

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

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2011***

KIM DEWEESE, TREASURER



Dave Yost • Auditor of State

Board of Education
New Lebanon Local School District
320 South Fuls Road
New Lebanon, Ohio 45345

We have reviewed the *Independent Accountants' Report* of the New Lebanon Local School District, Montgomery County, prepared by Julian & Grube, Inc., for the audit period July 1, 2010 through June 30, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 5, 2012

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

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

New Lebanon Local School District
320 South Fuls Road
New Lebanon, Ohio 45345

To the Members of the Board of Education:

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of New Lebanon Local School District, Montgomery County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise New Lebanon Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of New Lebanon Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of New Lebanon Local School District, Montgomery County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2011, on our consideration of New Lebanon Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Independent Accountants' Report
Page Two

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the New Lebanon Local School District's basic financial statements taken as a whole. The schedule of receipts and expenditures of federal awards provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of receipts and expenditures of federal awards is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.
November 4, 2011

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The management's discussion and analysis of the New Lebanon Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- In total, net assets of governmental activities increased \$394,055 which represents a 1.40% increase from 2010.
- General revenues accounted for \$9,789,170 in revenue or 74.09% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,423,213 or 25.91% of total revenues of \$13,212,383.
- The District had \$12,818,328 in expenses related to governmental activities; \$3,423,213 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$9,789,170 were adequate to provide for these programs.
- The general fund had \$10,536,623 in revenues and other financing sources and \$10,139,736 in expenditures and other financing uses. During fiscal year 2011, the general fund's fund balance increased \$396,887 from a restated balance of \$3,863,827 to \$4,260,714.

Using these Basic Financial Statements

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

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is the only major fund.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. The District's fiduciary activities are reported in a separate statement of fiduciary net assets on page 20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 21-47 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The District as a Whole

The table below provides a summary of the District's net assets for 2011 and 2010.

	Net Assets	
	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<u>Assets</u>		
Current and other assets	\$ 10,047,380	\$ 9,324,949
Capital assets, net	<u>26,389,572</u>	<u>27,054,616</u>
Total assets	<u>36,436,952</u>	<u>36,379,565</u>
<u>Liabilities</u>		
Current liabilities	4,125,969	4,226,412
Long-term liabilities	<u>3,822,731</u>	<u>4,058,956</u>
Total liabilities	<u>7,948,700</u>	<u>8,285,368</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	23,164,697	23,533,654
Restricted	1,514,858	1,369,194
Unrestricted	<u>3,808,697</u>	<u>3,191,349</u>
Total net assets	<u>\$ 28,488,252</u>	<u>\$ 28,094,197</u>

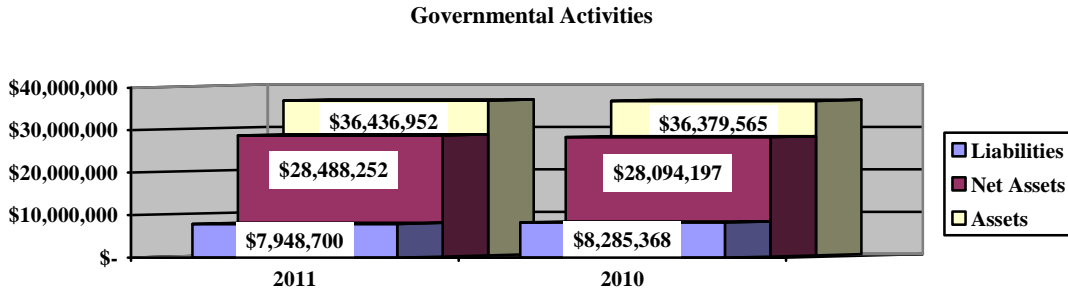
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$28,488,252. Of this total, \$3,808,697 is unrestricted in use. At year-end, capital assets represented 72.43% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$23,164,697. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,514,858 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$3,808,697 may be used to meet the District's ongoing obligations to the students and creditors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The graph below presents the District's governmental activities assets, liabilities and net assets for fiscal year 2011 and 2010.



The table below shows the change in net assets for fiscal year 2011 and 2010.

Change in Net Assets

	Governmental Activities 2011	Governmental Activities 2010
Revenues		
Program revenues:		
Charges for services and sales	\$ 894,433	\$ 694,239
Operating grants and contributions	2,528,780	1,566,250
General revenues:		
Property taxes	2,794,028	2,773,454
School district income taxes	1,383,934	1,266,277
Grants and entitlements	5,559,078	6,096,395
Investment earnings	12,004	15,730
Other	40,126	33,789
Total revenues	13,212,383	12,446,134

-continued

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Change in Net Assets - (Continued)

	<u>Governmental Activities 2011</u>	<u>Governmental Activities 2010</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 4,916,960	\$ 4,802,967
Special	1,352,901	1,436,107
Other	367,178	249,328
Support services:		
Pupil	474,979	490,380
Instructional staff	973,394	742,239
Board of education	72,625	67,482
Administration	887,211	868,707
Fiscal	299,220	281,813
Business	81,397	90,394
Operations and maintenance	1,545,223	1,367,635
Pupil transportation	470,571	485,461
Central	141,172	178,259
Operation of non-instructional services:		
Food service operations	486,663	475,775
Other non-instructional services	2,513	549
Extracurricular activities	571,535	448,488
Interest and fiscal charges	<u>174,786</u>	<u>183,660</u>
Total expenses	<u>12,818,328</u>	<u>12,169,244</u>
Change in net assets	394,055	276,890
Net assets at beginning of year	<u>28,094,197</u>	<u>27,817,307</u>
Net assets at end of year	<u><u>\$ 28,488,252</u></u>	<u><u>\$ 28,094,197</u></u>

Governmental Activities

Net assets of the District's governmental activities increased \$394,055. Total governmental expenses of \$12,818,328 were offset by program revenues of \$3,423,213 and general revenues of \$9,789,170. Program revenues supported 26.71% of the total governmental expenses.

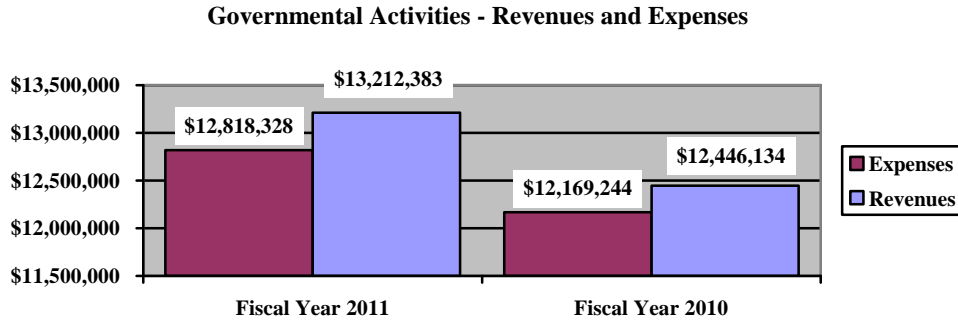
The primary sources of revenue for governmental activities are derived from property and income taxes, and grants and entitlements. These revenue sources represent 73.70% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,637,039 or 51.78% total governmental expenses for fiscal year 2011.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2011 and 2010.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Program expenses				
Instruction:				
Regular	\$ 4,916,960	\$ 3,877,798	\$ 4,802,967	\$ 4,056,210
Special	1,352,901	478,682	1,436,107	1,146,492
Other	367,178	232,642	249,328	239,207
Support services:				
Pupil	474,979	318,878	490,380	429,656
Instructional staff	973,394	827,942	742,239	708,320
Board of education	72,625	72,625	67,482	67,482
Administration	887,211	857,729	868,707	856,984
Fiscal	299,220	299,220	281,813	281,813
Business	81,397	15,124	90,394	52,270
Operations and maintenance	1,545,223	1,203,701	1,367,635	916,659
Pupil transportation	470,571	446,528	485,461	463,730
Central	141,172	122,561	178,259	159,445
Operation of non-instructional services:				
Food service operations	486,663	(11,614)	475,775	712
Other non-instructional services	2,513	2,513	549	549
Extracurricular activities	571,535	476,000	448,488	345,566
Interest and fiscal charges	174,786	174,786	183,660	183,660
Total expenses	\$ 12,818,328	\$ 9,395,115	\$ 12,169,244	\$ 9,908,755

The dependence upon tax and other general revenues for governmental activities is apparent, 69.14% of instruction activities are supported through taxes and other general revenues.

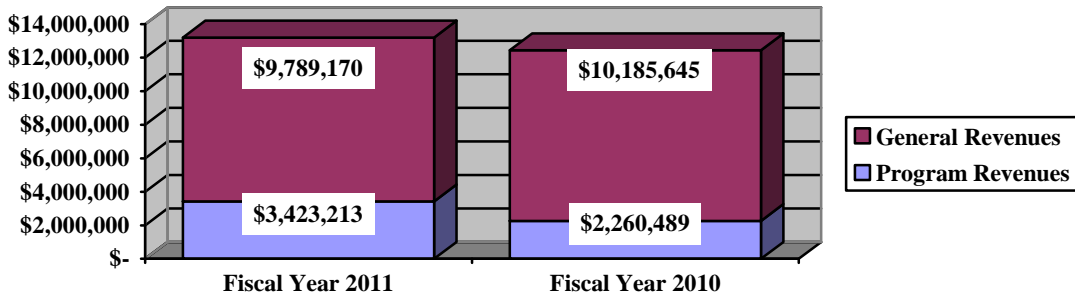
**NEW LEBANON LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

For all governmental activities, general revenue support is 73.29%. The District's taxpayers and grants and entitlements from the State of Ohio are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2011 and 2010.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$5,467,756, which is greater than last year's total of \$4,851,015. Fund balances have been restated at June 30, 2010, as described in Note 3.B. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

	Fund Balance June 30, 2011	Restated Fund Balance June 30, 2010	Increase	Percentage Change
General	\$ 4,260,714	\$ 3,863,827	\$ 396,887	10.27 %
Other governmental	<u>1,207,042</u>	<u>987,188</u>	<u>219,854</u>	22.27 %
Total	<u>\$ 5,467,756</u>	<u>\$ 4,851,015</u>	<u>\$ 616,741</u>	12.71 %

General Fund

The District's general fund balance increased \$396,887 as the District continues to expend less than it receives in revenues. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	Increase (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 3,582,352	\$ 3,394,668	\$ 187,684	5.53 %
Tuition	478,488	303,020	175,468	57.91 %
Earnings on investments	10,924	10,187	737	7.23 %
Intergovernmental	6,017,625	5,975,129	42,496	0.71 %
Other revenues	<u>167,583</u>	<u>139,860</u>	<u>27,723</u>	19.82 %
Total	<u>\$ 10,256,972</u>	<u>\$ 9,822,864</u>	<u>\$ 434,108</u>	4.42 %
<u>Expenditures</u>				
Instruction	\$ 5,789,489	\$ 5,509,896	\$ 279,593	5.07 %
Support services	3,951,695	3,680,588	271,107	7.37 %
Non-instructional services	2,243	549	1,694	308.56 %
Extracurricular activities	376,309	239,600	136,709	57.06 %
Facilities acquisition and construction	<u>-</u>	<u>637</u>	<u>(637)</u>	(100.00) %
Total	<u>\$ 10,119,736</u>	<u>\$ 9,431,270</u>	<u>\$ 688,466</u>	7.30 %

The increase in taxes revenues is primarily the result of increased income tax revenues, which were \$117,657 or 9.29% higher than in 2010. A significant increase in open enrollment revenues contributed to the increase in tuition revenues. The overall increase in general fund expenditures is primarily due to normal wages and benefits increases, as well as increasing costs of services. One of the most significant changes in expenditures was for extracurricular activities which increased as a result of spending on the District's sports teams, particularly for equipment repairs and upgrades.

General Fund Budgeting Highlights

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

During the course of fiscal year 2011, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources of \$9,757,900 were increased to \$10,157,567 in the final budget. Actual revenues and other financing sources for fiscal year 2011 were \$5,985 below the final budget.

General fund original appropriations (appropriated expenditures including other financing uses) of \$10,446,703 were decreased to \$10,310,643 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2011 were \$352,383 below the final budget.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2011, the District had \$26,389,572 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. The following table shows fiscal 2011 balances compared to 2010:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2011	2010
Land	\$ 35,490	\$ 35,490
Land improvements	632,942	649,513
Building and improvements	24,611,884	25,188,834
Furniture and equipment	797,865	810,392
Vehicles	311,391	370,387
Total	\$ 26,389,572	\$ 27,054,616

The overall decrease in capital assets of \$665,044 is due to depreciation expense of \$853,770 and disposals, net of depreciation, of \$15,034 exceeding capital outlays of \$203,760 in the fiscal year.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2011 the District had \$3,135,000 in general obligation bonds and \$89,875 in capital lease obligations outstanding. Of this total, \$264,875 is due within one year and \$2,960,000 is due in greater than one year. The following table summarizes the bonds and lease obligations outstanding.

Outstanding Debt, at Year End

	Governmental	Governmental
	Activities	Activities
	2011	2010
Capital lease obligation	\$ 89,875	\$ 175,962
General obligation bonds	3,135,000	3,345,000
Total	\$ 3,224,875	\$ 3,520,962

At June 30, 2011, the District's overall legal debt margin was \$6,751,519, and the District's unvoted debt margin was \$105,562.

See Note 11 to the basic financial statements for additional information on the District's debt administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Current Financial Related Activities

The District continues to face many challenges. As the preceding information shows, the District relies heavily upon property and income taxes, as well as state and federal grants. The District made extensive cuts in fiscal years 2004 and 2005 in order to balance the budget. The renewal of a ½ of 1 percent income tax in May, 2011 was greatly needed. Even so, the District is still operating near State minimums.

With anticipated decreases and uncertainties in State funding and renewal levies on the ballot in the near future, the District is being financially cautious. Under these constraints, the students are receiving only the most essential offerings, items, and services at the present time, which are fortunately provided by a very experienced staff of dedicated and caring professionals. All of the District's personnel and financial abilities/resources will be needed to meet the financial challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Kimberly DeWeese, Treasurer, New Lebanon Local School District, 320 South Fuls Road, New Lebanon, Ohio 45345.

**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 6,259,782
Receivables:	
Taxes	3,429,730
Intergovernmental.	317,620
Accrued interest.	18,100
Prepayments	10,204
Materials and supplies inventory.	11,944
Capital assets:	
Land.	35,490
Depreciable capital assets, net	26,354,082
Capital assets, net.	<u>26,389,572</u>
 Total assets.	 <u>36,436,952</u>
 Liabilities:	
Accounts payable.	165,857
Accrued wages and benefits	1,078,291
Pension obligation payable.	262,875
Intergovernmental payable	61,213
Accrued interest payable	14,627
Unearned revenue	2,543,106
Long-term liabilities:	
Due within one year.	371,749
Due in more than one year	3,450,982
 Total liabilities	 <u>7,948,700</u>
 Net assets:	
Invested in capital assets, net of related debt.	23,164,697
Restricted for:	
Capital projects	488,845
Debt service.	392,730
Classroom facilities maintenance	118,773
Locally funded programs	2
State funded programs.	195,021
Federally funded programs	24,942
Student activities	4,436
Other purposes	290,109
Unrestricted.	<u>3,808,697</u>
 Total net assets	 <u>\$ 28,488,252</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 4,916,960	\$ 485,198	\$ 553,964	\$ (3,877,798)
Special	1,352,901	32,304	841,915	(478,682)
Other	367,178	-	134,536	(232,642)
Support services:				
Pupil	474,979	-	156,101	(318,878)
Instructional staff	973,394	-	145,452	(827,942)
Board of education	72,625	-	-	(72,625)
Administration	887,211	-	29,482	(857,729)
Fiscal	299,220	-	-	(299,220)
Business	81,397	66,273	-	(15,124)
Operations and maintenance	1,545,223	7,470	334,052	(1,203,701)
Pupil transportation	470,571	-	24,043	(446,528)
Central	141,172	-	18,611	(122,561)
Operation of non-instructional services:				
Food service operations	486,663	209,432	288,845	11,614
Other non-instructional services	2,513	-	-	(2,513)
Extracurricular activities	571,535	93,756	1,779	(476,000)
Interest and fiscal charges	174,786	-	-	(174,786)
Totals	\$ 12,818,328	\$ 894,433	\$ 2,528,780	(9,395,115)

General revenues:

Property taxes levied for:	
General purposes	2,182,000
Special revenue	37,535
Debt service	342,658
Capital projects	231,835
School district income tax	1,383,934
Grants and entitlements not restricted	
to specific programs	5,559,078
Investment earnings	12,004
Miscellaneous	40,126
Total general revenues	9,789,170
Change in net assets	394,055
Net assets at beginning of year	28,094,197
Net assets at end of year	\$ 28,488,252

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 4,907,985	\$ 1,238,643	\$ 6,146,628
Receivables:			
Taxes.	2,791,614	638,116	3,429,730
Intergovernmental	16,348	301,272	317,620
Accrued interest	18,100	-	18,100
Prepayments.	10,204	-	10,204
Materials and supplies inventory	-	11,944	11,944
Due from other funds	12,641	-	12,641
Restricted assets:			
Equity in pooled cash and investments.	113,154	-	113,154
Total assets	\$ 7,870,046	\$ 2,189,975	\$ 10,060,021
Liabilities:			
Accounts payable	\$ 109,725	\$ 56,132	\$ 165,857
Accrued wages and benefits	984,558	93,733	1,078,291
Compensated absences payable	75,709	-	75,709
Pension obligation payable	244,495	18,380	262,875
Intergovernmental payable.	56,453	4,760	61,213
Due to other funds.	-	12,641	12,641
Deferred revenue	152,793	239,780	392,573
Unearned revenue	1,985,599	557,507	2,543,106
Total liabilities.	3,609,332	982,933	4,592,265
Fund balances:			
Nonspendable:			
Materials and supplies inventory	-	11,944	11,944
Prepays.	10,204	-	10,204
Restricted:			
Debt service.	-	385,928	385,928
Capital improvements.	-	379,999	379,999
Classroom facilities maintenance	-	116,597	116,597
Food service operations.	-	178,914	178,914
Special education	-	9,325	9,325
Targeted academic assistance	-	6,625	6,625
Other purposes	-	19,662	19,662
Extracurricular	-	4,436	4,436
Instructional materials	113,154	-	113,154
Committed:			
Capital improvements.	-	97,035	97,035
Assigned:			
Student instruction.	6,526	-	6,526
Student and staff support	167,342	-	167,342
Unassigned (deficit)	3,963,488	(3,423)	3,960,065
Total fund balances	4,260,714	1,207,042	5,467,756
Total liabilities and fund balances	\$ 7,870,046	\$ 2,189,975	\$ 10,060,021

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total governmental fund balances		\$	5,467,756
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			26,389,572
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	162,779	
Intergovernmental receivable		220,712	
Accrued interest receivable		9,082	
Total		392,573	392,573
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(14,627)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(522,147)	
Capital lease obligation		(89,875)	
General obligation bonds payable		(3,135,000)	
Total		(3,747,022)	(3,747,022)
Net assets of governmental activities		\$	28,488,252

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Taxes	\$ 3,582,352	\$ 616,689	\$ 4,199,041
Tuition	478,488	-	478,488
Earnings on investments	10,924	543	11,467
Charges for services	-	209,432	209,432
Extracurricular	27,682	68,576	96,258
Classroom materials and fees	37,014	-	37,014
Other local revenues	102,887	1,779	104,666
Intergovernmental - intermediate	10,480	-	10,480
Intergovernmental - state	5,987,999	171,508	6,159,507
Intergovernmental - federal	19,146	1,766,494	1,785,640
Total revenues	10,256,972	2,835,021	13,091,993
Expenditures:			
Current:			
Instruction:			
Regular	4,367,399	312,755	4,680,154
Special	1,126,664	170,650	1,297,314
Other	295,426	71,752	367,178
Support services:			
Pupil	397,572	87,658	485,230
Instructional staff	775,284	140,950	916,234
Board of education	72,038	-	72,038
Administration	835,229	17,514	852,743
Fiscal	292,571	8,774	301,345
Business	81,397	-	81,397
Operations and maintenance	904,026	554,586	1,458,612
Pupil transportation	460,201	-	460,201
Central	133,377	18,500	151,877
Operation of non-instructional services:			
Food service operations	-	409,322	409,322
Other non-instructional services	2,243	270	2,513
Extracurricular activities	376,309	89,545	465,854
Debt service:			
Principal retirement	-	296,087	296,087
Interest and fiscal charges	-	177,153	177,153
Total expenditures	10,119,736	2,355,516	12,475,252
Excess of revenues over expenditures	137,236	479,505	616,741
Other financing sources (uses):			
Transfers in	279,651	29,865	309,516
Transfers (out)	(20,000)	(289,516)	(309,516)
Total other financing sources (uses)	259,651	(259,651)	-
Net change in fund balances	396,887	219,854	616,741
Fund balances at			
beginning of year (restated)	3,863,827	987,188	4,851,015
Fund balances at end of year	\$ 4,260,714	\$ 1,207,042	\$ 5,467,756

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds	\$	616,741
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 203,760	
Current year depreciation	(853,770)	
Total		(650,010)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(15,034)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(21,079)	
Intergovernmental	156,742	
Accrued interest	1,075	
Total		136,738
Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.		
		2,367
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		296,087
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		7,166
Change in net assets of governmental activities	\$	394,055

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 3,445,000	\$ 3,505,000	\$ 3,501,301	\$ (3,699)
Tuition.	273,300	479,700	478,488	(1,212)
Earnings on investments.	18,000	21,000	20,673	(327)
Extracurricular.	22,000	25,180	25,180	-
Classroom materials and fees	36,100	39,100	37,014	(2,086)
Other local revenues	23,500	39,216	39,116	(100)
Intergovernmental - intermediate	10,500	10,500	10,480	(20)
Intergovernmental - state	5,929,000	5,989,871	5,987,999	(1,872)
Intergovernmental - federal	-	15,000	19,146	4,146
Total revenues.	<u>9,757,400</u>	<u>10,124,567</u>	<u>10,119,397</u>	<u>(5,170)</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,151,367	2,879,618	2,932,024	(52,406)
Special.	584,670	584,670	615,150	(30,480)
Other.	347,420	332,420	301,241	31,179
Support services:				
Pupil.	405,592	406,242	337,805	68,437
Instructional staff	630,102	650,883	658,133	(7,250)
Board of education	147,070	147,070	102,989	44,081
Administration.	656,813	656,963	658,473	(1,510)
Fiscal	316,821	322,699	294,596	28,103
Business	35,172	35,172	24,910	10,262
Operations and maintenance.	1,103,351	1,053,561	957,824	95,737
Pupil transportation	526,802	514,302	470,129	44,173
Central.	202,158	202,158	167,375	34,783
Extracurricular activities.	456,816	456,816	369,446	87,370
Total expenditures	<u>8,564,154</u>	<u>8,242,574</u>	<u>7,890,095</u>	<u>352,479</u>
Excess of revenues over expenditures	<u>1,193,246</u>	<u>1,881,993</u>	<u>2,229,302</u>	<u>347,309</u>
Other financing sources (uses):				
Refund of prior year expenditures.	-	32,500	32,185	(315)
Transfers (out).	(1,882,549)	(2,068,069)	(2,068,165)	(96)
Sale of capital assets	500	500	-	(500)
Total other financing sources (uses)	<u>(1,882,049)</u>	<u>(2,035,069)</u>	<u>(2,035,980)</u>	<u>(911)</u>
Net change in fund balance	(688,803)	(153,076)	193,322	346,398
Fund balance at beginning of year	4,375,011	4,375,011	4,375,011	-
Prior year encumbrances appropriated	156,195	156,195	156,195	-
Fund balance at end of year	<u>\$ 3,842,403</u>	<u>\$ 4,378,130</u>	<u>\$ 4,724,528</u>	<u>\$ 346,398</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 22,283
Total assets.	<u>\$ 22,283</u>
Liabilities:	
Accounts payable.	\$ 98
Due to students.	<u>22,185</u>
Total liabilities	<u>\$ 22,283</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 62 non-certified and 92 (including administrative) certified full-time and part-time employees to provide services to approximately 1,160 students in grades K through 12 and various community groups, which ranks it 435th out of 918 public school districts and community schools in Ohio.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements 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) guidance issued on or before November 30, 1989, provided it does not conflict with or contradict GASB pronouncements. The District’s significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. The reporting entity is composed of the primary government and component units. 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. 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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Career Technology Center

The Miami Valley Career Technology Center 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 Gossett, 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 materials and supplies 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. Financial information is available from SOEPC by contacting Robert Brown, Director, at 1831 Harshman Road, Dayton, Ohio 45424.

Metropolitan Dayton Educational Cooperative Association (MDECA)

The District is a participant in MDECA, which is a computer consortium of 34 public school districts within the boundaries of Darke, Greene, Miami, and Montgomery Counties. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts. The governing board of MDECA consists of one representative from each district plus one representative from the fiscal agent. The District pays MDECA an enrollment based fee for services provided during the year. Financial information is available from Jerry C. Woodyard, Executive Director, at 201 Riverside Drive, Dayton, Ohio 45405.

B. Fund Accounting

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

GOVERNMENTAL FUNDS

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

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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. The District has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, income taxes, interest, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2011 are recorded as deferred revenue in the governmental funds.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Montgomery County Budget Commission for tax rate determination. The Montgomery County Commissioners waived this requirement for fiscal year 2011.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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 July 1, 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 of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2011.
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, the District has elected to present budgetary statement comparisons at the fund and function levels 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. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. 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.
7. Appropriations 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 prior to June 30, 2011; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. 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.

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all 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 investments" on the basic financial statements.

During fiscal year 2011, investments were limited to U.S. Treasury notes, U.S. Government money markets and federal agency securities. Investments are reported at fair value, which is based on quoted market prices.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$10,924, which includes \$1,953 assigned from other funds.

For presentation on the basic financial statements, 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 District's investment account at fiscal year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

Governmental capital assets are those assets generally related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess any infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 45 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “due to/from other funds”. These amounts are eliminated in the governmental activities column on the statement of net assets.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments 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. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2011, 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 sick leave on employees expected to become eligible to retire in the future, all employees age 50 or above with 10 or more years of service, or any age with 20 or more years of service 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 June 30, 2011 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and capital lease transactions are recognized as a liability on the fund financial statements when due.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted by State statute for instructional materials and food service.

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

O. Estimates

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

P. Restricted Assets

Restricted assets in the general fund represent cash and investments set-aside to establish an instructional materials reserve. This reserve is required by State statute. A schedule of statutory reserves is presented in Note 17.

Q. Interfund Activity

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Schoolwide Building Program</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance (deficit) as previously reported	\$ 4,192,931	\$ (358,872)	\$ 1,016,956	\$ 4,851,015
Fund reclassifications:				
Public school support fund	11,447	-	(11,447)	-
Termination benefits fund	18,321	-	(18,321)	-
Schoolwide building program fund	<u>(358,872)</u>	<u>358,872</u>	<u>-</u>	<u>-</u>
Total fund reclassifications	<u>(329,104)</u>	<u>358,872</u>	<u>(29,768)</u>	<u>-</u>
Restated fund balance at July 1, 2010	<u>\$ 3,863,827</u>	<u>\$ -</u>	<u>\$ 987,188</u>	<u>\$ 4,851,015</u>

The fund reclassifications did not have an effect on net assets as previously reported.

C. Deficit Fund Balance

Fund balances at June 30, 2011 included the following individual fund deficit:

<u>Nonmajor fund</u>	<u>Deficit</u>
Education jobs	\$ 3,423

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 - DEPOSITS 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.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above 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 Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all District deposits was \$3,726,372. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$9,861 of the District's bank balance of \$3,743,553 was exposed to custodial risk as discussed below, while \$3,733,692 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2011, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FFCB	\$ 216,412	\$ 145,741	\$ 70,671	\$ -	\$ -	\$ -
FHLB	1,141,122	856,720	158,189	60,953	65,260	-
FHLMC	745,673	266,330	70,958	47,625	110,198	250,562
FNMA	339,113	70,254	208,782	60,077	-	-
U.S. Treasury notes	100,266	100,266	-	-	-	-
U.S. Government money market	13,107	13,107	-	-	-	-
Total	\$ 2,555,693	\$ 1,452,418	\$ 508,600	\$ 168,655	\$ 175,458	\$ 250,562

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The weighted average maturity of investments is 0.90 years.

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and U.S. Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FFCB	\$ 216,412	8.47
FHLB	1,141,122	44.65
FHLMC	745,673	29.18
FNMA	339,113	13.27
U.S. Treasury notes	100,266	3.92
U.S. Government money market	<u>13,107</u>	<u>0.51</u>
Total	<u>\$ 2,555,693</u>	<u>100.00</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,726,372
Investments	<u>2,555,693</u>
Total	<u>\$ 6,282,065</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 6,259,782
Agency fund	<u>22,283</u>
Total	<u>\$ 6,282,065</u>

NOTE 5 - INTERFUND BALANCES

- A.** Interfund balances at June 30, 2011 as reported on the fund statements, consist of the following due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 12,641

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2011 are reported on the statement of net assets.

- B.** Interfund transfers for the year ended June 30, 2011 consisted of the following as reported on the fund financial statements:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 20,000
Nonmajor governmental	General	279,651
Nonmajor governmental	Nonmajor governmental	<u>9,865</u>
Total		<u>\$ 309,516</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 5 - INTERFUND BALANCES - (Continued)

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers to the general fund included \$278,158, \$456 and \$1,037 from the Title I, IDEA Part-B and IDEA Part-B preschool funds, respectively, to fund the school-wide building program, which is accounted for in the general fund. Transfers between nonmajor governmental funds consisted of a \$9,865 residual equity transfer from the classroom facilities fund to the permanent improvement fund for the purpose of closing out the classroom facilities building project fund. Transfers between governmental funds are eliminated in the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Montgomery County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$154,401 in the general fund, \$25,359 in the debt service fund (a nonmajor governmental fund), \$17,083 in the permanent improvement fund (a nonmajor governmental fund) and \$2,751 in the classroom facilities maintenance fund (a nonmajor governmental fund). These amounts are recorded as revenue. The amount available for advance at June 30, 2010 was \$107,805 in the general fund, \$17,764 in the debt service fund (a nonmajor governmental fund), \$11,912 in the permanent improvement fund (a nonmajor governmental fund) and \$1,918 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 101,502,465	97.00	\$ 102,611,200	97.20
Public utility personal	2,818,680	2.70	2,950,920	2.80
Tangible personal property	<u>57,070</u>	<u>0.30</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 104,378,215</u>	<u>100.00</u>	<u>\$ 105,562,120</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
Operations	\$45.45		\$45.45	
Permanent improvement	2.80		2.80	
Debt service	3.77		3.77	

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 7 - INCOME TAX

The District levies a voted tax of 1.25% for general obligations on the income of residents and of estates. An income tax of .75% was effective January 1, 1998 and was renewed in May 2010. The District passed an additional .5% income tax in November 2005 which was renewed in May 2011. 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 \$1,383,934 for fiscal year 2011.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2011 consisted of taxes, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 3,429,730
Intergovernmental	317,620
Accrued interest	<u>18,100</u>
Total	<u>\$ 3,765,450</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected with the subsequent year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance <u>6/30/10</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/11</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 35,490	\$ -	\$ -	\$ 35,490
Total capital assets, not being depreciated	<u>35,490</u>	<u>-</u>	<u>-</u>	<u>35,490</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,030,939	735	-	1,031,674
Buildings and improvements	28,995,428	3,170	-	28,998,598
Furniture and equipment	1,971,590	194,166	(55,684)	2,110,072
Vehicles	1,205,534	5,689	-	1,211,223
Total capital assets, being depreciated	<u>33,203,491</u>	<u>203,760</u>	<u>(55,684)</u>	<u>33,351,567</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(381,426)	(17,306)	-	(398,732)
Buildings and improvements	(3,806,594)	(580,120)	-	(4,386,714)
Furniture and equipment	(1,161,198)	(191,659)	40,650	(1,312,207)
Vehicles	(835,147)	(64,685)	-	(899,832)
Total accumulated depreciation	<u>(6,184,365)</u>	<u>(853,770)</u>	<u>40,650</u>	<u>(6,997,485)</u>
Governmental activities capital assets, net	<u>\$ 27,054,616</u>	<u>\$ (650,010)</u>	<u>\$ (15,034)</u>	<u>\$ 26,389,572</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 382,273
Special	52,669
<u>Support services:</u>	
Instructional staff	50,336
Board of Education	587
Administration	44,152
Fiscal	2,815
Operations and maintenance	100,205
Pupil transportation	19,583
Central	816
Extracurricular activities	121,788
Food service operations	<u>78,546</u>
Total depreciation expense	<u>\$ 853,770</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

During a prior fiscal year, the District entered into a capitalized lease for five new school buses. This lease agreement meets the criteria of capital lease as defined by FASB Statement No. 13, “Accounting for Leases”, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of vehicles have been capitalized in the amount of \$352,250. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2011 for the vehicles was \$106,410, leaving a current book value of \$245,840. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2011 totaled \$75,000 paid by the replacement fund (a nonmajor governmental fund) and \$11,087 paid by the permanent improvement fund (a nonmajor governmental fund).

The following is a schedule of the future long-term minimum lease payments required under capital lease and the present value of the future minimum lease payments as of June 30, 2011:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 93,829
Total minimum lease payments	93,829
Less: amount representing interest	<u>(3,954)</u>
Total	<u>\$ 89,875</u>

NOTE 11 - LONG-TERM OBLIGATIONS

A. Bonds Payable

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). These bonds are a general obligation of the District, for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as an expenditure in the debt service fund, (a nonmajor governmental fund). The source of payment is derived from a current 3.77 (average) mil bonded debt tax levy.

In conjunction with the 3.77 mils which support the bond issue, the District also passed in fiscal year 2001 a .5 mil levy to ultimately fund the maintenance costs of the new facility. Tax revenue from this levy has been reported in the classroom facilities maintenance fund, (a nonmajor governmental fund).

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. Payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund, (a nonmajor governmental fund). The source of payment is derived from a current 1.35 mil bonded debt tax levy. This bond was fully paid off at June 30, 2011.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The following is a description of the District's bonds outstanding as of June 30, 2011:

Purpose	Interest Rate	Issue Date	Maturity Date	Balance			Balance Outstanding 6/30/11	Amounts Due in One Year
				Outstanding 6/30/10	Additions	Reductions		
Facilities improvement	5.080%	04/01/01	12/01/23	\$ 3,300,000	\$ -	\$ (165,000)	\$ 3,135,000	\$ 175,000
Building renovations	6.875%	01/01/87	12/01/10	45,000	-	(45,000)	-	-
Total bonds outstanding				<u>\$ 3,345,000</u>	<u>\$ -</u>	<u>\$ (210,000)</u>	<u>\$ 3,135,000</u>	<u>\$ 175,000</u>

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

Fiscal Year Ending June 30,	General Obligation Series 2001 Facilities Improvement		
	Principal	Interest	Total
2012	\$ 175,000	\$ 160,298	\$ 335,298
2013	180,000	151,410	331,410
2014	190,000	141,235	331,235
2015	205,000	130,372	335,372
2016	215,000	118,823	333,823
2017 - 2021	1,255,000	401,469	1,656,469
2022 - 2024	915,000	71,426	986,426
Total	<u>\$ 3,135,000</u>	<u>\$ 1,175,033</u>	<u>\$ 4,310,033</u>

C. During the year ended June 30, 2011, the following changes occurred in long-term liabilities.

	Balance Outstanding 6/30/10	Additions	Reductions	Balance Outstanding 6/30/11	Amounts Due in One Year
Governmental activities:					
Compensated absences	\$ 537,994	\$ 132,078	\$ (72,216)	\$ 597,856	\$ 106,874
Capital lease obligation	175,962	-	(86,087)	89,875	89,875
General obligation bonds	<u>3,345,000</u>	<u>-</u>	<u>(210,000)</u>	<u>3,135,000</u>	<u>175,000</u>
Total long-term obligations, governmental activities	<u>\$ 4,058,956</u>	<u>\$ 132,078</u>	<u>\$ (368,303)</u>	<u>\$ 3,822,731</u>	<u>\$ 371,749</u>

Compensated absences will be paid from the general fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the 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 additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011, are a voted debt margin of \$6,751,519 (including available funds of \$385,928) and an unvoted debt margin of \$105,562.

NOTE 12 - 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 2011, The District purchased from the Governmental Underwriters of America 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.

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 year 2010.

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.

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Media/Financial Reports".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 13 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$177,063, \$184,007 and \$129,707, respectively; 51.69 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 13 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$651,636, \$629,065 and \$596,735, respectively; 91.76 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$33,059 made by the District and \$23,613 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Media/Financial Reports*".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

**NEW LEBANON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$43,566, \$28,598 and \$79,552, respectively; 51.69 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$11,394, \$10,943 and \$10,702, respectively; 51.69 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$50,126, \$48,390 and \$45,903, respectively; 91.76 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 193,322
Net adjustment for revenue accruals	71,302
Net adjustment for expenditure accruals	(2,069,864)
Net adjustment for other sources/uses	2,015,980
Funds budgeted elsewhere	(73,029)
Adjustment for encumbrances	259,176
GAAP basis	\$ 396,887

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund, termination benefits fund and schoolwide building program fund.

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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 17 - SET-ASIDES

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ 107,643	\$ -
Current year set-aside requirement	161,309	161,309
Current year qualifying expenditures	(155,798)	(60,918)
Current year offsets	<u>-</u>	<u>(350,491)</u>
Total	<u>\$ 113,154</u>	<u>\$ (250,100)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ 113,154</u>	<u>\$ -</u>

Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. The set-aside balance at June 30, 2011 is therefore not being presented as being carried forward to the next fiscal year. Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero for the capital improvements, this amount may not be used to reduce the set-aside requirement for future fiscal years and therefore is not presented as being carried forward to future fiscal years.

A schedule of the restricted assets at June 30, 2011 follows:

Amounts restricted for textbooks/instructional materials	<u>\$ 113,154</u>
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NOTE 18 - COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 156,837
Other governmental funds	<u>39,561</u>
Total	<u>\$ 196,398</u>

SUPPLEMENTARY DATA

NEW LEBANON LOCAL SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Child Nutrition Cluster:				
(D) (G) School Breakfast Program	10.553	2011	\$ 42,506	\$ 42,506
Total School Breakfast Program			<u>42,506</u>	<u>42,506</u>
(D) (G) National School Lunch Program	10.555	2011	208,513	208,513
(C) (D) National School Lunch Program - Food Donation	10.555	2010	24,369	24,369
Total National School Lunch Program			<u>232,882</u>	<u>232,882</u>
Total U.S. Department of Agriculture and Child Nutrition Cluster			<u>275,388</u>	<u>275,388</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Title I Grant Cluster:				
(E) (H) Title I Grants to Local Educational Agencies	84.010	2010	9,372	-
(E) (H) Title I Grants to Local Educational Agencies	84.010	2010	23,333	11,658
(E) (H) (I) Title I Grants to Local Educational Agencies	84.010	2011	256,805	278,532
(E) (H) Title I Grants to Local Educational Agencies	84.010	2011	68,924	61,127
Total Title I Grants to Local Educational Agencies			<u>358,434</u>	<u>351,317</u>
(E) (H) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010	43,747	26,022
(E) (H) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2011	40,115	38,826
Total ARRA - Title I Grants to Local Educational Agencies, Recovery Act			<u>83,862</u>	<u>64,848</u>
Total Title I Grant Cluster			<u>442,296</u>	<u>416,165</u>
Special Education Grant Cluster:				
(F) (H) Special Education_Grants to States	84.027	2010	47,337	42,553
(F) (H) (I) Special Education_Grants to States	84.027	2011	196,541	189,197
Total Special Education_Grants to States			<u>243,878</u>	<u>231,750</u>
(F) (H) ARRA - Special Education_Grants to States, Recovery Act	84.391	2010	51,389	39,939
(F) (H) ARRA - Special Education_Grants to States, Recovery Act	84.391	2011	1,919	1,919
Total ARRA - Special Education_Grants to States, Recovery Act			<u>53,308</u>	<u>41,858</u>
(F) (H) Special Education_Preschool Grants	84.173	2010	33	11
(F) (H) (I) Special Education_Preschool Grants	84.173	2011	1,146	1,027
Total Special Education_Preschool Grants			<u>1,179</u>	<u>1,038</u>
(F) (H) ARRA - Special Education_Preschool Grants, Recovery Act	84.392	2010	(516)	-
(F) (H) ARRA - Special Education_Preschool Grants, Recovery Act	84.392	2011	4,601	4,025
Total ARRA - Special Education_Preschool Grants, Recovery Act			<u>4,085</u>	<u>4,025</u>
Total Special Education Grant Cluster			<u>302,450</u>	<u>278,671</u>
Safe and Drug-Free Schools and Communities_State Grants	84.186	2010	899	361
(H) Education Technology State Grants	84.318	2010	(34)	-
(H) Education Technology State Grants	84.318	2011	790	696
Total Education Technology State Grants			<u>756</u>	<u>696</u>
(H) Improving Teacher Quality State Grants	84.367	2010	6,417	5,900
(H) Improving Teacher Quality State Grants	84.367	2011	30,891	28,148
Total Improving Teach Quality State Grants			<u>37,308</u>	<u>34,048</u>
Education Jobs	84.410	2011	126,534	126,025
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act	84.395	2011	4,564	1,692
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2010	-	31,294
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2011	469,316	469,316
Total ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act			<u>469,316</u>	<u>500,610</u>
Total U.S. Department of Education			<u>1,384,123</u>	<u>1,358,268</u>
Total Federal Financial Assistance			<u>\$ 1,659,511</u>	<u>\$ 1,633,656</u>

-Continued

**NEW LEBANON LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:

- (A) OAKS did not assign pass-through numbers for fiscal year 2011
- (B) This schedule was prepared on the cash basis of accounting
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Included as part of "Child Nutrition Cluster" in determining major programs
- (E) Included as part of "Title I Grant Cluster" in determining major programs
- (F) Included as part of "Special Education Grant Cluster" in determining major programs
- (G) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis
- (H) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2011, the ODE authorized the following transfers

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2010	\$ 6,561	
Title I Grants to Local Educational Agencies	84.010	2011		\$ 6,561
Special Education_Grants to States	84.027	2010	909	
Special Education_Grants to States	84.027	2011		909
Special Education_Preschool Grants	84.173	2010	82	
Special Education_Preschool Grants	84.173	2011		82
Education Technology State Grants	84.318	2010	34	
Education Technology State Grants	84.318	2011		34
Improving Teacher Quality State Grants	84.367	2010	1,875	
Improving Teacher Quality State Grants	84.367	2011		1,875
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010	2,253	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2011		2,253
ARRA - Special Education_Grants to States, Recovery Act	84.391	2010	1,919	
ARRA - Special Education_Grants to States, Recovery Act	84.391	2011		1,919
ARRA - Special Education_Preschool Grants, Recovery Act	84.392	2010	516	
ARRA - Special Education_Preschool Grants, Recovery Act	84.392	2011		516
Totals			\$ 14,149	\$ 14,149

- (I) The following amounts were transferred to the Schoolwide Building Program Fund based on ODE administrative action and transferability guidelines during fiscal year 2011

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies (Title I)	84.010	2011	\$ 278,158	
Special Education_Grants to States (Part-B IDEA)	84.027	2011	456	
Special Education_Preschool Grants (IDEA)	84.173	2011	1,037	
Schoolwide Building Program Fund	N/A	2011		\$ 279,651
Totals			\$ 279,651	\$ 279,651



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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required by *Government Auditing Standards*

New Lebanon Local School District
320 South Fuls Road
New Lebanon, Ohio 45345

To the Members of the Board of Education:

We have audited the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of New Lebanon Local School District, Montgomery County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise New Lebanon Local School District's basic financial statements and have issued our report thereon dated November 4, 2011. We noted the District adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered New Lebanon Local School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of New Lebanon Local School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of New Lebanon Local School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of New Lebanon Local School District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Board of Education
New Lebanon Local School District

Compliance and Other Matters

As part of reasonably assuring whether New Lebanon Local School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters reported under *Government Auditing Standards*.

We intend this report solely for the information and use of the management and Board of Education of New Lebanon Local School District, federal awarding agencies and pass-through entities, and others within New Lebanon Local School District. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
November 4, 2011



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountants' Report on Compliance With Requirements Applicable to Its
Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133**

New Lebanon Local School District
320 South Fuls Road
New Lebanon, Ohio 45345

To the Members of the Board of Education:

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 could directly and materially affect New Lebanon Local School District's major federal program for the fiscal year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies New Lebanon Local School District's major federal program. New Lebanon Local School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect 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 other procedures we considered necessary in the circumstances. We believe 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.

In our opinion, New Lebanon Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

New Lebanon Local School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered New Lebanon Local School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of New Lebanon Local School District's internal control over compliance.

Board of Education
New Lebanon Local School District

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the management and Board of Education of New Lebanon Local School District, federal awarding agencies and pass-through entities, and others within New Lebanon Local School District. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in dark ink and is positioned above the printed name of the company.

Julian & Grube, Inc.
November 4, 2011

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

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 weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control 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(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (CFDA #84.394)
<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

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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

**STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2010-NLLSD-001	Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue.	Yes	N/A
2010-NLLSD-002	Ohio Revised Code Section 5705.36 requires Districts to request a reduced certificate if actual resources are less than appropriations.	Yes	N/A
2010-NLLSD-003	Ohio Revised Code Section 5705.36(A)(4) states that upon determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce the available resources below the level of current appropriations.	Yes	N/A



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Independent Accountant's Report on Applying Agreed-Upon Procedures

New Lebanon Local School District
Montgomery County
320 South Fuls Road
New Lebanon, Ohio 45345

To the Board of Education:

Ohio Rev. Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.”

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether New Lebanon Local School District has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

- We noted the Board amended its anti-harassment policy at its meeting on June 27, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Julian & Grube, Inc.
November 4, 2011



Dave Yost • Auditor of State

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 17, 2012**