



**Auditor of State  
Betty Montgomery**



**LANCASTER CITY SCHOOL DISTRICT  
FAIRFIELD COUNTY**

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**LANCASTER CITY SCHOOL DISTRICT  
FAIRFIELD COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	-	10.550	\$0	\$145,338	\$0	\$139,534
National School Breakfast Program	05PU - 02/03	10.553	90,186	0	90,186	0
National School Lunch Program	LLP1/P4 - 02/03	10.555	643,660	0	643,660	0
Total U.S. Department of Agriculture - Nutrition Cluster			<b>733,846</b>	<b>145,338</b>	<b>733,846</b>	<b>139,534</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education_Grants to States Program	6BSF - 02/03	84.027	699,739	0	560,808	0
Special Education_Preschool Grant Program	PGS1 - 02/03	84.173	19,061	0	13,609	0
Total Special Education Cluster			<b>718,800</b>	<b>0</b>	<b>574,417</b>	<b>0</b>
Adult Education_State Grant Program	ABS1 - 02/03	84.002	70,681	0	81,410	0
Title 1 Grants to Local Educational Agencies Program	C1S1 - 02/03	84.010	1,481,675	0	1,324,675	0
Vocational Education_Basic Grants to States Program	20C1 - 02/03	84.048	134,007	0	142,156	0
Safe and Drug-Free Schools and Communities State Grants Program	DRS1 - 02/03	84.186	43,352	0	44,231	0
Even Start_State Educational Agencies Program	EVS1 - 02/03	84.213	364,615	0	276,532	0
Goals 2000_State and Local Education Systematic Improvement Grant Program	G2SP - 01	84.276	0	0	1,914	0
Eisenhower Professional Development State Grants Program	MSS1 - 00/01/02	84.281	(17,324)	0	5,158	0
Innovative Education Program Strategies	C2S1 - 02/03	84.298	112,812	0	97,268	0
Education Technology State Grants Program	TJS1 - 03	84.318	35,937	0	15,012	0
Advanced Placement Program	AVS1 - 03	84.330	650	0	650	0
Comprehensive School Reform Demonstration Program	RFCC - 03	84.332	49,999	0	20,322	0
Reading Excellence Program	RNS1 - 00	84.338	0	0	29,766	0
Class Size Reduction Program	CRS1 - 02	84.340	26,322	0	24,791	0
School Renovation Grants Program	ATS3 - 02	84.352	989	0	0	0
Improving Teacher Quality Program	TRS1 - 03	84.367	328,171	0	188,580	0
Total U.S. Department of Education			<b>3,350,686</b>	<b>0</b>	<b>2,826,882</b>	<b>0</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Medical Assistance Program	-	93.778	195,762	0	195,762	0
Total U.S. Department of Health and Human Services			<b>195,762</b>	<b>0</b>	<b>195,762</b>	<b>0</b>
<b>Totals</b>			<b>\$4,280,294</b>	<b>\$145,338</b>	<b>\$3,756,490</b>	<b>\$139,534</b>

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

**LANCASTER CITY SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2003**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, the District had food commodities valued at \$61,054 in inventory.

**NOTE C - TRANSFERS BETWEEN GRANT YEARS**

During fiscal year 2003, the grant periods changed to agree with the fiscal year of school districts. The grant periods were changed from a 27 month period ending on September 30 to a 12 month period ending on June 30. Transfers were made between the 2002 and 2003 grant years for CFDA #84.010 in the amount of \$94,198 and for CFDA #84.298 in the amount of \$1,984.

**NOTE D - TRANSFERS BETWEEN GRANTS**

Grant CFDA #84.281 and #84.340 were eliminated due to the creation of CFDA #84.367. School districts were also permitted to request budget amendments to reallocate money from one federal program to another. The following transfers were made between CFDA's:

<u>From</u>	<u>To</u>	<u>Amount</u>
CFDA #84.281	CFDA #84.367	\$4,447
CFDA #84.367	CFDA #84.298	60,000

**NOTE E - REFUND OF GRANT MONEY**

Grant money was refunded for CFDA #84.281 to the Ohio Department of Education in the amount of \$12,877 due to the expiration of the period of availability.

**NOTE F - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditure of non-Federal matching funds is not included on the Schedule.



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Lancaster City School District  
Fairfield County  
111 South Broad Street  
Lancaster, Ohio 43130

To the Board of Education:

We have audited the basic financial statements of the Lancaster City School District, Fairfield County, Ohio, (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated February 13, 2004, wherein we noted the District adopted *Governmental Accounting Standards Board Statement No. 34* and the District changed the capitalization threshold for capital assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 13, 2004.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 13, 2004.

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Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
**Auditor of State**

February 13, 2004





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

Lancaster City School District  
Fairfield County  
111 South Broad Street  
Lancaster, Ohio 43130

To the Board of Education:

#### Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

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

#### Internal Control Over Compliance

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

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Lancaster City School District  
Fairfield County

Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program, Internal Control Over Compliance in Accordance With OMB Circular A-133 and Schedule of Federal Awards Receipts and Expenditures

Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 13, 2004.

We have audited the financial statements of the governmental activities, the discretely presented component unit, the major fund and the aggregate remaining fund information of Lancaster City School District, Fairfield County, Ohio, (the District), as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 13, 2004, which noted the District implemented Governmental Accounting Standards Board Statement 34, and changed its capitalization threshold. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

February 13, 2004

**LANCASTER CITY SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
JUNE 30, 2003**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title 1_Grants to Local Educational Agencies Programs - CFDA #84.010 Even Start_State Educational Agencies Program - CFDA #84.213 Improving Teach Quality Program - CFDA #84.367 Medical Assistance Program - CFDA #93.778
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

**LANCASTER CITY SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
JUNE 30, 2003  
(Continued)**

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

**Finding Number 2003-001**

**Appropriations Exceeding Estimated Resources**

Ohio Rev. Code Section 5705.39 states in part that total appropriations from each fund shall not exceed the total of the estimated revenue for expenditures as certified by the budget commission.

At December 31, 2002 and June 30, 2003, the District had appropriations exceeding estimated resources in the following funds:

<u>Fund</u>	<u>Total Estimated Resources</u>	<u>Total Appropriations</u>	<u>Variance</u>
<b>At December 31, 2002</b>			
Public School Support (018)	\$203,327	\$212,186	(\$8,859)
Auxiliary Services (401)	688,990	947,594	(258,604)
Adult Basic Education (501)	100,000	156,751	(56,751)
Title VI-B (516)	319,988	691,088	(371,100)
Vocational Education (524)	40,000	154,193	(114,193)
Title 1 (572)	1,548,523	2,190,815	(642,292)
Title VI (573)	50,000	112,893	(62,893)
Drug Free Grant (584)	31,073	50,547	(19,474)
Improving Teacher Quality (590)	200,100	354,643	154,543
<b>At June 30, 2003</b>			
Public School Support (018)	224,535	225,548	(1,013)
Safe Schools Hot Line (499)	36,691	41,795	(5,104)
Adult Basic Education (501)	159,564	168,757	(9,193)
Vocational Education (524)	145,995	154,194	(8,199)
Chapter 1 (572)	2,055,013	2,357,591	(302,578)
Title VI (573)	114,797	114,876	(79)
Self Insurance (024)	5,874,750	7,260,128	(1,358,378)

Failure to limit appropriations by estimated resources could result in the District spending more money than is actually available. In addition, failure to update estimated resources based on actual activity does not allow the District to appropriate any additional resources received in excess of original projections.

When approving appropriations, the Board should ensure appropriation amounts are within the certified available resources for each fund.

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

None.

**LANCASTER CITY SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 §.315 (b)  
JUNE 30, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2002-001	Revised Code 5705.39, appropriations exceeding estimated revenues	No	Repeated as finding 2003-001.
2002-002	Revised Code 5705.41(B), expenditures exceeding appropriations	Partially corrected	Repeated in management letter.
2002-003	Revised Code 5705.10, negative fund balances	Partially corrected	Repeated in management letter.
2002-004	Monthly bank reconciliations are complete and accurate	Yes	N/A
2002-005	Review self insurance to eliminate accumulated deficit	Partially corrected – deficit was reduced	Modified for FY 2003 and included in management letter.
2002-006	Student activities to maintain supporting documentation	Yes	N/A

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# **Lancaster City School District, Ohio**



## **Comprehensive Annual Financial Report (CAFR)**

**For the Fiscal Year Ended June 30, 2003**

**“A Community Focused on Student Achievement”**





Lancaster City School District, Ohio

Comprehensive Annual Financial Report  
(CAFR)



For the Fiscal Year Ended June 30, 2003  
Issued By: Treasurer's Office  
Scott D. Osborne, Treasurer/CFO

**LANCASTER CITY SCHOOL DISTRICT, OHIO**  
*COMPREHENSIVE ANNUAL FINANCIAL REPORT*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2003*  
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**LANCASTER CITY SCHOOL DISTRICT, OHIO**  
*COMPREHENSIVE ANNUAL FINANCIAL REPORT*  
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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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# **Introductory Section**



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# LANCASTER CITY SCHOOLS

Education Service Center

111 South Broad Street

Lancaster, Ohio 43130-4376

Telephone 740-687-7300 Fax 740-687-7303

Dora Jean Bumgarner  
Interim Superintendent  
Scott D. Osborne  
Treasurer

**BOARD MEMBERS**  
Patti R. Moore-President  
Gary A. Mauller-Vice President  
Pam Barnett  
Rosemary Hajost  
Charlie Smith

February 13, 2004

Board of Education Members and Citizens  
Lancaster City School District

## **CITIZENS OF LANCASTER CITY SCHOOL DISTRICT, OHIO**

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Lancaster City School District. This CAFR includes an opinion from the State Auditor and conforms to Generally Accepted Accounting Principles (GAAP) as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District.

## **EXPLANATION OF CAFR SECTIONS**

This report will provide the taxpayers of Lancaster City School District with comprehensive financial data in a format that enables them to gain a clearer understanding of the School District's finances. Copies will be made available to the Fairfield County Public Library, major taxpayers, financial rating services, and other interested parties. We are proud to be one of the first school districts in Fairfield County to issue a CAFR and intend to continue financial reporting improvements based on management experience and reader input. Comments on the report are respectfully requested.

The comprehensive annual financial report is presented in three sections as follows:

1. The Introductory Section includes this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, the School District's organization chart, and a list of principal officials.
2. The Financial Section begins with the Independent Accountants' Report and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements for nonmajor funds, and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section presents selected social and economic data, financial trends, and the fiscal capacity of Lancaster City School District.

## **THE SCHOOL DISTRICT AND SERVICES PROVIDED**

Lancaster City School District is located in the residential-commercial community of Lancaster, the county seat of Fairfield County, which is approximately thirty miles south of Columbus.

Lancaster was founded November 10, 1800, by Colonel Ebenezer Zane, a trail blazer who, in 1797, laid out "Zane's Trace," a trail through Ohio which stretches from Wheeling, West Virginia, to Limestone, Kentucky. His sons, Noah and John, laid out the original town from Pearl Street on the east to Front Street (now Memorial Drive) on the west and included Chestnut, Main, Wheeling, and Mulberry Streets running east and west between Pearl and Front Streets. The town was named New Lancaster at the request of the early German settlers from Lancaster, Pennsylvania, but was shortened to Lancaster in 1805.

General William Tecumseh Sherman was born in Lancaster, and his home on downtown Main Street is maintained by the State of Ohio as a Civil War Museum. Thomas Ewing, born in Lancaster in 1789, was one of the first graduates of Ohio University and later became a lawyer, a United States Senator, Secretary of the Treasury, and an advisor to President Lincoln.

Lancaster is home to the annual Lancaster Festival and the Zane Square Festival as well as the Heritage Tour, an annual tour of the beautiful and historic buildings and homes in Lancaster.

The Lancaster City School District was organized in the mid 1850's and continues to operate in the picturesque and historical setting of the Lancaster area. Over the years, in order to meet the needs of a growing community, the School District has expanded many times, and particularly in the mid 1950's and 1960's undertook initiatives to construct several new buildings as well as to modernize and enlarge several current buildings. The School District is now comprised of a modern high school (serving about 1200 students in grades 10-12) which houses an extensive physical education complex, a freshman school, two junior high schools (serving grades 7-8) appropriately named General Sherman Junior High and Thomas Ewing Junior High, and nine elementary schools. To date, the citizens of Lancaster have an investment of \$7,452,841 less depreciation in School District land, buildings, furniture and equipment, and vehicles.

Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide education services authorized by charter, and further mandated by State and Federal agencies. The School District operates under a locally elected Board of Education which consists of five members. The Board controls the School District's thirteen instructional support facilities staffed by 268 non-certified employees, 430 certificated personnel, and 33 administrative employees who provide services to 6,197 students.

The School District provides a wide range of educational and support services as mandated by State statute or public desires. These include regular and vocational instruction, special instructional programs, student guidance services, extracurricular activities, and food service operations.



## THE REPORTING ENTITY

The School District's reporting entity is comprised of the primary government and other organizations which are included to ensure that the financial statements are not misleading. The reporting entity has been defined in accordance with the principles established by the Governmental Accounting Standards Board (GASB) in Statement Number 14, "The Financial Reporting Entity".

Component units are legally separate organizations for which the School District is financially accountable. Financial accountability exists if the School District appoints a voting majority of the component unit's governing board and (1) the School District is able to significantly influence the programs or services performed or provided; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated in some manner to finance the deficits of, or provide financial support to the organization, or the School District is obligated for the debt of the organization. The Component Unit column of the financial statements presents the activity of the Lancaster Digital Academy.

The School District participates in the following jointly governed organizations: Metropolitan Educational Council, Fairfield County Council for Educational Collaboration, Coalition of Rural and Appalachian Schools, Central Ohio Special Education Regional Resource Center, Fairfield County Family, Adult, and Children First Council, Teenage Pregnancy Program Board, the Fairfield County Multi-System Youth Committee, and the School Study Council of Ohio. Disclosure of the jointly governed organizations is presented in Note 19 to the Basic Financial Statements.

The School District takes part in the Ohio School Boards Association Workers' Compensation Group Rating Plan and the Ohio School Plan which are considered insurance purchasing pools. Information pertaining to these pools is presented in Note 20 to the Basic Financial Statements.

## ECONOMIC CONDITION AND OUTLOOK

Located in the south-central portion of the State, Lancaster, and Fairfield County of which it is a part, borders or buffers the urban expansion of Columbus (the capital city of Ohio) and the picturesque beauty of southeastern Ohio with its scenic attractions and rolling hills.

Lancaster has remained relatively stable for a number of years in population, but has changed more significantly within the past decade. In the 2000 census, the Lancaster community showed a population of 35,335 which is up from the 1990 census of 34,507. However, there are signs of increased growth activity, which if fully realized, could have a significant impact on the School District.

Signs of increased economical and numerical growth:

1. Development Construction for the U.S.Route 33 Lancaster Bypass to carry through US 33 traffic around the city continued in 2003. This "interstate look alike" highway with a divided four lane cross-section in limited access right-of-way will lesson traffic on Memorial Drive. This should attract consumers to shop at numerous businesses along this corridor, and attract new businesses to the corridor.

Single residence housing activity remained strong in all parts of the City. River Valley Highlands, a joint Dominion Homes and Rockford Homes project, further expanded in 2003. Infrastructure was added in the sections already approved. Final plat approval was granted to Section 11, Phase 1 and 2. These plats will create an additional 72 lots.

An existing subdivision expanded and new developments were proposed on the City's west side. Construction of streets and utilities were being completed for the second phase of Hunters Trace Part V, while plats and construction drawings were approved for the 13 single-residence lot Hunter Trace Part VI. Hunter Trace is off of US 22 on the far west side. Along West Fair Avenue, two developments were proposed for large undeveloped tracts in the City. A developer submitted sketch plats to develop 338 single-residence lots in the Collins Farm Subdivision at the northwest corner of Ety Road. The developer is addressing issues raised by the Planning Commission at year's end. Further west, the developer of the Connor Subdivision was amending the preliminary plat to proceed to a final plat. It will create 153 single-residence lots.

Activity involving smaller subdivisions was strong in other parts of the City. On the north side, streets and utilities were in to support 15 lots in the Sheridan Rainbow #11 Subdivision, and a preliminary plat was filed for Sheridan Rainbow #12. Nearby, a new developer has submitted a sketch plat to develop the remainder of the Independence Commons Master Plan Area as Brentwood Estates. Independence Commons development began in the mid-1970's, but stalled in the mid-1980's. On the east side of the City, a sketch plat for Noland Estates for 20 single-residence lots near the junction of East Main Street and Marietta Road had been reviewed.

Condominium home construction entered the City strongly during the past year. Two developments were under construction at year's end, while another development was preparing preliminary site development plans. The Villas at Sherman's Bluff on newly annexed territory along north SR 37 will add 104 units in two phases. Stonington Village at the northeast corner of Wheeling Road and Pleasantville Road will add 44 units. The proposed Wesley Hills development along the west side of Pleasantville Road north of Wheeling Road will create 58 units. Wesley Hills is a mixed housing development that will also include elderly housing and conventional apartments under current plans. Plans for Ruble Hills, an 86-unit condominium and a 120 single-residence subdivision along Whiley Road were in the preliminary stages for construction in early 2003.

2. Commercial Interest in the US Route 33 Northwest, North Memorial Drive, corridor remained strong in 2003. A developer was working with two national restaurant chains to develop. A national home improvement center is considering redeveloping property along Ety Road. The outlook for 2004 is excellent for further developments.
3. Industrial Road improvements associated with the Lancaster Bypass will also enhance access to an industrial area of the City. Work on the interchange at SR 188 will result in the realignment of Delmont Road with that of a new stub street running north from SR 188 into the Rock Mill Corporate Park property. These improvements to Rock Mill Corporate Park should enhance the accessibility to the City's far west side industrial park, and thus spur interest for businesses to locate there. The City has aided the park's developer, the non-profit Lancaster Area Community Improvement Corporation (CIC) in developing the park since Anchor Hocking donated the park's land to CIC. CIC has worked with City leaders to attract new businesses and jobs to the park. The Economic Development Department of the City has reported greater interest in the Rock Mill properties since construction of the Bypass began.

The School District worked in cooperation with the City, County, and Anchor-Hocking to develop a tax-abatement plan so that Anchor-Hocking would remain in Lancaster for the foreseeable future. This has allowed Anchor-Hocking to reinvest \$30 million in its plant located on the City's west side, thus allowing for the continuation of about 1,200 jobs.

4. An Air of Expectancy There continues to be an “air” of expectancy among the community in Lancaster. The growth in housing, in commerce, in industry, in hospital/nursing homes, and in the schools has (in a sense) awakened the community to change.

The School District The economics of the School District at the beginning of the fiscal 2002-2003 school year continued to improve. With slightly increased funding from the State and with the additional funds provided by the community, the School District has been able to provide additional opportunities. Later in the 2002-2003 school year, the State cut funding to the District by \$306,000, due to State revenue shortfalls. Even with those factors, the School District was still able to do the following:

1. Replace needed textbooks and instructional materials. We are making good progress in working with staff to replace textbooks in every instructional area within the next five years.
2. Continue our development of computer technology (equipment plus training of staff).
3. Continue our renovation projects within the buildings (replacement of roofs, windows, etc. where needed) and to continue to work on our communication systems (telephones, master clocks, and public address systems).

Economically, we are still counting on the re-structuring of the State of Ohio school financing structure so we will receive more funds from that source...as indicated by the Ohio State Supreme Court.

Summary While there are challenges in the operation of a community and in its schools, there are also some advantages. There is a spirit of cooperation between the City, the County, the schools, and the Ohio University branch to improve the quality of life in Lancaster. Other advantages are the location of Lancaster, favorable taxation rates, excellent city services, an excellent public school system, and the optimism of its leaders and its citizens.

## **MAJOR INITIATIVES**

### Current Year

The setting and reaching of either individual or “corporate” goals is a common method of striving for excellence in the Lancaster City School District and occurs in all areas of our school community.

There has been a significant thrust within the last few years to restructure our curricular programs, to replace all of our textbooks, to bring the School District into the computer age with large portions of the appropriations going to new computer equipment and to the training of staff, and to acknowledge and prepare for the growth that is coming to the School District. This past year we saw continuations within all of those areas.

There were a number of specific initiatives and accomplishments made during the fiscal year ended June 30, 2003. Some of those were as follows:

1. In our continuing effort to restructure our curricular programs:
  - The District established the Lancaster Digital Academy and has provided on-line classroom instruction to 53 students.
  - Initiated all elementary teachers to utilize differentiated instruction in their regular classrooms.

- Implemented electronic progress reports, eliminating some paperwork for teachers.
  - The new art textbooks and materials adopted last year are in place in all elementary schools.
  - A Balanced Literacy initiative has been implemented this year in the elementary schools. It has helped our proficiency scores. We are now refining the program to make it more efficient.
2. The School District has developed, and will continue developing, procedures to enhance our public relations with the community.
  3. We have worked diligently this past year . . . involving professional staff, classified staff, parents, community, business leaders, consultants . . . to continue to implement the School Districts Strategic Plan.
  4. We have taken a number of steps to improve our beautiful athletic facilities . . . the most recent being the redevelopment of our baseball and softball fields.

Along with the major initiatives listed above, all teachers and administrators have set goals for their classrooms and buildings or departments. All of the goals, whether individual or district-wide, have one common purpose---excellence in education for the students of the Lancaster City School District.

## **FINANCIAL INFORMATION**

### **Accounting System and Budgetary Control**

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

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

The Board of Education adopts the annual budget for the School District in early January. All disbursements and transfers of cash between funds require appropriation authority from the Board. All purchase order requests must be approved by the Treasurer; necessary appropriations are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation are rejected until additional funds are secured. The School District's current accounting system provides interim financial reports which detail year-to-date expenditures and encumbrances versus appropriations and are available for review prior to authorizing additional purchases.

In addition to interim financial statements, each administrator is currently furnished with reports showing the status of the accounts for which they are responsible. The reports detail monthly revenue and expenditure transactions.

The basis of accounting and various funds the Lancaster City School District utilizes are fully described in Note 2 to the Basic Financial Statements. Additional information on the School District's budgetary accounting can also be found in Notes 2 and 5.

## Financial Condition

This is the first year the School District has prepared financial statements in accordance with GASB 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”. GASB 34 creates new basic financial statements for reporting on the School District’s financial activities as follows:

Government-wide financial statements. These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

Fund financial statements. These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statement of budgetary comparisons. This statement presents comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

As part of this new model, management is responsible for preparing a Management Discussion and Analysis of the School District. This discussion follows this letter of transmittal, providing an assessment of the School District finances for fiscal year 2003. Because that discussion focuses on the major fund, other nonmajor funds are discussed briefly in this letter.

Financial Highlights – Internal Service Fund. The internal service fund carried on the financial records relates to self-insurance. This fund accounts for the revenues and expenses related to the provision of medical and dental benefits to School District employees. The internal service fund had deficit net assets of \$1,139,417 at June 30, 2003, compared with deficit net assets of \$2,300,541 at June 30, 2002, reflecting a net increase of \$1,161,124. The deficit is due primarily to the School District having extremely high claim activity and the recognition of the claims liability within the fund. The School District is currently working to reduce the deficit and to establish a claims reserve. The School District has increased rates by 31 percent in fiscal year 2004.

Financial Highlights – Fiduciary Funds. The trust fund carried on the financial records of the School District is a private purpose trust fund that has net assets totaling \$39,124 at June 30, 2003.

## CASH MANAGEMENT

The School District operates a cash management program designed to provide safety, liquidity, and yield. Funds are invested or deposited in Ohio State Treasurer’s Investment Pool (STAR Ohio), daily repurchase agreements, federal securities, and demand deposit accounts. The total amount of interest earned for all funds was \$137,422 for the fiscal year ended June 30, 2003, \$134,252 being credited directly to the general fund. The cash management program is particularly successful because of access to daily balances which enables the School District to maintain minimum balance accounts and invest to the maximum extent.

A majority of the School District's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of the public funds on deposit. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions. The School District regularly reviews the market value of the pool to insure that adequate collateral is being provided.

## **PENSION PLANS**

All School District employees are covered by either of the state-wide systems, School Employees Retirement System of Ohio (SERS) or State Teachers Retirement System of Ohio (STRS). The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. The School District's contribution requirements for pension and health care benefits were \$3,414,034 paid as the employer portion to STRS and \$1,006,476 paid as the employer portion to SERS. See Note 12 and 13 to the Basic Financial Statements for complete details.

## **RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries; and natural disasters. The School District addressed these various types of risk by contracting with Selective Insurance Company of South Carolina and the Ohio School Plan for fleet, liability, and property and crime insurance.

General liability insurance is maintained in the amount of \$2,000,000 for each occurrence and \$5,000,000 in the aggregate. Other liability insurance includes \$2,000,000 for automotive liability with a \$500 deductible for collision and comprehensive, and \$1,000,000 for uninsured motorist liability with no deductible.

In addition, the School District maintains replacement cost insurance on buildings and contents in the amount of \$105,103,633 with a \$1,000 deductible. Inland marine is insured for \$5,308,881 with a \$1,000 deductible.

The School District also various other types of insurances which are listed in Note 10 to the Basic Financial Statements.

## **INDEPENDENT AUDIT**

State statute requires the School District to submit to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor Betty Montgomery, Auditor of State, rendered an opinion on the School District's financial statements for fiscal year 2003. Pursuant to statute, the State prescribed a uniform accounting system to standardize accounting classification and financial reporting for all governments in Ohio. The School District adopted and has been in conformance with that system beginning with its financial report for 1979.

## **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lancaster City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. Lancaster City School District has received a Certificate of Achievement for eleven years out of the last twelve years. The School District did not submit a CAFR for the fiscal year ended June 30, 1995. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

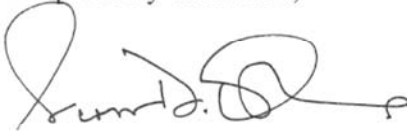
## **ACKNOWLEDGMENTS**

The publication of this report is a major step toward the commitment to professionalizing the financial reporting of the Lancaster City School District and significantly increases the accountability of the School District to the taxpayers.

The accomplishment of this report would not have been possible without the assistance, support, and efforts of the staff of the Treasurer's office, and various administrators and employees of the School District. A special thank you is extended to State Auditor Betty Montgomery's office for assistance in planning, designing, preparing, and reviewing this financial report.

Finally, sincere appreciation is extended to the Superintendent and to the Board of Education, where the commitment to excellence begins. Without their support this CAFR would not have been possible.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Scott D. Osborne", with a stylized flourish at the end.

Scott D. Osborne  
Treasurer/CFO  
Lancaster City School District

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lancaster City School  
District, Ohio

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

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

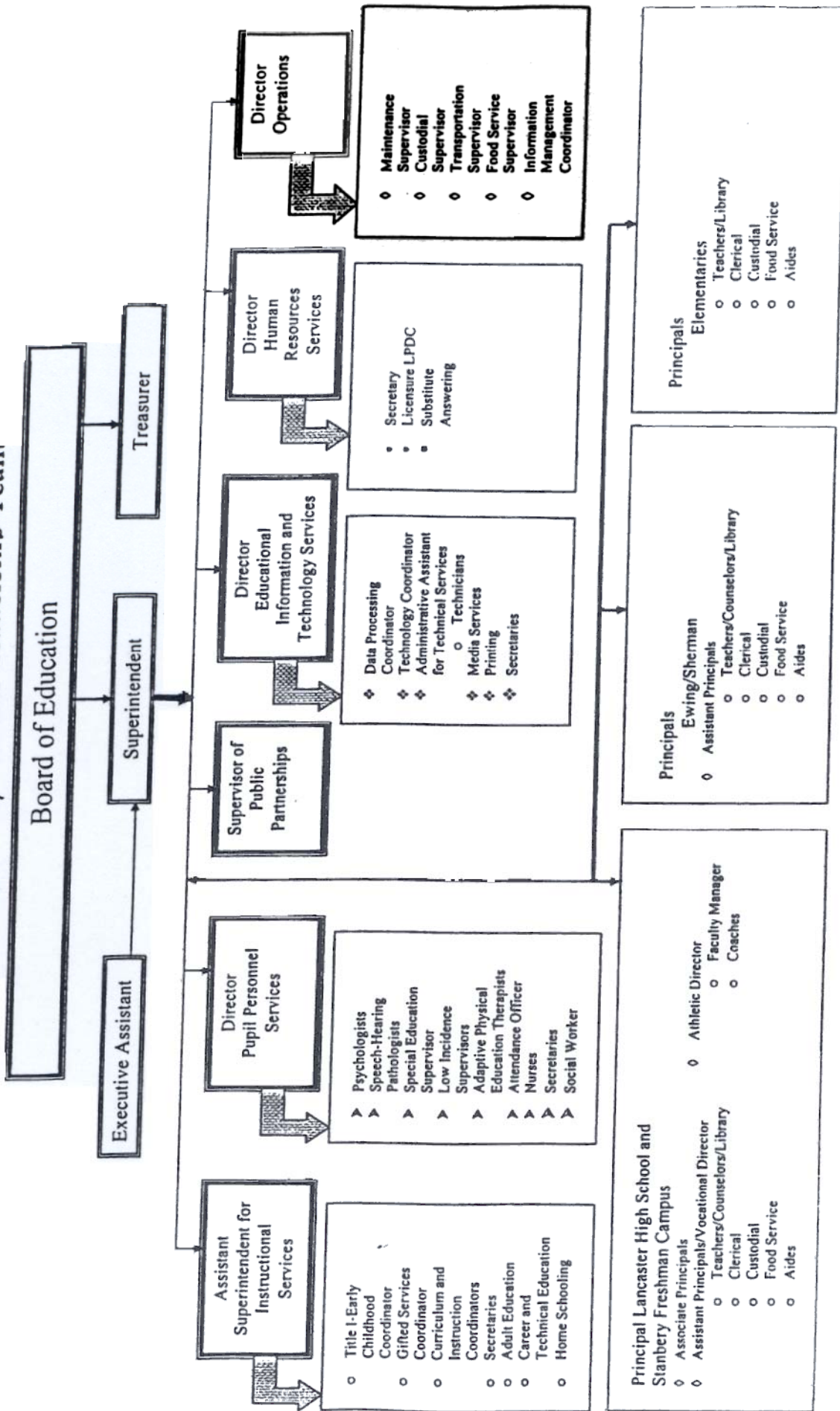


President

Executive Director



# Lancaster City Schools Leadership Team



**LANCASTER CITY SCHOOL DISTRICT, OHIO**

*ORGANIZATION CHART*

*(Continued)*

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<u>CENTRAL OFFICE ADMINISTRATORS</u>	<u>PRINCIPALS, ASSISTANT PRINCIPALS VOCATIONAL DIRECTOR</u>	<u>TREASURER</u>
-- Secretary -- Custodian	-- Teachers -- Guidance Counselors -- Librarians -- Tutors -- Secretaries -- Educational Assistants -- Custodians	-- Assistant Treasurer -- Payroll Clerk -- Account Clerk -- Secretary
<u>PUPIL PERSONNEL DIRECTOR</u>	<u>DIRECTORS, SUPERVISORS COORDINATORS</u>	<u>FOOD SERVICE SUPERVISOR</u>
-- School Psychologists -- Supervisors, Special Education -- Coordinators, Special Education -- Occupational Therapist -- Physical Therapist -- Adaptive Physical Education Teacher -- Nurses -- Secretaries -- Custodians	-- Secretary -- Custodian	--Managing Cooks -- Cooks -- Cashiers -- Secretary -- Account Clerk
<u>MAINTENANCE/CUSTODIAL SUPERVISOR</u>		<u>TRANSPORTATION SUPERVISOR</u>
-- Journeyman -- Maintenance II -- Maintenance I -- Secretary -- Security Personnel		-- Bus Driver -- Mechanic -- Wash Rack Attendant -- Secretary

**LANCASTER CITY SCHOOL DISTRICT, OHIO**

*PRINCIPAL OFFICIALS*

*JUNE 30, 2003*

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BOARD OF EDUCATION

Mr. Ron E. Burris . . . . . President  
Dr. Robin L. Rhodes . . . . . Vice President  
Mrs. Patti Moore . . . . . Member  
Mrs. Rosemary Hajost . . . . . Member  
Mr. Gary Mauller . . . . . Member

Treasurer

Scott D. Osborne

Administration

Mr. Thomas B. Maher . . . . . Superintendent  
Mrs. Linda Deeds . . . . . Assistant Superintendent, Curriculum/Instruction  
Mr. Rob Walker . . . . . Director of Human Resources  
Dr. Jacalyn R. Osborne . . . . . Director of Operations  
Mr. Steven Clippinger . . . . . Director of Educational Information and Technology  
Mr. Stanley Krulia . . . . . Director of Pupil Personnel

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# Financial Section



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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Lancaster City School District  
Fairfield County  
111 South Broad Street  
Lancaster, Ohio 43130

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of Lancaster City School District, Fairfield County, Ohio, (the District) as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of Lancaster City School District, Fairfield County, Ohio, as of June 30, 2003, and the respective changes in financial position and the cash flows, where applicable, and the budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

As also described in Note 3, the District increased the capitalization threshold of capital assets from five hundred dollars to five thousand dollars.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

35 N. Fourth St. / Second Floor / Columbus, OH 43215  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules and the statistical tables are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
**Auditor of State**

February 13, 2004



**Lancaster City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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As management of the Lancaster City School District (the School District), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the Lancaster City School District for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with the financial statements and the notes to the financial statements.

### **Financial Highlights**

Key financial highlights for the fiscal year 2003 are as follows:

- Net assets of governmental activities decreased \$2,052,164.
- General revenues accounted for \$39,860,820 in revenue or 79 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$10,287,996 or 21 percent of total revenues of \$50,148,816.
- Total assets of governmental activities decreased \$232,867 or .57 percent, as the major changes are a result of a decrease in equity in pooled cash and cash equivalents of \$1,565,239 and an increase in capital assets of \$260,640 and an increase in taxes receivable of \$1,172,983. The decrease in cash and cash equivalents was due to the increase costs of day-to-day expenses (i.e. salaries, benefits, materials, and equipment). The School District has taken action to address this variance through the placement of a tax issue on the 2004 ballot.
- Total liabilities of governmental activities increased from \$32,940,911 to \$34,760,208. Long-term liabilities such as debt, compensated absences payable, and capital leases make up 12 percent of the total liabilities.
- The School District had \$52,200,980 in expenses related to governmental activities; only \$10,287,996 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$39,860,820, coupled with the School District's prior year carry-over cash balance, were sufficient to provide for these programs.
- The School District only has one major fund; the general fund. The general fund had \$42,140,681 in revenues and \$46,701,810 in expenditures. The general fund's balance decreased \$4,561,129.

### **Using this Annual Financial Report**

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

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

**Lancaster City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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***Reporting the School District as a Whole***

*Statement of Net Assets and Statement of Activities*

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

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

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

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

*Fund Financial Statements*

The analysis of the School District's major fund begins on page 8. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant fund. The School District's major governmental fund is the general fund.

***Governmental Funds*** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School 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. The relationship (or differences) between governmental activities (reported in the

Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Lancaster City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2003 compared to 2002.

	Table 1	
	Net Assets	
	Governmental Activities	
	2003	2002
<b>Assets</b>		
Current and Other Assets	\$33,297,809	\$33,791,316
Capital Assets	7,452,841	7,192,201
Total Assets	40,750,650	40,983,517
<b>Liabilities</b>		
Long-Term Liabilities	4,222,571	4,363,769
Other Liabilities	30,537,637	28,577,142
Total Liabilities	34,760,208	32,940,911
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	7,107,841	6,503,514
Restricted	1,313,484	1,452,760
Unrestricted	(2,430,883)	86,332
Total Net Assets	\$5,990,442	\$8,042,606

Total assets decreased \$232,867. The majority of the decrease in current and other assets was due to a decrease in equity in pooled cash and cash equivalents of \$1,565,239. Capital assets increased by \$260,640 and taxes receivable increased by \$1,172,983. The decrease in cash and cash equivalents was due to the increase costs of day-to-day expenses (i.e. salaries, benefits, materials, and equipment). The School District has taken action to address this variance through the placement of a tax issue on the 2004 ballot.

Total liabilities increased \$1,819,297. The majority of the increase was due to the \$272,570 increase of intergovernmental payable, \$374,190 increase of accrued salaries and benefits, and an increase of \$1,433,036 in deferred revenue.

The overall decrease in the long-term liabilities of \$141,198 is a result of the payment of the Energy Conservation Note of \$330,000, the payoff of a capital lease of \$13,687, and the net increase of \$202,489 in compensated absences payable. The increase in other liabilities is due to the increase in accrued salaries and benefits and intergovernmental payable is due to the increase in employees and salaries. The increase in deferred revenue is directly related to the increase in taxes receivable at June 30, 2003.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2003. Since this is the first year the School District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2002 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

**Lancaster City School District, Ohio**  
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Table 2  
Changes in Net Assets

	Governmental Activities 2003
<b>Revenues</b>	
Program Revenues	
Charges for Services	\$1,818,507
Operating Grants, Contributions, and Interest	8,339,322
Capital Grants and Contributions	130,167
Total Program Revenues	10,287,996
General Revenues	
Property Taxes	22,780,715
Grants and Entitlements	16,884,875
Investment Earnings	136,182
Miscellaneous	59,048
Total General Revenues	39,860,820
Total Revenues	\$50,148,816
<b>Program Expenses</b>	
Instruction	
Regular	20,367,452
Special	6,656,191
Vocational	2,595,702
Adult/Continuing	159,410
Support Services	
Pupil	2,898,958
Instructional Staff	3,579,711
Board of Education	65,509
Administration	4,466,070
Fiscal	1,059,217
Business	414,309
Operation and Maintenance of Plant	4,330,316
Pupil Transportation	1,637,916
Central	319,329
Operation of Non-Instructional Services:	
Food Service Operations	1,832,795
Other	890,972
Extracurricular Activities	909,644
Interest and Fiscal Charges	17,479
Total Expenses	52,200,980
Decrease in Net Assets	(\$2,052,164)

**Lancaster City School District, Ohio**  
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Over the past several years the School District has experienced a significant amount of growth. The School District is located in Fairfield County, and includes all of the City of Lancaster and parts of Greenfield, Pleasant, and Berne townships within Fairfield County. The total assessed values, upon which taxes are collected, increased by \$10,295,731 from fiscal year 2002 to fiscal year 2003.

In March 2003, the District received a reduction in State Foundation revenue in the amount of \$306,000 to be reduced through June 2003. Due to the State's financial condition, Lancaster City Schools future revenues from the State were reevaluated. After the March 2003 reduction was known, the District reduced its budget correspondingly by the same amount. For the District to maintain financial stability and continue to offer the same level of programs and services, we will need to gain approval of additional tax dollars through the passage of a tax levy.

The DeRolf III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decrease as the property valuation increases thus generating about the same revenue. Property taxes made up approximately 45 percent of revenues for governmental activities for the Lancaster City School District in fiscal year 2003.

Instruction comprises approximately 57 percent of governmental program expenses and support services make up approximately 36 percent of the program expenses of the School District.

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

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**Lancaster City School District, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

Table 3  
Governmental Activities

	Total Cost of Services	Net Cost of Services
	2003	2003
Program Expenses		
Instruction:		
Regular	\$ 20,367,452	\$19,295,113
Special	6,656,191	3,802,462
Vocational	2,595,702	1,992,217
Adult/Continuing	159,410	(25,640)
Support Services:		
Pupil	2,898,958	2,321,384
Instructional Staff	3,579,711	2,827,093
Board of Education	65,509	65,509
Administration	4,466,070	4,265,695
Fiscal	1,059,217	1,037,289
Business	414,309	414,303
Operation and Maintenance of Plant	4,330,316	4,277,327
Pupil Transportation	1,637,916	746,261
Central	319,329	246,535
Operation of Non-Instructional Services:		
Food Service Operations	1,832,795	(83,876)
Other	890,972	60,367
Extracurricular Activities	909,644	653,466
Interest and Fiscal Charges	17,479	17,479
Total	\$52,200,980	\$41,912,984

The above schedule clearly shows the dependence upon tax revenues and state subsidies for governmental activities. Only 21 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services, grants, contributions, and interest. The remaining 79 percent is provided through taxes and entitlements.

**The School District Funds**

The School District's major fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$49,239,947 and expenditures of \$53,746,276. To address the revenue and expenditure difference, the School District has approved the placement of a tax levy on the ballot on March 2, 2004. This will be done to increase revenues and delete the gap between revenue and expenditures. The School District has implement \$2.2 million in budgeted reductions effective August 1, 2003.

**Lancaster City School District, Ohio**  
*Management's Discussion and Analysis*  
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***General Fund Budgeting Highlights***

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

During the course of fiscal 2003, the School District amended its general fund budget, but not significantly. The School District closely monitors its resources and uses and if necessary, modifies the budgetary documents on a timely basis.

For the general fund, budget basis revenue was \$43,119,887, which was above original estimates of \$42,969,210. Of this \$150,677 difference, most was due to an increase of intergovernmental resources from the original budget.

The School District's ending unobligated cash balance was \$4,763,147.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2003, the School District had \$7,452,841 invested in land, buildings, furniture and equipment, vehicles, and construction in progress. Table 4 shows fiscal year 2003 balances compared to 2002.

Table 4  
 Capital Assets at June 30, 2003  
 (Net of Depreciation)

	Governmental Activities	
	2003	2002
Land	\$496,060	\$496,060
Land Improvements	704,912	249,020
Buildings and Improvements	3,687,827	3,695,924
Furniture and Equipment	1,465,810	1,637,092
Vehicles	1,098,232	917,908
Construction in Progress	0	196,197
Totals	\$7,452,841	\$7,192,201

During fiscal year 2003, the School District made land improvements, purchased various equipment, furniture, and vehicles. In addition, \$196,197 was removed from construction in progress and reallocated to land improvements, as the construction related to that asset was considered complete at June 30, 2003. See Note 9 for more detailed information of the School District's capital assets.

**Lancaster City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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**Debt**

At June 30, 2003, the School District had an energy conservation note of \$345,000 outstanding. Due to prudent spending and continuous monitoring of all revenues and expenditures, our bond rating is A.

Table 5  
 Outstanding Debt, at Fiscal Year End

	Governmental Activities 2003	Governmental Activities 2002
1993 Energy Conservation Note	\$345,000	\$675,000
Capital Leases	0	13,687
Totals	\$345,000	\$688,687

See Note 15 for more detailed information of the School District's debt.

**Economic Factors**

Lancaster City School District enacted \$2.2 million in budget cuts to be effective July 1, 2003. This budget reduction was necessary to maintain financial stability. The School District Board of Education approved these cuts in May, 2003 and will continue to monitor and evaluate the financial condition of the School District and make necessary adjustments when needed. However, the School District Board of Education has approved a 3.9 mill operating levy to be placed on the ballot March 2, 2004. As the preceding information shows, the School District depends on its property taxpayers. Based on the current financial situation, the ability to maintain current program and staffing levels, and the ability to pass a reasonable operating levy in the near future the School District should be able to maintain financial stability.

Based on these factors, the Board of Education and administration of the School District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the School District as well as careful planning to ensure that significant outlays may be made in the future to address our facility needs.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Scott D. Osborne, Treasurer/CFO, Lancaster Digital Academy, 111 South Broad Street, Lancaster, Ohio 43130. Or E-Mail at [S\\_OSBORNE@LANCASTER.K12.OH.US](mailto:S_OSBORNE@LANCASTER.K12.OH.US).



**Lancaster City School District, Ohio**

*Statement of Net Assets*

*June 30, 2003*

	Primary Government	Component Unit
	Governmental Activities	Lancaster Digital Academy
<b>Assets</b>		
Cash and Cash Equivalents	\$7,839,135	\$0
Cash and Cash Equivalents with Fiscal Agents	59,719	0
Cash and Cash Equivalents in Segregated Accounts	0	41,757
Restricted Assets:		
Cash and Cash Equivalents	0	15,436
Materials and Supplies Inventory	277,418	0
Inventory Held for Resale	74,037	0
Accounts Receivable	8,478	0
Accrued Interest Receivable	14,874	0
Due from Component Unit	3,000	0
Intergovernmental Receivable	385,514	15,000
Restricted Assets:		
Intergovernmental Receivable	0	105,000
Prepays	68,414	0
Property Taxes Receivable	24,567,220	0
Nondepreciable Capital Assets	496,060	0
Depreciable Capital Assets, Net	6,956,781	0
<i>Total Assets</i>	<u>40,750,650</u>	<u>177,193</u>
<b>Liabilities</b>		
Accounts Payable	528,171	0
Accrued Interest Payable	6,541	0
Accrued Salaries and Benefits Payable	4,690,146	0
Matured Sick Leave Benefit Payable	128,092	0
Contracts Payable	198,724	0
Retainage Payable	8,280	0
Claims Payable	922,297	0
Intergovernmental Payable	1,582,260	1,219
Payable from Restricted Assets:		
Intergovernmental Payable	0	1,736
Due to Primary Government	0	3,000
Deferred Revenue	22,473,126	1,794
Long-Term Liabilities:		
Due Within One Year	842,505	0
Due In More Than One Year	3,380,066	0
<i>Total Liabilities</i>	<u>34,760,208</u>	<u>7,749</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	7,107,841	0
Restricted for:		
Capital Projects	27,811	0
Other Purposes	1,285,673	115,700
Unrestricted (Deficit)	(2,430,883)	53,744
<i>Total Net Assets</i>	<u>\$5,990,442</u>	<u>\$169,444</u>

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2003

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<b>Governmental Activities</b>				
Instruction:				
Regular	\$20,367,452	\$291,527	\$767,732	\$13,080
Special	6,656,191	148,251	2,705,478	0
Vocational	2,595,702	38,652	549,981	14,852
Adult/Continuing	159,410	5,812	179,238	0
Support Services:				
Pupil	2,898,958	4,328	573,246	0
Instructional Staff	3,579,711	6,612	746,006	0
Board of Education	65,509	0	0	0
Administration	4,466,070	17,617	182,758	0
Fiscal	1,059,217	34	21,894	0
Business	414,309	6	0	0
Operation and Maintenance of Plant	4,330,316	48,097	4,892	0
Pupil Transportation	1,637,916	4,972	784,448	102,235
Central	319,329	14	72,780	0
Operation of Non-Instructional Services:				
Food Service Operations	1,832,795	981,339	935,332	0
Other	890,972	21,187	809,418	0
Extracurricular Activities	909,644	250,059	6,119	0
Interest and Fiscal Charges	17,479	0	0	0
<i>Total Primary Government</i>	<u>\$52,200,980</u>	<u>\$1,818,507</u>	<u>\$8,339,322</u>	<u>\$130,167</u>
<b>Component Unit</b>				
Lancaster Digital Academy	<u>\$99,677</u>	<u>\$0</u>	<u>\$88,685</u>	<u>\$0</u>

**General Revenues**

Property Taxes Levied for:

General Purposes

Debt Service

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

*Total General Revenues*

*Change in Net Assets*

*Net Assets Beginning of Year - Note 3*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	
Governmental Activities	Component Unit
(\$19,295,113)	\$0
(3,802,462)	0
(1,992,217)	0
25,640	0
(2,321,384)	0
(2,827,093)	0
(65,509)	0
(4,265,695)	0
(1,037,289)	0
(414,303)	0
(4,277,327)	0
(746,261)	0
(246,535)	0
83,876	0
(60,367)	0
(653,466)	0
(17,479)	0
(41,912,984)	0
0	(10,992)
22,443,608	0
337,107	0
16,884,875	180,436
136,182	0
59,048	0
39,860,820	180,436
(2,052,164)	169,444
8,042,606	0
\$5,990,442	\$169,444

**Lancaster City School District, Ohio**

*Balance Sheet  
Governmental Funds  
June 30, 2003*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$5,911,259	\$1,743,068	\$7,654,327
Receivables:			
Property Taxes	24,214,371	352,849	24,567,220
Accounts	4,253	3,275	7,528
Intergovernmental	142,359	243,155	385,514
Accrued interest	14,874	0	14,874
Interfund	42,230	255	42,485
Due from Component Unit	3,000	0	3,000
Prepays	485,702	45,309	531,011
Inventory Held for Resale	0	74,037	74,037
Materials and Supplies Inventory	264,519	12,899	277,418
<i>Total Assets</i>	<u>\$31,082,567</u>	<u>\$2,474,847</u>	<u>\$33,557,414</u>
<b>Liabilities</b>			
Accounts Payable	\$450,534	\$77,637	\$528,171
Contracts Payable	198,724	0	198,724
Retainage Payable	8,280	0	8,280
Accrued Salaries and Benefits Payable	4,222,854	467,292	4,690,146
Intergovernmental Payable	1,046,054	136,100	1,182,154
Matured Sick Leave Benefit Payable	128,092	0	128,092
Interfund Payable	255	42,230	42,485
Deferred Revenue	23,966,345	466,997	24,433,342
<i>Total Liabilities</i>	<u>30,021,138</u>	<u>1,190,256</u>	<u>31,211,394</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	545,414	159,304	704,718
Reserved for Property Taxes	322,111	4,763	326,874
Unreserved, Undesignated, Reported in:			
General Fund	193,904	0	193,904
Special Revenue Funds	0	1,092,823	1,092,823
Capital Projects Funds	0	27,701	27,701
<i>Total Fund Balances</i>	<u>1,061,429</u>	<u>1,284,591</u>	<u>2,346,020</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$31,082,567</u>	<u>\$2,474,847</u>	<u>\$33,557,414</u>

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2003*

<b>Total Governmental Fund Balances</b>	\$2,346,020
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,452,841
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	1,767,220
Accrued Interest	1,498
Tuition from Other Districts	72,587
Grants	118,911
	1,960,216
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	(1,139,417)
Intergovernmental payables includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(400,106)
Long-term liabilities, including bonds payable, and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:	
Energy Conversation Notes Payable	(345,000)
Accrued Interest Payable	(6,541)
Compensated Absences Payable	(3,877,571)
	(4,229,112)
Net Assets of Governmental Activities	\$5,990,442

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2003*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$21,667,066	\$337,107	\$22,004,173
Intergovernmental	19,839,622	5,391,437	25,231,059
Interest	134,252	2,608	136,860
Tuition and Fees	390,800	25,891	416,691
Charges for Services	0	981,339	981,339
Rent	39,950	1,115	41,065
Extracurricular Activities	13,547	333,541	347,088
Gifts and Donations	0	22,624	22,624
Miscellaneous	55,444	3,604	59,048
<i>Total Revenues</i>	<u>42,140,681</u>	<u>7,099,266</u>	<u>49,239,947</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	19,843,457	563,491	20,406,948
Special	5,419,513	1,319,796	6,739,309
Vocational	2,551,427	68,229	2,619,656
Adult/Continuing	58,577	100,833	159,410
Support Services:			
Pupils	2,394,238	529,708	2,923,946
Instructional Staff	2,994,254	679,756	3,674,010
Board of Education	65,570	0	65,570
Administration	4,344,979	165,250	4,510,229
Fiscal	1,071,964	19,615	1,091,579
Business	417,654	6	417,660
Operation and Maintenance of Plant	4,891,872	7,506	4,899,378
Pupil Transportation	1,874,916	0	1,874,916
Central	221,016	90,833	311,849
Operation of Non-Instructional Services:			
Food Service Operations	0	1,836,175	1,836,175
Other Non-Instructional Services	0	891,124	891,124
Extracurricular Activities	538,227	323,319	861,546
Capital Outlay	0	95,620	95,620
Debt Service:			
Principal Retirement	13,687	330,000	343,687
Interest and Fiscal Charges	459	23,205	23,664
<i>Total Expenditures</i>	<u>46,701,810</u>	<u>7,044,466</u>	<u>53,746,276</u>
<i>Net Change in Fund Balances</i>	(4,561,129)	54,800	(4,506,329)
<i>Fund Balances Beginning of Year</i>			
<i>(Restated Note 3)</i>	<u>5,622,558</u>	<u>1,229,791</u>	<u>6,852,349</u>
<i>Fund Balances End of Year</i>	<u>\$1,061,429</u>	<u>\$1,284,591</u>	<u>\$2,346,020</u>

See accompanying notes to the basic financial statements

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>		(\$4,506,329)
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	1,037,715	
Depreciation Expense	(777,075)	260,640
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Interest	1,498	
Grants	98,505	
Delinquent Taxes	776,542	
Tuition from Other School Districts	32,324	908,869
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		343,687
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
		6,185
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Intergovernmental Payable	(23,851)	
Compensated Absences Payable	(202,489)	(226,340)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		1,161,124
<i>Change in Net Assets of Governmental Activities</i>		<i>(\$2,052,164)</i>
See accompanying notes to the basic financial statements		

**Lancaster City School District, Ohio**  
*Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**General Fund**  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$22,773,559	\$22,687,563	\$22,687,563	\$0
Intergovernmental	19,395,651	20,923,666	19,797,330	(1,126,336)
Interest	406,000	406,000	117,041	(288,959)
Tuition and Fees	197,500	217,900	406,821	188,921
Rent	47,000	47,000	42,913	(4,087)
Extracurricular Activities	108,500	107,500	13,547	(93,953)
Gifts and Donations	2,000	2,000	0	(2,000)
Miscellaneous	39,000	43,300	54,672	11,372
<i>Total Revenues</i>	42,969,210	44,434,929	43,119,887	(1,315,042)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	18,730,023	18,955,024	18,900,311	54,713
Special	5,047,115	5,353,667	5,353,177	490
Vocational	2,525,590	2,613,369	2,497,298	116,071
Adult/Continuing	80,005	81,542	58,924	22,618
Other	930,711	1,097,665	1,097,665	0
Support Services:				
Pupils	2,234,534	2,434,447	2,434,436	11
Instructional Staff	3,101,784	3,089,721	3,035,583	54,138
Board of Education	73,424	89,918	79,822	10,096
Administration	3,993,913	4,331,258	4,324,178	7,080
Fiscal	1,083,981	1,146,929	1,075,552	71,377
Business	513,581	546,698	443,229	103,469
Operation and Maintenance of Plant	5,486,271	5,542,782	5,386,170	156,612
Pupil Transportation	1,912,675	1,950,325	1,915,913	34,412
Central	269,141	268,763	227,982	40,781
Extracurricular Activities	558,728	572,568	534,688	37,880
<i>Total Expenditures</i>	46,541,476	48,074,676	47,364,928	709,748
<i>Excess of Revenues Under Expenditures</i>	(3,572,266)	(3,639,747)	(4,245,041)	(605,294)
<b>Other Financing Sources (Uses)</b>				
Advances In	200,000	340,000	339,676	(324)
Advances Out	(14,000)	(28,800)	(28,770)	30
Transfers Out	(10,000)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	176,000	311,200	310,906	(294)
<i>Net Change in Fund Balance</i>	(3,396,266)	(3,328,547)	(3,934,135)	(605,588)
<i>Fund Balance Beginning of Year</i>	7,031,716	7,031,716	7,031,716	0
<i>Prior Year Encumbrances Appropriated</i>	1,665,566	1,665,566	1,665,566	0
<i>Fund Balance End of Year</i>	\$5,301,016	\$5,368,735	\$4,763,147	(\$605,588)

See accompanying notes to the basic financial statements



**Lancaster City School District, Ohio**  
*Statement of Fund Net Assets*  
*Internal Service Fund*  
*June 30, 2003*

	Employee Benefits Self Insurance
<b>Current Assets</b>	
Cash and Cash Equivalents	\$184,808
Cash and Cash Equivalents with Fiscal Agents	59,719
Accounts Receivable	950
<i>Total Assets</i>	245,477
<b>Current Liabilities</b>	
Deferred Revenue	462,597
Claims Payable	922,297
<i>Total Liabilities</i>	1,384,894
<b>Net Assets</b>	
Unrestricted (Deficit)	(\$1,139,417)

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Statement of Revenues,  
 Expenses, and Changes in Fund Net Assets  
 Internal Service Fund  
 For the Fiscal Year Ended June 30, 2003*

	Employee Benefits Self Insurance
<b>Operating Revenues</b>	
Charges for Services	\$7,077,523
<b>Operating Expenses</b>	
Purchased Services	380,760
Claims	5,535,639
<i>Total Operating Expenses</i>	5,916,399
<i>Change in Net Assets</i>	1,161,124
<i>Net Assets (Deficit) Beginning of Year</i>	(2,300,541)
<i>Net Assets (Deficit) End of Year</i>	(\$1,139,417)

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Statement of Cash Flows*  
*Internal Service Fund*  
For the Fiscal Year Ended June 30, 2003

	Employee Benefits Self Insurance
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Transactions with Other Funds	\$7,181,909
Cash Payments to Suppliers for Services	(380,760)
Cash Payments for Claims	(5,698,428)
<i>Net Cash Provided by Operating Activities</i>	1,102,721
<b>Cash Flows from Noncapital Financing Activities</b>	
Repayment of Advance	(979,748)
<i>Net Increase in Cash and Cash Equivalents</i>	122,973
<i>Cash and Cash Equivalents Beginning of Year</i>	121,554
<i>Cash and Cash Equivalents End of Year</i>	\$244,527
<b>Reconciliation of Operating Income to</b>	
<b>Net Cash Provided by Operating Activities</b>	
Operating Income	\$1,161,124
<b>Adjustments to Reconcile</b>	
<b>Changes in Assets and Liabilities</b>	
Decrease in Accounts Receivable	1,592
Increase in Deferred Revenue	102,794
Decrease in Claims Payable	(162,789)
<i>Net Cash Provided by Operating Activities</i>	\$1,102,721

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2003*

	Private Purpose	
	Trust	
	Endowment	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$39,087	\$67,166
Accounts Receivable	37	0
<i>Total Assets</i>	\$39,124	\$67,166
<b>Liabilities</b>		
Due to Students	0	67,166
<i>Total Liabilities</i>	0	\$67,166
<b>Net Assets</b>		
Held in Trust for Scholarships	39,124	
<i>Total Net Assets</i>	\$39,124	

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2003*

	Endowment
<b>Additions</b>	
Interest	\$562
<b>Deductions</b>	
Scholarships Awarded	623
<i>Change in Net Assets</i>	(61)
<i>Net Assets Beginning of Year</i>	39,185
<i>Net Assets End of Year</i>	\$39,124

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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**Note 1 - Description of the School District and Reporting Entity**

Lancaster City School District (the “School District”), created in the 1850’s, is organized under Article VI, Section 2 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The Board controls the School District’s thirteen instructional support facilities staffed by 268 non-certificated employees, 430 certificated personnel, and 33 administrative employees who provide services to 6,197 students and other community members.

*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 are not misleading. The primary government of the School District consists of all funds, departments, agencies and offices that are not legally separate from the School District. For Lancaster City School District, this includes general operations, food service, and student related activities of the School District.

The following activities are included within the reporting entity:

**Private Schools** - William V. Fisher Catholic School, Saint Bernadette School, Faith Academy, Fairfield Christian Academy, Seventh Day Adventist School, and Saint Mary’s School are private schools operated within the School District boundaries. Current State legislation provides funding to these private schools. These monies are received and disbursed on behalf of the private schools by the Treasurer of the School District, as directed by the private schools. This activity is presented in a special revenue fund.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes.

**Discretely Presented Component Units.** The component unit column on the Statement of Net Assets and the Statement of Activities identifies the financial data of the School District’s Component Unit, Lancaster Digital Academy. It is reported separately to emphasize that it is legally separate from the School District.

**Lancaster Digital Academy.** Lancaster Digital Academy (LDA) is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The LDA’s mission, under a contractual agreement with the School District (LDA’s sponsor), is to enhance and facilitate student learning by combining state-of-the-art digital curriculum and instruction with access to local school resources that complement instruction and prepare students to become lifelong learners and productive citizens. The LDA serves students within the School District. The LDA is operated by a Board of Directors made up of seven voting members. The Board of Directors is appointed as follows: five representatives from the School District, one representative

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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that is a public educator or other public official, and one representative from the Tri-Rivers Educational Computer Association which will be replaced by a person representing the interests of parents and students of the LDA after one year. The School District is able to impose their will on the LDA. The School District can suspend the LDA's operations for any of the following reasons: 1) The LDA's failure to meet student performance requirements stated in its contract with the School District, 2) The LDA's failure to meet generally accepted standards of fiscal management, 3) The LDA's violation of any provisions of the contract with the School District or applicable state or federal law, and 4) Other good cause. Separately issued financial statements can be obtained from the Lancaster Digital Academy, 111 South Broad Street, Lancaster, Ohio 43130.

The School District participates in eight jointly governed organizations and two insurance purchasing pools. These organizations are the Metropolitan Educational Council, Fairfield County Council for Educational Collaboration, Coalition of Rural and Appalachian Schools, Central Ohio Special Education Regional Resource Center, Fairfield County Family, Adult, and Children First Council, Teenage Pregnancy Program Board, Fairfield County Multi-System Youth Committee, School Study Council of Ohio, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 19 and 20 to the basic financial statements.

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

The financial statements of the School District and LDA (Component Unit) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and proprietary fund provided they do not conflict with or contradict GASB pronouncements. The LDA has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989. The more significant of the School District's and LDA's accounting policies are described below.

Information in the Notes to the Financial Statements relates in general to the Primary Government. Information related to the operation of LDA is specifically identified.

***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

***B. Fund Accounting***

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

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

***General Fund*** The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

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

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

***Internal Service Fund*** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical, surgical, prescription drug, and dental claims.

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



**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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accounts for student activities.

The LDA uses a single enterprise presentation for its financial records. Enterprise reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

**C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (revenues) and decreases (expenses) in total net assets.

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

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

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

The LDA's enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of LDA are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

**D. Basis of Accounting**

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

**Revenues - Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year end.

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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

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

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

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

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

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

The LDA's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from nonexchange transactions, in which LDA receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which LDA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to LDA on a reimbursement basis. Expenses are recognized at the time they are incurred.

#### ***E. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "cash and cash equivalents" on the financial statements.

The School District's self insurance internal service fund has a balance on hand at the third party administrators of the medical and dental self insurance programs which is presented as "cash and cash equivalents with fiscal agents".

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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During fiscal year 2003, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), repurchase agreements, and federal agency securities.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2003.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$134,252, which includes \$125,734 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Cash received by LDA is reflected as "Cash and Cash Equivalents in Segregated Accounts" and "Restricted Assets: Cash and Cash Equivalents" on the statement of net assets. Investments with original maturities of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2003, LDA had no investments.

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the fiscal year in which services are consumed.

***G. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used.

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

***H. Capital Assets***

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15-30 years
Buildings and Improvements	20-50 years
Machinery and Equipment	5-15 years
Furniture and Fixtures	5-20 years
Vehicles	5-10 years

During fiscal year 2003, the LDA had no capital assets.

***I. Interfund Balances***

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

***J. Restricted Assets***

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. In previous fiscal years, restricted assets included the amount required by State statute to be set aside to create a reserve for budget stabilization. During fiscal year 2003, the School District spent their remaining budget reserve. See Note 22 for additional information regarding set asides.

The LDA had certain resources set aside due to restricted state and federal grant fundings.

***K. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for employees with accumulated unused vacation time when earned.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees after ten years of current service with the School District.

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

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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

***L. Accrued Liabilities and Long-term Obligations***

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

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

***M. Interfund Activity***

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

***N. Fund Balance Reserves***

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

***O. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for food service operations, music and athletic programs, and state and federal grants restricted to expenditures for specified purposes.

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

The LDA reported restricted net assets due to limitations imposed on their use by external restrictions imposed by grantors.

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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***P. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

***Q. Estimates***

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

***R. Budgetary Data***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the function level. The treasurer has been authorized to allocate Board appropriations among objects within a fund and function during the fiscal year.

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

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

Budgetary information for LDA is not reported because it is not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by LDA's contract with the School District. The contract between LDA and the School District prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on an annual basis.

***S. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of LDA. Operating expenses are necessary costs incurred to provide the service that is the primary activity of LDA. All revenues and expenses not meeting this definition are reported as non-operating.

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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**Note 3 – Changes in Accounting Principles and Restatement of Prior Year Balances**

***Changes in Accounting Principles*** For fiscal year 2003, the School District has implemented GASB Statement No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments”, GASB Statement No. 37, “Basic Financial Statements for State and Local Governments: Omnibus”, GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, GASB Statement No. 41, “Budgetary Comparison Schedules – Perspective Differences,” and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.” At June 30, 2003, there was no effect on fund balances as a result of implementing GASB Statements 37 and 38. GASB Statement No. 41 had no effect on the presentation of the School District’s budgetary statements for fiscal year 2003.

The School District implemented a new fixed asset policy which increased the capitalization threshold of capital assets from five hundred dollars to five thousand dollars and removed the need for textbooks and library books to be reported. The School District also completed a new appraisal of capital assets.

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

The government-wide financial statements split the School District’s programs between business-type, if any, and governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2002, reclassification of funds based on the guidance provided in Statement No. 34, and the conversion to the accrual basis of accounting.

***Restatement of Fund Balance*** Applying the new guidelines of Statement No. 34, it was determined that the food service enterprise fund and the scholarship memorial expendable trust fund should be reclassified as special revenue funds. In fiscal year 2002, worker’s compensation was reported as a liability within all the funds that paid salaries but should only have been reported within the general fund. The reclassification, these restatements and the implementation of GASB 34 and Interpretation No. 6 had the following effects on fund balance of the major and nonmajor funds of the School District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

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	General	Nonmajor	Total
Fund Balances, June 30, 2002	\$5,619,890	\$1,018,188	\$6,638,078
Fund Reclassification	83,071	79,644	162,715
Intergovernmental Payable	(5,264)	62,514	57,250
Interpretation 6:			
Compensated Absences Payable	(75,139)	69,445	(5,694)
Adjusted Fund Balance, June 30, 2002	\$5,622,558	\$1,229,791	\$6,852,349
GASB 34 Adjustments:			
Capital Assets, net of accumulated depreciation			7,192,201
Long-Term (Deferred ) Assets			1,051,347
Pension Obligation			(376,255)
Internal Service Fund			(2,300,541)
Accrued Interest Payable			(12,726)
Long-Term Liabilities			(4,363,769)
Governmental Activities Net Assets, June 30, 2002			\$8,042,606

	Business-type Activities
Fund Equity, June 30, 2002	\$255,687
Fund Reclassification	(255,687)
Adjusted Net Assets, June 30, 2002	\$0

As a result of increasing the threshold for capital assets, removing textbooks and library books, and the School District completing a new appraisal of capital assets, the amount reported as of June 30, 2002 was decreased to \$7,192,201.

**Note 4 – Accountability and Compliance**

***A. Accountability***

The following funds had deficit fund balances/net assets as of June 30, 2003:

	Deficit Fund Balances/ <u>Net Assets</u>
<u>Special Revenue Funds:</u>	
Adult Basic Education	(\$21,568)
Vocational Education	(20,909)
 <u>Internal Service Fund:</u>	
Employee Benefits Self-Insurance	(1,139,417)



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The deficit balance in the special revenue funds and internal service fund is the result of the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The School District is in the process of implementing an increase in premiums paid to the internal service fund. If there is no improvement in the internal service fund after premiums are increased, an additional premium increase may be implemented or management may deem it necessary for the general fund to provide an operating transfer to the internal service fund.

***B. Legal Compliance***

The following funds had final appropriations in excess of estimated resources contrary to Section 5705.39, Revised Code:

	<u>Excess</u>
<u>Special Revenue Funds:</u>	
Public School Support	(\$1,013)
Safe Schools Hotline	(5,104)
Adult Basic Education	(9,193)
Even Start Grant	(280,000)
Title I	(22,578)
<u>Internal Service Fund:</u>	
Employee Benefits Self-Insurance	(1,385,378)

The School District will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

**Note 5 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) 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 GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

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Net Change in Fund Balance	
GAAP Basis	(\$4,561,129)
Net Adjustment for Revenue Accruals	982,964
Net Adjustment for Expenditure Accruals	592,035
Beginning:	
Fair Value of Investments	0
Prepaid Items	374,903
Ending:	
Fair Value of Investments	(3,758)
Prepaid Items	(485,702)
Advances In	339,676
Advances Out	(28,770)
Adjustment for Encumbrances	<u>(1,144,354)</u>
Budget Basis	<u><u>(\$3,934,135)</u></u>

**Note 6 - Deposits and Investments**

***A. Primary Government***

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

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

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

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

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

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

1. United States Treasury Notes, Bill, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of 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, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home

**Lancaster City School District, Ohio**  
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Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

***Cash on Hand*** At year end, the School District had \$1,925 in undeposited cash on hand which is included on the financial statements of the School District as part of "cash and cash equivalents".

***Cash with Fiscal Agent*** At June 30, 2003, the School District's internal service fund had a cash balance of \$59,719 with Medical Mutual of Ohio, a third party administrator (See Note 10). The money is held by the third party administrator in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. To obtain financial information about Medical Mutual of Ohio, write to Medical Mutual of Ohio, 2060 Eastern Ninth Street, Cleveland, Ohio 44115-1355.

***Deposits*** At fiscal year end, the carrying amount of the School District's deposits was (\$701,634) and the bank balance was (\$101,086).

***Investments*** The School District's investments are required to be categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and

**Lancaster City School District, Ohio**  
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unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

	Category 2	Category 3	Carrying and Fair Value
Repurchase Agreements	\$0	\$439,364	\$439,364
STAROhio	0	0	2,201,975
Federal Farm Credit Bank Notes	1,000,310	0	1,000,310
Federal Home Loan Bank Notes	3,002,188	0	3,002,188
Federal National Mortgage Association Notes	2,001,260	0	2,001,260
GASB Statement 3	\$6,003,758	\$439,364	\$8,645,097

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$8,005,107	\$0
Cash on Hand	(1,925)	0
Cash with Fiscal Agent	(59,719)	0
Investments which is part of the Cash Management Pool:		
STAR Ohio	(2,201,975)	2,201,975
Repurchase Agreements	(439,364)	439,364
Federal Farm Credit Bank Notes	(1,000,310)	1,000,310
Federal Home Loan Bank Notes	(3,002,188)	3,002,188
Federal National Mortgage Association Notes	(2,001,260)	2,001,260
GASB Statement 3	(\$701,634)	\$8,645,097

**B. Component Unit**

At June 30, 2003, the carrying amount of LDA's deposits was \$57,193 and the bank was \$59,648. All of the bank balance was covered by federal depository insurance. There was no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

**Note 7 - Property Taxes**

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

**Lancaster City School District, Ohio**  
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Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2003 represent the collection of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed values as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2003 represent the collection of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien on December 31, 2002, were levied after April 1, 2002, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar 2003 (other than public utility property) represent the collection of calendar year 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Fairfield County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes personal property and public utility taxes, and the late June personal property settlement which are measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The amount available as an advance at June 30, 2003, was \$326,874. \$322,111 was available to the general fund and \$4,763 was available to the bond retirement debt service fund. The amount available as an advance is recognized as revenue.

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

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

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	2002 Second- Half Collections		2003 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$678,068,930	84%	\$687,668,010	84%
Public Utility Personal	23,959,830	3%	24,737,880	3%
Tangible Personal Property	103,443,261	13%	103,361,862	13%
Total	<u>\$805,472,021</u>	<u>100%</u>	<u>\$815,767,752</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$64.60		\$64.60	

**Note 8 - Receivables**

**A. Primary Government**

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

A summary of principal items of intergovernmental receivables follows:

<b>Governmental Activities</b>	<u>Amounts</u>
E-Rate Reimbursement	\$21,618
Tuition from Other Districts	92,978
School Lunch Reimbursement	106,527
SF 3 Adjustment	20,114
Fairfield County Job & Family Services Reimbursement	2,760
Model Schools Grant	4,044
Vocational Education Career Development Grant	2,661
Adult Basic Education Grant	40,218
Idea B Grant	27,000
Vocational Education Grant	20,047
Reducing Class Size Grant	28,985
Assistive Technology Infusion Project Grant	12,091
Miscellaneous Refunds and Reimbursements	<u>6,471</u>
Total	<u>\$385,514</u>

**B. Component Unit**

The LDA uses the allowance method of accounting for doubtful accounts. All accounts were considered to be fully collectible at June 30, 2003; therefore, no allowance for doubtful accounts has been recorded. Receivables consisted of intergovernmental receivables of \$105,000 from the Ohio Public Charter Schools Program Implementation Grant and a refund of \$15,000 from the State Teacher Retirement System (STRS). The STRS receivable was due to payments being processed to STRS in error through the State Foundation payments. The receivables are expected to be collected in full within one year.

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**Note 9 - Capital Assets**

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

	Balance June 30, 2002	Additions	Deletions	Balance June 30, 2003
<b>Nondepreciable Capital Assets</b>				
Land	\$496,060	\$0	\$0	\$496,060
Construction in Progress	196,197	242,029	(438,226)	0
Total Capital Assets not being depreciated	<u>692,257</u>	<u>242,029</u>	<u>(438,226)</u>	<u>496,060</u>
<b>Depreciable Capital Assets</b>				
Land Improvements	588,572	479,561	0	1,068,133
Buildings and Improvements	15,830,544	290,974	0	16,121,518
Furniture and Equipment	4,950,930	75,157	0	5,026,087
Vehicles	1,857,549	388,220	0	2,245,769
Total at Historical Cost	<u>23,227,595</u>	<u>1,233,912</u>	<u>0</u>	<u>24,461,507</u>
Less Accumulated Depreciation				
Land Improvements	(339,552)	(23,669)	0	(363,221)
Buildings and Improvements	(12,134,620)	(299,071)	0	(12,433,691)
Furniture and Equipment	(3,313,838)	(246,439)	0	(3,560,277)
Vehicles	(939,641)	(207,896)	0	(1,147,537)
Total Accumulated Depreciation	<u>(16,727,651)</u>	<u>(777,075)</u>	<u>0</u>	<u>(17,504,726)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>6,499,944</u>	<u>456,837</u>	<u>0</u>	<u>6,956,781</u>
Governmental Activities Capital Assets, Net	<u>\$7,192,201</u>	<u>\$698,866</u>	<u>(\$438,226)</u>	<u>\$7,452,841</u>

- Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	256,741
Special	42,689
Vocational	24,020
Support Services:	
Pupil	13,299
Instructional Staff	26,518
Administration	24,458
Fiscal	7,551
Business	2,064
Operation and Maintenance	95,427
Pupil Transportation	181,951
Central	17,929
Extracurricular	47,801
Operation of Non-Instructional Services:	
Food Service Operations	28,377
Other	8,250
Total Depreciation Expense	<u>\$777,075</u>

**Lancaster City School District, Ohio**  
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**Note 10 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2003, the School District contracted with Selective Insurance Company of South Carolina for some of its insurance. The types and amounts of coverage provided by Selective Insurance Company of South Carolina are as follows:

Coverage	Amount	Deductible
Building and Contents - replacement cost	\$105,103,633	\$1,000
Flood and Earthquake	1,000,000	25,000
Extra Expense	250,000	1,000
Money & Securities Inside and Outside/each	7,500	1,000
Automobile Liability	2,000,000	500
Auto Medical Payments	5,000	0
Uninsured Motorists	1,000,000	0
Inland Marine	5,308,881	1,000
Outdoor Fences and Plants/each	10,000	1,000
Outdoor Signs	15,000	1,000

During fiscal year 2003, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The District pays this annual premium to the OSP. (See Note 20)

The types and amounts of coverage provided by the Ohio School Plan are as follows:

General Liability:	
Each Occurrence	\$1,000,000
Aggregate Limit	3,000,000
Products - Completed Operations Aggregate Limit	1,000,000
Medical Expense Limit - Per Person/Accident	10,000
Fire Damage Limit - Any One Event	500,000
Excess Liability:	
Each Occurrence	1,000,000
Aggregate Limit	2,000,000
Employer's Liability:	
Each Occurrence	1,000,000
Disease - Each Employee	1,000,000
Disease - Policy Limit	1,000,000
Employee Benefits Liability	
Per Claim	1,000,000
Aggregate Limit	3,000,000
Educators Legal Liability	
Per Claim (\$2,500 deductible)	1,000,000
Annual Aggregate	2,000,000
Defense Annual Aggregate	1,000,000



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Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from the prior year.

***B. Workers' Compensation***

For fiscal year 2003, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

***C. Medical and Dental***

The School District provides a limited medical and dental insurance program for its employees. Premiums are paid directly to the third party administrator out of the School District's self-insurance internal service fund. Central Benefits, Inc. services all medical claims and Medical Mutual services all dental claims submitted by employees. The internal service fund presented in the financial statements reflects the premiums paid into the self-insurance internal service fund by the same funds that pay the employees' salaries. The School District pays monthly medical premiums of up to \$710 for certified and classified employees for family coverage and up to \$264.50 for certified and classified employees for single coverage. The School District pays monthly dental premiums of up to \$42 for family and single coverage for certified and classified employees. The premiums paid into the internal service fund are used for claims, claim reserves, and administrative costs. The School District has a stop loss coverage insurance policy which covers individual claims in excess of \$150,000 per employee per year for medical claims. The School District has no stop loss coverage for the dental claims.

The claims liability of \$922,297 reported in the internal service fund at June 30, 2003, is based on an estimate provided by the third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2002	\$1,063,331	\$5,422,573	\$5,400,818	\$1,085,086
2003	1,085,086	5,535,639	5,698,428	922,297

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 11 - Employee Benefits**

***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who work 260 days per year earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulation is unlimited. Upon retirement, payment is made for one-third of accrued, but unused sick leave credit to a maximum of 65 days for classified and certified employees. If a certified employee retires within one hundred days of their first year of eligible retirement, then the maximum retirement payment is 100 days.

***B. Life Insurance***

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life in an amount of \$25,000 to \$75,000 depending upon the employee's position.

***C. Deferred Compensation***

School District employees participate in a statewide deferred compensation plan that was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

**Note 12 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001, were \$541,440, \$325,537, and \$254,229, respectively;

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51 percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001. \$267,849 represents the unpaid contribution for fiscal year 2003. The balance outstanding is reflected as an intergovernmental payable.

***B. State Teachers Retirement System***

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$3,169,222, \$2,283,860, and \$2,178,243 respectively; 84 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$13,330 made by the School District and \$31,184 made by the plan members. \$521,423 represents the unpaid contribution for fiscal year 2003. The balance outstanding is reflected as an intergovernmental payable.

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003, five members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 13 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District this amount equaled \$244,812 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established as \$14,500. For the School District, the amount to fund health care benefits, including surcharge, during the 2003 fiscal year equaled \$465,036.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2002, (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants receiving health care benefits.

**Note 14 - Capitalized Leases**

The School District has entered into a capitalized lease for library computer systems. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the fund financial statements. The capital leases payable have been recorded on the government-wide statements. The equipment was originally capitalized in the amount of \$102,869. This amount represents the present value of the minimum lease payments at the time of acquisition. The amount of accumulated depreciation at June 30, 2003 was \$82,295. Principal payments in fiscal year 2003 totaled \$13,687 in the governmental funds which paid off the lease.

**Note 15 - Long Term Obligations**

The changes in the School District's long-term obligations during the year consist of the following:

	Principal Outstanding 6/30/2002	Additions	Reductions	Principal Outstanding 6/30/2003	Amounts Due in One Year
<b>Governmental Activities</b>					
Energy Conservation Note 1994 - 4.55%	\$675,000	\$0	\$330,000	\$345,000	\$345,000
Capital Leases Payable	13,687	0	13,687	0	0
Compensated Absences Payable	3,675,082	619,089	416,600	3,877,571	497,505
Total Governmental Activities Long-Term Liabilities	<u>\$4,363,769</u>	<u>\$619,089</u>	<u>\$760,287</u>	<u>\$4,222,571</u>	<u>\$842,505</u>

Energy Conservation Long-Term Note - On July 15, 1993, Lancaster City School District issued \$2,850,000 in unvoted general obligation notes, at an interest rate of 4.55%, for the purpose of installing energy conservation improvements for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2004. The debt will be retired through reductions in energy consumption and cost savings attributed to the installation of the energy conservation improvements. The general fund allocates tax revenues to the bond retirement debt service fund to meet current fiscal year obligations. The notes will mature on August 1, 2003 with the final principal payment of \$345,000 and interest payment of \$7,849.

The School District's overall legal debt margin was \$73,419,098, with an unvoted debt margin of \$815,768 at June 30, 2003.

Capital leases were paid from the general fund. Compensated absences will be paid from general fund and food service special revenue fund.

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

**Note 16 – Contractual Commitments**

<u>Contractor</u>	<u>Purchase Commitments</u>	<u>Amounts Paid as of 06/30/03</u>	<u>Amounts Remaining on Contract</u>
<i>General Fund</i>			
Carl T Johnson, Inc. Roof Repairs	\$252,800	\$207,004	\$45,796

**Note 17 - Interfund Balances**

Interfund balances at June 30, 2003 consist of the following individual interfund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Fund:		
General	\$42,230	\$255
Other Governmental Funds:		
Food Service	226	0
Scholarship Memorial	29	0
Adult Basic Education	0	23,632
Special Education	0	2,845
Vocational Education	0	15,753
Total Other Governmental Funds	255	42,230
Total All Funds	\$42,485	\$42,485

The general fund made advances to other non-major governmental funds, in the amount of \$28,770, to subsidize negative cash balances. Also, the general fund owed \$255 to the food service fund and the scholarship memorial fund for their portion of interest earnings for June, 2003. Special education and vocational education funds owed the general fund for reimbursement of expenditures made from the general for special and vocational programs totaling \$13,460.

**Note 18 – Related Party Transactions**

During fiscal year 2003, the School District provided educational management information systems coordinating services to the LDA. These services were not paid to the School District by June 30, 2003; therefore, the statement of net assets show a receivable to the School District from LDA for \$3,000.

**Note 19 - Jointly Governed Organizations**

**Metropolitan Educational Council** - The Metropolitan Educational Council (MEC) is a jointly governed organization. The organization is composed of over one hundred members which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. MEC also provides a variety of services through its data processing center to thirty-one member districts ("C" sites) in the Ohio Counties of Fairfield, Franklin, Madison, Pickaway, and Union with the major emphasis being placed on fiscal services. MEC also provides services to the School District including pupil scheduling,

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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attendance reporting, and grade reporting. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts), and one representative from each county. MEC is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for MEC. Financial statements for MEC can be obtained from the Metropolitan Educational Council, at 1600 Channingway Boulevard Suite 604, Columbus, Ohio 43232. The School District's payments to MEC in fiscal year 2003 were \$124,263 for computer services.

***Fairfield County Council for Educational Collaboration*** - Fairfield County Council of Educational Collaboration (FCCEC) is a jointly governed organization operated by a Board which consists of superintendents, or a designated representative, from nine boards of education and the Ohio University-Lancaster Campus within Fairfield County. The purpose of the FCCEC is to bring together the public school systems and the public institutions for higher education in Fairfield County so that they can collectively devise and provide for enhanced educational opportunities for the students and citizens of our community. The areas of interest that may be addressed by the Council include, but are not limited to, student programming, school management issues, and other collaborative projects deemed appropriate by the governing body of the Council. The Council is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District made no contributions to FCCEC during fiscal year 2003.

***Coalition of Rural and Appalachian Schools*** - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various inservice for school district administrative personnel; gathers of data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District paid a membership fee of \$300 in fiscal year 2003.

***Central Ohio Special Education Regional Resource Center*** - The Central Ohio Special Education Regional Resource Center (COSERRC) is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in Central Ohio (which comprise sixty percent of the Board), two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Developmental Disabilities, and representatives of universities. The School District participates in the following services of COSERRC: Identification and Program Development Project, Regional Educational Assessment Programming Project, Instructional Resource Center Project, Early Childhood Services Project, and the Ohio Resource Center for Low Incidence and Severely Handicapped Project. These services are to assist the School District in complying with mandates of Public Law 99-457 for educating children with disabilities. There is no financial commitment made by the districts involved in COSERRC. COSERRC is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for COSERRC. The School District paid \$80 to COSERRC during fiscal year 2003.

***Fairfield County Family, Adult, and Children First Council*** - The Fairfield County Family, Adult and Children First Council is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Fairfield County Community Mental Health and Recovery Services Board, Health Commissioner of the Fairfield County Health Department, Health Commissioner of the City of Lancaster Health Department, Director of the Fairfield County Human

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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Services, Director of the Children Services Department, Superintendent of the Fairfield County Mental Retardation and Development Disabilities, the Fairfield County Juvenile Court Judge, Superintendent of Lancaster City Schools, Superintendent of Fairfield County Board of Education, a representative of the City of Lancaster, Chair of the Fairfield County Commissioners, State Department of Youth Services Regional representative, representative from the County Head Start Agencies, a representative of the County's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986", and a least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. In fiscal year 2003, the School District made no contributions to the Council. Continued existence of the Council is not dependent on the School District's continued participation, no equity interest exists, and no debt is outstanding.

***Teenage Pregnancy Program Board*** - The Teenage Pregnancy Program Board is a jointly governed organization created to plan and coordinate programming designed to reduce teen pregnancy in Fairfield County. The Board is composed of seventeen members. The Board consists of representatives from the following organizations: Fairfield County Juvenile Court, Fairfield County Children Services Board, Lancaster City Schools, Fairfield County Schools, Department of Human Services, Fairfield County Health Department, Fairfield County Community Action Program, four representatives from the Fairfield County Commissioners, four representatives from the nominating committee of the Teenage Pregnancy Program Board, and two young persons appointed by the Teen Advisory Board. In fiscal year 2003, the School District made no contributions to the Board. Continued existence of the Board is not dependent upon the School District's continued participation, no equity interest exists, and no debt is outstanding.

***Fairfield County Multi-System Youth Committee*** - The Fairfield County Multi-System Youth Committee is a group of agencies that coordinate the provision of services to multi-need youth in the area. Members of the Committee include representatives of the Fairfield County Youth Services, Fairfield County Board of MR/DD, Fairfield County Mental Health and Recovery Services Board, Fairfield County Children Services, Fairfield County Health Department, New Horizons, the local office of the Rehabilitation Services Commission, Fairfield County Drug and Alcohol Recovery Services, the Lancaster City Health Department, and the Lancaster City Board of Education. The Committee received no additional monies from the School District during fiscal year 2003. Operations were paid from the previous existing balance that had accumulated from State and federal grants. No debt is currently outstanding. The Committee is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Committee.

***School Study Council of Ohio*** - The School Study Council of Ohio (Council) is a jointly governed organization operated by a Board of Trustees (Board) that is comprised of numerous Ohio school districts. The purpose of the Council is to bring about the improvement of education in member school organizations. Participating school districts have active membership by paying a yearly membership fee which entitles each school district to attend Council meetings and voting privileges. Participating school districts may elect to be associate members which entitles them to attend meetings and participate in Council discussions but not to vote. The Board is annually elected from within the Council's active membership. In fiscal year 2003, the Board consisted of fourteen members. In fiscal year 2003, the School District obtained active membership privileges and paid \$1,661 to the Council.



**Note 20 – Insurance Purchasing Pools**

**Ohio School Boards Association Workers’ Compensation Group Rating Plan** - The School District participates in the Ohio School Boards Association Workers’ Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP’s business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, 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.

**Ohio School Plan** – The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP’s business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

**Note 21 - Contingencies**

**A. Grants**

The School District and LDA received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District or LDA at June 30, 2003.

**B. Litigation**

Several claims and lawsuits are pending against the School District. In the opinion of the School District’s Legal Counsel, any potential liability would not have a material effect on the School District’s financial condition.

A suit was filed in Franklin County Common Pleas Court, on May 14, 2001, alleging that Ohio’s Community (i.e., Charter) Schools Program violates the State’s Constitution and State laws. On April 21, 2003, the court dismissed the counts containing constitutional claims and stayed the other courts pending appeal of the constitutional issues. The plaintiffs appealed to the Court of Appeals, the issues have been briefed, and the case was heard for oral argument on November 18, 2003. The effect of this suit, if any, on LDA is not presently determinable.

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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**Note 22 - Set asides**

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

In prior years, the School District was also required to set aside money for budget stabilization. Senate Bill 345, effective April 10, 2001, eliminated future set-aside requirements for the budget stabilization, reduced requirements related to the current set-aside, and placed restrictions on current budget stabilization money relating to the worker's compensation refunds.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2002	(\$2,822,579)	\$0	\$230,172
Current Year Set-aside Requirement	840,641	840,641	0
Current Year Offsets	0	0	0
Qualifying Disbursements	<u>(976,590)</u>	<u>(1,482,409)</u>	<u>(230,172)</u>
Total	<u>(\$2,958,528)</u>	<u>(\$641,768)</u>	<u>\$0</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$2,958,528)</u>	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. These extra amounts in the textbooks set-asides may be used to reduce the set-aside requirements of future years.

**Note 23 – State School Funding**

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

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

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2003*

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**Note 24 – State Foundation**

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency calculations made by community schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which foundation funding is calculated.

For fiscal year 2003, LDA received an overpayment of \$1,793. This amount has been recorded as deferred revenue on the statement of net assets. LDA will receive reduced foundation payments in fiscal year 2004 to offset this overpayment.

**Note 25 – Subsequent Event**

In January, 2004, the School District increased premiums to the internal service fund.

On November 13, 2003, the School District approved an operating tax levy for 3.9 mills to be placed on the March 2, 2004 ballot.

On July 24, 2003, the LDA name changed to the Lancaster-Fairfield Digital Academy (LFDA). LFDA entered into a new contract with some additional school districts that will be considered Associate Sponsors. Lancaster City School District is now considered the Lead Sponsor. The Associate Sponsors consist of the following school districts: Amanda-Clearcreek Local, Berne Union Local, Bloom-Carroll Local, Fairfield Union Local, Liberty Union-Thurston Local, and Walnut Township Local. Due to the implementation of the new contract, the Board of Directors changed. The new Board of Directors consists of the following members: one representative from each Associate Sponsor having one vote each, a number of representatives from the Lead Sponsor that is equal to the number of Associate Sponsors with each representative having two votes, and one representative of TRECA (who shall subsequently be replaced by a person who represents the interest of parents and students served by the LFDA after one year) having one vote.

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**Lancaster City School District, Ohio**  
*Combining and Individual Fund Statements*

**Lancaster City School District, Ohio**  
*Combining Statements – Nonmajor Funds*

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*Nonmajor Special Revenue Funds*

Special Revenue Funds are used to account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes.

Food Service Fund – To account for the financial transactions related to the food service operations of the School District.

Scholarship Memorial Fund – To account for monies donated to the School District without conditions or limitations that is used for student scholarships.

Public School Support Fund - To account for specific local revenue sources (other than taxes) generated by individual school buildings. Expenditures include field trips, assemblies, materials and other items to supplement co-curricular and extra-curricular programs.

Community Grants Fund - To account for grants received from a private foundation which provides funds for the development of teaching staff.

School Improvement Models Fund - To account for State revenues awarded the School District for venture capital grants designed around a school improvement theme developed by the individual building staff.

District Managed Student Activity Fund - To account for student activity programs which have student participation in the activity but do not have student management of programs.

Auxiliary Services Fund - To account for funds which provide services and materials to pupils attending non-public schools within the School District.

Teacher Development Fund - To account for State revenues awarded the School District for providing assistance in the development of in-service programs.

Educational Management Information Systems Fund - To account for hardware and software development, or other costs associated with the requirements of the management information system.

Data Communications Fund - To account for State revenues awarded the School District to provide for data communication.

SchoolNet Professional Development Fund - To account for State funds awarded to the School District to provide for a limited number of staff professional development subsidies.

Summer School Intervention Fund - To account for State funds awarded to the School District to provide special summer school classes for students needing additional assistance.

Safe Schools Hotline Fund - To account for funds awarded to the School District by the State to promote safety in the School District.

Entry Year Grant Fund - To account for State funds awarded to the School District to be used to provide an entry year program for beginning teachers that hold two year provisional licenses and are teaching in their licensed field.

(Continued)

**Lancaster City School District, Ohio**  
*Combining Statements – Nonmajor Funds (Continued)*

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*Nonmajor Special Revenue Funds (Continued)*

Adult Basic Education Fund - To account for instructional programs for persons sixteen years of age and older who are not enrolled in school and who have less than a twelfth grade education or its equivalent.

Title III Fund - To account for federal monies provided for strengthening instruction in science, mathematics, modern foreign languages, English, the arts, and computer learning.

Title VI Fund - To account for federal revenues which support the implementation of a variety of programs such as computer education, gifted and talented programs, in-service training, and staff development.

Drug Free Grant Fund - To account for federal revenues which support the implementation of programs for drug abuse education and prevention.

Continuous Improvement Fund - To account for monies received from the Federal Government to enhance the School District's Continuous Improvement Goals.

Reducing Class Size Fund - To account for funds awarded to the School District by the Federal Government for the specific purpose of reducing class size at the primary level.

Reading Improvement Fund - To account for funds awarded to the School District from State and Federal revenues for the purpose of promoting the improvement of reading. This fund is the consolidation of the following funds for GAAP reporting purposes: Ohio Reads, Extended Learning Opportunities, Reading Improvement Grant, Even Start Grant, and Reading Excellence Grant.

Special Education Fund - To account for monies which are provided for the improvement of the educational and cultural status of disadvantaged pupils and to meet the special needs of educationally deprived children. This fund is the consolidation of the following funds for GAAP reporting purposes : Title VI-B, Title I, and Disadvantaged Pupil Impact Aid.

Vocational Education Fund - To account for funds for the development of vocational education career development programs and for adults to acquire adequate employment skills. This fund is the consolidation of the Vocational Education Career Development and Vocational Education funds for GAAP reporting purposes.

Preschool Fund - To account for federal and State revenues awarded to the School District for the improvement and expansion of services provided for preschool children and handicapped preschool children. This fund is the consolidation of the Public School Preschool and Preschool Handicapped funds for GAAP reporting purposes.

(Continued)

**Lancaster City School District, Ohio**  
*Combining Statements – Nonmajor Funds (Continued)*

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*Nonmajor Debt Service Fund*

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Bond Retirement Fund – This fund accounts for transfers from general fund property tax revenue to pay for general obligation bonded debt.

*Nonmajor Capital Projects Funds*

Capital projects funds account for the acquisitions, construction, or improvement of capital facilities.

Permanent Improvement - To account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

Computer Network - To account for State revenues awarded the School District from SchoolNet and SchoolNet Plus for the implementation of computer hardware throughout the district.



**Lancaster City School District, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*June 30, 2003*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$1,723,267	\$0	\$19,801	\$1,743,068
Receivables:				
Property Taxes	0	352,849	0	352,849
Accounts	3,275	0	0	3,275
Intergovernmental	231,064	0	12,091	243,155
Interfund	255	0	0	255
Prepays	45,309	0	0	45,309
Inventory Held for Resale	74,037	0	0	74,037
Materials and Supplies Inventory	12,899	0	0	12,899
<i>Total Assets</i>	<u>\$2,090,106</u>	<u>\$352,849</u>	<u>\$31,892</u>	<u>\$2,474,847</u>
<b>Liabilities</b>				
Accounts Payable	\$73,556	\$0	\$4,081	\$77,637
Accrued Salaries and Benefits Payable	467,292	0	0	467,292
Intergovernmental Payable	136,100	0	0	136,100
Interfund Payable	42,230	0	0	42,230
Deferred Revenue	118,911	348,086	0	466,997
<i>Total Liabilities</i>	<u>838,089</u>	<u>348,086</u>	<u>4,081</u>	<u>1,190,256</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	159,194	0	110	159,304
Reserved for Property Taxes	0	4,763	0	4,763
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,092,823	0	0	1,092,823
Capital Projects Funds	0	0	27,701	27,701
<i>Total Fund Balances</i>	<u>1,252,017</u>	<u>4,763</u>	<u>27,811</u>	<u>1,284,591</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,090,106</u>	<u>\$352,849</u>	<u>\$31,892</u>	<u>\$2,474,847</u>

**Lancaster City School District, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2003*

	Food Service	Scholarship Memorial	Public School Support	Community Grants	District Managed Student Activity	Auxiliary Services
<b>Assets</b>						
Cash and Cash Equivalents	\$239,697	\$35,146	\$88,845	\$13,091	\$69,380	\$90,758
Receivables:						
Accounts	2,521	0	0	0	754	0
Intergovernmental	108,055	0	0	0	1,612	0
Interfund	226	29	0	0	0	0
Prepays	18,394	0	92	0	0	3,087
Inventory Held for Resale	74,037	0	0	0	0	0
Materials and Supplies Inventory	10,829	0	2,070	0	0	0
<i>Total Assets</i>	<u>\$453,759</u>	<u>\$35,175</u>	<u>\$91,007</u>	<u>\$13,091</u>	<u>\$71,746</u>	<u>\$93,845</u>
<b>Liabilities</b>						
Accounts Payable	\$2,294	\$0	\$2,206	\$5,739	\$4,055	\$8,214
Accrued Salaries and						
Benefits Payable	131,347	0	0	0	0	37,106
Intergovernmental Payable	21,300	500	0	0	0	4,479
Interfund Payable	0	0	0	0	0	0
Deferred Revenue	0	0	0	0	0	0
<i>Total Liabilities</i>	<u>154,941</u>	<u>500</u>	<u>2,206</u>	<u>5,739</u>	<u>4,055</u>	<u>49,799</u>
<b>Fund Balances:</b>						
Reserved for Encumbrances	31,053	0	1,541	1,358	11,006	20,299
Unreserved:						
Undesignated (Deficits)	267,765	34,675	87,260	5,994	56,685	23,747
<i>Total Fund Balances (Deficits)</i>	<u>298,818</u>	<u>34,675</u>	<u>88,801</u>	<u>7,352</u>	<u>67,691</u>	<u>44,046</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$453,759</u>	<u>\$35,175</u>	<u>\$91,007</u>	<u>\$13,091</u>	<u>\$71,746</u>	<u>\$93,845</u>

Teacher Development	Educational Management Information Systems	Data Communications	Summer School Intervention	Entry Year Grant	Adult Basic Education	Title III
\$15,972	\$38,742	\$23,433	\$3,256	\$819	\$4,345	\$4,447
0	0	0	0	0	0	0
0	0	0	0	0	42,704	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$15,972</u>	<u>\$38,742</u>	<u>\$23,433</u>	<u>\$3,256</u>	<u>\$819</u>	<u>\$47,049</u>	<u>\$4,447</u>
\$0	\$0	\$3,764	\$0	\$0	\$2,964	\$0
0	1,505	0	0	0	0	0
0	0	0	0	0	1,803	4,447
0	0	0	0	0	23,632	0
0	0	0	0	0	40,218	0
<u>0</u>	<u>1,505</u>	<u>3,764</u>	<u>0</u>	<u>0</u>	<u>68,617</u>	<u>4,447</u>
0	0	4,698	0	673	1,550	0
<u>15,972</u>	<u>37,237</u>	<u>14,971</u>	<u>3,256</u>	<u>146</u>	<u>(23,118)</u>	<u>0</u>
<u>15,972</u>	<u>37,237</u>	<u>19,669</u>	<u>3,256</u>	<u>819</u>	<u>(21,568)</u>	<u>0</u>
<u>\$15,972</u>	<u>\$38,742</u>	<u>\$23,433</u>	<u>\$3,256</u>	<u>\$819</u>	<u>\$47,049</u>	<u>\$4,447</u>

(Continued)

**Lancaster City School District, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (Continued)*  
*June 30, 2003*

	Title VI	Drug Free Grant	Continuous Improvement	Reducing Class Size	Reading Improvement
<b>Assets</b>					
Cash and Cash Equivalents	\$16,608	\$6,500	\$75,349	\$135,164	\$166,996
Receivables:					
Accounts	0	0	0	0	0
Intergovernmental	0	0	0	28,985	0
Interfund	0	0	0	0	0
Prepays	0	0	0	1,684	800
Inventory Held for Resale	0	0	0	0	0
Materials and Supplies Inventory	0	0	0	0	0
<i>Total Assets</i>	<u>\$16,608</u>	<u>\$6,500</u>	<u>\$75,349</u>	<u>\$165,833</u>	<u>\$167,796</u>
<b>Liabilities</b>					
Accounts Payable	\$1,340	\$0	\$21,330	\$0	\$6,506
Accrued Salaries and Benefits Payable	5,521	0	0	20,861	13,438
Intergovernmental Payable	75	1,073	3,661	2,356	45,533
Interfund Payable	0	0	0	0	0
Deferred Revenue	0	0	0	28,985	0
<i>Total Liabilities</i>	<u>6,936</u>	<u>1,073</u>	<u>24,991</u>	<u>52,202</u>	<u>65,477</u>
<b>Fund Balances:</b>					
Reserved for Encumbrances	1,651	0	14,444	1,303	36,634
Unreserved:					
Undesignated (Deficits)	8,021	5,427	35,914	112,328	65,685
<i>Total Fund Balances (Deficits)</i>	<u>9,672</u>	<u>5,427</u>	<u>50,358</u>	<u>113,631</u>	<u>102,319</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$16,608</u>	<u>\$6,500</u>	<u>\$75,349</u>	<u>\$165,833</u>	<u>\$167,796</u>

Special Education	Vocational Education	Preschool	Total Nonmajor Special Revenue Funds
\$614,846	\$7,239	\$72,634	\$1,723,267
0	0	0	3,275
27,000	22,708	0	231,064
0	0	0	255
17,963	0	3,289	45,309
0	0	0	74,037
0	0	0	12,899
<u>\$659,809</u>	<u>\$29,947</u>	<u>\$75,923</u>	<u>\$2,090,106</u>
\$10,606	\$4,538	\$0	\$73,556
221,807	7,745	27,962	467,292
47,602	112	3,159	136,100
2,845	15,753	0	42,230
27,000	22,708	0	118,911
<u>309,860</u>	<u>50,856</u>	<u>31,121</u>	<u>838,089</u>
30,137	623	2,224	159,194
319,812	(21,532)	42,578	1,092,823
349,949	(20,909)	44,802	1,252,017
<u>\$659,809</u>	<u>\$29,947</u>	<u>\$75,923</u>	<u>\$2,090,106</u>

**Lancaster City School District, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*June 30, 2003*

	Permanent Improvement	Computer Network	Total Nonmajor Capital Projects Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$14,622	\$5,179	\$19,801
Intergovernmental Receivable	0	12,091	12,091
<i>Total Assets</i>	<u>\$14,622</u>	<u>\$17,270</u>	<u>\$31,892</u>
<b>Liabilities</b>			
Accounts Payable	\$0	\$4,081	\$4,081
<i>Total Liabilities</i>	<u>0</u>	<u>4,081</u>	<u>4,081</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	0	110	110
Unreserved:			
Undesignated	14,622	13,079	27,701
<i>Total Fund Balances</i>	<u>14,622</u>	<u>13,189</u>	<u>27,811</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$14,622</u>	<u>\$17,270</u>	<u>\$31,892</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Property Taxes	\$0	\$337,107	\$0	\$337,107
Intergovernmental	5,378,357	0	13,080	5,391,437
Interest	2,608	0	0	2,608
Tuition and Fees	25,891	0	0	25,891
Charges for Services	981,339	0	0	981,339
Rent	1,115	0	0	1,115
Extracurricular Activities	333,541	0	0	333,541
Gifts and Donations	21,199	0	1,425	22,624
Miscellaneous	3,604	0	0	3,604
<i>Total Revenues</i>	<u>6,747,654</u>	<u>337,107</u>	<u>14,505</u>	<u>7,099,266</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	554,539	0	8,952	563,491
Special	1,319,796	0	0	1,319,796
Vocational	68,229	0	0	68,229
Adult/Continuing	100,833	0	0	100,833
Support Services:				
Pupils	529,708	0	0	529,708
Instructional Staff	679,756	0	0	679,756
Administration	165,250	0	0	165,250
Fiscal	19,615	0	0	19,615
Business	6	0	0	6
Operation and Maintenance of Plant	7,116	0	390	7,506
Central	90,833	0	0	90,833
Operation of Non-Instructional Services:				
Food Service Operations	1,836,175	0	0	1,836,175
Other Non-Instructional Services	891,124	0	0	891,124
Extracurricular Activities	323,319	0	0	323,319
Capital Outlay	5,000	0	90,620	95,620
Debt Service:				
Principal Retirement	0	330,000	0	330,000
Interest and Fiscal Charges	0	23,205	0	23,205
<i>Total Expenditures</i>	<u>6,591,299</u>	<u>353,205</u>	<u>99,962</u>	<u>7,044,466</u>
<i>Net Change in Fund Balances</i>	156,355	(16,098)	(85,457)	54,800
<i>Fund Balances Beginning of Year</i>	<u>1,095,662</u>	<u>20,861</u>	<u>113,268</u>	<u>1,229,791</u>
<i>Fund Balances End of Year</i>	<u>\$1,252,017</u>	<u>\$4,763</u>	<u>\$27,811</u>	<u>\$1,284,591</u>

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

	Food Service	Scholarship Memorial	Public School Support	Community Grants	School Improvement Models
<b>Revenues</b>					
Intergovernmental	\$933,156	\$0	\$0	\$5,100	\$0
Interest	2,176	432	0	0	0
Tuition and Fees	0	0	18	0	0
Charges for Services	981,339	0	0	0	0
Rent	0	0	1,115	0	0
Extracurricular Activities	0	0	80,343	0	0
Gifts and Donations	0	12,650	4,638	3,911	0
Miscellaneous	3,604	0	0	0	0
<i>Total Revenues</i>	<u>1,920,275</u>	<u>13,082</u>	<u>86,114</u>	<u>9,011</u>	<u>0</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	0	0	39,874	14,984	2,731
Special	0	0	0	0	0
Vocational	0	0	0	6,742	0
Adult/Continuing	0	0	0	0	0
Support Services:					
Pupils	0	0	1,496	0	0
Instructional Staff	0	70	93	0	0
Administration	0	0	15,329	0	0
Fiscal	0	0	0	0	0
Business	0	0	6	0	0
Operation and Maintenance of Plant	0	0	1,733	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services:					
Food Service Operations	1,836,175	0	0	0	0
Other Non-Instructional Services	0	2,465	20,953	5,401	0
Extracurricular Activities	0	0	1,091	28,792	0
Capital Outlay	0	0	0	0	0
<i>Total Expenditures</i>	<u>1,836,175</u>	<u>2,535</u>	<u>80,575</u>	<u>55,919</u>	<u>2,731</u>
<i>Net Change in Fund Balance</i>	84,100	10,547	5,539	(46,908)	(2,731)
<i>Fund Balances (Deficits) at</i>					
<i>Beginning of Year</i>					
	<u>214,718</u>	<u>24,128</u>	<u>83,262</u>	<u>54,260</u>	<u>2,731</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>\$298,818</u>	<u>\$34,675</u>	<u>\$88,801</u>	<u>\$7,352</u>	<u>\$0</u>



District Managed Student Activity	Auxiliary Services	Teacher Development	Educational Management Information Systems	Data Communications	SchoolNet Professional Development
\$0	\$772,265	\$0	\$22,287	\$42,000	\$4,600
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
253,198	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
253,198	772,265	0	22,287	42,000	4,600
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	1,083	0	0	8,050
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	20,965	55,581	0
0	0	0	0	0	0
0	841,718	0	0	0	0
293,436	0	0	0	0	0
5,000	0	0	0	0	0
298,436	841,718	1,083	20,965	55,581	8,050
(45,238)	(69,453)	(1,083)	1,322	(13,581)	(3,450)
112,929	113,499	17,055	35,915	33,250	3,450
\$67,691	\$44,046	\$15,972	\$37,237	\$19,669	\$0

(Continued)

**Lancaster City School District, Ohio**  
*Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (Continued)*  
For the Fiscal Year Ended June 30, 2003

	Summer School Intervention	Safe Schools Hotline	Entry Year Grant	Adult Basic Education
<b>Revenues</b>				
Intergovernmental	\$0	\$5,104	\$16,000	\$116,533
Interest	0	0	0	0
Tuition and Fees	0	0	0	0
Charges for Services	0	0	0	0
Rent	0	0	0	0
Extracurricular Activities	0	0	0	0
Gifts and Donations	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>5,104</u>	<u>16,000</u>	<u>116,533</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	23,726	0	15,181	0
Special	0	0	0	0
Vocational	0	0	0	0
Adult/Continuing	0	0	0	73,217
Support Services:				
Pupils	0	0	0	15,924
Instructional Staff	0	0	0	29,480
Administration	0	0	0	0
Fiscal	0	0	0	1,463
Business	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Central	0	10,741	0	0
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
Other Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>23,726</u>	<u>10,741</u>	<u>15,181</u>	<u>120,084</u>
<i>Net Change in Fund Balance</i>	(23,726)	(5,637)	819	(3,551)
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>26,982</u>	<u>5,637</u>	<u>0</u>	<u>(18,017)</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u><u>\$3,256</u></u>	<u><u>\$0</u></u>	<u><u>\$819</u></u>	<u><u>(\$21,568)</u></u>

Title III	Title VI	Drug Free Grant	Continuous Improvement	Reducing Class Size	Reading Improvement
\$0	\$104,520	\$43,352	\$85,936	\$323,724	\$388,615
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	104,520	43,352	85,936	323,724	388,615
0	53,827	0	12,776	180,753	98,899
0	35,884	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	27,616
0	0	44,604	0	0	0
20,900	0	0	49,064	26,337	277,746
0	0	0	0	0	1,000
0	0	700	400	1,000	3,600
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
516	7,200	0	0	2,500	0
0	0	0	0	0	0
0	0	0	0	0	0
21,416	96,911	45,304	62,240	210,590	408,861
(21,416)	7,609	(1,952)	23,696	113,134	(20,246)
21,416	2,063	7,379	26,662	497	122,565
\$0	\$9,672	\$5,427	\$50,358	\$113,631	\$102,319

(Continued)

**Lancaster City School District, Ohio**  
*Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (Continued)*  
For the Fiscal Year Ended June 30, 2003

	Special Education	Vocational Education	Preschool	Total Nonmajor Special Revenue Funds
<b>Revenues</b>				
Intergovernmental	\$2,178,205	\$149,088	\$187,872	\$5,378,357
Interest	0	0	0	2,608
Tuition and Fees	0	0	25,873	25,891
Charges for Services	0	0	0	981,339
Rent	0	0	0	1,115
Extracurricular Activities	0	0	0	333,541
Gifts and Donations	0	0	0	21,199
Miscellaneous	0	0	0	3,604
<i>Total Revenues</i>	<u>2,178,205</u>	<u>149,088</u>	<u>213,745</u>	<u>6,747,654</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	0	111,788	554,539
Special	1,283,823	0	89	1,319,796
Vocational	0	61,487	0	68,229
Adult/Continuing	0	0	0	100,833
Support Services:				
Pupils	382,476	63,620	21,588	529,708
Instructional Staff	188,531	23,519	54,883	679,756
Administration	125,632	5,990	17,299	165,250
Fiscal	12,175	0	277	19,615
Business	0	0	0	6
Operation and Maintenance of Plant	0	0	5,383	7,116
Central	0	3,431	115	90,833
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	1,836,175
Other Non-Instructional Services	10,371	0	0	891,124
Extracurricular Activities	0	0	0	323,319
Capital Outlay	0	0	0	5,000
<i>Total Expenditures</i>	<u>2,003,008</u>	<u>158,047</u>	<u>211,422</u>	<u>6,591,299</u>
<i>Net Change in Fund Balance</i>	175,197	(8,959)	2,323	156,355
<i>Fund Balances (Deficits) at Beginning of Year</i>				
	<u>174,752</u>	<u>(11,950)</u>	<u>42,479</u>	<u>1,095,662</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>\$349,949</u>	<u>(\$20,909)</u>	<u>\$44,802</u>	<u>\$1,252,017</u>

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

	Permanent Improvement	Computer Network	Total Nonmajor Capital Projects Funds
<b>Revenues</b>			
Intergovernmental	\$0	\$13,080	\$13,080
Gifts and Donations	1,425	0	1,425
<i>Total Revenues</i>	<u>1,425</u>	<u>13,080</u>	<u>14,505</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	0	8,952	8,952
Support Services:			
Operation and Maintenance of Plant	0	390	390
Capital Outlay	6,750	83,870	90,620
<i>Total Expenditures</i>	<u>6,750</u>	<u>93,212</u>	<u>99,962</u>
<i>Net Change in Fund Balances</i>	(5,325)	(80,132)	(85,457)
<i>Fund Balances Beginning of Year</i>	<u>19,947</u>	<u>93,321</u>	<u>113,268</u>
<i>Fund Balances End of Year</i>	<u><u>\$14,622</u></u>	<u><u>\$13,189</u></u>	<u><u>\$27,811</u></u>

**Lancaster City School District, Ohio**  
*Statement of Changes in Assets and Liabilities*  
*Agency Fund*  
*For the Fiscal Year Ended June 30, 2003*

This fund accounts for those student activity programs which have student participation in the activity and have student involvement in the management of the programs.

	Balance 7/1/02	Additions	Reductions	Balance 6/30/03
<b>Student Managed Activity</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$64,837	\$99,072	\$96,743	\$67,166
Accounts Receivable	151	0	151	0
Total Assets	<u>\$64,988</u>	<u>\$99,072</u>	<u>\$96,894</u>	<u>\$67,166</u>
<b>Liabilities</b>				
Accounts Payable	\$609	\$0	\$609	\$0
Due to Students	64,379	99,072	96,285	67,166
Total Liabilities	<u>\$64,988</u>	<u>\$99,072</u>	<u>\$96,894</u>	<u>\$67,166</u>

**Lancaster City School District, Ohio**

*Individual Fund Schedules of Revenues, Expenditures/Expenses,  
And Changes in Fund Balances  
Budget and Actual (Budget Basis)*

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
**General Fund**  
*For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$22,773,559	\$22,687,563	\$22,687,563	\$0
Intergovernmental	19,395,651	20,923,666	19,797,330	(1,126,336)
Interest	406,000	406,000	117,041	(288,959)
Tuition and Fees	197,500	217,900	406,821	188,921
Rent	47,000	47,000	42,913	(4,087)
Extracurricular Activities	108,500	107,500	13,547	(93,953)
Gifts and Donations	2,000	2,000	0	(2,000)
Miscellaneous	39,000	43,300	54,672	11,372
<i>Total Revenues</i>	<u>42,969,210</u>	<u>44,434,929</u>	<u>43,119,887</u>	<u>(1,315,042)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	13,123,300	13,134,015	13,133,015	1,000
Fringe Benefits	4,135,338	4,582,686	4,582,582	104
Purchased Services	93,933	75,742	75,742	0
Materials and Supplies	1,031,037	838,889	802,326	36,563
Capital Outlay - New	89,861	93,294	93,294	0
Capital Outlay - Replacement	256,554	230,398	213,352	17,046
Total Regular	<u>18,730,023</u>	<u>18,955,024</u>	<u>18,900,311</u>	<u>54,713</u>
Special:				
Salaries and Wages	3,647,800	3,767,996	3,767,996	0
Fringe Benefits	1,265,200	1,502,149	1,502,115	34
Purchased Services	10,869	7,849	7,849	0
Materials and Supplies	81,010	49,190	48,734	456
Capital Outlay - New	27,236	24,089	24,089	0
Capital Outlay - Replacement	15,000	2,394	2,394	0
Total Special	<u>5,047,115</u>	<u>5,353,667</u>	<u>5,353,177</u>	<u>490</u>
Vocational:				
Salaries and Wages	1,756,100	1,816,327	1,816,327	0
Fringe Benefits	655,000	675,945	620,800	55,145
Purchased Services	15,000	15,000	8,659	6,341
Materials and Supplies	69,490	68,749	47,629	21,120
Capital Outlay - New	10,000	17,548	940	16,608
Capital Outlay - Replacement	20,000	19,800	2,943	16,857
Total Vocational	<u>2,525,590</u>	<u>2,613,369</u>	<u>2,497,298</u>	<u>116,071</u>
Adult/Continuing:				
Salaries and Wages	60,000	60,000	46,363	13,637
Fringe Benefits	15,400	16,492	7,622	8,870
Materials and Supplies	4,605	5,050	4,939	111
Total Adult/Continuing	<u>\$80,005</u>	<u>\$81,542</u>	<u>\$58,924</u>	<u>\$22,618</u>

(Continued)



**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund (Continued)  
For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Other:				
Purchased Services	\$930,711	\$1,097,665	\$1,097,665	\$0
Total Instruction	27,313,444	28,101,267	27,907,375	193,892
Support Services:				
Pupils:				
Salaries and Wages	1,191,300	1,289,166	1,289,166	0
Fringe Benefits	414,200	479,664	479,653	11
Purchased Services	473,998	550,918	550,918	0
Materials and Supplies	155,036	114,699	114,699	0
Total Pupils	2,234,534	2,434,447	2,434,436	11
Instructional Staff:				
Salaries and Wages	1,868,000	1,817,192	1,817,192	0
Fringe Benefits	863,861	892,372	880,185	12,187
Purchased Services	152,644	153,148	143,651	9,497
Materials and Supplies	208,510	206,796	174,848	31,948
Capital Outlay - New	0	15,142	15,142	0
Capital Outlay - Replacement	269	1,690	1,184	506
Other	8,500	3,381	3,381	0
Total Instructional Staff	3,101,784	3,089,721	3,035,583	54,138
Board of Education:				
Salaries and Wages	8,000	8,150	8,150	0
Fringe Benefits	800	1,398	1,396	2
Materials and Supplies	1,000	1,000	531	469
Other	63,624	79,370	69,745	9,625
Total Board of Education	73,424	89,918	79,822	10,096
Administration:				
Salaries and Wages	2,697,800	2,755,635	2,755,635	0
Fringe Benefits	906,600	1,083,801	1,083,776	25
Purchased Services	324,118	415,781	415,766	15
Materials and Supplies	26,202	33,026	27,065	5,961
Capital Outlay - New	154	1,354	1,344	10
Capital Outlay - Replacement	26,000	31,472	30,860	612
Other	13,039	10,189	9,732	457
Total Administration	3,993,913	4,331,258	4,324,178	7,080
Fiscal:				
Salaries and Wages	310,900	354,841	354,721	120
Fringe Benefits	122,800	140,078	131,168	8,910
Purchased Services	81,291	80,291	77,174	3,117
Materials and Supplies	11,054	11,020	6,580	4,440
Capital Outlay - New	4,795	7,557	7,557	0
Other	553,141	553,142	498,352	54,790
Total Fiscal	\$1,083,981	\$1,146,929	\$1,075,552	\$71,377

(Continued)

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**General Fund (Continued)**  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Business:				
Salaries and Wages	\$91,300	\$110,810	\$110,810	\$0
Fringe Benefits	42,900	59,114	54,799	4,315
Purchased Services	278,577	287,970	252,786	35,184
Materials and Supplies	95,804	83,804	24,834	58,970
Other	5,000	5,000	0	5,000
<b>Total Business</b>	<b>513,581</b>	<b>546,698</b>	<b>443,229</b>	<b>103,469</b>
Operation and Maintenance of Plant:				
Salaries and Wages	1,813,300	1,874,724	1,874,724	0
Fringe Benefits	762,800	860,373	860,353	20
Purchased Services	2,461,112	2,354,733	2,270,146	84,587
Materials and Supplies	448,059	426,887	357,324	69,563
Capital Outlay - New	1,000	6,000	3,667	2,333
Capital Outlay - Replacement	0	20,065	19,956	109
<b>Total Operation and Maintenance of Plant</b>	<b>5,486,271</b>	<b>5,542,782</b>	<b>5,386,170</b>	<b>156,612</b>
Pupil Transportation:				
Salaries and Wages	870,600	870,600	865,512	5,088
Fringe Benefits	389,100	424,426	418,175	6,251
Purchased Services	95,954	88,690	87,569	1,121
Materials and Supplies	170,191	174,633	153,311	21,322
Capital Outlay - New	64,000	64,000	63,390	610
Capital Outlay - Replacement	322,830	327,976	327,956	20
<b>Total Pupil Transportation</b>	<b>1,912,675</b>	<b>1,950,325</b>	<b>1,915,913</b>	<b>34,412</b>
Central:				
Salaries and Wages	72,000	105,710	105,710	0
Fringe Benefits	57,536	64,905	51,420	13,485
Purchased Services	97,919	55,962	37,227	18,735
Materials and Supplies	20,686	20,686	13,984	6,702
Capital Outlay - New	0	2,385	2,223	162
Capital Outlay - Replacement	20,000	18,115	17,383	732
Other	1,000	1,000	35	965
<b>Total Central</b>	<b>269,141</b>	<b>268,763</b>	<b>227,982</b>	<b>40,781</b>
<b>Total Support Services</b>	<b>18,669,304</b>	<b>19,400,841</b>	<b>18,922,865</b>	<b>477,976</b>
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	58,000	58,000	50,515	7,485
Fringe Benefits	12,000	13,304	9,098	4,206
Purchased Services	500	500	0	500
Materials and Supplies	1,000	1,000	0	1,000
Other	2,428	4,813	3,127	1,686
<b>Total Academic and Subject Oriented Activities</b>	<b>\$73,928</b>	<b>\$77,617</b>	<b>\$62,740</b>	<b>\$14,877</b>

(Continued)

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund (Continued)  
For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Occupation Oriented Activities:				
Salaries and Wages	\$4,000	\$4,000	\$2,660	\$1,340
Fringe Benefits	700	1,032	998	34
<b>Total Occupation Oriented Activities</b>	<b>4,700</b>	<b>5,032</b>	<b>3,658</b>	<b>1,374</b>
Sports Oriented Activities:				
Salaries and Wages	349,000	360,589	360,589	0
Fringe Benefits	70,200	76,588	67,723	8,865
<b>Total Sports Oriented Activities</b>	<b>419,200</b>	<b>437,177</b>	<b>428,312</b>	<b>8,865</b>
School and Public Service Co-Curricular Activities:				
Salaries and Wages	51,800	40,531	30,286	10,245
Fringe Benefits	5,100	5,853	5,258	595
Purchased Services	2,000	2,000	76	1,924
Materials and Supplies	2,000	4,358	4,358	0
<b>Total School and Public Service Co-Curricular Activities</b>	<b>60,900</b>	<b>52,742</b>	<b>39,978</b>	<b>12,764</b>
<b>Total Extracurricular Activities</b>	<b>558,728</b>	<b>572,568</b>	<b>534,688</b>	<b>37,880</b>
<i>Total Expenditures</i>	<i>46,541,476</i>	<i>48,074,676</i>	<i>47,364,928</i>	<i>709,748</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(3,572,266)</i>	<i>(3,639,747)</i>	<i>(4,245,041)</i>	<i>(605,294)</i>
<b>Other Financing Sources (Uses)</b>				
Advances In	200,000	340,000	339,676	(324)
Advances Out	(14,000)	(28,800)	(28,770)	30
Operating Transfers Out	(10,000)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>176,000</b>	<b>311,200</b>	<b>310,906</b>	<b>(294)</b>
<b>Net Change in Fund Balance</b>	<b>(3,396,266)</b>	<b>(3,328,547)</b>	<b>(3,934,135)</b>	<b>(605,588)</b>
<i>Fund Balance Beginning of Year</i>	<i>7,031,716</i>	<i>7,031,716</i>	<i>7,031,716</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>1,665,566</i>	<i>1,665,566</i>	<i>1,665,566</i>	<i>0</i>
<b>Fund Balance at End of Year</b>	<b>\$5,301,016</b>	<b>\$5,368,735</b>	<b>\$4,763,147</b>	<b>(\$605,588)</b>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Food Service Fund**  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$656,000	\$656,000	\$770,348	\$114,348
Interest	2,000	2,000	2,225	225
Charges for Services	938,000	938,000	977,706	39,706
Miscellaneous	4,000	4,000	3,604	(396)
<i>Total Revenues</i>	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,753,883</u>	<u>153,883</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Operation and Maintenance of Plant:				
Purchased Services	5,000	0	0	0
Non-Instructional Services:				
Food Service Operations:				
Salaries and Wages	644,600	684,326	684,326	0
Fringe Benefits	284,500	279,187	279,187	0
Purchased Services	3,516	1,669	1,669	0
Materials and Supplies	608,297	696,088	694,362	1,726
Capital Outlay - New	42,000	48,701	48,701	0
Capital Outlay - Replacement	10,000	7,942	7,600	342
Other	5,200	5,200	5,123	77
Total Non-Instructional Services	<u>1,598,113</u>	<u>1,723,113</u>	<u>1,720,968</u>	<u>2,145</u>
<i>Total Expenditures</i>	<u>1,603,113</u>	<u>1,723,113</u>	<u>1,720,968</u>	<u>2,145</u>
<i>Net Change in Fund Balance</i>	(3,113)	(123,113)	32,915	156,028
<i>Fund Balance Beginning of Year</i>	170,587	170,587	170,587	0
<i>Prior Year Encumbrances Appropriated</i>	3,113	3,113	3,113	0
<i>Fund Balance at End of Year</i>	<u>\$170,587</u>	<u>\$50,587</u>	<u>\$206,615</u>	<u>\$156,028</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Scholarship Memorial Fund*  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Interest	\$900	\$800	\$435	(\$365)
Gifts and Donations	2,100	2,000	12,650	10,650
<i>Total Revenues</i>	<u>3,000</u>	<u>2,800</u>	<u>13,085</u>	<u>10,285</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Capital Outlay - New	0	70	70	0
Non-Instructional Services:				
Community Services:				
Other	3,700	3,745	1,965	1,780
<i>Total Expenditures</i>	<u>3,700</u>	<u>3,815</u>	<u>2,035</u>	<u>1,780</u>
<i>Net Change in Fund Balance</i>	(700)	(1,015)	11,050	12,065
<i>Fund Balance Beginning of Year</i>	<u>24,096</u>	<u>24,096</u>	<u>24,096</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$23,396</u>	<u>\$23,081</u>	<u>\$35,146</u>	<u>\$12,065</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
Public School Support Fund  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Tuition and Fees	\$8,800	\$8,800	\$18	(\$8,782)
Rent	2,100	2,100	1,115	(985)
Extracurricular Activities	102,051	123,260	81,013	(42,247)
Gifts and Donations	13,500	13,500	4,638	(8,862)
<i>Total Revenues</i>	<u>126,451</u>	<u>147,660</u>	<u>86,784</u>	<u>(60,876)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	15,600	18,600	5,938	12,662
Materials and Supplies	85,839	94,069	30,027	64,042
Capital Outlay - New	4,000	4,200	1,004	3,196
Capital Outlay - Replacement	8,000	8,000	5,000	3,000
Other	700	700	145	555
Total Instruction	<u>114,139</u>	<u>125,569</u>	<u>42,114</u>	<u>83,455</u>
Support Services:				
Pupils:				
Purchased Services	2,900	2,900	1,496	1,404
Materials and Supplies	100	100	0	100
Capital Outlay - Replacement	2,000	2,000	0	2,000
Total Pupils	<u>5,000</u>	<u>5,000</u>	<u>1,496</u>	<u>3,504</u>
Instructional Staff:				
Purchased Services	500	500	0	500
Materials and Supplies	400	500	0	500
Capital Outlay - New	2,400	2,400	93	2,307
Total Instructional Staff	<u>3,300</u>	<u>3,400</u>	<u>93</u>	<u>3,307</u>
Administration:				
Purchased Services	9,050	8,755	5,088	3,667
Materials and Supplies	7,999	7,530	1,475	6,055
Capital Outlay - New	500	795	295	500
Capital Outlay - Replacement	2,500	2,600	0	2,600
Other	23,170	23,600	8,984	14,616
Total Administration	<u>43,219</u>	<u>43,280</u>	<u>15,842</u>	<u>27,438</u>
Business:				
Purchased Services	200	200	6	194
Operation and Maintenance of Plant:				
Purchased Services	2,050	2,300	1,733	567
Pupil Transportation:				
Purchased Services	500	500	0	500
Total Support Services	<u>\$54,269</u>	<u>\$54,680</u>	<u>\$19,170</u>	<u>\$35,510</u>

(Continued)

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Public School Support Fund (Continued)  
For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Non-Instructional Services:				
Food Service Operations:				
Purchased Services	\$200	\$200	\$0	\$200
Materials and Supplies	38,878	48,146	21,708	26,438
Total Food Service Operations	39,078	48,346	21,708	26,638
Community Services:				
Materials and Supplies	413	413	0	413
Total Non-Instructional Services	39,491	48,759	21,708	27,051
Extracurricular Activities:				
Academic Oriented Activities:				
Materials and Supplies	500	500	0	500
School and Public Service Co-Curricular Activities:				
Other	300	1,413	1,091	322
Total Extracurricular Activities	800	1,913	1,091	822
Capital Outlay:				
Other Facilities Acquisition and Construction:				
Materials and Supplies	148	148	0	148
<i>Total Expenditures</i>	208,847	231,069	84,083	146,986
<i>Net Change in Fund Balance</i>	(82,396)	(83,409)	2,701	86,110
<i>Fund Balance Beginning of Year</i>	76,875	76,875	76,875	0
<i>Prior Year Encumbrances Appropriated</i>	5,521	5,521	5,521	0
<i>Fund Balance at End of Year</i>	\$0	(\$1,013)	\$85,097	\$86,110

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Community Grants Fund**  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$10,000	\$5,100	\$5,100	\$0
Gifts and Donations	10,000	7,850	6,911	(939)
<i>Total Revenues</i>	<u>\$20,000</u>	<u>\$12,950</u>	<u>\$12,011</u>	<u>(\$939)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	14,068	14,005	13,200	805
Fringe Benefits	1,928	1,927	784	1,143
Materials and Supplies	3,344	4,344	1,000	3,344
Capital Outlay - New	48	48	0	48
Total Regular	<u>19,388</u>	<u>20,324</u>	<u>14,984</u>	<u>5,340</u>
Special:				
Materials and Supplies	61	61	61	0
Vocational:				
Purchased Services	0	1,194	1,194	0
Materials and Supplies	3,000	6,906	6,906	0
Total Vocational	<u>3,000</u>	<u>8,100</u>	<u>8,100</u>	<u>0</u>
Total Instruction	<u>22,449</u>	<u>28,485</u>	<u>23,145</u>	<u>5,340</u>
Support Services:				
Instructional Staff:				
Salaries and Wages	1,247	2,211	2,211	0
Fringe Benefits	735	735	90	645
Purchased Services	1,000	3,100	3,100	0
Total Support Services	<u>2,982</u>	<u>6,046</u>	<u>5,401</u>	<u>645</u>
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Purchased Services	3,850	5,392	5,392	0
<i>Total Expenditures</i>	<u>29,281</u>	<u>39,923</u>	<u>33,938</u>	<u>5,985</u>
<i>Net Change in Fund Balance</i>	(9,281)	(26,973)	(21,927)	5,046
<i>Fund Balance Beginning of Year</i>	27,860	27,860	27,860	0
<i>Prior Year Encumbrances Appropriated</i>	61	61	61	0
<i>Fund Balance at End of Year</i>	<u>\$18,640</u>	<u>\$948</u>	<u>\$5,994</u>	<u>\$5,046</u>



**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*School Improvement Models Fund*  
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Miscellaneous	\$60,000	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	1,467	1,379	1,379	0
Capital Outlay - New	2,910	2,910	2,910	0
Other	2,647	2,735	2,735	0
<i>Total Expenditures</i>	<u>7,024</u>	<u>7,024</u>	<u>7,024</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	52,976	(7,024)	(7,024)	0
<i>Fund Balance Beginning of Year</i>	2,647	2,647	2,647	0
<i>Prior Year Encumbrances Appropriated</i>	4,377	4,377	4,377	0
<i>Fund Balance at End of Year</i>	<u>\$60,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*District Managed Student Activity Fund*  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Extracurricular Activities	\$420,562	\$464,340	\$250,863	(\$213,477)
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Purchased Services	128,613	127,613	9,735	117,878
Materials and Supplies	40,324	39,245	14,405	24,840
Capital Outlay - New	19,600	19,600	0	19,600
Capital Outlay - Replacement	13,865	13,865	0	13,865
Other	23,908	22,908	5,033	17,875
Total Academic and Subject Oriented Activities	226,310	223,231	29,173	194,058
Sport Oriented Activities:				
Salaries and Wages	18,100	18,182	18,182	0
Purchased Services	83,240	84,681	75,624	9,057
Materials and Supplies	130,076	139,951	132,397	7,554
Capital Outlay - New	21,500	8,125	8,125	0
Capital Outlay - Replacement	7,200	2,231	0	2,231
Other	22,538	32,964	29,464	3,500
Total Sport Oriented Activities	282,654	286,134	263,792	22,342
School and Public Service Co-Curricular Activities:				
Purchased Services	21,171	18,671	6,750	11,921
Materials and Supplies	7,000	7,500	7,313	187
Capital Outlay - New	0	2,000	1,404	596
Other	1,000	1,000	0	1,000
Total School and Public Service Co-Curricular Activities	29,171	29,171	15,467	13,704
Total Extracurricular Activities	538,135	538,536	308,432	230,104
Capital Outlay:				
Other Facilities Acquisition and Construction:				
Capital Outlay - Replacement	0	5,000	5,000	0
Total Expenditures	538,135	543,536	313,432	230,104
Net Change in Fund Balance	(117,573)	(79,196)	(62,569)	16,627
Fund Balance Beginning of Year	91,615	91,615	91,615	0
Prior Year Encumbrances Appropriated	25,958	25,958	25,958	0
Fund Balance at End of Year	\$0	\$38,377	\$55,004	\$16,627

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Auxiliary Services Fund*  
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$733,395	\$772,265	\$772,265	\$0
<b>Expenditures</b>				
Current:				
Non-Instructional Services:				
Community Services:				
Salaries and Wages	195,657	233,599	201,746	31,853
Fringe Benefits	57,317	68,432	55,106	13,326
Purchased Services	110,483	121,751	121,645	106
Materials and Supplies	220,885	248,891	241,892	6,999
Capital Outlay - New	182,449	212,804	212,726	78
Other	31,742	37,898	30,890	7,008
<i>Total Expenditures</i>	<u>798,533</u>	<u>923,375</u>	<u>864,005</u>	<u>59,370</u>
<i>Net Change in Fund Balance</i>	(65,138)	(151,110)	(91,740)	59,370
<i>Fund Balance Beginning of Year</i>	128,990	128,990	128,990	0
<i>Prior Year Encumbrances Appropriated</i>	25,137	25,137	25,137	0
<i>Fund Balance at End of Year</i>	<u>\$88,989</u>	<u>\$3,017</u>	<u>\$62,387</u>	<u>\$59,370</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Teacher Development Fund**  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$25,000	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	5,000	5,000	0	5,000
Purchased Services	4,381	4,317	1,082	3,235
Capital Outlay - New	11,463	11,463	3,790	7,673
Total Support Services	20,844	20,780	4,872	15,908
Non-Instructional Services:				
Community Services:				
Materials and Supplies	0	64	0	64
Total Expenditures	20,844	20,844	4,872	15,972
Net Change in Fund Balance	4,156	(20,844)	(4,872)	15,972
Fund Balance Beginning of Year	15,482	15,482	15,482	0
Prior Year Encumbrances Appropriated	5,362	5,362	5,362	0
Fund Balance at End of Year	\$25,000	\$0	\$15,972	\$15,972

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Educational Management Information Systems Fund  
For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$25,000	\$0	\$22,287	\$22,287
<b>Expenditures</b>				
Current:				
Support Services:				
Central:				
Salaries and Wages	28,439	28,439	19,461	8,978
Purchased Services	3,927	3,927	0	3,927
Materials and Supplies	739	740	0	740
Capital Outlay - New	2,810	2,810	0	2,810
<i>Total Expenditures</i>	<u>35,915</u>	<u>35,916</u>	<u>19,461</u>	<u>16,455</u>
<i>Net Change in Fund Balance</i>	(10,915)	(35,916)	2,826	38,742
<i>Fund Balance Beginning of Year</i>	<u>35,916</u>	<u>35,916</u>	<u>35,916</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$25,001</u>	<u>\$0</u>	<u>\$38,742</u>	<u>\$38,742</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Data Communications Fund**  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$42,000	\$42,000	\$42,000	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Central:				
Purchased Services	87,500	87,500	72,528	14,972
<i>Net Change in Fund Balance</i>	(45,500)	(45,500)	(30,528)	14,972
<i>Fund Balance Beginning of Year</i>	31,980	31,980	31,980	0
<i>Prior Year Encumbrances Appropriated</i>	13,520	13,520	13,520	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$14,972</u>	<u>\$14,972</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*SchoolNet Professional Development Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$4,600	\$4,600	\$4,600	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	3,330	3,330	3,330	0
Purchased Services	4,530	4,530	4,530	0
Other	190	190	190	0
<i>Total Expenditures</i>	<u>8,050</u>	<u>8,050</u>	<u>8,050</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(3,450)	(3,450)	(3,450)	0
<i>Fund Balance Beginning of Year</i>	<u>3,450</u>	<u>3,450</u>	<u>3,450</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Summer School Intervention Fund  
For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$30,000	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	21,550	21,550	20,288	1,262
Fringe Benefits	3,090	3,090	3,063	27
Materials and Supplies	6,345	6,345	4,378	1,967
<i>Total Expenditures</i>	<u>30,985</u>	<u>30,985</u>	<u>27,729</u>	<u>3,256</u>
<i>Net Change in Fund Balance</i>	(985)	(30,985)	(27,729)	3,256
<i>Fund Balance Beginning of Year</i>	30,120	30,120	30,120	0
<i>Prior Year Encumbrances Appropriated</i>	865	865	865	0
<i>Fund Balance at End of Year</i>	<u>\$30,000</u>	<u>\$0</u>	<u>\$3,256</u>	<u>\$3,256</u>



**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Safe Schools Hotline Fund*  
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$0	\$0	\$5,104	\$5,104
<b>Expenditures</b>				
Current:				
Support Services:				
Central:				
Purchased Services	10,741	10,741	10,741	0
<i>Net Change in Fund Balance</i>	(10,741)	(10,741)	(5,637)	5,104
<i>Fund Balance Beginning of Year</i>	5,637	5,637	5,637	0
<i>Fund Balance (Deficit) at End of Year</i>	(\$5,104)	(\$5,104)	\$0	\$5,104

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Entry Year Grant Fund*  
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$16,000	\$16,000	\$16,000	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	11,000	11,000	10,989	11
Fringe Benefits	1,540	1,540	1,539	1
Purchased Services	2,660	2,660	2,529	131
Materials and Supplies	800	800	797	3
<i>Total Expenditures</i>	<u>16,000</u>	<u>16,000</u>	<u>15,854</u>	<u>146</u>
<i>Net Change in Fund Balance</i>	0	0	146	146
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$146</u>	<u>\$146</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Adult Basic Education Fund*  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$100,000	\$135,932	\$116,533	(\$19,399)
<b>Expenditures</b>				
Current:				
Instruction:				
Adult/Continuing:				
Salaries and Wages	55,066	74,061	60,335	13,726
Fringe Benefits	10,424	11,718	7,189	4,529
Materials and Supplies	12,097	9,198	8,701	497
Total Instruction	77,587	94,977	76,225	18,752
Support Services:				
Pupils:				
Salaries and Wages	16,166	15,404	13,610	1,794
Fringe Benefits	2,879	2,759	1,920	839
Purchased Services	717	718	486	232
Total Pupils	19,762	18,881	16,016	2,865
Instructional Staff:				
Salaries and Wages	30,881	30,185	27,195	2,990
Fringe Benefits	5,283	5,169	3,922	1,247
Purchased Services	8,437	8,437	6,109	2,328
Materials and Supplies	916	858	678	180
Capital Outlay - Replacement	5	5	0	5
Other	250	225	0	225
Total Instructional Staff	45,772	44,879	37,904	6,975
Fiscal:				
Other	1,463	1,463	1,463	0
Total Support Services	66,997	65,223	55,383	9,840
<i>Total Expenditures</i>	144,584	160,200	131,608	28,592
<i>Excess of Revenues Under Expenditures</i>	(44,584)	(24,268)	(15,075)	9,193
<b>Other Financing Sources (Uses)</b>				
Advances In	0	23,632	23,632	0
Advances Out	(10,194)	(10,194)	(10,194)	0
<i>Total Other Financing Sources (Uses)</i>	(10,194)	13,438	13,438	0
<i>Net Change in Fund Balance</i>	(54,778)	(10,830)	(1,637)	9,193
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	1,637	1,637	1,637	0
<i>Fund Balance (Deficit) at End of Year</i>	(\$53,141)	(\$9,193)	\$0	\$9,193

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Title III Fund*  
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$34,251	\$34,251	\$0	(\$34,251)
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	1,185	1,000	1,000	0
Fringe Benefits	5,197	150	150	0
Purchased Services	35,530	13,867	0	13,867
Materials and Supplies	12,165	12,852	3,492	9,360
Capital Outlay - New	488	0	0	0
Other	0	26,746	12,877	13,869
Total Support Services	54,565	54,615	17,519	37,096
Non-Instructional Services:				
Community Services:				
Materials and Supplies	2,168	2,118	516	1,602
Total Expenditures	56,733	56,733	18,035	38,698
Net Change in Fund Balance	(22,482)	(22,482)	(18,035)	4,447
Fund Balance Beginning of Year	16,390	16,390	16,390	0
Prior Year Encumbrances Appropriated	6,092	6,092	6,092	0
Fund Balance at End of Year	\$0	\$0	\$4,447	\$4,447

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Title VI Fund**  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$112,813	\$112,813	\$112,813	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	51,892	48,567	46,025	2,542
Fringe Benefits	7,664	7,664	6,759	905
Materials and Supplies	5,752	5,752	2,501	3,251
Capital Outlay - New	0	81	0	81
Total Regular	65,308	62,064	55,285	6,779
Special:				
Salaries and Wages	37,084	42,392	35,672	6,720
Total Instruction	102,392	104,456	90,957	13,499
Non-Instructional Services:				
Community Services:				
Purchased Services	2,529	0	0	0
Materials and Supplies	6,941	7,437	7,318	119
Capital Outlay - Replacement	31	0	0	0
Total Non-Instructional Services	9,501	7,437	7,318	119
<i>Total Expenditures</i>	111,893	111,893	98,275	13,618
<i>Excess of Revenues Over Expenditures</i>	920	920	14,538	13,618
<b>Other Financing Uses</b>				
Advances Out	(1,000)	(1,000)	(1,000)	0
<i>Net Change in Fund Balance</i>	(80)	(80)	13,538	13,618
<i>Fund Balance Beginning of Year</i>	80	80	80	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$13,618	\$13,618

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Drug Free Grant Fund*  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$49,474	\$49,474	\$43,352	(\$6,122)
<b>Expenditures</b>				
Current:				
Support Services:				
Pupils:				
Purchased Services	43,531	43,531	43,531	0
Other	0	1,073	0	1,073
Total Pupils	43,531	44,604	43,531	1,073
Instructional Staff:				
Purchased Services	10,519	4,397	0	4,397
Fiscal:				
Other	700	700	700	0
Total Support Services	54,750	49,701	44,231	5,470
Non-Instructional Services:				
Community Services:				
Purchased Services	2,103	1,030	0	1,030
<i>Total Expenditures</i>	56,853	50,731	44,231	6,500
<i>Net Change in Fund Balance</i>	(7,379)	(1,257)	(879)	378
<i>Fund Balance Beginning of Year</i>	1,073	1,073	1,073	0
<i>Prior Year Encumbrances Appropriated</i>	6,306	6,306	6,306	0
<i>Fund Balance at End of Year</i>	\$0	\$6,122	\$6,500	\$378

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Continuous Improvement Fund  
For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$110,936	\$85,937	\$85,936	(\$1)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	11,312	11,312	2,175	9,137
Purchased Services	19,000	19,000	2,031	16,969
Materials and Supplies	20,317	20,317	18,018	2,299
Total Instruction	50,629	50,629	22,224	28,405
Support Services:				
Instructional Staff:				
Purchased Services	32,370	32,370	16,495	15,875
Materials and Supplies	20,537	18,871	12,946	5,925
Capital Outlay - New	5,000	6,666	6,255	411
Total Instructional Staff	57,907	57,907	35,696	22,211
Fiscal:				
Other	400	400	400	0
Total Support Services	58,307	58,307	36,096	22,211
<i>Total Expenditures</i>	108,936	108,936	58,320	50,616
<i>Net Change in Fund Balance</i>	2,000	(22,999)	27,616	50,615
<i>Fund Balance Beginning of Year</i>	26,662	26,662	26,662	0
<i>Fund Balance at End of Year</i>	\$28,662	\$3,663	\$54,278	\$50,615

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Reducing Class Size Fund*  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$354,643	\$354,643	\$350,046	(\$4,597)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	172,719	172,719	159,902	12,817
Fringe Benefits	28,033	28,033	23,633	4,400
Total Instruction	200,752	200,752	183,535	17,217
Support Services:				
Instructional Staff:				
Purchased Services	89,000	89,000	21,620	67,380
Materials and Supplies	59,881	59,881	20,617	39,264
Total Instructional Staff	148,881	148,881	42,237	106,644
Fiscal:				
Other	1,000	1,000	1,000	0
Total Support Services	149,881	149,881	43,237	106,644
Non-Instructional Services:				
Community Services:				
Purchased Services	2,500	2,500	2,500	0
<i>Total Expenditures</i>	353,133	353,133	229,272	123,861
<i>Excess of Revenues Over Expenditures</i>	1,510	1,510	120,774	119,264
<b>Other Financing Uses</b>				
Advances Out	(1,510)	(1,510)	(1,510)	0
<i>Net Change in Fund Balance</i>	0	0	119,264	119,264
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$119,264	\$119,264



**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Ohio Reads Fund*  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$100,000	\$104,000	\$104,000	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Purchased Services	1,500	1,500	1,500	0
Materials and Supplies	47,336	66,146	62,858	3,288
Other	2,875	2,807	2,773	34
Total Instruction	51,711	70,453	67,131	3,322
Support Services:				
Instructional Staff:				
Salaries and Wages	27,600	24,100	20,324	3,776
Fringe Benefits	300	300	0	300
Purchased Services	47,571	40,203	34,061	6,142
Materials and Supplies	2,800	6,057	6,009	48
Capital Outlay - New	0	1,663	1,399	264
Other	5,023	6,729	5,807	922
Total Instructional Staff	83,294	79,052	67,600	11,452
Administration:				
Salaries and Wages	1,000	1,000	1,000	0
Total Support Services	84,294	80,052	68,600	11,452
<i>Total Expenditures</i>	136,005	150,505	135,731	14,774
<i>Net Change in Fund Balance</i>	(36,005)	(46,505)	(31,731)	14,774
<i>Fund Balance Beginning of Year</i>	10,245	10,245	10,245	0
<i>Prior Year Encumbrances Appropriated</i>	36,260	36,260	36,260	0
<i>Fund Balance at End of Year</i>	\$10,500	\$0	\$14,774	\$14,774

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Extended Learning Opportunities Fund  
For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$30,000	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	561	561	379	182
<i>Net Change in Fund Balance</i>	29,439	(561)	(379)	182
<i>Fund Balance Beginning of Year</i>	6,034	6,034	6,034	0
<i>Prior Year Encumbrances Appropriated</i>	561	561	561	0
<i>Fund Balance at End of Year</i>	<u>\$36,034</u>	<u>\$6,034</u>	<u>\$6,216</u>	<u>\$182</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Reading Improvement Grant Fund  
For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$30,000	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	3,488	10,318	10,068	250
Capital Outlay - New	11,566	4,736	3,657	1,079
Total Instruction	15,054	15,054	13,725	1,329
<i>Net Change in Fund Balance</i>	14,946	(15,054)	(13,725)	1,329
<i>Fund Balance Beginning of Year</i>	15,054	15,054	15,054	0
<i>Fund Balance at End of Year</i>	\$30,000	\$0	\$1,329	\$1,329

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Even Start Grant Fund  
For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$280,615	\$280,615	\$364,615	\$84,000
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	24,052	84,600	37,981	46,619
Fringe Benefits	110	36,372	14,055	22,317
Purchased Services	1,174	4,000	1,421	2,579
Materials and Supplies	22,032	13,932	7,224	6,708
Capital Outlay - New	2,200	4,278	1,783	2,495
Total Regular	49,568	143,182	62,464	80,718
Adult/Continuing:				
Salaries and Wages	22,089	45,000	19,966	25,034
Fringe Benefits	3,584	7,335	2,762	4,573
Purchased Services	447	3,500	2,546	954
Materials and Supplies	4,215	8,000	2,030	5,970
Capital Outlay - New	2,100	2,000	0	2,000
Total Adult/Continuing	32,435	65,835	27,304	38,531
Total Instruction	82,003	209,017	89,768	119,249
Support Services:				
Instructional Staff:				
Salaries and Wages	58,807	87,500	41,045	46,455
Fringe Benefits	10,544	15,153	5,780	9,373
Purchased Services	121,581	249,582	169,894	79,688
Materials and Supplies	3,931	3,696	2,076	1,620
Capital Outlay - New	11,204	3,137	802	2,335
Other	5,815	4,000	1,296	2,704
Total Instructional Staff	211,882	363,068	220,893	142,175
Fiscal:				
Other	1,800	3,600	3,600	0
Total Support Services	213,682	366,668	224,493	142,175
<i>Total Expenditures</i>	295,685	575,685	314,261	261,424
<i>Net Change in Fund Balance</i>	(15,070)	(295,070)	50,354	345,424
<i>Fund Balance Beginning of Year</i>	11,763	11,763	11,763	0
<i>Prior Year Encumbrances Appropriated</i>	3,307	3,307	3,307	0
<i>Fund Balance (Deficit) at End of Year</i>	\$0	(\$280,000)	\$65,424	\$345,424

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Reading Excellence Grant Fund*  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$120,000	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	15,845	15,589	15,589	0
Fringe Benefits	4,120	4,120	4,120	0
Total Instruction	19,965	19,709	19,709	0
Support Services:				
Pupils:				
Purchased Services	230	0	0	0
Instructional Staff:				
Salaries and Wages	6,728	7,652	7,652	0
Fringe Benefits	2,764	2,609	2,405	204
Purchased Services	154	0	0	0
Materials and Supplies	129	0	0	0
Total Instructional Staff	9,775	10,261	10,057	204
Total Support Services	10,005	10,261	10,057	204
<i>Total Expenditures</i>	29,970	29,970	29,766	204
<i>Net Change in Fund Balance</i>	90,030	(29,970)	(29,766)	204
<i>Fund Balance Beginning of Year</i>	29,970	29,970	29,970	0
<i>Fund Balance at End of Year</i>	\$120,000	\$0	\$204	\$204

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Title VI-B Fund*  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$919,781	\$726,974	\$699,739	(\$27,235)
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Salaries and Wages	33,965	33,964	25,082	8,882
Fringe Benefits	6,939	6,717	5,399	1,318
Purchased Services	2,500	2,500	0	2,500
Materials and Supplies	750	750	116	634
Capital Outlay - New	15,110	37,394	29,372	8,022
Total Instruction	59,264	81,325	59,969	21,356
Support Services:				
Pupils:				
Salaries and Wages	47,659	46,962	40,032	6,930
Fringe Benefits	22,199	13,741	9,639	4,102
Purchased Services	325,689	267,370	201,291	66,079
Materials and Supplies	14,998	22,998	22,998	0
Capital Outlay - New	49,000	56,462	35,822	20,640
Other	0	5,873	5,873	0
Total Pupils	459,545	413,406	315,655	97,751
Instructional Staff:				
Salaries and Wages	59,581	59,061	51,206	7,855
Fringe Benefits	42,202	42,995	42,382	613
Total Instructional Staff	101,783	102,056	93,588	8,468
Administration:				
Salaries and Wages	83,748	101,105	85,434	15,671
Fringe Benefits	25,345	31,590	27,355	4,235
Purchased Services	1,000	1,000	0	1,000
Materials and Supplies	750	750	0	750
Capital Outlay - New	0	10,089	10,089	0
Total Administration	110,843	144,534	122,878	21,656
Fiscal:				
Other	12,175	12,175	12,175	0
Total Support Services	684,346	672,171	544,296	127,875
Non-Instructional Services:				
Community Services:				
Salaries and Wages	20,068	20,068	0	20,068
Fringe Benefits	10,856	9,445	0	9,445
Purchased Services	1,600	205	205	0
Total Non-Instructional Services	32,524	29,718	205	29,513
<b>Total Expenditures</b>	776,134	783,214	604,470	178,744
<b>Excess of Revenues Over (Under) Expenditures</b>	\$143,647	(\$56,240)	\$95,269	\$151,509

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Title VI-B Fund (Continued)*  
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Other Financing Uses</b>				
Operating Transfers Out	\$0	(\$234)	\$0	\$234
<i>Net Change in Fund Balance</i>	143,647	(56,474)	95,269	151,743
<i>Fund Balance Beginning of Year</i>	19,988	19,988	19,988	0
<i>Prior Year Encumbrances Appropriated</i>	36,486	36,486	36,486	0
<i>Fund Balance at End of Year</i>	<u>\$200,121</u>	<u>\$0</u>	<u>\$151,743</u>	<u>\$151,743</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Title I Fund**  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$1,312,489	\$1,459,098	\$1,481,675	\$22,577
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Salaries and Wages	1,007,149	1,048,086	850,524	197,562
Fringe Benefits	255,047	254,131	227,118	27,013
Materials and Supplies	3,693	4,004	4,004	0
Total Instruction	1,265,889	1,306,221	1,081,646	224,575
Support Services:				
Pupils:				
Salaries and Wages	56,477	39,363	35,532	3,831
Fringe Benefits	12,308	13,365	12,233	1,132
Materials and Supplies	0	1,500	521	979
Total Pupils	68,785	54,228	48,286	5,942
Instructional Staff:				
Salaries and Wages	85,937	96,147	65,776	30,371
Fringe Benefits	20,060	23,619	17,627	5,992
Purchased Services	106,128	76,593	6,563	70,030
Materials and Supplies	385	13,284	2,512	10,772
Capital Outlay - New	0	330	150	180
Total Instructional Staff	212,510	209,973	92,628	117,345
Pupil Transportation:				
Purchased Services	39,375	39,375	0	39,375
Total Support Services	320,670	303,576	140,914	162,662
Non-Instructional Services:				
Community Services:				
Salaries and Wages	9,460	8,959	7,734	1,225
Fringe Benefits	2,414	2,255	2,127	128
Total Non-Instructional Services	11,874	11,214	9,861	1,353
<i>Total Expenditures</i>	1,598,433	1,621,011	1,232,421	388,590
<i>Net Change in Fund Balance</i>	(285,944)	(161,913)	249,254	411,167
<i>Fund Balance Beginning of Year</i>	136,760	136,760	136,760	0
<i>Prior Year Encumbrances Appropriated</i>	2,575	2,575	2,575	0
<i>Fund Balance (Deficit) at End of Year</i>	(\$146,609)	(\$22,578)	\$388,589	\$411,167



**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Disadvantaged Pupil Impact Aid Fund  
For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$300,000	\$212,817	\$199,153	(\$13,664)
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Salaries and Wages	121,617	132,336	115,183	17,153
Fringe Benefits	30,639	41,358	34,518	6,840
Total Instruction	152,256	173,694	149,701	23,993
Support Services:				
Pupils:				
Salaries and Wages	11,748	11,748	10,151	1,597
Fringe Benefits	4,169	4,169	3,494	675
Total Pupils	15,917	15,917	13,645	2,272
Instructional Staff:				
Salaries and Wages	6,357	7,298	6,319	979
Fringe Benefits	1,245	1,245	934	311
Total Instructional Staff	7,602	8,543	7,253	1,290
Total Support Services	23,519	24,460	20,898	3,562
<i>Total Expenditures</i>	175,775	198,154	170,599	27,555
<i>Net Change in Fund Balance</i>	124,225	14,663	28,554	13,891
<i>Fund Balance Beginning of Year</i>	8,104	8,104	8,104	0
<i>Fund Balance at End of Year</i>	\$132,329	\$22,767	\$36,658	\$13,891

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Vocational Education Career Development Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$30,000	\$17,742	\$15,081	(\$2,661)
<b>Expenditures</b>				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	2,000	1,800	1,800	0
Purchased Services	4,000	2,000	2,000	0
Materials and Supplies	11,742	13,942	13,773	169
<i>Total Expenditures</i>	<u>17,742</u>	<u>17,742</u>	<u>17,573</u>	<u>169</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	12,258	0	(2,492)	(2,492)
<b>Other Financing Sources</b>				
Advances In	0	2,492	2,492	0
<i>Net Change in Fund Balance</i>	12,258	2,492	0	(2,492)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$12,258</u>	<u>\$2,492</u>	<u>\$0</u>	<u>(\$2,492)</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Vocational Education Fund**  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$173,649	\$154,194	\$134,007	(\$20,187)
<b>Expenditures</b>				
Current:				
Instruction:				
Vocational:				
Purchased Services	0	2,351	2,351	0
Materials and Supplies	18,607	17,396	17,330	66
Capital Outlay - New	57,530	57,994	57,981	13
Total Instruction	76,137	77,741	77,662	79
Support Services:				
Pupils:				
Salaries and Wages	57,588	57,628	50,889	6,739
Fringe Benefits	12,658	12,618	0	12,618
Materials and Supplies	2,100	1,926	1,926	0
Total Pupils	72,346	72,172	52,815	19,357
Instructional Staff:				
Purchased Services	7,023	6,462	6,438	24
Administration:				
Purchased Services	5,990	5,990	5,990	0
Central:				
Purchased Services	2,800	848	848	0
Materials and Supplies	1,684	2,767	2,583	184
Total Central	4,484	3,615	3,431	184
Total Support Services	89,843	88,239	68,674	19,565
<i>Total Expenditures</i>	165,980	165,980	146,336	19,644
<i>Excess of Revenues Over (Under) Expenditures</i>	7,669	(11,786)	(12,329)	(543)
<b>Other Financing Sources (Uses)</b>				
Advances In	0	2,646	2,646	0
Advances Out	(10,844)	(10,844)	(10,844)	0
<i>Net Change in Fund Balance</i>	(3,175)	(19,984)	(20,527)	(543)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	22,630	22,630	22,630	0
<i>Fund Balance at End of Year</i>	\$19,455	\$2,646	\$2,103	(\$543)

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
Public School Preschool Fund  
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$160,000	\$170,632	\$168,811	(\$1,821)
Tuition and Fees	0	0	26,237	26,237
<i>Total Revenues</i>	<u>160,000</u>	<u>170,632</u>	<u>195,048</u>	<u>24,416</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Salaries and Wages	93,314	93,314	84,702	8,612
Fringe Benefits	33,243	31,423	24,985	6,438
Materials and Supplies	2,476	1,692	1,692	0
Total Instruction	<u>129,033</u>	<u>126,429</u>	<u>111,379</u>	<u>15,050</u>
Support Services:				
Pupils:				
Purchased Services	772	4,900	4,362	538
Materials and Supplies	992	3,997	3,702	295
Total Pupils	<u>1,764</u>	<u>8,897</u>	<u>8,064</u>	<u>833</u>
Instructional Staff:				
Salaries and Wages	31,721	31,467	31,348	119
Fringe Benefits	17,476	22,967	22,967	0
Total Instructional Staff	<u>49,197</u>	<u>54,434</u>	<u>54,315</u>	<u>119</u>
Administration:				
Salaries and Wages	13,462	13,462	11,031	2,431
Fringe Benefits	6,701	6,701	5,796	905
Materials and Supplies	248	248	248	0
Total Administration	<u>20,411</u>	<u>20,411</u>	<u>17,075</u>	<u>3,336</u>
Operation and Maintenance of Plant:				
Purchased Services	2,645	5,383	5,383	0
Pupil Transportation:				
Purchased Services	8,457	0	0	0
Central:				
Purchased Services	217	115	115	0
Materials and Supplies	241	0	0	0
Total Central	<u>458</u>	<u>115</u>	<u>115</u>	<u>0</u>
Total Support Services	<u>82,932</u>	<u>89,240</u>	<u>84,952</u>	<u>4,288</u>
<i>Total Expenditures</i>	<u>211,965</u>	<u>215,669</u>	<u>196,331</u>	<u>19,338</u>
<i>Net Change in Fund Balance</i>	(51,965)	(45,037)	(1,283)	43,754
<i>Fund Balance Beginning of Year</i>	63,955	63,955	63,955	0
<i>Prior Year Encumbrances Appropriated</i>	909	909	909	0
<i>Fund Balance at End of Year</i>	<u>\$12,899</u>	<u>\$19,827</u>	<u>\$63,581</u>	<u>\$43,754</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Preschool Handicapped Fund  
For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$20,000	\$19,061	\$19,061	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Special:				
Materials and Supplies	589	589	89	500
Capital Outlay - New	500	500	0	500
Total Instruction	1,089	1,089	89	1,000
Support Services:				
Pupils:				
Salaries and Wages	12,480	12,480	10,763	1,717
Fringe Benefits	5,293	5,293	1,680	3,613
Purchased Services	3,500	3,500	3,000	500
Total Pupils	21,273	21,273	15,443	5,830
Instructional Staff:				
Salaries and Wages	24	24	24	0
Fiscal:				
Other	277	277	277	0
Total Support Services	21,574	21,574	15,744	5,830
<i>Total Expenditures</i>	22,663	22,663	15,833	6,830
<i>Net Change in Fund Balance</i>	(2,663)	(3,602)	3,228	6,830
<i>Fund Balance Beginning of Year</i>	3,564	3,564	3,564	0
<i>Prior Year Encumbrances Appropriated</i>	38	38	38	0
<i>Fund Balance at End of Year</i>	\$939	\$0	\$6,830	\$6,830

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Bond Retirement Fund**  
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$353,205	\$353,205	\$353,205	\$0
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	330,000	330,000	330,000	0
Interest and Fiscal Charges	23,205	23,205	23,205	0
<i>Total Expenditures</i>	<u>353,205</u>	<u>353,205</u>	<u>353,205</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Permanent Improvement Fund*  
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Gifts and Donations	\$10,000	\$10,000	\$1,425	(\$8,575)
<b>Expenditures</b>				
Current:				
Extracurricular Activities:				
Sport Oriented Activities:				
Capital Outlay - New	6,750	6,750	6,750	0
Capital Outlay:				
Building Acquisition and Construction Services:				
Capital Outlay - New	5,000	5,000	0	5,000
<i>Total Expenditures</i>	<u>11,750</u>	<u>11,750</u>	<u>6,750</u>	<u>5,000</u>
<i>Net Change in Fund Balance</i>	(1,750)	(1,750)	(5,325)	(3,575)
<i>Fund Balance Beginning of Year</i>	<u>19,947</u>	<u>19,947</u>	<u>19,947</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$18,197</u>	<u>\$18,197</u>	<u>\$14,622</u>	<u>(\$3,575)</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Computer Network Fund**  
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$0	\$989	\$989	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular:				
Materials and Supplies	9,000	8,952	8,952	0
Capital Outlay - New	66,086	83,980	83,980	0
Capital Outlay - Replacement	16,000	0	0	0
Total Instruction	91,086	92,932	92,932	0
Support Services:				
Operation and Maintenance of Plant:				
Purchased Services	2,235	390	390	0
<i>Total Expenditures</i>	93,321	93,322	93,322	0
<i>Net Change in Fund Balance</i>	(93,321)	(92,333)	(92,333)	0
<i>Fund Balance Beginning of Year</i>	93,321	93,321	93,321	0
<i>Fund Balance at End of Year</i>	\$0	\$988	\$988	\$0



**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenses, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Employee Benefits Self Insurance Fund  
For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$5,553,527	\$6,538,370	\$7,276,956	\$738,586
<b>Expenses</b>				
Current:				
Support Services:				
Central:				
Purchased Services	395,000	395,000	380,760	14,240
Other	4,605,000	6,549,000	5,731,640	817,360
<i>Total Expenses</i>	<u>5,000,000</u>	<u>6,944,000</u>	<u>6,112,400</u>	<u>831,600</u>
<i>Excess of Revenues Over (Under) Expenses</i>	553,527	(405,630)	1,164,556	1,570,186
Advances Out	(316,129)	(316,129)	(316,129)	0
<i>Net Change in Fund Balance</i>	237,398	(721,759)	848,427	1,570,186
<i>Fund Deficit Beginning of Year</i>	(663,619)	(663,619)	(663,619)	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$426,221)</u>	<u>(\$1,385,378)</u>	<u>\$184,808</u>	<u>\$1,570,186</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenses, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Endowment Fund  
For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Gifts and Donations	\$900	\$2,100	\$587	(\$1,513)
Interest	2,100	200	0	(200)
<i>Total Revenues</i>	3,000	2,300	587	(1,713)
<b>Expenses</b>				
Current:				
Non-Instructional Services:				
Community Services:				
Other	4,000	4,000	623	3,377
<i>Net Change in Fund Balance</i>	(1,000)	(1,700)	(36)	1,664
<i>Fund Balance Beginning of Year</i>	39,123	39,123	39,123	0
<i>Fund Balance at End of Year</i>	<u>\$38,123</u>	<u>\$37,423</u>	<u>\$39,087</u>	<u>\$1,664</u>

# Statistical Section



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## **Statistical Section**

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

**Lancaster City School District, Ohio**  
*General Fund Revenues by Source  
and Expenditures by Function  
Last Ten Fiscal Years*

	Modified Accrual			
	2003 (4)	2002	2001	2000
<b>General Revenues:</b>				
Property Taxes	\$21,667,066	\$23,729,594	\$21,071,030	\$22,523,694
Intergovernmental (1)	19,839,622	19,100,299	17,354,836	16,391,071
Interest	134,252	284,148	729,488	740,831
Tuition and Fees	390,800	229,887	398,763	136,531
Rent (2)	39,950	46,684	57,207	59,644
Extracurricular Activities	13,547	102,792	98,998	136,831
Gifts and Donations (3)	0	0	650	2,100
Miscellaneous	55,444	11,830	118,896	35,806
<b>Total</b>	<b>\$42,140,681</b>	<b>\$43,505,234</b>	<b>\$39,829,868</b>	<b>\$40,026,508</b>
<b>General Expenditures:</b>				
Current:				
Instruction:				
Regular	\$19,843,457	\$19,113,373	\$18,167,773	\$16,234,568
Special	5,419,513	4,825,717	4,477,723	3,877,485
Vocational	2,551,427	2,322,021	2,286,961	2,311,165
Adult/Continuing	58,577	50,851	55,211	58,628
Support Services:				
Pupils	2,394,238	2,096,249	2,166,870	1,914,507
Instructional Staff	2,994,254	2,826,197	2,548,355	2,406,051
Board of Education	65,570	47,722	47,867	41,759
Administration	4,344,979	3,897,642	3,695,899	3,475,062
Fiscal	1,071,964	1,034,684	1,007,946	845,760
Business	417,654	439,514	424,996	380,951
Operation & Maintenance				
of Plant	4,891,872	4,562,871	4,370,916	3,621,686
Pupil Transportation	1,874,916	1,390,855	1,852,323	1,646,420
Central	221,016	261,930	221,876	207,554
Extracurricular Activities	538,227	492,034	449,863	420,013
Refund of Taxes	0	0	0	0
Capital Outlay	0	0	0	208,157
Intergovernmental	0	0	0	0
Debt Service	14,146	97,128	104,328	207,536
<b>Total</b>	<b>\$46,701,810</b>	<b>\$43,458,788</b>	<b>\$41,878,907</b>	<b>\$37,857,302</b>

Source: School District Financial Records

(1) Includes revenues from State Foundation Programs and State portion of taxes through rollback and homestead program.

(2) Prior to 1996, rent revenues were posted to miscellaneous revenues.

(3) Prior to 1997, gifts and donations were posted to miscellaneous revenues.

(4) Includes modified accrual information only. Once a significant number of years of full accrual information has been obtained, it will be included in a separate table.

TABLE 1

1999	1998	1997	1996	1995	1994
\$21,954,762	\$19,368,690	\$16,692,804	\$16,267,569	\$15,548,740	\$15,338,028
15,450,115	14,194,594	14,681,452	14,915,965	13,249,422	13,346,742
593,331	523,478	398,022	331,021	393,124	356,797
75,846	309,057	443,335	274,330	584,022	272,852
53,696	40,217	53,954	48,821	0	0
130,573	110,087	10,228	9,638	0	42,410
59,000	5,130	5,975	0	0	0
25,772	284,198	23,540	32,399	18,948	16,550
<b>\$38,343,095</b>	<b>\$34,835,451</b>	<b>\$32,309,310</b>	<b>\$31,879,743</b>	<b>\$29,794,256</b>	<b>\$29,373,379</b>
\$15,862,665	\$14,494,590	\$13,485,263	\$15,314,619	\$15,007,405	\$14,244,605
3,544,519	3,191,336	3,050,528	3,074,511	2,871,651	2,658,398
2,267,254	2,147,313	2,067,348	2,089,360	2,115,463	1,963,243
55,469	58,899	51,409	41,587	41,317	31,468
1,794,659	1,462,295	1,453,073	1,456,155	1,430,948	1,288,926
2,221,071	1,569,884	1,509,075	1,600,755	1,659,275	1,827,514
38,986	36,180	30,943	47,498	60,821	49,412
2,938,618	2,766,342	2,651,472	3,085,059	2,916,580	2,573,741
868,931	848,768	705,532	758,055	743,373	731,796
343,396	363,777	298,072	284,098	299,988	166,544
3,186,972	3,054,801	2,963,566	3,137,718	3,290,558	3,548,311
1,357,535	1,314,338	1,014,336	947,826	1,198,153	1,051,646
237,661	262,999	92,722	96,679	259,165	188,556
410,362	360,083	96,475	366,580	399,985	342,915
97,398	97,399	57,856	0	0	0
798,387	0	0	12,879	365,794	354,498
0	0	0	278	0	20
104,385	93,823	1,472,437	0	0	0
<b>\$36,128,268</b>	<b>\$32,122,827</b>	<b>\$31,000,107</b>	<b>\$32,313,657</b>	<b>\$32,660,476</b>	<b>\$31,021,593</b>

**Lancaster City School District, Ohio**  
*Property Tax Levies and Collections -  
 Real and Public Utility Real Property Taxes  
 Last Ten Years (1)*

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Year	Current Tax Levy	Current Tax Collections	Percent Collected	Delinquent Tax Collections	Total Tax Collections
2002	\$20,523,167	\$18,580,625	90.5%	\$628,482	\$19,209,107
2001	19,587,472	18,363,808	93.8%	477,612	18,841,420
2000	19,222,550	18,119,912	94.3%	511,831	18,631,743
1999	18,806,325	17,670,646	94.0%	559,776	18,230,422
1998	18,573,715	17,604,769	94.8%	367,752	17,972,521
1997	17,751,413	17,019,038	95.9%	275,746	17,294,784
1996	13,091,385	12,600,145	96.2%	259,585	12,859,730
1995	13,570,658	13,079,968	96.4%	235,696	13,315,664
1994 (2)	11,036,660	10,799,381	97.9%	292,317	11,091,698
1993 (2)	11,006,072	10,591,323	96.2%	418,810	11,010,133

Source: Fairfield County Auditor

- (1) Presented on calendar year basis because that is the manner that information is maintained by the County Auditor.
- (2) These years do not include homestead and rollback.



TABLE 2

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Percent of Total Collections to Current Tax Levies	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Current Tax Levy
93.6%	\$898,348	4.4%
96.2%	1,164,559	5.9%
96.9%	951,366	4.9%
96.9%	917,165	4.9%
96.8%	888,749	4.8%
97.4%	684,435	3.9%
98.2%	435,086	3.3%
98.1%	428,361	3.2%
100.5%	412,045	3.7%
100.0%	562,673	5.1%

**Lancaster City School District, Ohio**  
*Assessed and Estimated Actual Values of Taxable Property*  
*Last Ten Years*

Year	Agricultural, Residential, Commercial, Industrial, and Utility Real Estate		Public Utility Personal	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2003	\$687,668,010	\$1,964,765,743	\$24,737,880	\$98,951,520
2002	678,068,930	1,937,339,800	23,959,830	95,839,320
2001	575,134,650	1,643,241,857	27,143,180	30,844,522
2000	565,619,400	1,616,055,429	27,774,830	31,562,307
1999	552,019,860	1,577,199,600	30,298,140	34,429,700
1998	489,202,190	1,397,720,542	30,177,900	34,298,068
1997	478,148,440	1,331,138,400	30,794,250	35,048,101
1996	467,615,310	1,336,043,700	31,464,720	35,880,500
1995	358,421,040	1,024,060,114	32,161,080	36,671,800
1994	355,815,480	1,016,615,657	31,396,410	35,842,589

Source: Fairfield County Auditor

(1) This amount is calculated based on the following percentages:

- Real Estate is assessed at 35 percent of actual value.
- Public Utility real is assessed at 35 percent of actual value.
- Public Utility personal is assessed at 35 percent of actual value.
- Tangible personal is assessed at 25 percent of true value for capital assets and 24 percent for inventory.

TABLE 3

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Tangible Personal		Total		
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Ratio
\$103,361,862	\$413,447,448	\$815,767,752	\$2,477,164,711	33%
103,443,261	413,773,044	805,472,021	2,446,952,164	33%
104,448,658	417,794,632	706,726,488	2,091,881,011	34%
96,227,521	384,910,084	689,621,751	2,032,527,820	34%
100,399,698	401,598,700	682,717,698	2,013,228,000	34%
101,329,802	405,319,208	620,709,892	1,837,337,818	34%
95,374,490	381,497,960	604,317,180	1,747,684,461	35%
85,449,242	341,796,900	584,529,272	1,713,721,100	34%
83,869,025	335,476,100	474,451,145	1,396,208,014	34%
82,028,471	328,113,884	469,240,361	1,380,572,130	34%

TABLE 4

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

Year	Lancaster City School District			Berne Twp Levy (1)	Greenfield Twp Levy (1)	Hocking Twp Levy (1)	Pleasant Twp Levy (1)	Lancaster City Levy	Fairfield County Levy	Total Levy (2)	
	General Operation	Bonded Indebtedness	Total School								
2003	\$64.60	(3)	\$0.00	\$64.60	\$7.70	\$12.20	\$4.70	\$9.10	\$3.40	7.05	75.05
2002	64.60		0.00	64.60	7.70	12.20	4.20	9.10	3.40	7.05	75.05
2001	64.60		0.00	64.60	7.70	8.20	4.20	6.60	3.40	7.05	75.05
2000	64.60		0.00	64.60	7.70	8.20	4.20	6.60	3.40	7.05	75.05
1999	64.60		0.00	64.60	7.70	8.20	4.20	6.60	3.40	7.05	75.05
1998	64.60		0.00	64.60	7.70	8.20	4.20	6.60	3.40	7.05	75.05
1997	56.70		0.00	56.70	7.70	8.20	4.20	6.60	3.40	7.05	67.15
1996	56.70		0.00	56.70	7.70	8.20	4.20	5.10	3.40	7.05	67.15
1995	56.70		0.00	56.70	7.70	8.20	4.20	5.10	3.40	7.05	67.15
1994	56.70		0.00	56.70	7.70	6.20	4.20	4.60	3.40	8.55	68.65

Source: Fairfield County Auditor

- (1) Included in the Lancaster City School District attendance areas are portions of Berne, Greenfield, Hocking, and Pleasant Townships.
- (2) Based on the School District, City, and County Levies. Those living in the portions of the townships included in the city school district would have a total rate slightly different.
- (3) Due to specific Ohio Legislation, the "effective" rate of tax for the School District is 24.45 mills for agricultural/residential property and 28.50 mills for industrial/commercial property for 2003.

TABLE 5

**Lancaster City School District, Ohio**  
*Ratio of Net General Obligation Bonded Debt to  
 Assessed Value and Net General Obligation Bonded Debt Per Capita  
 Last Ten Years*

Year	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2003	\$0	\$815,767,752	35,860	N/A	\$0.00
2002	0	805,472,021	35,860	N/A	0.00
2001	0	706,726,488	35,600	N/A	0.00
2000	0	689,621,751	35,335	N/A	0.00
1999	0	682,717,698	38,983	N/A	0.00
1998	0	620,709,892	38,254	N/A	0.00
1997	0	604,317,180	36,900	N/A	0.00
1996	0	584,529,272	36,900	N/A	0.00
1995	0	474,451,145	36,900	N/A	0.00
1994	0	469,240,361	35,570	N/A	0.00

(1) Includes all general obligation bonded debt.

(2) Source: Fairfield County Auditor

(3) Source: U.S. Bureau of Census  
 Lancaster City Chamber of Commerce

TABLE 6

**Lancaster City School District, Ohio**  
*Computation of Direct and Overlapping General Obligation Bonded Debt*  
*December 31, 2002*

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
School District	\$0	N/A	\$0
City of Lancaster	1,612,468	100.00%	1,612,468
Fairfield County	<u>2,210,000</u>	27.22%	<u>601,562</u>
Totals	<u><u>\$3,822,468</u></u>		<u><u>\$2,214,030</u></u>

Source: Fairfield County Auditor

(1) Overlapping percentage was calculated by dividing each overlapping subdivision's assessed valuation within the School District by the subdivision's total assessed valuation.

TABLE 7

**Lancaster City School District, Ohio**  
*Computation of Legal Debt Margin (1)*  
*June 30, 2003*

Assessed Value	<u>\$815,767,752</u>
Debt Limit - 9% of Assessed Value	\$73,419,098
Amount of Debt Applicable to Debt Limit: Net Bonded Debt (2)	<u>0</u>
Overall Debt Margin	<u>\$73,419,098</u>
Bonded Debt Limit - .10% of Assessed Value	\$815,768
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u>\$815,768</u>
Additional Limit for Unvoted Energy Conservation Long-Term Notes:	
Debt Limit - .9% of Assessed Value	\$7,341,910
Energy Conservation Long-Term Notes	<u>(345,000)</u>
Additional Unvoted Debt Margin	<u>\$6,996,910</u>

Source: Fairfield County Auditor and School District Financial Records.

- (1) Ohio Bond Law sets a limit of 9% for all debt and 1/10 of 1% for unvoted debt.
- (2) An Energy Management Program debt was entered into during the 1993-1994 fiscal year, but those amounts do not apply to the bonded debt limit based on Ohio law.

TABLE 8

**Lancaster City School District, Ohio**  
*Ratio of Annual Debt Service Expenditures For  
 General Obligation Bonded Debt to Total General Fund Expenditures  
 Last Ten Fiscal Years*

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (Percentage)
2003	\$0	\$0	\$0	\$46,701,810	N/A
2002	0	0	0	43,458,788	N/A
2001	0	0	0	41,878,907	N/A
2000	0	0	0	37,857,302	N/A
1999	0	0	0	36,128,268	N/A
1998	0	0	0	32,122,827	N/A
1997	0	0	0	31,000,107	N/A
1996	0	0	0	32,313,657	N/A
1995	0	0	0	32,660,476	N/A
1994	0	0	0	31,021,593	N/A

Source: School District Financial Records



TABLE 9

**Lancaster City School District, Ohio**  
*Demographic Statistics*  
*Last Ten Years*

Year	Population Lancaster City	(1)	Per Capital Income Fairfield County	Median Age Fairfield County	(3)	Unemployment Rate Fairfield County %
2002	35,860	(1)	\$31,852	36.20	(3)	4.2%
2001	35,600	(1)	30,445	36.20	(3)	3.0
2000	35,335	(2)	31,154	36.20	(2)	2.3
1999	38,983	(1)	27,816	35.98	(1)	3.0
1998	38,254	(1)	27,260	35.21	(1)	3.0
1997	36,900	(1)	25,415	34.97	(1)	3.2
1996	36,900	(1)	23,709	34.71	(1)	4.1
1995	36,900	(1)	22,130	34.40	(1)	3.8
1994	35,570	(1)	20,681	34.08	(1)	5.3
1993	35,570	(1)	19,361	33.79	(1)	6.0

Sources: Ohio Bureau of Employment Services  
Lancaster-Fairfield Chamber of Commerce

- (1) Population and Median Age from 1993-1999 and 2001-2002 is estimated.  
(2) U.S. Bureau of Census, Federal 2000 Census  
(3) Used the latest Federal 2000 Census for Median Age

TABLE 10

**Lancaster City School District, Ohio**  
*Property Value, Construction, and Bank Deposits (4)*  
*Last Ten Years*

Year	Assessed Property Value (1)	Residential Construction (2)		Commercial Construction (2)		Average Monthly Bank Deposits (3) In Thousands
		Number of Units	Construction Value	Number of Units	Construction Value	
2002	\$805,472,021	127	\$18,108,013	42	\$17,445,500	\$370,588
2001	706,726,488	122	14,375,874	57	1,753,961	329,712
2000	689,621,751	125	17,619,415	100	11,044,336	286,562
1999	682,717,698	134	18,635,408	63	25,723,471	247,807
1998	620,709,892	176	23,901,412	3	1,290,000	190,113
1997	604,317,180	165	20,187,790	54	6,004,000	172,771
1996	584,529,272	117	14,114,049	47	18,869,600	163,183
1995	474,451,145	97	11,161,223	14	4,916,116	149,434
1994	469,240,361	52	4,831,339	17	16,973,867	108,995
1993	462,803,898	362	10,673,730	61	2,701,956	114,237

(1) Source: Fairfield County Auditor

Assessed Property Values shown for Lancaster City School District

(2) Source: City of Lancaster Engineering Department

(3) Figures reflect totals for Fairfield County.

Source: Department of Data Services, Federal Reserve Bank of Cleveland

(4) Bank Deposits are presented on a calendar year basis.

TABLE 11

**Lancaster City School District, Ohio**  
Principal Taxpayers  
Real Estate Tax (Including Public Utility, Personal and Real)  
December 31, 2002

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value	Nature of Business
Glimcher Holdings	\$18,902,590	2.65%	Property
Ohio Power Company	12,912,730	1.81	Electric
Ohio Bell Telephone	5,742,390	0.81	Telephone
Anchor Hocking Glass Corporation	5,289,150	0.74	Glass
River Valley Venture LLC	4,705,010	0.66	Property
Mt. Carmel Health System	3,984,050	0.56	Health
Lancaster Phase One Group	3,982,800	0.56	Property
Glimcher Centers LTD Partnership	3,147,690	0.44	Property
Lowes Home Centers, Incorporated	2,728,170	0.38	Retail
Fairfield Medical Center	2,396,140	0.34	Medical

Source: Fairfield County Auditor

(1) Assessed values are for the 2003 collection year (\$712,405,890).

TABLE 12

**Lancaster City School District, Ohio**  
*Principal Taxpayers*  
*Tangible Personal Property Tax (Excluding Public Utility)*  
*December 31, 2002*

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value	Nature of Business
Anchor Hocking Consumer Glass Company	\$15,505,160	15.00%	Glass
RalCorp Holdings Inc. (Ralston)	7,015,530	6.79	Foods
McDermott, Inc.	6,345,510	6.14	Electronics
Lancaster Glass Corporation	2,711,140	2.62	Glass
SQM North America Corporation	2,368,450	2.29	Horticulture
Crown Cork & Seal Company (USA)	2,099,930	2.03	Glass Closures
Scotts Miracle Gro	2,006,630	1.94	Horticulture
International Paper Company	1,641,100	1.59	Paper
Massachusetts Cable Vision	1,600,640	1.55	Cable
Lowes Home Centers	1,517,360	1.47	Retail Home Improvement

Source: Fairfield County Auditor

(1) Assessed values are for the 2003 collection year (\$103,361,862).

TABLE 13

**Lancaster City School District, Ohio**  
*Enrollment Statistics*  
*Last Ten Fiscal Years*

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Year	General Fund Expenditures	Average Daily Membership	Per Pupil Cost
2003	\$46,701,810	6,197	\$7,536
2002	43,458,788	6,170	7,044
2001	41,878,907	6,230	6,722
2000	37,857,302	6,421	5,896
1999	36,128,268	6,562	5,506
1998	32,122,827	6,542	4,910
1997	31,000,107	6,532	4,746
1996	32,313,657	6,615	4,885
1995	32,660,476	6,530	5,002
1994	31,021,593	6,551	4,735

Source: School District Financial Records

TABLE 14

**Lancaster City School District, Ohio**  
*Teacher Education and Experience*  
 June 30, 2003

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	32	7.44%
Bachelor + 15	9	2.09%
Bachelor + 30 (150 hours)	137	31.86%
Master's Degree	101	23.49%
Master's + 15	36	8.37%
Master's +30	86	20.00%
Master's + 45	29	6.74%
Total	430	* 100.00%

Years of Experience in District	Number of Teachers	Percentage of Total
0-5	143	33.26%
6-10	56	13.02%
11 and over	231	53.72%
Total	430	* 100.00%

\* Full-time equivalent teaching staff

Source: Lancaster City School District Personnel Records

TABLE 15

**Lancaster City School District, Ohio**  
*Average A.C.T. Scores*  
*Last Five Fiscal Years*

Year	English	Math	Reading	Science	Composite
A.C.T. - Lancaster High School (Juniors and Seniors)					
1999	20.4	21.9	21.6	21.6	21.5
2000	20.3	21.7	21.6	22.0	21.5
2001	20.8	22.3	22.4	22.2	22.0
2002	20.2	21.7	21.4	21.4	21.4
2003	20.7	22.0	22.7	21.9	21.9
A.C.T. - Ohio (Graduating Class)					
1999	20.8	21.1	21.9	21.4	21.4
2000	20.7	21.2	21.9	21.4	21.4
2001	20.7	21.1	21.8	21.5	21.4
2002	20.6	21.2	21.8	21.5	21.4
2003	20.6	21.1	21.8	21.4	21.4
A.C.T. - U.S.A. (Graduating Class)					
1999	20.5	20.7	21.4	21.0	21.0
2000	20.5	20.7	21.4	21.0	21.0
2001	20.5	20.7	21.3	21.0	21.0
2002	20.2	20.6	21.1	20.8	20.8
2003	20.3	20.6	21.2	20.8	20.8

Note: The A.C.T. Standard Score Scale Range from 1 to 36.

(Continued)

TABLE 15  
(Continued)

**Lancaster City School District, Ohio**  
*Average S.A.T. Scores*  
*Last Five Fiscal Years*

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	<u>Year</u>	<u>Verb Mean</u>	<u>Math Mean</u>
S.A.T. - Lancaster High School	1999	524	559
	2000	525	554
	2001	530	539
	2002	546	555
	2003	535	546
S.A.T. - Ohio	1999	534	538
	2000	533	539
	2001	534	539
	2002	533	540
	2003	536	541
S.A.T. - U.S.A.	1999	505	511
	2000	505	514
	2001	506	514
	2002	504	516
	2003	507	519

Note: The S.A.T. Scores Range from 200-800



TABLE 16

**Lancaster City School District, Ohio**  
*A Return to the Community*  
*Fiscal Year 2003*

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Local Tax Receipts (cash basis)	
General Property Taxes	\$15,209,632
Tangible Personal	7,753,681
Manufactured Homes Taxes	<u>77,455</u>
Total Local Tax Receipts	<u><u>\$23,040,768</u></u>
Local Payroll	
Total Payroll Fiscal 2003	\$31,417,170
Total Staff (Including Part-time)	731
Staff Living Locally (in Fairfield County)	639
Percentage of Staff Living Locally	87.4%
Local Payroll (31,417,170 x 87.4%)	\$27,458,607
Locally Purchased Supplies/Services	
The Lancaster City Schools Purchased Supplies and Services from Approximately 669 Local Individuals and Businesses during Fiscal 2003	
Amount Spent Locally for Purchase of Supplies and Services	<u>2,600,959</u>
Total Expenditures of Funds Locally	<u><u>\$30,059,566</u></u>
Total Expenditures of the General Fund for fiscal year 2003	<u><u>\$46,701,810</u></u>

Source: School District Records

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Betty Montgomery**

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**LANCASTER CITY SCHOOL DISTRICT**

**FAIRFIELD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 16, 2004**