



OHIO AUDITOR OF STATE  
**KEITH FABER**





**LEBANON CITY SCHOOL DISTRICT  
WARREN COUNTY  
JUNE 30, 2023**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Lebanon City School District  
Warren County  
160 Miller Road  
Lebanon, OH 45036

To the Board of Education:

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lebanon City School District, Warren County, Ohio (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in modified cash-basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the modified cash-basis of accounting described in Note 2.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter - Accounting Basis***

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Supplementary Information***

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the District's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Information***

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
May 7, 2024

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**Lebanon City School District**  
**Management's Discussion and Analysis**  
**June 30, 2023**  
**(Unaudited)**

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The Lebanon City School District is presenting the following discussion and analysis in order to provide an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The discussion and analysis is within the limitations of the District's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### **Financial Highlights**

- In total, net position increased by \$4,252,906 or 10.27%.
- General receipts accounted for \$71,747,225 in revenue. Program specific receipts in the form of charges for services, operating grants, interest and contributions accounted for \$12,337,412. Total revenues were \$84,084,637.
- The District had \$79,831,731 in cash disbursements to governmental activities; \$12,337,412 of these expenses was offset by program specific charges for services, operating grants, interest or contributions. General receipts (primarily property taxes and entitlements) of \$71,747,225 were also used to provide for these services.
- Among major funds, the general fund had \$64,083,430 in receipts and \$64,710,135 in disbursements. The general fund's fund balance decreased \$538,733 from fiscal year 2022 to a fund balance of \$25,623,414 at June 30, 2023.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's modified cash basis of accounting.

### **Report Components**

The *Statement of Net Position - Modified Cash Basis* and *Statement of Activities - Modified Cash Basis* provide information about the cash activities of the District as a whole. Fund financial statements provide the next level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

### **Reporting the District as a Whole**

The *Statement of Net Position - Modified Cash Basis* and the *Statement of Activities - Modified Cash Basis* reflect how the District performed financially during 2023, within the limitations of modified cash basis accounting. The *Statement of Net Position - Modified Cash Basis* presents the cash balances and investments of the governmental activities of the District at year-end. The *Statement of Activities - Modified Cash Basis* compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, the reader can utilize these statements as one measure of the District's financial condition. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial condition is improving or deteriorating. When evaluating the District's financial condition, the reader should also consider other nonfinancial factors as well, such as the District's property tax base, the condition of the District's capital assets, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the *Statement of Net Position - Modified Cash Basis* and the *Statement of Activities - Modified Cash Basis*, all of the District's programs and services are reported as Governmental Activities.

### **Reporting the District's Most Significant Funds**

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 major funds.

**Lebanon City School District**  
**Management’s Discussion and Analysis**  
**June 30, 2023**  
(Unaudited)

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**Governmental Funds** – 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 fiscal year-end available for spending in future periods. These funds are reported on a modified cash basis. The governmental fund statements provide a detailed short-term view of the District’s general governmental 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.

**Fiduciary Fund** – The District maintains one fiduciary fund - a private purpose trust fund. This activity is excluded from the District’s other financial statements because the District cannot use these assets to finance its operations.

**The District as a Whole**

The *Statement of Net Position - Modified Cash Basis* provides the perspective of the District as a whole. Table 1 below provides a summary of the District’s net position for 2023 and 2022:

**Table 1**  
**Net Position**

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	Governmental Activities	
	2023	2022
Assets:		
Cash and Investments	\$45,595,275	\$41,342,375
Cash with Fiscal Agent	59,154	59,148
<b>Total Assets</b>	<b>45,654,429</b>	<b>41,401,523</b>
Net Position:		
Restricted for:		
Other Purposes	3,000,686	3,077,754
Debt Service	9,421,830	9,388,173
Capital Projects	5,014,186	2,728,747
Unrestricted	28,217,727	26,206,849
<b>Total Net Position</b>	<b>\$45,654,429</b>	<b>\$41,401,523</b>

Total assets increased by \$4,252,906. The increase can mostly be attributed to an increase in Operating Grants and Contributions.

Table 2 demonstrates the changes in net position for fiscal year 2023.

**Lebanon City School District**  
**Management's Discussion and Analysis**  
**June 30, 2023**  
(Unaudited)

**Table 2**  
**Changes in Net Position**

	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues		
Charges for Services	\$3,123,259	\$2,101,268
Operating Grants, Contributions	9,214,153	6,672,945
General Revenues:		
Property Taxes	42,171,173	40,002,432
Grants and Entitlements	22,606,837	24,553,113
Issuance of Long-Term Capital-Related Debt	4,703,000	0
Other	2,266,215	2,350,405
<b>Total Revenues</b>	<b>84,084,637</b>	<b>75,680,163</b>
Expenses:		
Instruction	42,780,003	39,884,409
Support Services:		
Pupil and Instructional Staff	7,059,174	6,519,126
School Administrative, General		
Administration, Fiscal and Business	6,454,640	5,732,239
Operations and Maintenance	4,365,809	4,359,858
Pupil Transportation	6,510,381	5,887,791
Central	656,420	562,489
Operation of Non-Instructional Services	2,197,150	2,109,570
Extracurricular Activities	1,736,004	1,581,317
Capital Outlay	2,555,023	2,395,826
Principal Retirement	2,314,795	4,099,254
Interest and Fiscal Charges	3,202,332	1,565,123
<b>Total Expenses</b>	<b>79,831,731</b>	<b>74,697,002</b>
Change in Net Position	4,252,906	983,161
Net Position - Beginning of Year	41,401,523	40,418,362
Net Position - End of Year	\$45,654,429	\$41,401,523

The overall 11.11% increase in all receipts from fiscal year 2022 to fiscal year 2023 is attributed to the proceeds from the capital-related debt that was issued during fiscal year 2023.

Disbursements increased by \$5,134,729 or 6.87% from 2022. This increase is mostly attributed to the increase in Instruction expenses over the prior year.

**Governmental Activities**

The District receives 50.15% of its receipts from property taxes and 26.89% from grants and entitlements. The balance of receipts received, or 22.96%, is in the form of program receipts, investment income, gifts and donations, and miscellaneous items.

**Lebanon City School District**  
**Management’s Discussion and Analysis**  
**June 30, 2023**  
(Unaudited)

Disbursements for instruction represent 53.59% of the total governmental disbursements. Support services represent 31.37% of the total disbursements. The remaining 15.04% of expenses are attributed to operation of non-instructional services, extracurricular activities, capital outlay, and debt service.

The *Statement of Activities - Modified Cash Basis* demonstrates the cost of program services and the charges for services and grants offsetting those services. In Table 3, the total cost of services and the net cost of services are presented. The table identifies the cost of services supported by tax revenues and unrestricted State entitlements.

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction	\$42,780,003	\$39,884,409	(\$34,994,037)	(\$35,342,777)
Support Services:				
Pupil and Instructional Staff	7,059,174	6,519,126	(6,710,395)	(6,274,701)
School Administrative, General				
Administration, Fiscal and Business	6,454,640	5,732,239	(6,346,886)	(5,608,624)
Operations and Maintenance	4,365,809	4,359,858	(3,998,665)	(4,146,804)
Pupil Transportation	6,510,381	5,887,791	(5,892,515)	(5,887,791)
Central	656,420	562,489	(656,420)	(553,489)
Operation of Non-Instructional Services	2,197,150	2,109,570	137,947	711,597
Extracurricular Activities	1,736,004	1,581,317	(961,198)	(759,997)
Capital Outlay	2,555,023	2,395,826	(2,555,023)	(2,395,826)
Principal Retirement	2,314,795	4,099,254	(2,314,795)	(4,099,254)
Interest and Fiscal Charges	3,202,332	1,565,123	(3,202,332)	(1,565,123)
<b>Total Expenses</b>	<b>\$79,831,731</b>	<b>\$74,697,002</b>	<b>(\$67,494,319)</b>	<b>(\$65,922,789)</b>

**The District’s Funds**

Total governmental funds had receipts of \$79,381,637 and disbursements of \$79,831,731. The fund balance of the general fund decreased by \$538,733. The fund balance of the debt service fund increased by \$33,657. The fund balance of the Permanent Improvement fund increased by \$4,789,239. The other governmental funds balances decreased by \$31,257.

**General Fund Budget 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. During the course of fiscal 2023, the District revised its budget to accommodate changes in expected revenues and planned expenditures.

**Lebanon City School District**  
**Management’s Discussion and Analysis**  
**June 30, 2023**  
(Unaudited)

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**Capital Assets and Debt Administration**

**Capital Assets**

The District does not currently present its capital assets on its financial statements. The District still maintains capital asset records in the event the District elects to present its financial statements in accordance with generally accepted accounting principles in future fiscal years.

**Debt**

As of June 30, 2023, the District had the following outstanding debt:

	Governmental Activities	
	2023	2022
Refunding of General Obligation Bonds	32,720,000	\$34,283,407
Energy Conservation Bonds:		
Qualified School Construction Bonds	1,055,000	1,055,000
Financed Purchase - Buses	717,148	1,066,536
Financed Purchase - Central Office	3,165,000	3,410,000
Financed Purchase - Roof, Paving, Field Turf, Stadium Bleachers	4,703,000	-
Certificate of Participation	1,608,000	1,765,000
Total Outstanding Debt at Year End	<u>\$ 43,968,148</u>	<u>\$41,579,943</u>

Further information regarding the District’s debt can be found in Note 9 to the basic financial statements.

**The Future of Lebanon City School District**

On November 5, 2013, voters approved a 37-year, 1.87 mill bond levy and corresponding .5 mill permanent improvement maintenance levy to build, renovate and maintain the District’s school buildings. The levies provided the local share of funding for school construction under the State of Ohio Classroom Facilities Assistance Program. At the elementary school level, there were additions to Bowman Elementary to house grades PK-2, additions and renovations to Donovan Elementary School to house grades three and four, and partial demolition, addition and renovations to Berry Intermediate School to house grades five and six. At the secondary level, a new junior high was built to house grades seven and eight, and there were additions done to Lebanon High School to house grades nine through 12. We have completed construction on Bowman Elementary, Donovan Elementary, Berry Intermediate, Lebanon Junior High School and Lebanon High School. The final phase of the construction project was to demolish the old central office building and renovate the old junior high to accommodate the Central Office staff. Central Office moved their offices into the new space in December of 2020. The old central office building was demolished in 2022.

The Lebanon Community has a bright future and is expected to grow due to a number of economic development projects that are currently approved that will ultimately add students to the Lebanon City School District. Currently approved projects include the Union Village development that is expected to add 4,500 new homes and 12,000 new residents to the community, the North Broadway development

**Lebanon City School District**  
**Management's Discussion and Analysis**  
**June 30, 2023**  
(Unaudited)

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that will add a new 120-unit upscale apartment complex along with mixed use business properties just north of the downtown business district. In addition, the recently opened Warren County Sports Park, the Warren County Event Center, expansion of Miami Valley Gaming and the Amazon Fulfillment center are expected to spur additional housing and business development in the future. The District will need to expand both services and facilities in the future to meet the increased need for residents and business.

The Lebanon Community continues to see lasting impact from the COVID-19 pandemic. Though many of the district's operations slowly went back to normal during the 2020-2021 school year, several standard practices changed permanently to allow greater flexibility in handling increased illness amongst students and staff and proper COVID-19 protocols. The Pandemic has had, and will continue to have in the foreseeable future, a profound impact on all operations of the District. The ESSER federal funding and Corona Relief federal funding continued to help offset the costs of the Pandemic. It is important to note that these practices will have a financial and procedural impact on the district in the future.

In May 2021, voters approved the renewal of a 2.83 mill operating emergency levy collecting \$3 million. This will help maintain the district's long-term sustainability of staffing, facilities, and provided services.

**District Contact Information**

This financial report is available to all of the citizens, taxpayers, investors and creditors that may have an interest in the finances of the Lebanon City School District. Anyone having questions regarding this report or desiring additional information may contact Karen Ervin, Treasurer/CFO at Lebanon City Schools, 160 Miller Road, Lebanon, OH 45036, by phone at 513-934-5790 or by email at [ervin.karen@lebanonschools.org](mailto:ervin.karen@lebanonschools.org).

Lebanon City School District  
Statement of Net Position - Modified Cash Basis  
June 30, 2023

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	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$45,595,275
Equity in Pooled Cash and Investments with Fiscal Agent	59,154
	<hr/>
Total Assets	45,654,429
	<hr/>
Net Cash Position:	
Restricted for:	
Debt Service	9,421,830
Capital Projects	5,014,186
Classroom Facilities Maintenance	773,747
Food Service	881,712
Student Wellness	213,125
Federal Grants	258,757
Other Purposes	873,345
Unrestricted	28,217,727
	<hr/>
Total Net Cash Position	\$45,654,429
	<hr/>

See accompanying notes to the basic financial statements.



Lebanon City School District  
Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2023

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Cash Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$27,107,425	\$1,036,187	\$1,292,239	(\$24,778,999)
Special	10,994,122	493,647	3,462,693	(7,037,782)
Vocational	54,470	0	66,594	12,124
Other	4,623,986	25	1,434,581	(3,189,380)
<b>Support Services:</b>				
Pupil	4,991,287	735	34,066	(4,956,486)
Instructional Staff	2,067,887	308	313,670	(1,753,909)
General Administration	67,521	0	0	(67,521)
School Administration	4,439,590	0	101,709	(4,337,881)
Fiscal	1,580,215	5,784	261	(1,574,170)
Business	367,314	0	0	(367,314)
Operations and Maintenance	4,365,809	153	366,991	(3,998,665)
Pupil Transportation	6,510,381	10,429	607,437	(5,892,515)
Central	656,420	0	0	(656,420)
Operation of Non-Instructional Services	2,197,150	801,185	1,533,912	137,947
Extracurricular Activities	1,736,004	774,806	0	(961,198)
Capital Outlay	2,555,023	0	0	(2,555,023)
<b>Debt Service:</b>				
Principal Retirement	2,314,795	0	0	(2,314,795)
Interest and Fiscal Charges	3,202,332	0	0	(3,202,332)
<b>Totals</b>	<b>\$79,831,731</b>	<b>\$3,123,259</b>	<b>\$9,214,153</b>	<b>(67,494,319)</b>

**General Receipts:**

Property Taxes Levied for:

General Purposes	36,295,770
Special Revenue Purposes	456,168
Debt Service Purposes	4,146,308
Capital Projects Purposes	1,272,927
Grants and Entitlements, Not Restricted	22,606,837
Revenue in Lieu of Taxes	912,122
Unrestricted Contributions	268,541
Investment Earnings	316,405
Issuance of Long-Term Capital-Related Debt	4,703,000
Other Receipts	769,147

**Total General Receipts**

**71,747,225**

**Change in Net Cash Position**

**4,252,906**

**Net Cash Position - Beginning of Year**

**41,401,523**

**Net Cash Position - End of Year**

**\$45,654,429**

See accompanying notes to the basic financial statements.

Lebanon City School District  
Statement of Assets and Fund Balances- Modified Cash Basis  
Governmental Funds  
June 30, 2023

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$25,623,414	\$9,421,830	\$6,337,487	\$4,212,544	\$45,595,275
Equity in Pooled Cash and Investments with Fiscal Agent	0	0	0	59,154	59,154
<b>Total Assets</b>	<b>25,623,414</b>	<b>9,421,830</b>	<b>6,337,487</b>	<b>4,271,698</b>	<b>45,654,429</b>
Fund Cash Balances:					
Restricted	0	9,421,830	3,743,174	4,271,698	17,436,702
Committed	0	0	2,594,313	0	2,594,313
Assigned	725,502	0	0	0	725,502
Unassigned	24,897,912	0	0	0	24,897,912
<b>Total Fund Cash Balances</b>	<b>\$25,623,414</b>	<b>\$9,421,830</b>	<b>\$6,337,487</b>	<b>\$4,271,698</b>	<b>\$45,654,429</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$25,623,414</b>	<b>\$9,421,830</b>	<b>\$6,337,487</b>	<b>\$4,271,698</b>	<b>\$45,654,429</b>

See accompanying notes to the basic financial statements.

Lebanon City School District  
Statement of Cash Receipts, Cash Disbursements  
and Changes in Fund Cash Balances - Modified Cash Basis  
Governmental Funds  
For the Fiscal Year Ended June 30, 2023

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Receipts:</b>					
Property and Other Taxes	\$36,295,770	\$4,146,308	\$1,272,927	\$456,168	\$42,171,173
Tuition and Fees	1,505,113	0	0	0	1,505,113
Investment Earnings	(22,237)	5,267	31,223	302,152	316,405
Intergovernmental	24,460,293	377,671	142,190	6,840,836	31,820,990
Extracurricular Activities	321,489	0	0	495,347	816,836
Charges for Services	0	0	0	801,307	801,307
Revenue in Lieu of Taxes	912,122	0	0	0	912,122
Other Receipts	610,880	0	263,822	162,989	1,037,691
<b>Total Receipts</b>	<b>64,083,430</b>	<b>4,529,246</b>	<b>1,710,162</b>	<b>9,058,799</b>	<b>79,381,637</b>
<b>Cash Disbursements:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	26,194,513	0	207,806	705,106	27,107,425
Special	8,949,289	0	0	2,044,833	10,994,122
Vocational	37,553	0	0	16,917	54,470
Other	3,870,260	0	0	753,726	4,623,986
<b>Support Services:</b>					
Pupil	4,831,580	0	0	159,707	4,991,287
Instructional Staff	1,868,372	0	5,098	194,417	2,067,887
General Administration	63,671	0	3,850	0	67,521
School Administration	4,306,119	283	86	133,102	4,439,590
Fiscal	1,506,662	48,056	14,375	11,122	1,580,215
Business	367,314	0	0	0	367,314
Operations and Maintenance	4,152,128	0	84,757	128,924	4,365,809
Pupil Transportation	6,152,249	0	178,132	180,000	6,510,381
Central	656,420	0	0	0	656,420
Operation of Non-Instructional Services	0	0	0	2,197,150	2,197,150
Extracurricular Activities	1,154,496	0	96,923	484,585	1,736,004
Capital Outlay	0	0	562,528	1,992,495	2,555,023
<b>Debt Service:</b>					
Principal Retirement	402,000	1,563,407	349,388	0	2,314,795
Interest and Fiscal Charges	197,509	2,883,843	120,980	0	3,202,332
<b>Total Cash Disbursements</b>	<b>64,710,135</b>	<b>4,495,589</b>	<b>1,623,923</b>	<b>9,002,084</b>	<b>79,831,731</b>
<b>Excess of Receipts Over (Under) Cash Disbursement:</b>	<b>(626,705)</b>	<b>33,657</b>	<b>86,239</b>	<b>56,715</b>	<b>(450,094)</b>
<b>Other Financing Sources (Uses):</b>					
Issuance of Long-Term Capital-Related Debt	0	0	4,703,000	0	4,703,000
Advances In	2,380,247	0	0	930,842	3,311,089
Advances (Out)	(2,292,837)	0	0	(1,018,252)	(3,311,089)
Transfers In	29,580	0	0	213,158	242,738
Transfers (Out)	(29,018)	0	0	(213,720)	(242,738)
<b>Total Other Financing Sources (Uses)</b>	<b>87,972</b>	<b>0</b>	<b>4,703,000</b>	<b>(87,972)</b>	<b>4,703,000</b>
<b>Net Change in Fund Cash Balance</b>	<b>(538,733)</b>	<b>33,657</b>	<b>4,789,239</b>	<b>(31,257)</b>	<b>4,252,906</b>
<b>Fund Cash Balance - Beginning of Year</b>	<b>26,162,147</b>	<b>9,388,173</b>	<b>1,548,248</b>	<b>4,302,955</b>	<b>41,401,523</b>
<b>Fund Cash Balance - End of Year</b>	<b>\$25,623,414</b>	<b>\$9,421,830</b>	<b>\$6,337,487</b>	<b>\$4,271,698</b>	<b>\$45,654,429</b>

See accompanying notes to the basic financial statements.

Lebanon City School District  
Statement of Receipts, Cash Disbursements and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2023

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Budgetary Basis Receipts:</b>				
Taxes	\$33,984,696	\$35,281,771	\$36,295,770	\$1,013,999
Revenue in lieu of taxes	854,044	886,640	912,122	25,482
Tuition and Fees	920,918	956,066	983,543	27,477
Investment Earnings	227,138	235,807	242,584	6,777
Intergovernmental	22,902,824	23,776,943	24,460,293	683,350
Extracurricular Activities	200,869	208,536	214,529	5,993
Other Receipts	541,834	562,514	578,681	16,167
<b>Total Budgetary Basis Receipts</b>	<b>59,632,323</b>	<b>61,908,277</b>	<b>63,687,522</b>	<b>1,779,245</b>
<b>Budgetary Basis Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	24,677,653	26,937,908	25,900,345	1,037,563
Special	8,550,356	9,333,493	8,973,996	359,497
Vocational	37,764	41,223	39,635	1,588
Other	3,694,717	4,033,120	3,877,777	155,343
<b>Support Services:</b>				
Pupil	4,608,601	5,030,708	4,836,941	193,767
Instructional Staff	1,800,608	1,965,528	1,889,822	75,706
General Administration	61,075	66,669	64,101	2,568
School Administration	4,118,698	4,495,934	4,322,765	173,169
Fiscal	1,438,436	1,570,185	1,509,706	60,479
Business	349,974	382,029	367,314	14,715
Operations and Maintenance	4,143,225	4,522,707	4,348,507	174,200
Pupil Transportation	5,983,109	6,531,109	6,279,551	251,558
Central	631,375	689,203	662,657	26,546
Extracurricular Activities	964,712	1,053,071	1,012,510	40,561
<b>Debt Service:</b>				
Principal Retirement	402,000	418,104	402,000	16,104
Interest and Fiscal Charges	169,208	205,421	197,509	7,912
<b>Total Budgetary Basis Disbursements</b>	<b>61,631,511</b>	<b>67,276,412</b>	<b>64,685,136</b>	<b>2,591,276</b>
<b>Excess of Budgetary Basis Receipts Over (Under) Budgetary Basis Disbursements</b>	<b>(1,999,188)</b>	<b>(5,368,135)</b>	<b>(997,614)</b>	<b>4,370,521</b>
<b>Other financing sources (uses):</b>				
Advances In	1,601,187	1,662,299	1,710,073	47,774
Advances (Out)	(874,536)	(954,636)	(917,866)	36,770
Transfers In	27,697	28,754	29,580	826
Transfers (Out)	(27,648)	(30,180)	(29,018)	1,162
<b>Total Other Financing Sources (Uses)</b>	<b>726,700</b>	<b>706,237</b>	<b>792,769</b>	<b>86,532</b>
<b>Net Change in Fund Balance</b>	<b>(1,272,488)</b>	<b>(4,661,898)</b>	<b>(204,845)</b>	<b>4,457,053</b>
<b>Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>25,832,646</b>	<b>25,832,646</b>	<b>25,832,646</b>	<b>0</b>
<b>Fund Balance - End of Year</b>	<b>\$24,560,158</b>	<b>\$21,170,748</b>	<b>\$25,627,801</b>	<b>\$4,457,053</b>

See accompanying notes to the basic financial statements.

Lebanon City School District  
Statement of Fiduciary Net Position - Modified Cash Basis  
Fiduciary Fund  
June 30, 2023

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	<u>Private Purpose Trust</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$20,536</u>
Total Assets	<u>20,536</u>
Net Position:	
Restricted for Scholarships	<u>20,536</u>
Total Net Position	<u><u>\$20,536</u></u>

See accompanying notes to the basic financial statements.

Lebanon City School District  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2023

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	Private Purpose Trust
Additions:	
Donations	\$28,300
Investment Earnings	<u>2,249</u>
Total Additions	<u>30,549</u>
Deductions:	
Other	<u>28,013</u>
Total Deductions	<u>28,013</u>
Change in Net Position	2,536
Net Position - Beginning of Year	<u>18,000</u>
Net Position - End of Year	<u><u>\$20,536</u></u>

See accompanying notes to the basic financial statements.

**Lebanon City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Note 1 - Description of the School District**

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

The District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by State and/or federal agencies. It is staffed by 329 non-certified employees, 385 certified full-time personnel, who provide services to approximately 5,500 students and other community members. The District currently operates seven instructional/support facilities.

*Reporting Entity*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District participates in three jointly governed organizations and one insurance purchasing pool. These organizations include the Southwest Ohio Computer Association (SWOCA), the Southwestern Ohio Educational Purchasing Council (SWEPC), the Warren County Career Center and the Ohio School Comp Group Retro Program (GRP). These organizations are presented in Note 10 to the basic financial statements.

As discussed further in Note 2, these financial statements are presented on a modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

**Note 2 - Summary of Significant Accounting Policies**

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**Basis of Presentation**

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

**Lebanon City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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*Government-Wide Financial Statements*

The statement of net position - modified cash basis and the statement of activities - modified cash basis 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 statements usually distinguish between those activities that are governmental and those that are business-type. The District, however, has no activities which are reported as business-type. The government-wide statements also exclude fiduciary funds.

The statement of net position - modified cash basis presents the cash balance of the governmental activities of the District at fiscal year-end. The statement of activities - modified cash basis compares disbursements with program cash receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program cash receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

*Fund Financial Statements*

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

**Fund Accounting**

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

*Governmental Funds:*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The following are the District's major governmental funds:

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



**Lebanon City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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*Debt Service Fund* - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal retirement and interest and fiscal charges.

*Permanent Improvement Fund* - The permanent improvement fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

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

*Fiduciary Fund Type:*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial 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. Custodial funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. The District's only fiduciary fund is a private purpose trust fund. The private purpose trust fund accounts for college scholarship programs for students.

**Basis of Accounting**

The District's financial statements are prepared using the modified cash basis of accounting, which is not in compliance with the Ohio Administrative Code 117-2-03(B) that states all school districts shall file annual financial reports prepared using generally accepted accounting principles. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**Budgetary Process**

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

**Lebanon City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2023 and approved by the Board of Education before June 30, 2023.

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

**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.

At June 30, 2023, the District's investments included money market funds, certificates of deposit, STAR Ohio, commercial paper, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Notes, U.S. Treasury Notes, and Federal Farm Credit Bank/Notes.

During fiscal year 2023, the District invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the general fund during fiscal year 2023 were (\$22,237). Interest receipts were posted to the debt service fund, the permanent improvement fund, other governmental funds, and to the private purpose trust fund in the amounts of \$5,267, \$31,223, \$302,152 and \$2,249, respectively.

**Lebanon City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as Equity in Pooled Cash and Investments.

**Interfund Receivables/Payables**

The District reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**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 governmental funds. The classifications are as follows:

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually 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 placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the District to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the 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. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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.

**Lebanon City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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*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 or 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 the District Board of Education or a District official delegated that authority by resolution or by State Statute.

*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 used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are 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 can be used.

**Net Position**

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Of the restricted net position, none has resulted from enabling legislation.

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

**Note 3 – Budgetary Basis of Accounting**

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 revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual 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 modified cash basis are that:

1. 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 a restriction, commitment or assignment of fund balance for that portion of outstanding encumbrances (modified cash basis).
2. Two funds are included in the general fund (modified cash basis), but have separate, legally adopted budgets (budget basis).

**Lebanon City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statement for the general fund. This table is comparing Net Change in Fund Balance.

	<u>General</u>
Cash Basis	(\$538,733)
Receipts	(395,908)
Disbursements	617,626
Advances In	(670,174)
Advances (Out)	1,374,971
Encumbrances	<u>(592,627)</u>
Budget Basis	<u><u>(\$204,845)</u></u>

**Note 4 – 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, public utility and certain tangible personal property located in the District. Real property tax revenue received in calendar 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022 and are collected in 2023 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Warren 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, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2023 taxes were collected are:

	<u>2023 First- Half Collections</u>		<u>2022 Second- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$1,240,189,040	94.86%	\$1,199,615,200	94.75%
Public Utility	<u>67,132,220</u>	<u>5.14%</u>	<u>66,491,750</u>	<u>5.25%</u>
Total Assessed Value	<u><u>\$1,307,321,260</u></u>	<u><u>100.00%</u></u>	<u><u>\$1,266,106,950</u></u>	<u><u>100.00%</u></u>

**Lebanon City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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Tax rate per \$1,000 of assessed valuation	\$60.78	\$61.07
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**Note 5 – Deposits and Investments**

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active 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 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. The District did not have any inactive deposits for the period ending June 30, 2023.

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 five years from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, notes, 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 Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency or instrumentality securities must be a direct issuance of the federal agency or instrumentality;
3. STAR Ohio is eligible as long as the fund maintains the highest letter rating provided by at least one nationally recognized standard rating service as outlined in ORC 135.45;
4. Bonds and other obligations of the state of Ohio;
5. Interim deposits, such as certificates of deposits, in the eligible institutions having been approved by the Board for interim moneys. All demand and time deposits must be properly collateralized as required by ORC 135.18;
6. No-load money market funds offered by eligible depositories under ORC 135.03 consisting exclusively of obligations described in (1) or (2) above; and

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7. Written repurchase agreements (repos) with any eligible public depository mentioned in ORC 135.03, or with any dealer who is a member of the NASD. The market value of the securities held as collateral for an overnight repo (including sweep accounts) or term repo must exceed principal by at least 2 percent, and the securities must be marked to market daily.

Term repurchase agreement with an eligible securities dealer must be transacted on a delivery versus payment basis. All securities purchased pursuant to a repurchase agreement must be delivered into the custody of the Treasurer or an agent designated by the Treasurer. Such institution or dealer must agree in writing to unconditionally repurchase any of the securities used for any repo transaction.

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. Investments may only be made through specified dealers and institutions.

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$11,556,269 of the District’s bank balance of \$12,056,269 was exposed to custodial credit risk. All statutory requirements for the deposit of money had been followed.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments**

As of June 30, 2023, the District had the following investments. All investments are in an internal investment pool.

Investment Type (Cost)	Investment Maturities (in years)			Percent of Total Investments
	Cost	1-2	3 or more	
Money Market Funds	\$4,625,667	\$0	\$0	13.60%
STAR Ohio	9,647,445	0	0	28.37%
Certificates of Deposit	2,046,214	2,046,214	0	6.01%
Commercial Paper	11,699,296	11,699,296	0	34.44%
U.S. Treasury Notes	359,810	359,810	0	1.05%
Federal Home Loan Mortgage Notes	293,982	184,152	109,830	0.86%
Federal Home Loan Bank Notes	5,232,087	4,334,287	897,800	15.38%
Federal Farm Credit Bank	99,199	99,199	0	0.29%
<b>Total Investments</b>	<b>\$34,003,700</b>	<b>\$18,722,958</b>	<b>\$1,007,630</b>	

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*Interest Rate Risk:* The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity.

*Credit Risk:* STAR Ohio's ratings as of June 30, 2023 from Standard and Poor's are AAAM. The Federal National Mortgage Association Note, the Federal Home Loan Mortgage Notes, and the Federal Farm Credit Bureau Note carry a rating of AA+ by Standard and Poor's. The District's investment policy limits investments to those authorized by State statute. The District has no investment policy that addresses credit risk.

*Concentration of 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 District's investment in the money market mutual funds 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's investment policy does not address 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.

**Note 6 – Risk Management**

**Property and Liability**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the District contracted with Liberty Mutual for general liability insurance with a \$1,000,000 single occurrence limit and a \$2,000,000 aggregate. Property is protected by Liberty Mutual and holds a \$5,000 deductible.

Vehicles and grounds equipment are insured by Liberty Mutual with a \$500 deductible for trucks, vans, cars and trailers with a \$500 deductible for school buses. There is a \$1,000,000 limit per occurrence.

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

**Workers' Compensation**

For fiscal year 2023, the District participated in the Ohio SchoolComp Group Retro Program (GRP) sponsored by both the Ohio School Board's Association and the Ohio Association of School Business Officials (Note 10). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.



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**Note 7 – Defined Benefit Pension Plans**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

**Net Pension Liability/Net OPEB Liability (Asset)**

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represent the District’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 8 for the required OPEB disclosures.

**Plan Description - School Employees Retirement System (SERS)**

**Plan Description**

District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that

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includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5% COLA for calendar year 2023.

**Funding Policy**

Plan members are required to contribute 10.0% of their annual covered salary and the District is required to contribute 14.0% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.0% for plan members and 14.0% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,427,257 for fiscal year 2023.

**Plan Description - State Teachers Retirement System (STRS)**

**Plan Description**

District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

**Lebanon City School District**  
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New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0.0% upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3.0% of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53% of the 14.0% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14.0% employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, 12.0% of the 14.0% member rate is deposited into the member's DC account and the remaining 2.0% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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.

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**Funding Policy**

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14.0% was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The District’s contractually required contribution to STRS was \$4,060,272 for fiscal year 2023.

**Net Pension Liability**

The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$13,676,008	\$46,973,897	\$60,649,905
Proportion of the Net Pension Liability:			
Current Measurement Date	0.25284840%	0.21130738%	
Prior Measurement Date	<u>0.26548670%</u>	<u>0.21021843%</u>	
Change in Proportionate Share	-0.01263830%	0.00108895%	

**Actuarial Assumptions - SERS**

SERS’ total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

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	June 30, 2022	June 30, 2021
Inflation	2.40%	2.40%
Future Salary Increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or Ad Hoc COLA	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00% net of system expenses	7.00% net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.45%
US Equity	24.75%	5.37%
Non-US Equity Developed	13.50%	6.22%
Non-US Equity Emerging	6.75%	8.22%
Fixed Income/Global Bonds	19.00%	1.20%
Private Equity	11.00%	10.05%
Real Estate/Real Assets	16.00%	4.87%
Multi-Asset Strategy	4.00%	3.39%
Private Debt/Private Credit	3.00%	5.38%
Total	<u>100.00%</u>	

**Discount Rate**

The total pension liability for 2022 was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term

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expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$20,130,431	\$13,676,008	\$8,238,244

**Changes Between the Measurement Date and the Reporting date**

The cost-of-living-adjustments (COLA) was increased from 2.00% to 2.50%.

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2022, actuarial valuation compared to those used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected Salary Increases	From 2.50% to 12.50% based on age	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.00% net of investments expense, including inflation	7.00% net of investments expense, including inflation
Discount Rate of Return	7.00%	7.00%
Payroll Increases	3.00%	3.00%
Cost-of-Living Adjustments (COLA)	0.00%	0.00%

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50.0% of rates through age 69, 70.0% of rates between ages 70 and 79, 90.0% of rates between ages 80 and 84, and 100.0% of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90.0% of rates for males and 100.0% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
Total	100.00%	

\* Target allocation percentage is effective July 1, 2022. Target weights were phased in over a 3 month period concluding on October 1, 2022.

\*\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$70,960,457	\$46,973,897	\$26,688,693

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**Changes Between the Measurement Date and the Reporting date**

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**Note 8 - Defined Benefit OPEB Plans**

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See Note 7 for a description of the net OPEB liability (asset).

**Plan Description - School Employees Retirement System (SERS)**

**Health Care Plan Description**

The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established 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.

**Funding Policy**

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14.0% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made 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 if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$163,394.

The surcharge, added to the allocated portion of the 14.00% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was



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\$163,394 for fiscal year 2023.

**Plan Description - State Teachers Retirement System (STRS)**

**Plan Description**

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy**

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14.0% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

**Net OPEB Liability (Asset)**

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$3,583,697	\$0	\$3,583,697
Proportionate Share of the Net OPEB (Asset)	0	(5,471,450)	(5,471,450)
Proportion of the Net OPEB Liability/(Asset):			
Current Measurement Date	0.25524720%	0.21130738%	
Prior Measurement Date	<u>0.27022550%</u>	<u>0.21021843%</u>	
Change in Proportionate Share	-0.01497830%	0.00108895%	

**Actuarial Assumptions - SERS**

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan

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members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40%	2.40%
Future Salary Increases, Including Inflation		
Wage Increases	3.25% to 13.58%	3.25% to 13.58%
Investment Rate of Return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044	2044
Municipal Bond Index Rate:		
Measurement Date	3.69%	1.92%
Prior Measurement Date	1.92%	2.45%
Single Equivalent Interest Rate (SEIR), net of plan investment expense, including price inflation:		
Measurement Date	4.08%	2.27%
Prior Measurement Date	2.27%	2.63%
Health Care Cost Trend Rate:		

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021.

Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant

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for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.45%
US Equity	24.75%	5.37%
Non-US Equity Developed	13.50%	6.22%
Non-US Equity Emerging	6.75%	8.22%
Fixed Income/Global Bonds	19.00%	1.20%
Private Equity	11.00%	10.05%
Real Estate/Real Assets	16.00%	4.87%
Multi-Asset Strategy	4.00%	3.39%
Private Debt/Private Credit	3.00%	5.38%
Total	100.00%	

**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates**

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

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	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Proportionate share of the net OPEB liability	\$4,451,006	\$3,583,697	\$2,883,543
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
Proportionate share of the net OPEB liability	\$2,763,674	\$3,583,697	\$4,654,781

**Changes Between the Measurement Date and the Reporting date**

The discount rate changed from 2.27% to 4.08% and the health care trend rates were updated.

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021 actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 12.50%
Investment Rate of Return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Discount Rate of Return	7.00%	7.00%
Health Care Cost Trends:		
Medical		
Pre-Medicare	7.50% initial, 3.94% ultimate	5.00% initial, 4.00% ultimate
Medicare	-68.78% initial, 3.94% ultimate	-16.18% initial, 4.00% ultimate
Prescription Drug		
Pre-Medicare	9.00% initial, 3.94% ultimate	6.50% initial, 4.00% ultimate
Medicare	-5.47% initial, 3.94% ultimate	29.98% initial, 4.00% ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50.0% of rates through age 69, 70.0% of rates between ages 70 and 79, 90.0% of rates between ages 80 and 84, and 100.0% of rates thereafter, projected forward generationally using mortality improvement

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scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90.0% of rates for males and 100.0% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
Total	100.00%	

\* Target allocation percentage is effective as of July 1, 2022. Target weights will be phased in over a 3-month period concluding on October 1, 2022.

\*\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

**Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate**

The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net OPEB (asset)	(\$5,058,213)	(\$5,471,450)	(\$5,825,425)

  

	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$5,675,226)	(\$5,471,450)	(\$5,214,236)

**Changes Between the Measurement Date and the Reporting date**

Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

**Note 9 – Long Term Obligations**

The changes in the District’s long-term obligations during fiscal year 2023 were as follows:

	Amount			Amount	
	Outstanding			Outstanding	Amounts Due
	6/30/2022	Additions	Deductions	6/30/2023	In One Year
Governmental Activities					
General Obligation Bonds:					
January, 2021 Refunding of General Obligation Bonds, 2%-4%	\$23,100,000	\$0	\$1,245,000	\$21,855,000	\$1,755,000
2007 Refunding of General Obligation Bonds, 4%-5%	318,407	0	318,407	0	0
September, 2017 Refunding of General Obligation Bonds, 2%-5%	10,865,000	0	0	10,865,000	1,535,000
Total General Obligation Bonds	34,283,407	0	1,563,407	32,720,000	3,290,000
Energy Conservation Bonds:					
2011 Qualified School Construction Bonds, 4.45%	1,055,000	0	0	1,055,000	515,000
Financed Purchases:					
Financed Purchased - Buses	1,066,536	0	349,388	717,148	355,502
Financed Purchased - Central Office	3,410,000	0	245,000	3,165,000	250,000
Financed Purchased – Roof, Paving, Turf	0	4,703,000	0	4,703,000	283,000
Total Financed Purchases	4,476,536	4,703,000	594,388	8,585,148	888,502
2006 Certificate of Participation	1,765,000	0	157,000	1,608,000	166,000
Total Governmental Activities Long-Term Liabilities	\$41,579,943	\$4,703,000	\$2,314,795	\$43,968,148	\$4,859,502

*General Obligation Bonds*

In fiscal year 2002, the District issued \$40,000,000 and \$5,000,000 in voted general obligation bonds for the purpose of constructing a new high school and elementary school. The bonds were issued for a 28-

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year period with a final maturity date of December 1, 2029. The 2006 and part of the 2007 refunding bonds were used to advance refund the bonds due December 1, 2029. There was no cash effect to this refunding. These bonds are paid from the debt service fund.

In fiscal year 2014, the District issued \$17,335,000 and \$9,730,000 in voted general obligation bonds for the purpose of additions to Bowman Elementary to house grades PK-two, additions and renovations to Donovan Elementary to house grades three and four, and partial demolition, addition and renovations to Berry Intermediate to house grades five and six. At the secondary level, a new junior high will be built to house grades seven and eight, and there were be additions to Lebanon High School to house grades nine through 12. These bonds were issued for the local portion of State of Ohio Classroom Facilities Assistance Program. In January, 2021, the District refunded the 2014 general obligation bonds in the amount of \$24,800,000. The refunded bonds are payable semi-annually on June 1 and December 1 of each year with the first principal payment due on December 1, 2021 and the final payment is due on December 1, 2050. In addition, the District refunded \$3,835,000 of the 2005 Series general obligation bonds during fiscal year 2014. These bonds will be paid from the debt service fund. The District refunded \$9,280,000 of the 2005 series refunded bonds in December, 2015. These bonds will also be paid from the debt service fund.

In fiscal year 2018, the District refunded \$12,435,000 of the 2007 refunded general obligation bonds. The bonds will be paid from the debt service fund.

In fiscal year 2021, the District refunded \$8,365,000 of the 2014A school improvement general obligation bonds and \$18,815,000 of the 2014B school improvement general obligation bonds. The bonds are payable semi-annually on June 1 and December 1 of each year with the first payment being on December 1, 2021. These bonds will be paid from the bond retirement fund.

*Energy Conservation Bonds*

In fiscal year 2012, the District issued \$3,015,000 in School Energy Conservation Improvement Bonds - Qualified School Construction Bonds (Series 2011B). The 2011B Series bonds have interest payments due on June 1 and December 1 of each year with the first interest payment due on June 1, 2012. The final interest payment as well as the principal payment is due on December 1, 2025. These bonds are paid from the general fund.

*Financed Purchases*

In fiscal year 2006, the District issued \$3,740,000 in Certificates of Participation (COPS). The COPS were issued for the purpose of constructing new school buildings and related facilities, renovating and constructing additions to existing school buildings and facilities, furnishing those buildings, landscaping and improving the sites and acquiring land and interests necessary. These COPS were refinanced at an amount of \$3,401,000 with a final maturity date of June 1, 2031. These are paid from the general fund.

During fiscal year 2019, the District entered into a finance purchase agreement for the construction/improvement of the central office/district event center. The finance purchase agreement provided for cash payments which were recorded as an other financing source. Future expenditures will be recorded in the general fund.

During fiscal year 2022, the District entered into a lease-to-purchase agreement for the purchase of 16 school buses. The lease agreement calls for four payments of \$368,052. The first payment was made during fiscal year 2022, and the expenditures will be recorded in the permanent improvement capital projects fund.

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During fiscal year 2023, the District entered into a lease-to-purchase agreement for the purchase of a new roof, paving projects, field turf, and stadium bleachers. The lease agreement calls for payments on June 1<sup>st</sup> and December 1<sup>st</sup> with the final payment on December 1, 2037. Expenditures will be recorded in the permanent improvement capital projects fund.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2023, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$4,859,502	\$1,558,457	\$6,417,959
2025	4,649,646	1,428,483	6,078,129
2026	4,471,000	1,286,750	5,757,750
2027	3,249,000	1,023,272	4,272,272
2028	3,374,000	888,701	4,262,701
2029-2033	9,951,000	2,833,546	12,784,544
2034-2038	5,144,000	1,635,193	6,779,193
2039-2043	3,295,000	996,825	4,291,825
2044-2048	3,030,000	514,800	3,544,800
2049-2053	1,945,000	88,575	2,033,575
Total	<u>\$43,968,148</u>	<u>\$12,254,602</u>	<u>\$56,222,746</u>

In prior years, the School District entered into a financed purchase agreement for construction, improvement, and renovations to the School District buildings. During 2022, the school district entered into a financed purchase agreement for the purchase of sixteen school buses. During 2023, the school district entered into a financed purchase agreement for the purchase of a new roof, paving project, field turf, and stadium bleachers. These agreements met the criteria of a financed purchase which is defined as a financed purchase which transfers ownership to the lessee. Principal payments made during fiscal year 2023 totaled \$594,388.

The agreement provides for minimum annual financed purchase payments as follows:

Fiscal Year Ending June 30,	Total Payments
2024	\$1,138,374
2025	1,097,354
2026	732,422
2027	729,047
2028	731,178
2029-2033	3,645,849
2034-2038	2,303,618
Total	<u>10,377,842</u>
Less: Amount Representing Interest	<u>(1,792,694)</u>
Present Value of Net Minimum Lease Payments	<u>\$8,585,148</u>



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**Note 10 – Jointly Governed Organizations and Insurance Purchasing Pool**

**Jointly Governed Organizations**

*Southwest Ohio Computer Association*

The District is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Butler, Warren, and Preble Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SWOCA consists of one representative from each district plus one representative from the fiscal agent. The District paid SWOCA \$227,905 for services provided during the fiscal year. Financial information can be obtained from Todd Yohey, Executive Director of SWOCA at 3607 Hamilton-Middletown Road, Hamilton, Ohio 45011.

*Southwestern Ohio Educational Purchasing Council*

The Southwestern Ohio Educational Purchasing Council (SWEPC) is a purchasing cooperative made up of over 126 public school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SWEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SWEPC is held in trust for the member districts. Any district withdrawing from the SWEPC shall forfeit its claim to any and all SWEPC assets. One-year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Dr., Suite 208, Vandalia, OH 45377.

*Warren County Career Center*

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

**Insurance Purchasing Pool**

*Ohio SchoolComp Group Retro Program*

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

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**Note 11 – Fund Balance**

Fund balance is classified as restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General	Debt Service Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental
<b>Restricted for:</b>					
Debt Retirement	\$0	\$9,421,830	\$0	\$0	\$9,421,830
Permanent Improvements	0	0	3,743,174	0	3,743,174
Building Projects	0	0	0	374,437	374,437
Classroom Facilities Project	0	0	0	896,575	896,575
Energy Conservation Projects	0	0	0	0	0
Food Service	0	0	0	881,712	881,712
Scholarship	0	0	0	273,715	273,715
Miscellaneous Local Grants	0	0	0	13,287	13,287
Classroom Facilities Maintenance	0	0	0	773,747	773,747
Student Activities	0	0	0	172,610	172,610
Athletic Activities	0	0	0	117,194	117,194
Auxiliary Services	0	0	0	227,428	227,428
Data Connectivity	0	0	0	13,500	13,500
Making Middle Grades Work	0	0	0	0	0
Student Wellness and Success Funds	0	0	0	213,125	213,125
Miscellaneous State Grants	0	0	0	55,611	55,611
ESSER Funds	0	0	0	0	0
Special Education (IDEA, Part B)	0	0	0	0	0
Miscellaneous Federal Grants	0	0	0	258,757	258,757
<b>Total Restricted</b>	<b>0</b>	<b>9,421,830</b>	<b>3,743,174</b>	<b>4,271,698</b>	<b>17,436,702</b>
<b>Committed for:</b>					
Athletic Stadium Improvements	0	0	2,594,313	0	2,594,313
<b>Total Committed</b>	<b>0</b>	<b>0</b>	<b>2,594,313</b>	<b>0</b>	<b>2,594,313</b>
<b>Assigned for:</b>					
School Supplies	73,243	0	0	0	73,243
Public School Support	115,141	0	0	0	115,141
Educational Activities	537,118	0	0	0	537,118
<b>Total Assigned</b>	<b>725,502</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>725,502</b>
<b>Unassigned</b>	<b>24,897,912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,897,912</b>
<b>Total Fund Balance</b>	<b>\$25,623,414</b>	<b>\$9,421,830</b>	<b>\$6,337,487</b>	<b>\$4,271,698</b>	<b>\$45,654,429</b>

**Note 12 – Set Aside Calculation**

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

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

**Lebanon City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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	<u>Capital Improvements</u>
Set-aside Reserve Balance as of June 30, 2022	\$0
Current Year Set-aside Requirement	1,137,399
Qualifying Disbursements	0
Current Year Offsets	<u>(1,137,399)</u>
Total	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2023	<u>\$0</u>

The District had offsets during the fiscal year that reduced the capital improvements amount below zero. This negative amount may not be carried forward to offset the set-aside requirement for the next fiscal year.

**Note 13 – Interfund Transfers**

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Fund:		
General Fund	\$29,580	\$29,018
Nonmajor Funds:		
Other Governmental	<u>213,158</u>	<u>213,720</u>
Total All Funds	<u>\$242,738</u>	<u>\$242,738</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The transfers out of the tournaments fund were to cover the costs of the OHSAA sponsored tournaments that were paid out of the athletics fund. The transfers out of the title II-A fund were to cover the costs of grants that were paid out of the title I fund.

**Note 14 – Contingencies**

**Grants**

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2023, if applicable, cannot be determined at this time.

**Litigation**

The District was not a party to any legal proceedings at June 30, 2023.

**Lebanon City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Note 15 – Tax Abatements Entered Into By Other Governments**

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) program with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, the City of Lebanon has entered into such an agreement. Under this agreement, the latest information available has the District’s property taxes reduced by approximately \$262,214. The District is receiving \$83,571 from this other government in association with the forgone property tax revenue.

**Note 16 – COVID 19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**Note 17 – Implementation of New Accounting Principles**

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 91, Conduit Debt Obligations; GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs); and portions of GASB Statement No. 99, Omnibus 2022.

GASB Statement No. 91 clarifies the definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 94 primary objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or

**Lebanon City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 addresses a variety of topics and includes clarification of provisions related to accounting and reporting of leases under GASB Statement No. 87, provides extension of the period which the London Interbank Offered Rate is considered appropriate benchmark interest rate, guidance on disclosure of nonmonetary transaction, accounting for pledges of future revenues when resources are not received by the pledging government under GASB Statement No. 48, and terminology updates related to certain provisions of GASB Statement No. 63 and No. 53. These topics under GASB Statement No. 99 provisions were implemented and did not have an effect on the financial statements of the School District.

Other topics in GASB Statement No. 99 includes classification of other derivative instruments within the scope of GASB Statement No. 53, clarification of provisions related to accounting and reporting of Public-Private and Public-Public Partnerships under GASB Statement No. 94, and clarification of provisions to accounting and reporting of subscription-based information technology arrangements under GASB Statement No. 96. These topics are effective for future fiscal years and have not been implemented by of the School District.

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**LEBANON CITY SCHOOL DISTRICT  
WARREN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
<i>Non-Cash Assistance (Food Distribution)</i>			
National School Lunch Program	10.555	3L60	102,039
<i>Cash Assistance</i>			
COVID-19 National School Lunch Program	10.555	3L60	137,079
National School Lunch Program	10.555	3L60	1,070,120
Total Lunch Program			<u>1,309,238</u>
School Breakfast Program	10.553	3L70	181,490
Total Breakfast Program			<u>181,490</u>
Total Child Nutrition Cluster			<u>1,490,728</u>
COVID-19 SNAP	10.649	3HF0	3,135
Total U.S. Department of Agriculture			<u>1,493,863</u>
<b>FEDERAL COMMUNICATIONS COMMISSION</b>			
<i>Direct Award</i>			
Emergency Connectivity Fund Program	32.009	N/A	74,025
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	3M00	<b>788,663</b>
Special Education Cluster:			
Special Education - Grants to States	84.027	3M20	1,371,660
COVID-19 Special Education - Grants to States	84.027	3M20	148,942
Total Special Education - Grants to States			<u>1,520,602</u>
Special Education - Preschool Grants	84.173	3C50	29,768
COVID-19 Special Education - Preschool Grants	84.173	3C50	4,385
Total Special Education - Preschool Grants			<u>34,153</u>
Total Special Education Cluster			<u>1,554,755</u>
English Language Acquisition State Grants	84.365	3Y70	<b>19,567</b>
Student Support & Academic Enrichment Program	84.424	3H10	<b>31,189</b>
Education Stabilization Funds	84.425D	3HS0	355,059
Education Stabilization Funds	84.425U	3HS0	2,174,505
Education Stabilization Funds	84.425W	3HS0	8,299
Total Education Stabilization Funds			<u>2,537,863</u>
Total U.S. Department of Education			<u>4,932,037</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through Ohio Facilities Construction Commission:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	5CV3	53,436
<b>Total Expenditures of Federal Awards</b>			<u><b>\$6,553,361</b></u>

*The accompanying notes are an integral part of this schedule.*

**LEBANON CITY SCHOOL DISTRICT  
WARREN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lebanon City School District (the District) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE E – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE F - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**NOTE G - TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2023, the District made allowable transfers of \$184,140 from the Title II-A Improving Teacher Quality (84.367) program to the Title I (84.010) program. The Schedule shows the District spent \$0 on the Title II-A Improving Teacher Quality program. The amounts reported for the Title II-A Improving Teacher Quality program on the Schedule exclude the amounts transferred to the Title I program. The amounts transferred to the Title I program are included as Title I expenditures when disbursed.



# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
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800-282-0370

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Lebanon City School District  
Warren County  
160 Miller Road  
Lebanon, OH 45036

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lebanon City School District, Warren County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 7, 2024, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-001.

***District's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and /or corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
May 7, 2024



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800-282-0370

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Lebanon City School District  
Warren County  
160 Miller Road  
Lebanon, OH 45036

To the Board of Education:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Lebanon City School District's, Warren County, (District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Lebanon City School District's major federal programs for the year ended June 30, 2023. Lebanon City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Lebanon City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Lebanon City School District  
Warren County  
Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control Over Compliance  
and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance  
Page 3

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
May 7, 2024

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**LEBANON CITY SCHOOL DISTRICT  
WARREN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2023**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Elementary and Secondary School Emergency Relief Funds Title I
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

**FINDING NUMBER 2023-001**

**Noncompliance**

**Ohio Rev. Code §117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**Ohio Admin. Code § 117-2-03(B)**, which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

**FINDING NUMBER 2023-001  
(Continued)**

The District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board, report on the modified cash basis of accounting, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

**Officials' Response:**

Refer to the Corrective Action Plan

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

**None.**





Office of the Treasurer  
 160 Miller Road  
 Lebanon, Ohio 45036  
 513.934.5790

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR § 200.511(b)

June 30, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Ohio Revised Code §117.38; Ohio Admin. Code §117-2-03(B) – requires the School District to file annual financial reports in accordance with GAAP	Not Corrected	The District intentionally chooses to not file annual financial reports in accordance with GAAP to avoid increased preparation and audit cost. This practice will be reviewed annually by the Community Audit Advisory Committee but may continue for future audits.

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Office of the Treasurer  
160 Miller Road  
Lebanon, Ohio 45036  
513.934.5790

## CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

June 30, 2023

Finding Number:	2023-001
Planned Corrective Action:	The District intentionally chooses to not file annual financial reports in accordance with GAAP to avoid increased preparation and audit cost. This practice will be reviewed annually by the Community Audit Advisory Committee but may continue for future audits.
Anticipated Completion Date:	No completion expected



# OHIO AUDITOR OF STATE KEITH FABER



**LEBANON CITY SCHOOL DISTRICT**

**WARREN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/23/2024**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)