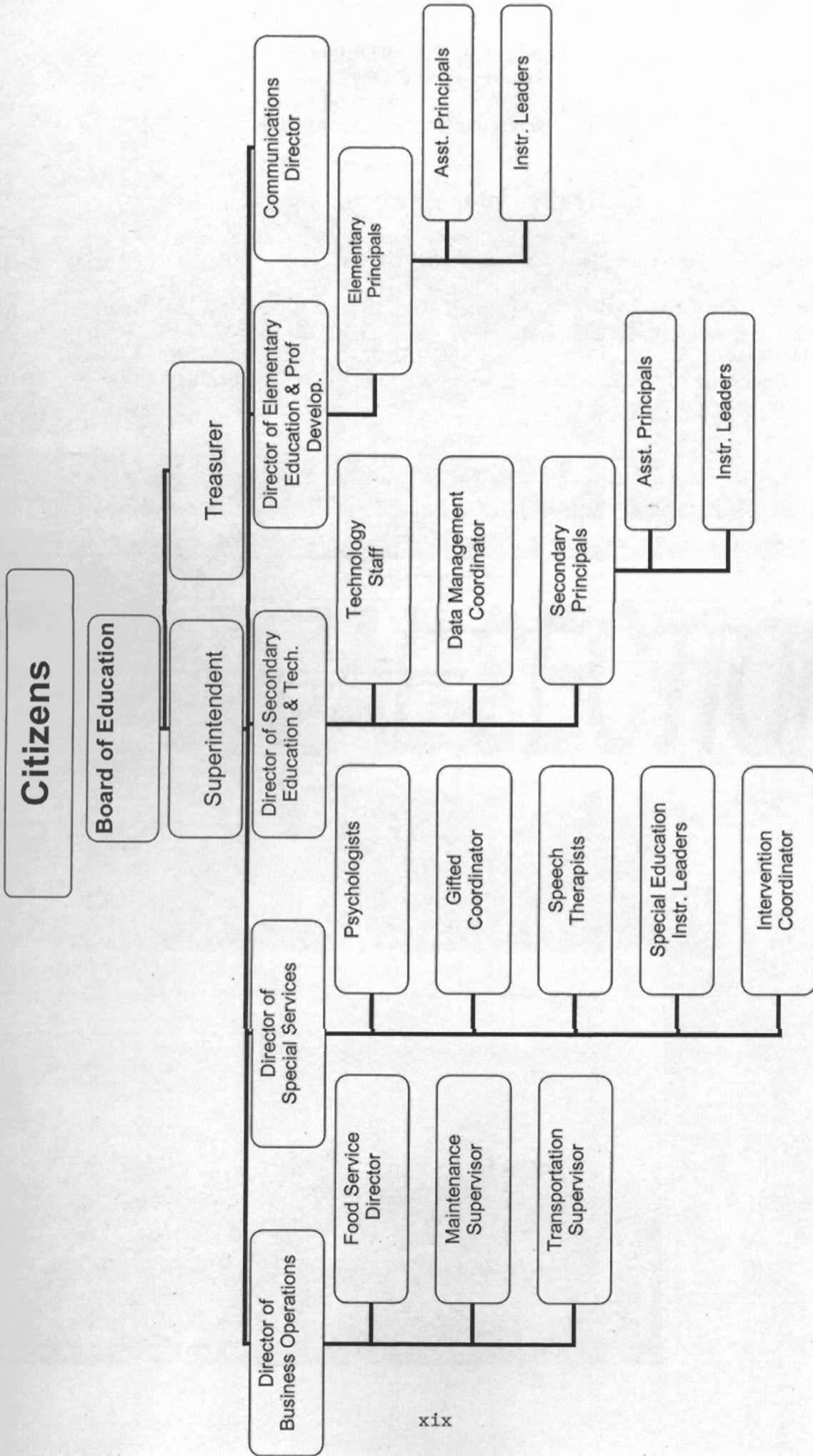
Elected Officials

President – Board of Education Orville R. Robinson
Vice President – Board of Education Jackson C. Hedges
Board Member Donna J. Davis-Norris
Board Member Katherine Poitinger
Board Member Lee E. Wiederhold

Administrative Officials

Superintendent..... James W. Sears
Treasurer..... Mary Beth Kemmer
Director of Special Services Pamela L. Bullock
Director of Business Operations Cary L. Furniss
Director of Elementary Instruction/Professional Development..... Becky S. Hill
Communications Specialist..... Michael A. McMurray
Director of Secondary Instruction/Technology Jennifer S. Moormeier

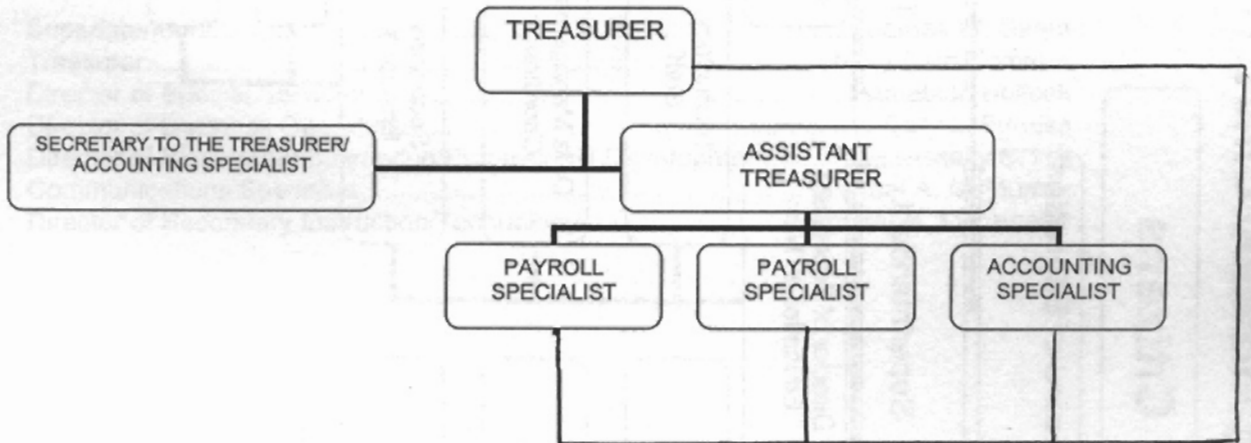
Lebanon City School District Organization Chart



Lebanon City School District
Warren County, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004

Office of the Treasurer

Treasurer/Chief Financial Officer Mary Beth Kemmer
Assistant Treasurer..... Inga A. Fisher
Secretary to the Treasurer/Accounting Specialist..... Lori A. Kesner
Accounting Specialist..... Kristina B. Garrison
Payroll Specialist..... Terri A. Lenos
Payroll Specialist..... Linda M. Sheppard



FINANCIAL SECTION

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February 11, 2005

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Education:

We have audited the accompanying financial statements of the governmental 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, 2004, 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, each major fund, and the aggregate remaining fund information of the Lebanon City School District, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the notes to the basic financial statements for the fiscal year ended June 30, 2004, the District reclassified activity formerly reported in the enterprise funds as a business-type activity to now be reported in the special revenue funds as a governmental activity.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2005 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

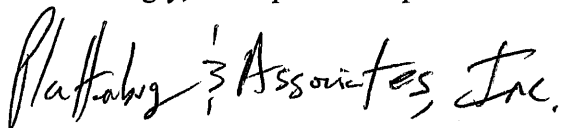
The Management's Discussion and Analysis information listed in the table of contents as required supplementary information is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. 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 basic financial statements of the District, taken as a whole. The accompanying information identified in the table of contents as combining statements and individual fund schedules is presented for purposes of additional analysis 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.

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 been 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
Warren County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

The discussion and analysis of Lebanon City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School 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 School District's performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2004 are as follows:

- The School District's net assets decreased \$5,174,463, which represents a 32 percent decrease. This decrease is due to hiring more staff for the increased enrollment. The School District also went from neighborhood schools to grade level schools causing transportation costs to rise.
- General revenues accounted for \$33,818,578 in revenue or 91 percent of all revenues. Program specific revenues in the form of charges for services, operating grants, interest and contributions accounted for \$3,172,506 or eight percent of total revenues of \$36,991,084.
- Total assets of governmental activities decreased by \$145,290 as cash and investments decreased by \$33,864,200, receivables increased by \$1,760,733 and capital assets increased by \$32,040,433. The large decrease in cash and investments and the increase in capital assets are both a direct result of the new primary school and high school construction projects. As of June 30, 2004, Bowman Primary School was 98 percent complete; therefore, the building was brought on as a capital asset. All the expenditures for the contractors caused the decrease in cash.
- The School District had \$42,165,547 in expenses; only \$3,172,506 of these expenses was offset by program specific charges for services, operating grants, interest or contributions. General revenues of \$33,818,578 (primarily taxes and entitlements) were also used to provide for these programs.
- Among major funds, the general fund had \$29,155,714 in revenues and \$31,947,816 in expenditures. The general fund balance decreased \$2,974,677 from 2003. The building fund had \$470,456 in revenues and \$35,436,805 in expenditures. The building fund balance decreased \$34,966,349 from 2003.
- Among nonmajor funds, the transportation construction capital projects fund caused the positive change in fund balances for all nonmajor funds due to the \$3,150,000 lease purchase agreement for a new transportation facility. See Note 14 of the basic financial statements for more information regarding this lease.

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 School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Lebanon City School District
Warren County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

The statement of net assets and statements of activities provide information about the activities of the School District as a whole, presenting both an aggregate view of the School 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 School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Lebanon City School District, the general fund, debt service fund and the building project fund are the most significant funds.

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 School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2004?" The statement of net assets and the statement of activities answer 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 School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School 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 School 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 School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the School District's major funds begins on page 14. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the debt service fund and the building project fund.

Governmental Funds

Most of the School 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

Lebanon City School District
Warren County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

cash. The governmental fund statements provide a detailed short-term view of the School 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.

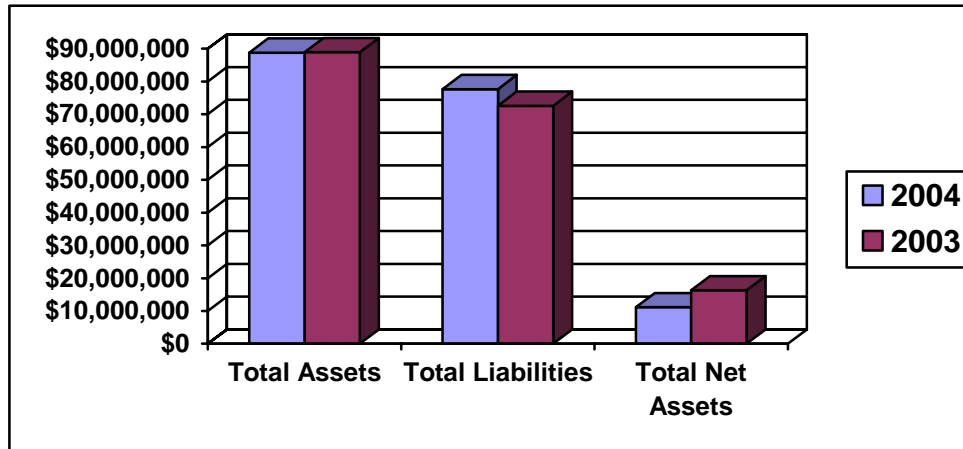
THE SCHOOL DISTRICT AS A WHOLE

Recall that the statement of net assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2004 compared to 2003:

	<u>2004</u>	<u>2003 - Restated</u>
Table 1 Net Assets		
Assets:		
Current and Other Assets	\$29,811,877	\$61,997,600
Capital Assets	<u>58,976,910</u>	<u>26,908,954</u>
Total Assets	<u>88,788,787</u>	<u>88,906,554</u>
Liabilities:		
Long-Term Liabilities	49,381,230	47,437,472
Other Liabilities	<u>28,256,370</u>	<u>25,143,432</u>
Total Liabilities	<u>77,637,600</u>	<u>72,580,904</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	11,461,910	8,404,253
Restricted	1,158,315	1,128,800
Unrestricted	<u>(1,469,038)</u>	<u>6,792,597</u>
Total Net Assets	<u>\$11,151,187</u>	<u>\$16,325,650</u>

Lebanon City School District
Warren County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004



Total assets decreased by \$145,290, as cash and investments decreased by \$33,864,200, taxes receivable increased by \$1,795,317, and capital assets increased by \$32,040,433. Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the School District decreased by \$8,261,635.

Table 2 shows the change in net assets for fiscal year 2004, and revenue and expenditure comparisons to 2003.

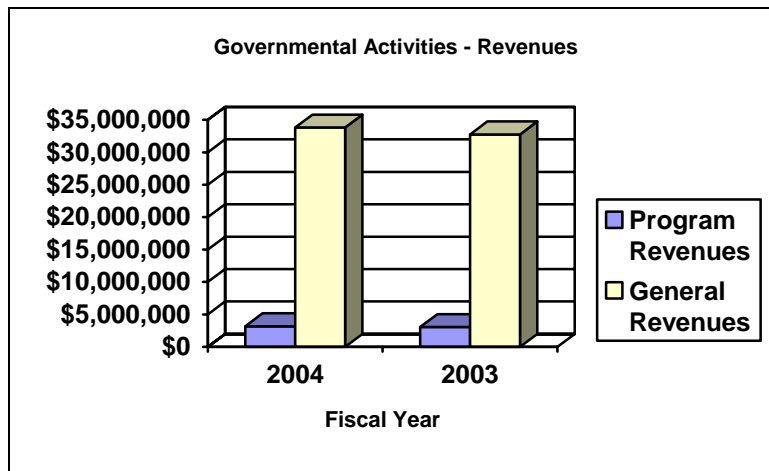
Table 2
Changes in Net Assets

	<u>2004</u>	<u>2003 Restated</u>
Revenues		
Program Revenues:		
Charges for Services	\$1,541,818	\$1,559,014
Operating Grants, Interest and Contributions	1,630,688	1,437,417
Capital Grants	0	68,051
Total Program Revenues	<u>3,172,506</u>	<u>3,064,482</u>
General Revenues:		
Property Taxes	16,750,526	16,494,707
Grants and Entitlements	16,418,737	15,307,065
Investment Earnings	448,054	706,577
Gifts and Donations	63,257	0
Miscellaneous	138,004	260,068
Total General Revenues	<u>33,818,578</u>	<u>32,768,417</u>
Total Revenues	<u>\$36,991,084</u>	<u>\$35,832,899</u>

Lebanon City School District
Warren County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

Program Expenses

Instruction	\$22,052,903	\$19,218,511
Support Services:		
Pupils and Instructional Staff	4,660,326	4,175,274
Board of Education, Administration, Fiscal and Business	3,681,623	3,479,579
Operation and Maintenance of Plant	3,006,758	2,619,241
Pupil Transportation	3,564,211	2,874,984
Central	296,477	261,763
Operation of Noninstructional Services	1,464,157	1,453,924
Extracurricular Activities	1,111,892	858,055
Interest and Fiscal Charges	2,327,200	1,404,693
Total Expenses	<u>42,165,547</u>	<u>36,346,024</u>
Decrease in Net Assets	<u>(\$5,174,463)</u>	<u>(\$513,125)</u>
Ending Net Assets	<u>\$11,151,187</u>	<u>\$16,325,651</u>



Governmental Activities

The School District revenues came from mainly two sources: property taxes and grants and entitlements. These type of revenues comprised 90 percent of the School District's revenues.

The School 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 do 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.

Lebanon City School District
Warren County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

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 45 percent of revenue for governmental activities for the School District in fiscal year 2004.

Instruction comprises 52 percent School District expenses. Support services make up 36 percent of the expenses.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows 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.

Table 3
Governmental Activities

	<u>Total Cost of Services 2004</u>	<u>Net Cost of Services 2004</u>	<u>Total Cost of Services 2003</u>	<u>Net Cost of Services 2003</u>
Instruction	\$22,052,903	\$20,900,542	\$18,998,609	\$18,171,315
Support Services:				
Pupils and Instructional Staff	4,660,326	4,393,305	4,175,274	3,880,550
Board of Education, Administration, Fiscal and Business	3,681,623	3,606,025	3,479,579	3,394,725
Operation and Maintenance of Plant	3,006,758	3,006,758	2,619,241	2,593,728
Pupil Transportation	3,564,211	3,557,396	2,874,984	2,806,933
Central	296,477	259,943	261,763	210,872
Operation of Noninstructional Services	1,464,157	105,563	1,673,231	163,983
Extracurricular Activities	1,111,892	836,309	858,055	665,725
Interest and Fiscal Charges	<u>2,327,200</u>	<u>2,327,200</u>	<u>1,404,693</u>	<u>1,404,693</u>
Total Expenses	<u>\$42,165,547</u>	<u>\$38,993,041</u>	<u>\$36,345,429</u>	<u>\$33,292,524</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to pupils.

Board of education, administration, fiscal and business include expenses associated with administrative and financial supervision of the School District.

Operation and maintenance of plant activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Central includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

Lebanon City School District
Warren County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

Operation of non-instructional services includes the preparation, delivery and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities. It also includes expenses incurred by the non-public schools in the School District.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges of debt of the School District.

The dependence upon tax revenues is apparent. 95 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 92 percent.

THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues \$36,726,348 and expenditures \$75,456,678. The net change in fund balances for the year was a decrease of \$35,194,537.

General Fund Budgeting Highlights

The School 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 2004, the School District amended its general fund budget numerous times, however none were significant. The School 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 School District revised the budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the general fund, the final budget basis revenue and other financing sources estimate was \$33,813,276. The original budget estimate was \$29,496,345. The majority of this difference was due to an advance that was both advanced and repaid during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2004, the School District had \$58,976,910 invested in land, land improvements, buildings, building improvements, equipment, vehicles and construction in progress. Table 4 shows fiscal year 2004 balances compared to fiscal year 2003.

Lebanon City School District
Warren County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

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

	2004	2003
Land	\$2,541,899	\$2,545,335
Construction In Progress	25,705,427	9,415,227
Land Improvements	537,550	0
Buildings	26,439,264	12,457,124
Building Improvements	1,518,890	0
Equipment	1,614,882	2,518,791
Vehicles	618,998	0
Totals	\$58,976,910	\$26,936,477

The increase in capital assets of \$32,040,433 is mainly due to the completion of Bowman Primary School as of June 30, 2004 and the ongoing construction at Lebanon High School. The School District continues its ongoing commitment to maintaining and improving its capital assets. For more information on capital assets, see Note 9 of the basic financial statements.

Debt

At June 30, 2004, the School District had \$47,515,000 in bonds and capital leases payable, consisting of \$1,708,000 due within one year. The School District entered into a lease purchase agreement for the construction and renovation of a transportation facility. Table 5 summarizes bonds and capital leases outstanding at year end.

Table 5
Outstanding Debt at June 30,

	2004	2003 (restated)
Ohio School Facilities Const. & Impr. Bonds	\$39,130,000	\$40,000,000
New School Construction Bond	4,885,000	5,000,000
House Bill 264	350,000	510,000
Bus Compound Lease Purchase Agreement	3,150,000	0
Abacus Software Capital Lease	0	51,047
Totals	\$47,515,000	\$45,561,047

The Abacus Software capital lease was incorrectly reported last year. This balance was restated. For more information on the School District's debt, see Note 16 of the basic financial statements.

Lebanon City School District
Warren County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004

CURRENT FINANCIAL ISSUES AND CONCERNS

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 School District must increase revenues by submitting an operating levy to the community on the May 3, 2005 ballot. This continuing levy in the amount of five point nine (5.9) mills, will be for the purpose of current operating expenses. It will commence in 2005 with collection beginning in calendar year 2006. The School District is projecting a steady increase in enrollment for the foreseeable future. This increased funding will be needed to provide all students with a quality education.

Financially, the future of the School District is not without challenges. Management must diligently plan future expenditures.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Mary Beth Kemmer, Treasurer/CFO at Lebanon City School District, 700 Holbrook Ave., Lebanon, Ohio 45036 or by email at Kemmer.Marybeth@lebanon.k12.oh.us.

Lebanon City School District
Warren County, Ohio
Statement of Net Assets
June 30, 2004

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$11,289,078
Inventory of Supplies and Materials	19,026
Accrued Interest Receivable	6,286
Accounts Receivable	31,322
Intergovernmental Receivable	246,982
Property and Other Taxes Receivable	17,338,133
Restricted Cash and Cash Equivalents	881,050
Land	2,541,899
Construction in Progress	25,705,427
Depreciable Capital Assets, Net	30,729,584
Total Assets	88,788,787
Liabilities:	
Accounts Payable	143,835
Accrued Wages and Benefits Payable	2,486,352
Contracts Payable	2,198,036
Intergovernmental Payable	941,727
Accrued Interest Payable	263,058
Accrued Vacation Leave Payable	174,922
Matured Compensated Absences Payable	25,532
Retainage Payable	797,303
Deferred Revenue	15,569,378
General Obligation Notes Payable	5,000,000
Claims Payable	656,227
Long Term Liabilities:	
Due Within One Year	1,808,005
Due In More Than One Year	47,573,225
Total Liabilities	77,637,600
Net Assets:	
Invested in Capital Assets, Net of Related Debt	11,461,910
Restricted for:	
Other Purposes	127,329
Debt Service	331,272
Capital Projects	699,714
Unrestricted (Deficit)	(1,469,038)
Total Net Assets	\$11,151,187

See Accompanying Notes to the Basic Financial Statements

Lebanon City School District
Warren County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants, Interest and Contributions	Total Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$18,981,545	\$342,732	\$437,413	(\$18,201,400)
Special	3,064,724	0	361,421	(2,703,303)
Vocational	113	0	0	(113)
Adult/Continuing	6,521	10,795	0	4,274
Support Services:				
Pupils	2,000,913	0	15,115	(1,985,798)
Instructional Staff	2,659,413	27,024	224,882	(2,407,507)
Board of Education	33,655	0	0	(33,655)
Administration	2,608,593	0	75,598	(2,532,995)
Fiscal	822,810	0	0	(822,810)
Business	216,565	0	0	(216,565)
Operation and Maintenance of Plant	3,006,758	0	0	(3,006,758)
Pupil Transportation	3,564,211	0	6,815	(3,557,396)
Central	296,477	0	36,534	(259,943)
Operation of Non-Instructional Services	1,464,157	885,684	472,910	(105,563)
Extracurricular Activities	1,111,892	275,583	0	(836,309)
Interest and Fiscal Charges	2,327,200	0	0	(2,327,200)
Total Governmental Activities	\$42,165,547	\$1,541,818	\$1,630,688	(38,993,041)

General Revenues:

Property Taxes Levied for:

General Purposes	13,208,932
Debt Service	2,663,444
Capital Outlay	878,150
Grants and Entitlements not Restricted to Specific Programs	16,418,737
Investment Earnings	448,054
Gifts and Donations	63,257
Miscellaneous	138,004
Total General Revenues	33,818,578

Change in Net Assets (5,174,463)

Net Assets Beginning of Year - Restated
(See Note 3)

16,325,650

Net Assets End of Year

\$11,151,187

See Accompanying Notes to the Basic Financial Statements

Lebanon City School District
Warren County, Ohio
Balance Sheet
Governmental Funds
June 30, 2004

	GENERAL	DEBT SERVICE	BUILDING PROJECT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets:					
Equity in Pooled Cash and Investments	\$2,042,710	\$0	\$4,266,067	\$4,980,301	\$11,289,078
Inventory of Supplies and Materials	0	0	0	19,026	19,026
Receivables:					
Accrued Interest	6,286	0	0	0	6,286
Accounts	5,168	0	0	26,154	31,322
Interfund	2,136,625	0	0	0	2,136,625
Intergovernmental	0	0	0	246,982	246,982
Property and Other Taxes	13,525,342	2,896,707	0	916,084	17,338,133
Restricted Assets:					
Cash and Cash Equivalents	83,747	0	797,303	0	881,050
Total Assets	\$17,799,878	\$2,896,707	\$5,063,370	\$6,188,547	\$31,948,502
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$83,964	\$0	\$28,936	\$30,935	\$143,835
Accrued Wages and Benefits Payable	2,357,914	0	0	128,438	2,486,352
Contracts Payable	0	0	1,976,144	221,892	2,198,036
Interfund Payable	0	579,779	0	404,745	984,524
Intergovernmental Payable	610,392	0	0	23,098	633,490
Accrued Interest Payable	0	0	79,158	0	79,158
Matured Compensated Absences Payable	25,532	0	0	0	25,532
Retainage Payable	0	0	797,303	0	797,303
Deferred Revenue	12,434,582	2,700,264	0	1,036,383	16,171,229
General Obligation Notes Payable	0	0	5,000,000	0	5,000,000
Total Liabilities	15,512,384	3,280,043	7,881,541	1,845,491	28,519,459
Fund Balances					
Reserved for Encumbrances	737,128	0	4,867,184	1,319,525	6,923,837
Reserved for Property Taxes	1,090,760	196,443	0	69,221	1,356,424
Reserved for Budget Stabilization	83,747	0	0	0	83,747
Unreserved, Undesignated (Deficit), Reported in:					
General Fund	375,859	0	0	0	375,859
Special Revenue Funds	0	0	0	(216,600)	(216,600)
Debt Service Fund	0	(579,779)	0	0	(579,779)
Capital Projects Funds	0	0	(7,685,355)	3,170,910	(4,514,445)
Total Fund Balances	2,287,494	(383,336)	(2,818,171)	4,343,056	3,429,043
Total Liabilities and Fund Balances	\$17,799,878	\$2,896,707	\$5,063,370	\$6,188,547	\$31,948,502

See Accompanying Notes to the Basic Financial Statements

Lebanon City School District
Warren County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2004

Total Governmental Fund Balance		\$3,429,043
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Capital Assets, Net		58,976,910
The 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.		
		(1,808,328)
Other long-term assets are not available to pay for the current period's expenditures and therefore are deferred in the funds.		
Property Taxes Receivable	412,331	
Intergovernmental Receivable	167,444	
Accounts Receivable	22,076	
		601,851
Intergovernmental Payable includes contractually required pension contributions which are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		
		(308,237)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		(183,900)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
Compensated Absences	(1,866,230)	
Accrued Vacation Leave Payable	(174,922)	
Capital Leases	(3,150,000)	
Bonds Payable	(44,365,000)	
Total Liabilities		(49,556,152)
Net Assets of Governmental Activities		\$11,151,187

See Accompanying Notes to the Basic Financial Statements

Lebanon City School District
Warren County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	GENERAL	DEBT SERVICE	BUILDING PROJECT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Property and Other Taxes	\$12,878,758	\$2,602,603	\$0	\$856,834	\$16,338,195
Intergovernmental	15,964,498	342,439	0	1,737,080	18,044,017
Interest	853	0	421,549	26,193	448,595
Tuition and Fees	58,529	0	0	235,777	294,306
Rent	17,979	0	0	0	17,979
Extracurricular Activities	0	0	0	306,147	306,147
Gifts and Donations	476	0	0	62,781	63,257
Charges for Services	25,626	0	0	875,143	900,769
Miscellaneous	208,995	0	48,907	55,181	313,083
Total Revenues	29,155,714	2,945,042	470,456	4,155,136	36,726,348
Expenditures:					
Current:					
Instruction:					
Regular	14,641,732	0	0	508,736	15,150,468
Special	3,071,550	0	0	753,245	3,824,795
Adult/Continuing	0	0	0	6,521	6,521
Support Services:					
Pupils	1,691,882	0	0	15,579	1,707,461
Instructional Staff	2,137,114	0	0	248,961	2,386,075
Board of Education	33,504	0	0	0	33,504
Administration	2,398,646	5,055	8,588	77,505	2,489,794
Fiscal	745,569	41,887	0	13,731	801,187
Business	237,442	0	0	0	237,442
Operation and Maintenance of Plant	2,598,441	0	0	242,802	2,841,243
Pupil Transportation	3,333,335	0	0	11,692	3,345,027
Central	235,377	0	0	45,801	281,178
Operation of Non-Instructional Services	11,444	0	0	1,385,303	1,396,747
Extracurricular Activities	760,733	0	0	216,523	977,256
Capital Outlay	0	0	35,260,559	1,115,214	36,375,773
Debt Service:					
Principal Retirement	51,047	1,145,000	0	0	1,196,047
Interest and Fiscal Charges	0	2,230,285	167,658	8,217	2,406,160
Total Expenditures	31,947,816	3,422,227	35,436,805	4,649,830	75,456,678
Excess of Revenues Under Expenditures	(2,792,102)	(477,185)	(34,966,349)	(494,694)	(38,730,330)
Other Financing Sources (Uses):					
Transfers - In	0	5,279,292	5,088,500	8,217	10,376,009
Proceeds from Sale of Capital Assets	0	0	0	385,793	385,793
Inception of Capital Lease	0	0	0	3,150,000	3,150,000
Transfers - Out	(182,575)	(5,096,717)	(5,088,500)	(8,217)	(10,376,009)
Total Other Financing Sources (Uses)	(182,575)	182,575	0	3,535,793	3,535,793
Net Change in Fund Balances	(2,974,677)	(294,610)	(34,966,349)	3,041,099	(35,194,537)
Fund Balances (Deficit) at Beginning of Year - Restated (See Note 3)	5,262,171	(88,726)	32,148,178	1,301,957	38,623,580
Fund Balances (Deficit) at End of Year	\$2,287,494	(\$383,336)	(\$2,818,171)	\$4,343,056	\$3,429,043

See Accompanying Notes to the Basic Financial Statements

Lebanon City School District
Warren County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
In Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2004

Net Change in Fund Balances - Total Governmental Funds (\$35,194,537)

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. In the current period, these amounts are:

Capital Asset Additions	33,668,520	
Current Year Depreciation	<u>(903,773)</u>	
Excess of Depreciation over Capital Outlay		32,764,747

Governmental funds report only the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each sale:

Proceeds From Sale of Capital Assets	(696,791)
--------------------------------------	-----------

The internal service fund used by management to charge the cost of insurance to individual funds is reported in the entity wide statement of activities.

(226,438)

Some revenues that will not be collected for several months after the School District's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount this year.

Property Taxes	412,331	
Accounts	22,076	
Intergovernmental	<u>5,408</u>	
		439,815

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of bond principal and capital lease payments.

1,196,047

Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability.

(3,150,000)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in Intergovernmental Payable	(146,463)	
Decrease in Accrued Interest Payable	78,960	
Increase in Accrued Vacation Leave Payable	(174,422)	
Increase in Compensated Absences Payable	<u>(65,381)</u>	
Total expenditures not reported in governmental funds		<u>(307,306)</u>

Change in Net Assets of Governmental Activities

(\$5,174,463)

See Accompanying Notes to the Basic Financial Statements

Lebanon City School District
Warren County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Taxes	\$13,441,979	\$13,172,040	\$13,172,040	\$0
Intergovernmental	15,362,762	15,964,498	15,964,498	0
Interest	150,000	166,408	166,408	0
Tuition and Fees	57,800	58,529	58,529	0
Gifts and Donations	0	476	476	0
Charges for Services	0	25,626	25,626	0
Rent	25,000	16,992	16,992	0
Miscellaneous	254,568	196,150	196,150	0
Total Revenues	29,292,109	29,600,719	29,600,719	0
Expenditures:				
Current:				
Instruction:				
Regular	26,439,820	14,662,454	14,662,454	0
Special	92,847	2,361,150	2,361,150	0
Other	894,269	1,089,555	1,089,555	0
Support Services:				
Pupils	239,689	1,639,644	1,639,644	0
Instructional Staff	252,240	2,240,285	2,240,285	0
Board of Education	57,489	33,504	33,504	0
Administration	394,634	2,460,591	2,460,591	0
Fiscal	366,073	755,072	755,072	0
Business	19,600	236,920	236,920	0
Operation and Maintenance of Plant	1,067,320	2,778,525	2,778,525	0
Pupil Transportation	1,678,257	3,461,770	3,461,770	0
Central	138,554	237,182	237,182	0
Operation of Non-Instructional Services	4,500	11,444	11,444	0
Extracurricular Activities	31,240	766,327	766,327	0
Debt Service:				
Principal	0	51,047	51,047	0
Total Expenditures	31,676,532	32,785,470	32,785,470	0
Excess of Revenues Under Expenditures	(2,384,423)	(3,184,751)	(3,184,751)	0
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	0	21,092	21,092	0
Refund of Prior Year Receipts	(9,793)	(57,653)	(57,653)	0
Advances - In	204,236	4,191,465	4,191,465	0
Advances - Out	(395,000)	(4,860,064)	(4,860,064)	0
Transfers - Out	(224,000)	(182,575)	(182,575)	0
Total Other Financing Sources (Uses)	(424,557)	(887,735)	(887,735)	0
Net Change in Fund Balances	(2,808,980)	(4,072,486)	(4,072,486)	0
Fund Balances at Beginning of Year	4,955,652	4,955,652	4,955,652	0
Prior Year Encumbrances Appropriated	629,546	629,546	629,546	0
Fund Balances at End of Year	\$2,776,218	\$1,512,712	\$1,512,712	\$0

See Accompanying Notes to the Basic Financial Statements

Lebanon City School District
 Warren County, Ohio
 Statement of Net Assets
 Proprietary Fund
 June 30, 2004

	Governmental Activities - Employee Benefits Self-Insurance Internal Service Fund
Assets:	\$0
Liabilities:	
Current Liabilities:	
Interfund Payable	1,152,101
Claims Payable	656,227
Total Liabilities	1,808,328
Net Assets:	
Unrestricted	(\$1,808,328)

See Accompanying Notes to the Basic Financial Statements

Lebanon City School District
Warren County, Ohio
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2004

	Governmental Activities - Employee Benefits Self-Insurance Internal Service Fund <hr style="border: 0.5px solid black;"/>
Operating Revenues:	
Charges for Services	<u>\$3,104,188</u>
Operating Expenses:	
Purchased Services	416,922
Claims	<u>2,913,704</u>
Total Operating Expenses	<u>3,330,626</u>
Change in Net Assets	(226,438)
Net Assets Beginning of Year	<u>(1,581,890)</u>
Net Assets End of Year	<u><u>(\$1,808,328)</u></u>

See Accompanying Notes to the Basic Financial Statements

Lebanon City School District
Warren County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2004

	Governmental Activities - Employee Benefits Self-Insurance Internal Service Fund
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$3,108,194
Cash Payments for Employee Services and Benefits	(417,250)
Cash Payments for Claims	(2,863,091)
Net Cash Used for Operating Activities	(172,147)
Cash Flows from Noncapital Financing Activities:	
Advances - In	1,152,101
Advances - Out	(1,021,228)
Net Cash Provided by Noncapital Financing Activities	130,873
Net Decrease in Cash and Cash Equivalents	(41,274)
Cash and Cash Equivalents Beginning of Year	41,274
Cash and Cash Equivalents End of Year	\$0
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating Loss	(\$226,438)
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	3,678
Increase in Claims Payable	50,613
Net Cash Used for Operating Activities	(\$172,147)

See Accompanying Notes to the Basic Financial Statements

Lebanon City School District
Warren County, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$176,070	\$76,323
Total Assets	\$176,070	\$76,323
Liabilities:		
Deposits Held and Due to Students	0	76,323
Total Liabilities	0	\$76,323
Net Assets:		
Held in Trust for Scholarships	\$176,070	

See Accompanying Notes to the Basic Financial Statements

Lebanon City School District
Warren County, Ohio
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2004

	Scholarship Fund
Additions	
Interest	\$7,119
Gifts and Donations	15,284
Miscellaneous	10,000
Total Additions	32,403
Deletions	
Payments in Accordance with Trust Agreements	21,150
Change in Net Assets	11,253
Net Assets Beginning of Year	164,817
Net Assets End of Year	\$176,070

See Accompanying Notes to the Basic Financial Statements

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Lebanon City School District (the "School District") is a body politic and corporate for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by State and/or federal agencies. It is staffed by 195 non-certified employees, 306 certified full time teaching personnel, including 7 administrators, who provide services to 4,778 students and other community members. The School District currently operates eight instructional/support facilities.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Lebanon City School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with four jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 17 and 18 to the basic purpose financial statements. These organizations are:

Jointly Governed Organizations:

- Southwestern Ohio Computer Association (SWOCA)
- Southwestern Ohio Instructional Technology Association (SOITA)
- Southwestern Ohio Educational Purchasing Cooperative (SOEPC)
- Warren County Career Center

Insurance Purchasing Pool:

- Ohio School Board's Association Group Rating Program (GRP)

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lebanon City School 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities in the government-wide financial statements provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements:

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements usually distinguish between those activities that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type. The government-wide statements also exclude fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements:

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The School District divides its funds into three categories: governmental, proprietary and fiduciary.

Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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 School District's major governmental funds:

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

Debt Service Fund - The debt service fund accounts for accumulation of resources to be used for the payment of short-term and long-term general obligation debt principal and interest.

Building Fund - The building fund (a capital projects fund) accounts for all transactions related to the construction of the new school buildings.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

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 School District has no enterprise funds.

Internal Service Fund - The internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The only internal service fund of the School District accounts for its employee benefits self-insurance fund for medical insurance coverage.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Fund Types:

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. The School District's only trust fund is a private purpose trust which accounts for various scholarship programs for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The student activity agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer and faculty advisor.

C. Measurement Focus

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

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 a 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, the proprietary fund type is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund 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 School District finances and meets the cash flow needs of its proprietary activities.

The private purpose trust fund is reported using the economic resources measurement focus.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. 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 accrual 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 School District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include 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 (See Note 7). 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 fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School 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 fiscal year-end: property taxes available as an advance, tuition, student fees, interest, grants, charges for services, gifts and donations and rent.

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, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements from other school districts 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.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses/Expenditures:

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. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

E. Budgetary Data

All funds, other than the agency fund are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation 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 amounts that the Board of Education may appropriate. The appropriation resolution is the Board of Education's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board of Education. The legal level of control has been established by the Board of Education at the fund level.

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 in the budgetary statements reflect the amounts in the 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 2004. Prior to fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflects actual revenue for the year.

The appropriation resolution is subject to amendment by the Board of Education throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during the year. Prior to fiscal year-end, the School District passed an amended appropriation resolution which matched appropriations to expenditures plus encumbrances.

F. Equity in Pooled Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments." During fiscal year 2004, investments included a repurchase agreement, Federal Home Loan Mortgage Notes, Federal National Mortgage Association Notes, a Federal Farm Credit Bank Bond, STAR Ohio, a money market fund and certificates of deposit.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$853, which includes \$632 assigned from other funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

G. Interfund Assets/Liabilities

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables" and "interfund payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption and purchased foods held for resale.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments or imposed by enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set aside to create a reserve for budget stabilization. Restricted assets in the building major fund represent monies required to be held for retainage on the construction contracts.

J. Capital Assets and Depreciation

The School District's only capital assets are general capital assets. General capital assets 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$600. The School 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.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings	99 years
Building Improvements	20 years
Furniture, Fixtures and Equipment	5-20 years
Vehicles	10-20 years

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current fiscal year. The capital leases and the general obligation bonds that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

L. 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 School District will compensate the employees for the benefits through paid time off or some other means. The School 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees after ten years of current service with the School District.

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

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which the employees will be paid.

M. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

O. 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 School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the employee benefits self-insurance internal service fund. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE AND NET ASSETS

For fiscal year 2004, the School District has implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units." GASB Statement No. 39 states that entities for which a primary government is not financially accountable may still be reported as component units based on the nature and significance of their relationship with the primary government. The implementation of GASB Statement No. 39 did not affect the reporting entity of the School District.

During fiscal year 2004, the food service, uniform school supplies and community school enterprise funds were reclassified to special revenue funds and are considered nonmajor funds under the guidelines of GASB Statement No. 34. The debt service fund is now a major fund and this changed the nonmajor fund balance at the beginning of the year. Also in prior years, certain interest payments were charged to the building fund rather than the debt service fund. These restatements had the following effect on fund balance of major and nonmajor funds of the School District as previously reported.

	Debt Service Major Fund	Building Major Fund	Nonmajor Funds
Fund Balance at June 30, 2003	\$748,941	\$31,310,511	\$2,154,701
Interpretation No. 6	0	0	34,964
Fund Type Reclassification	0	0	(887,708)
Interest Adjustments	(837,667)	837,667	0
Adjusted Fund Balance at June 30, 2003	<u>(\$88,726)</u>	<u>\$32,148,178</u>	<u>\$1,301,957</u>

In the prior year, capital assets were understated therefore, the beginning net capital assets for governmental activities of \$26,630,659 increased by \$278,295 to \$26,908,954. Also in the prior year, the capital lease liability (split between due within one year and due in more than one year) was overstated. The liability decreased by \$47,941 from \$98,988 to \$51,047. These adjustments, as well as the fund type reclassification for the enterprise funds, had the following effect on net assets at the beginning of the year.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE AND NET ASSETS (continued)

	Net Assets
Governmental Activities Net Assets at June 30, 2003	\$16,138,181
Fund Reclassification for Enterprise Funds	(138,767)
Capital Assets	278,295
Capital Lease Liability	47,941
Adjusted Governmental Activities Net Assets at June 30, 2003	\$16,325,650

NOTE 4 – ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2004, the debt service and building project major funds had deficit fund balances of \$383,336 and \$2,818,171, respectively. The food service, education management information systems, student intervention, IDEA, part B, title I, title V, title II-A and title II-D nonmajor funds had deficit fund balances of \$213,400, \$279, \$75, \$50,271, \$12,425, \$3,321, \$314, and \$1,893, respectively. The internal service proprietary fund also had a deficit net asset balance of \$1,808,328. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

Ohio Revised Code Section 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. During the fiscal year, the debt service, food service, employee benefits self-insurance, athletic, education management information system, drug free schools and IDEA, early childhood education funds had disbursements exceeding appropriations of \$1,742,915, \$352,152, \$240,785, \$3,544, \$5,669, \$5,502 and \$4,581, respectively.

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue. During the fiscal year, the School District had appropriations exceeding estimated resources in the following funds: community school \$399, title I \$73,933, title V \$1,818 and title II-A \$14,787. Also at the beginning of the year, the building major fund, the food service, uniform school supplies, athletic, auxiliary services, schoolnet professional development, student intervention, IDEA, part B, title I, title V, title II-A, title II-D, transportation construction and employee benefits self-insurance non-major funds had appropriations exceeding estimated resources of \$2,753,595, \$625,551, \$51,432, \$61,737, \$37,953, \$3,382, \$4,617, \$70,550, \$73,933, \$2,214, \$14,831, \$5,090, \$1,507,170 and \$2,440,610 respectively.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances 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 statement of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual – general fund is 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 that:

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 (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	(\$2,974,677)
Net Adjustment for Revenue Accruals	466,097
Net Adjustment for Expenditure Accruals	(109,726)
Advances	(668,599)
Adjustment for Encumbrances	<u>(785,581)</u>
Budget Basis	<u><u>(\$4,072,486)</u></u>

NOTE 6 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Interim deposits are deposits of interim monies. Interim monies are 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. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including, but not limited to, passbook accounts.

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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 School District, and must be purchased with the expectation that it will be held to maturity.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits: At fiscal year end, the carrying amount of the School District's deposits was (\$789,149), and the bank balance was \$725,365. \$610,381 of the bank balance was covered by Federal Depository Insurance and the remainder was considered uninsured and uncollateralized as defined by GASB Statement No. 3. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio, an investment pool operated by the Ohio State Treasurer is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<u>Category 2</u>	<u>Category 3</u>	<u>Unclassified</u>	<u>Carrying/ Fair Value</u>
Repurchase Agreement	\$0	\$1,212,833	\$0	\$1,212,833
Federal Home Loan Mortgage Notes	5,798,257	0	0	5,798,257
Federal National Mortgage Association Notes	4,082,643	0	0	4,082,643
Federal Farm Credit Bank Bond	1,963,760	0	0	1,963,760
STAR Ohio	0	0	343	343
Money Market Fund	0	0	153,834	153,834
Total Investments	<u>\$11,844,660</u>	<u>\$1,212,833</u>	<u>\$154,177</u>	<u>\$13,211,670</u>

The classification of cash and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

	Cash & Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$12,422,521	\$0
Investments:		
Repurchase Agreement	(1,212,833)	1,212,833
Federal Home Loan Mortgage Notes	(5,798,257)	5,798,257
Federal National Mortgage Association Notes	(4,082,643)	4,082,643
Federal Farm Credit Bank Bond	(1,963,760)	1,963,760
STAR Ohio	(343)	343
Money Market Fund	(153,834)	153,834
GASB Statement 3	(\$789,149)	\$13,211,670

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003, and are collected in 2004 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 24 percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 7 - PROPERTY TAXES (continued)

September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Warren County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2004, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2004, was \$1,090,760 in the general fund, \$196,443 in the debt service fund and \$69,221 in the permanent improvement capital projects fund. On a full accrual basis, collectable delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The assessed values upon which the fiscal year 2004 taxes were collected are:

	<u>2003 Second- Half Collections</u>	<u>Percent</u>	<u>2004 First- Half Collections</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$581,795,090	90.00%	\$603,948,540	90.22%
Public Utility	23,262,620	3.74%	22,928,230	3.42%
Tangible Personal Property	<u>40,424,180</u>	<u>6.26%</u>	<u>42,564,570</u>	<u>6.36%</u>
Total Assessed Value	<u>\$645,481,890</u>	<u>100.00%</u>	<u>\$669,441,340</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$60.13		\$60.13

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 8 - RECEIVABLES

Receivables at June 30, 2004, consisted of property and income taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental grants, and interfund.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Nonmajor Funds	
Federal and State Lunchroom Subsidy	\$26,147
Student Intervention	40,793
IDEA, Part B	81,868
Title I	63,084
Title V	19,656
Drug Free Schools	955
Title II-A	8,372
Title II-D	6,107
Total Nonmajor Funds	246,982
Total Intergovernmental Receivables	\$246,982

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Restated Balance 6/30/2003	Additions	Deletions	Assets 6/30/2004
Governmental Activities				
<i>Non Depreciable Assets</i>				
Land	\$2,541,899	\$0	\$0	\$2,541,899
Construction In Progress	8,757,732	19,250,174	2,302,479	25,705,427
<i>Total Non Depreciable Assets</i>	11,299,631	19,250,174	2,302,479	28,247,326
 <i>Depreciable Assets</i>				
Land Improvements	691,975	0	0	691,975
Buildings	14,780,285	16,333,227	558,179	30,555,333
Building Improvements	1,674,241	17,588	0	1,691,829
Equipment	5,324,174	349,160	177,722	5,495,612
Vehicles	1,568,298	20,850	430,643	1,158,505
<i>Total Depreciable Assets</i>	\$24,038,973	\$16,720,825	\$1,166,544	\$39,593,254

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 9 - CAPITAL ASSETS (continued)

	Restated Balance 6/30/03	Additions	Deletions	Balance 6/30/2004
Less: Accumulated Depreciation:				
Land Improvements	\$123,033	\$31,392	\$0	\$154,425
Buildings	3,918,082	231,373	33,386	4,116,069
Building Improvements	88,221	84,718	0	172,939
Equipment	3,574,460	475,788	169,518	3,880,730
Vehicles	725,854	80,502	266,849	539,507
<i>Total Accumulated Depreciation</i>	<u>8,429,650</u>	<u>903,773</u>	<u>469,753</u>	<u>8,863,670</u>
 Total Capital Assets being depreciated, net	 <u>15,609,323</u>	 <u>15,817,052</u>	 <u>696,791</u>	 <u>30,729,584</u>
 Total Capital Assets, Net	 <u>\$26,908,954</u>	 <u>\$35,067,226</u>	 <u>\$2,999,270</u>	 <u>\$58,976,910</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$428,355
Special	16,336
Vocational	113
Support Services:	
Pupils	21,727
Instructional Staff	150,436
Board of Education	151
Administration	34,982
Fiscal	7,262
Business	723
Operation and Maintenance of Plant	69,263
Transportation	72,320
Central	12,751
Operation of Non-Instructional Services	24,753
Extracurricular Activities	64,601
Total Depreciation Expense	<u>\$903,773</u>

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2004, the School District contracted with Indiana Insurance for general liability insurance with a \$1,000,000 single occurrence limit and a \$5,000,000 aggregate with a \$10,000 deductible. Property is protected by Indiana Insurance and holds a \$1,000 deductible.

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

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from prior years.

B. Self - Insurance

The School District has established a self-funded medical benefit plan. The activity of this plan is recorded in an internal service fund to account for and finance its uninsured risks of loss in this plan. The School District covers all costs associated with claims, including administrative fees to the third-party administrator. The third party administrator, Medical Mutual, reviews all claims which the School District then pays.

The School District pays into the employee benefits self-insurance fund a premium for each employee based upon single or family coverage. The claims liability of \$656,227 reported in the fund at June 30, 2004, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claims costs 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. Estimates were calculated by using actual claims reports for several months following the balance sheet date. This estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability for the past two years were:

	<u>Balance at July 1</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at June 30</u>
2003	\$450,097	\$2,829,142	\$2,673,625	\$605,614
2004	605,614	3,074,144	3,023,531	656,227

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 10 - RISK MANAGEMENT (continued)

C. Workers' Compensation

For fiscal year 2004, the School District participated in the Ohio School Board's Association Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp Incorporated provides administrative, cost control and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute ten percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 4.91 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$465,298, \$617,724 and \$589,428, respectively; 51.57 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

B. State Teachers Retirement System of Ohio

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2004, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$2,127,012, \$2,113,776 and \$1,999,020, respectively; 83.19 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

All STRS Ohio benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Ohio Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2003, the STRS Ohio Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$163,616 for fiscal year 2004.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2003, (the latest information available) the balance in the Fund was \$2.8 billion. For the year ended June 30, 2003, net health care costs paid by STRS Ohio were \$352.3 million and STRS Ohio had 108,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to 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 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay was established at \$24,500. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$328,185.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004, were \$223.4 million and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 13 - OTHER EMPLOYEE BENEFITS

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 215 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 53 days for certificated employees and 44 days for classified employees.

NOTE 14 – CAPITAL LEASES – LESSEE DISCLOSURE

During fiscal year 2004, the School District entered into a lease-purchase agreement for the construction/improvement of the transportation facilities. The lease agreement provided for cash payments which were recorded as an other financing source, inception of capital lease. Future expenditures will be recorded in the transportation construction nonmajor capital projects fund when paid. This lease 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 which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as program/function expenditures on a budgetary basis. The School District has a capital lease for ABACUS software that was entered into in a prior year. This lease liability was overstated in the prior year due to a payment not being recorded (See Note 3).

Capital assets acquired by these leases have been capitalized in the statement of net assets for governmental activities in the amount of \$3,324,011, (\$3,150,000 in buildings during fiscal year 2004 and \$174,011 in equipment in prior fiscal years) which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was split between long-term liabilities due within one year and long-term liabilities due in more than one year on the statement of net assets for governmental activities. The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2004.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 14 – CAPITAL LEASES – LESSEE DISCLOSURE (continued)

Fiscal Year Ending June 30,	Total Payments
2005	\$388,814
2006	389,268
2007	388,084
2008	387,639
2009	387,310
2010-2014	1,930,950
Total	3,872,065
Less: Amount Representing Interest	(722,065)
Present Value of Net Minimum Lease Payments	\$3,150,000

NOTE 15 – SHORT-TERM OBLIGATIONS

During fiscal year 2004, the School District paid off the \$5,000,000 bond anticipation note and issued a new \$5,000,000 bond anticipation note in its place. This note is backed by the full faith and credit of the School District. The note liability is reflected in the building project major fund (a capital projects fund), the fund that received the proceeds.

As of June 30, 2004, the School District had the following short-term obligation outstanding:

	Amount Outstanding June 30, 2003	Additions	Deductions	Amount Outstanding June 30, 2004
Building Fund: Bond Anticipation Note – 1.77%	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000

The note was issued for the purpose of constructing the new high school and primary school buildings.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 16 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2004 were as follows:

	Restated Amount Outstanding 6/30/03	Additions	Deductions	Amount Outstanding 6/30/04	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds:					
Ohio School Facilities Construction And Improvement Bonds – 2002, 5.11%	\$40,000,000	\$0	\$870,000	\$39,130,000	\$1,155,000
New School Construction Bond – 2002, 5.10%	5,000,000	0	115,000	4,885,000	120,000
House Bill 264 – 1995, 5.25%	510,000	0	160,000	350,000	170,000
Capital Lease	51,047	3,150,000	51,047	3,150,000	263,000
Compensated Absences	1,876,425	324,316	334,511	1,866,230	100,005
Total Governmental Activities Long – Term Liabilities	<u>\$47,437,472</u>	<u>\$3,474,316</u>	<u>\$1,530,558</u>	<u>\$49,381,230</u>	<u>\$1,808,005</u>

General Obligation Bonds

In fiscal year 2002, the School District issued \$40,000,000 and \$5,000,000 in voted general obligation bonds for the purpose of constructing a new high school and elementary school. The bonds were issued for a 28 year period with a final maturity date of June 1, 2030.

In fiscal year 1995, the School District issued an Energy Conservation Bond for the purposes of energy conservation measures in all school buildings. The bond has a final maturity date of December 1, 2006.

All general obligation debt is supported by the full faith and credit of the School District. The energy conservation bond will be paid from the general fund while the school construction bonds will be paid from the debt service fund. Compensated absences will be paid from the fund from which the employees' salaries are paid. At June 30, 2004, the School District's overall legal debt limitation was \$11,234,721, the unvoted debt margin was \$669,441 and the energy conservation debt margin was \$5,674,972.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2004, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2005	\$1,445,000	\$2,192,956	\$3,637,956
2006	1,625,000	2,134,231	3,759,231
2007	745,000	2,083,669	2,828,669
2008	795,000	2,053,321	2,848,321
2009	835,000	2,019,615	2,854,615
2010-2014	4,975,000	9,711,586	14,686,586
2015-2019	7,850,000	7,773,257	15,623,257
2020-2024	10,080,000	5,384,587	15,464,587
2025-2029	13,185,000	2,462,375	15,647,375
2030	2,830,000	74,250	2,904,250
Total	<u>\$44,365,000</u>	<u>\$35,889,847</u>	<u>\$80,254,847</u>

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Southwest, Ohio Computer Association - The School District is a participant in the Southwest Ohio Computer Association (SWOCA) which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Butler, Hamilton, Preble, and Warren Counties. The 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 school districts. The governing board of SWOCA consists of one representative from each district plus one representative from the fiscal agent. The School District paid SWOCA \$82,509 for services provided during the year. Financial information can be obtained from K. Michael Crumley, Executive Director of SWOCA at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members as the State-assigned SOITA service area representative.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (continued)

Southwestern Ohio Educational Purchasing Cooperative -The Southwestern Ohio Educational Purchasing Cooperative (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

Payments to SOEPC are made from the general fund. During fiscal year 2004, the School District paid \$2,200 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

Warren County Career Center - The Warren County Career Center is a distinct political subdivision of the State of Ohio. It is operated under the direction of a Board consisting of one of the elected board members from each of the participating school districts, including one member from the Lebanon Local School District Board of Education. Warren County Career Center was formed for the purpose of providing vocational education opportunities to the students of the School District. Financial information can be obtained from Karen Royer, who serves as treasurer, at 3525 State Route 48, Lebanon, Ohio 45036.

NOTE 18 - INSURANCE PURCHASING POOL

Ohio School Board's Association Group Rating Program - The School District participates in the Ohio School Board's Association Group Rating Program (GRP) for workers' compensation, an insurance purchasing pool. The GRP's business and affairs are conducted by an 11 member Board of directors. The Executive Director of the GRP, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 19 - SET-ASIDE CALCULATIONS

The School 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. The amount reserved for budget stabilization represents refunds received from the Bureau of Workers' Compensation. Based upon legislative changes, this is the only money still required to be set-aside for this purpose.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 19 - SET-ASIDE CALCULATIONS (continued)

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

	Budget Stabilization	Textbooks/ Instructional Materials	Capital Improvements
Set-aside Reserve Balance as of June 30, 2003	\$83,747	\$0	\$0
Current Year Set-aside Requirement	0	660,134	660,134
Carryover from Prior Year	0	(132,950)	0
Qualifying Disbursements	0	(854,181)	(114,578)
Current Year Offsets	0	0	(1,269,035)
Set-aside Reserve Balance as of June 30, 2004	<u>\$83,747</u>	<u>\$0</u>	<u>\$0</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$83,747</u>	<u>(\$326,997)</u>	<u>(\$723,479)</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbooks and instructional materials and capital acquisitions amounts below zero. This extra amount of offsets may be used to reduce the set-aside requirements in future fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$83,747.

NOTE 20 - INTERFUND ASSETS/LIABILITIES AND TRANSFERS

A. Interfund Balances

The interfund balances at June 30, 2004 were as follows:

Interfund Payable	Interfund Receivable
	General
<u>Major Governmental Funds</u>	
Debt Service	<u>\$579,779</u>

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 20 - INTERFUND ASSETS/LIABILITIES AND TRANSFERS (continued)

	Interfund Receivable
Interfund Payable	General
<i>Nonmajor Governmental Funds</i>	
Food Service	\$226,760
Uniform School Supplies	4,276
Public School Support	11
Miscellaneous Local Grants	225
Education Management Information Systems	279
Student Intervention	29,239
IDEA, Part B	91,276
Title I	14,590
Title V	22,132
Title II-A	11,757
Title II-D	4,200
<i>Total Nonmajor Governmental Funds</i>	404,745
 <i>Nonmajor Proprietary Fund</i>	
Employee Benefits Self-Insurance	1,152,101
 <i>Total</i>	\$2,136,625

The interfund transactions between general and the nonmajor special revenue funds with the exception of food service, uniform school supplies and public school support are due to the timing of the receipt of grant monies. The interfund transactions with the food service, uniform school supplies and public school support funds are a result of uncollected fees and charges not covering costs as of fiscal year end. The \$579,779 interfund transaction between the bond retirement fund and the general fund is due to the timing of the receipt of tax revenues.

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 20 - INTERFUND ASSETS/LIABILITIES AND TRANSFERS (continued)

B, Transfers

The transfer activity at June 30, 2004 is as follows:

<u>Transfers - Out</u>	<u>Transfers - In</u>			<u>Total</u>
	<u>Debt Service</u>	<u>Building Project</u>	<u>Other Nonmajor Governmental Funds</u>	
<i>Major Governmental Funds</i>				
General	\$182,575	\$0	\$0	\$182,575
Bond Retirement	0	5,088,500	8,217	5,096,717
Building Project	5,088,500	0	0	5,088,500
<i>Total Major Governmental Funds</i>	<u>5,271,075</u>	<u>5,088,500</u>	<u>8,217</u>	<u>10,367,792</u>
<i>Nonmajor Governmental Fund</i>				
Permanent Improvement	8,217	0	0	8,217
<i>Total</i>	<u>\$5,279,292</u>	<u>\$5,088,500</u>	<u>\$8,217</u>	<u>\$10,376,009</u>

These transfers were done to move debt principal and interest payments to the appropriate funds.

NOTE 21 – SIGNIFICANT CONTRACTUAL COMMITMENTS

As of June 30, 2004, the School District had the following contractual purchase commitments:

Custom Fabricators	\$50,056
Denier Electric Co.	82,178
Effective Office Environments	113,878
Feldkamp Enterprises	85,920
G & R Plumbing	26,035
Lithko Contracting	32,231
Mardis & Meehan Construction Inc.	67,747
Nor-Com	105,778
Turner Construction Company	40,682
Voorhis, Slone, Welsh	77,867
Warren County Engineer	84,098
Weisbrod Masonry, Inc.	71,913

Lebanon City School District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 22 – SUBSEQUENT EVENTS

A. Debt Issuance

On September 1, 2004, the School District entered into a lease purchase agreement with the Jewell Education Foundation involving \$3,740,000 in Certificates of Participation (COPS). This agreement is for land and facilities for the new high school. These COPS will mature in 11 years, and have a varying interest rate. The lease agreement itself is renewable every July 1 of those 11 years.

B. Contractual Commitments

Subsequent to June 30, 2004, the School District entered into various contracts for services in regards to the new transportation facility. Those items are as follows:

Feldkamp Enterprises	\$67,039
G.C. Contracting	1,414,430
Kings Electric Service	208,240
Queen City Mechanicals	122,380

C. Self-Insurance

As of July 1, 2004, the School District terminated the employee benefits self-insurance fund. The School District will no longer be self-insured. Medical insurance coverage will now be provided by Anthem Inc.

NOTE 23 - CONTINGENCIES

The School District received financial assistance from federal and state 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 adverse effect on the overall financial position of the School District at June 30, 2004.

NOTE 24 - 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 decision 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 School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

Combining Statements and Individual Fund Schedules

COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted by law and administrative action to expenditures for specified purposes.

Food Service

To account for the financial transactions related to the food service operations of the School District. This fund has been classified as a special revenue fund because it is not self-supporting and relies on transfers from the general fund.

Uniform School Supplies

To account for the purchase and sale of school supplies as adopted by the board of education for use in the schools of the School District. Profit derived from such sale is to be used for school purposes or activities in connection with the school.

Community School

To account for the receipts and purchases made in connection with the LEAP Program classes offered after school to both students and adults.

Super Circuit Fitness Center

To account for the fees paid by users of the fitness centers at the junior high and high school. The disbursements in this fund are paid to the supervisor of the center.

Public School Support

To account for specific local revenue sources, other than taxes or expendable trusts (i.e. profits from vending machines, sales of pictures, etc.), that are restricted to expenditures for specific purposes approved by the Board. Such expenditures may include curricular and extra-curricular related purchases.

Miscellaneous Local Grants

To account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

Athletic

To account for those activity programs which have student participation in the activity, but do not have student management of the programs. This fund would usually include athletic programs but could also include the band, cheerleaders, flag corps, and other similar types of activities.

Auxiliary Services

To account for monies which provide services and materials to pupils attending the two non-public schools within the School District.

Phonics Demonstration

To account for state grant monies to be used to purchase instructional items to help children become better readers.

(continued)

COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS (continued)

NONMAJOR SPECIAL REVENUE FUNDS (continued)

Education Management Information Systems

To account for hardware and software development, or other costs associated with the requirements of the management information system.

Entry Year

To account for state funds to be used for first year teachers and principals in programs to acclimate them to the profession.

ONENet

To account for money appropriated for Ohio Educational Computer Network Connections.

Schoolnet Professional Development

To account for monies used to assist teachers to learn more about computers and related educational technology equipment and/or the necessary infrastructure for educational technology.

Textbooks/Instructional Materials

To account for grant monies that is to be used for instructional materials, including textbooks.

Ohio Reads Grant

To account for state grant monies intended to improve reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public school buildings, for educational service centers for costs associated with volunteer coordination, for background checks for volunteers, to evaluate the Ohio Reads program, and for operating expenses associated with administering the program.

Student Intervention

To account for state grant monies to be used to account for student intervention services satisfying criteria defined in division (E) of section 3313.608 of the Revised Code.

Miscellaneous State Grants

To account for various monies received from state agencies which are not classified elsewhere. Budgetary information for this fund is not presented because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain separate budgetary financial records.

IDEA, Part B

To account for programs to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels.

Title I

To account for financial assistance provided to State and Local educational agencies to meet the special needs of educationally deprived children.

(continued)

COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS (continued)

NONMAJOR SPECIAL REVENUE FUNDS (continued)

Title V

To account for federal funds to be used in the reform of elementary and secondary education. Funds may be used for various materials, technology, and projects implementing school improvement and parental involvement activities authorized under ESEA, Title I.

Drug Free Schools

To account for federal funds used for local educational agencies and consortia of these agencies to establish, operate and improve local programs of drug abuse prevention, early intervention, rehabilitation referral and education in elementary and secondary schools, and to engage in development, training, technical assistance and coordination activities.

IDEA, Early Childhood Education

To account for federal funds to address the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

E-Rate

To account for monies received through the A-site to be used for purchases of equipment and wiring for technological advances.

Title II-A

To account for federal monies to hire additional classroom teachers in grades 1 through 3 so that the number of students per teacher will be reduced.

Title II-D

To account for federal monies received to be used for the improvement and implementation of technological advances in the School District.

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the financing and acquisition or construction of major capital assets or facilities, such as new school buildings or additions to existing buildings, or for major renovation projects, other than those financed by proprietary funds or trust funds.

Permanent Improvement

To account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

Transportation Construction

To account for proceeds from lease purchase agreement to be used for the construction and improvement of the transportation facilities in the School District.

SchoolNet

To account for monies used to obtain computers and related educational technology equipment and/or the necessary infrastructure for educational technology.

Lebanon City School District
Warren County, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$486,121	\$4,494,180	\$4,980,301
Inventory of Supplies and Materials	19,026	0	19,026
Receivables:			
Accounts	26,154	0	26,154
Intergovernmental	246,982	0	246,982
Property and Other Taxes	0	916,084	916,084
Total Assets	\$778,283	\$5,410,264	\$6,188,547
 Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$23,662	\$7,273	\$30,935
Accrued Wages and Benefits Payable	128,438	0	128,438
Contracts Payable	0	221,892	221,892
Interfund Payable	404,745	0	404,745
Intergovernmental Payable	23,098	0	23,098
Deferred Revenue	189,520	846,863	1,036,383
Total Liabilities	769,463	1,076,028	1,845,491
 Fund Balances:			
Reserved for Encumbrances	225,420	1,094,105	1,319,525
Reserved for Property Taxes	0	69,221	69,221
Unreserved, Undesignated (Deficit), Reported in:			
Special Revenue Funds	(216,600)	0	(216,600)
Capital Projects Funds	0	3,170,910	3,170,910
Total Fund Balances	8,820	4,334,236	4,343,056
Total Liabilities and Fund Balances	\$778,283	\$5,410,264	\$6,188,547

Lebanon City School District
Warren County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Food Service	Uniform School Supplies	Community School	Public School Support
Assets:				
Equity in Pooled Cash and Investments	\$499	\$81,366	\$2,528	\$119,535
Inventory of Supplies and Materials	19,026	0	0	0
Receivables:				
Accounts	0	23,044	0	3,110
Intergovernmental	26,147	0	0	0
Total Assets	\$45,672	\$104,410	\$2,528	\$122,645
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$135	\$457	\$0	\$11,095
Accrued Wages and Benefits Payable	26,768	0	0	0
Interfund Payable	226,760	4,276	0	11
Intergovernmental Payable	5,409	0	0	0
Deferred Revenue	0	22,076	0	0
Total Liabilities	259,072	26,809	0	11,106
Fund Balances:				
Reserved for Encumbrances	498	15,671	0	14,844
Unreserved, Undesignated (Deficit), Reported in:				
Special Revenue Funds	(213,898)	61,930	2,528	96,695
Total Fund Balances	(213,400)	77,601	2,528	111,539
Total Liabilities and Fund Balances	\$45,672	\$104,410	\$2,528	\$122,645

Miscellaneous Local Grants	Athletic	Auxiliary Services	Education Management Information Systems	Entry Year
\$21,171	\$59,484	\$17,960	\$0	\$5,260
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$21,171</u>	<u>\$59,484</u>	<u>\$17,960</u>	<u>\$0</u>	<u>\$5,260</u>
\$0	\$1,351	\$0	\$0	\$0
0	0	11,307	0	0
225	0	0	279	0
0	0	1,929	0	0
0	0	0	0	0
<u>225</u>	<u>1,351</u>	<u>13,236</u>	<u>279</u>	<u>0</u>
1,720	21,922	6,015	0	5,260
<u>19,226</u>	<u>36,211</u>	<u>(1,291)</u>	<u>(279)</u>	<u>0</u>
<u>20,946</u>	<u>58,133</u>	<u>4,724</u>	<u>(279)</u>	<u>5,260</u>
<u>\$21,171</u>	<u>\$59,484</u>	<u>\$17,960</u>	<u>\$0</u>	<u>\$5,260</u>

(continued)

Lebanon City School District
Warren County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004
(continued)

	Schoolnet Professional Development	Student Intervention	Miscellaneous State Grants	IDEA, Part B	Title I
Assets:					
Equity in Pooled Cash and Investments	\$3,809	\$0	\$5,538	\$76,561	\$55,836
Inventory of Supplies and Materials	0	0	0	0	0
Receivables:					
Accounts	0	0	0	0	0
Intergovernmental	0	40,793	0	81,868	63,084
Total Assets	\$3,809	\$40,793	\$5,538	\$158,429	\$118,920
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$0	\$0	\$0	\$5,605	\$0
Accrued Wages and Benefits Payable	0	0	0	44,436	45,927
Interfund Payable	0	29,239	0	91,276	14,590
Intergovernmental Payable	0	74	0	7,830	7,744
Deferred Revenue	0	11,555	0	59,553	63,084
Total Liabilities	0	40,868	0	208,700	131,345
Fund Balances:					
Reserved for Encumbrances	1,690	0	0	70,960	55,839
Unreserved, Undesignated (Deficit), Reported in:					
Special Revenue Funds	2,119	(75)	5,538	(121,231)	(68,264)
Total Fund Balances	3,809	(75)	5,538	(50,271)	(12,425)
Total Liabilities and Fund Balances	\$3,809	\$40,793	\$5,538	\$158,429	\$118,920

<u>Title V</u>	<u>Drug Free Schools</u>	<u>E-Rate</u>	<u>Title II-A</u>	<u>Title II-D</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$19,926	\$720	\$1,565	\$13,894	\$469	\$486,121
0	0	0	0	0	19,026
0	0	0	0	0	26,154
<u>19,656</u>	<u>955</u>	<u>0</u>	<u>8,372</u>	<u>6,107</u>	<u>246,982</u>
<u>\$39,582</u>	<u>\$1,675</u>	<u>\$1,565</u>	<u>\$22,266</u>	<u>\$6,576</u>	<u>\$778,283</u>
\$1,115	\$0	\$1,565	\$2,339	\$0	\$23,662
0	0	0	0	0	128,438
22,132	0	0	11,757	4,200	404,745
0	0	0	112	0	23,098
<u>19,656</u>	<u>955</u>	<u>0</u>	<u>8,372</u>	<u>4,269</u>	<u>189,520</u>
<u>42,903</u>	<u>955</u>	<u>1,565</u>	<u>22,580</u>	<u>8,469</u>	<u>769,463</u>
18,813	632	0	11,556	0	225,420
<u>(22,134)</u>	<u>88</u>	<u>0</u>	<u>(11,870)</u>	<u>(1,893)</u>	<u>(216,600)</u>
<u>(3,321)</u>	<u>720</u>	<u>0</u>	<u>(314)</u>	<u>(1,893)</u>	<u>8,820</u>
<u>\$39,582</u>	<u>\$1,675</u>	<u>\$1,565</u>	<u>\$22,266</u>	<u>\$6,576</u>	<u>\$778,283</u>

Lebanon City School District
Warren County, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2004

	Permanent Improvement	Transportation Construction	SchoolNet	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Investments	\$1,507,274	\$2,985,067	\$1,839	\$4,494,180
Receivable:				
Property and Other Taxes	916,084	0	0	916,084
Total Assets	\$2,423,358	\$2,985,067	\$1,839	\$5,410,264
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$7,273	\$0	\$0	\$7,273
Contracts Payable	221,892	0	0	221,892
Deferred Revenue	846,863	0	0	846,863
Total Liabilities	1,076,028	0	0	1,076,028
Fund Balances:				
Reserved for Encumbrances	900,133	193,972	0	1,094,105
Reserved for Property Taxes	69,221	0	0	69,221
Unreserved, Undesignated, Reported in:				
Capital Projects Funds	377,976	2,791,095	1,839	3,170,910
Total Fund Balances	1,347,330	2,985,067	1,839	4,334,236
Total Liabilities and Fund Balances	\$2,423,358	\$2,985,067	\$1,839	\$5,410,264

Lebanon City School District
Warren County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property and Other Taxes	\$0	\$856,834	\$856,834
Intergovernmental	1,625,280	111,800	1,737,080
Interest	541	25,652	26,193
Tuition and Fees	235,777	0	235,777
Extracurricular Activities	306,147	0	306,147
Gifts and Donations	56,781	6,000	62,781
Charges for Services	875,143	0	875,143
Miscellaneous	55,181	0	55,181
Total Revenues	3,154,850	1,000,286	4,155,136
Expenditures:			
Current:			
Instruction:			
Regular	445,656	63,080	508,736
Special	753,245	0	753,245
Adult/Continuing	6,521	0	6,521
Support Services:			
Pupils	15,579	0	15,579
Instructional Staff	248,961	0	248,961
Administration	71,425	6,080	77,505
Fiscal	0	13,731	13,731
Operation and Maintenance of Plant	5,237	237,565	242,802
Pupil Transportation	9,540	2,152	11,692
Central	45,801	0	45,801
Operation of Non-Instructional Services	1,384,360	943	1,385,303
Extracurricular Activities	216,523	0	216,523
Capital Outlay	0	1,115,214	1,115,214
Debt Service:			
Interest and Fiscal Charges	0	8,217	8,217
Total Expenditures	3,202,848	1,446,982	4,649,830
Excess of Revenues Under Expenditures	(47,998)	(446,696)	(494,694)
Other Financing Sources (Uses):			
Transfers - In	0	8,217	8,217
Proceeds from Sale of Capital Assets	0	385,793	385,793
Inception of Capital Lease	0	3,150,000	3,150,000
Transfers - Out	0	(8,217)	(8,217)
Total Other Financing Sources (Uses)	0	3,535,793	3,535,793
Net Change in Fund Balances	(47,998)	3,089,097	3,041,099
Fund Balances at Beginning of Year - Restated (See Note 3)	56,818	1,245,139	1,301,957
Fund Balances at End of Year	\$8,820	\$4,334,236	\$4,343,056

Lebanon City School District
Warren County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Community School</u>	<u>Super Circuit Fitness Center</u>	<u>Public School Support</u>	<u>Miscellaneous Local Grants</u>
Revenues:						
Intergovernmental	\$291,347	\$0	\$0	\$0	\$0	\$0
Interest	0	0	0	0	0	0
Tuition and Fees	0	224,982	9,220	1,575	0	0
Extracurricular Activities	10,000	0	0	0	112,602	0
Gifts and Donations	0	0	0	0	22,140	3,905
Charges for Services	875,143	0	0	0	0	0
Miscellaneous	0	0	24	0	44,922	10,235
Total Revenues	1,176,490	224,982	9,244	1,575	179,664	14,140
Expenditures:						
Current:						
Instruction:						
Regular	0	235,391	0	0	120,725	10,769
Special	0	0	0	0	0	0
Adult/Continuing	0	0	4,946	1,575	0	0
Support Services:						
Pupils	0	0	0	0	0	300
Instructional Staff	0	0	0	0	41,975	453
Administration	0	0	1,358	0	0	0
Operation and Maintenance of Plant	5,237	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Operation of Non-Instructional Services	1,193,252	0	0	0	0	0
Extracurricular Activities	0	0	0	0	11,253	6,655
Total Expenditures	1,198,489	235,391	6,304	1,575	173,953	18,177
Net Change in Fund Balances	(21,999)	(10,409)	2,940	0	5,711	(4,037)
Fund Balances (Deficit) at Beginning of Year - Restated Note 3	(191,401)	88,010	(412)	0	105,828	24,983
Fund Balances (Deficit) at End of Year	(\$213,400)	\$77,601	\$2,528	\$0	\$111,539	\$20,946

<u>Athletic</u>	<u>Auxiliary Services</u>	<u>Phonics Demonstration</u>	<u>Education Management Information Systems</u>	<u>Entry Year</u>	<u>ONENet</u>
\$0	\$158,854	\$0	\$16,926	\$11,000	\$18,000
0	541	0	0	0	0
0	0	0	0	0	0
183,545	0	0	0	0	0
30,736	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>214,281</u>	<u>159,395</u>	<u>0</u>	<u>16,926</u>	<u>11,000</u>	<u>18,000</u>
0	0	39	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	5,740	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	20,071	250	23,574
0	161,779	0	0	0	0
198,615	0	0	0	0	0
<u>198,615</u>	<u>161,779</u>	<u>39</u>	<u>20,071</u>	<u>5,990</u>	<u>23,574</u>
15,666	(2,384)	(39)	(3,145)	5,010	(5,574)
<u>42,467</u>	<u>7,108</u>	<u>39</u>	<u>2,866</u>	<u>250</u>	<u>5,574</u>
<u>\$58,133</u>	<u>\$4,724</u>	<u>\$0</u>	<u>(\$279)</u>	<u>\$5,260</u>	<u>\$0</u>

(continued)

Lebanon City School District
Warren County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004
(continued)

	Schoolnet Professional Development	Textbooks/ Instructional Materials	Ohio Reads Grant	Student Intervention	Miscellaneous State Grants	IDEA, Part B
Revenues:						
Intergovernmental	\$4,122	\$0	\$5,319	\$78,947	\$0	\$438,528
Interest	0	0	0	0	0	0
Tuition and Fees	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Total Revenues	4,122	0	5,319	78,947	0	438,528
Expenditures:						
Current:						
Instruction:						
Regular	0	36	4,070	63,909	0	0
Special	0	0	0	0	0	380,217
Adult/Continuing	0	0	0	0	0	0
Support Services:						
Pupils	0	0	0	0	0	8,391
Instructional Staff	3,024	0	7,244	0	0	995
Administration	0	0	0	3,617	0	65,310
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	1,496	0	567
Central	1,906	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	10,000	0	11,499
Extracurricular Activities	0	0	0	0	0	0
Total Expenditures	4,930	36	11,314	79,022	0	466,979
Net Change in Fund Balances	(808)	(36)	(5,995)	(75)	0	(28,451)
Fund Balances (Deficit) at Beginning of Year - Restated Note 3	4,617	36	5,995	0	5,538	(21,820)
Fund Balances (Deficit) at End of Year	\$3,809	\$0	\$0	(\$75)	\$5,538	(\$50,271)

Title I	Title V	Drug Free Schools	IDEA, Early Childhood Education	E-Rate	Title II-A	Title II-D	Total Nonmajor Special Revenue Funds
\$406,599	\$18,987	\$21,518	\$10,377	\$0	\$135,876	\$8,880	\$1,625,280
0	0	0	0	0	0	0	541
0	0	0	0	0	0	0	235,777
0	0	0	0	0	0	0	306,147
0	0	0	0	0	0	0	56,781
0	0	0	0	0	0	0	875,143
0	0	0	0	0	0	0	55,181
<u>406,599</u>	<u>18,987</u>	<u>21,518</u>	<u>10,377</u>	<u>0</u>	<u>135,876</u>	<u>8,880</u>	<u>3,154,850</u>
0	0	0	0	0	2,409	8,308	445,656
293,861	0	19,013	0	0	60,154	0	753,245
0	0	0	0	0	0	0	6,521
0	0	1,035	5,853	0	0	0	15,579
95,948	18,113	865	0	4,399	66,989	3,216	248,961
1,140	0	0	0	0	0	0	71,425
0	0	0	0	0	0	0	5,237
0	0	7,477	0	0	0	0	9,540
0	0	0	0	0	0	0	45,801
6,560	1,115	77	0	0	0	78	1,384,360
0	0	0	0	0	0	0	216,523
<u>397,509</u>	<u>19,228</u>	<u>28,467</u>	<u>5,853</u>	<u>4,399</u>	<u>129,552</u>	<u>11,602</u>	<u>3,202,848</u>
9,090	(241)	(6,949)	4,524	(4,399)	6,324	(2,722)	(47,998)
<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>	<u>56,818</u>
<u><u>(\$12,425)</u></u>	<u><u>(\$3,321)</u></u>	<u><u>\$720</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>(\$314)</u></u>	<u><u>(\$1,893)</u></u>	<u><u>\$8,820</u></u>

Lebanon City School District
Warren County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2004

	Permanent Improvement	Transportation Construction	SchoolNet	Total Nonmajor Capital Projects Funds
Revenues:				
Property and Other Taxes	\$856,834	\$0	\$0	\$856,834
Intergovernmental	109,992	0	1,808	111,800
Interest	25,652	0	0	25,652
Gifts and Donations	6,000	0	0	6,000
Total Revenues	998,478	0	1,808	1,000,286
Expenditures:				
Current:				
Instruction:				
Regular	63,080	0	0	63,080
Administration	6,080	0	0	6,080
Fiscal	13,731	0	0	13,731
Operation and Maintenance of Plant	237,565	0	0	237,565
Pupil Transportation	2,152	0	0	2,152
Operation of Non-Instructional Services	943	0	0	943
Capital Outlay	950,281	164,933	0	1,115,214
Debt Service:				
Interest and Fiscal Charges	8,217	0	0	8,217
Total Expenditures	1,282,049	164,933	0	1,446,982
Excess of Revenues Over (Under) Expenditures	(283,571)	(164,933)	1,808	(446,696)
Other Financing Sources (Uses):				
Transfers - In	8,217	0	0	8,217
Proceeds from Sale of Capital Assets	385,793	0	0	385,793
Inception of Capital Lease	0	3,150,000	0	3,150,000
Transfers - Out	(8,217)	0	0	(8,217)
Total Other Financing Sources (Uses)	385,793	3,150,000	0	3,535,793
Net Change in Fund Balances	102,222	2,985,067	1,808	3,089,097
Fund Balances at Beginning of Year	1,245,108	0	31	1,245,139
Fund Balances at End of Year	\$1,347,330	\$2,985,067	\$1,839	\$4,334,236

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include a private purpose trust fund and an agency fund.

Private Purpose Trust Fund

Scholarship Fund

To account for the donations for the miscellaneous scholarship fund to be used for students.

Agency Fund

Student Managed Activity

To account for those student activity programs which have student participation in the activity and have student involvement in the management of the program.

Lebanon City School District
Warren County, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2004

	Student Managed Activity			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$68,179	\$129,684	\$121,540	\$76,323
Receivable:				
Accounts	15	0	15	0
Total Assets	\$68,194	\$129,684	\$121,555	\$76,323
Liabilities:				
Accounts Payable	\$34	\$0	\$34	\$0
Deposits Held and Due to Students	68,160	76,323	68,160	76,323
Total Liabilities	\$68,194	\$76,323	\$68,194	\$76,323

Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes
In Fund Balances/Fund Equity – Budget (Non-GAAP Basis) and Actual

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Debt Service Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Taxes	\$0	\$2,741,379	\$2,741,379	\$0
Intergovernmental	0	342,439	342,439	0
Total Revenues	0	3,083,818	3,083,818	0
Expenditures:				
Current:				
Support Services:				
Administration	0	5,055	5,055	0
Fiscal	0	41,889	41,889	0
Debt Service:				
Principal	0	6,145,000	6,145,000	0
Interest and Fiscal Charges	0	2,318,785	2,318,785	0
Total Expenditures	0	8,510,729	8,510,729	0
Excess of Revenues Under Expenditures	0	(5,426,911)	(5,426,911)	0
Other Financing Sources (Uses):				
Refund of Prior Year Receipts	0	(837,667)	(837,667)	0
Advances - In	0	579,779	579,779	0
Transfers - In	0	5,279,292	5,279,292	0
Transfers - Out	0	(8,217)	(8,217)	0
Total Other Financing Sources (Uses)	0	5,013,187	5,013,187	0
Net Change in Fund Balance	0	(413,724)	(413,724)	0
Fund Balance at Beginning of Year	413,724	413,724	413,724	0
Prior Year Encumbrances Appropriated	0	0	0	0
Fund Balance at End of Year	\$413,724	\$0	\$0	\$0

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Building Project Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$232,027	\$484,637	\$484,637	\$0
Miscellaneous	0	65,607	65,607	0
Total Revenues	232,027	550,244	550,244	0
Expenditures:				
Current:				
Support Services:				
Administration	1,505	12,458	12,458	0
Fiscal	23,134	0	0	0
Capital Outlay	37,829,997	39,704,888	39,704,888	0
Total Expenditures	37,854,636	39,717,346	39,717,346	0
Excess of Revenues Under Expenditures	(37,622,609)	(39,167,102)	(39,167,102)	0
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	16,300	853,967	853,967	0
Proceeds from General Obligation Bonds	1,500,000	0	0	0
Advances - In	0	2,723,439	2,723,439	0
Advances - Out	0	(2,723,439)	(2,723,439)	0
Proceeds from the Sale of Notes	0	5,000,000	5,000,000	0
Transfers - Out	(5,048,921)	(5,088,500)	(5,088,500)	0
Total Other Financing Sources (Uses)	(3,532,621)	765,467	765,467	0
Net Change in Fund Balance	(41,155,230)	(38,401,635)	(38,401,635)	0
Fund Balance at Beginning of Year	4,434,772	4,434,772	4,434,772	0
Prior Year Encumbrances Appropriated	33,966,863	33,966,863	33,966,863	0
Fund Balance at End of Year	(\$2,753,595)	\$0	\$0	\$0

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$0	\$229,872	\$229,872	\$0
Extracurricular Activities	0	10,000	10,000	0
Charges for Services	0	876,007	876,007	0
Total Revenues	<u>0</u>	<u>1,115,879</u>	<u>1,115,879</u>	<u>0</u>
Expenditures:				
Operation of Non-Instructional Services	515,383	1,162,144	1,162,144	0
Excess of Revenues Under Expenditures	<u>(515,383)</u>	<u>(46,265)</u>	<u>(46,265)</u>	<u>0</u>
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	0	6,729	6,729	0
Advances - In	0	226,760	226,760	0
Advances - Out	(111,133)	(188,189)	(188,189)	0
Total Other Financing Sources (Uses)	<u>(111,133)</u>	<u>45,300</u>	<u>45,300</u>	<u>0</u>
Net Change in Fund Balance	(626,516)	(965)	(965)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	965	965	965	0
Fund Balance at End of Year	<u>(\$625,551)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Tuition and Fees	\$0	\$236,976	\$236,976	\$0
Expenditures:				
Current:				
Instruction:				
Regular	<u>127,795</u>	<u>252,967</u>	<u>252,967</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(127,795)</u>	<u>(15,991)</u>	<u>(15,991)</u>	<u>0</u>
Other Financing Sources (Uses):				
Advances - In	0	4,276	4,276	0
Advances - Out	<u>(4,710)</u>	<u>(4,077)</u>	<u>(4,077)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(4,710)</u>	<u>199</u>	<u>199</u>	<u>0</u>
Net Change in Fund Balance	(132,505)	(15,792)	(15,792)	0
Fund Balance at Beginning of Year	61,165	61,165	61,165	0
Prior Year Encumbrances Appropriated	<u>19,908</u>	<u>19,908</u>	<u>19,908</u>	<u>0</u>
Fund Balance at End of Year	<u><u>(\$51,432)</u></u>	<u><u>\$65,281</u></u>	<u><u>\$65,281</u></u>	<u><u>\$0</u></u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community School Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Tuition and Fees	\$0	\$9,220	\$9,220	\$0
Miscellaneous	0	24	24	0
Total Revenues	0	9,244	9,244	0
Expenditures:				
Current:				
Instruction:				
Adult/Continuing	0	5,986	5,986	0
Support Services:				
Administration	0	1,358	1,358	0
Total Expenditures	0	7,344	7,344	0
Excess of Revenues Over Expenditures	0	1,900	1,900	0
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	0	881	881	0
Advances - Out	0	(254)	(254)	0
Total Other Financing Sources (Uses)	0	627	627	0
Net Change in Fund Balance	0	2,527	2,527	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$0	\$2,527	\$2,527	\$0

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Super Circuit Fitness Center Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Tuition and Fees	\$0	\$1,575	\$1,575	\$0
Expenditures:				
Current:				
Instruction:				
Adult/Continuing	<u>0</u>	<u>1,575</u>	<u>1,575</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public School Support Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Extracurricular Activities	\$0	\$112,602	\$112,602	\$0
Gifts and Donations	0	22,140	22,140	0
Miscellaneous	0	41,812	41,812	0
Total Revenues	<u>0</u>	<u>176,554</u>	<u>176,554</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular	61,547	136,613	136,613	0
Support Services:				
Instructional Staff	20,665	42,475	42,475	0
Central	9,422	0	0	0
Extracurricular Activities	7,201	13,214	13,214	0
Total Expenditures	<u>98,835</u>	<u>192,302</u>	<u>192,302</u>	<u>0</u>
Excess of Revenues Under Expenditures	(98,835)	(15,748)	(15,748)	0
Other Financing Sources:				
Advances - In	0	11	11	0
Net Change in Fund Balance	<u>(98,835)</u>	<u>(15,737)</u>	<u>(15,737)</u>	<u>0</u>
Fund Balance at Beginning of Year	95,685	95,685	95,685	0
Prior Year Encumbrances Appropriated	13,648	13,648	13,648	0
Fund Balance at End of Year	<u><u>\$10,498</u></u>	<u><u>\$93,596</u></u>	<u><u>\$93,596</u></u>	<u><u>\$0</u></u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Miscellaneous Local Grants Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Gifts and Donations	\$1,300	\$3,905	\$3,905	\$0
Miscellaneous	2,985	10,235	10,235	0
Total Revenues	<u>4,285</u>	<u>14,140</u>	<u>14,140</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular	11,085	11,969	11,969	0
Support Services:				
Pupils	289	448	448	0
Instructional Staff	8,599	453	453	0
Extracurricular Activities	4,685	6,686	6,686	0
Total Expenditures	<u>24,658</u>	<u>19,556</u>	<u>19,556</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(20,373)</u>	<u>(5,416)</u>	<u>(5,416)</u>	<u>0</u>
Other Financing Sources (Uses):				
Refund of Prior Year Receipts	0	(500)	(500)	0
Advances - In	0	225	225	0
Advances - Out	(286)	0	0	0
Total Other Financing Sources (Uses)	<u>(286)</u>	<u>(275)</u>	<u>(275)</u>	<u>0</u>
Net Change in Fund Balance	(20,659)	(5,691)	(5,691)	0
Fund Balance at Beginning of Year	29,916	29,916	29,916	0
Prior Year Encumbrances Appropriated	<u>764</u>	<u>764</u>	<u>764</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$10,021</u></u>	<u><u>\$24,989</u></u>	<u><u>\$24,989</u></u>	<u><u>\$0</u></u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Athletic Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Extracurricular Activities	\$0	\$183,545	\$183,545	\$0
Gifts and Donations	0	30,736	30,736	0
Total Revenues	0	214,281	214,281	0
Expenditures:				
Current:				
Extracurricular Activities	110,646	227,081	227,081	0
Excess of Revenues Under Expenditures	(110,646)	(12,800)	(12,800)	0
Other Financing Uses:				
Advances - Out	(143)	0	0	0
Net Change in Fund Balance	(110,789)	(12,800)	(12,800)	0
Fund Balance at Beginning of Year	23,950	23,950	23,950	0
Prior Year Encumbrances Appropriated	25,102	25,102	25,102	0
Fund Balance at End of Year	(\$61,737)	\$36,252	\$36,252	\$0

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$155,833	\$158,854	\$158,854	\$0
Interest	0	541	541	0
Total Revenues	<u>155,833</u>	<u>159,395</u>	<u>159,395</u>	<u>0</u>
Expenditures:				
Current:				
Operation of Non-Instructional Services	215,575	167,475	167,475	0
Excess of Revenues Under Expenditures	<u>(59,742)</u>	<u>(8,080)</u>	<u>(8,080)</u>	<u>0</u>
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	0	1,799	1,799	0
Refund of Prior Year Receipts	0	(3,563)	(3,563)	0
Advances - Out	(4,165)	(4,165)	(4,165)	0
Total Other Financing Sources (Uses)	<u>(4,165)</u>	<u>(5,929)</u>	<u>(5,929)</u>	<u>0</u>
Net Change in Fund Balance	<u>(63,907)</u>	<u>(14,009)</u>	<u>(14,009)</u>	<u>0</u>
Fund Balance at Beginning of Year	2,932	2,932	2,932	0
Prior Year Encumbrances Appropriated	23,022	23,022	23,022	0
Fund Balance at End of Year	<u><u>(\$37,953)</u></u>	<u><u>\$11,945</u></u>	<u><u>\$11,945</u></u>	<u><u>\$0</u></u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Phonics Demonstration Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
Instruction:				
Regular	<u>38</u>	<u>38</u>	<u>38</u>	<u>0</u>
Excess of Revenues Under Expenditures	(38)	(38)	(38)	0
Fund Balance at Beginning of Year	38	38	38	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Education Management Information Systems Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$17,168	\$16,926	\$16,926	\$0
Expenditures:				
Current:				
Support Services:				
Central	<u>0</u>	<u>20,832</u>	<u>20,832</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	17,168	(3,906)	(3,906)	0
Other Financing Sources:				
Advances - In	<u>0</u>	<u>280</u>	<u>280</u>	<u>0</u>
Net Change in Fund Balance	17,168	(3,626)	(3,626)	0
Fund Balance at Beginning of Year	<u>3,626</u>	<u>3,626</u>	<u>3,626</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$20,794</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Lebanon City School District
 Warren County, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Entry Year Fund
 For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	<u>\$12,000</u>	<u>\$11,000</u>	<u>\$11,000</u>	<u>\$0</u>
Expenditures:				
Current:				
Support Services:				
Instructional Staff	1,000	11,000	11,000	0
Central	<u>250</u>	<u>250</u>	<u>250</u>	<u>0</u>
Total Expenditures	<u>1,250</u>	<u>11,250</u>	<u>11,250</u>	<u>0</u>
Net Change in Fund Balance	10,750	(250)	(250)	0
Fund Balance at Beginning of Year	<u>250</u>	<u>250</u>	<u>250</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$11,000</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
ONENet Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$18,000	\$18,000	\$18,000	\$0
Expenditures:				
Current:				
Support Services:				
Central	<u>18,781</u>	<u>23,897</u>	<u>23,897</u>	<u>0</u>
Net Change in Fund Balance	(781)	(5,897)	(5,897)	0
Fund Balance at Beginning of Year	5,397	5,397	5,397	0
Prior Year Encumbrances Appropriated	<u>500</u>	<u>500</u>	<u>500</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$5,116</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Schoolnet Professional Development Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$4,140	\$4,140	\$4,140	\$0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	3,040	3,024	3,024	0
Central	9,100	3,596	3,596	0
Total Expenditures	12,140	6,620	6,620	0
Excess of Revenues Under Expenditures	(8,000)	(2,480)	(2,480)	0
Other Financing Uses:				
Refund of Prior Year Receipts	0	(18)	(18)	0
Net Change in Fund Balance	(8,000)	(2,498)	(2,498)	0
Fund Balance at Beginning of Year	4,618	4,618	4,618	0
Fund Balance at End of Year	<u>(\$3,382)</u>	<u>\$2,120</u>	<u>\$2,120</u>	<u>\$0</u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Textbooks/Instructional Materials Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures:				
Current:				
Instruction:				
Regular	<u>36</u>	<u>36</u>	<u>36</u>	<u>0</u>
Net Change in Fund Balance	(36)	(36)	(36)	0
Fund Balance at Beginning of Year	<u>36</u>	<u>36</u>	<u>36</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Ohio Reads Grant Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$6,000	\$6,000	\$6,000	\$0
Expenditures:				
Current:				
Instruction:				
Regular	4,750	4,070	4,070	0
Support Services:				
Instructional Staff	7,246	7,245	7,245	0
Total Expenditures	11,996	11,315	11,315	0
Excess of Revenues Under Expenditures	(5,996)	(5,315)	(5,315)	0
Other Financing Uses:				
Refund of Prior Year Receipts	0	(681)	(681)	0
Net Change in Fund Balance	(5,996)	(5,996)	(5,996)	0
Fund Balance at Beginning of Year	1,246	1,246	1,246	0
Prior Year Encumbrances Appropriated	4,750	4,750	4,750	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Student Intervention Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$90,501	\$49,709	\$49,709	\$0
Expenditures:				
Current:				
Instruction:				
Regular	69,501	63,835	63,835	0
Support Services:				
Administration	3,617	3,617	3,617	0
Pupil Transportation	7,000	1,496	1,496	0
Operation of Non-Instructional Services	15,000	10,000	10,000	0
Total Expenditures	95,118	78,948	78,948	0
Excess of Revenues Under Expenditures	(4,617)	(29,239)	(29,239)	0
Other Financing Sources:				
Advances - In	0	29,239	29,239	0
Net Change in Fund Balance	(4,617)	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>(\$4,617)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
IDEA, Part B Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	<u>\$497,323</u>	<u>\$477,561</u>	<u>\$477,561</u>	<u>\$0</u>
Expenditures:				
Current:				
Instruction:				
Special	468,301	411,072	411,072	0
Support Services:				
Pupils	63,351	28,695	28,695	0
Administration	72,596	68,550	68,550	0
Pupil Transportation	8,000	966	966	0
Operation of Non-Instructional Services	20,018	16,349	16,349	0
Capital Outlay	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Expenditures	<u>632,266</u>	<u>535,632</u>	<u>535,632</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(134,943)</u>	<u>(58,071)</u>	<u>(58,071)</u>	<u>0</u>
Other Financing Sources (Uses):				
Advances - In	0	91,276	91,276	0
Advances - Out	<u>0</u>	<u>(97,598)</u>	<u>(97,598)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(6,322)</u>	<u>(6,322)</u>	<u>0</u>
Net Change in Fund Balance	<u>(134,943)</u>	<u>(64,393)</u>	<u>(64,393)</u>	<u>0</u>
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>64,393</u>	<u>64,393</u>	<u>64,393</u>	<u>0</u>
Fund Balance at End of Year	<u><u>(\$70,550)</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	<u>\$459,046</u>	<u>\$445,997</u>	<u>\$445,997</u>	<u>\$0</u>
Expenditures:				
Current:				
Instruction:				
Special	434,983	339,433	339,433	0
Support Services:				
Instructional Staff	138,313	98,108	98,108	0
Administration	3,155	1,140	1,140	0
Operation of Non-Instructional Services	<u>15,924</u>	<u>6,560</u>	<u>6,560</u>	<u>0</u>
Total Expenditures	<u>592,375</u>	<u>445,241</u>	<u>445,241</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(133,329)</u>	<u>756</u>	<u>756</u>	<u>0</u>
Other Financing Sources (Uses):				
Advances - In	0	14,590	14,590	0
Advances - Out	<u>0</u>	<u>(74,742)</u>	<u>(74,742)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(60,152)</u>	<u>(60,152)</u>	<u>0</u>
Net Change in Fund Balance	(133,329)	(59,396)	(59,396)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>59,396</u>	<u>59,396</u>	<u>59,396</u>	<u>0</u>
Fund Balance at End of Year	<u>(\$73,933)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title V Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$27,136	\$21,652	\$21,652	\$0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	34,877	40,248	40,248	0
Operation of Non-Instructional Services	1,333	1,149	1,149	0
Total Expenditures	36,210	41,397	41,397	0
Excess of Revenues Under Expenditures	(9,074)	(19,745)	(19,745)	0
Other Financing Sources (Uses):				
Advances - In	0	22,132	22,132	0
Advances - Out	0	(9,247)	(9,247)	0
Total Other Financing Sources (Uses)	0	12,885	12,885	0
Net Change in Fund Balance	(9,074)	(6,860)	(6,860)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	6,860	6,860	6,860	0
Fund Balance at End of Year	<u>(\$2,214)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Free Schools Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$16,943	\$29,518	\$29,518	\$0
Expenditures:				
Current:				
Instruction:				
Special	20,280	19,169	19,169	0
Support Services:				
Pupils	1,304	1,476	1,476	0
Instructional Staff	1,730	1,343	1,343	0
Pupil Transportation	7,500	7,477	7,477	0
Operation of Non-Instructional Services	112	112	112	0
Total Expenditures	30,926	29,577	29,577	0
Excess of Revenues Under Expenditures	(13,983)	(59)	(59)	0
Other Financing Uses:				
Advances - Out	0	(21,885)	(21,885)	0
Net Change in Fund Balance	(13,983)	(21,944)	(21,944)	0
Fund Balance at Beginning of Year	10,943	10,943	10,943	0
Prior Year Encumbrances Appropriated	11,087	11,087	11,087	0
Fund Balance at End of Year	<u>\$8,047</u>	<u>\$86</u>	<u>\$86</u>	<u>\$0</u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
IDEA, Early Childhood Education Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$10,377	\$10,377	\$10,377	\$0
Expenditures:				
Current:				
Support Services:				
Pupils	<u>6,581</u>	<u>5,853</u>	<u>5,853</u>	<u>0</u>
Excess of Revenues Over Expenditures	3,796	4,524	4,524	0
Other Financing Uses:				
Advances - Out	<u>0</u>	<u>(4,524)</u>	<u>(4,524)</u>	<u>0</u>
Net Change in Fund Balance	3,796	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$3,796</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
E-Rate Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	10,985	15,534	15,534	0
Net Change in Fund Balance	(10,985)	(15,534)	(15,534)	0
Fund Balance at Beginning of Year	4,548	4,548	4,548	0
Prior Year Encumbrances Appropriated	10,986	10,986	10,986	0
Fund Balance at End of Year	<u>\$4,549</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title II-A Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	<u>\$152,099</u>	<u>\$135,876</u>	<u>\$135,876</u>	<u>\$0</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,199	2,409	2,409	0
Special	70,124	69,409	69,409	0
Support Services:				
Instructional Staff	138,840	84,557	84,557	0
Operation of Non-Instructional Services	<u>3,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>214,163</u>	<u>156,375</u>	<u>156,375</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(62,064)</u>	<u>(20,499)</u>	<u>(20,499)</u>	<u>0</u>
Other Financing Sources (Uses):				
Advances - In	0	11,757	11,757	0
Advances - Out	<u>0</u>	<u>(38,491)</u>	<u>(38,491)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(26,734)</u>	<u>(26,734)</u>	<u>0</u>
Net Change in Fund Balance	(62,064)	(47,233)	(47,233)	0
Fund Balance at Beginning of Year	1	1	1	0
Prior Year Encumbrances Appropriated	<u>47,232</u>	<u>47,232</u>	<u>47,232</u>	<u>0</u>
Fund Balance at End of Year	<u>(\$14,831)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title II-D Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$9,790	\$10,318	\$10,318	\$0
Expenditures:				
Current:				
Instruction:				
Regular	7,847	8,308	8,308	0
Support Services:				
Pupils	3,202	0	0	0
Instructional Staff	4,930	3,216	3,216	0
Operation of Non-Instructional Services	113	78	78	0
Total Expenditures	16,092	11,602	11,602	0
Excess of Revenues Under Expenditures	(6,302)	(1,284)	(1,284)	0
Other Financing Sources (Uses):				
Advances - In	0	4,200	4,200	0
Advances - Out	32	(3,626)	(3,626)	0
Total Other Financing Sources (Uses)	32	574	574	0
Net Change in Fund Balance	(6,270)	(710)	(710)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	1,180	1,180	1,180	0
Fund Balance at End of Year	(\$5,090)	\$470	\$470	\$0

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Taxes	\$75,824	\$897,972	\$897,972	\$0
Intergovernmental	0	109,992	109,992	0
Interest	10,963	25,652	25,652	0
Gifts and Donations	0	6,000	6,000	0
Total Revenues	<u>86,787</u>	<u>1,039,616</u>	<u>1,039,616</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular	56,177	63,080	63,080	0
Support Services:				
Administration	763	28,580	28,580	0
Fiscal	6,138	13,731	13,731	0
Operation and Maintenance of Plant	541,438	244,646	244,646	0
Pupil Transportation	0	2,152	2,152	0
Operation of Non-Instructional Services	0	2,858	2,858	0
Capital Outlay	177,188	1,826,247	1,826,247	0
Debt Service:				
Interest and Fiscal Charges	0	8,217	8,217	0
Total Expenditures	<u>781,704</u>	<u>2,189,511</u>	<u>2,189,511</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(694,917)</u>	<u>(1,149,895)</u>	<u>(1,149,895)</u>	<u>0</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	385,793	385,793	0
Transfers - In	0	8,217	8,217	0
Transfers - Out	0	(8,217)	(8,217)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>385,793</u>	<u>385,793</u>	<u>0</u>
Net Change in Fund Balance	(694,917)	(764,102)	(764,102)	0
Fund Balance at Beginning of Year	1,000,558	1,000,558	1,000,558	0
Prior Year Encumbrances Appropriated	141,518	141,518	141,518	0
Fund Balance at End of Year	<u>\$447,159</u>	<u>\$377,974</u>	<u>\$377,974</u>	<u>\$0</u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Transportation Construction Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	<u>4,455,182</u>	<u>358,905</u>	<u>358,905</u>	<u>0</u>
Excess of Revenues Under Expenditures	(4,455,182)	(358,905)	(358,905)	0
Other Financing Sources (Uses):				
Inception of Capital Lease	3,100,000	3,150,000	3,150,000	0
Other Financing Uses	<u>(151,988)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>2,948,012</u>	<u>3,150,000</u>	<u>3,150,000</u>	<u>0</u>
Net Change in Fund Balance	(1,507,170)	2,791,095	2,791,095	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>(\$1,507,170)</u></u>	<u><u>\$2,791,095</u></u>	<u><u>\$2,791,095</u></u>	<u><u>\$0</u></u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
SchoolNet Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$600	\$1,838	\$1,838	\$0
Expenditures:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	600	1,838	1,838	0
Other Financing Uses:				
Refund of Prior Year Receipts	<u>0</u>	<u>(30)</u>	<u>(30)</u>	<u>0</u>
Net Change in Fund Balance	600	1,808	1,808	0
Fund Balance at Beginning of Year	<u>30</u>	<u>30</u>	<u>30</u>	<u>0</u>
Fund Balance at End of Year	<u>\$630</u>	<u>\$1,838</u>	<u>\$1,838</u>	<u>\$0</u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Employee Benefits Self-Insurance Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$0	\$3,107,866	\$3,107,866	\$0
Expenses:				
Purchased Services	336,674	417,250	417,250	0
Claims	1,938,691	2,863,091	2,863,091	0
Total Expenses	2,275,365	3,280,341	3,280,341	0
Excess of Revenues Under Expenses	(2,275,365)	(172,475)	(172,475)	0
Other Financing Sources (Uses):				
Refund of Prior Year Expenses	0	328	328	0
Advances - In	0	1,152,101	1,152,101	0
Advances - Out	(206,519)	(1,021,228)	(1,021,228)	0
Total Other Financing Sources (Uses)	(206,519)	131,201	131,201	0
Net Change in Fund Equity	(2,481,884)	(41,274)	(41,274)	0
Fund Equity at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	41,274	41,274	41,274	0
Fund Equity at End of Year	<u>(\$2,440,610)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Lebanon City School District
Warren County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Scholarship Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$0	\$7,119	\$7,119	\$0
Gifts and Donations	0	15,284	15,284	0
Miscellaneous	0	10,000	10,000	0
Total Revenues	0	32,403	32,403	0
Expenditures:				
Current:				
Extracurricular Activities	9,378	21,750	21,750	0
Net Change in Fund Balance	(9,378)	10,653	10,653	0
Fund Balance at Beginning of Year	164,815	164,815	164,815	0
Fund Balance at End of Year	\$155,437	\$175,468	\$175,468	\$0

**STATISTICAL
SECTION**

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STATISTICAL SECTION

The following statistical tables reflect social and economic data, financial trends and fiscal capacity of the School District.

Lebanon City School District
Warren County, Ohio
Revenues by Source and Expenditures by Function (1)
Last Ten Fiscal Years

	2004		2003		2002	2001	2000	1999	1998	1997	1996	1995
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual								
Program Revenues												
Charges for Services	\$1,541,818	N/A	\$460,788	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Operating Grants, Interest and Contributions	1,630,688	N/A	1,164,066	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital Grants and Contributions	0	N/A	66,051	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
General Revenues												
Property and Other Taxes	16,750,526	\$16,338,195	16,494,707	\$16,528,795	\$11,801,570	\$11,615,779	\$11,302,538	\$9,188,807	\$8,492,596	\$8,366,475	\$7,844,594	\$6,674,473
Intergovernmental	16,418,737	16,044,017	15,307,065	16,445,881	13,932,863	12,761,066	11,469,372	10,654,313	9,753,882	8,944,101	8,022,558	7,410,115
Interest	448,054	448,595	706,577	703,127	259,819	547,274	422,709	363,858	319,569	258,947	188,857	87,497
Tuition and Fees	0	294,306	0	84,472	52,154	64,976	81,967	161,894	96,928	23,049	8,138	87,221
Rent	0	17,979	0	0	0	0	0	0	0	0	0	0
Extracurricular Activities	0	306,147	0	269,048	0	0	0	0	0	0	0	0
Gifts and Donations	63,257	63,257	0	0	0	0	0	0	0	0	0	0
Charges for Services	0	900,769	0	0	0	0	0	0	0	0	0	0
Miscellaneous	138,004	313,083	232,689	257,184	99,178	154,610	123,509	158,845	152,969	53,191	67,622	63,544
Total	\$36,991,084	\$36,726,348	\$34,433,943	\$34,288,507	\$26,145,384	\$25,143,705	\$23,400,095	\$20,527,717	\$18,815,944	\$17,645,763	\$16,111,769	\$14,322,850
Expenditures:												
Current:												
Instruction:												
Regular	\$18,981,545	\$15,150,468	\$15,242,123	\$24,186,230	\$12,080,305	\$12,266,021	\$10,897,572	\$10,481,150	\$9,447,680	\$9,074,349	\$8,050,942	\$7,267,645
Special	3,064,724	3,824,795	2,828,911	3,031,266	1,890,996	1,547,577	985,286	1,004,530	964,384	864,330	830,695	821,989
Vocational	113	0	22,388	22,185	0	0	0	0	0	0	0	35
Adult/Continuing	6,521	6,521	0	0	0	0	0	0	0	0	0	0
Other	0	0	905,187	905,187	365,495	325,606	217,674	236,461	116,920	85,077	63,245	32,448
Support Services:												
Pupils	2,000,913	1,707,461	2,005,537	1,990,955	1,479,254	1,396,493	987,007	923,111	794,923	714,520	680,123	621,576
Instructional Staff	2,659,413	2,386,075	2,169,737	2,102,887	1,647,986	1,466,707	1,449,419	1,003,986	786,587	648,241	453,747	405,437
Board of Education	33,655	33,504	25,158	25,006	38,392	43,050	81,505	35,645	38,333	30,535	30,021	24,924
Administration	2,608,593	2,489,794	2,613,147	2,768,468	2,071,817	1,952,915	1,801,156	1,793,433	1,515,813	1,307,847	1,272,240	1,195,089
Fiscal	822,810	801,187	693,845	697,920	601,760	579,970	506,087	534,601	482,323	416,031	387,569	333,250
Business	216,565	237,442	147,429	148,637	159,938	147,448	141,429	128,993	132,144	99,592	82,915	25,048
Operation and Maintenance of Plant	3,006,758	2,841,243	2,619,241	2,840,972	2,009,294	1,871,676	1,571,910	1,551,876	1,493,647	1,501,384	1,364,460	1,191,445
Pupil Transportation	3,564,211	3,345,027	2,874,984	2,806,016	2,695,948	2,567,412	2,258,200	1,457,646	1,361,744	1,311,963	937,301	922,470
Central	296,477	281,178	261,763	261,540	163,473	126,674	159,938	122,304	91,147	136,754	56,894	26,508
Operation of Non-Instructional Services	1,464,157	1,396,747	293,231	306,039	2,433	2,044	991	5,952	3,766	6,958	7,599	7,599
Extracurricular Activities	1,111,892	977,256	858,055	828,611	491,277	466,024	416,946	379,515	349,774	287,657	273,404	243,537
Capital Outlay	0	36,375,773	0	0	10,550	231,009	22,500	0	1,350	5,050	4,900	0
Debt Service	2,327,200	3,602,207	1,404,693	2,634,718	0	0	0	0	0	0	6,113	17,662
Total	\$42,165,547	\$75,456,678	\$34,965,429	\$45,556,637	\$25,707,918	\$24,990,626	\$21,500,147	\$19,654,252	\$17,582,721	\$16,467,086	\$14,501,527	\$13,136,662

Source: School District Financial Records

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds for modified accrual and all governmental activities for full accrual

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

Year (2)	Current Levy	Delinquent (3) Levy	Total Levy	Current Collection	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection As a Percent of Current Levy
2003 (4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	\$16,969,320	\$1,110,594	\$18,079,914	\$16,389,089	96.58%	\$562,610	\$16,951,699	99.90%
2001	12,823,421	659,450	13,482,871	12,422,978	96.88%	406,966	12,829,944	100.05%
2000	13,345,851	760,773	14,106,624	12,980,014	97.26%	551,543	13,531,557	101.39%
1999	12,342,476	640,693	12,983,169	11,991,433	97.16%	376,786	12,368,219	100.21%
1998	11,898,841	442,536	12,341,377	11,546,561	97.04%	358,200	11,904,761	100.05%
1997	11,753,899	447,387	12,201,286	11,391,223	96.91%	370,332	11,761,555	100.07%
1996	10,709,130	435,700	11,144,830	10,435,163	97.44%	304,586	10,739,749	100.29%
1995	10,010,886	415,007	10,425,893	9,764,558	97.54%	264,582	10,029,140	100.18%
1994	7,534,998	398,115	7,933,113	7,427,544	98.57%	290,941	7,718,485	102.44%

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. 2004 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.

(4) AS of the date of the audit opinion, this information for 2003 was not available from the County Auditor's Office.

Lebanon City School District
Warren County, Ohio
Assessed and Estimated Actual Value of Taxable Property
Last Ten Calendar Years

Year (1)	Real Property		Tangible Personal Property		Public Utility Property		Total		
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2004	\$603,948,540	\$1,725,567,251	\$42,564,570	\$170,258,280	\$22,928,230	\$26,054,800	\$669,441,340	\$1,921,880,331	34.83%
2003	581,795,090	1,662,271,685	40,424,180	161,696,720	23,262,620	26,434,795	645,481,890	1,850,403,200	34.88%
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%
2001	475,136,090	1,357,531,685	37,220,943	148,883,772	29,564,860	118,259,440	541,921,893	1,624,674,897	33.36%
2000	388,957,480	1,111,307,086	29,590,168	118,360,672	28,474,500	113,898,000	447,022,148	1,343,565,758	33.27%
1999	368,094,830	1,051,699,514	29,967,060	119,868,240	28,631,100	114,524,400	426,692,990	1,286,092,154	33.18%
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	35.57%
1997	288,144,380	823,269,657	27,767,713	111,070,852	30,027,200	34,121,818	345,939,293	968,462,327	35.72%
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%
1995	251,283,640	717,953,257	21,631,948	86,527,792	31,032,240	35,263,909	303,947,828	839,744,958	36.20%

Source: Warren County Auditor

(1) Data is presented on a calendar year basis because this is the manner in which the information is maintained by the County Auditor.

Lebanon City School District
 Warren County, Ohio
 Property Tax Rates - Direct and Overlapping Governments
 (per \$1,000 of Assessed Valuation)
 Last Ten Calendar Years

Year	Direct										Overlapping															
	Lebanon City School District	Warren County	Warren Career Center	Warren-Clinton Mental Health	Lebanon City	Middletown City	Mason City	Clearcreek Township	Salem Township	Turkscreek Township	Union Township	Washington Township	Wayne Township	Lebanon City	Middletown City	Mason City	Clearcreek Township	Salem Township	Turkscreek Township	Union Township	Washington Township	Wayne Township				
2003	\$55.63	\$6.53	\$4.50	\$1.00	\$7.72	\$4.51	\$7.32	\$16.97	\$8.62	\$5.62	\$9.20	\$4.78	\$7.07	\$55.63	\$6.53	\$4.50	\$1.00	\$7.72	\$4.51	\$7.32	\$16.97	\$8.62	\$5.62	\$9.20	\$4.78	\$7.07
2002	55.63	4.96	4.50	1.00	7.72	5.15	7.32	16.97	8.62	5.62	9.20	4.78	7.07	55.63	4.96	4.50	1.00	7.72	5.15	7.32	16.97	8.62	5.62	9.20	4.78	7.07
2001	55.53	4.60	4.50	1.00	7.72	5.15	7.32	16.97	8.62	5.62	6.20	4.78	7.07	50.63	4.50	4.50	1.00	7.72	4.51	7.32	13.12	6.72	5.62	6.20	4.78	7.07
2000	50.63	4.50	4.50	1.00	7.72	4.51	7.32	13.12	6.72	5.62	6.20	4.78	7.07	50.63	4.50	4.50	1.00	7.72	4.51	7.32	13.12	6.72	5.62	6.20	4.78	7.07
1999	50.63	4.50	4.50	1.00	7.82	5.11	7.32	13.12	6.72	5.62	6.20	4.78	7.07	50.03	5.25	4.50	1.00	6.32	5.01	7.39	11.62	6.72	5.62	6.20	4.78	7.07
1998	50.03	5.25	4.50	1.00	6.32	5.01	7.39	11.62	6.72	5.62	6.20	4.78	7.07	51.13	5.00	4.50	1.00	6.32	4.96	1.87	11.62	6.72	5.62	5.20	4.78	7.07
1997	51.13	5.00	4.50	1.00	6.32	4.96	1.87	11.62	6.72	5.62	5.20	4.78	7.07	51.13	5.50	4.50	1.00	6.52	4.96	1.89	11.62	6.72	5.62	5.20	4.78	7.07
1996	51.13	5.50	4.50	1.00	6.52	4.96	1.89	11.62	6.72	5.62	5.20	4.78	7.07	51.13	7.07	4.50	1.00	6.62	5.16	1.89	11.62	4.72	5.62	6.20	4.78	7.07
1995	51.13	7.07	4.50	1.00	6.62	5.16	1.89	11.62	4.72	5.62	6.20	4.78	7.07	51.13	7.07	4.50	1.00	6.62	5.16	1.89	11.62	4.72	5.62	6.20	4.78	7.07
1994	51.13	7.07	4.50	1.00	6.62	5.16	1.89	11.62	4.72	5.62	6.20	4.78	7.07	51.13	7.07	4.50	1.00	6.62	5.16	1.89	11.62	4.72	5.62	6.20	4.78	7.07

Source: Warren County Auditor

(1) Data is presented on a calendar year basis because this is the manner in which the information is maintained by the County Auditor.

Lebanon City School District
 Warren County, Ohio
 Ratio of Net General Bonded Debt to Assessed Value
 and Net Bonded Debt Per Capita
 Last Ten Years

Year	General Obligation Bonded Debt	Assessed Value	District Population	Ratio of Debt to Assessed Value	Net Debt Per Capita
2004	\$44,365,000	\$669,441,340	27,610	6.63%	\$1,607
2003	45,510,000	645,481,890	27,610	7.05%	1,648
2002	45,719,000	548,435,350	27,610	8.34%	1,656
2001	916,000	541,921,893	27,610	0.17%	33
2000	2,291,000	447,022,148	21,071	0.51%	109
1999	3,653,000	426,692,990	21,071	0.86%	173
1998	4,917,000	398,304,776	21,071	1.23%	233
1997	6,065,000	345,939,293	21,071	1.75%	288
1996	6,795,000	321,341,796	21,071	2.11%	322
1995	7,620,000	303,947,828	21,071	2.51%	362

Sources: Warren County Auditor, School District Financial Records and the U.S. Census Bureau

Lebanon City School District
Warren County, Ohio
Computation of Legal Debt Margin
June 30, 2004

Assessed Valuation	\$669,441,340
<u>Overall Debt Limitation</u>	
Debt Limit - 9% of Assessed Value (1)	\$60,249,721
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds	(44,015,000)
Notes	(5,000,000)
Amount of Debt Subject to Limit	(49,015,000)
Overall Debt Margin	\$11,234,721
<u>Unvoted Debt Limitation</u>	
Debt Limit - .10% of Assessed Value (1)	\$669,441
Amount of Debt Applicable	0
Unvoted Debt Margin	\$669,441
<u>Energy Conservation Bond Limitation</u>	
Debt Limit - .9% of Assessed Valuation (1)	\$6,024,972
Energy Conservation Debt Applicable	(350,000)
Energy Conservation Debt Margin	\$5,674,972

Sources: Warren County Auditor and School District Financial Records

(1) Ohio Bond Law sets a limit of 9% for overall debt, 1/10 of 1% for unvoted debt and 9/10 of 1% for energy conservation debt.

Lebanon City School District
Warren County, Ohio
Computation of Direct and Overlapping Debt
June 30, 2004

Governmental Unit	Gross General Obligation	Percent Applicable to District (1)	Amount Applicable to District
Direct:			
Lebanon City School District	\$49,014,999	100.00%	\$49,014,999
Overlapping:			
Warren County	3,771,025	13.91%	524,550
Lebanon City	7,706,608	91.96%	7,086,997
Mason City	13,745,000	0.30%	41,235
Middletown City	24,378,000	0.38%	92,636
South Lebanon Village	452,000	0.51%	2,305
Clear Creek Township	1,590,000	6.62%	105,258
Salem Township	68,826	2.08%	1,432
Total Overlapping	51,711,459		7,854,413
Total			\$56,869,412

Source: Ohio Municipal Advisory Council

(1) Calculated by the Ohio Municipal Advisory Council

Lebanon City School District
 Warren County, Ohio
 Ratio of Annual Debt Service Expenditures for
 General Obligation Bonded Debt to General Governmental Expenditures
 Last Ten Years

Year	Total Debt Service	Total Governmental Fund Expenditures	Ratio of Debt Service to Governmental Fund Expenditures
2004	\$3,602,207	\$75,456,678	4.77%
2003	748,941	29,282,363	2.56%
2002	443,323	25,707,918	1.72%
2001	0	24,990,636	0.00%
2000	1,512,513	21,500,147	7.03%
1999	1,472,718	19,654,252	7.49%
1998	1,410,727	17,582,721	8.02%
1997	1,320,547	16,467,086	8.02%
1996	1,172,150	14,531,527	8.07%
1995	998,529	13,121,776	7.61%

Source: School District Financial Records

Lebanon City School District
Warren County, Ohio
Demographic Statistics
Last Ten Years

Year	Warren County Population (1)	Lebanon City Population (1)	School Enrollment (2)	Unemployment Rate (3)
2004	158,383	16,962	4,778	4.00%
2003	158,383	16,962	4,670	4.70%
2002	158,383	16,962	4,509	4.60%
2001	158,383	16,962	4,446	3.30%
2000	113,909	10,423	4,496	3.20%
1999	113,909	10,423	4,405	3.20%
1998	113,909	10,423	4,354	3.40%
1997	113,909	10,423	4,214	2.90%
1996	113,909	10,423	3,988	3.80%
1995	113,909	10,423	3,842	4.00%

Sources: (1) 1995-2000, 1990 Census; 2001-2004, 2000 Census

(2) School District Records

(3) Ohio Bureau of Employment Services - Prior years' amounts have been restated to reflect current available information.

Lebanon City School District
Warren County, Ohio
Property Values, Construction and Bank Deposits
Last Ten Years

<u>Year (1)</u>	<u>Value of Building Permits Issued (2)</u>	<u>Bank Deposits (2)</u>	<u>Assessed Value (2)</u>
2003	\$34,563,645	\$637,524,000	\$669,441,340
2002	40,137,191	660,464,000	645,481,890
2001	36,191,203	618,781,000	548,435,350
2000	36,589,567	548,623,000	541,921,893
1999	31,326,951	533,873,000	447,022,148
1998	32,204,227	521,795,000	426,692,990
1997	26,993,285	523,595,000	398,304,776
1996	29,040,394	465,584,000	345,939,293
1995	30,725,199	460,950,000	321,341,796
1994	13,267,519	422,581,000	303,947,828

Sources: Warren County Auditor, City of Lebanon and Federal Reserve Bank in Cleveland

- (1) Data is presented on a calendar year basis. 2004 information is not available.
- (2) Prior year amounts have been restated to reflect current available information.

Lebanon City School District
 Warren County, Ohio
 Enrollment Projections
 June 30, 2004

	Enrollment by Grade												Total	
	K	1	2	3	4	5	6	7	8	9	10	11		12
2003-2004	371	413	372	385	373	400	398	408	390	384	373	268	243	4,778
The following are projections:														
2004-2005	411	667	517	361	309	366	366	402	418	367	383	347	367	5,281
2005-2006	420	464	636	518	360	317	372	381	409	416	375	388	337	5,393
2006-2007	427	474	442	637	516	370	323	388	388	408	426	380	378	5,557
2007-2008	435	482	452	443	635	530	376	337	395	387	417	431	369	5,689
2008-2009	444	490	460	453	442	653	540	392	343	394	396	423	419	5,849
2009-2010	451	501	468	461	452	454	664	562	400	342	403	401	411	5,970
2010-2011	460	454	559	463	456	445	460	669	579	402	335	406	401	6,089
2011-2012	480	465	460	559	469	459	450	465	675	579	410	340	415	6,226
2012-2013	500	480	465	465	559	475	459	450	475	675	579	410	340	6,332

Source: School District Records

Lebanon City School District
Warren County, Ohio
Teacher Education and Experience
June 30, 2004

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	34	12.10%
Bachelor's + 15	79	28.11%
Master's Degree	146	51.96%
Master's + 20	<u>22</u>	<u>7.83%</u>
Total	<u><u>281</u></u>	<u><u>100.00%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	55	19.57%
6 -10	94	33.45%
11 and over	<u>132</u>	<u>46.98%</u>
Total	<u><u>281</u></u>	<u><u>100.00%</u></u>

Source: School District Personnel Records

Lebanon City School District
Warren County, Ohio
Top Ten Principal Taxpayers

Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation Real Property
Advics Manufacturing	\$15,957,270	35.91%
Fujitec America	7,314,970	16.46%
Johnson and Hardin	6,191,630	13.93%
Amtex, Inc.	2,545,280	5.73%
United Telephone	2,315,400	5.21%
Crossman Communities	2,275,390	5.12%
Watson Crossing Two LLC	2,036,120	4.58%
Eastern Retail Holdings	2,019,420	4.54%
Southern Ohio Gun Distributors	1,910,030	4.30%
Lebanon Parke Towne Homes	1,873,010	4.21%
	<u>\$ 44,438,520.00</u>	<u>100.00%</u>

Sources: Warren County Auditor, City of Lebanon



**Auditor of State
Betty Montgomery**

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800-282-0370
Facsimile 614-466-4490

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
JUNE 2, 2005**