

**NEW LEBANON LOCAL
SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

***GENERAL PURPOSE FINANCIAL STATEMENTS
(AUDITED)***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2002***

NANCY WINTERBOTHAM, TREASURER

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**Auditor of State
Betty Montgomery**

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Board of Education
New Lebanon Local School District
278 East Main Street
New Lebanon, Ohio 45345

We have reviewed the Independent Auditor's Report of the New Lebanon Local School District, Montgomery County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 2001 through June 30, 2002. 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 New Lebanon Local School District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 22, 2003

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**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

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Independent Auditor's Report

Board of Education
New Lebanon Local School District
278 East Main Street
New Lebanon, Ohio 45345

We have audited the accompanying general purpose financial statements of the New Lebanon Local School District, Montgomery County, (the "District") as of and for the fiscal year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of New Lebanon Local School District, Montgomery County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2002 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.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Trimble, Julian & Grube, Inc.
December 13, 2002

NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
ASSETS:				
Equity in pooled cash and cash equivalents	\$ 337,617	\$ 256,542	\$ 369,704	\$ 13,623,381
Equity in pooled cash and cash equivalents - Cash with fiscal agent	-	-	159	-
Receivables (net of allowances of uncollectibles):				
Taxes - current & delinquent	2,251,477	38,972	401,313	99,083
Accounts	169,584	1,020	-	-
Accrued interest	2,362	-	-	-
Interfund loan receivable	153,000	-	-	-
Advances to other funds	23,000	-	-	-
Due from other government	-	92,082	-	-
Materials and supplies inventory	17,703	-	-	-
Prepayments	46,839	-	-	-
Restricted assets:				
Equity in pooled cash and cash equivalents	44,522	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable)	-	-	-	-
OTHER DEBITS:				
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-
Total assets and other debits	\$ 3,046,104	\$ 388,616	\$ 771,176	\$ 13,722,464
LIABILITIES, EQUITY AND OTHER CREDITS				
LIABILITIES:				
Accounts payable	\$ 81,986	\$ 7,506	\$ -	\$ -
Accrued wages and benefits	923,473	12,033	-	-
Compensated absences payable	6,985	244	-	-
Pension obligation payable	147,944	3,402	-	-
Interfund loan payable	-	103,000	-	-
Advances from other funds	-	-	-	23,000
Deferred revenue	1,792,497	127,875	368,566	4,526,569
Due to other governments	26,522	670	-	-
Due to students	-	-	-	-
Matured interest payable	-	-	159	-
General obligation bonds payable	-	-	-	-
Energy conservation notes payable	-	-	-	-
Total liabilities	2,979,407	254,730	368,725	4,549,569
EQUITY AND OTHER CREDITS:				
Investment in general fixed assets	-	-	-	-
Accumulated deficit: unreserved	-	-	-	-
Fund balances (deficit):				
Reserved for encumbrances	30,982	21,157	-	115,220
Reserved for materials and supplies inventory	17,703	-	-	-
Reserved for prepayments	46,839	-	-	-
Reserved for debt service	-	-	369,704	-
Reserved for tax revenue unavailable for appropriation	146,425	3,179	32,747	7,514
Reserved for advances	23,000	-	-	-
Reserved for textbooks	44,522	-	-	-
Unreserved-undesignated	(242,774)	109,550	-	9,050,161
Total equity and other credits	66,697	133,886	402,451	9,172,895
Total liabilities, equity and other credits	\$ 3,046,104	\$ 388,616	\$ 771,176	\$ 13,722,464

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$ 14,556	\$ 17,528	\$ -	\$ -	\$ 14,619,328
-	-	-	-	159
-	-	-	-	2,790,845
6,632	-	-	-	177,236
-	-	-	-	2,362
-	-	-	-	153,000
-	-	-	-	23,000
9,728	-	-	-	101,810
13,385	-	-	-	31,088
-	-	-	-	46,839
-	-	-	-	44,522
15,322	-	5,689,825	-	5,705,147
-	-	-	402,451	402,451
-	-	-	5,052,267	5,052,267
<u>\$ 59,623</u>	<u>\$ 17,528</u>	<u>\$ 5,689,825</u>	<u>\$ 5,454,718</u>	<u>\$ 29,150,054</u>
\$ 1	\$ -	\$ -	\$ -	\$ 89,493
25,237	-	-	-	960,743
14,323	-	-	424,787	446,339
23,096	-	-	95,165	269,607
50,000	-	-	-	153,000
-	-	-	-	23,000
8,440	-	-	-	6,823,947
660	-	-	-	27,852
-	17,528	-	-	17,528
-	-	-	-	159
-	-	-	4,815,000	4,815,000
-	-	-	119,766	119,766
<u>121,757</u>	<u>17,528</u>	<u>-</u>	<u>5,454,718</u>	<u>13,746,434</u>
-	-	5,689,825	-	5,689,825
(62,134)	-	-	-	(62,134)
-	-	-	-	167,359
-	-	-	-	17,703
-	-	-	-	46,839
-	-	-	-	369,704
-	-	-	-	189,865
-	-	-	-	23,000
-	-	-	-	44,522
-	-	-	-	8,916,937
<u>(62,134)</u>	<u>-</u>	<u>5,689,825</u>	<u>-</u>	<u>15,403,620</u>
<u>\$ 59,623</u>	<u>\$ 17,528</u>	<u>\$ 5,689,825</u>	<u>\$ 5,454,718</u>	<u>\$ 29,150,054</u>

NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
From local sources:					
Taxes	\$ 2,650,163	\$ 39,957	\$ 393,635	\$ 97,621	\$ 3,181,376
Tuition	28,705	15	-	-	28,720
Earnings on investments	63,280	-	-	177,416	240,696
Extracurricular	-	107,521	-	-	107,521
Other local revenues	147,478	82,600	-	-	230,078
Intergovernmental - State	5,708,639	67,203	55,350	4,331,697	10,162,889
Intergovernmental - Federal	-	153,033	-	-	153,033
Total revenues	<u>8,598,265</u>	<u>450,329</u>	<u>448,985</u>	<u>4,606,734</u>	<u>14,104,313</u>
Expenditures:					
Current:					
Instruction:					
Regular	4,353,634	64,318	-	37,594	4,455,546
Special	660,586	139,505	-	-	800,091
Other	142,967	-	-	-	142,967
Support services:					
Pupil	411,915	7,542	-	-	419,457
Instructional staff	399,624	23,189	-	-	422,813
Board of Education	291,868	-	-	-	291,868
Administration	940,027	13,328	-	-	953,355
Fiscal	228,105	-	-	-	228,105
Business	99,743	67,845	-	-	167,588
Operations and maintenance	831,942	-	-	-	831,942
Pupil transportation	429,160	810	-	-	429,970
Central	15,293	6,823	-	-	22,116
Extracurricular activities	179,459	104,455	-	-	283,914
Facilities acquisition and construction	367,055	-	-	1,047,975	1,415,030
Debt service:					
Principal retirement	22,813	-	165,000	-	187,813
Interest and fiscal charges	6,474	-	268,232	-	274,706
Total expenditures	<u>9,380,665</u>	<u>427,815</u>	<u>433,232</u>	<u>1,085,569</u>	<u>11,327,281</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(782,400)</u>	<u>22,514</u>	<u>15,753</u>	<u>3,521,165</u>	<u>2,777,032</u>
Other financing sources:					
Proceeds from sale of fixed assets	4,202	-	-	-	4,202
Total other financing sources	<u>4,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,202</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>(778,198)</u>	<u>22,514</u>	<u>15,753</u>	<u>3,521,165</u>	<u>2,781,234</u>
Fund balances, July 1	837,506	111,372	386,698	5,651,730	6,987,306
Increase in reserve for inventory	7,389	-	-	-	7,389
Fund balances, June 30	<u>\$ 66,697</u>	<u>\$ 133,886</u>	<u>\$ 402,451</u>	<u>\$ 9,172,895</u>	<u>\$ 9,775,929</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$ 2,654,115	\$ 2,650,426	\$ (3,689)	\$ 51,147	\$ 38,143	\$ (13,004)
Tuition	28,745	28,705	(40)	20	15	(5)
Earnings on investments	66,033	65,942	(91)	-	-	-
Extracurricular	-	-	-	143,986	107,521	(36,465)
Other local revenues	10,195	10,180	(15)	98,408	73,487	(24,921)
Intergovernmental - State	5,716,504	5,708,639	(7,865)	89,924	67,203	(22,721)
Intergovernmental - Federal	-	-	-	265,191	149,533	(115,658)
Total revenues	<u>8,475,592</u>	<u>8,463,892</u>	<u>(11,700)</u>	<u>648,676</u>	<u>435,902</u>	<u>(212,774)</u>
Expenditures:						
Current:						
Instruction:						
Regular	4,577,274	4,517,798	59,476	180,763	71,823	108,940
Special	710,000	644,185	65,815	153,185	148,428	4,757
Other	148,000	142,967	5,033	-	-	-
Support services:						
Pupil	460,721	406,057	54,664	15,578	7,950	7,628
Instructional staff	407,645	386,233	21,412	46,805	25,817	20,988
Board of Education	330,751	317,754	12,997	-	-	-
Administration	1,046,969	992,954	54,015	16,601	13,037	3,564
Fiscal	257,425	229,042	28,383	-	-	-
Business	93,156	92,348	808	123,720	77,139	46,581
Operations and maintenance	888,778	850,973	37,805	44,692	-	44,692
Pupil transportation	458,161	442,312	15,849	3,690	994	2,696
Central	16,000	15,293	707	10,553	10,514	39
Extracurricular activities	195,000	178,393	16,607	141,619	106,155	35,464
Facilities acquisition and construction	370,500	367,055	3,445	-	-	-
Debt service:						
Principal retirement	24,500	22,813	1,687	-	-	-
Interest and fiscal charges	7,500	6,474	1,026	-	-	-
Total expenditures	<u>9,992,380</u>	<u>9,612,651</u>	<u>379,729</u>	<u>737,206</u>	<u>461,857</u>	<u>275,349</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,516,788)</u>	<u>(1,148,759)</u>	<u>368,029</u>	<u>(88,530)</u>	<u>(25,955)</u>	<u>62,575</u>
Other financing sources (uses):						
Advances in	-	-	-	-	93,000	93,000
Advances out	(185)	(143,000)	(142,815)	-	-	-
Proceeds from sale of fixed assets	2,152	2,150	(2)	-	-	-
Refund of prior year expenditures	138,775	138,583	(192)	-	8,642	8,642
Total other financing sources (uses)	<u>140,742</u>	<u>(2,267)</u>	<u>(143,009)</u>	<u>-</u>	<u>101,642</u>	<u>101,642</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(1,376,046)</u>	<u>(1,151,026)</u>	<u>225,020</u>	<u>(88,530)</u>	<u>75,687</u>	<u>164,217</u>
Fund balances, July 1	1,243,059	1,243,059	-	143,570	143,570	-
Prior year encumbrances appropriated	150,872	150,872	-	8,623	8,623	-
Fund balances, June 30	<u>\$ 17,885</u>	<u>\$ 242,905</u>	<u>\$ 225,020</u>	<u>\$ 63,663</u>	<u>\$ 227,880</u>	<u>\$ 164,217</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Debt Service			Capital Projects			Total (Memorandum only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$ 394,218	\$ 391,577	\$ (2,641)	\$ 98,983	\$ 97,191	\$ (1,792)	\$ 3,198,463	\$ 3,177,337	\$ (21,126)
-	-	-	-	-	-	28,765	28,720	(45)
-	-	-	154,769	177,416	22,647	220,802	243,358	22,556
-	-	-	-	-	-	143,986	107,521	(36,465)
-	-	-	-	-	-	108,603	83,667	(24,936)
55,707	55,350	(357)	7,692,862	8,766,697	1,073,835	13,554,997	14,597,889	1,042,892
-	-	-	-	-	-	265,191	149,533	(115,658)
<u>449,925</u>	<u>446,927</u>	<u>(2,998)</u>	<u>7,946,614</u>	<u>9,041,304</u>	<u>1,094,690</u>	<u>17,520,807</u>	<u>18,388,025</u>	<u>867,218</u>
-	-	-	51,476	43,751	7,725	4,809,513	4,633,372	176,141
-	-	-	-	-	-	863,185	792,613	70,572
-	-	-	-	-	-	148,000	142,967	5,033
-	-	-	-	-	-	476,299	414,007	62,292
-	-	-	-	-	-	454,450	412,050	42,400
-	-	-	-	-	-	330,751	317,754	12,997
-	-	-	-	-	-	1,063,570	1,005,991	57,579
-	-	-	-	-	-	257,425	229,042	28,383
-	-	-	-	-	-	216,876	169,487	47,389
-	-	-	-	-	-	933,470	850,973	82,497
-	-	-	-	-	-	461,851	443,306	18,545
-	-	-	-	-	-	26,553	25,807	746
-	-	-	-	-	-	336,619	284,548	52,071
-	-	-	13,585,101	1,277,781	12,307,320	13,955,601	1,644,836	12,310,765
500,000	165,000	335,000	-	-	-	524,500	187,813	336,687
308,170	283,478	24,692	-	-	-	315,670	289,952	25,718
<u>808,170</u>	<u>448,478</u>	<u>359,692</u>	<u>13,636,577</u>	<u>1,321,532</u>	<u>12,315,045</u>	<u>25,174,333</u>	<u>11,844,518</u>	<u>13,329,815</u>
<u>(358,245)</u>	<u>(1,551)</u>	<u>356,694</u>	<u>(5,689,963)</u>	<u>7,719,772</u>	<u>13,409,735</u>	<u>(7,653,526)</u>	<u>6,543,507</u>	<u>14,197,033</u>
-	-	-	-	-	-	-	93,000	93,000
-	-	-	-	-	-	(185)	(143,000)	(142,815)
-	-	-	-	-	-	2,152	2,150	(2)
-	-	-	-	-	-	138,775	147,225	8,450
-	-	-	-	-	-	140,742	99,375	(41,367)
(358,245)	(1,551)	356,694	(5,689,963)	7,719,772	13,409,735	(7,512,784)	6,642,882	14,155,666
371,255	371,255	-	5,584,737	5,584,737	-	7,342,621	7,342,621	-
-	-	-	203,652	203,652	-	363,147	363,147	-
<u>\$ 13,010</u>	<u>\$ 369,704</u>	<u>\$ 356,694</u>	<u>\$ 98,426</u>	<u>\$ 13,508,161</u>	<u>\$ 13,409,735</u>	<u>\$ 192,984</u>	<u>\$14,348,650</u>	<u>\$ 14,155,666</u>

NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS/(ACCUMULATED DEFICIT)
 PROPRIETARY FUND TYPE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating revenues:	
Tuition and fees	\$ 46,387
Sales/charges for services	<u>270,799</u>
Total operating revenues	<u>317,186</u>
Operating expenses:	
Personal services	191,026
Contract services	4,320
Materials and supplies	312,781
Depreciation	<u>1,471</u>
Total operating expenses	<u>509,598</u>
Operating loss	<u>(192,412)</u>
Nonoperating revenues:	
Operating grants	94,193
Federal commodities	30,203
Interest revenue.	<u>314</u>
Total nonoperating revenues	<u>124,710</u>
Net loss	(67,702)
Retained earnings, July 1	<u>5,568</u>
Accumulated deficit, June 30	<u><u>\$ (62,134)</u></u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from tuition and fees	\$ 44,751
Cash received from sales/service charges	270,878
Cash payments for personal services	(190,631)
Cash payments for contract services.	(4,320)
Cash payments for materials and supplies.	<u>(282,392)</u>
Net cash used in operating activities.	<u>(161,714)</u>
Cash flows from noncapital financing activities:	
Cash received from operating grants	84,465
Cash received from interfund loans.	<u>50,000</u>
Net cash provided by noncapital financing activities.	<u>134,465</u>
Cash flows from investing activities:	
Interest received	<u>314</u>
Net cash provided by investing activities	<u>314</u>
Net decrease in cash and cash equivalents.	(26,935)
Cash and cash equivalents at beginning of year	<u>41,491</u>
Cash and cash equivalents at end of year	<u>\$ 14,556</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (192,412)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation.	1,471
Federal donated commodities	30,203
Changes in assets and liabilities:	
Increase in materials and supplies inventory.	(2,923)
Increase in accounts receivable	(1,557)
Decrease in accounts payable	(1,531)
Increase in accrued wages and benefits	3,064
Decrease in compensated absences payable.	(2,019)
Increase in due to other governments	660
Decrease in pension obligation payable.	(1,310)
Increase in deferred revenue.	<u>4,640</u>
Net cash used in operating activities	<u>\$ (161,714)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The New Lebanon Local School District (the "District") is located in west-central Montgomery County, including all of the Village of New Lebanon, and portions of surrounding townships. The District serves an area of approximately 39 square miles.

The District was organized in 1922, in accordance with Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District currently operates 1 elementary school, 1 middle school, and 1 comprehensive high school. The District employs 80 non-certified and 96 (including administrative) certified full-time and part-time employees to provide services to approximately 1,379 students in grades K through 12 and various community groups, which ranks it 401st out of approximately 705 public and community school districts in Ohio.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. The Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the general purpose financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for which the District is financially accountable.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The general purpose financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Career Technology Center

The vocational school district is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide for the vocational and special education needs of its students. The Board of Education is comprised of 17 members elected from the 27 participating school districts. The school accepts non-tuition students from the District as a member school, however, it is considered to be a separate political subdivision and not part of the District. Financial information is available from Debbie Whitton, Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

Southwestern Ohio Educational Purchasing Cooperative (SOEPC)

SOEPC is a purchasing cooperative made up of nearly one hundred school districts in Montgomery and surrounding counties. The Montgomery County Educational Service Center acts as fiscal agent for the group. The purpose of the cooperative is to obtain lower prices for supplies and materials commonly used by the member districts. The members are obligated to pay all fees, charges, and assessments as established by SOEPC. Each member district has one voting representative. Title to any and all equipment and supplies purchased by SOEPC is held in trust for the member districts by the fiscal agent. Any district withdrawing from SOEPC shall forfeit its claim to any and all SOEPC assets. One year's 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 District's General fund.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Financial information is available from SOEPC by contacting Robert Brown, Director, at 1831 Harshman Road, Dayton, Ohio 45424.

The District is also a participant in a public entity risk sharing pool, discussed in Note 11.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund - The general fund is the general operating fund of the 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 District for any purpose, provided it is expended or transferred in accordance with applicable Ohio statute.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following is the District's proprietary fund type.

Enterprise Funds - The enterprise funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Trust and Agency Funds - These 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are presented on a budgetary basis, with note disclosure, if applicable, regarding items which, in other funds, would be subject to accrual (See Note 3.B.).

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The modified accrual basis of accounting is followed for governmental funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2002, but which are intended to finance fiscal 2003 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2002, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from income taxes is recognized in the fiscal year in which the underlying exchange occurred and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available. 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense, with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenues.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from income or property taxes.

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2002 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. By no later than January 20, the Board-adopted budget is filed with the Montgomery County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2002.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement of comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2002.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reservation of fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary basis and GAAP basis of accounting. Encumbrances for enterprise funds are reported in Note 12.

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During 2002, investments were limited to repurchase agreements, U.S. Government money market mutual funds, and federal agency securities.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and money market mutual funds are reported at cost.

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal 2002 totaled \$63,280, which included \$44,457 assigned from other funds of the District.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District utilizes a financial institution to service bonded debt as principal and interest payments come due. This account had a balance of \$159 at June 30, 2002. This depository account is presented on the combined balance sheet as "Cash with Fiscal Agent" since it is not required to be deposited into the District treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Treasurer's investment account at year end is provided in Note 4.

F. Inventory

Inventories for all governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Prepayments

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the general fixed assets account group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. 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 capitalized, nor is interest on debt issued to construct or acquire general fixed assets. No depreciation is recognized for assets in the General fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives.

<u>Asset</u>	<u>Life (years)</u>
Furniture and equipment	5-20

I. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, debt service, prepayments, tax revenue unavailable for appropriation, advances, and textbooks. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty (50) or greater with at least ten (10) years of service; or twenty (20) years' service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 2002 is presented in Note 5.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish textbook reserves. These reserves are required by State statute and can be used only for statutorily-specified purposes. Fund balance reserves have also been established. See Note 17 for statutory reserves.

N. Estimates

The preparation of financial statements in conformity with GAAP 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.

O. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances/Retained Earnings

Fund balances/retained earnings at June 30, 2002 included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Title VI	\$ 4,728
Title VI-B	51,729
Title I	14,273
Drug-Free School Grant	2,741
Miscellaneous Federal Grant	7,176
<u>Enterprise Fund</u>	
Food Service	84,927

These deficits, caused by the application of GAAP, will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The General fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur. These funds complied with Ohio state law which does not permit a cash basis deficit at year-end.

B. Agency Fund

The following is an accrual for the agency fund, which, in another fund type, would be recognized in the combined balance sheet:

<u>RECEIVABLES</u>	
Accounts receivable	\$5

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

State statutes classify monies held by the 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 District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two 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.

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 accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, 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 moneys 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;

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed 25% of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash with Fiscal Agent: At year-end, \$159 was on deposit in the District's debt service clearance account and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

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".

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Deposits: At year-end the carrying amount of the District’s deposits was \$1,885,112 and the bank balance was \$2,140,661. Of the bank balance:

1. \$125,894 was covered by federal deposit insurance.
2. \$2,014,767 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by third party trustees, pursuant to Section 135.81, Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments: The District’s investments are required to be categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the District’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District’s name. Investments in U.S. Government money market funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

	Category of Risk 3	Fair Value
Federal agency security	\$ 7,190,245	\$ 7,190,245
Repurchase agreement	5,582,739	5,582,739
U. S. Government money market mutual fund	-	5,913
Total investments	<u>\$12,772,984</u>	<u>\$12,778,897</u>

The classification of cash, cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 entitled, “Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting”.

**NEW LEBANON LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

A reconciliation between the classifications of cash, cash equivalents, and investments on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$14,663,850	\$ -
Investments of the cash management pool:		
Federal agency security	(7,190,245)	7,190,245
Repurchase agreement	(5,582,739)	5,582,739
U.S. Government money market mutual fund	(5,913)	5,913
Cash with fiscal agent	<u>159</u>	<u>-</u>
GASB Statement No. 3	<u>\$ 1,885,112</u>	<u>\$12,778,897</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Loans Payable/Receivable

Interfund balances at June 30, 2002, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$153,000	\$ -
<u>Special Revenue Funds</u>		
Title I	-	38,000
Title VI	-	8,000
Title VI-B	-	45,000
Drug-Free School Grant	-	4,000
Miscellaneous Federal Grants	-	8,000
<u>Enterprise Fund</u>		
Food Service	<u>-</u>	<u>50,000</u>
Total	<u>\$153,000</u>	<u>\$153,000</u>

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund balances at June 30, 2002 consist of the following long-term advances:

	Advanced To Other Funds	Advanced From Other Funds
General Fund	\$23,000	\$ -
<u>Capital Projects Fund</u>		
Classroom Facilities	-	23,000
Total	\$23,000	\$23,000

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at varying rates of true value.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue which would otherwise have been collected.

The assessed value upon which the 2001 taxes were collected was \$86,146,203. Agricultural/residential and public utility/minerals real estate represented 86.84% or \$74,811,630 of this total; commercial & industrial real estate represented 7.50% or \$6,457,830 of this total; public utility tangible represented 3.38% or \$2,913,230 of this total and general tangible property represented 2.28% or \$1,963,513 of this total. The voted general tax rate at the fiscal year ended June 30, 2002 was \$38.45 per \$1,000.00 of assessed valuation for operations, and the voted permanent improvement tax rate of the fiscal year ended June 30, 2002 was \$2.00 per \$1,000.00 of assessed valuation for operations.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 6 - PROPERTY TAXES - (Continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

The Montgomery County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2002 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2002 totaled \$146,425 in the general fund; \$32,747 in the debt service fund; \$7,514 in the capital projects permanent improvement fund; and \$3,179 in the special revenue maintenance fund.

NOTE 7 - INCOME TAX

The District levies a voted tax of .75 of 1% for general obligations on the income of residents and of estates. The tax was effective January 1, 1998, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund, and totaled \$745,871 for fiscal 2002.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 8 - RECEIVABLES

Receivables at June 30, 2002 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans, and intergovernmental grants (to the extent such grants relate to the current fiscal year). Intergovernmental grants receivable have been presented as "Due From Other Governments" on the combined balance sheet. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs.

A summary of the principal items of receivables follows:

	<u>Amount</u>
<u>General Fund</u>	
Taxes - current & delinquent	\$2,251,477
Accounts	169,584
Interfund loan receivable	153,000
Advances to other funds	23,000
<u>Special Revenue Funds</u>	
Taxes - current & delinquent	38,972
Due from other governments	92,082
<u>Debt Service Fund</u>	
Taxes - current & delinquent	401,313
<u>Capital Projects Fund</u>	
Taxes - current & delinquent	99,083
<u>Enterprise Funds</u>	
Accounts	6,632
Due from other governments	9,728

NOTE 9 - FIXED ASSETS

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2002</u>
Land/improvements	\$ 341,074	\$ 200,840	\$ -	\$ 541,914
Buildings	1,837,048	47,479	-	1,884,527
Furniture/equipment	2,098,073	164,061	-	2,262,134
Vehicles	155,441	83,041	(19,296)	219,186
Construction-in-progress	147,440	634,624	-	782,064
Total	<u>\$4,579,076</u>	<u>\$1,130,045</u>	<u>\$(19,296)</u>	<u>\$5,689,825</u>

**NEW LEBANON LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 9 - FIXED ASSETS - (Continued)

A summary of the proprietary fixed assets at June 30, 2002 follows:

Furniture and equipment	\$ 152,226
Less: accumulated depreciation	<u>(136,904)</u>
Net fixed assets	<u>\$ 15,322</u>

NOTE 10 - LONG-TERM OBLIGATIONS

On April 1, 2001, the District issued \$4,530,000 in general obligation bonds (Series 2001, School Facilities Improvement Bonds), which represent the District's share of a construction and renovation project approved and significantly funded by the Ohio School Facilities Commission (OSFC). OSFC has awarded the District a \$19,327,026 grant for the project, and will make quarterly disbursements to the District until the project is completed. These bonds are a general obligation of the District, for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these bonds are recorded as an expenditure in the Debt Service fund. The source of payment is derived from a current 3.77 (average) mill bonded debt tax levy.

In conjunction with the 3.77 mills which support the bond issue, the District also passed in fiscal 2001 a .5 mill levy to ultimately fund the maintenance costs of the new facility. Tax revenue from this levy has been reported in the special revenue funds.

The Series 1987 general obligation bonds outstanding, which were issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District, for which the full faith and credit of the District are pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term debt obligations group. Payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund. The source of payment is derived from a current 1.35 mill bonded debt tax levy.

Energy conservation notes outstanding are general obligations of the District, for which the District's full faith and credit are pledged for repayment. Accordingly, these notes are accounted for in the general long-term debt obligations group. Payments of principal and interest relating to these notes are recorded as expenditures in the general fund; however, unlike general obligation bonds, Ohio statute allows for the issuance of energy conservation notes without voter approval, and the subsequent repayment of the notes from operating revenues.

**NEW LEBANON LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

A. The following is a description of the District's bonds and notes outstanding as of June 30, 2002:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance 07/01/01</u>	<u>Issued Fiscal 2002</u>	<u>Retired in Fiscal 2002</u>	<u>Balance 06/30/02</u>
Facilities Improvement	5.08%	04/01/01	12/01/23	\$4,530,000	\$4,530,000	\$ -	\$(120,000)	\$4,410,000
Building Renovations	6.875%	01/01/87	12/01/10	1,000,000	450,000	-	(45,000)	405,000
Energy Conservation Notes	4.83%	09/29/97	09/30/08	<u>228,127</u>	<u>142,579</u>	-	<u>(22,813)</u>	<u>119,766</u>
				<u>\$5,758,127</u>	<u>\$5,122,579</u>	<u>\$ -</u>	<u>\$(187,813)</u>	<u>\$4,934,766</u>

B. The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds and energy conservation notes:

<u>Fiscal Year Ending June 30</u>	<u>General Obligation Bonds</u>	<u>Energy Conservation Notes</u>	<u>Total</u>
2003	\$ 334,936	\$ 28,183	\$ 363,119
2004	334,001	27,083	361,084
2005	332,866	25,981	358,847
2006	331,479	24,879	356,358
2007	329,876	23,778	353,654
2008 - 2012	1,597,963	5,770	1,603,733
2013 - 2017	1,465,983	-	1,465,983
2018 - 2022	1,565,491	-	1,565,491
2023 - 2024	<u>657,135</u>	<u>-</u>	<u>657,135</u>
Total Obligation	6,949,730	135,674	7,085,404
Less: Interest	<u>(2,134,730)</u>	<u>(15,908)</u>	<u>(2,150,638)</u>
Total Principal	<u>\$ 4,815,000</u>	<u>\$ 119,766</u>	<u>\$ 4,934,766</u>

**NEW LEBANON LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

C. During the year ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term obligations account group. Compensated absences and the pension obligation will be paid from the fund from which the employee is paid.

	<u>Balance</u> <u>July 1, 2001</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2002</u>
Compensated absences	\$ 436,568	\$ 47,081	\$ (58,862)	\$ 424,787
General obligation bonds	4,980,000	-	(165,000)	4,815,000
Pension obligation payable	74,551	95,165	(74,551)	95,165
Energy conservation notes	<u>142,579</u>	<u>-</u>	<u>(22,813)</u>	<u>119,766</u>
Total	<u>\$5,633,698</u>	<u>\$142,246</u>	<u>\$(321,226)</u>	<u>\$5,454,718</u>

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of a school district shall never exceed 9% of the total assessed valuation of the district. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the district. The code further provides that un-voted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations for the District at June 30, 2002 are a voted debt margin of \$3,307,862 (including available funds of \$369,704), an unvoted debt margin of \$86,146, and an unvoted energy conservation debt margin of \$655,550.

NOTE 11 - RISK MANAGEMENT

The District does not have a "self-insurance" fund with formalized risk management programs. The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters.

During fiscal year 2002, The District purchased from Nationwide Insurance Company (through the Ohio School Boards Association) general liability insurance, which carried a \$1 million per occurrence/\$3 million annual aggregate limitation.

Fleet and property/casualty insurance are purchased through commercial carriers and traditionally funded, as are all benefit plans offered to employees.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 11 - RISK MANAGEMENT - (Continued)

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from fiscal 2001.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

OSBA WORKERS' COMPENSATION GROUP RATING

For fiscal year 2002, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the 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 Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains three enterprise funds to account for the operations of food services, uniform school supplies and adult education. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2002.

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total</u>
Operating revenues	\$ 270,799	\$46,087	\$ 300	\$ 317,186
Depreciation	1,471	-	-	1,471
Operating income/(loss)	(196,184)	3,472	300	(192,412)
Non-operating revenues:				
Operating grants	94,193	-	-	94,193
Donated commodities	30,203	-	-	30,203
Net income/(loss)	(71,474)	3,472	300	(67,702)
Net working capital	(85,926)	18,493	4,300	(63,133)
Total assets	36,830	18,493	4,300	59,623
Total liabilities	121,757	-	-	121,757
Total retained earnings/ (accumulated deficit)	(84,927)	18,493	4,300	(62,134)
Encumbrances at 6/30/02	-	3,810	-	3,810

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. 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. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

**NEW LEBANON LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14% for 2002; 5.46% was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$186,195, \$176,205, and \$155,934, respectively; 26.19% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$137,424, which represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14% for 2002. 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$657,801, \$607,376, and \$573,706, respectively; 83.26% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$110,132, which represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**NEW LEBANON LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2002, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$211,436 during fiscal 2002.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.256 billion at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001 (the latest information available), net health care costs paid by STRS were \$300.772 million and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

For this fiscal year, employer contributions to fund health care benefits were 8.54 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 2002, the minimum pay has been established at \$12,400. 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 annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were \$161.440 million and the target level was \$242.2 million. At June 30, 2001 (the latest information available), SERS had net assets available for payment of health care benefits of \$315.7 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$140,941 during the 2002 fiscal year.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types 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 the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental funds (GAAP basis).

**NEW LEBANON LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (d) Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
- (e) The District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been reclassified accordingly.

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

**Excess (Deficiency) of Revenues and Other Financing Sources
Over (Under) Expenditures**

	<u>Governmental Fund Types</u>			
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>
Budget basis	\$(1,151,026)	\$ 75,687	\$ (1,551)	\$ 7,719,772
Net adjustment for revenue accruals	134,373	14,427	2,058	(4,434,570)
Net adjustment for expenditure accruals	119,018	5,380	15,246	120,743
Net adjustment for other financing sources/(uses)	6,469	(101,642)	-	-
Adjustment for encumbrances	<u>112,968</u>	<u>28,662</u>	<u>-</u>	<u>115,220</u>
GAAP basis	<u>\$ (778,198)</u>	<u>\$ 22,514</u>	<u>\$ 15,753</u>	<u>\$ 3,521,165</u>

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2002.

B. Litigation

As of the balance sheet date, the District was not involved in any litigation as either defendant or plaintiff.

C. School Funding Decision

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

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

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 17 - STATUTORY RESERVES

The District is required by State law to set-aside certain (cash-basis) general fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2002, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of July 1, 2001	\$ 1,396	\$(4,817,498)	\$ 31,157
Current year set-aside requirement	176,120	176,120	-
Current year offsets	-	(154,107)	-
Qualifying disbursements	<u>(132,994)</u>	<u>(436,603)</u>	<u>(31,157)</u>
Total, June 30, 2002	<u>\$ 44,522</u>	<u>\$(5,232,088)</u>	<u>\$ -</u>
Cash balance/carry forward to FY 2003	<u>\$ 44,522</u>	<u>\$(4,971,605)</u>	<u>\$ -</u>

The District issued \$4,500,000 in bonds in fiscal year 2001 to provide for the renovation of the old school building and construction of the high school. This amount is an allowable offset to future years for the capital improvement and maintenance set-aside. Thus, the balance at June 30, 2001 has been restated to reflect this offset. In addition, the District has a permanent improvement levy, whose proceeds are allowable offsets.

The District had qualifying disbursements and offsets during the year that reduced the capital acquisition set-aside amount below zero. The current year offsets in the capital acquisition set-aside may be carried forward to offset future years requirements and the excess qualifying disbursements may not be carried forward to future years.

A schedule of the restricted assets at June 30, 2002 follows:

Amount restricted for textbooks	<u>\$44,522</u>
Total restricted assets	<u>\$44,522</u>

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 18 - CONTRACTUAL COMMITMENTS

The District had the following contractual commitments outstanding as of June 30, 2002:

<u>Construction of high school and Renovation of old high school</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Balance Remaining</u>
Fanning/Howey Architects	<u>\$1,294,725</u>	<u>\$782,064</u>	<u>\$512,661</u>

NOTE 19 - SUBSEQUENT EVENTS

A. Levies

The District placed two levies on the November 4, 2002 ballot; the first was a 7.0 mill replacement operating levy, and the second was a 2.0 replacement permanent improvement levy. Both levies are to be effective January 4, 2003. The electorate passed both levies.

B. Collective Bargaining Agreements

During October 2002, the District reached a new collective bargaining agreement with the N.L.F.T. The agreement has a retroactive effective date of July 1, 2002.

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SUPPLEMENTAL DATA

NEW LEBANON LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A),(C) Food Distribution	10.550	N/A		\$ 30,202		\$ 25,203
(A),(D) School Breakfast Program	10.553	048710-05-PU-2002	\$ 18		\$ 18	
(A),(D) National School Lunch	10.555	048710-LL-P4-2001	13,136		13,136	
(A),(D) National School Lunch	10.555	048710-LL-P4-2002	67,793		67,793	
Total U.S. Department of Agriculture and Nutrition Cluster			<u>80,947</u>	<u>30,202</u>	<u>80,947</u>	<u>25,203</u>
PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I	84.010	048710-C1-S1-2001	26,661		18,661	
Title I	84.010	048710-C1-S1-2002	72,382		78,191	
Total Title I			<u>99,043</u>		<u>96,852</u>	
Special Education Cluster:						
(B) Title VI-B	84.027	048710-6B-SF-2000	-		6,434	
(B) Title VI-B	84.027	048710-6B-SF-2002-P	28,268		72,197	
Total VI-B			<u>28,268</u>		<u>78,631</u>	
(B) Special Education Preschool	84.173	048710-PG-S1-2002-P	1,058		510	
Total Special Education Cluster			<u>29,326</u>		<u>79,141</u>	
Safe and Drug-Free Schools	84.186	048710-DR-S1-2001	-		385	
Safe and Drug-Free Schools	84.186	048710-DR-S1-2002	1,190		2,931	
Total Safe and Drug-Free Schools			<u>1,190</u>		<u>3,316</u>	
Goals 2000	84.276	048710-G2-SP-2001	3,500		3,500	
Eisenhower Professional Development	84.281	048710-MS-S1-2002	3,965		3,376	
Title VI	84.298	048710-C2-S1-2001	-		5,111	
Title VI	84.298	048710-C2-S1-2002	2,067		278	
Total VI			<u>2,067</u>		<u>5,389</u>	
Title VI-R	84.340	048710-CR-S1-2000	8,231		15,367	
Title VI-R	84.340	048710-CR-S1-2001	-		293	
Title VI-R	84.340	048710-CR-S1-2002	4,120		3,500	
Total VI-R			<u>12,351</u>		<u>19,160</u>	
Total U.S. Department of Education			<u>151,442</u>		<u>210,734</u>	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:						
(F) Community Alternative Funding System Program	93.778	N/A	7,658		7,658	
Total Federal Financial Assistance			<u>\$ 240,047</u>	<u>\$ 30,202</u>	<u>\$ 299,339</u>	<u>\$ 25,203</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
(B) Included as part of "Special Education Grant Cluster" in determining major programs.
(C) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
(D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
(E) This schedule was prepared on the cash basis of accounting.
(F) These monies are passed through the Montgomery County ESC.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Education
New Lebanon Local School District
278 East Main Street
New Lebanon, Ohio 45345

We have audited the general purpose financial statements of New Lebanon Local School District as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated December 13, 2002. 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 New Lebanon Local School District's general purpose 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 general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of New Lebanon Local School District in a separate letter dated December 13, 2002.

Board of Education
New Lebanon Local School District

Internal Control Over Financial Reporting

In planning and performing our audit, we considered New Lebanon Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 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. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of New Lebanon Local School District in a separate letter dated December 13, 2002.

This report is intended for the information and use of the management and Board of Education of the New Lebanon Local School District 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.

Trimble, Julian & Grube, Inc.
December 13, 2002

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Report on Compliance With Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133*

Board of Education
New Lebanon Local School District
278 East Main Street
New Lebanon, Ohio 45345

Compliance

We have audited the compliance of New Lebanon Local School 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 fiscal year ended June 30, 2002. New Lebanon Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of New Lebanon Local School District's management. Our responsibility is to express an opinion on New Lebanon Local School 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, Audit 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about New Lebanon Local School 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 New Lebanon Local School District's compliance with those requirements.

Board of Education
New Lebanon Local School District

In our opinion, New Lebanon Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2002.

Internal Control Over Compliance

The management of New Lebanon Local School 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 New Lebanon Local School 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 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 operations that we consider to be material weaknesses.

This report is intended for the information and use of management, the Board of Education of New Lebanon Local School District, 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.

Trimble, Julian & Grube, Inc.
December 13, 2002

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY
JUNE 30, 2002**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY
JUNE 30, 2002**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS (Continued)		
<i>(d)(1)(vii)</i>	<i>Major Program:</i>	Title I, Grants to Local Agencies: CFDA #84.010
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY
JUNE 30, 2002**

**SCHEDULE OF PRIOR AUDIT FINDINGS
*OMB CIRCULAR A-133 § .505***

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u>; <i>Explain:</i>
2001-10357-001	Ohio Revised Code Section 5705.41 (B)	Yes	Finding No Longer Valid.
2001-10357-002	Reportable Condition; Policies & Procedures regarding fixed assets.	Yes	Finding No Longer Valid.



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NEW LEBANON LOCAL SCHOOL DISTRICT

MONTGOMERY 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
JANUARY 30, 2003**