

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2007



Mary Taylor, CPA
Auditor of State

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

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**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Nutrition Cluster:						
School Breakfast Program	05PU-06/07	10.553	\$ 197,042	\$ -	\$ 197,042	\$ -
National School Lunch Program	LLP1/P4-06/07	10.555	769,531	-	769,531	-
Total Nutrition Cluster			<u>966,573</u>	<u>-</u>	<u>966,573</u>	<u>-</u>
Food Donation	044206	10.550	-	53,445	-	53,445
Total U.S. Department of Agriculture			<u>966,573</u>	<u>53,445</u>	<u>966,573</u>	<u>53,445</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster:						
Special Education_Grants to States	6BSF-2006	84.027	62,652	-	204,128	-
			(12,655)	-	-	-
	6BSF-2007		<u>1,181,770</u>	<u>-</u>	<u>1,062,345</u>	<u>-</u>
Total Special Education_Grants to States			<u>1,231,767</u>	<u>-</u>	<u>1,266,473</u>	<u>-</u>
Special Education_Preschool Grants	PGS1-2006	84.173	103	-	2,818	-
	PGS1-2007		<u>20,368</u>	<u>-</u>	<u>16,497</u>	<u>-</u>
Total Special Education_Preschool Grants			<u>20,471</u>	<u>-</u>	<u>19,315</u>	<u>-</u>
Total Special Education Cluster			<u>1,252,238</u>	<u>-</u>	<u>1,285,788</u>	<u>-</u>
Adult Education_State Grant Program	ABS1-2006	84.002	(88)	-	6,781	-
Title 1 Grants to Local Educational Agencies	C1S1-2006	84.010	85,355	-	175,834	-
	C1S1-2007		<u>971,469</u>	<u>-</u>	<u>977,319</u>	<u>-</u>
	C1SD-2007		<u>41,599</u>	<u>-</u>	<u>41,599</u>	<u>-</u>
Total Title 1 Grants to Local Educational Agencies			<u>1,098,423</u>	<u>-</u>	<u>1,194,752</u>	<u>-</u>
Vocational Education_Basic Grants to States	20C1-2006	84.048	-	-	43,394	-
	20C1-2007		<u>71,957</u>	<u>-</u>	<u>71,331</u>	<u>-</u>
Total Vocational Education_Basic Grants to States			<u>71,957</u>	<u>-</u>	<u>114,725</u>	<u>-</u>
Safe and Drug-Free Schools and Communities_State Grants	DRS1-2006	84.186	(2,748)	-	-	-
	DRS1-2007		<u>37,584</u>	<u>-</u>	<u>31,051</u>	<u>-</u>
Total Safe and Drug-Free Schools and Communities_State Grants			<u>34,836</u>	<u>-</u>	<u>31,051</u>	<u>-</u>
State Grants for Innovative Programs	C2S1-2006	84.298	5,610	-	-	-
			(1,931)	-	-	-
	C2S1-2007		<u>11,907</u>	<u>-</u>	<u>10,835</u>	<u>-</u>
Total State Grants for Innovative Programs			<u>15,586</u>	<u>-</u>	<u>10,835</u>	<u>-</u>
Education Technology State Grants	TJS1-2006	84.318	54	-	-	-
	TJS1-2007		<u>19,689</u>	<u>-</u>	<u>8,250</u>	<u>-</u>
Total Education Technology State Grants			<u>19,743</u>	<u>-</u>	<u>8,250</u>	<u>-</u>
ACNR Intervention	OE00-2006	84.346	5,539	-	1,096	-
Improving Teacher Quality State Grants	TRS1-2006	84.367	66,383	-	45,309	-
			(5,610)	-	-	-
	TRS1-2007		<u>350,625</u>	<u>-</u>	<u>331,288</u>	<u>-</u>
Total Improving Teacher Quality Program			<u>411,398</u>	<u>-</u>	<u>376,597</u>	<u>-</u>
Total U.S. Department of Education			<u>2,909,632</u>	<u>-</u>	<u>3,029,875</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Medical Assistance Program	044206	93.778	115	-	-	-
Total U.S. Department of Health and Human Services			<u>115</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals			<u>\$ 3,876,320</u>	<u>\$ 53,445</u>	<u>\$ 3,996,448</u>	<u>\$ 53,445</u>

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

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**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The District passes-through certain Federal assistance received from the Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As described in Note A, the District records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the District is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Title 1D Grants to Local Educational Agencies	84.010	\$41,599

NOTE C - FOOD DONATION

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures), is reported in the Schedule at the fair market value of the commodities received.

NOTE D - TRANSFERS BETWEEN COST CENTERS

In 2003, the grant periods were modified by ODE to agree with the fiscal year of school districts. The grant periods changed from a 27 month period ending on September 30 to a 12 month period ending on June 30. Transfers were made between the 2006 and 2007 grant years for the following grants:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Title 1 Grants to Local Educational Agencies	84.010	\$12,655
Safe & Drug-Free Schools and Communities	84.186	2,748
State Grants for Innovative Programs	84.298	1,931

NOTE E - TRANSFERS

The District transferred \$5,610 originally authorized from CFDA #84.367 to CFDA #84.298.

NOTE F - MATCHING REQUIREMENTS

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

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

NOTE G - REFUNDS

Due to the expiration of period of availability, the following grant was refunded to the Ohio Department of Education.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Adult Education_State Grant Program	84.002	\$88

NOTE H - COMMUNITY ALTERNATIVE FUNDING SYSTEM (CAFS)

The District received \$115 of CAFS funds during FY07. The funds relate to reimbursement for CAFS services provided during prior periods.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Lancaster City School District
Fairfield County
345 Mulberry Street
Lancaster, Ohio 43130

To the Board of Education:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, 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, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain internal control matters that we reported to the District's management in a separate letter dated December 17, 2007.

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Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 17, 2007.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

December 17, 2007



Mary Taylor, CPA

Auditor of State

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 FEDERAL AWARDS RECEIPTS AND EXPENDITURE SCHEDULE

Lancaster City School District
Fairfield County
345 Mulberry 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 apply to each of its major federal programs for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2007.

Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated December 17, 2007.

Federal Awards Receipts and Expenditures Schedule

We have also audited the financial statements of the governmental activities, the aggregate discretely presented component units, the major fund and the aggregate remaining fund information of the Lancaster City School District, Fairfield County, Ohio as of and for the year ended June 30, 2007, and have issued our report thereon dated December 17, 2007. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information 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 intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 17, 2007

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I (CFDA #84.010) Special Education Cluster (CFDA #84.027 and #84.173) Vocational Education (CFDA #84.048)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	ORC Section 5705.41(D) – certifying the availability of funds.	No	Partially corrected – repeated in management letter.
2006-002	ORC Section 5705.39 – appropriations exceeding estimated resources.	Yes	
2006-003	OAC Section 5101:3-38-10(G)(1) – completing CAFS Cost Report.	Yes	

Lancaster City School District, Ohio



Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2007

“A Community Focused on Student Achievement”

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Lancaster City School District, Ohio

Comprehensive Annual Financial Report
(CAFR)



For the Fiscal Year Ended June 30, 2007
Issued By: Treasurer's Office
Stephen R. St. Clair, Treasurer

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LANCASTER CITY SCHOOL DISTRICT, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
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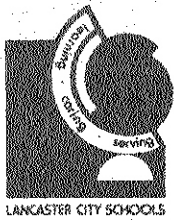
LANCASTER CITY SCHOOL DISTRICT, OHIO
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Introductory Section



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LANCASTER CITY SCHOOLS

Administrative Offices
345 East Mulberry Street
Lancaster, Ohio 43130-4376
Telephone 740-687-7300 Fax 740-687-7303

December 17, 2007

To the Board of Education Members and Citizens of
Lancaster City School District:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Lancaster City School District (School District) for the fiscal year ended June 30, 2007. This CAFR includes an opinion from the Ohio Auditor of State's Office and conforms to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District.

State law requires that an official report prepared on the GAAP basis be prepared annually within 150 days after the close of the year. The report includes the basic financial statements that provide information about the School District's financial position and the results of financial operations.

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

PROFILE OF THE GOVERNMENT

Overview of the School District. The 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. The School District educates students from kindergarten through grade twelve. During fiscal year 2007 the School District was comprised of a high school (serving about 1,720 students in grades 9-12), an old freshman school currently used for career based intervention technology students and administration, two junior high schools (serving grades 6-8) appropriately named General Sherman Junior High and Thomas Ewing Junior High, and eight elementary schools. As of June 30, 2007, the citizens of Lancaster have an investment of \$6,821,138 net of 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 twelve instructional facilities staffed by 229 non-certified employees, 348 certificated personnel, and 24 administrative employees who provide services to 5,877 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" and in GASB Statement Number 39, "Determining Whether Certain Organizations are Component Units".

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 columns of the financial statements represents the activity of the Lancaster-Fairfield Digital Academy and the Lancaster-Fairfield Community School.

The School District participates in the following jointly governed organizations: Metropolitan Educational Council, Coalition of Rural and Appalachian Schools, Central Ohio Special Education Regional Resource Center, Fairfield County Family, Adult, and Children First Council, and the Fairfield County Multi-System Youth Committee. Disclosure of the jointly governed organizations is presented in Note 20 to the Basic Financial Statements.

The School District takes part in the Ohio School Boards Association Workers' Compensation Group Rating Plan, an insurance purchasing pool, and the South Central Ohio Insurance Consortium, a risk sharing pool. Information pertaining to these pools is presented in Note 21 to the Basic Financial Statements.

ASSESSING 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.

The City of Lancaster (City) 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.

Development/Commercial/Industrial. With the completion of the U.S. Route 33 Bypass, Lancaster is in a good position to expect some successful economic growth. This "interstate look-alike" highway with a divided four-lane cross-section in a limited-access right-of-way has lessened traffic on Memorial Drive, and thus alleviated the traffic congestion on the City's major commercial corridor. This should attract customers to shop at the numerous businesses along this corridor, and attract new businesses to the corridor. With the completion of U.S. 33, Memorial Drive was reconstructed during 2006. The reconstruction of this main commercial artery of the City should enhance Memorial Drive as a desirable site for new businesses.

The City has developed plans to enhance the Rock Mill Corporate Park for new businesses. Construction plans are complete to construct a north end extension of Mill Park Drive from Wilson Road. These improvements will enhance more acreage for potential commercial and industrial users. Plans are underway to upgrade the Camp Ground Road pavement and bridges from their present two lane road to an industrial park street. The road will be upgraded in phases and phase one is already completed.

The Jerry McClain Company completed a new 90 bed assisted living complex. New technology was implemented to allow this facility to enhance the quality of life for residents. Approximately ninety jobs will be created from this endeavor. Gorsuch-Methodist Eldercare Development, LLC is also building 47 cottage units, 85 congregate units, and a 35 bed assisted living facility on 22 acres. The condo market continues to soar in the City. Single family homes also continue to add to the community's population.

Diamond Power, a metal fabrication factory, expanded its operations and buildings in late 2006. The project cost \$2 million and will add 24,000 square feet to its existing facility and it should result in the creation of 40 new full-time positions. Anchor Hocking's facilities remained busy with orders. At the end of 2006, Anchor Hocking employed nearly 100 more workers than it did at the end of 2005. Anchor Hocking has remained the largest manufacturing employer over the past several years. Mondi Packaging, a paper packaging manufacturer, is completing construction of a 40,000 square foot \$7 million expansion project and will add approximately 20 new employees.

RG Properties and Lancaster City officials announced in May 2006 development of a retail center including a Wal-Mart Super Center at Ety Road and Memorial Drive. Other retailers heading for the development site include Menard's, the third largest home improvement chain in the country, Kohl's, as well as a Max and Erma's restaurant, Sonic restaurant, and Huntington Bank. Development began in 2007. Kohl's was open for business in the fall of 2007.

Fairfield Medical Center (FMC) located in Lancaster, Ohio provides services in Fairfield County and the surrounding counties of Perry, Hocking, Vinton, Meigs, and Athens. The Medical Center provides full

hospital services to the region with a 222 bed facility. FMC has over 250 doctors on staff and employs a total of 2,000 employees and has remained the City's largest employer over the years.

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, and in hospital/nursing homes has awakened the community to change.

Economically, we are still waiting for 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 decision dated December 2002.

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 school districts, 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

For the 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. We are a "Community Focused on Student Achievement".

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, 2007. Some of those were as follows:

Human Resources

- Recruited and hired over 15 new employees for the 2006/07 school year to replace retiring employees throughout the School District
- Coordinated the School District's Entry Year Teacher Program for the sixth consecutive year with every E.Y.T. successfully passing their Praxis III Observation/Evaluation.
- Successfully implemented the Reduction in Force of the Corrective Action Plan without any Unfair Labor Practice or Grievances being filed.
- Implemented *TeacherInsight*, a teacher assessment tool from the Gallup Organization to help identify the best teachers for our School District.

Instructional Services Department

- New textbooks were purchased for Advanced Placement English 11 (Language and Composition), Advanced Placement European History, High School Reading, and sixth grade Language Arts for our talented and gifted students. Textbooks were also purchased for our new career technical classes.
- New courses were developed for implementation at the high school. Beginning in fiscal year 2008, students will be able to enroll in Construction I and II which will enable the students to enter the new carpentry program. Manufacturing I and II will lead students to a welding program planned for the future.
- Title I teachers also received monthly training to improve their content and instructional knowledge in mathematics. They developed charts based on the State benchmarks and indicators and then trained elementary teachers on ways they can help students better achieve.

- A team of teachers and principals from Cedar Heights and Tarhe elementary schools were selected to participate in the statewide Leadership for Literacy Network. They attended workshop retreats to examine literacy issues and develop plans and strategies for literacy improvement with other teams throughout Ohio.

Maintenance Department

- Several areas of termite damage were repaired in the high school.
- Door lock upgrades were made to South, Tallmadge, and East elementary schools.
- A dividing wall was installed in the large complex area of the General Sherman Junior High.
- A soccer drainage system was installed along with the top dressing.
- Preventive maintenance work was completed in all of the buildings which included refinishing gym floors, locker painting, and ceiling repair work.
- Several electrical circuits were added to Cedar Heights and Sanderson elementary schools.
- Building foundation work began at East elementary school at the end of the fiscal year.

Special Education

- The entire special education department was re-designed and streamlined with the training of a new leadership team.
- A new database tracking system was implemented which has greatly improved special education operations.
- Special education staff members have participated in legal seminars and have fully implemented new requirements based on the reauthorization of the IDEIA law.
- Special education staff participated in development opportunities such as Autism, Progress Book IEP writing, alternate assessments, Response to Intervention (and OISM), Bricker and Eckler Legal Updates, COSERRC Forums, Adequate Yearly Progress, No Child Left Behind, and special education policy and procedures.
- Speech department personnel reorganized the department, creating a training manual, streamlining operations, and providing exemplary services to students in preschool through high school.
- An Ohio Department of Education audit revealed full compliance in the areas of referrals, identification, and the placement of students.

Technology Department

- A new spam filter was instituted that has prevented much unwanted email from reaching staff mailboxes
- Relocated computers and phone systems from the former administration building to the new administration location at Mulberry Street.
- Hundreds of donated computers were configured and installed in every school building.
- The planning for the new fiber network has been completed.
- Installed a mini lab at General Sherman.
- The School District has set up its own domain name server.

Transportation Department

- Relocated transportation office, transportation garage, and buses from 341 Eagle Avenue to 901 East Fair Avenue.
- Mailed notification letters informing parents of bus stops for the first time.
- Arranged for the Ohio Department of Education to train and certify drivers in the Bus Watch Program.
- Improved bus route efficiency and compliance with crossing and designated point of safety procedures.
- Reduced costs associated with preparing fleet for annual inspection by utilizing drivers during their layover time between routes and down time during athletic trips.

Treasurer's Department

- Received an unqualified opinion on the fiscal year 2006 audit. Also received the Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year 2006, which is the 15th year of receiving this award.
- Successful implementation of the new 1.5 percent earned income tax.
- Transitioned to a new health insurance program.
- Successful monitoring with the Ohio Department of Education and our Corrective Action Plan.

Athletic Department

- Football team: undefeated regular season, State Playoff qualifier, and Coach Carpenter was selected Ohio Capital Conference (OCC) Coach of the Year.
- Boys Basketball: District qualifier. Bret McKnight, first team All-State, Coaches State Player of the Year.
- 13 Varsity/Junior Varsity teams have a 3.00 GPA average or higher.
- Five student athletes earned athletic scholarships.
- Boys tennis: OCC Ohio Division Champions
- Baseball: District qualifier, Dane Swinehart was selected OCC Player of the Year
- Girls' tennis: Allison Elick and Doubles Team of Tolli Lott and Megan Davis were District qualifiers.
- Girls' cross country: Regional qualifier.
- Field Hockey: Shannon Shaw received an appointment to the Naval Academy.
- Girls' golf: Allie White was first place in Division I State Tournament and Samantha Swinehart was a State qualifier.
- Girl's track: Susan Echard holds the School Pole Vault Record.

Lancaster High School

- 48 members of the Lancaster Future Farmers of America (FFA) Chapter attended the National FFA Convention in Indianapolis, Indiana on October 26, 2006. Nick Nessley and David Beery were selected to receive the highest degree possible in FFA – The American FFA Degree.
- Three art students were selected in the top 300 pieces of art to be displayed at the Ohio Governor's Youth Art Exhibit. Brittney Darfus received the Governor's Award of Excellence for her sculpture "Flash" as one of the top 25 pieces in the show.
- National Art Honor Society members and the choir traveled to New York City in April, 2007. Students performed at South Street Seaport and St. John the Divine Cathedral. They also toured New York City sites such as Radio City Music Hall, Carnegie Hall, Times Square, museums, Central Park, Chinatown, and the World Trade Center site.
- Current Events class finished number 1 in our region of high schools and number 4 overall in the Nation, in the Stock Market Game Simulation.

General Sherman Junior High

- Successfully incorporated sixth grade into the Junior High setting.
- 20 sixth and eighth grade girls went to the Women in Technology and Science conference.
- Organized a Before School Program. This group meets from 6:30-7:30 each morning.
- The PTO purchased Study Island software for our students.
- Our Science Olympiad team had a great year in competition.
- Power of the Pen team had a great year. They had two State qualifiers.

Thomas Ewing Jr. High School

- Students were able to participate in the Women in Technology and Science conference.
- All City Band and All City Percussion Solo & Ensemble performances and contests.
- Sixth grade talented and gifted students took a field trip to Washington DC.
- Junior Teen Institute community service projects generated money for the needy.
- Midwest Talent Search participation – students take the ACT/SAT tests.

- Student Council service projects: food drive generated over 3,000 food items, donated gift cards to Job & Family Services, gave thanksgiving dinners to student needy families, and purchased/donated DVD/VCR equipment to the library.

Cedar Heights Elementary

- Received a new computer lab.
- A math specialist worked with grades 3-5. Title I dollars were used to supply the resources and services to our students.
- Cedar Heights worked with the Lancaster City Safety Department to improve the safety of students walking to and from school. The area traffic flow was changed and a light added to improve the safety of our students.
- Shirlee Estell a fourth grade teacher was recognized by Wal-Mart for being this year's Teacher of the Year.
- Students have benefited from a new program called Study Island. Students can work on important grade level skills at school and at home.
- Cedar Heights received literacy grant funding that enabled teachers to focus on helping at risk children gain additional assistance in reading.

East Elementary

- East Elementary is the host school for the new Kindergarten Academy. Students from East, Medill, and Sanderson elementary schools participated in an extended day kindergarten program.
- Eastside Center for Success, a before/after school program, has continued serving students K-5 with extra help for reading and math. Students have also participated in a variety of art, science, and music programs. The School District is currently working to expand the program to the other buildings.
- The East Elementary Wildcats won the Lancaster Biddy Basketball tournament for the 2006-2007 season. The team completed the season with only one loss.
- East Elementary Student Council helped sponsor a food drive, organized a coin collection for the American Cancer Society, and participated in our Earth Day activities.
- The "Feeling Good Mileage Club" continued with over 250 students participating in the before school program. In this daily walking program, students walked a ¼ mile path to help promote physical fitness. Several students walked over 100 miles during the year and the building total more than doubled over the 2005-2006 year.
- The East Elementary PTO helped improve the playground.
- Students participated in a program to encourage all students to read called "Usborne Reach for the Stars". Students that participated had to read 300 minutes during a two week period and help raise funds for new library books. Over 200 students participated and helped purchase \$1,500 in new books for the library.

Medill Elementary

- Medill Elementary received an "Effective" rating from the Ohio Department of Education in the fall, for the fourth consecutive year.
- Medill Elementary continues to be nationally recognized as an Official Core Knowledge School, one of only two schools in the entire state of Ohio.
- Medill students collected over \$1,000 in coins to help families that needed assistance during the holiday season. They also collected hundreds of toys and canned food items.
- Medill students have read 17,178 books from September until March, and have taken 5,173 Accelerated Reader quizzes.
- Medill has 75 percent of certified staff members holding Master's Degrees. 75 percent of Medill staff members have over 10 years of experience, 63 percent have over 15 years experience, and 19 percent have over 30 years of experience.
- Staff members from Medill participated in a wide range of professional staff development activities, including the areas of balanced literacy, value-added measurers, Touch Math, alternate assessment, science, math, technology, special education, and six-traits writing skills.

Sanderson Elementary

- Sanderson is acknowledged as an “Effective School” by the Ohio Department of Education for the third year in a row.
- 90 percent of Sanderson teachers have a Master’s Degree and in most cases additional graduate hours.
- Sanderson’s Student Council had a Core Knowledge “make-over” this year and became the “Great Council”, modeled from the Native American government, which long ago was a model for the U.S. government.
- Sanderson’s Healthy Sharks Committee has worked on a vision and goals that are ahead of and in line with our School District’s Wellness Policy. This year, we are planning “lunch and learns” for the staff and healthy connections in the cafeteria using stickers to represent specific food groups to teach children about healthy choices.

South Elementary

- The State of Ohio rated South School as “Effective”. One third of the students in the building scored at the accelerated or advanced level.
- A Kindergarten Academy provided an all day kindergarten for students needing academic help.
- A Study Island computer program was instituted this year. This program allowed for students in grades 3-5 to practice state achievement testing. A grant from Beneficial Finance paid for the program.
- Increased the number of teachers at grade one to provide for small class sizes and less overflow.
- An after-school tutoring program was continued from previous years. Students from grades 2-5 were helped with meeting State standards in reading.
- Data from assessments was used to modify instruction and provide remediation for students having trouble meeting State standards in reading, writing, and math.

Tallmadge Elementary

- Reading tutoring was offered to children in grades one through five through the Ohio Reads Grant. There were 19 volunteers this year that assisted in this reading program.
- Study Island was purchased for fifth grade students that helped students master academic indicators in Reading and Math.
- Tallmadge students walked over 3,000 miles in our daily walking program.
- A family math night and a family reading night was sponsored for families to enjoy an hour of math and reading games and activities to stretch the mind and imagination. Parents are also able to explore math and reading web sites and activities that they can use at home with their children to help practice fundamental math concepts.

Chief Tarhe Elementary

- 100 percent of Tarhe parents participated in the fall conferences. The school has implemented a new database with over 100 family email addresses. All school correspondence can now be sent to them by email.
- The school PTO contributed a new computer program called “Study Island” to help with State testing.
- Tarhe earned the “Effective” rating from the Ohio Department of Education.

West Elementary

- West Elementary implemented a successful volunteer program by recruiting grandparents and retired teachers. Partnerships have been formed with Fairfield Federal Savings and Loan (West Branch), Fairfield National Bank (West Branch), Lancaster Fire Department, and Fisher Catholic seniors.
- West Elementary implemented the use of “Study Island” for State testing purposes.
- West Elementary installed outside security cameras to reduce vandalism and disruptions.
- West Elementary staff members work in a partnership with the West After School Center to benefit West students. Staff members communicate weekly with academic coaches, students

participate in Wednesday walks with the principal, and volunteers assist students with math skills, reading skills, and homework.

- West School students collected 2,117 canned food items at Christmas for needy families. The fifth grade classrooms bought 41 gallons of milk for the Foundation Shelter while first graders made and sold cookies in order to donate \$300 to a local Twig group.

Lancaster City Preschool

- The preschool program was successfully relocated to Tallmadge Elementary.
- The preschool staff is very proud of the number of students who enter the preschool with special needs and are able to progress academically, able to enter kindergarten as typically developing students.

Food Service Department

- We had the opportunity to offer a breakfast program in every school. Approximately 200,000 breakfast meals were served.
- Approximately 600,000 lunches were served.
- Breakfast in the Classroom at Tallmadge Elementary has had another successful year serving breakfast to their entire student body at no charge.
- Lancaster High School uses only trans-fat free oil and all foods sold ala-carte abide by the guidelines of the Wellness Policy.

Business Department

- We successfully moved the district central office to Stanbery School, the preschool to Tallmadge, all sixth grade classes moved from the elementary buildings to the junior highs, the freshman students moved out of Stanbery School to the high school, and the transportation department moved to the maintenance complex.
- Reconfiguration of the phone system at Lancaster High School and Stanbery Central Office using existing T-1 lines looping the phone system through one location creating an upgrade in the phone system. This venture has created a large cost savings to the School District.
- The bidding out of the security office at Lancaster High School has provided a savings to the School District of over \$11,000.
- The development of a paper program that will meet the needs of the School District in areas of retention of records or the discard of records has been needed for several years. This new program will help keep the massive filing of records to a minimum while allowing for the retrieval or records to occur when necessary.
- Upgraded handbook for secretaries, food service workers, maintenance workers, and custodians.
- School District forms have been upgraded and added to the School District website. This will make forms available to the employees and forms that will be used by the citizens of the community. This effort will help to streamline things for both the community and our employees.

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 School District-wide, have one common purpose---excellence in education for the students of the School District.

For the Future. The School District will continue to have to seek ways to be more efficient, do more with less, while continuing to offer an excellent education to all children who attend Lancaster City Schools. State funding of schools in Ohio is always an uncertainty; therefore, the School District needs to remain flexible to the changes that most likely will come due to the State government's lack of focus and responsibility to fund schools adequately in Ohio. In the future, the School District will continue to deal with the unconstitutional funding formula, increased costs of educating students, and increased open enrollment.

LONG-TERM FINANCIAL PLANNING

In the November, 2006 general election, the School District electorate approved a 1.5 percent earned income tax initiative. This issue will generate \$8,698,676 annually according to the Ohio Department of Taxation. The School District received the first distribution of the new revenue on April 27, 2007 in the amount of \$577,362. The 3.9 mil emergency levy will conclude in August, 2007 which results in a 3.2 million decrease in local revenue.

The Board of Education Standing Finance Committee has reviewed the five year forecast so that the School District's Board of Education's directive to maintain a 30 day cash carryover has been met. The School District has reinstated some reductions but will most likely never return to the level of staffing prior to the budget cuts.

Over the last 10 years, the School District has experienced a decline in enrollment. This trend is not expected to change in the near future. This declining enrollment will always have an impact on future financial decisions.

The School District's outdated and aging buildings continue to be a burden on the general fund. The lack of available funds to repair and replace buildings increase each year. All of the instructional buildings in the School District are at least 40 years old or older except for the modulars at Tarhe Elementary School which were installed in 2005.

There are needs in the School District that have been allocated in the current five year forecast. These include:

- Purchasing of new textbooks
- Updating computer labs and software
- Updating library books and reference materials
- Maintenance of building and grounds
- Purchasing new buses and other transportation equipment as needed
- Salaries and benefits are negotiated items within the union contracts.

The School District, in the past, has met these challenges and it is hoped, will continue to meet the challenges in the future for its students. After all, WE ARE A SCHOOL DISTRICT FOCUSED ON STUDENT ACHIEVEMENT.

FINANCIAL INFORMATION

Internal Controls. Management assumes full responsibility for the completeness and reliability of the information contained in this report. All disclosures necessary to enable the reader to acquire the maximum understanding of the School District's financial activity have been included. Management has established an internal control framework designed to compile sufficient reliable information for preparation of the School District financial statements, in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the School District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. The School District utilizes a fully automated accounting system as well as an automated system of control for capital 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. Furthermore, as a recipient of federal and state financial assistance, the School District must ensure compliance with applicable laws and regulations that relate to these programs. These internal controls are subject to periodic evaluation by management.

Budget Process. The School District is required to have a balanced budget. The Board of Education adopts the School District budget annually in early January. The fiscal year begins on July 1 and ends on June 30. Budgets are controlled at the fund level for all funds, except agency funds which are not required to be budgeted. The treasurer has been authorized to allocate the Board of Education's appropriations during the fiscal year among functions and objects within a fund for all funds. 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.

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 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 fifth year the School District has prepared financial statements following GASB 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." GASB 34 created new basic financial statements for reporting 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 businesses.

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 basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

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

Management's Discussion and Analysis. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The School District's MD&A can be found immediately following the Independent Accountant's Report.

CASH MANAGEMENT POLICIES AND PRACTICE

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) and demand deposit accounts. The total amount of interest earned for all funds was \$510,294 for the fiscal year ended June 30, 2007, \$485,742 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 uninsured 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.

The School District adopted an Investment Policy as set forth in the Ohio Revised Code that sets guidelines and limits the type of investments the School District may utilize and reinforces state statute investing procedures. Information regarding School District investments is found in note 6 of the notes to the basic financial statements.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

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 \$3,025,289 paid as the employer portion to STRS and \$813,022 paid as the employer portion to SERS. See Notes 13 and 14 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 Hilb, Rogal, and Hobbs for insurance coverage with the Netherlands Insurance Company.

General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$2,000,000 in general aggregate. Other liability insurance includes \$1,000,000 for automotive liability with a \$500 deductible and \$1,000,000 for uninsured motorist liability with a \$500 deductible.

In addition, the School District maintains replacement cost insurance on buildings and contents in the amount of \$109,133,700 with a \$5,000 deductible. Inland marine is insured for \$5,823,871 with a \$1,000 deductible.

The School District also purchases various other types of insurance which are listed in Note 11 to the Basic Financial Statements.

INDEPENDENT AUDIT

In compliance with State statute, the basic financial statements have been audited by the Ohio Auditor of State's Office. The independent auditor concluded that the School District's financial statements for the year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent accountants' report is presented as the first component of the financial section of this report.

AWARDS AND ACKNOWLEDGMENTS

Awards. 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, 2006. 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 fifteen years out of the last sixteen 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.

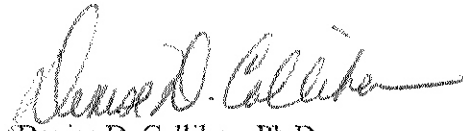
The accomplishment of this report would not have been possible without the assistance, support, and efforts of the staff of the Treasurer's office, Superintendent's office, and various administrators and employees of the School District. A special thank you is extended to State Auditor Mary Taylor's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

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

Respectfully Submitted,



Stephen R. St. Clair
Treasurer
Lancaster City School District



Denise D. Callihan, Ph.D.
Superintendent
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, 2006

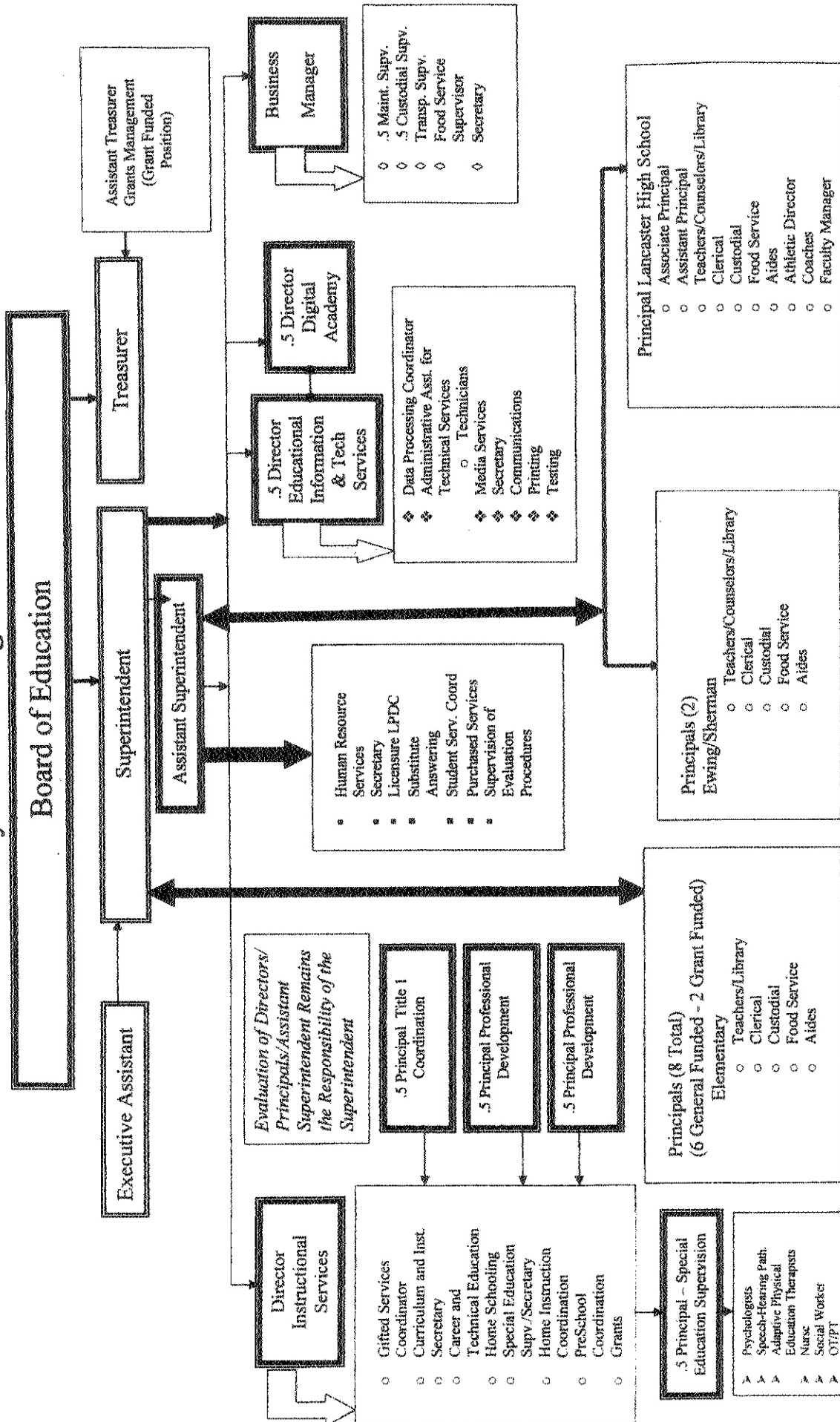
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Lancaster City Schools' Organizational Chart



LANCASTER CITY SCHOOL DISTRICT, OHIO

ORGANIZATIONAL CHART

(Continued)

CENTRAL OFFICE
ADMINISTRATORS

- Secretary
- Custodian

PRINCIPALS, ASSISTANT PRINCIPALS
VOCATIONAL DIRECTOR

- Teachers
- Guidance Counselors
- Librarians
- Tutors
- Secretaries
- Educational Assistants
- Custodians

TREASURER

- Payroll Clerk
- Assist. Payroll Clerk
- Account Clerk
- Secretary

SPECIAL EDUCATION

- School Psychologists
- Supervisors, Special
Education
- Coordinators, Special
Education
- Adaptive Physical
Education Teacher
- Nurses
- Secretary

DIRECTORS, SUPERVISORS
COORDINATORS

- Secretary

FOOD SERVICE
SUPERVISOR

- Managing Cooks
- Cooks
- Cashiers
- Secretary
- Account Clerk

MAINTENANCE/CUSTODIAL SUPERVISOR

- Journeyman
- Maintenance II
- Maintenance I
- Secretary
- Security Personnel

TRANSPORTATION SUPERVISOR

- Bus Driver
- Mechanic
- Wash Rack Attendant
- Secretary

LANCASTER CITY SCHOOL DISTRICT, OHIO

PRINCIPAL OFFICIALS

JUNE 30, 2007

BOARD OF EDUCATION

Ms. Patti Moore President
Mr. Gary Mauller Vice President
Ms. Pam Barnett Member
Ms. Rosemary Hajost Member
Mr. Thomas Pearce Member

Treasurer

Stephen R. St. Clair, Treasurer

Administration

Denise D. Callihan, Ph. DSuperintendent
Rob WalkerAssistant Superintendent
Jack Stiers Business Manager
Steven Clippinger Director of Educational Information and Technology
Kathy RexfordDirector of Instructional Services

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Financial Section



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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lancaster City School District
Fairfield County
345 East Mulberry Street
Lancaster, Ohio 43131

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, 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, 2007, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, the major fund, and the aggregate remaining fund information of Lancaster City School District, Fairfield County, Ohio, as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 17, 2007

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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 School District for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the notes to the basic financial statements.

Financial Highlights

Key financial highlights for fiscal year 2007 are as follows:

- Net assets of governmental activities increased \$11,714,250.
- General revenues accounted for \$47,616,970 in revenue or 81 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$11,035,440 or 19 percent of total revenues of \$58,652,410.
- Total assets of governmental activities increased \$6,959,196 or 18 percent. The primary items that impacted the change was a result of an increase in cash and cash equivalents \$7,120,715, an increase in cash and cash equivalents with fiscal agents of \$379,472, an increase in income taxes receivable of \$2,138,226, offset by a decrease in taxes receivable of \$2,708,503. Capital assets decreased by \$50,001 due mainly to current year depreciation expenses of \$430,937 offset by the purchase and donation of assets in the amount of \$380,936.
- Total liabilities of governmental activities decreased from \$34,456,721 to \$29,701,667. Long-term liabilities such as capital leases, intergovernmental payables, and compensated absences make up 13 percent of the total liabilities.
- The School District had \$46,938,160 in expenses related to governmental activities; only \$11,035,440 of these expenses was offset by program specific charges for services, grants, contributions, and interest.
- The School District only has one major fund, the general fund. The general fund had \$49,250,070 in revenues, \$41,807,164 in expenditures, and (\$1,119,560) in other financing sources (uses). The general fund's balance increased \$6,323,346.

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 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 look at the School District's most significant fund with all 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, 2007
Unaudited

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 2007?" 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, extracurricular activities, intergovernmental, and interest and fiscal charges.

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 multiple 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.

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 2007 compared to 2006.

Lancaster City School District, Ohio
Management's Discussion and Analysis
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Table 1 - Net Assets

	Governmental Activities		
	2007	2006	Change
Assets			
Current and Other Assets	\$39,545,211	\$32,536,014	\$7,009,197
Capital Assets	6,821,138	6,871,139	(50,001)
Total Assets	46,366,349	39,407,153	6,959,196
Liabilities			
Long-Term Liabilities	3,780,290	4,398,310	(618,020)
Other Liabilities	25,921,377	30,058,411	(4,137,034)
Total Liabilities	29,701,667	34,456,721	(4,755,054)
Net Assets			
Invested in Capital Assets, Net of Debt	6,523,237	6,433,483	89,754
Restricted	1,090,839	991,388	99,451
Unrestricted (Deficit)	9,050,606	(2,474,439)	11,525,045
Total Net Assets	\$16,664,682	\$4,950,432	\$11,714,250

Total assets increased \$6,959,196. The majority of the increase in current and other assets was due mainly to an increase in cash and cash equivalents of \$7,120,715, an increase in cash and cash equivalents with fiscal agents of \$379,472, an increase in income taxes receivable of \$2,138,226. The increases were offset by a decrease in taxes receivable of \$2,708,503. The increase in cash and cash equivalents was due mainly to the School District cutting overall expenses and by reducing staff by not renewing teacher contracts or replacing retiring staff members. Staff was reduced from 687 in fiscal year 2006 to 601 in fiscal year 2007. The School District cut expenses over the prior year by approximately \$7 million. In November, 2006 the voters approved the 1.5 percent earned income tax levy for a ten year period. The first distribution of the income tax levy was received on April 27, 2007 for \$577,362. The decrease in property taxes receivable is due to the decrease in the assessed values of approximately \$13.8 million. This decrease is due mainly to the decrease in tangible personal property assessed values. The decline in the economy has especially hit Lancaster and several businesses within Lancaster School District's boundaries are struggling financially. Another factor is that the State of Ohio has enacted House Bill 66 which phases out the tangible personal property tax each year until it will be totally eliminated by 2009. Due to the property tax revenue losses from House Bill 66, the State of Ohio began a reimbursement program in May 2006 to help with the loss of tax revenue for five years. Another factor to the reduction in taxes receivable is due to the 3.9 mill emergency levy concluding in December, 2007. The School District chose not to renew the emergency levy due to the approval of the earned income tax levy in November, 2006. Capital assets decreased by \$50,001 due mainly to current year depreciation expenses of \$430,937 offset by the purchase and donation of assets valued at \$380,936. The School District limited the amount of capital asset purchases in fiscal year 2007 due to the stressed financial situation. Due to the School District cutting appropriations for fiscal year 2007, the School District was able to see an increase in cash and cash equivalents.

Total liabilities decreased by \$4,755,054. The majority of the decrease in other liabilities was due to the decrease of \$2,566,109 in deferred revenue due mainly to the decrease in taxes receivable, a decrease in accrued wages and benefits of \$687,512 and a decrease in intergovernmental payable of \$192,184 due to the reduction in staff, and a \$859,995 decrease of claims payable due to the change of medical insurance from self insurance to traditional insurance through an insurance shared risk pool, and an increase in accounts, contracts, and retainage payables of \$104,987. The decrease in long-term liabilities of \$618,020 was the result of a \$139,755 decrease in capital leases, a net decrease in compensated absences of \$472,060, and a

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
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decrease in intergovernmental payable of \$6,205. The large decrease in compensated absences is due to the reduction in staff and the retirement of thirty-five employees during fiscal year 2007.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2007, and comparisons to fiscal year 2006.

Table 2 - Changes in Net Assets

Revenues	Governmental Activities		
	2007	2006	Change
Program Revenues			
Charges for Services	\$2,984,052	\$2,829,787	\$154,265
Operating Grants, Contributions, and Interest	7,988,388	8,810,623	(822,235)
Capital Grants and Contributions	63,000	70,486	(7,486)
Total Program Revenues	<u>11,035,440</u>	<u>11,710,896</u>	<u>(675,456)</u>
General Revenue			
Property Taxes	25,474,906	25,211,639	263,267
Income Taxes	2,715,588	0	2,715,588
Grants and Entitlements	18,785,514	18,000,132	785,382
Gain on Sale of Capital Assets	6,400	0	6,400
Payment in Lieu of Taxes	145,802	125,960	19,842
Investment Earnings	486,989	181,572	305,417
Miscellaneous	1,771	3,291	(1,520)
Total General Revenues	<u>47,616,970</u>	<u>43,522,594</u>	<u>4,094,376</u>
Total Revenues	<u>58,652,410</u>	<u>55,233,490</u>	<u>3,418,920</u>
Program Expenses			
Instruction			
Regular	21,564,861	22,550,491	(985,630)
Special	5,918,643	5,993,895	(75,252)
Vocational	1,560,603	2,533,090	(972,487)
Adult/Continuing	2,734	102,241	(99,507)
Support Services			
Pupil	2,275,073	2,655,701	(380,628)
Instructional Staff	2,347,971	3,312,136	(964,165)
Board of Education	99,845	103,737	(3,892)
Administration	2,973,956	4,235,498	(1,261,542)
Fiscal	1,058,051	1,249,249	(191,198)
Business	335,644	422,329	(86,685)
Operation and Maintenance of Plant	3,419,108	4,184,164	(765,056)
Pupil Transportation	1,458,150	1,760,638	(302,488)
Central	194,775	219,509	(24,734)
Operation of Non-Instructional Services:			
Food Service Operations	1,886,036	2,138,195	(252,159)
Other	1,012,075	1,045,611	(33,536)
Extracurricular Activities	770,424	826,654	(56,230)
Intergovernmental	41,599	641,663	(600,064)
Interest and Fiscal Charges	18,612	24,482	(5,870)
Total Program Expenses	<u>46,938,160</u>	<u>53,999,283</u>	<u>(7,061,123)</u>
<i>Change in Net Assets</i>	<u>\$11,714,250</u>	<u>\$1,234,207</u>	<u>\$10,480,043</u>

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
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The DeRolf IV Ohio Supreme Court decision has not eliminated the dependence on property taxes. The fundamental reliance on property taxes is still inherent with public schools in Ohio. 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 real property valuation increases thus generating about the same revenue. Property taxes made up approximately 43 percent of revenues for governmental activities for the School District in fiscal year 2007. The State still has not fixed the funding system. The Governors Blue Ribbon Task Force created as a result of DeRolf IV is expected to make recommendations.

In March 2004, the School District passed a three year Emergency Operating Levy. This generated \$3.2 million dollars per fiscal year over a 3 year period to allow the School District to provide current levels of opportunity. The emergency operating tax levy began collections in February, 2005. The collections will end in August, 2007.

In November, 2006, the School District passed the 1.5 percent earned income tax levy for a ten year period. The first distribution was received by the School District in April, 2007. Income taxes made up approximately 5 percent of revenues for governmental activities for the School District in fiscal year 2007.

The decrease in program revenues of \$675,456 is due to the fluctuation in grant funding, the discontinuing of a grant program, and a non-renewable two year grant received in fiscal year 2006. The discontinued grant program for the adult basic education grant resulted in a decrease of \$112,979. The 21st century grant was a two year grant received in fiscal years 2005 and 2006. The grant was not received in fiscal year 2007 which resulted in a decrease of \$599,990. The primary reason for the increase in charges for services was due to the increase in the pay-to-participate fee from \$100 in fiscal year 2006 to \$400 in fiscal year 2007.

The increase in general revenues of \$4,094,376 was mainly due to the increase in income taxes of \$2,715,588 due to this being the first year for the collection of the tax levy. The increase in grants and entitlements of \$785,382 was due to the increase in State reimbursements for the tangible tax loss due to House Bill 66, and the increase in investment earnings of \$305,417 due to the improvement in the School District monthly cash balance from fiscal year 2006 to fiscal year 2007.

Instruction comprises approximately 62 percent of governmental program expenses, support services make up approximately 30 percent of the program expenses, operation of non-instructional services make up approximately 6 percent of program expenses, and the remaining 2 percent of program expenses is related to extracurricular activities, intergovernmental, and interest and fiscal charges of the School District.

As seen in table two, the School District reduced expenses by approximately \$7 million. This was done by reducing staff by 86 employees from fiscal year 2006 to fiscal year 2007 and cutting expenses in all areas in order to improve the financial condition of the School District. The large decrease in intergovernmental expenses was due to the non-renewal of the 21st Century grant program.

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.

Lancaster City School District, Ohio
Management's Discussion and Analysis
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Table 3 - Governmental Activities

	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
Program Expenses				
Instruction:				
Regular	\$21,564,861	\$20,191,147	\$22,550,491	\$21,426,568
Special	5,918,643	3,093,689	5,993,895	3,168,226
Vocational	1,560,603	997,739	2,533,090	1,903,918
Adult/Continuing	2,734	2,734	102,241	(78,816)
Support Services:				
Pupil	2,275,073	1,892,130	2,655,701	2,068,060
Instructional Staff	2,347,971	1,159,255	3,312,136	2,061,938
Board of Education	99,845	99,845	103,737	103,737
Administration	2,973,956	2,646,945	4,235,498	3,870,213
Fiscal	1,058,051	938,376	1,249,249	1,101,712
Business	335,644	335,505	422,329	422,329
Operation and Maintenance				
of Plant	3,419,108	3,382,736	4,184,164	4,139,460
Pupil Transportation	1,458,150	1,240,541	1,760,638	1,534,887
Central	194,775	142,104	219,509	163,121
Operation of				
Non-Instructional Services:				
Food Service Operations	1,886,036	(168,536)	2,138,195	(82,287)
Other	1,012,075	(55,123)	1,045,611	17,841
Extracurricular Activities	770,424	(11,088)	826,654	444,201
Intergovernmental	41,599	(3,891)	641,663	(1,203)
Interest and Fiscal Charges	18,612	18,612	24,482	24,482
Totals	<u>\$46,938,160</u>	<u>\$35,902,720</u>	<u>\$53,999,283</u>	<u>\$42,288,387</u>

The above schedule clearly shows the dependence upon tax revenues and state subsidies for governmental activities. For 2007, only 23.5 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 76.5 percent is provided through taxes and entitlements.

The School District's Major Fund

The School District's major fund (the general fund) is accounted for using the modified accrual basis of accounting. The major fund had total revenues of \$49,250,070, expenditures of \$41,807,164, and other financing sources (uses) of (\$1,119,560). This resulted in an increase in fund balance of \$6,323,346. In March, 2006 the School District was declared in fiscal caution by the State Department of Education. The School District reduced expenditures in the general fund by approximately \$4.5 million from fiscal year 2006 to fiscal year 2007. The School District reduced staff and cut expenditures in every area possible in order to improve our economic condition. The School District realized that it was heading toward a financial crisis if expenditures were not reduced. The School District placed a 1.5 percent earned income tax levy on the ballot in November, 2006 which was passed by voters. The general fund's beginning fund balance for fiscal year 2007 was (\$513,875). After expenditure reductions and the passage of the income tax levy, the School District ended fiscal year 2007 with a general fund balance of \$5,809,471. The income tax became effective on January 1, 2007 for a ten year period. The School District's general fund received the first income tax

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

distribution from the State Department of Taxation in April, 2007. The levy is expected to generate \$8,698,676 annually for future fiscal years beginning with the third fiscal year of the income tax. The estimates were based on a historical income tax timeline of estimated collections by the State Department of Taxation. The School District will receive its final tax settlement from the March, 2004 3.9 mill emergency operating three year levy on the August, 2007 tax settlement. Due to the passage of the 1.5 percent earned income tax, the School District announced that it will not seek renewal of the 3.9 mill emergency operating property tax. The School District has realized the seriousness of our financial situation and has implemented several steps to improve our status. The School District will still be faced with difficult cost cutting decisions in the future even though the 1.5 percent income tax levy was approved by voters.

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 2007, the School District amended its general fund budget. The School District closely monitors its resources and uses and if necessary, modifies appropriations on a timely basis.

The general fund had original revenue budget estimates of \$47,034,220. The original budget estimates were increased to a final budget amount of \$48,798,563 for the fiscal year. Actual revenues were \$101,291 over final budgeted estimates. The main reasons for the increase in the original budget to the final budget was in the area of taxes revenue in the amount of \$943,193, income taxes revenue in the amount of \$577,362, and interest revenue in the amount of \$146,000. These areas were increased because additional revenue was realized during the year than what was originally anticipated and the income tax levy did not pass until November, 2006.

Original appropriations plus prior year encumbrances were \$47,020,929. The appropriations were reduced in the final budget to \$45,598,881. The reduction in appropriations was due to the School District reducing additional expenditures in fiscal year 2007 in order to increase the general fund balance.

The School District's ending unobligated fund balance was \$3,545,566 which improved from the beginning balance of \$268,369.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2007, the School District had \$6,821,138 invested in land, construction in progress, buildings, furniture and equipment, vehicles, and construction in progress. Table 4 shows fiscal year 2007 balances compared to 2006.

Lancaster City School District, Ohio
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For the Fiscal Year Ended June 30, 2007
Unaudited

Table 4 - Capital Assets at June 30, 2007
(Net of Depreciation)

	Government Activities	
	2007	2006
Land	\$523,846	\$523,846
Construction in Progress	270,510	0
Land Improvements	599,822	608,935
Buildings and Improvements	3,804,089	3,844,686
Furniture and Equipment	855,277	973,290
Vehicles	767,594	920,382
Totals	\$6,821,138	\$6,871,139

During fiscal year 2007, there was very limited activity relating to the purchase or disposal of capital assets. Due to the School District's confronting financial difficulties, purchasing has been limited to items that are of necessary importance. The \$50,001 decrease in capital assets, net of depreciation, was due to posting current year depreciation in the amount of \$430,937 and the purchase and donation of \$380,936 in assets. See Note 10 for more detailed information of the School District's capital assets.

Debt

During fiscal year 2007, the School District paid down a capital lease by \$139,755.

Table 5 – Outstanding Debt, at Fiscal Year End

	Governmental Activities	
	2007	2006
Capital Leases	\$297,901	\$437,656

See Notes 15 and 16 for more detailed information of the School District's outstanding capital leases payable.

Economic Factors

During fiscal year 2007, the School District was able to increase net assets by \$11,714,250. This was due mainly to the School District decreasing expenses by approximately \$7 million and the passage of the 1.5 percent income tax levy. The School District will continue to be conservative in the area of expenses in the future. The School District continues to utilize a Board Finance Committee created during fiscal year 2005. This Committee's job is to monitor the School District's financial stability and to meet once a month and report to the Board of Education any recommendations. 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 opportunities our students have come accustomed to.

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 you may contact Stephen St. Clair, Treasurer, Lancaster City School District, 345 East Mulberry Street, Lancaster, Ohio 43130. Or E-Mail at S_STCLAIR@LANCASTER.K12.OH.US.

BASIC FINANCIAL STATEMENTS

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Lancaster City School District, Ohio

Statement of Net Assets

June 30, 2007

	Primary Government	Component Units	
	Governmental Activities	Lancaster-Fairfield Digital Academy	Lancaster-Fairfield Community School
Assets			
Cash and Cash Equivalents	\$10,109,515	\$370,189	\$163,353
Cash and Cash Equivalents with Fiscal Agents	379,472	0	0
Cash and Cash Equivalents in Segregated Accounts	9,592	0	0
Materials and Supplies Inventory	135,302	0	0
Inventory Held for Resale	57,158	0	0
Accounts Receivable	91,026	0	0
Accrued Interest Receivable	8,982	0	0
Income Taxes Receivable	2,138,226	0	0
Due from Component Unit	16,430	0	0
Intergovernmental Receivable	1,171,391	0	41,834
Prepays	76,994	1,292	1,292
Payment in Lieu of Taxes Receivable	271,762	0	0
Property Taxes Receivable	25,016,861	0	0
Capital Lease Receivable	62,500	0	0
Nondepreciable Capital Assets	794,356	0	0
Depreciable Capital Assets, Net	6,026,782	110,542	4,625
<i>Total Assets</i>	<u>46,366,349</u>	<u>482,023</u>	<u>211,104</u>
Liabilities			
Accounts Payable	263,133	0	5,440
Accrued Salaries and Benefits Payable	4,051,199	0	0
Contracts Payable	209,141	0	0
Retainage Payable	11,742	0	0
Matured Compensated Absences Payable	302,208	0	0
Retirement Incentive Payable	3,500	0	0
Claims Payable	30,627	0	0
Accrued Interest Payable	529	0	0
Intergovernmental Payable	1,440,793	6,747	122,167
Due to Primary Government	0	3,109	13,321
Deferred Revenue	19,608,505	6,951	7,424
Long-Term Liabilities:			
Due Within One Year	483,057	0	0
Due In More Than One Year	3,297,233	0	0
<i>Total Liabilities</i>	<u>29,701,667</u>	<u>16,807</u>	<u>148,352</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	6,523,237	110,542	4,625
Restricted for:			
Capital Projects	4,408	0	0
Bus Purchase	21,262	0	0
Public School Support	26,807	0	0
District Managed Activities	104,815	0	0
Auxiliary Services	46,368	0	0
Special Education	653,524	0	0
Other Purposes	233,655	0	0
Unrestricted	9,050,606	354,674	58,127
<i>Total Net Assets</i>	<u>\$16,664,682</u>	<u>\$465,216</u>	<u>\$62,752</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$21,564,861	\$834,052	\$497,924	\$41,738
Special	5,918,643	74,985	2,749,969	0
Vocational	1,560,603	76,171	486,693	0
Adult/Continuing	2,734	0	0	0
Support Services:				
Pupil	2,275,073	19,091	363,852	0
Instructional Staff	2,347,971	5,701	1,183,015	0
Board of Education	99,845	0	0	0
Administration	2,973,956	124,342	202,669	0
Fiscal	1,058,051	119,675	0	0
Business	335,644	139	0	0
Operation and Maintenance of Plant	3,419,108	21,783	14,589	0
Pupil Transportation	1,458,150	34,162	162,185	21,262
Central	194,775	0	52,671	0
Operation of Non-Instructional Services:				
Food Service Operations	1,886,036	892,439	1,162,133	0
Other	1,012,075	0	1,067,198	0
Extracurricular Activities	770,424	781,512	0	0
Intergovernmental	41,599	0	45,490	0
Interest and Fiscal Charges	18,612	0	0	0
<i>Total Primary Government</i>	<u>\$46,938,160</u>	<u>\$2,984,052</u>	<u>\$7,988,388</u>	<u>\$63,000</u>
Component Units				
Lancaster-Fairfield Digital Academy	\$381,216	\$0	\$3,000	\$0
Lancaster-Fairfield Community School	416,149	0	40,863	0
<i>Total Component Units</i>	<u>\$797,365</u>	<u>\$0</u>	<u>\$43,863</u>	<u>\$0</u>
<i>Totals</i>	<u>\$47,735,525</u>	<u>\$2,984,052</u>	<u>\$8,032,251</u>	<u>\$63,000</u>

General Revenues

Property Taxes Levied for General Purposes
Income Taxes Levied for General Purposes
Grants and Entitlements not Restricted to Specific Programs
Gain on Sale of Capital Assets
Payment in Lieu of Taxes
Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year - Restated (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	Component Units	
Governmental Activities	Lancaster-Fairfield Digital Academy	Lancaster-Fairfield Community School
(\$20,191,147)	\$0	\$0
(3,093,689)	0	0
(997,739)	0	0
(2,734)	0	0
(1,892,130)	0	0
(1,159,255)	0	0
(99,845)	0	0
(2,646,945)	0	0
(938,376)	0	0
(335,505)	0	0
(3,382,736)	0	0
(1,240,541)	0	0
(142,104)	0	0
168,536	0	0
55,123	0	0
11,088	0	0
3,891	0	0
(18,612)	0	0
(35,902,720)	0	0
0	(378,216)	0
0	0	(375,286)
0	(378,216)	(375,286)
(\$35,902,720)	(378,216)	(375,286)
25,474,906	0	0
2,715,588	0	0
18,785,514	436,023	374,433
6,400	0	0
145,802	0	0
486,989	14,343	5,427
1,771	0	50
47,616,970	450,366	379,910
11,714,250	72,150	4,624
4,950,432	393,066	58,128
\$16,664,682	\$465,216	\$62,752

Lancaster City School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2007*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$5,954,317	\$2,590,563	\$8,544,880
Cash and Cash Equivalents in Segregated Accounts	9,592	0	9,592
Restricted Assets Cash and Cash Equivalents	21,262	0	21,262
Receivables:			
Property Taxes	25,016,861	0	25,016,861
Payment in Lieu of Taxes	271,762	0	271,762
Income Taxes	2,138,226	0	2,138,226
Accounts	6,892	18,413	25,305
Due from Component Unit	16,430	0	16,430
Intergovernmental	6,763	1,164,628	1,171,391
Accrued Interest	8,982	0	8,982
Interfund	250,516	2,175	252,691
Capital Lease	0	62,500	62,500
Prepays	48,681	28,313	76,994
Inventory Held for Resale	0	57,158	57,158
Materials and Supplies Inventory	124,804	10,498	135,302
<i>Total Assets</i>	<u>\$33,875,088</u>	<u>\$3,934,248</u>	<u>\$37,809,336</u>
Liabilities			
Accounts Payable	\$189,329	\$73,804	\$263,133
Contracts Payable	207,791	1,350	209,141
Retainage Payable	11,742	0	11,742
Accrued Salaries and Benefits Payable	3,176,063	464,991	3,641,054
Intergovernmental Payable	1,206,782	234,011	1,440,793
Matured Compensated Absences Payable	302,208	0	302,208
Interfund Payable	2,175	239,771	241,946
Retirement Incentive Payable	3,500	0	3,500
Deferred Revenue	22,966,027	338,045	23,304,072
<i>Total Liabilities</i>	<u>28,065,617</u>	<u>1,351,972</u>	<u>29,417,589</u>
Fund Balances			
Reserved for Encumbrances	2,033,271	146,744	2,180,015
Reserved for Property Taxes	3,148,840	0	3,148,840
Reserved for Bus Purchase	21,262	0	21,262
Unreserved, Designated:			
Designated for Compensated Absences	606,098	0	606,098
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	0	1,139,729	1,139,729
Capital Projects Funds	0	1,295,803	1,295,803
<i>Total Fund Balances</i>	<u>5,809,471</u>	<u>2,582,276</u>	<u>8,391,747</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$33,875,088</u>	<u>\$3,934,248</u>	<u>\$37,809,336</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, 2007*

Total Governmental Fund Balances		\$8,391,747
<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.		6,821,138
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	2,454,902	
Income Taxes	637,053	
Payment in Lieu of Taxes	262,567	
Capital Lease Receivable	62,500	
Due from Component Unit	3,000	
Grants	275,545	3,695,567
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.		1,537,049
Long-term liabilities, including capital leases payable, and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(297,901)	
Intergovernmental Payable	(6,249)	
Accrued Interest Payable	(529)	
Compensated Absences Payable	(3,476,140)	(3,780,819)
Net Assets of Governmental Activities		\$16,664,682

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, 2007

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$24,768,901	\$0	\$24,768,901
Payment in Lieu of Taxes	135,155	0	135,155
Income Taxes	2,078,535	0	2,078,535
Intergovernmental	20,558,868	6,158,360	26,717,228
Interest	485,742	22,392	508,134
Tuition and Fees	1,086,007	19,599	1,105,606
Charges for Services	0	870,220	870,220
Rent	5,248	98,410	103,658
Extracurricular Activities	129,843	825,482	955,325
Collection of a Capital Lease	0	31,250	31,250
Gifts and Donations	0	11,061	11,061
Miscellaneous	1,771	0	1,771
<i>Total Revenues</i>	<u>49,250,070</u>	<u>8,036,774</u>	<u>57,286,844</u>
Expenditures			
Current:			
Instruction:			
Regular	21,926,099	466,841	22,392,940
Special	4,662,359	1,554,254	6,216,613
Vocational	1,569,296	184,777	1,754,073
Adult/Continuing	33	2,701	2,734
Support Services:			
Pupils	1,997,917	332,017	2,329,934
Instructional Staff	1,493,648	1,031,790	2,525,438
Board of Education	99,845	0	99,845
Administration	2,996,768	107,788	3,104,556
Fiscal	1,070,821	0	1,070,821
Business	356,188	151	356,339
Operation and Maintenance of Plant	3,589,800	18,994	3,608,794
Pupil Transportation	1,350,329	48,529	1,398,858
Central	174,052	35,602	209,654
Operation of Non-Instructional Services:			
Food Service Operations	0	1,950,649	1,950,649
Other Non-Instructional Services	5,430	1,068,997	1,074,427
Extracurricular Activities	113,283	646,431	759,714
Capital Outlay	273,933	76,113	350,046
Intergovernmental	0	41,599	41,599
Debt Service:			
Principal Retirement	111,804	27,951	139,755
Interest and Fiscal Charges	15,559	3,299	18,858
<i>Total Expenditures</i>	<u>41,807,164</u>	<u>7,598,483</u>	<u>49,405,647</u>
<i>Excess of Revenues Over Expenditures</i>	<u>7,442,906</u>	<u>438,291</u>	<u>7,881,197</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	6,400	0	6,400
Transfers In	0	1,126,192	1,126,192
Transfers Out	(1,125,960)	(232)	(1,126,192)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,119,560)</u>	<u>1,125,960</u>	<u>6,400</u>
<i>Net Change in Fund Balances</i>	6,323,346	1,564,251	7,887,597
<i>Fund Balances (Deficit) Beginning of Year -</i>			
<i>Restated (Note 3)</i>	(513,875)	1,018,025	504,150
<i>Fund Balances End of Year</i>	<u>\$5,809,471</u>	<u>\$2,582,276</u>	<u>\$8,391,747</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, 2007*

Net Change in Fund Balances - Total Governmental Funds \$7,887,597

*Amounts reported for governmental activities in the statement of activities
are different because*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Asset Additions	348,937	
Capital Contributions	31,999	
Depreciation Expense	(430,937)	(50,001)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Interest	(222)	
Capital Lease Payments Received	(31,250)	
Grants	87,690	
Delinquent Taxes	706,005	
Income Taxes	637,053	
Tuition and Charges from Other School Districts	(50,757)	
Payment in Lieu of Taxes	10,647	1,359,166

In the statement of activities interest is accrued on outstanding capital leases, whereas in governmental funds, interest is expended when due. 246

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.

Compensated Absences Payable		472,060
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Repayment of capital leases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 139,755

Repayment of an intergovernmental payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 6,205

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.

1,899,222

Change in Net Assets of Governmental Activities \$11,714,250

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$24,660,000	\$25,603,193	\$25,603,193	\$0
Payment in Lieu of Taxes	125,960	125,960	125,960	0
Income Taxes	0	577,362	577,362	0
Intergovernmental	20,720,332	20,875,321	20,878,056	2,735
Interest	210,000	356,000	462,537	106,537
Tuition and Fees	1,046,427	1,143,824	1,116,205	(27,619)
Rent	3,500	3,500	5,187	1,687
Extracurricular Activities	110,000	110,000	129,444	19,444
Miscellaneous	158,001	3,403	1,910	(1,493)
<i>Total Revenues</i>	<u>47,034,220</u>	<u>48,798,563</u>	<u>48,899,854</u>	<u>101,291</u>
Expenditures				
Current:				
Instruction:				
Regular	22,114,084	19,794,466	19,511,497	282,969
Special	5,034,475	4,834,278	4,753,157	81,121
Vocational	1,556,657	1,709,934	1,699,322	10,612
Adult/Continuing	0	1,117	937	180
Other	2,803,048	3,057,430	3,049,706	7,724
Support Services:				
Pupils	1,959,687	2,081,880	2,018,654	63,226
Instructional Staff	1,658,587	1,854,570	1,825,874	28,696
Board of Education	167,614	255,992	239,387	16,605
Administration	3,381,037	3,422,823	3,357,928	64,895
Fiscal	2,582,297	1,410,964	1,271,525	139,439
Business	309,469	575,708	569,531	6,177
Operation and Maintenance of Plant	3,655,427	3,870,555	3,794,839	75,716
Pupil Transportation	1,603,803	1,531,694	1,459,497	72,197
Central	160,169	184,709	171,163	13,546
Extracurricular Activities	34,575	161,495	154,369	7,126
Capital Outlay	0	851,266	851,266	0
<i>Total Expenditures</i>	<u>47,020,929</u>	<u>45,598,881</u>	<u>44,728,652</u>	<u>870,229</u>
<i>Excess of Revenues Over Expenditures</i>	<u>13,291</u>	<u>3,199,682</u>	<u>4,171,202</u>	<u>971,520</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,000	6,400	6,400	0
Advances In	1,260,714	1,235,997	1,300,106	64,109
Advances Out	(1,188,487)	(1,455,485)	(1,341,201)	114,284
Transfers Out	(150,960)	(1,150,960)	(1,125,960)	25,000
<i>Total Other Financing Sources (Uses)</i>	<u>(73,733)</u>	<u>(1,364,048)</u>	<u>(1,160,655)</u>	<u>203,393</u>
<i>Net Change in Fund Balance</i>	<u>(60,442)</u>	<u>1,835,634</u>	<u>3,010,547</u>	<u>1,174,913</u>
<i>Fund Balance Beginning of Year</i>	<u>268,369</u>	<u>268,369</u>	<u>268,369</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>266,650</u>	<u>266,650</u>	<u>266,650</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$474,577</u></u>	<u><u>\$2,370,653</u></u>	<u><u>\$3,545,566</u></u>	<u><u>\$1,174,913</u></u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Fund Net Assets
Internal Service Fund
June 30, 2007

	Employee Benefits Self Insurance
Current Assets	
Cash and Cash Equivalents	\$1,543,373
Cash and Cash Equivalents with Fiscal Agents	379,472
Accounts Receivable	65,721
<i>Total Assets</i>	1,988,566
Current Liabilities	
Interfund Payable	10,745
Deferred Revenue	410,145
Claims Payable	30,627
<i>Total Liabilities</i>	451,517
Net Assets	
Unrestricted	\$1,537,049

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, 2007*

	Employee Benefits Self Insurance
Operating Revenues	
Charges for Services	\$8,105,695
Operating Expenses	
Purchased Services	4,066,970
Claims	2,139,503
<i>Total Operating Expenses</i>	6,206,473
<i>Change in Net Assets</i>	1,899,222
<i>Net Assets (Deficit) Beginning of Year</i>	(362,173)
<i>Net Assets End of Year</i>	\$1,537,049

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, 2007

	Employee Benefits Self Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$7,991,818
Cash Payments to Vendors for Services	(4,072,105)
Cash Payments for Claims	(3,057,997)
<i>Net Increase in Cash and Cash Equivalents</i>	861,716
<i>Cash and Cash Equivalents Beginning of Year</i>	1,061,129
<i>Cash and Cash Equivalents End of Year</i>	\$1,922,845
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$1,899,222
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	(61,562)
Decrease in Prepaids	1,300
Decrease in Deferred Revenue	(117,249)
Decrease in Claims Payable	(859,995)
<i>Net Cash Provided by Operating Activities</i>	\$861,716

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2007

	Private Purpose	
	Trust	
	<u>Endowment</u>	<u>Agency</u>
Assets		
Cash and Cash Equivalents	<u>\$42,913</u>	<u>\$90,300</u>
<i>Total Assets</i>	<u>42,913</u>	<u>\$90,300</u>
Liabilities		
Due to Students	<u>0</u>	<u>\$90,300</u>
<i>Total Liabilities</i>	<u>0</u>	<u>\$90,300</u>
Net Assets		
Held in Trust for Scholarships	<u>42,913</u>	
<i>Total Net Assets</i>	<u>\$42,913</u>	

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, 2007

	<u>Endowment</u>
Additions	
Interest	\$2,160
Deductions	
Scholarships Awarded	<u>625</u>
<i>Change in Net Assets</i>	1,535
<i>Net Assets Beginning of Year</i>	<u>41,378</u>
<i>Net Assets End of Year</i>	<u><u>\$42,913</u></u>

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, 2007

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 twelve instructional facilities staffed by 229 non-certificated employees, 348 certificated personnel, and 24 administrative employees who provide services to 5,877 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 information on the Statement of Net Assets and the Statement of Activities identifies the financial data of the School District's Component Units, Lancaster-Fairfield Digital Academy and Lancaster-Fairfield Community School. They are reported separately to emphasize that they are legally separate from the School District.

Lancaster-Fairfield Digital Academy. Lancaster-Fairfield Digital Academy (LFDA) is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The LFDA's mission, under a contractual agreement with the School District, 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 LFDA serves students within the School District. The LFDA was operated by a Board of Directors made up of seven voting members prior to

Lancaster City School District, Ohio
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March 30, 2007. The Board of Directors was appointed as follows: five representatives from the School District, one representative that is a public educator or other public official, and one person representing the interests of parents and students of the LFDA. On March 30, 2007, House Bill 79 became effective which updated Ohio Revised Code (ORC) sections 3314.02, 3314.03, and 3314.014 and created ORC section 3314.026. These ORC sections revised the procedures for the selection of Board of Directors for community schools. Under advisement from LFCS's legal counsel, the six former board members resigned their positions as Board of Directors because they were employees of the School District and Tri-Rivers Educational Computer Association (TRECA). TRECA contracts with LFDA annually for services. As of June 30, 2007, the Board of Directors only consisted of two members appointed by the School District. The School District attempted to recruit new board members but was unsuccessful. The School District is able to impose its will on the LFDA. The School District can suspend the LFDA's operations for any of the following reasons: 1) The LFDA's failure to meet student performance requirements stated in its contract with the School District, 2) The LFDA's failure to meet generally accepted standards of fiscal management, 3) The LFDA'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-Fairfield Digital Academy, 345 East Mulberry Street, Lancaster, Ohio 43130.

Lancaster-Fairfield Community School. Lancaster-Fairfield Community School (LFCS) is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The LFCS's mission, under a contractual agreement with the School District, is to utilize a holistic approach to the education of at-risk students, offering students a variety of programs that address the physical, social, emotional, and educational needs of the students. The LFCS feels it is necessary to assist at-risk youth in developing positive behaviors and attitudes and become successful learners. The LFCS serves students within the School District. Prior to June 28, 2007, the LFCS operated under the direction of a seven-member Board of Directors made up of three-members from the Lancaster City School District, one member from a local school district within Fairfield County, one member from the Fairfield County Juvenile Court, the superintendent of the Fairfield County Educational Service Center, and one member from the Fairfield County Job and Family Services department. On March 30, 2007, House Bill 79 became effective which updated Ohio Revised Code (ORC) sections 3314.02, 3314.03, and 3314.014 and created ORC section 3314.026. These ORC sections revised the procedures for the selection of Board of Directors for community schools. Under advisement from LFCS's legal counsel, the by-laws for the appointment of the Board of Directors were amended. On June 28, 2007, the by-laws of LFCS were amended and they began to operate under the direction of a five-member Board of Directors from the public sector appointed by the School District. The School District appoints the board and is able to impose its will on the LFCS. The School District can suspend the LFCS's operations for any of the following reasons: 1) The LFCS's failure to meet student performance requirements stated in its contract with the School District, 2) The LFCS's failure to meet generally accepted standards of fiscal management, 3) The LFCS's violation of any provisions of the contract with the School District or applicable state or federal law, or 4) Other good cause. Separately issued financial statements can be obtained from the Lancaster-Fairfield Community School, 345 East Mulberry Street, Lancaster, Ohio 43130.

The School District participates in five jointly governed organizations and two pools. These organizations are the Metropolitan Educational Council, Coalition of Rural and Appalachian Schools, Central Ohio Special Education Regional Resource Center, Fairfield County Family, Adult, and Children First Council, Fairfield County Multi-System Youth Committee, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the South Central Ohio Insurance Consortium. These organizations are presented in Notes 20 and 21 to the basic financial statements.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service fund unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities that are governmental and those that are considered business-type activities; however, the School District has no business-type activities.

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 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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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 accounted for the operation of the School District's self-insurance program for employee medical, surgical, prescription drug, and dental claims through October 31, 2006. On November 1, 2006, this fund accounted for a self-insurance program for dental claims and a premium based plan for employee medical, surgical, and prescription drug 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 college 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 accounts for student activities.

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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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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.

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 sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. Revenue from income taxes is recognized in the period in which the income is earned. 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, income taxes, 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, 2007, but which were levied to finance fiscal year 2008 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. 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.

During fiscal year 2007, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but 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, 2007.

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 2007 amounted to \$485,742, which includes \$143,719 assigned from other School District funds.

The School District has segregated bank accounts for monies held separate from the School District's central bank account. These bank accounts are presented on the financial statements as "Cash and Cash Equivalents with Fiscal Agent", for monies on hand at the fiscal agent for insurance run-off claims and dental insurance cash balance, and "Cash and Cash Equivalents in Segregated Accounts," for a payroll account balance, since these funds are not deposited into the School District treasury.

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.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2007, 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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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. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year). Donated capital 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 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	15-50 years
Buildings and Improvements	20-80 years
Machinery and Equipment	5-20 years
Furniture and Fixtures	5-20 years
Vehicles	5-10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used 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 externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent unexpended revenues restricted for the purchase of buses.

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 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.

Lancaster City School District, Ohio
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The entire compensated absences liability is reported on the government-wide financial statements.

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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Capital leases are recognized as a liability on the governmental fund financial statements when due.

M. Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

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. Designation of Fund Balance

The School District has a designation of fund balance on the balance sheet for money set aside for the purpose of future compensated absences.

P. 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 enabling legislation or through

Lancaster City School District, Ohio
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external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for scholarships, music and athletic programs, auxiliary services, and preschool services, and state and federal grants restricted to expenditures for specified purposes.

The government-wide statement of net assets reports \$1,090,839 of restricted net assets, of which none is restricted by enabling legislation.

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

Q. 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.

R. 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.

S. 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 fund level for all funds. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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 original certificate. 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.

Some of the School District's funds are separate for budgeting purposes then they are combined on the GAAP basis. The Ohio reads, extended learning opportunities, reading improvement grant, and reading excellence grants special revenue funds are budgeted individually on a cash basis but they are combined on a GAAP basis and presented as the reading improvement special revenue fund. The idea b, title I, and poverty based assistance special revenue funds are budgeted individually on a cash basis but they are combined on a GAAP

Lancaster City School District, Ohio
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basis and presented as the special education special revenue fund. The vocational education career development, vocational education, ACRN interventions, and FORDPAS special revenue funds are budgeted individually on a cash basis but are combined on a GAAP basis and presented as the vocational education special revenue fund. The public school preschool and preschool handicapped special revenue funds are budgeted individually on a cash basis but they are combined on a GAAP basis and presented as the preschool special revenue fund.

Note 3 – Restatement of Prior Period Balances

At June 30, 2006, the School District incorrectly reported intergovernmental receivables. This restatement affected the governmental fund balance for other governmental funds and the governmental activities net asset balance.

	<u>Other Governmental Funds</u>
Governmental Fund Balance, June 30, 2006	\$772,442
Under Reported Intergovernmental Receivables	411,864
Under Reported Deferred Revenue	<u>(166,281)</u>
Adjusted Governmental Fund Balance, June 30, 2006	<u>\$1,018,025</u>
	<u>Primary Government</u>
Governmental Activities Net Assets, June 30, 2006	\$4,538,568
Under Reported Intergovernmental Receivables	<u>411,864</u>
Adjusted Governmental Activities Net Assets, June 30, 2006	<u>\$4,950,432</u>

Note 4 – Accountability

The following fund had a deficit fund balance as of June 30, 2007:

	<u>Deficit Fund Balance</u>
<u>Special Revenue Fund:</u>	
Reducing Class Size	(\$56,434)

The deficit balance in the reducing class size special revenue 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.

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).

Lancaster City School District, Ohio
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2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Segregated accounts and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
4. Investments reported at cost (budget basis) rather than fair value (GAAP basis).
5. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
6. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	\$6,323,346
Net Adjustment for Revenue Accruals	(337,288)
Net Adjustment for Expenditure Accruals	(2,671,321)
Beginning:	
Segregated Accounts	11,354
Fair Value of Investments	(14,690)
Prepaid Items	65,164
Ending:	
Segregated Accounts	(9,592)
Prepaid Items	(48,681)
Advances In	1,300,106
Advances Out	(1,341,201)
Adjustment for Encumbrances	<u>(266,650)</u>
Budget Basis	<u><u>\$3,010,547</u></u>

Note 6 - Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 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.

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Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury bills, bonds, notes, 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 Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$3,541,659 of the School District's bank balance of \$3,641,659 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledge to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Lancaster City School District, Ohio
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For the Fiscal Year Ended June 30, 2007

Investments As of June 30, 2007, the School District had the following investment.

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$6,684,787	Average 38.56 Days

Interest Rate Risk

The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of two years. The Treasurer cannot make investments which he does not reasonably believe can be held until the maturity date.

Credit Risk

STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2007 represent the collection of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, 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 revenue received in calendar year 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien on December 31, 2005, were levied after April 1, 2006, 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 revenue received during calendar 2007 (other than public utility property) represents the collection of calendar year 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent for inventory. The tangible personal property tax is being phased out – the assessed percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments 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. This year, however, this settlement was not made until July 2007.

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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, 2007, are available to finance fiscal year 2007 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, 2007 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 and the late settlement were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The June 30 personal property tax settlement that was not received until July, 2007, was in the amount of \$1,079,959 in the general fund. The amount available as an advance at June 30, 2007, was \$3,148,840 to the general fund.

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 2007 taxes were collected are:

	2006 Second-Half Collections		2007 First-Half Collections		2007 Effective Tax Rates (per \$1,000 of assessed valuation)
	Amount	Percent	Amount	Percent	
	Agricultural/ Residential	\$561,512,210	65%	\$573,892,950	
Commerical/Industrial and Public Utility Real	222,642,280	25%	224,415,740	26%	30.5311
Public Utility Personal	25,354,560	3%	25,379,020	3%	68.5000
Tangible Personal Property	59,005,601	7%	30,990,035	4%	68.5000
Total	\$868,514,651	100%	\$854,677,745	100%	

Note 8 - Income Tax

The School District levies a voted tax of one and one half percent for general operations on the earned income of residents and of estates. The tax was effective on January 1, 2007 and remains in effect until December 31, 2016. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

Note 9 - Receivables

Receivables at June 30, 2007, consisted of property taxes, income 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 except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Delinquent property taxes as of June 30, 2007 were \$2,454,902.

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A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Title II-D Grant	\$381
Extracurricular Activities Dues and Tournament Proceeds	723
Tuition from Other Districts	924
Title V Grant	1,311
Food Service Reimbursements	2,050
Administrative Fees Reimbursement	5,357
Medicare	5,839
Drug Free Schools Grant	7,202
Preschool Handicapped Grant	10,879
Public Preschool Grant	21,382
CORE Grant	43,447
Vocational Education Grants	50,306
Title II-A Grant	99,497
School Lunch Reimbursement	122,147
Title I Grant	272,126
Idea B Grant	527,820
Total	<u>\$1,171,391</u>

Payment in Lieu of Taxes

Anchor Hocking Consumer Glass Corporation The School District entered into a Tax Incentive Donation Agreement in 2003 with Anchor Hocking Consumer Glass Corporation (Anchor Hocking), for the purpose of expanding and renovating Anchor Hocking’s existing manufacturing facility. Anchor Hocking’s payment to the School District is due by June 15 of each fiscal year for the next ten years. Up to \$125,960 will be paid annually based on two circumstances.

1. \$55,990 in compensation will be paid for the property tax exemption granted to Anchor Hocking for their expansion and renovation project. For any year in which the amount of property taxes exempted is less than 100 percent of the compensation, the \$55,990 will be reduced by a proportionate amount.
2. \$69,970 is compensation for the inventory to be located in the modified Rickenbacker General Authority Foreign Trade Zone (Foreign Trade Zone). In the event the boundary of the Foreign Trade Zone is not modified and the inventory remains taxable, then no compensation shall be required for the inventory. Anchor Hocking is seeking a modification of the Foreign Trade Zone to incorporate a portion of its glass manufacturing facility which will result in an exemption for the value of inventory located within the Foreign Trade Zone.

The School District did not record a receivable for all future payments because they are not considered measurable due to the payments being based upon the two circumstances above. A receivable for the amount that is anticipated to be received by the School District during fiscal year 2007 for fiscal years 2006 and 2007 has been recorded in the General Fund in the amount of \$251,920 with a corresponding credit to deferred revenue on the fund financial statements. On the government-wide statements the deferred revenue is removed and “payment in lieu of taxes revenue” is shown.

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DK Manufacturing Lancaster, Inc. The School District entered into a ten year Enterprise Compensation Pilot Agreement (Agreement) in 2004. The purpose of the Agreement was for DK Manufacturing Lancaster, Inc. to purchase a new manufacturing facility and various machinery and equipment and inventory within the boundaries of the Enterprise Zone. The Agreement was amended in June 2007 and the first payment was received July 13, 2007 for personal property tax years 2005 and 2006. The payments will vary each year due to the payments being based on a percentage of DK Manufacturing's yearly Enterprise Zone tax savings. A receivable for \$9,195 has been recorded at June 30, 2007 which represents the payment received for tax years 2005 and 2006.

Windsor Equity The School District entered into a ten year Enterprise Zone Agreement (Agreement) in 2004. The purpose of the Agreement was for Windsor Equity to construct a 45,000 square foot state of the art medical office building within the boundaries of the Enterprise Zone. The Agreement was amended in June 2007 and the first payment was received in September 2007 per the Agreement for the first year. Payments after the first year will be based on a percentage of Windsor Equity's yearly Enterprise Zone tax savings. A receivable for \$10,647 has been recorded at June 30, 2007 which represents payment for the first year of the Agreement.

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Nondepreciable Capital Assets				
Land	\$523,846	\$0	\$0	\$523,846
Construction in Progress	0	270,510	0	270,510
Total Capital Assets not being depreciated	<u>523,846</u>	<u>270,510</u>	<u>0</u>	<u>794,356</u>
Depreciable Capital Assets				
Land Improvements	1,051,167	18,024	0	1,069,191
Buildings and Improvements	16,748,106	22,975	0	16,771,081
Furniture and Equipment	4,932,768	69,427	0	5,002,195
Vehicles	2,507,935	0	(41,078)	2,466,857
Total at Historical Cost	<u>25,239,976</u>	<u>110,426</u>	<u>(41,078)</u>	<u>25,309,324</u>
Less Accumulated Depreciation				
Land Improvements	(442,232)	(27,137)	0	(469,369)
Buildings and Improvements	(12,903,420)	(63,572)	0	(12,966,992)
Furniture and Equipment	(3,959,478)	(187,440)	0	(4,146,918)
Vehicles	(1,587,553)	(152,788)	41,078	(1,699,263)
Total Accumulated Depreciation	<u>(18,892,683)</u>	<u>(430,937)</u>	<u>41,078</u>	<u>(19,282,542)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>6,347,293</u>	<u>(320,511)</u>	<u>0</u>	<u>6,026,782</u>
Governmental Activities Capital Assets, Net	<u>\$6,871,139</u>	<u>(\$50,001)</u>	<u>\$0</u>	<u>\$6,821,138</u>

During fiscal year 2007, \$31,999 was contributed to the School District. \$9,024 was contributed by the parent teacher organization and \$22,975 was contributed by the athletic booster club.

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$136,520
Special	7,212
Vocational	7,483
Support Services:	
Pupil	2,412
Instructional Staff	4,336
Administration	3,655
Fiscal	914
Business	52
Operation and Maintenance	38,766
Pupil Transportation	156,018
Central	9,756
Extracurricular	33,685
Operation of Non-Instructional Services:	
Food Service Operations	20,727
Other	<u>9,401</u>
Total Depreciation Expense	<u><u>\$430,937</u></u>

Note 11 - 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 2007, the School District contracted with Hilb, Rogal, and Hobbs for insurance coverage with the Netherlands Insurance Company. The types and amounts of coverage provided are as follows:

Coverage	Amount	Deductible
Building and Personal Property - replacement cost	\$109,133,700	\$5,000
Flood	1,000,000	100,000
Earthquake	1,000,000	10%
Automobile Liability - combined single limit	1,000,000	500
Auto Medical Payments	5,000	0
Uninsured/Underinsured Motorists	1,000,000	500
Inland Marine	5,823,871	1,000
General Liability per Occurrence	1,000,000	0
General Aggregate	2,000,000	0
Products/Completed Operations Aggregate	2,000,000	0
Personal and Advertising Injury	1,000,000	0
Employee Benefits Liability Per Employee	1,000,000	1,000
Employee Benefits Liability Aggregate	3,000,000	1,000
Ohio Employers Liability Aggregate Limit	3,000,000	0
Sexual Misconduct and Molestation-Each Loss/Aggregate	1,000,000	0
School Leaders Errors and Omissions-Each Loss/Aggregate	1,000,000	5,000
Umbrella Occurrence/Aggregate	1,000,000	0

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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 2007, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 21). 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. 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

The School District provided a limited medical and prescription drug insurance program for its employees through October 31, 2006. Claims were paid directly to the third party administrator, Anthem, out of the School District's self-insurance internal service fund. Anthem serviced all medical claims for July 1, 2006 to October 31, 2006. The School District had a stop loss coverage insurance policy which covered individual claims in excess of \$150,000 per employee per year for medical claims through October 31, 2006. On November 1, 2006, the School District joined the South Central Ohio Insurance Consortium (SCOIC) and began providing medical and prescription drug benefits through a risk sharing pool (Note 12 B); the risk is transferred to the pool. SCOIC contracts with Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) for claims servicing. OME-RESA contracts with Employee Benefits to service the claims of SCOIC members. On November 1, 2006, the School District contracted with OME-RESA to handle the run-off claims from the prior medical and prescription drug program with Anthem. 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 premiums paid into the internal service fund are used for claims, claim reserves, and administrative costs through October 31, 2006. Beginning November 1, 2006, the premiums paid into the internal service fund are used for traditional premium insurance. Since the risk transfers to the SCOIC, the School District no longer reports a claims liability related to medical and prescription drug insurance. See note D below for a summary of changes in claims activity for the past two fiscal years, including medical, prescription drug, and dental benefits.

D. Dental

The School District provided a limited dental insurance program for its employees. Claims for July 1, 2006 to October 31, 2006 were paid directly to the third party administrator, Anthem, out of the School District's self-insurance internal service fund. Anthem serviced all dental claims for July 1, 2006 to October 31, 2006. On November 1, 2006, the School District joined the South Central Ohio Insurance Consortium (SCOIC). The agreement with SCOIC does not include dental benefits and, therefore, the School District retains the risk for these benefits. SCOIC contracts with Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) for claims servicing. OME-RESA contracts with Employee Benefits to service the claims of SCOIC members. On November 1, 2006, the School District contracted with OME-RESA to handle the run-off claims from their prior dental insurance program with Anthem. 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 dental premiums of up to \$62 for family and single coverage for certified and classified employees. The premiums paid into the internal service fund are used for

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claims, claim reserves, and administrative costs. The School District has no stop loss coverage for dental claims.

The claims liability of \$30,627 reported in the internal service fund at June 30, 2007, is based on an estimate provided by the actuary for dental claims. 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, including medical, prescription drug, and dental are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Refunds	Claims Payments	Balance at End of Year
2006	\$1,010,663	\$6,018,407	\$0	\$6,138,448	\$890,622
2007	890,622	2,139,503	58,499	3,057,997	30,627

Note 12 - 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 up to a maximum of 65 days for classified and certified employees. If a certified employee retires within their first year of eligibility for retirement, then the maximum retirement payment is 100 days.

B. Medical, Drug, and Life Insurances

On November 1, 2006, the School District entered a contract with the SCOIC for a premium based insurance plan for medical and prescription insurances. The School District pays monthly medical and drug premiums of \$1,169 for certified and classified employees for family coverage and \$465 for certified and classified employees for single coverage.

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 \$100,000 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.

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Note 13 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 10 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 2007, 10.68 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, 2007, 2006, and 2005, were \$535,285, \$636,952, and \$662,803, respectively; 43 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

B. State Teachers Retirement System

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

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their

Lancaster City School District, Ohio
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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, 2007, plan members were required to contribute 10 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. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$2,789,272, \$3,218,619, and \$3,306,132, respectively; 83 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$21,458 made by the School District and \$47,456 made by the plan members.

Note 14 - Postemployment Benefits

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

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$214,559 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282,743,000 and STRS Ohio had 119,184 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. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

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, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. 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 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, the School District paid \$277,737 to fund health care benefits,

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including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has approximately 59,492 participants receiving health care benefits.

Note 15 - Capitalized Leases

In fiscal year 2005, the School District entered into a lease obligation for the purchase and installation of modular buildings at the Tarhe Elementary School. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The following is a schedule of the future long-term minimum lease payments required under the capital lease as of June 30, 2007.

Year	Governmental Activities	
	Principal	Interest
2008	\$145,746	\$12,867
2009	152,155	6,458
Total	\$297,901	\$19,325

The equipment was originally capitalized in the amount of \$670,215. Principal payments in fiscal year 2007 totaled \$139,755 in the governmental funds.

Property under Capital Lease	\$670,215
Less: Accumulated Depreciation	(37,798)
Total June 30, 2007	\$632,417

Note 16 - Long Term Obligations

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

	Principal			Principal	
	Outstanding 6/30/2006	Additions	Deductions	Outstanding 6/30/2007	Due in One Year
Governmental Activities					
Capital Leases Payable	\$437,656	\$0	\$139,755	\$297,901	\$145,746
Intergovernmental Payable	12,454	0	6,205	6,249	3,686
Compensated Absences Payable	3,948,200	451,914	923,974	3,476,140	333,625
Total Governmental Activities Long-Term Obligations	\$4,398,310	\$451,914	\$1,069,934	\$3,780,290	\$483,057

Capital leases will be paid from the general fund and the permanent improvement capital projects fund. Compensated absences will be paid from the general fund and the food service special revenue fund.

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The School District owes special assessments to the City of Lancaster for sidewalk and street improvements in front of the School District office building. The School District also owes special assessments to Hunter's Run Conservation District for sewer and water improvement services.

The following table lists the special assessment payments required as of June 30, 2007.

Year	
2008	\$3,686
2009	2,563
Total	\$6,249

The School District's overall legal debt margin was \$73,781,438, with an unvoted debt margin of \$819,794 at June 30, 2007.

Note 17 – Capital Lease Receivable

School District-owned building and land are leased to the Fairfield County Juvenile Court. The lease has no interest and is for a period of five years. At the conclusion of the lease period, Fairfield County Juvenile Court may purchase the leased properties for \$1. The School District has classified this agreement as a capital lease. The lease payments to the School District are paid into the permanent improvement capital projects fund. On a full accrual basis, the amount of the receivable is recorded as revenue.

Year	
2008	\$31,250
2009	31,250
Total	\$62,500

Note 18 - Interfund Balances

Interfund balances at June 30, 2007 consist of the following individual interfund receivables and payables:

	Interfund Receivable	Interfund Payable
Major Fund:		
General	\$250,516	\$2,175
Other Governmental Funds:		
Food Service	2,050	0
Scholarship Memorial	125	0
Community Grants	0	6,738
District Managed Student Activity	0	254
Auxiliary Services	0	513
Reducing Class Size	0	164,873
Reading Improvement	0	131
Special Education	0	14,362
Vocational Educaion	0	52,900
Total Other Governmental Funds	2,175	239,771
Internal Service Fund:		
Employee Benefits Self Insurance	0	10,745
Total All Funds	\$252,691	\$252,691

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The general fund made advances to other non-major governmental funds and the employee benefits self insurance internal service fund, in the amount of \$250,516 to subsidize negative cash balances. In addition, the general fund owed \$2,175 to the food service fund and the scholarship memorial fund for their portion of interest earnings for June, 2007. The interfund payables are anticipated to be repaid within one year.

Interfund transfers during 2007, consisted of the general fund transferring \$1,125,960 to the permanent improvement fund and the title II-A special revenue fund transferring \$232 to the title v special revenue fund.

Note 19 – Related Party Transactions

During fiscal year 2007, the School District received from the LFDA \$92,920 for administrative services, the development of web delivered services, technology relating to those services and curricular design, rent, and for reimbursements of miscellaneous services. As of June 30, 2007, there were two payables due from the LFDA to the School District. The payables were for \$109 for a miscellaneous reimbursement and \$3,000 for EMIS services provided during fiscal year 2007.

During fiscal year 2007, the School District never received any monies from the LFCS. As of June 30, 2007, LFCS owed the School District \$13,321 for staffing services.

Note 20 - Jointly Governed Organizations

Metropolitan Educational Council - The Metropolitan Educational Council (MEC) is a jointly governed organization. The organization is composed of over one hundred seventy members which includes school districts, joint vocational schools, educational service centers, and libraries covering thirty-seven 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-five public schools, two educational service centers, seventy-eight charter/community schools, three State schools, one educational organization, and six private schools 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, attendance reporting, and grade reporting. The governing board of MEC is composed of the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County, and one representative from each county outside Franklin 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 2100 Citygate Drive, Columbus, Ohio 43219. The School District's payments to MEC in fiscal year 2007 were \$104,706 for computer services and support.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members, one elected and one appointed member from each of the seven regions into which the 29 Appalachian counties are divided, and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member school 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's made no contributions for fiscal year 2007.

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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 made no payments to COSERRC during fiscal year 2007.

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 Alcohol, Drug Addiction, and Mental Health Board, Health Commissioner of the Fairfield County Health Department, Health Commissioner of the City of Lancaster Health Department, Director of the Fairfield County Human 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 2007, 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.

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 Ohio Department of Youth Services, Fairfield County Board of MR/DD, Fairfield County Alcohol, Drug Addiction, and Mental Health Board, Fairfield County Child Protective Services, Fairfield County Juvenile Court, Fairfield County Help Me Grow, Lancaster-Fairfield Community Action Head Start, Berne Union Local Schools, Liberty Union-Thurston Local Schools, Fairfield Union Local Schools, Pickerington Local Schools, Bloom-Carroll Local Schools, Fairfield County Educational Service Center, Walnut Township Local Schools, Amanda-Clearcreek Local Schools, The Recovery Center, Mid-Ohio Psychological Services, New Horizons Youth and Family Center, and the Lancaster City Schools. The Committee received no additional monies from the School District during fiscal year 2007. 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.

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Note 21 – 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 Ohio School Boards Association (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.

South Central Ohio Insurance Consortium - The School District is a member of the South Central Ohio Insurance Consortium (SCOIC), a risk sharing pool. The SCOIC's primary purpose and object is establishing and carrying out a cost effective cooperative health program for its member organizations. The governing board consists of the superintendent or other designee appointed by each of the members of the SCOIC. Members include the following school districts and governmental entities: Amanda Local School District, Berne Union Local School District, Bloom-Carroll Local School District, Canal Winchester Local School District, Fairfield Local Schools, Fairfield Union Local School District, Lancaster City School District, Fairfield County Board of Mental Retardation, City of Lancaster, Liberty Union-Thurston Local School District, Miami Trace Local School District, and Washington Court House City Schools. The Liberty Union-Thurston Local School District serves as the fiscal agent for the SCOIC.

The members pay a monthly premium to SCOIC based on actuarial estimates to will cover the costs of all claims for which the SCOIC is obligated. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The SCOIC views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information, write to the fiscal agent, Liberty Union-Thurston Local School District, 600 Washington Street, Baltimore, Ohio 43105.

Note 22 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 at June 30, 2007.

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 lawsuit has been filed by the Columbia Gas Transmission Corporation arguing that the Corporation's public utility property tax assessment rate should be 25% of true value rather than the 88% used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner to the Ohio Supreme Court. The School District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Supreme Court, it may be entitled to

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a refund from the School District based on the lower assessment rate beginning from tax year 2001. The amount of the refund is estimated to be approximately \$101,880 per year. A portion of the refund may be recovered from additional State entitlement payments.

Note 23 - 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.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside Reserve Balance as of June 30, 2006	(\$2,662,828)	\$0
Current Year Set-aside Requirement	907,680	907,680
Current Year Offsets	0	(1,147,222)
Qualifying Disbursements	<u>(225,400)</u>	<u>(1,032,108)</u>
Total	<u>(\$1,980,548)</u>	<u>(\$1,271,650)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$1,980,548)</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. The extra amount in the textbooks set-aside may be used to reduce the set-aside requirements of future years.

Note 24 – Contractual Commitments

<u>Vendor</u>	<u>Original Contract</u>	<u>Paid to Date</u>	<u>Amount Remaining</u>
Axis Construction	\$95,391	\$60,779	\$34,612
Schorr Architects	70,000	57,350	12,650
Field and Associates	97,000	77,381	19,619
General Maintenance and Engineering	<u>154,500</u>	<u>75,000</u>	<u>79,500</u>
Total	<u>\$416,891</u>	<u>\$270,510</u>	<u>\$146,381</u>

Note 25 – Lancaster-Fairfield Digital Academy Component Unit

A. Description of the School

The Lancaster-Fairfield Digital Academy (LFDA) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. LFDA is an approved tax-exempt conversion school. Management is not aware of any course of action or series of events that have occurred that might adversely affect LFDA's tax exempt status. LFDA's mission is to enhance and facilitate student learning by providing state of the art digital curriculum and instruction; innovative, collaborative leadership; and technical expertise and support that will prepare students to become lifelong learners and intelligent decision makers. The students may include, but will not be limited to, home schoolers, children with special physical and mental needs, students removed from the regular classroom for discipline concerns, students who need an alternative to the traditional classroom for various reasons, including religious reasons, transient students, and students within the Lancaster City School District, Sponsor school district, that desire a specific course not currently offered but is available through online instruction.

LFDA was created on August 27, 2002 by entering a five year contract with the Lancaster City School District (the Sponsor). The Sponsor is responsible for evaluating the performance of LFDA and has the authority to deny renewal of the contract at its expiration. The Treasurer of the Sponsor completes the role of Treasurer for the LFDA.

LFDA was created to operate under the direction of a seven-member Board of Directors made up of five-members from the Lancaster City School District and two-members from the public. The first public member shall be a public educator or other public official representing a governmental entity that desires to further the establishment and operation of LFDA. The second public member shall be a person who represents the interests of parents and students served by the conversion school. LFDA is a component unit of the Sponsor. The Sponsor appoints a majority of the board and is able to impose it's will on the LFDA. The Sponsor can suspend the LFDA's operations for any of the following reasons: 1) The LFDA's failure to meet student performance requirements stated in its contract with the Sponsor, 2) The LFDA's failure to meet generally accepted standards of fiscal management, 3) The LFDA's violation of any provisions of the contract with the Sponsor or applicable state or federal law, or 4) Other good cause. The Board of Directors are responsible for carrying out the provisions of the contract which include, but are not limited to, helping create, approve, and monitor the annual budget, develop policies to guide operations, secure funding, and maintain a commitment to vision, mission, and belief statements of LFDA and the children it serves. On March 30, 2007, House Bill 79 became effective which updated Ohio Revised Code (ORC) sections 3314.02, 3314.03, and 3314.014 and created ORC section 3314.026. These ORC sections revised the procedures for the selection of Board of Directors for community schools. Under advisement from LFCS's legal counsel, the six former board members resigned their positions as Board of Directors because they were employees of the Sponsor and Tri-Rivers Educational Computer Association (TRECA). As of June 30, 2007, the Board of Directors only consisted of two members. The Sponsor attempted to recruit new board members but was unsuccessful. During fiscal year 2007, LFDA paid purchased services to TRECA for providing the planning, design, implementation, and instructional services. Thus, LFDA did not have any employees. LFDA rented facilities from the Sponsor.

B. Summary of Significant Accounting Policies

The financial statements of the LFDA have been prepared in conformity with generally accepted accounting principals (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. LFDA also applies Financial Accounting Standards Board (FASB) statements and

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interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The entity has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989. The more significant of the LFDA's accounting policies are described below.

Basis of Presentation. The LFDA's basic financial statements consist of a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows.

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

Measurement Focus. The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of LFDA are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets. The statement of cash flows reflects how LFDA finances meet its cash flow needs.

Basis of Accounting. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. LFDA'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 LFDA receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which LFDA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to LFDA on a reimbursement basis. Expenses are recognized at the time they are incurred.

Budgetary Process. Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by LFDA's contract with its Lead Sponsor. The contract between LFDA and its Lead Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on an annual basis.

Cash and Cash Equivalents. Cash received by LFDA is reflected as "Cash and Cash Equivalents" on the statement of net assets. LFDA had no investments during the fiscal year ended June 30, 2007.

Prepaid Items. LFDA records payments made to vendors for services that will benefit periods beyond June 30, 2007, 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 is reported in the year in which services are consumed.

Capital Assets. LFDA's capital assets during fiscal year 2007 consisted of computer equipment. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. LFDA maintains a capitalization threshold of five hundred dollars. All of LFDA's reported capital assets are depreciated using the straight-line method over six years of useful life.

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.

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Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by LFDA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. LFDA applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The statement of net assets reports no restricted net assets and has no monies restricted by enabling legislation.

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

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.

C. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, LFDA's deposits may not be returned. LFDA does not have a deposit policy for custodial credit risk. At June 30, 2007, the bank balance of LFDA's deposits was \$370,189. \$100,000 of the bank balance was covered by federal depository insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$270,189 was uninsured and uncollateralized. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

D. Contract with TRECA

LFDA contracted with TRECA for management consulting services. Under the contract, the following terms were agreed upon:

- TRECA shall provide LFDA with instructional, supervisory/administrative, and technical services sufficient to effectively implement LFDA's educational plan and LFDA's assessment and accountability plan.
- All personnel providing services to LFDA on behalf of TRECA under the agreement shall be employees of TRECA and TRECA shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to such personnel. All shall possess any certification or licensure which may be required by law.
- The technical services provided by TRECA to LFDA shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operation.
- LFDA shall secure the services of an Executive Director, who shall be the chief operating officer of the school, with primary responsibility for day-to day operations of LFDA.
- Curricular services provided by TRECA shall be limited to the standardized curriculum developed by TRECA.
- LFDA shall pay TRECA up to \$3,650 per full-time student K-12 student enrollment in LFDA per school year. Part-time students may be enrolled on such terms as are agreed to by the parties.

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For fiscal year 2007, \$228,310 was paid to TRECA under this contract and \$500 was a payable to TRECA at June 30, 2007. To obtain TRECA's audited June 30, 2007, financial statements please contact Scott Armstrong, Treasurer, at scott@treca.org.

E. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Computer Equipment	\$210,725	\$0	\$0	\$210,725
Less Accumulated Depreciation	(65,062)	(35,121)	0	(100,183)
Capital Assets, Net	<u>\$145,663</u>	<u>(\$35,121)</u>	<u>\$0</u>	<u>\$110,542</u>

F. Risk Management

LFDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2007, LFDA contracted with Hilb, Rogal, and Hobbs for insurance coverage with the Netherlands Insurance Company. The types and amounts of coverage provided are as follows:

General Liability:	
Each Occurrence	\$1,000,000
General Aggregate Limit	2,000,000
Products - Completed Operations Aggregate Limit	2,000,000
Medical Expense Limit - Any One Person/Occurrence	15,000
Damage to Rented Premises - Each Occurrence	500,000
Personal and Advertising Injury	1,000,000
Excess/Umbrella Liability:	
Each Occurrence	1,000,000
Aggregate	1,000,000
Automobile Liability	1,000,000
Errors and Omissions:	
Each Occurrence	1,000,000
Aggregate Limit	1,000,000

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

G. Purchased Services

For the period July 1, 2006 through June 30, 2007, purchased service expenses were for the following services:

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<u>Type</u>	<u>Amount</u>
Professional and Technical Services	\$322,307
Rent	17,920
Audit Services	<u>5,300</u>
Total	<u>\$345,527</u>

H. Related Party Transactions

Of the seven-member board of the LFDA, Lancaster City School District, Sponsor, appoints five-members. LFDA is presented as a component unit of the Sponsor. During fiscal year 2007, LFDA paid \$92,920 to their Sponsor for administrative services, the development of web delivered services, technology relating to those services and curricular design, rent, and for reimbursements of miscellaneous services. As of June 30, 2007, there were two payables due from the LFDA to their Sponsor. The payables were for \$109 for a miscellaneous reimbursement and \$3,000 for EMIS services provided during fiscal year 2007.

I. Contingencies

Grants. LFDA 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 LFDA. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the LFDA at June 30, 2007.

Ohio Department of Education Enrollment Review. The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by LFDA. These reviews are conducted to ensure LFDA is reporting accurate student enrollment data to the State, upon which foundation funding is calculated. During fiscal year 2007, LFDA repaid \$26,224 to the State through foundation revenue reductions due to receiving an overpayment during fiscal year 2006. The fiscal year 2007 review resulted in the discovery of an overpayment to LFDA in the amount of \$6,951. This amount has been reflected as deferred revenue and will be deducted from foundation funding in fiscal year 2008.

Litigation. A suit entitled *Beverly Blount-Hill, et al. v. State of Ohio, et al., Case #3:04CV197* was filed in the U.S. District Court, Southern District of Ohio, Western Division in October 2004. The suit alleges that the funding provisions of the Ohio Community Schools Act, O.R.C. Section 3314, violate both the Ohio and Federal constitutions. If the funding scheme is determined to be unconstitutional, it could have financial ramifications for all community/charter schools. The case is still currently pending, and the effect of this suit, if any, on LFDA cannot presently be determinable.

Note 26 – Lancaster-Fairfield Community School Component Unit

A. Description of the School

The Lancaster-Fairfield Community School (LFCS) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The LFCS's mission is to utilize a holistic approach to the education of at-risk students, offering students a variety of programs that address the physical, social, emotional, and educational needs of the students. The LFCS feels it is necessary to assist at-risk youth in developing positive behaviors and attitudes and become successful learners. Currently the LFCS only services students within the Lancaster City School District, Sponsor school district.

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LFCS began operations on October 8, 2004. LFCS entered into a five year contract with the Lancaster City School District (the Sponsor). The Sponsor is responsible for evaluating the performance of LFCS and has the authority to deny renewal of the contract at its expiration. The Sponsor is also the fiscal agent of the LFCS with the Treasurer of the Sponsor completing the role of Treasurer for the LFCS.

Prior to June 28, 2007, the LFCS operated under the direction of a seven-member Board of Directors made up of three-members from the Lancaster City School District, one member from a local school district within Fairfield County, one member from the Fairfield County Juvenile Court, the superintendent of the Fairfield County Educational Service Center, and one member from the Fairfield County Job and Family Services department. On March 30, 2007, House Bill 79 became effective which updated Ohio Revised Code (ORC) sections 3314.02, 3314.03, and 3314.014 and created ORC section 3314.026. These ORC sections revised the procedures for the selection of Board of Directors for community schools. Under advisement from LFCS's legal counsel, the by-laws for the appointment of the Board of Directors were amended. On June 28, 2007, the by-laws of LFCS were amended and they began to operate under the direction of a five-member Board of Directors from the public sector appointed by the Sponsor. LFCS is a component unit of the Sponsor. The Sponsor appoints the board and is able to impose it's will on the LFCS. The Sponsor can suspend the LFCS's operations for any of the following reasons: 1) The LFCS's failure to meet student performance requirements stated in its contract with the Sponsor, 2) The LFCS's failure to meet generally accepted standards of fiscal management, 3) The LFCS's violation of any provisions of the contract with the Sponsor or applicable state or federal law, or 4) Other good cause. The Board of Directors are responsible for carrying out the provisions of the contract which include, but are not limited to, helping create, approve, and monitor the annual budget, develop policies to guide operations, secure funding, and maintain a commitment to vision, mission, and belief statements of LFCS and the children it serves. During fiscal year 2007, LFCS paid purchased services to the Fairfield County Juvenile Court and the Fairfield County Educational Service Center for providing staffing services. Thus, LFCS did not have any employees. LFCS used the facilities of the Fairfield County Juvenile Court.

B. Summary of Significant Accounting Policies

The financial statements of the LFCS have been prepared in conformity with generally accepted accounting principals (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. LFCS also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The entity has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989. The more significant of the LFCS's accounting policies are described below.

Basis of Presentation. The LFCS's basic financial statements consist of a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows.

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

Measurement Focus. The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of LFCS are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets. The statement of cash flows reflects how LFCS finances meet its cash flow needs.

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Notes to the Basic Financial Statements
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Basis of Accounting. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. LFCS'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 LFCS receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which LFCS must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to LFCS on a reimbursement basis. Expenses are recognized at the time they are incurred.

Budgetary Process. Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by LFCS's contract with its Lead Sponsor. The contract between LFCS and its Lead Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on an annual basis.

Cash and Cash Equivalents. Cash received by LFCS is reflected as "Cash and Cash Equivalents" on the statement of net assets. LFCS had no investments during the fiscal year ended June 30, 2007.

Prepaid Items. LFCS records payments made to vendors for services that will benefit periods beyond June 30, 2007, 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 is reported in the year in which services are consumed.

Capital Assets. LFCS's capital assets during fiscal year 2007 consisted of computer equipment. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. LFCS maintains a capitalization threshold of five hundred dollars. All of LFCS's reported capital assets are depreciated using the straight-line method over six years of useful life.

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 LFCS or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. LFCS applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

At fiscal year end, LFCS had no restricted net assets and no monies restricted by enabling legislation.

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

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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

C. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, LFCS's deposits may not be returned. LFCS does not have a deposit policy for custodial credit risk. At June 30, 2007, the bank balance of LFCS's deposits was \$164,644. \$100,000 of the bank balance was covered by federal depository insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$64,644 was uninsured and uncollateralized. There are no significant statutory restrictions regarding the deposit and investment of funds by LFCS.

D. Receivables

Receivables at June 30, 2007, consisted of intergovernmental grants and an intergovernmental receivable from the Fairfield County Juvenile Court. This receivable was due to the Fairfield County Juvenile Court owing a reimbursement for their employees STRS payments being processed to STRS through the State Foundation payments of the LFCS. The receivables are expected to be collected in full within one year.

A summary of principal items of intergovernmental receivables follows:

Governmental Activities	<u>Amounts</u>
Title II-D Grant	\$140
Drug Free School Grant	143
Title V Grant	281
Improving Teacher Quality Grant	893
STRS Reimbursement owed from Fairfield County	9,557
Title I Grant	13,465
IDEA Part B Grant	<u>17,355</u>
Total	<u><u>\$41,834</u></u>

E. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance			Balance
	<u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2007</u>
Computer Equipment	\$0	\$4,625	\$0	\$4,625
Less Accumulated Depreciation	0	0	0	0
Capital Assets, Net	<u>\$0</u>	<u>\$4,625</u>	<u>\$0</u>	<u>\$4,625</u>

F. Risk Management

LFCS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2007, LFCS contracted with Hilb, Rogal, and Hobbs for insurance coverage with the Netherlands Insurance Company. The types and amounts of coverage provided are as follows:

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

General Liability:	
Each Occurrence	\$1,000,000
General Aggregate Limit	2,000,000
Products - Completed Operations Aggregate Limit	2,000,000
Medical Expense Limit - Any One Person/Occurrence	15,000
Damage to Rented Premises - Each Occurrence	500,000
Personal and Advertising Injury	1,000,000
Excess/Umbrella Liability:	
Each Occurrence	1,000,000
Aggregate	1,000,000
Automobile Liability	1,000,000
Errors and Omissions:	
Each Occurrence	1,000,000
Aggregate Limit	1,000,000

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.

G. Purchased Services

For fiscal year 2007, purchased service expenses were for the following services:

Type	Amount
Legal and Audit Services	\$6,081
Tutoring Services	2,176
Metropolitan Educational Council for computer services	6,517
Bank Charges	99
Lancaster City School District for staffing services	13,320
Fairfield County Educational Service Center for staffing services	117,878
Fairfield County Juvenile Court for staffing and EMIS services	269,903
Total	<u>\$415,974</u>

H. Contract with the Fairfield County Juvenile Court and the Fairfield County Educational Service Center

LFCS signed a contract with the Fairfield County Juvenile Court for use of their facility and for personnel services to supervise the students of LFCS. The Fairfield County Juvenile Court is entitled to seventy percent of the base formula funding, adjusted by the Sponsor's cost of doing business factor, received by the LFCS through the State foundation.

LFCS signed a contract with the Fairfield County Educational Service Center for services of an Occupational Work Experience teacher.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

I. Related Party Transactions

LFCS's Sponsor, Lancaster City Schools, appoints all five Board of Directors. During fiscal year 2007, LFCS made no payments to the Sponsor but had a payable to the Sponsor as of June 30, 2007 for \$13,321 for staffing services.

J. Contingencies

Grants. LFCS 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 LFCS. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the LFCS at June 30, 2007.

Ohio Department of Education Enrollment Review. The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by LFCS. These reviews are conducted to ensure LFCS is reporting accurate student enrollment data to the State, upon which foundation funding is calculated. During fiscal year 2007, LFCS repaid \$1,621 to the State through foundation revenue reductions due to receiving an overpayment during fiscal year 2006. The fiscal year 2007 review resulted in the discovery of an overpayment to LFCS in the amount of \$7,424. This amount has been reflected as deferred revenue and will be deducted from foundation funding in fiscal year 2008.

Litigation. A suit entitled *Beverly Blount-Hill, et al. v. State of Ohio, et al., Case #3:04CV197* was filed in the U.S. District Court, Southern District of Ohio, Western Division in October 2004. The suit alleges that the funding provisions of the Ohio Community Schools Act, O.R.C. Section 3314, violate both the Ohio and Federal constitutions. If the funding scheme is determined to be unconstitutional, it could have financial ramifications for all community/charter schools. The case is still currently pending, and the effect of this suit, if any, on LFCS cannot presently be determinable.

Lancaster City School District, Ohio

Combining Financial Statements and Schedules

Lancaster City School District, Ohio

General Fund

The General Fund accounts for all governmental resources not accounted for in any other fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of the State of Ohio.

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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$24,660,000	\$25,603,193	\$25,603,193	\$0
Payment in Lieu of Taxes	125,960	125,960	125,960	0
Income Taxes	0	577,362	577,362	0
Intergovernmental	20,720,332	20,875,321	20,878,056	2,735
Interest	210,000	356,000	462,537	106,537
Tuition and Fees	1,046,427	1,143,824	1,116,205	(27,619)
Rent	3,500	3,500	5,187	1,687
Extracurricular Activities	110,000	110,000	129,444	19,444
Miscellaneous	158,001	3,403	1,910	(1,493)
<i>Total Revenues</i>	47,034,220	48,798,563	48,899,854	101,291
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	13,411,622	12,890,451	12,795,908	94,543
Fringe Benefits	8,407,019	6,307,541	6,172,397	135,144
Purchased Services	34,294	24,609	15,084	9,525
Materials and Supplies	261,149	496,885	453,456	43,429
Capital Outlay - New	0	6,650	6,650	0
Capital Outlay - Replacement	0	68,330	68,002	328
<i>Total Regular</i>	22,114,084	19,794,466	19,511,497	282,969
Special:				
Salaries and Wages	3,320,150	3,328,778	3,328,778	0
Fringe Benefits	1,413,817	1,217,617	1,168,744	48,873
Purchased Services	296,200	283,400	251,854	31,546
Materials and Supplies	4,308	4,483	3,781	702
<i>Total Special</i>	5,034,475	4,834,278	4,753,157	81,121
Vocational:				
Salaries and Wages	1,100,457	1,218,490	1,218,490	0
Fringe Benefits	376,465	411,463	406,957	4,506
Purchased Services	6,750	6,625	5,285	1,340
Materials and Supplies	61,797	62,168	57,402	4,766
Capital Outlay - New	11,188	11,188	11,188	0
<i>Total Vocational</i>	1,556,657	1,709,934	1,699,322	10,612
Adult/Continuing:				
Salaries and Wages	0	1,000	820	180
Fringe Benefits	0	117	117	0
<i>Total Adult/Continuing</i>	\$0	\$1,117	\$937	\$180

(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, 2007*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Other:				
Purchased Services	\$2,803,048	\$3,057,430	\$3,049,706	\$7,724
Total Instruction	31,508,264	29,397,225	29,014,619	382,606
Support Services:				
Pupils:				
Salaries and Wages	1,015,703	1,179,916	1,179,915	1
Fringe Benefits	424,637	397,237	386,389	10,848
Purchased Services	429,661	444,467	444,466	1
Materials and Supplies	89,686	60,260	7,884	52,376
Total Pupils	1,959,687	2,081,880	2,018,654	63,226
Instructional Staff:				
Salaries and Wages	945,755	1,002,763	1,002,763	0
Fringe Benefits	650,949	590,897	570,506	20,391
Purchased Services	15,916	184,473	184,473	0
Materials and Supplies	44,767	72,555	64,250	8,305
Capital Outlay - New	0	2,682	2,682	0
Other	1,200	1,200	1,200	0
Total Instructional Staff	1,658,587	1,854,570	1,825,874	28,696
Board of Education:				
Salaries and Wages	6,000	6,000	5,200	800
Fringe Benefits	0	1,087	931	156
Other	161,614	248,905	233,256	15,649
Total Board of Education	167,614	255,992	239,387	16,605
Administration:				
Salaries and Wages	2,364,529	2,240,549	2,240,548	1
Fringe Benefits	901,824	764,082	720,858	43,224
Purchased Services	93,860	298,952	284,303	14,649
Materials and Supplies	9,050	4,772	4,628	144
Capital Outlay - New	1,968	40,601	40,601	0
Capital Outlay - Replacement	0	64,326	62,659	1,667
Other	9,806	9,541	4,331	5,210
Total Administration	3,381,037	3,422,823	3,357,928	64,895
Fiscal:				
Salaries and Wages	1,262,987	251,141	226,249	24,892
Fringe Benefits	100,636	77,936	73,664	4,272
Purchased Services	78,428	79,578	75,136	4,442
Materials and Supplies	5,633	7,133	6,955	178
Capital Outlay - New	0	13,235	13,235	0
Capital Outlay - Replacement	300,000	47,416	0	47,416
Interest and Fiscal Charges	18,855	18,859	18,856	3
Principal Retirement	139,758	139,258	108,508	30,750
Other	676,000	776,408	748,922	27,486
Total Fiscal	\$2,582,297	\$1,410,964	\$1,271,525	\$139,439

(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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Business:				
Salaries and Wages	\$0	\$33,295	\$33,289	\$6
Fringe Benefits	650	20,900	20,497	403
Purchased Services	295,764	465,169	465,169	0
Materials and Supplies	12,555	43,476	37,708	5,768
Capital Outlay - New	0	12,853	12,853	0
Other	500	15	15	0
Total Business	309,469	575,708	569,531	6,177
Operation and Maintenance of Plant:				
Salaries and Wages	1,599,326	1,679,330	1,679,113	217
Fringe Benefits	829,534	709,934	697,084	12,850
Purchased Services	1,054,692	1,283,974	1,223,661	60,313
Materials and Supplies	171,875	197,317	194,981	2,336
Total Operation and Maintenance of Plant	3,655,427	3,870,555	3,794,839	75,716
Pupil Transportation:				
Salaries and Wages	798,967	798,967	773,509	25,458
Fringe Benefits	549,769	416,522	386,825	29,697
Purchased Services	20,838	30,838	18,584	12,254
Materials and Supplies	234,229	264,217	259,429	4,788
Capital Outlay - New	0	21,150	21,150	0
Total Pupil Transportation	1,603,803	1,531,694	1,459,497	72,197
Central:				
Salaries and Wages	75,248	75,385	75,384	1
Fringe Benefits	43,348	48,948	42,520	6,428
Purchased Services	18,364	27,364	23,999	3,365
Materials and Supplies	23,209	32,895	29,143	3,752
Capital Outlay - New	0	117	117	0
Total Central	160,169	184,709	171,163	13,546
Total Support Services	15,478,090	15,188,895	14,708,398	480,497
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	13,700	18,700	16,613	2,087
Fringe Benefits	2,240	3,140	2,918	222
Other	500	500	0	500
Total Academic and Subject Oriented Activities	\$16,440	\$22,340	\$19,531	\$2,809

(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, 2007*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Occupation Oriented Activities:				
Salaries and Wages	\$933	\$933	\$933	\$0
Fringe Benefits	100	375	297	78
Total Occupation Oriented Activities	1,033	1,308	1,230	78
Sports Oriented Activities:				
Salaries and Wages	0	18,421	18,421	0
Purchased Services	0	44,596	44,571	25
Total Sports Oriented Activities	0	63,017	62,992	25
School and Public Service Co-Curricular Activities:				
Salaries and Wages	9,234	25,321	25,312	9
Fringe Benefits	1,868	4,351	4,351	0
Materials and Supplies	6,000	6,000	1,795	4,205
Other	0	39,158	39,158	0
Total School and Public Service Co-Curricular Activities	17,102	74,830	70,616	4,214
Total Extracurricular Activities	34,575	161,495	154,369	7,126
Capital Outlay:				
Other Facilities Acquisition and Construction Services: Capital Outlay - Replacement	0	851,266	851,266	0
Total Expenditures	47,020,929	45,598,881	44,728,652	870,229
Excess of Revenues Over Expenditures	13,291	3,199,682	4,171,202	971,520
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,000	6,400	6,400	0
Advances In	1,260,714	1,235,997	1,300,106	64,109
Advances Out	(1,188,487)	(1,455,485)	(1,341,201)	114,284
Operating Transfers Out	(150,960)	(1,150,960)	(1,125,960)	25,000
Total Other Financing Sources (Uses)	(73,733)	(1,364,048)	(1,160,655)	203,393
Net Change in Fund Balance	(60,442)	1,835,634	3,010,547	1,174,913
Fund Balance Beginning of Year	268,369	268,369	268,369	0
Prior Year Encumbrances Appropriated	266,650	266,650	266,650	0
Fund Balance at End of Year	\$474,577	\$2,370,653	\$3,545,566	\$1,174,913

Lancaster City School District, Ohio

Nonmajor Governmental Funds

Special Revenue Funds

The special revenue funds account for those financial resources that are restricted by legal, regulatory, or administrative action to finance particular functions or activities of the School District.

Capital Projects Funds

The capital projects funds are maintained to account for those financial resources received and used for the acquisition, construction, or improvement of major capital facilities.

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash and Cash Equivalents	\$1,292,924	\$1,297,639	\$2,590,563
Receivables:			
Accounts	15,369	3,044	18,413
Intergovernmental	1,164,628	0	1,164,628
Interfund	2,175	0	2,175
Capital Lease	0	62,500	62,500
Prepays	28,313	0	28,313
Inventory Held for Resale	57,158	0	57,158
Materials and Supplies Inventory	10,498	0	10,498
<i>Total Assets</i>	<u>\$2,571,065</u>	<u>\$1,363,183</u>	<u>\$3,934,248</u>
Liabilities			
Accounts Payable	\$73,804	\$0	\$73,804
Contracts Payable	0	1,350	1,350
Accrued Salaries and Benefits Payable	464,991	0	464,991
Intergovernmental Payable	234,011	0	234,011
Interfund Payable	239,771	0	239,771
Deferred Revenue	275,545	62,500	338,045
<i>Total Liabilities</i>	<u>1,288,122</u>	<u>63,850</u>	<u>1,351,972</u>
Fund Balances			
Reserved for Encumbrances	143,214	3,530	146,744
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	1,139,729	0	1,139,729
Capital Projects Funds	0	1,295,803	1,295,803
<i>Total Fund Balances</i>	<u>1,282,943</u>	<u>1,299,333</u>	<u>2,582,276</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,571,065</u>	<u>\$1,363,183</u>	<u>\$3,934,248</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, 2007*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$6,116,622	\$41,738	\$6,158,360
Interest	22,392	0	22,392
Tuition and Fees	19,599	0	19,599
Charges for Services	870,220	0	870,220
Rent	220	98,190	98,410
Extracurricular Activities	815,982	9,500	825,482
Collection of a Capital Lease	0	31,250	31,250
Gifts and Donations	11,061	0	11,061
<i>Total Revenues</i>	<u>7,856,096</u>	<u>180,678</u>	<u>8,036,774</u>
Expenditures			
Current:			
Instruction:			
Regular	466,841	0	466,841
Special	1,554,254	0	1,554,254
Vocational	184,777	0	184,777
Adult/Continuing	2,701	0	2,701
Support Services:			
Pupils	332,017	0	332,017
Instructional Staff	1,031,790	0	1,031,790
Administration	106,438	1,350	107,788
Business	151	0	151
Operation and Maintenance of Plant	18,994	0	18,994
Pupil Transportation	48,529	0	48,529
Central	35,602	0	35,602
Operation of Non-Instructional Services:			
Food Service Operations	1,950,649	0	1,950,649
Other Non-Instructional Services	1,068,997	0	1,068,997
Extracurricular Activities	646,431	0	646,431
Capital Outlay	0	76,113	76,113
Intergovernmental	41,599	0	41,599
Debt Service:			
Principal Retirement	0	27,951	27,951
Interest and Fiscal Charges	0	3,299	3,299
<i>Total Expenditures</i>	<u>7,489,770</u>	<u>108,713</u>	<u>7,598,483</u>
<i>Excess of Revenues Over Expenditures</i>	<u>366,326</u>	<u>71,965</u>	<u>438,291</u>
Other Financing Sources (Uses)			
Transfers In	232	1,125,960	1,126,192
Transfers Out	(232)	0	(232)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>1,125,960</u>	<u>1,125,960</u>
<i>Net Change in Fund Balances</i>	366,326	1,197,925	1,564,251
<i>Fund Balances Beginning of Year</i>	916,617	101,408	1,018,025
<i>Fund Balances End of Year</i>	<u>\$1,282,943</u>	<u>\$1,299,333</u>	<u>\$2,582,276</u>

Lancaster City School District, Ohio

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 are 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 and monies from local businesses which provide funds for the development of teaching staff and extracurricular activities for students.

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 to 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 to 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. This fund had no cash activity or budget for 2007; therefore, there is no budgetary schedule presented.

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. This fund had no cash activity or budget for 2007; therefore, there is no budgetary schedule presented.

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.

(Continued)

Lancaster City School District, Ohio

Nonmajor Special Revenue Funds (Continued)

Title V 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.

Ohio CORE Grant Fund – To account for grant funds awarded to the School District from the State for the purpose of building teacher capacity, recruiting and retaining teachers in required disciplines such as math and science, and providing intervention services to students.

Gifted Supplement Grant Fund – To account for grant funding for the purpose of identifying gifted students in kindergarten through the twelfth grade.

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, and Reading Excellence Grant. Extended Learning Opportunities and Reading Excellence Grant funds had no budget or cash activity for 2007; therefore, there were no budgetary schedules presented for these funds.

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: Idea B, Title I, and Poverty Based Assistance.

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, Vocational Education, ACRN Interventions, and FORDPAS 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 Public School Preschool and Preschool Handicapped funds for GAAP reporting purposes.

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007

	Food Service	Scholarship Memorial	Public School Support	Community Grants	District Managed Student Activity	Auxiliary Services
Assets						
Cash and Cash Equivalents	\$475,806	\$34,947	\$87,077	\$35,247	\$107,482	\$86,677
Receivables:						
Accounts	2,085	0	499	11,128	692	965
Intergovernmental	124,197	0	0	5,357	723	0
Interfund	2,050	125	0	0	0	0
Prepays	461	0	381	0	440	26,307
Inventory Held for Resale	57,158	0	0	0	0	0
Materials and Supplies Inventory	9,122	0	1,376	0	0	0
<i>Total Assets</i>	<u>\$670,879</u>	<u>\$35,072</u>	<u>\$89,333</u>	<u>\$51,732</u>	<u>\$109,337</u>	<u>\$113,949</u>
Liabilities						
Accounts Payable	\$7,398	\$0	\$1,639	\$17,002	\$2,034	\$13,394
Accrued Salaries and						
Benefits Payable	110,351	0	0	0	1,895	27,182
Intergovernmental Payable	90,961	0	110	1,185	339	26,492
Interfund Payable	0	0	0	6,738	254	513
Deferred Revenue	0	0	0	0	0	0
<i>Total Liabilities</i>	<u>208,710</u>	<u>0</u>	<u>1,749</u>	<u>24,925</u>	<u>4,522</u>	<u>67,581</u>
Fund Balances:						
Reserved for Encumbrances	10,787	0	4,188	8,585	20,970	20,359
Unreserved:						
Undesignated (Deficits)	451,382	35,072	83,396	18,222	83,845	26,009
<i>Total Fund Balances (Deficit)</i>	<u>462,169</u>	<u>35,072</u>	<u>87,584</u>	<u>26,807</u>	<u>104,815</u>	<u>46,368</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$670,879</u>	<u>\$35,072</u>	<u>\$89,333</u>	<u>\$51,732</u>	<u>\$109,337</u>	<u>\$113,949</u>

Teacher Development	Educational Management Information Systems	Data Communications	SchoolNet Professional Development	Summer School Intervention	Entry Year Grant	Adult Basic Education
\$15,972	\$33,928	\$16,221	\$1,226	\$2,586	\$1,889	\$150
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
<u>\$15,972</u>	<u>\$33,928</u>	<u>\$16,221</u>	<u>\$1,226</u>	<u>\$2,586</u>	<u>\$1,889</u>	<u>\$150</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
15,908	0	0	1,226	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>15,908</u>	<u>0</u>	<u>0</u>	<u>1,226</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0
64	33,928	16,221	0	2,586	1,889	150
64	33,928	16,221	0	2,586	1,889	150
<u>\$15,972</u>	<u>\$33,928</u>	<u>\$16,221</u>	<u>\$1,226</u>	<u>\$2,586</u>	<u>\$1,889</u>	<u>\$150</u>

(Continued)

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2007

	Title V	Drug Free Grant	Continuous Improvement	Reducing Class Size	Ohio CORE Grant
Assets					
Cash and Cash Equivalents	\$1,072	\$6,533	\$11,484	\$40,479	\$2,000
Receivables:					
Accounts	0	0	0	0	0
Intergovernmental	1,311	7,202	381	99,497	43,447
Interfund	0	0	0	0	0
Prepays	0	0	0	0	0
Inventory Held for Resale	0	0	0	0	0
Materials and Supplies Inventory	0	0	0	0	0
<i>Total Assets</i>	<u>\$2,383</u>	<u>\$13,735</u>	<u>\$11,865</u>	<u>\$139,976</u>	<u>\$45,447</u>
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$1,934	\$0
Accrued Salaries and					
Benefits Payable	0	0	0	24,785	0
Intergovernmental Payable	0	6,533	0	4,818	0
Interfund Payable	0	0	0	164,873	0
Deferred Revenue	197	4,560	0	0	43,447
<i>Total Liabilities</i>	<u>197</u>	<u>11,093</u>	<u>0</u>	<u>196,410</u>	<u>43,447</u>
Fund Balances:					
Reserved for Encumbrances	0	0	0	4,685	0
Unreserved:					
Undesignated (Deficits)	2,186	2,642	11,865	(61,119)	2,000
<i>Total Fund Balances (Deficit)</i>	<u>2,186</u>	<u>2,642</u>	<u>11,865</u>	<u>(56,434)</u>	<u>2,000</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,383</u>	<u>\$13,735</u>	<u>\$11,865</u>	<u>\$139,976</u>	<u>\$45,447</u>

Gifted Supplement Grant	Reading Improvement	Special Education	Vocational Education	Preschool	Total Nonmajor Special Revenue Funds
\$1,705	\$11,113	\$238,683	\$55,628	\$25,019	\$1,292,924
0	0	0	0	0	15,369
0	0	799,946	50,306	32,261	1,164,628
0	0	0	0	0	2,175
0	0	0	724	0	28,313
0	0	0	0	0	57,158
0	0	0	0	0	10,498
<u>\$1,705</u>	<u>\$11,113</u>	<u>\$1,038,629</u>	<u>\$106,658</u>	<u>\$57,280</u>	<u>\$2,571,065</u>
\$1,499	\$32	\$833	\$26,419	\$1,620	\$73,804
0	0	287,325	0	13,453	464,991
206	0	82,585	0	3,648	234,011
0	131	14,362	52,900	0	239,771
0	0	207,812	10,915	8,614	275,545
<u>1,705</u>	<u>163</u>	<u>592,917</u>	<u>90,234</u>	<u>27,335</u>	<u>1,288,122</u>
0	0	37,230	27,106	9,304	143,214
0	10,950	408,482	(10,682)	20,641	1,139,729
0	10,950	445,712	16,424	29,945	1,282,943
<u>\$1,705</u>	<u>\$11,113</u>	<u>\$1,038,629</u>	<u>\$106,658</u>	<u>\$57,280</u>	<u>\$2,571,065</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, 2007*

	Food Service	Scholarship Memorial	Public School Support	Community Grants
Revenues				
Intergovernmental	\$1,141,210	\$0	\$0	\$38,934
Interest	20,923	1,469	0	0
Tuition and Fees	0	0	0	0
Charges for Services	870,220	0	0	0
Rent	0	0	220	0
Extracurricular Activities	0	0	79,932	84,381
Gifts and Donations	0	750	10,311	0
<i>Total Revenues</i>	<u>2,032,353</u>	<u>2,219</u>	<u>90,463</u>	<u>123,315</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	55,087	6,738
Special	0	0	0	0
Vocational	0	0	0	83,158
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	0	0	312	9,000
Instructional Staff	0	0	6	5,593
Administration	0	0	18,057	0
Business	0	0	151	0
Operation and Maintenance of Plant	0	0	1,080	0
Pupil Transportation	0	0	400	15,597
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	1,926,659	0	23,001	989
Other Non-Instructional Services	0	452	0	0
Extracurricular Activities	0	0	0	0
Intergovernmental	0	0	0	0
<i>Total Expenditures</i>	<u>1,926,659</u>	<u>452</u>	<u>98,094</u>	<u>121,075</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>105,694</u>	<u>1,767</u>	<u>(7,631)</u>	<u>2,240</u>
Other Financing Sources (Uses)				
Transfer In	0	0	0	0
Transfer Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	105,694	1,767	(7,631)	2,240
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>356,475</u>	<u>33,305</u>	<u>95,215</u>	<u>24,567</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$462,169</u>	<u>\$35,072</u>	<u>\$87,584</u>	<u>\$26,807</u>

District Managed Student Activity	Auxiliary Services	Teacher Development	Educational Management Information Systems	Data Communications	SchoolNet Professional Development	Summer School Intervention
\$0	\$999,795	\$0	\$19,671	\$33,000	\$3,300	\$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
651,669	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>651,669</u>	<u>999,795</u>	<u>0</u>	<u>19,671</u>	<u>33,000</u>	<u>3,300</u>	<u>0</u>
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
0	0	0	21,623	13,979	0	0
0	0	0	0	0	0	0
0	1,006,724	0	0	0	0	0
646,431	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>646,431</u>	<u>1,006,724</u>	<u>0</u>	<u>21,623</u>	<u>13,979</u>	<u>6,153</u>	<u>0</u>
5,238	(6,929)	0	(1,952)	19,021	(2,853)	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
5,238	(6,929)	0	(1,952)	19,021	(2,853)	0
99,577	53,297	64	35,880	(2,800)	2,853	2,586
<u>\$104,815</u>	<u>\$46,368</u>	<u>\$64</u>	<u>\$33,928</u>	<u>\$16,221</u>	<u>\$0</u>	<u>\$2,586</u>

(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, 2007

	Entry Year Grant	Adult Basic Education	Title V	Drug Free Grant
Revenues				
Intergovernmental	\$0	\$0	\$16,234	\$34,744
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
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>16,234</u>	<u>34,744</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	0	0
Special	0	0	0	0
Vocational	0	0	0	0
Adult/Continuing	0	2,701	0	0
Support Services:				
Pupils	0	129	9,000	13,065
Instructional Staff	0	1,492	0	0
Administration	0	0	0	0
Business	0	0	0	0
Operation and Maintenance of Plant	0	0	0	17,914
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
Other Non-Instructional Services	0	0	1,835	2,586
Extracurricular Activities	0	0	0	0
Intergovernmental	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>4,322</u>	<u>10,835</u>	<u>33,565</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>(4,322)</u>	<u>5,399</u>	<u>1,179</u>
Other Financing Sources (Uses)				
Transfer In	0	0	232	0
Transfer Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>232</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(4,322)	5,631	1,179
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>1,889</u>	<u>4,472</u>	<u>(3,445)</u>	<u>1,463</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$1,889</u>	<u>\$150</u>	<u>\$2,186</u>	<u>\$2,642</u>

Continuous Improvement	Reducing Class Size	Ohio CORE Grant	Gifted Supplement Grant	Reading Improvement	Special Education
\$18,808	\$412,092	\$2,000	\$15,866	\$81,042	\$2,996,301
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
18,808	412,092	2,000	15,866	81,042	2,996,301
22,426	146,951	0	0	34,977	107,842
0	0	0	0	0	1,553,754
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	15,866	0	266,918
0	216,430	0	0	46,127	712,997
0	2,066	0	0	0	53,439
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	23,848
0	0	0	0	0	0
0	0	0	0	0	0
0	1,500	0	0	0	55,900
0	0	0	0	0	0
0	0	0	0	0	41,599
22,426	366,947	0	15,866	81,104	2,816,297
(3,618)	45,145	2,000	0	(62)	180,004
0	0	0	0	0	0
0	(232)	0	0	0	0
0	(232)	0	0	0	0
(3,618)	44,913	2,000	0	(62)	180,004
15,483	(101,347)	0	0	11,012	265,708
\$11,865	(\$56,434)	\$2,000	\$0	\$10,950	\$445,712

(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, 2007

	Vocational Education	Preschool	Total Nonmajor Special Revenue Funds
Revenues			
Intergovernmental	\$120,348	\$183,277	\$6,116,622
Interest	0	0	22,392
Tuition and Fees	0	19,599	19,599
Charges for Services	0	0	870,220
Rent	0	0	220
Extracurricular Activities	0	0	815,982
Gifts and Donations	0	0	11,061
<i>Total Revenues</i>	<u>120,348</u>	<u>202,876</u>	<u>7,856,096</u>
Expenditures			
Current:			
Instruction:			
Regular	0	92,820	466,841
Special	0	500	1,554,254
Vocational	101,619	0	184,777
Adult/Continuing	0	0	2,701
Support Services:			
Pupils	0	17,727	332,017
Instructional Staff	2,909	40,083	1,031,790
Administration	6,196	26,680	106,438
Business	0	0	151
Operation and Maintenance of Plant	0	0	18,994
Pupil Transportation	8,684	0	48,529
Central	0	0	35,602
Operation of Non-Instructional Services:			
Food Service Operations	0	0	1,950,649
Other Non-Instructional Services	0	0	1,068,997
Extracurricular Activities	0	0	646,431
Intergovernmental	0	0	41,599
<i>Total Expenditures</i>	<u>119,408</u>	<u>177,810</u>	<u>7,489,770</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>940</u>	<u>25,066</u>	<u>366,326</u>
Other Financing Sources (Uses)			
Transfer In	0	0	232
Transfer Out	0	0	(232)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	940	25,066	366,326
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>15,484</u>	<u>4,879</u>	<u>916,617</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$16,424</u>	<u>\$29,945</u>	<u>\$1,282,943</u>

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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,077,000	\$1,016,331	(\$60,669)
Interest	15,000	20,469	5,469
Charges for Services	1,015,025	868,158	(146,867)
<i>Total Revenues</i>	<u>2,107,025</u>	<u>1,904,958</u>	<u>(202,067)</u>
Expenditures			
Current:			
Non-Instructional Services:			
Food Service Operations:			
Salaries and Wages	714,188	690,073	24,115
Fringe Benefits	286,697	284,098	2,599
Purchased Services	4,167	1,292	2,875
Materials and Supplies	1,028,000	791,963	236,037
Capital Outlay - New	121,995	40,376	81,619
Capital Outlay - Replacement	10,000	2,771	7,229
Other	37,380	18,451	18,929
<i>Total Expenditures</i>	<u>2,202,427</u>	<u>1,829,024</u>	<u>373,403</u>
<i>Net Change in Fund Balance</i>	(95,402)	75,934	171,336
<i>Fund Balance Beginning of Year</i>	383,541	383,541	0
<i>Prior Year Encumbrances Appropriated</i>	4,237	4,237	0
<i>Fund Balance at End of Year</i>	<u>\$292,376</u>	<u>\$463,712</u>	<u>\$171,336</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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$1,170	\$1,470	\$300
Gifts and Donations	0	750	750
<i>Total Revenues</i>	1,170	2,220	1,050
Expenditures			
Current:			
Non-Instructional Services:			
Community Services:			
Other	3,785	3,752	33
<i>Net Change in Fund Balance</i>	(2,615)	(1,532)	1,083
<i>Fund Balance Beginning of Year</i>	36,479	36,479	0
<i>Fund Balance at End of Year</i>	\$33,864	\$34,947	\$1,083

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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Rent	\$2,100	\$220	(\$1,880)
Extracurricular Activities	68,692	83,463	14,771
Gifts and Donations	11,200	10,311	(889)
<i>Total Revenues</i>	<u>81,992</u>	<u>93,994</u>	<u>12,002</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	2,726	2,726	0
Fringe Benefits	5,497	5,497	0
Purchased Services	7,946	4,946	3,000
Materials and Supplies	81,530	51,031	30,499
Capital Outlay - New	3,813	3,299	514
Capital Outlay - Replacement	1,000	550	450
Other	911	110	801
Total Instruction	<u>103,423</u>	<u>68,159</u>	<u>35,264</u>
Support Services:			
Pupils:			
Purchased Services	2,500	96	2,404
Materials and Supplies	100	0	100
Total Pupils	<u>2,600</u>	<u>96</u>	<u>2,504</u>
Instructional Staff:			
Salaries and Wages	2,068	2,068	0
Fringe Benefits	4,038	4,038	0
Purchased Services	300	0	300
Capital Outlay - New	2,400	0	2,400
Total Instructional Staff	<u>8,806</u>	<u>6,106</u>	<u>2,700</u>
Administration:			
Fringe Benefits	356	356	0
Purchased Services	6,600	5,770	830
Materials and Supplies	4,013	1,970	2,043
Capital Outlay - New	1,625	0	1,625
Other	29,560	15,028	14,532
Total Administration	<u>42,154</u>	<u>23,124</u>	<u>19,030</u>
Business:			
Purchased Services	151	151	0
Operation and Maintenance of Plant:			
Purchased Services	1,080	1,080	0
Pupil Transportation:			
Purchased Services	400	400	0
Total Support Services	<u>\$55,191</u>	<u>\$30,957</u>	<u>\$24,234</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, 2007*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Non-Instructional Services:			
Food Service Operations:			
Materials and Supplies	\$28,384	\$23,401	\$4,983
Capital Outlay:			
Other Facilities Acquisition and Construction:			
Materials and Supplies	147	0	147
<i>Total Expenditures</i>	<u>187,145</u>	<u>122,517</u>	<u>64,628</u>
<i>Net Change in Fund Balance</i>	(105,153)	(28,523)	76,630
<i>Fund Balance Beginning of Year</i>	95,937	95,937	0
<i>Prior Year Encumbrances Appropriated</i>	13,994	13,994	0
<i>Fund Balance at End of Year</i>	<u>\$4,778</u>	<u>\$81,408</u>	<u>\$76,630</u>

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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$41,021	\$33,577	(\$7,444)
Extracurricular Activities	100,000	81,581	(18,419)
<i>Total Revenues</i>	<u>141,021</u>	<u>115,158</u>	<u>(25,863)</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	5,840	5,840	0
Fringe Benefits	904	898	6
Total Regular	<u>6,744</u>	<u>6,738</u>	<u>6</u>
Vocational:			
Purchased Services	113,862	90,511	23,351
Materials and Supplies	7,925	7,009	916
Total Vocational	<u>121,787</u>	<u>97,520</u>	<u>24,267</u>
Total Instruction	<u>128,531</u>	<u>104,258</u>	<u>24,273</u>
Support Services:			
Pupils:			
Capital Outlay - New	10,000	9,000	1,000
Instructional Staff:			
Purchased Services	1,200	1,200	0
Materials and Supplies	4,440	4,393	47
Total Administration	<u>5,640</u>	<u>5,593</u>	<u>47</u>
Pupil Transportation:			
Purchased Services	200	71	129
Total Support Services	<u>15,840</u>	<u>14,664</u>	<u>1,176</u>
Non-Instructional Services:			
Food Service Operations:			
Materials and Supplies	2,972	2,746	226
<i>Total Expenditures</i>	<u>147,343</u>	<u>121,668</u>	<u>25,675</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(6,322)</u>	<u>(6,510)</u>	<u>(188)</u>
Other Financing Sources (Uses)			
Advances In	110,088	110,088	0
Advances Out	(103,350)	(103,350)	0
<i>Total Other Financing Sources (Uses)</i>	<u>6,738</u>	<u>6,738</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	416	228	(188)
<i>Fund Balance Beginning of Year</i>	13,772	13,772	0
<i>Prior Year Encumbrances Appropriated</i>	11,938	11,938	0
<i>Fund Balance at End of Year</i>	<u>\$26,126</u>	<u>\$25,938</u>	<u>(\$188)</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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$703,600	\$650,939	(\$52,661)
Expenditures			
Current:			
Support Services:			
Pupil Transportation:			
Purchased Services	146	0	146
Extracurricular Activities:			
Academic and Subject Oriented Activities:			
Salaries and Wages	36,698	35,885	813
Purchased Services	33,070	18,293	14,777
Materials and Supplies	26,985	7,232	19,753
Capital Outlay - New	8,685	2,435	6,250
Other	19,057	9,809	9,248
Total Academic and Subject Oriented Activities	124,495	73,654	50,841
Sport Oriented Activities:			
Salaries and Wages	331,204	312,242	18,962
Fringe Benefits	45,552	45,551	1
Purchased Services	100,191	98,791	1,400
Materials and Supplies	95,496	95,460	36
Capital Outlay - New	1,000	686	314
Other	23,950	15,809	8,141
Total Sport Oriented Activities	597,393	568,539	28,854
School and Public Service Co-Curricular Activities:			
Salaries and Wages	1,189	554	635
Purchased Services	12,864	11,367	1,497
Materials and Supplies	15,799	10,877	4,922
Capital Outlay - New	1,968	1,691	277
Other	2,709	2,709	0
Total School and Public Service Co-Curricular Activities	34,529	27,198	7,331
Total Extracurricular Activities	756,417	669,391	87,026
<i>Total Expenditures</i>	756,563	669,391	87,172
<i>Excess of Revenues Under Expenditures</i>	(52,963)	(18,452)	34,511
Other Financing Sources			
Advances In	254	254	0
<i>Net Change in Fund Balance</i>	(52,709)	(18,198)	34,511
<i>Fund Balance Beginning of Year</i>	89,622	89,622	0
<i>Prior Year Encumbrances Appropriated</i>	13,054	13,054	0
<i>Fund Balance at End of Year</i>	\$49,967	\$84,478	\$34,511

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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$999,795	\$999,795	\$0
Expenditures			
Current:			
Non-Instructional Services:			
Community Services:			
Salaries and Wages	277,241	251,515	25,726
Fringe Benefits	100,904	87,140	13,764
Purchased Services	267,771	266,681	1,090
Materials and Supplies	355,163	354,219	944
Capital Outlay - New	103,587	102,204	1,383
Other	39,991	39,991	0
<i>Total Expenditures</i>	<u>1,144,657</u>	<u>1,101,750</u>	<u>42,907</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(144,862)</u>	<u>(101,955)</u>	<u>42,907</u>
Other Financing Sources (Uses)			
Advances In	1,132	1,132	0
Advances Out	(1,124)	(1,124)	0
<i>Total Other Financing Sources (Uses)</i>	<u>8</u>	<u>8</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(144,854)</u>	<u>(101,947)</u>	<u>42,907</u>
<i>Fund Balance Beginning of Year</i>	79,923	79,923	0
<i>Prior Year Encumbrances Appropriated</i>	74,956	74,956	0
<i>Fund Balance at End of Year</i>	<u><u>\$10,025</u></u>	<u><u>\$52,932</u></u>	<u><u>\$42,907</u></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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
<i>Total Revenues</i>	\$0	\$0	\$0
Expenditures			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	0	(15,908)	15,908
<i>Net Change in Fund Balance</i>	0	15,908	15,908
<i>Fund Balance Beginning of Year</i>	64	64	0
<i>Fund Balance at End of Year</i>	\$64	\$15,972	\$15,908

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, 2007*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$16,500	\$19,671	\$3,171
Expenditures			
Current:			
Support Services:			
Central:			
Salaries and Wages	25,143	21,623	3,520
<i>Net Change in Fund Balance</i>	(8,643)	(1,952)	6,691
<i>Fund Balance Beginning of Year</i>	35,880	35,880	0
<i>Fund Balance at End of Year</i>	<u>\$27,237</u>	<u>\$33,928</u>	<u>\$6,691</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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$33,000	\$33,000	\$0
Expenditures			
Current:			
Support Services:			
Central:			
Purchased Services	33,000	16,779	16,221
<i>Excess of Revenues Over Expenditures</i>	0	16,221	16,221
Other Financing Sources (Uses)			
Advances In	50,400	50,400	0
Advances Out	(50,400)	(50,400)	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0
<i>Net Change in Fund Balance</i>	0	16,221	16,221
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$16,221	\$16,221

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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$3,300	\$3,300	\$0
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	6,545	5,319	1,226
<i>Net Change in Fund Balance</i>	(3,245)	(2,019)	1,226
<i>Fund Balance Beginning of Year</i>	2,824	2,824	0
<i>Prior Year Encumbrances Appropriated</i>	421	421	0
<i>Fund Balance at End of Year</i>	\$0	\$1,226	\$1,226

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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$11,276	\$0	(\$11,276)
Expenditures			
Current:			
Instruction:			
Adult/Continuing:			
Salaries and Wages	1,709	1,064	645
Fringe Benefits	2,097	39	2,058
Purchased Services	88	88	0
Materials and Supplies	5,241	2,460	2,781
Total Instruction	9,135	3,651	5,484
Support Services:			
Pupils:			
Salaries and Wages	329	329	0
Fringe Benefits	51	51	0
Purchased Services	287	0	287
Total Pupils	667	380	287
Instructional Staff:			
Salaries and Wages	4,892	466	4,426
Fringe Benefits	1,149	72	1,077
Purchased Services	2,213	2,212	1
Total Instructional Staff	8,254	2,750	5,504
Total Support Services	8,921	3,130	5,791
<i>Total Expenditures</i>	18,056	6,781	11,275
<i>Excess of Revenues Under Expenditures</i>	(6,780)	(6,781)	(1)
Other Financing Sources (Uses)			
Advances In	678	678	0
Operating Transfers Out	(678)	(678)	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0
<i>Net Change in Fund Balance</i>	(6,780)	(6,781)	(1)
<i>Fund Balance Beginning of Year</i>	2,842	2,842	0
<i>Prior Year Encumbrances Appropriated</i>	4,089	4,089	0
<i>Fund Balance at End of Year</i>	\$151	\$150	(\$1)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Title V Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$16,432	\$15,120	(\$1,312)
Expenditures			
Current:			
Support Services:			
Pupils:			
Purchased Services	11,012	9,000	2,012
Non-Instructional Services:			
Community Services:			
Materials and Supplies	2,207	1,835	372
<i>Total Expenditures</i>	<u>13,219</u>	<u>10,835</u>	<u>2,384</u>
<i>Excess of Revenues Over Expenditures</i>	<u>3,213</u>	<u>4,285</u>	<u>1,072</u>
Other Financing Sources (Uses)			
Advances In	48,355	48,355	0
Advances Out	(51,800)	(51,800)	0
Operating Transfers In	232	232	0
<i>Total Other Financing Sources (Uses)</i>	<u>(3,213)</u>	<u>(3,213)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	1,072	1,072
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$1,072</u>	<u>\$1,072</u>

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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$42,039	\$34,836	(\$7,203)
Expenditures			
Current:			
Support Services:			
Pupils:			
Purchased Services	18,942	17,084	1,858
Materials and Supplies	4,220	0	4,220
Total Pupils	23,162	17,084	6,078
Operation and Maintenance of Plant:			
Purchased Services	17,914	17,914	0
Total Support Services	41,076	34,998	6,078
Non-Instructional Services:			
Community Services:			
Purchased Services	3,711	2,586	1,125
<i>Total Expenditures</i>	44,787	37,584	7,203
<i>Excess of Revenues Under Expenditures</i>	(2,748)	(2,748)	0
Other Financing Sources (Uses)			
Advances In	111,171	111,171	0
Advances Out	(111,171)	(111,171)	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0
<i>Net Change in Fund Balance</i>	(2,748)	(2,748)	0
<i>Fund Balance Beginning of Year</i>	2,748	2,748	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

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, 2007*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$20,122	\$19,743	(\$379)
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	14,449	8,251	6,198
Materials and Supplies	972	0	972
Total Instruction	15,421	8,251	7,170
Support Services:			
Instructional Staff:			
Salaries and Wages	3,000	0	3,000
Fringe Benefits	149	0	149
Purchased Services	900	0	900
Materials and Supplies	300	0	300
Total Support Services	4,349	0	4,349
Non-Instructional Services:			
Community Services:			
Purchased Services	300	0	300
<i>Total Expenditures</i>	20,070	8,251	11,819
<i>Excess of Revenues Over Expenditures</i>	52	11,492	11,440
Other Financing Sources (Uses)			
Advances In	22,628	22,628	0
Advances Out	(22,681)	(22,681)	0
<i>Total Other Financing Sources (Uses)</i>	(53)	(53)	0
<i>Net Change in Fund Balance</i>	(1)	11,439	11,440
<i>Fund Balance Beginning of Year</i>	45	45	0
<i>Fund Balance at End of Year</i>	\$44	\$11,484	\$11,440

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, 2007*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$511,361	\$411,864	(\$99,497)
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	112,983	104,577	8,406
Fringe Benefits	42,817	37,004	5,813
Total Instruction	155,800	141,581	14,219
Support Services:			
Instructional Staff:			
Salaries and Wages	154,859	146,691	8,168
Fringe Benefits	59,432	37,766	21,666
Purchased Services	102,062	50,476	51,586
Materials and Supplies	14,915	3,136	11,779
Total Instructional Staff	331,268	238,069	93,199
Administration:			
Salaries and Wages	1,884	1,377	507
Fringe Benefits	979	689	290
Materials and Supplies	500	0	500
Capital Outlay - New	2,500	0	2,500
Total Administration	5,863	2,066	3,797
Total Support Services	337,131	240,135	96,996
Non-Instructional Services:			
Community Services:			
Purchased Services	2,500	1,500	1,000
<i>Total Expenditures</i>	495,431	383,216	112,215
<i>Excess of Revenues Over Expenditures</i>	15,930	28,648	12,718
Other Financing Sources (Uses)			
Advances In	35,339	35,339	0
Advances Out	(53,200)	(53,200)	0
Operating Transfers Out	(232)	(232)	0
<i>Total Other Financing Sources (Uses)</i>	(18,093)	(18,093)	0
<i>Net Change in Fund Balance</i>	(2,163)	10,555	12,718
<i>Fund Balance Beginning of Year</i>	21,142	21,142	0
<i>Prior Year Encumbrances Appropriated</i>	2,163	2,163	0
<i>Fund Balance at End of Year</i>	\$21,142	\$33,860	\$12,718

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Ohio Core Grant Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$45,447	\$2,000	(\$43,447)
Expenditures			
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	45,447	2,000	(43,447)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$45,447</u></u>	<u><u>\$2,000</u></u>	<u><u>(\$43,447)</u></u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Gifted Supplement Grant Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$15,866	\$15,866	\$0
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	11,140	10,890	250
Materials and Supplies	4,726	4,715	11
<i>Total Expenditures</i>	<u>15,866</u>	<u>15,605</u>	<u>261</u>
<i>Net Change in Fund Balance</i>	0	261	261
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$261</u></u>	<u><u>\$261</u></u>

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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$99,749	\$84,791	(\$14,958)
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	35,306	22,948	12,358
Fringe Benefits	5,478	3,227	2,251
Purchased Services	3,336	3,336	0
Materials and Supplies	8,554	8,553	1
Total Instruction	52,674	38,064	14,610
Support Services:			
Instructional Staff:			
Salaries and Wages	7,592	6,256	1,336
Fringe Benefits	1,019	178	841
Purchased Services	35,455	34,631	824
Materials and Supplies	15,182	13,303	1,879
Total Support Services	59,248	54,368	4,880
<i>Total Expenditures</i>	111,922	92,432	19,490
<i>Excess of Revenues Under Expenditures</i>	(12,173)	(7,641)	4,532
Other Financing Sources (Uses)			
Advances In	7,734	7,734	0
Advances Out	(13,997)	(13,997)	0
<i>Total Other Financing Sources (Uses)</i>	(6,263)	(6,263)	0
<i>Net Change in Fund Balance</i>	(18,436)	(13,904)	4,532
<i>Fund Balance Beginning of Year</i>	2,540	2,540	0
<i>Prior Year Encumbrances Appropriated</i>	16,027	16,027	0
<i>Fund Balance at End of Year</i>	\$131	\$4,663	\$4,532

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, 2007*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
<i>Total Revenues</i>	\$0	\$0	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Materials and Supplies	65	65	0
<i>Net Change in Fund Balance</i>	(65)	(65)	0
<i>Fund Balance Beginning of Year</i>	65	65	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Idea B Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,759,587	\$1,231,766	(\$527,821)
Expenditures			
Current:			
Instruction:			
Special:			
Salaries and Wages	206,727	147,205	59,522
Fringe Benefits	78,961	49,240	29,721
Materials and Supplies	21,015	10,202	10,813
Capital Outlay - New	27,750	23,986	3,764
Total Instruction	334,453	230,633	103,820
Support Services:			
Pupils:			
Salaries and Wages	25,269	22,708	2,561
Fringe Benefits	19,516	7,247	12,269
Purchased Services	509,463	258,527	250,936
Materials and Supplies	58,118	1,785	56,333
Capital Outlay - New	10,000	8,692	1,308
Total Pupils	622,366	298,959	323,407
Instructional Staff:			
Salaries and Wages	508,544	403,823	104,721
Fringe Benefits	228,854	228,853	1
Total Instructional Staff	737,398	632,676	104,722
Administration:			
Salaries and Wages	51,646	45,193	6,453
Fringe Benefits	12,525	11,291	1,234
Total Administration	64,171	56,484	7,687
Pupil Transportation:			
Salaries and Wages	19,000	15,068	3,932
Fringe Benefits	8,001	4,007	3,994
Purchased Services	10,000	0	10,000
Total Pupil Transportation	37,001	19,075	17,926
Total Support Services	1,460,936	1,007,194	453,742
Non-Instructional Services:			
Community Services:			
Salaries and Wages	74,940	58,361	16,579
Fringe Benefits	43,390	0	43,390
Total Non-Instructional Services	118,330	58,361	59,969
Total Expenditures	1,913,719	1,296,188	617,531
<i>Excess of Revenues Under Expenditures</i>	(\$154,132)	(\$64,422)	\$89,710

(Continued)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Idea B Fund (Continued)
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)			
Advances In	\$365,612	\$365,612	\$0
Advances Out	(365,612)	(365,612)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(154,132)	(64,422)	89,710
<i>Fund Balance Beginning of Year</i>	107,937	107,937	0
<i>Prior Year Encumbrances Appropriated</i>	<u>46,195</u>	<u>46,195</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$89,710</u>	<u>\$89,710</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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,370,549	\$1,098,423	(\$272,126)
Expenditures			
Current:			
Instruction:			
Special:			
Salaries and Wages	849,951	733,591	116,360
Fringe Benefits	273,788	216,554	57,234
Materials and Supplies	42,106	31,487	10,619
Capital Outlay - New	50,000	49,015	985
Total Instruction	1,215,845	1,030,647	185,198
Support Services:			
Pupils:			
Salaries and Wages	42,688	34,330	8,358
Fringe Benefits	15,785	13,771	2,014
Materials and Supplies	3,000	2,157	843
Total Pupils	61,473	50,258	11,215
Instructional Staff:			
Salaries and Wages	52,861	50,614	2,247
Fringe Benefits	16,219	13,508	2,711
Purchased Services	45,300	11,142	34,158
Materials and Supplies	19,854	2,639	17,215
Total Instructional Staff	134,234	77,903	56,331
Total Support Services	195,707	128,161	67,546
Non-Instructional Services:			
Community Services:			
Salaries and Wages	2,510	2,203	307
Fringe Benefits	742	654	88
Purchased Services	291	0	291
Materials and Supplies	58	0	58
Total Non-Instructional Services	3,601	2,857	744
Intergovernmental:			
Other	45,875	41,599	4,276
<i>Total Expenditures</i>	1,461,028	1,203,264	257,764
<i>Excess of Revenues Under Expenditures</i>	(90,479)	(104,841)	(14,362)
Other Financing Sources (Uses)			
Advances In	248,968	248,968	0
Advances Out	(234,606)	(234,606)	0
<i>Total Other Financing Sources (Uses)</i>	14,362	14,362	0
<i>Net Change in Fund Balance</i>	(76,117)	(90,479)	(14,362)
<i>Fund Balance Beginning of Year</i>	86,257	86,257	0
<i>Prior Year Encumbrances Appropriated</i>	5,158	5,158	0
<i>Fund Balance at End of Year</i>	\$15,298	\$936	(\$14,362)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Poverty Based Assistance Fund
For the Fiscal Year Ended June 30, 2007*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$400,000	\$407,145	\$7,145
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	79,533	67,278	12,255
Fringe Benefits	29,173	24,359	4,814
Total Regular	108,706	91,637	17,069
Special:			
Salaries and Wages	191,696	162,988	28,708
Fringe Benefits	58,639	49,167	9,472
Purchased Services	52,061	52,061	0
Total Special	302,396	264,216	38,180
Total Instruction	411,102	355,853	55,249
Support Services:			
Pupils:			
Salaries and Wages	3,763	3,763	0
Fringe Benefits	1,470	1,470	0
Total Support Services	5,233	5,233	0
<i>Total Expenditures</i>	416,335	361,086	55,249
<i>Net Change in Fund Balance</i>	(16,335)	46,059	62,394
<i>Fund Balance Beginning of Year</i>	11,681	11,681	0
<i>Prior Year Encumbrances Appropriated</i>	52,061	52,061	0
<i>Fund Balance at End of Year</i>	\$47,407	\$109,801	\$62,394

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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,000	\$2,000	\$0
Expenditures			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	1,670	1,670	0
Fringe Benefits	330	330	0
<i>Total Expenditures</i>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Advances In	1,800	1,800	0
Advances Out	(1,800)	(1,800)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></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, 2007*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$124,856	\$71,957	(\$52,899)
Expenditures			
Current:			
Instruction:			
Vocational:			
Purchased Services	11,193	11,193	0
Materials and Supplies	51,475	51,475	0
Capital Outlay - New	83,292	83,292	0
Total Instruction	145,960	145,960	0
Support Services:			
Pupils:			
Salaries and Wages	4,502	4,502	0
Instructional Staff:			
Salaries and Wages	2,000	2,000	0
Purchased Services	909	909	0
Total Instructional Staff	2,909	2,909	0
Administration:			
Purchased Services	6,196	6,196	0
Pupil Transportation:			
Purchased Services	8,684	8,684	0
Total Support Services	22,291	22,291	0
<i>Total Expenditures</i>	168,251	168,251	0
<i>Excess of Revenues Under Expenditures</i>	(43,395)	(96,294)	(52,899)
Other Financing Sources (Uses)			
Advances In	153,286	153,286	0
Advances Out	(100,386)	(100,386)	0
<i>Total Other Financing Sources (Uses)</i>	52,900	52,900	0
<i>Net Change in Fund Balance</i>	9,505	(43,394)	(52,899)
<i>Fund Balance Beginning of Year</i>	6,678	6,678	0
<i>Prior Year Encumbrances Appropriated</i>	38,819	38,819	0
<i>Fund Balance at End of Year</i>	\$55,002	\$2,103	(\$52,899)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
ACRN Interventions Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$5,741	\$5,539	(\$202)
Expenditures			
Current:			
Instruction:			
Vocational:			
Materials and Supplies	1,101	1,096	5
Support Services:			
Pupil Transportation:			
Purchased Services	197	0	197
<i>Total Expenditures</i>	<u>1,298</u>	<u>1,096</u>	<u>202</u>
<i>Excess of Revenues Over Expenditures</i>	4,443	4,443	0
Other Financing Uses			
Advances Out	(5,545)	(5,545)	0
<i>Net Change in Fund Balance</i>	(1,102)	(1,102)	0
<i>Prior Year Encumbrances Appropriated</i>	1,102	1,102	0
<i>Fund Balance at End of Year</i>	<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)*
FORDPAS Fund
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$7,000	\$7,000	\$0
Expenditures			
Current:			
Instruction:			
Vocational:			
Purchased Services	1,000	1,000	0
Materials and Supplies	3,213	3,213	0
Capital Outlay - New	2,787	2,787	0
<i>Total Expenditures</i>	<u>7,000</u>	<u>7,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$174,825	\$141,461	(\$33,364)
Tuition and Fees	20,000	19,599	(401)
<i>Total Revenues</i>	<u>194,825</u>	<u>161,060</u>	<u>(33,765)</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	69,181	60,118	9,063
Fringe Benefits	26,176	19,398	6,778
Purchased Services	2,619	1,777	842
Materials and Supplies	7,274	7,274	0
Capital Outlay - New	9,559	9,515	44
Total Instruction	<u>114,809</u>	<u>98,082</u>	<u>16,727</u>
Support Services:			
Pupils:			
Purchased Services	957	957	0
Instructional Staff:			
Salaries and Wages	20,907	17,762	3,145
Fringe Benefits	15,619	11,050	4,569
Purchased Services	6,900	5,001	1,899
Materials and Supplies	4,200	4,151	49
Total Instructional Staff	<u>47,626</u>	<u>37,964</u>	<u>9,662</u>
Administration:			
Salaries and Wages	12,167	12,167	0
Fringe Benefits	5,417	417	5,000
Purchased Services	6,588	2,110	4,478
Materials and Supplies	1,010	1,006	4
Capital Outlay - New	14,501	14,501	0
Total Administration	<u>39,683</u>	<u>30,201</u>	<u>9,482</u>
Total Support Services	<u>88,266</u>	<u>69,122</u>	<u>19,144</u>
<i>Total Expenditures</i>	<u>203,075</u>	<u>167,204</u>	<u>35,871</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(8,250)</u>	<u>(6,144)</u>	<u>2,106</u>
Other Financing Sources (Uses)			
Advances In	8,638	8,638	0
Advances Out	(8,638)	(8,638)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(8,250)</u>	<u>(6,144)</u>	<u>2,106</u>
<i>Fund Balance Beginning of Year</i>	18,407	18,407	0
<i>Prior Year Encumbrances Appropriated</i>	<u>957</u>	<u>957</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$11,114</u>	<u>\$13,220</u>	<u>\$2,106</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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$31,350	\$20,471	(\$10,879)
Expenditures			
Current:			
Instruction:			
Special:			
Materials and Supplies	500	500	0
Support Services:			
Pupils:			
Salaries and Wages	6,610	2,287	4,323
Fringe Benefits	3,460	320	3,140
Purchased Services	15,000	15,000	0
Materials and Supplies	266	266	0
Capital Outlay - New	8,229	3,938	4,291
Total Support Services	33,565	21,811	11,754
<i>Total Expenditures</i>	34,065	22,311	11,754
<i>Excess of Revenues Under Expenditures</i>	(2,715)	(1,840)	875
Other Financing Sources (Uses)			
Advances In	112,636	112,636	0
Advances Out	(112,636)	(112,636)	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0
<i>Net Change in Fund Balance</i>	(2,715)	(1,840)	875
<i>Fund Balance Beginning of Year</i>	1,949	1,949	0
<i>Prior Year Encumbrances Appropriated</i>	766	766	0
<i>Fund Balance at End of Year</i>	\$0	\$875	\$875

Lancaster City School District, Ohio

Nonmajor Capital Projects Funds

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

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

Computer Network Fund – To account for State revenues awarded to the School District from SchoolNet Plus for the implementation of computer hardware throughout the School District.

Lancaster City School District, Ohio
Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2007

	Permanent Improvement	Computer Network	Total Nonmajor Capital Projects Funds
Assets			
Cash and Cash Equivalents	\$1,293,231	\$4,408	\$1,297,639
Accounts Receivable	3,044	0	3,044
Capital Lease Receivable	62,500	0	62,500
<i>Total Assets</i>	<u>\$1,358,775</u>	<u>\$4,408</u>	<u>\$1,363,183</u>
Liabilities			
Contracts Payable	\$1,350	\$0	\$1,350
Deferred Revenue	62,500	0	62,500
<i>Total Liabilities</i>	<u>63,850</u>	<u>0</u>	<u>63,850</u>
Fund Balances			
Reserved for Encumbrances	3,530	0	3,530
Unreserved:			
Undesignated	1,291,395	4,408	1,295,803
<i>Total Fund Balances</i>	<u>1,294,925</u>	<u>4,408</u>	<u>1,299,333</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,358,775</u>	<u>\$4,408</u>	<u>\$1,363,183</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, 2007*

	Permanent Improvement	Computer Network	Total Nonmajor Capital Projects Funds
Revenues			
Intergovernmental	\$0	\$41,738	\$41,738
Rent	98,190	0	98,190
Extracurricular Activities	9,500	0	9,500
Collection of a Capital Lease	31,250	0	31,250
<i>Total Revenues</i>	<u>138,940</u>	<u>41,738</u>	<u>180,678</u>
Expenditures			
Current:			
Support Services:			
Administration	1,350	0	1,350
Capital Outlay	38,783	37,330	76,113
Debt Service:			
Principal Retirement	27,951	0	27,951
Interest and Fiscal Charges	3,299	0	3,299
<i>Total Expenditures</i>	<u>71,383</u>	<u>37,330</u>	<u>108,713</u>
<i>Excess of Revenues Over Expenditures</i>	67,557	4,408	71,965
Other Financing Sources			
Transfers In	1,125,960	0	1,125,960
<i>Net Change in Fund Balances</i>	1,193,517	4,408	1,197,925
<i>Fund Balances Beginning of Year</i>	<u>101,408</u>	<u>0</u>	<u>101,408</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,294,925</u></u>	<u><u>\$4,408</u></u>	<u><u>\$1,299,333</u></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, 2007*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Rent	\$134,670	\$127,006	(\$7,664)
Extracurricular Activities	5,000	8,890	3,890
<i>Total Revenues</i>	<u>139,670</u>	<u>135,896</u>	<u>(3,774)</u>
Expenditures			
Current:			
Support Services:			
Administration:			
Capital Outlay - New	54,122	52,602	1,520
Fiscal:			
Principal Retirement	31,250	31,250	0
<i>Total Expenditures</i>	<u>85,372</u>	<u>83,852</u>	<u>1,520</u>
<i>Excess of Revenues Over Expenditures</i>	54,298	52,044	(2,254)
Other Financing Sources			
Operating Transfers In	125,960	1,125,960	1,000,000
<i>Net Change in Fund Balance</i>	180,258	1,178,004	997,746
<i>Fund Balance Beginning of Year</i>	99,908	99,908	0
<i>Prior Year Encumbrances Appropriated</i>	10,439	10,439	0
<i>Fund Balance at End of Year</i>	<u>\$290,605</u>	<u>\$1,288,351</u>	<u>\$997,746</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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$41,738	\$41,738	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Capital Outlay - New	41,738	37,330	4,408
<i>Net Change in Fund Balance</i>	0	4,408	4,408
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$4,408	\$4,408

Lancaster City School District, Ohio

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 Employee Benefits Self Insurance Fund – This fund accounted for the operation of the School District’s self-insurance program for employee medical, surgical, prescription drug, and dental claims through October 30, 2006. As of November 1, 2006 the School District remained self insured for dental insurance but medical and drug insurances were changed to a premium based plan. As of November 1, 2006, this fund accounted for money received from other funds as payment for providing dental insurance and for remitting insurance premiums to the SCOIC. Payments are made to a third party administrator for claims payments and claims administration for dental insurance. Payments are made to the SCOIC insurance pool for medical and drug insurance. Vision insurance premiums are made directly to vision insurance vendor. See Note 11 for additional information pertaining to employee insurance coverage.

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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$8,400,000	\$7,991,818	(\$408,182)
Expenses			
Current:			
Support Services:			
Central:			
Purchased Services	4,542,345	4,077,851	464,494
Claims	3,834,786	3,437,469	397,317
<i>Total Expenses</i>	<u>8,377,131</u>	<u>7,515,320</u>	<u>861,811</u>
<i>Excess of Revenues Over Expenses</i>	22,869	476,498	453,629
Advances In	62,482	62,482	0
Advances Out	<u>(73,227)</u>	<u>(62,482)</u>	<u>10,745</u>
<i>Net Change in Fund Balance</i>	12,124	476,498	464,374
<i>Fund Balance Beginning of Year</i>	1,060,998	1,060,998	0
<i>Prior Year Encumbrances Appropriated</i>	<u>131</u>	<u>131</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,073,253</u>	<u>\$1,537,627</u>	<u>\$464,374</u>

Lancaster City School District, Ohio

Fiduciary Funds

Private Purpose Trust Fund

Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments are therefore not available to support the School District's own programs.

Endowment Fund - To account for a college scholarship program for students.

Agency Fund

Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds.

Student Managed Activity Fund – To account for those student activity programs which have student participation in the activity and have student involvement in the management of the program.

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, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$1,570	\$2,146	\$576
Expenses			
Current:			
Non-Instructional Services:			
Community Services:			
Other	925	625	300
<i>Net Change in Fund Balance</i>	645	1,521	876
<i>Fund Balance Beginning of Year</i>	41,208	41,208	0
<i>Fund Balance at End of Year</i>	<u>\$41,853</u>	<u>\$42,729</u>	<u>\$876</u>

Lancaster City School District, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2007

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 7/1/06	Additions	Reductions	Balance 6/30/07
Student Managed Activity				
Assets				
Cash and Cash Equivalents	\$79,559	\$121,528	\$110,787	\$90,300
Total Assets	<u>\$79,559</u>	<u>\$121,528</u>	<u>\$110,787</u>	<u>\$90,300</u>
Liabilities				
Due to Students	\$79,559	\$121,528	\$110,787	\$90,300
Total Liabilities	<u>\$79,559</u>	<u>\$121,528</u>	<u>\$110,787</u>	<u>\$90,300</u>

Statistical Section



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Statistical Section

This part of the School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	S2-S9
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source, property tax.	S10-S19
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S20-S25
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	S26-S27
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S28-S44

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that fiscal year.

Lancaster City School District, Ohio
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007
Invested in Capital Assets, Net of Related Debt	\$7,107,841	\$6,821,223	\$6,645,029	\$6,433,483	\$6,523,237
Restricted for:					
Capital Projects	27,811	15,374	157,992	195,158	4,408
Bus Purchase	0	19,290	0	0	21,262
Public School Support	88,801	108,688	114,255	95,215	26,807
District Managed Activities	67,691	54,400	63,350	99,577	104,815
Auxiliary Services	42,225	150,735	39,361	53,297	46,368
Special Education	372,288	114,351	288,124	390,130	653,524
Other Purposes	551,714	140,988	159,094	158,011	233,655
Unrestricted (Deficit)	(2,267,929)	(2,394,767)	(3,750,980)	(2,474,439)	9,050,606
Total Net Assets	\$5,990,442	\$5,030,282	\$3,716,225	\$4,950,432	\$16,664,682

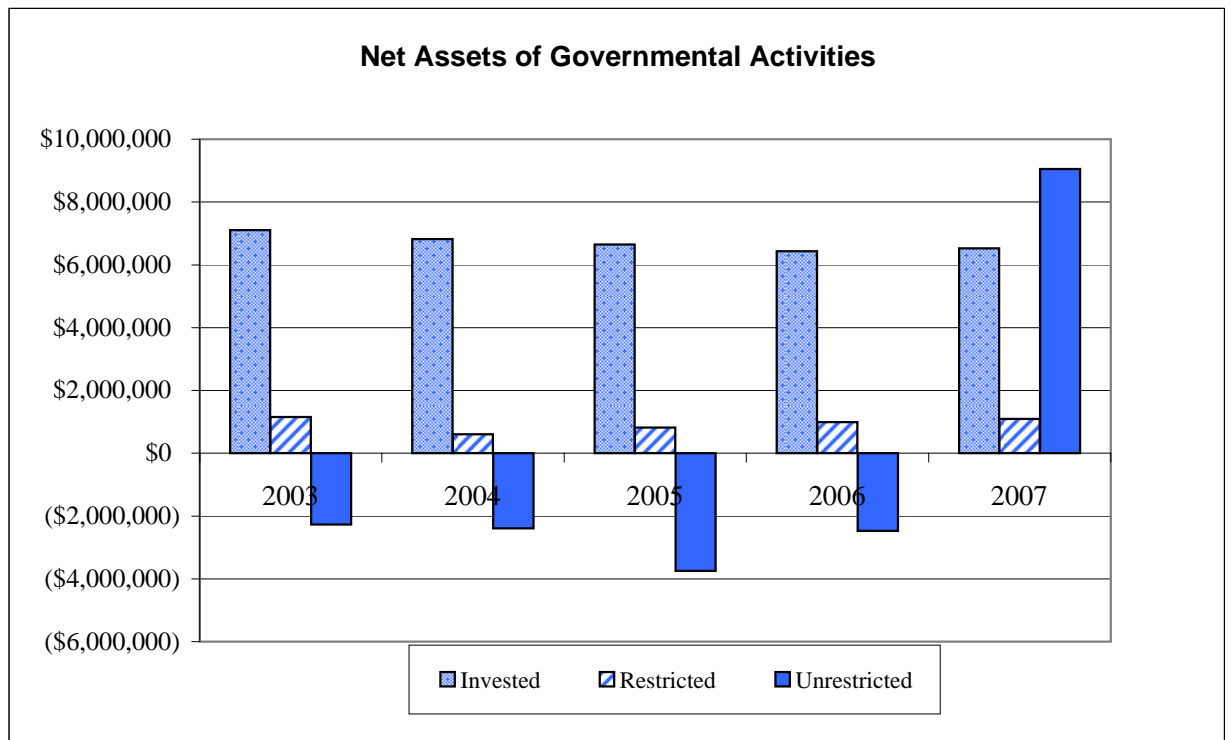


TABLE 2

Lancaster City School District, Ohio
Changes in Net Assets of Governmental Activities
Last Five Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007
Expenses					
Regular Instruction	\$20,367,452	\$22,052,347	\$23,028,446	\$22,550,491	\$21,564,861
Special Instruction	6,656,191	7,025,886	6,499,927	5,993,895	5,918,643
Vocational Instruction	2,595,702	2,531,200	2,555,949	2,533,090	1,560,603
Adult/Continuing Instruction	159,410	173,621	164,390	102,241	2,734
Pupil Support Services	2,898,958	2,904,142	3,019,821	2,655,701	2,275,073
Instructional Staff Support Services	3,579,711	3,641,341	3,501,558	3,312,136	2,347,971
Board of Education Support Services	65,509	91,367	212,283	103,737	99,845
Administration Support Services	4,466,070	4,420,010	4,391,395	4,235,498	2,973,956
Fiscal Support Services	1,059,217	1,213,261	1,089,018	1,249,249	1,058,051
Business Support Services	414,309	354,735	426,089	422,329	335,644
Operation and Maintenance of					
Plant Support Services	4,330,316	4,715,175	4,656,265	4,184,164	3,419,108
Pupil Transportation Support Services	1,637,916	1,653,057	1,761,350	1,760,638	1,458,150
Central Support Services	319,329	330,620	267,753	219,509	194,775
Food Service Operations	1,832,795	2,096,921	2,077,895	2,138,195	1,886,036
Other Operation of Non-					
Instructional Services	890,972	816,371	1,077,936	1,045,611	1,012,075
Extracurricular Activities	909,644	846,956	891,207	826,654	770,424
Intergovernmental	0	0	596,240	641,663	41,599
Interest and Fiscal Charges	17,479	2,548	29,935	24,482	18,612
<i>Total Expenses</i>	<u>52,200,980</u>	<u>54,869,558</u>	<u>56,247,457</u>	<u>53,999,283</u>	<u>46,938,160</u>
Program Revenues					
Charges for Services					
Regular Instruction	291,527	912,958	860,644	752,303	834,052
Special Instruction	148,251	151,759	123,488	157,139	74,985
Vocational Instruction	38,652	24,241	125,992	166,838	76,171
Adult/Continuing Instruction	5,812	77,251	64,167	34,471	0
Pupil Support Services	4,328	1,659	45,224	9,593	19,091
Instructional Staff Support Services	6,612	2,245	0	20,708	5,701
Administration Support Services	17,617	26,760	18,464	92,514	124,342
Fiscal Support Services	34	56,137	18,834	146,783	119,675
Business Support Services	6	60	0	0	139
Operation and Maintenance of					
Plant Support Services	48,097	61,286	64,789	22,500	21,783
Pupil Transportation Support Services	60,302	10,574	17,858	44,342	34,162
Central Support Services	14	58,000	0	0	0
Food Service Operations	981,339	1,043,715	1,038,083	1,000,143	892,439
Other Operation of Non-					
Instructional Services	21,187	880	339	0	0
Extracurricular Activities	250,059	361,007	394,807	382,453	781,512
Operating Grants, Contributions, and Interest					
Regular Instruction	767,732	568,428	609,498	371,620	497,924
Special Instruction	2,705,478	2,377,886	2,680,419	2,668,530	2,749,969
Vocational Instruction	549,981	546,790	482,750	460,027	486,693
Adult/Continuing Instruction	\$179,238	\$102,782	\$97,979	\$146,586	\$0

(Continued)

TABLE 2 (Continued)

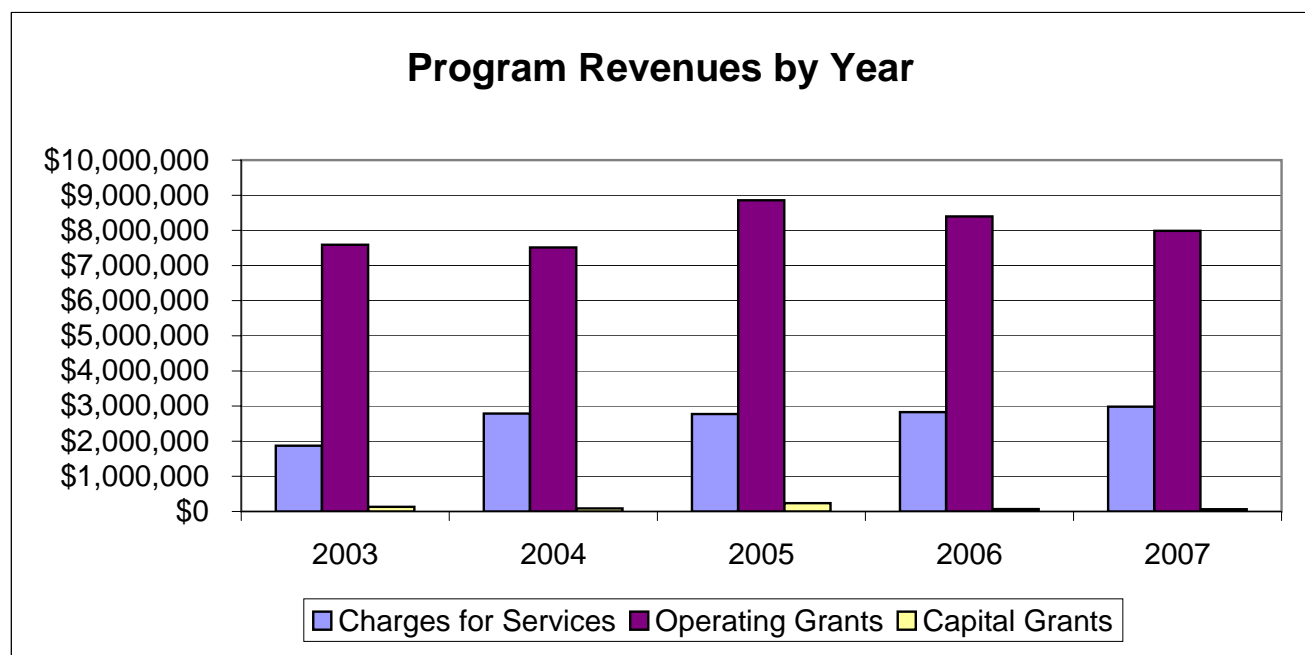
Lancaster City School District, Ohio
Changes in Net Assets of Governmental Activities
Last Five Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007
Operating Grants, Contributions, and Interest (continued)					
Pupil Support Services	\$573,246	\$487,360	\$602,591	\$578,048	\$363,852
Instructional Staff Support Services	746,006	959,421	1,213,813	1,229,490	1,183,015
Administration Support Services	182,758	296,331	285,810	268,558	202,669
Fiscal Support Services	21,894	11,015	0	754	0
Operation and Maintenance of					
Plant Support Services	4,892	0	0	22,204	14,589
Pupil Transportation Support Services	38,474	111,606	118,576	117,443	162,185
Central Support Services	72,780	68,581	60,771	56,388	52,671
Food Service Operations	935,332	1,054,921	1,130,831	1,220,339	1,162,133
Other Operation of Non-					
Instructional Services	809,418	922,316	974,976	1,027,770	1,067,198
Extracurricular Activities	6,119	7,784	0	0	0
Intergovernmental	0	0	599,990	642,866	45,490
Capital Grants and Contributions					
Regular Instruction	13,080	14,758	68,925	0	41,738
Special Instruction	0	10,952	0	0	0
Vocational Instruction	14,852	28,076	43,620	2,307	0
Pupil Support Services	0	944	0	0	0
Instructional Staff Support Services	0	3,627	0	0	0
Administration Support Services	0	2,037	0	4,213	0
Operation and Maintenance of					
Plant Support Services	0	2,832	0	0	0
Pupil Transportation Support Services	102,235	19,290	122,375	63,966	21,262
Central Support Services	0	99	0	0	0
Food Service Operations	0	2,683	0	0	0
Other Operation of Non-					
Instructional Services	0	99	0	0	0
Extracurricular Activities	0	1,565	2,452	0	0
<i>Total Program Revenues</i>	<u>9,597,352</u>	<u>10,390,715</u>	<u>11,868,065</u>	<u>11,710,896</u>	<u>11,035,440</u>
Net Expense	<u>(42,603,628)</u>	<u>(44,478,843)</u>	<u>(44,379,392)</u>	<u>(42,288,387)</u>	<u>(35,902,720)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes	22,443,608	25,445,572	25,245,138	25,211,639	25,474,906
Debt Service	337,107	348,086	0	0	0
Income Taxes Levied for					
General Purposes	0	0	0	0	2,715,588
Grants and Entitlements not					
Restricted to Specific Programs	17,575,519	17,426,697	17,400,697	18,000,132	18,785,514
Gain on Sale of Capital Assets	0	4,610	192,757	0	6,400
Payment in Lieu of Taxes	0	251,920	125,960	125,960	145,802
Unrestricted Contributions	0	1,193	0	0	0
Investment Earnings	136,182	36,063	96,361	181,572	486,989
Miscellaneous	59,048	4,542	4,422	3,291	1,771
<i>Total General Revenues</i>	<u>40,551,464</u>	<u>43,518,683</u>	<u>43,065,335</u>	<u>43,522,594</u>	<u>47,616,970</u>
<i>Change in Net Assets</i>	<u>(\$2,052,164)</u>	<u>(\$960,160)</u>	<u>(\$1,314,057)</u>	<u>\$1,234,207</u>	<u>\$11,714,250</u>

TABLE 3

Lancaster City School District, Ohio
Program Revenues by Function
Last Five Fiscal Years
(accrual basis of accounting)

<i>Function</i>	2003	2004	2005	2006	2007
Regular Instruction	\$1,072,339	\$1,496,144	\$1,539,067	\$1,123,923	\$1,373,714
Special Instruction	2,853,729	2,540,597	2,803,907	2,825,669	2,824,954
Vocational Instruction	603,485	599,107	652,362	629,172	562,864
Adult/Continuing Instruction	185,050	180,033	162,146	181,057	0
Pupil Support Services	577,574	489,963	647,815	587,641	382,943
Instructional Staff Support					
Services	752,618	965,293	1,213,813	1,250,198	1,188,716
Administration Support Services	200,375	325,128	304,274	365,285	327,011
Fiscal Support Services	21,928	67,152	18,834	147,537	119,675
Business Support Services	6	60	0	0	139
Operation and Maintenance					
of Plant Support Services	52,989	64,118	64,789	44,704	36,372
Pupil Transportation Support					
Services	201,011	141,470	258,809	225,751	217,609
Central Support Services	72,794	126,680	60,771	56,388	52,671
Food Service Operations	1,916,671	2,101,319	2,168,914	2,220,482	2,054,572
Other Operation of					
Non-Instructional Services	830,605	923,295	975,315	1,027,770	1,067,198
Extracurricular Activities	256,178	370,356	397,259	382,453	781,512
Intergovernmental	0	0	599,990	642,866	45,490
<i>Total Program Revenues</i>	<u>\$9,597,352</u>	<u>\$10,390,715</u>	<u>\$11,868,065</u>	<u>\$11,710,896</u>	<u>\$11,035,440</u>



Lancaster City School District, Ohio
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	1998	1999	2000	2001
General Fund				
Reserved	\$1,608,774	\$1,986,117	\$2,511,782	\$1,340,150
Unreserved	2,009,234	3,921,526	5,711,687	4,208,126
<i>Total General Fund</i>	<u>3,618,008</u>	<u>5,907,643</u>	<u>8,223,469</u>	<u>5,548,276</u>
All Other Governmental Funds				
Reserved	206,381	138,808	133,056	236,858
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	363,722	437,813	827,745	821,278
Debt Service Funds	109	109	109	109
Capital Projects Funds	140,777	106,902	57,737	62,143
<i>Total All Other Governmental Funds</i>	<u>710,989</u>	<u>683,632</u>	<u>1,018,647</u>	<u>1,120,388</u>
<i>Total Governmental Funds</i>	<u><u>\$4,328,997</u></u>	<u><u>\$6,591,275</u></u>	<u><u>\$9,242,116</u></u>	<u><u>\$6,668,664</u></u>

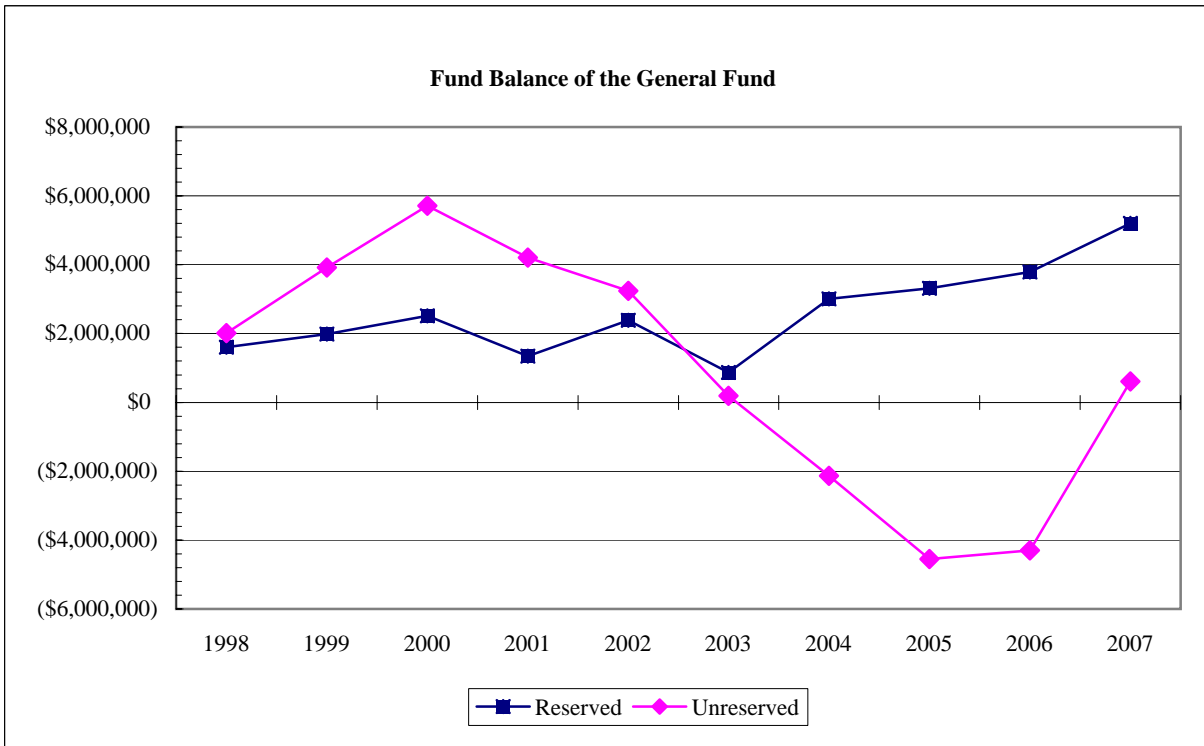


TABLE 4

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$2,381,532	\$867,525	\$3,007,298	\$3,313,699	\$3,786,420	\$5,203,373
<u>3,241,026</u>	<u>193,904</u>	<u>(2,128,740)</u>	<u>(4,551,424)</u>	<u>(4,300,295)</u>	<u>606,098</u>
<u>5,622,558</u>	<u>1,061,429</u>	<u>878,558</u>	<u>(1,237,725)</u>	<u>(513,875)</u>	<u>5,809,471</u>
130,972	164,067	779,040	155,045	166,614	146,744
985,551	1,092,823	537,412	761,788	751,503	1,139,729
0	0	0	0	0	0
<u>113,268</u>	<u>27,701</u>	<u>70,565</u>	<u>62,777</u>	<u>99,908</u>	<u>1,295,803</u>
<u>1,229,791</u>	<u>1,284,591</u>	<u>1,387,017</u>	<u>979,610</u>	<u>1,018,025</u>	<u>2,582,276</u>
<u>\$6,852,349</u>	<u>\$2,346,020</u>	<u>\$2,265,575</u>	<u>(\$258,115)</u>	<u>\$504,150</u>	<u>\$8,391,747</u>

Lancaster City School District, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	1998	1999	2000	2001
Revenues				
Property and Other Local Taxes	\$19,404,554	\$22,309,953	\$22,880,448	\$21,420,399
Payment in Lieu of Taxes	0	0	0	0
Income Taxes	0	0	0	0
Intergovernmental	17,647,419	19,363,558	20,737,568	22,674,205
Interest	525,927	597,386	744,711	731,221
Tuition and Fees	315,511	94,826	156,786	425,557
Charges for Services	895,591	879,953	938,908	984,127
Rent	40,657	53,716	59,729	57,572
Extracurricular Activities	327,002	361,600	481,944	452,737
Collection of a Capital Lease	0	0	0	0
Gifts and Donations	49,593	83,883	59,058	33,088
Compensation for Fire Loss	145,002	0	0	0
Miscellaneous	289,932	31,383	40,165	133,909
<i>Total Revenues</i>	<u>39,641,188</u>	<u>43,776,258</u>	<u>46,099,317</u>	<u>46,912,815</u>
Expenditures				
Current:				
Instruction:				
Regular	14,718,223	16,122,296	16,704,731	19,339,434
Special	4,276,720	4,673,335	5,115,493	5,862,557
Vocational	2,192,273	2,389,367	2,381,502	2,440,213
Adult/Continuing	117,502	102,012	121,124	124,947
Support Services:				
Pupil	1,701,558	1,993,378	2,161,050	2,523,983
Instructional Staff	2,130,827	2,777,247	3,064,786	3,447,949
Board of Education	36,180	38,986	41,759	47,894
Administration	2,923,080	3,100,613	3,610,832	3,916,432
Fiscal	848,768	916,556	865,504	1,034,096
Business	363,777	343,396	381,145	429,996
Operation and Maintenance of Plant	2,988,666	3,160,482	3,637,326	4,461,306
Pupil Transportation	1,337,189	1,379,784	1,669,853	1,911,574
Central	330,197	292,154	293,533	287,831
Food Service Operations	1,501,875	1,476,904	1,548,348	1,629,986
Other Operation of Non-Instructional Services	420,690	527,037	558,337	683,626
Extracurricular Activities	541,562	585,234	720,111	724,430
Refund of Property Taxes	97,399	97,398	0	0
Capital Outlay	1,021,665	1,086,743	267,213	177,941
Intergovernmental	0	0	0	0
Debt Service:				
Principal Retirement	347,395	371,923	474,945	397,014
Interest and Fiscal Charges	113,563	85,836	88,111	64,298
<i>Total Expenditures</i>	<u>38,009,109</u>	<u>41,520,681</u>	<u>43,705,703</u>	<u>49,505,507</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,632,079</u>	<u>2,255,577</u>	<u>2,393,614</u>	<u>(2,592,692)</u>
Other Financing Sources (Uses)				
Proceeds from Capital Lease	0	0	0	0
Inception of Capital Lease	291,400	0	253,933	13,420
Proceeds from Sale of Capital Assets	0	6,701	3,294	3,084
Transfers In	398,691	18,749	0	2,736
Transfers Out	(398,691)	(18,749)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>291,400</u>	<u>6,701</u>	<u>257,227</u>	<u>19,240</u>
<i>Net Change in Fund Balances</i>	<u>\$1,923,479</u>	<u>\$2,262,278</u>	<u>\$2,650,841</u>	<u>(\$2,573,452)</u>
Debt Service as a Percentage of				
Noncapital Expenditures	1.3%	1.1%	1.3%	0.9%

(1) Includes, General, Special Revenue, Capital Projects and Debt Service Funds.

TABLE 5

2002	2003	2004	2005	2006	2007
\$24,097,570	\$22,004,173	\$26,193,494	\$24,761,939	\$25,313,325	\$24,768,901
0	0	0	125,960	125,960	135,155
0	0	0	0	0	2,078,535
24,288,530	25,231,059	24,869,090	26,657,356	26,669,605	26,717,228
286,234	136,860	34,362	107,287	196,327	508,134
193,992	416,691	1,247,066	1,137,971	1,226,418	1,105,606
1,006,774	981,339	1,035,095	1,019,233	980,965	870,220
47,174	41,065	46,021	45,133	74,120	103,658
485,505	347,088	441,474	593,050	563,292	955,325
0	0	0	75,000	31,250	31,250
42,824	22,624	60,215	15,483	8,961	11,261
0	0	0	0	0	0
11,927	59,048	2,463	6,501	3,291	1,571
50,460,530	49,239,947	53,929,280	54,544,913	55,193,514	57,286,844
20,009,626	20,406,948	21,702,565	22,884,399	22,658,842	22,392,940
6,112,948	6,739,309	6,912,976	6,592,407	6,157,372	6,216,613
2,397,521	2,619,656	2,509,676	2,623,904	2,536,614	1,754,073
120,258	159,410	173,621	164,390	102,241	2,734
2,523,150	2,923,946	2,885,720	2,989,764	2,706,996	2,329,934
3,505,426	3,674,010	3,715,540	3,544,051	3,301,758	2,525,438
47,721	65,570	91,626	212,283	103,737	99,845
4,054,941	4,510,229	4,423,127	4,407,639	4,207,039	3,104,556
1,054,799	1,091,579	1,208,117	1,096,604	1,267,801	1,070,821
440,253	417,660	358,663	423,449	425,682	356,339
4,571,066	4,899,378	4,720,221	4,576,132	4,198,430	3,608,794
1,399,292	1,874,916	1,551,434	1,815,791	1,785,624	1,398,858
341,556	311,849	333,707	255,997	210,151	209,654
1,674,285	1,836,175	2,160,999	2,129,614	2,126,103	1,950,649
755,609	891,124	826,751	1,080,378	1,052,134	1,074,427
777,279	861,546	792,984	828,721	793,025	759,714
0	0	0	0	0	0
41,883	95,620	66,363	700,601	8,159	350,046
0	0	0	596,240	641,663	41,599
403,789	343,687	345,000	128,450	133,894	139,755
46,218	23,664	7,849	30,163	24,719	18,858
50,277,620	53,746,276	54,786,939	57,080,977	54,441,984	49,405,647
182,910	(4,506,329)	(857,659)	(2,536,064)	751,530	7,881,197
0	0	700,000	0	0	0
0	0	0	0	0	0
775	0	77,214	12,374	10,735	6,400
21,678	0	0	90,787	66,629	1,126,192
(21,678)	0	0	(90,787)	(66,629)	(1,126,192)
775	0	777,214	12,374	10,735	6,400
\$183,685	(\$4,506,329)	(\$80,445)	(\$2,523,690)	\$762,265	\$7,887,597
0.9%	0.7%	0.6%	0.3%	0.3%	0.3%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
1998	\$348,614,120	\$140,710,820	\$1,398,071,257	\$30,055,150	\$85,871,857
1999	389,370,460	162,703,480	1,577,354,114	30,244,060	86,411,600
2000	397,969,660	167,714,870	1,616,241,514	27,709,700	79,170,571
2001	408,222,240	166,950,970	1,643,352,029	27,104,620	77,441,771
2002	477,525,090	200,543,840	1,937,339,800	23,959,830	95,839,320
2003	483,836,230	203,831,780	1,964,765,743	24,737,880	98,951,520
2004	493,495,330	207,018,380	2,001,467,743	24,990,810	99,963,240
2005	547,089,300	225,661,990	2,207,860,829	25,676,090	102,704,360
2006	561,512,210	222,642,280	2,240,441,400	25,354,560	101,418,240
2007	573,892,950	224,415,740	2,280,881,971	25,379,020	101,516,080

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. The general business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

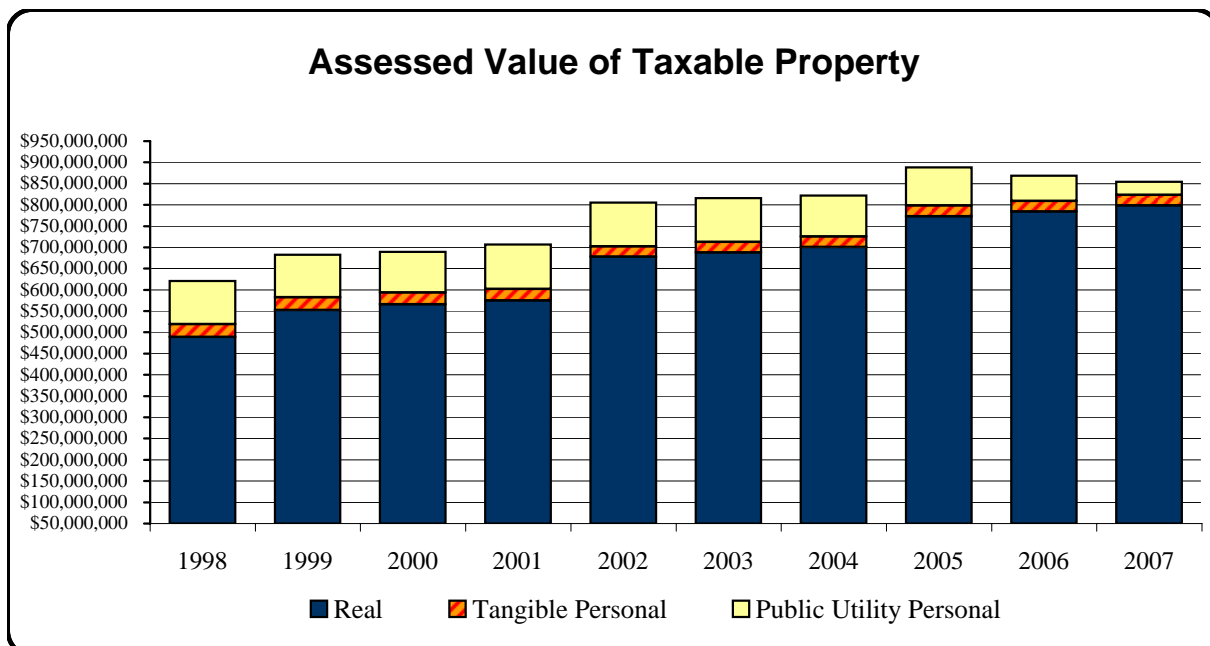
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed.

Values are shown net of exempt property.

Source: Fairfield County Auditor

TABLE 6

Tangible Personal Property					Weighted Average Tax Rate (Per \$1,000 of Assessed Value)
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$101,329,802	\$405,319,208	\$620,709,892	\$1,889,262,322	33%	\$39
100,399,698	401,598,792	682,717,698	2,065,364,506	33%	36
96,227,521	384,910,084	689,621,751	2,080,322,170	33%	36
104,448,658	417,794,632	706,726,488	2,138,588,432	33%	36
103,443,261	413,773,044	805,472,021	2,446,952,164	33%	32
103,361,862	413,447,448	815,767,752	2,477,164,711	33%	32
96,326,426	385,305,704	821,830,946	2,486,736,687	33%	31
89,705,089	358,820,356	888,132,469	2,669,385,545	33%	33
59,005,601	314,696,539	868,514,651	2,656,556,179	33%	32
30,990,035	247,920,280	854,677,745	2,630,318,331	32%	30



Lancaster City School District, Ohio

Property Tax Rates

(per \$1,000 of assessed value)

Last Ten Years

	Collection Year				
	1998	1999	2000	2001	2002
Unvoted Millage					
Operating	\$4.0000	\$4.0000	\$4.0000	\$4.0000	\$4.0000
Voted Millage - by levy					
1976 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural Real	8.3708	7.6147	7.5851	7.5711	6.5600
Commercial/Industrial and Public Utility Real	11.5648	10.5238	10.4584	10.5783	8.9015
General Business and Public Utility Personal	31.7000	31.7000	31.7000	31.7000	31.7000
1976 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural Real	0.2641	0.2402	0.2393	0.2388	0.2069
Commercial/Industrial and Public Utility Real	0.3648	0.3320	0.3299	0.3337	0.2808
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000	1.0000
1977 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural Real	2.6406	2.4021	2.3928	2.3884	2.0694
Commercial/Industrial and Public Utility Real	3.6482	3.3198	3.2992	3.3370	2.8080
General Business and Public Utility Personal	10.0000	10.0000	10.0000	10.0000	10.0000
1990 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural Real	7.0471	6.4106	6.3857	6.3739	5.5227
Commercial/Industrial and Public Utility Real	8.3337	7.5835	7.5363	7.6227	6.4144
General Business and Public Utility Personal	10.0000	10.0000	10.0000	10.0000	10.0000
1997 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural Real	7.8445	7.1360	7.1083	7.0951	6.1475
Commercial/Industrial and Public Utility Real	7.8157	7.1121	7.0679	7.1489	6.0157
General Business and Public Utility Personal	7.9000	7.9000	7.9000	7.9000	7.9000
2004 Emergency (\$3,200,000) - three years					
Effective Millage Rates					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
Total voted millage by type of property					
Residential/Agricultural Real	26.1671	23.8036	23.7112	23.6673	20.5065
Commercial/Industrial and Public Utility Real	31.7272	28.8712	28.6917	29.0206	24.4204
General Business and Public Utility Personal	60.6000	60.6000	60.6000	60.6000	60.6000
Total millage by type of property					
Residential/Agricultural Real	30.1671	27.8036	27.7112	27.6673	24.5065
Commercial/Industrial and Public Utility Real	35.7272	32.8712	32.6917	33.0206	28.4204
General Business and Public Utility Personal	64.6000	64.6000	64.6000	64.6000	64.6000

TABLE 7

Collection Year				
2003	2004	2005	2006	2007
\$4.0000	\$4.0000	\$4.0000	\$4.0000	\$4.0000
6.5430	6.5132	5.9843	5.9493	5.9339
8.9311	8.8796	8.1846	8.2710	8.2493
31.7000	31.7000	31.7000	31.7000	31.7000
0.2064	0.2055	0.1888	0.1877	0.1872
0.2817	0.2801	0.2582	0.2609	0.2602
1.0000	1.0000	1.0000	1.0000	1.0000
2.0640	2.0546	1.8878	1.8768	1.8719
2.8174	2.8012	2.5819	2.6092	2.6023
10.0000	10.0000	10.0000	10.0000	10.0000
5.5083	5.4832	5.0380	5.0085	4.9955
6.4357	6.3987	5.8978	5.9601	5.9444
10.0000	10.0000	10.0000	10.0000	10.0000
6.1316	6.1036	5.6080	5.5752	5.5608
6.0357	6.0010	5.5312	5.5896	5.5749
7.9000	7.9000	7.9000	7.9000	7.9000
0.0000	0.0000	3.8000	3.8000	3.9000
0.0000	0.0000	3.8000	3.8000	3.9000
0.0000	0.0000	3.8000	3.8000	3.9000
20.4533	20.3601	22.5069	22.3975	22.4493
24.5016	24.3606	26.2537	26.4908	26.5311
60.6000	60.6000	64.4000	64.4000	64.5000
24.4533	24.3601	26.5069	26.3975	26.4493
28.5016	28.3606	30.2537	30.4908	30.5311
64.6000	64.6000	68.4000	68.4000	68.5000

(Continued)

Lancaster City School District, Ohio
Property Tax Rates
(per \$1,000 of assessed value)
Last Ten Years

	Collection Year				
	1998	1999	2000	2001	2002
Overlapping Rates by Taxing District					
Berne Township Millage					
Effective Millage Rates					
Residential/Agricultural Real	6.1290	5.7072	5.7025	5.6904	5.1292
Commercial/Industrial and Public Utility Real	6.5179	5.9397	5.9353	5.9373	4.7059
General Business and Public Utility Personal	7.7000	7.7000	7.7000	7.7000	7.7000
Greenfield Township Millage					
Effective Millage Rates					
Residential/Agricultural Real	5.5728	5.3029	5.2658	9.2184	9.1032
Commercial/Industrial and Public Utility Real	6.0680	5.9892	5.9702	9.2548	7.8438
General Business and Public Utility Personal	8.2000	8.2000	8.2000	12.2000	12.2000
Hocking Township Millage					
Effective Millage Rates					
Residential/Agricultural Real	3.6138	3.5134	3.5121	3.5102	4.4673
Commercial/Industrial and Public Utility Real	3.7024	3.6884	3.6802	3.6802	3.8811
General Business and Public Utility Personal	4.2000	4.2000	4.2000	4.2000	4.7000
Pleasant Township Millage					
Effective Millage Rates					
Residential/Agricultural Real	5.6183	5.2911	5.2829	8.2498	7.5868
Commercial/Industrial and Public Utility Real	6.0573	6.0477	6.0421	8.7006	7.0945
General Business and Public Utility Personal	6.6000	6.6000	6.6000	9.1000	9.1000
Lancaster City Millage					
Effective Millage Rates					
Residential/Agricultural Real	3.4000	3.4000	3.4000	3.4000	3.4000
Commercial/Industrial and Public Utility Real	3.4000	3.4000	3.4000	3.4000	3.4000
General Business and Public Utility Personal	3.4000	3.4000	3.4000	3.4000	3.4000
Fairfield County Library Millage					
Effective Millage Rates					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
Fairfield County Millage					
Effective Millage Rates					
Residential/Agricultural Real	4.5522	5.2020	5.3466	5.3354	4.9725
Commercial/Industrial and Public Utility Real	4.9395	5.4911	5.5759	5.5517	4.9942
General Business and Public Utility Personal	7.0500	7.0500	7.0500	7.0500	7.0500

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

Real property tax rates for voted levies are reduced so that inflationary increases in value do not generate additional revenue.

Source: Ohio Department of Taxation

TABLE 7 (Continued)

Collection Year				
2003	2004	2005	2006	2007
5.4038	5.3902	5.2176	5.2176	5.2152
5.1891	5.1941	4.9583	4.9907	5.0396
7.7000	7.7000	7.7000	7.7000	7.7000
9.0687	9.0381	10.2747	9.3594	9.4419
7.9794	7.9976	9.2526	8.5508	8.4878
12.2000	12.2000	13.1000	11.1000	11.2000
4.4631	4.4520	4.3241	4.3183	4.3169
3.9576	3.9462	3.8530	3.8556	3.8567
4.7000	4.7000	4.7000	4.7000	4.7000
7.5717	8.5851	8.1348	6.4962	8.4738
7.1662	8.0535	7.7194	6.3259	8.3159
9.1000	9.1000	9.1000	7.1000	9.1000
3.4000	3.4000	3.4000	3.4000	3.4000
3.4000	3.4000	3.4000	3.4000	3.4000
3.4000	3.4000	3.4000	3.4000	3.4000
0.0000	0.0000	0.4609	0.4574	0.4560
0.0000	0.0000	0.4630	0.4671	0.4658
0.0000	0.0000	0.5000	0.5000	0.5000
4.9563	4.9365	5.2683	7.0775	7.0615
5.0232	5.0446	5.4259	7.1446	7.0980
7.0500	7.0500	7.5500	7.5500	7.5500

Lancaster City School District, Ohio
Property Tax Levies and Collections (1)
Last Ten Years

Calendar Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
1997	\$18,706,764	\$18,148,824	97.02%	\$999,161	\$19,147,985	102.36%
1998	23,879,652	22,766,628	95.34	297,118	23,063,746	96.58
1999	24,589,901	23,523,365	95.66	574,441	24,097,806	98.00
2000	25,180,426	23,879,211	94.83	757,932	24,637,143	97.84
2001	25,547,953	23,792,001	93.13	602,742	24,394,743	95.49
2002	25,920,162	24,469,225	94.40	940,567	25,409,792	98.03
2003	26,069,511	23,956,609	91.90	688,650	24,645,259	94.54
2004	26,371,259	23,169,853	87.86	713,597	23,883,450	90.57
2005	28,377,780	25,871,050	91.17	646,429	26,517,479	93.44
2006	27,594,726	25,082,018	90.89	826,330	25,908,348	93.89

Source: Fairfield County Auditor's Office

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2007 information cannot be presented because all collections have not been made by June 30, 2007.
- (3) The County does not identify delinquent tax collections by tax year.

TABLE 9

Lancaster City School District, Ohio
Principal Taxpayers
Real Estate Tax
2007 and 1998 (1)

Name of Taxpayer	2007	
	Assessed Value	Percent of Real Property Assessed Value
Glimcher River Valley Mall LLC	\$20,792,840	2.60%
Anchor Hocking Glass Corporation	5,310,030	0.67
Lancaster Phase One Group PLL	4,381,100	0.55
Plaza SC Investors LLC	3,607,780	0.45
Lowe's Home Centers Incorporated	3,000,980	0.38
RP River Valley LLC	2,859,850	0.36
Riverview Medical Office	2,578,390	0.32
BP Lancaster LLC	2,434,550	0.30
Spires Group Incorporated	2,283,630	0.29
Fairfield Medical Center	2,226,280	0.28
Totals	<u>\$49,475,430</u>	<u>6.20%</u>
Total Assessed Valuation	<u>\$798,308,690</u>	
Name of Taxpayer	1998	
	Assessed Value	Percent of Real Property Assessed Value
Glimcher River Valley Mall LLC	\$21,641,520	4.42%
Anchor Hocking Glass Corporation	5,825,530	1.19
Lancaster Phase One Group PLL	3,048,200	0.62
Ralston Foods, Incorporated	2,586,950	0.53
Glimcher Centers LTD Partnership	2,277,180	0.47
T & R River Valley LTD Partnership	1,764,000	0.36
Babcock	1,633,160	0.33
Sitterley Brooks H ET AL	1,582,090	0.32
Spires Group Incorporated	1,458,180	0.30
William R. Roth Lancaster LLC	1,374,740	0.28
Totals	<u>\$43,191,550</u>	<u>8.82%</u>
Total Assessed Valuation	<u>\$489,324,940</u>	

(1) The amounts presented represent the assessed values upon which 2007 and 1998 collections were based.

Source: Fairfield County Auditor's Office

TABLE 10

Lancaster City School District, Ohio
Principal Taxpayers
Tangible Personal Property Tax
2007 and 1998 (1)

Name of Taxpayer	2007	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
McDermott, Incorporated	\$3,345,450	10.80%
Anchor Hocking Glass Corporation	3,236,234	10.44
RalCorp Holdings Incorporated (Ralston)	3,167,870	10.22
Crown Cork & Seal Company (USA)	2,294,140	7.40
Cyril Scott Company	2,058,850	6.64
Lancaster Glass Corporation	1,192,890	3.85
Mondi Packaging Akrosil LLC	1,126,980	3.64
Bob Boyd Ford Incorporated	887,690	2.86
Lowe's Home Centers	858,240	2.77
Dysart Corporation	825,530	2.66
Total	<u>\$18,993,874</u>	<u>61.28%</u>
Total Assessed Valuation	<u>\$30,990,035</u>	
Name of Taxpayer	1998	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Anchor Hocking Glass Corporation	\$17,081,340	16.86%
Ralston Foods, Inc.	11,142,760	11.00
McDermott, Inc.	5,174,680	5.11
Cyril Scott Company	3,957,040	3.91
International Paper Company	2,998,260	2.96
Bailey Corporation	2,059,080	2.03
Lancaster Glass Corporation	1,955,770	1.93
Anchor Hocking Packaging	1,932,950	1.91
Drew Shoe Company	1,528,050	1.51
Anchor Hocking Corporation	1,480,470	1.46
Total	<u>\$49,310,400</u>	<u>48.68%</u>
Total Assessed Valuation	<u>\$101,329,802</u>	

(1) The amounts presented represent the assessed values upon which 2007 and 1998 collections were based.

Source: Fairfield County Auditor's Office

Lancaster City School District, Ohio
Principal Taxpayers
Public Utilities Tax
2007 and 1998 (1)

Name of Taxpayer	2007	
	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$14,871,640	58.60%
Ohio Bell Telephone Company	3,311,210	13.05
Total	\$18,182,850	71.65%
Total Assessed Valuation	\$25,379,020	

Name of Taxpayer	1998	
	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$11,695,870	38.91%
Ohio Bell Telephone Company	7,289,310	24.25
Total	\$18,985,180	63.16%
Total Assessed Valuation	\$30,055,150	

(1) The amounts presented represent the assessed values upon which 2007 and 1998 collections were based.

Source: Fairfield County Auditor's Office

Lancaster City School District, Ohio

*Ratio of Outstanding Debt by Type
Last Ten Fiscal Years*

<u>Fiscal Year</u>	<u>Estimated Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Personal Income (3)</u>	<u>Energy Conservation Notes</u>	<u>Capital Leases</u>
1998 (b)	37,826	\$15,125	\$572,118,250	\$1,860,000	\$209,005
1999	38,254	15,125	578,591,750	1,585,000	112,082
2000	38,983	17,648	687,971,984	1,295,000	181,070
2001 (a)	35,335	17,648	623,592,080	990,000	102,476
2002	35,600	17,648	628,268,800	675,000	13,687
2003	35,860	17,648	632,857,280	345,000	0
2004	36,120	17,648	637,445,760	0	700,000
2005	36,380	17,648	642,034,240	0	571,550
2006	36,640	17,648	646,622,720	0	437,656
2007	40,000	17,648	705,920,000	0	297,901

Source:

(1) Lancaster City Community Development Department estimates. The fiscal year 2001 population is from the 2000 Federal Census.

(2) U.S. Census Bureau

(a) Fiscal Years 2000 through 2007, 2000 Federal Census

(b) Fiscal Years 1998 through 1999, 1990 Federal Census

(3) Computation of per capita personal income multiplied by population

TABLE 12

<u>Total Debt Outstanding</u>	<u>Ratio of Total Debt to Personal Income</u>	<u>Total Debt Per Capita</u>
\$2,069,005	0.36%	\$55
1,697,082	0.29	44
1,476,070	0.21	38
1,092,476	0.18	31
688,687	0.11	19
345,000	0.05	10
700,000	0.11	19
571,550	0.09	16
437,656	0.07	12
297,901	0.04	7

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Lancaster City School District, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2007*

	Debt Attributable to Governmental Activities	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
Direct Debt			
Lancaster City School District as of June 30, 2007			
Capital Leases	\$297,901	100.00%	\$297,901
Overlapping Debt:			
Payable from Property Taxes as of December 31, 2006:			
Greenfield Township General Obligation Bonds	1,745,000	20.39%	355,806
Pleasant Township General Obligation Installment Loan	50,000	63.07%	31,535
Pleasant Township General Obligation Notes	70,000	63.07%	44,149
Hocking Township OPWC Loan	79,643	74.00%	58,936
Fairfield County General Obligation Bonds	12,353,872	24.32%	3,004,462
Fairfield County Capital Leases	716,798	24.32%	174,325
City of Lancaster General Obligation			
Bond Anticipation Notes	5,811,600	100.00%	5,811,600
City of Lancaster General Obligation Bonds	3,815,000	100.00%	3,815,000
City of Lancaster Housing and Urban			
Development Loan	940,000	100.00%	940,000
City of Lancaster OPWC Loan	88,248	100.00%	88,248
City of Lancaster Capital Leases	617,050	100.00%	617,050
Payable from Other Sources as of December 31, 2006:			
Fairfield County Special Assessment Bonds	2,623,646	24.32%	638,071
Fairfield County General Obligation Bonds	7,373,604	24.32%	1,793,260
Fairfield County Long-Term Loan	1,079,067	24.32%	262,429
Fairfield County Capital Leases	413,297	24.32%	100,514
City of Lancaster Special Assessment Bonds	306,000	100.00%	306,000
Total Overlapping Debt	38,082,825		18,041,384
Total Direct and Overlapping Debt	\$38,380,726		\$18,339,285

Source: Fairfield County Auditor, School District records, City of Lancaster, and the townships of Greenfield, Hocking, Berne, and Pleasant. Berne Township had no debt outstanding as of December 31, 2006.

- (1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government. The valuations used were for the 2007 collection year.

Lancaster City School District, Ohio
Computation of Legal Debt Margin
Last Ten Fiscal Years

	1998	1999	2000	2001
Assessed Valuation (1)	<u>\$620,709,892</u>	<u>\$682,717,698</u>	<u>\$689,621,751</u>	<u>\$706,726,488</u>
Debt Limit - 9% of Assessed Value (2)	<u>\$55,863,890</u>	<u>\$61,444,593</u>	<u>\$62,065,958</u>	<u>\$63,605,384</u>
Amount of Debt Applicable to Debt Limit				
Energy Conservation Notes	1,860,000	1,585,000	1,295,000	990,000
Less Amount Available in Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>1,860,000</u>	<u>1,585,000</u>	<u>1,295,000</u>	<u>990,000</u>
Exemptions:				
Energy Conservation Notes	<u>(1,860,000)</u>	<u>(1,585,000)</u>	<u>(1,295,000)</u>	<u>(990,000)</u>
Totals	<u>(1,860,000)</u>	<u>(1,585,000)</u>	<u>(1,295,000)</u>	<u>(990,000)</u>
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal Debt Margin	<u>\$55,863,890</u>	<u>\$61,444,593</u>	<u>\$62,065,958</u>	<u>\$63,605,384</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limit - .10% of Assessed Value (1)	\$620,710	\$682,718	\$689,622	\$706,726
Amount of Debt Subject to Limit				
One year renewable note issued to partially fund the purchase of an office building	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$620,710</u>	<u>\$682,718</u>	<u>\$689,622</u>	<u>\$706,726</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: Fairfield County Auditor and School District Financial Records

(1) HB 530 changed the assessed valuation utilized in the legal debt margin calculation to exclude general business tangible personal property as well as railroad and telephone tangible property.

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

Note: The amount of debt presented as subject to the limit should be the balances used to compute the margin as specified by statute, i.e. the gross balances, not amounts that are net of premiums or discounts.

TABLE 14

2002	2003	2004	2005	2006	2007
<u>\$805,472,021</u>	<u>\$815,767,752</u>	<u>\$821,830,946</u>	<u>\$888,132,469</u>	<u>\$804,825,190</u>	<u>\$819,793,750</u>
<u>\$72,492,482</u>	<u>\$73,419,098</u>	<u>\$73,964,785</u>	<u>\$79,931,922</u>	<u>\$72,434,267</u>	<u>\$73,781,438</u>
675,000	345,000	0	0	0	0
0	0	0	0	0	0
<u>675,000</u>	<u>345,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(675,000)</u>	<u>(345,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(675,000)</u>	<u>(345,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$72,492,482</u>	<u>\$73,419,098</u>	<u>\$73,964,785</u>	<u>\$79,931,922</u>	<u>\$72,434,267</u>	<u>\$73,781,438</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$805,472	\$815,768	\$821,831	\$888,132	\$804,825	\$819,794
0	0	0	0	0	0
<u>\$805,472</u>	<u>\$815,768</u>	<u>\$821,831</u>	<u>\$888,132</u>	<u>\$804,825</u>	<u>\$819,794</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Lancaster City School District, Ohio
Demographic and Economic Statistics
Last Ten Years

Fiscal Year	Population Lancaster City		Personal Income (2) (in thousands)	Per Capita Personal Income	Unemployment Rate Fairfield County %
1998	37,826	(1)	\$572,118,250	\$15,125	3.20%
1999	38,254	(1)	\$578,591,750	15,125	3.00
2000	38,983	(1)	687,971,984	17,648	3.00
2001	35,335	(2)	623,592,080	17,648	2.30
2002	35,600	(1)	628,268,800	17,648	3.00
2003	35,860	(1)	632,857,280	17,648	4.20
2004	36,120	(1)	637,445,760	17,648	4.50
2005	36,380	(1)	642,034,240	17,648	4.60
2006	36,640	(1)	646,622,720	17,648	4.70
2007	40,000	(1)	705,920,000	17,648	4.80

Sources: Ohio Bureau of Employment Services
U.S. Census Bureau
City of Lancaster Community Development Department

(1) Population from 1996-1999 and 2001-2005 is estimated by the City of Lancaster Community Development Department.

(2) U.S. Bureau of Census, Federal 2000 Census

Lancaster City School District, Ohio*Principal Employers**Current Year and Nine Years Ago*

Employer	Nature of Business	2006		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical-Hospital	2,000	1	11.49%
Anchor Hocking Corporation	Manufacturing-Glass	1,003	2	5.76
Fairfield County	County Government	825	3	4.74
Lancaster City School District	Education	687	4	3.95
Diamond Power	Metal Fabrication	500	5	2.87
Ralston Foods, Incorporated	Manufacturing-Food Products	450	6	2.59
City of Lancaster	City Government	449	7	2.58
Crestview Manor Nursing Home	Medical-Nursing Facility	260	8	1.49
Gorsuch Enterprises	Real Estate, Builder	250	9	1.44
Glasfloss	Fiberglass Manufacturer	250	10	1.44
Total		<u>6,674</u>		<u>38.35%</u>
Total Employment within the School District		<u>17,400</u>		
Employer	Nature of Activity	1997		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical-Hospital	1,750	1	9.07%
Anchor Hocking Corporation	Manufacturing-Glass	1,400	2	7.25
Lancaster City School District	Education	781	3	4.05
Fairfield County	County Government	672	4	3.48
City of Lancaster	City Government	423	5	2.19
Diamond Power	Metal Fabrication	400	6	2.07
Ralston Foods, Incorporated	Manufacturing-Food Products	385	7	1.99
Crestview Manor Nursing Home **	Medical-Nursing Facility	288	8	1.49
Gorsuch Enterprises **	Real Estate, Builder	277	9	1.44
Glasfloss **	Fiberglass Manufacturing	277	10	1.44
Total		<u>6,653</u>		<u>34.47%</u>
Total Employment within the City		<u>19,300</u>		

Source: Total employment is from the State of Ohio Work Force Informer

Company information is from the Lancaster City development records and the Fairfield County Chamber of Commerce

**Except for the three marked in 1997 - These were estimated from a percentage of change calculation from the total employment information for the two periods recorded.

Lancaster City School District, Ohio
School District Employees by Function/Program
Last Five Fiscal Years

Function/Program	2003	2004	2005	2006	2007
Regular Instruction					
Certified Employees	260	265	259	259	226
Special Instruction					
Classified Employees	35	33	28	22	17
Certified Employees	84	84	82	78	77
Vocational Instruction					
Certified Employees	35	34	33	30	19
Pupil Support Services					
Classified Employees	5	5	5	4	5
Certified Employees	25	24	24	21	20
Instructional Staff					
Classified Employees	44	48	46	47	47
Certified Employees	16	15	14	11	4
Administrators	2	2	2	2	2
Administration					
Classified Employees	30	30	30	28	19
Certified Employees	7	8	3	0	0
Administrators	24	23	23	23	17
Fiscal					
Classified Employees	4	4	7	6	4
Administrators	1	1	1	1	1
Business					
Classified Employees	4	4	3	3	1
Operation and Maintenance of Plant					
Classified Employees	57	56	55	52	47
Administrators	2	2	2	2	1
Pupil Transportation					
Classified Employees	36	38	39	39	40
Administrators	1	1	1	1	1
Central					
Classified Employees	1	1	0	1	1
Administrators	1	1	1	1	1
Food Service Program					
Classified Employees	50	50	53	50	46
Administrators	2	2	1	1	1
Non-Instructional Services					
Classified Employees	2	2	2	3	2
Certified Employees	3	3	2	2	2
Totals	<u>731</u>	<u>736</u>	<u>716</u>	<u>687</u>	<u>601</u>

Source: Lancaster City School District Personnel Records

Method: The figures include only the full-time employees

Information prior to 2003 is not available.

TABLE 18

Lancaster City School District, Ohio
Per Pupil Cost
Last Ten Fiscal Years

Fiscal Year	General Fund Expenditures	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	State Average Pupil/Teacher Ratio
1998	\$32,122,827	6,542	\$4,910	N/A	384	17.0	20.4
1999	36,128,268	6,503	5,556	13.14%	411	15.8	18.6
2000	37,857,302	6,421	5,896	6.12%	422	15.2	18.1
2001	41,878,907	6,230	6,722	14.01%	437	14.3	18.0
2002	43,458,788	6,175	7,038	4.70%	422	14.6	16.9
2003	46,701,810	6,197	7,536	7.08%	430	14.4	16.5
2004	46,842,238	6,107	7,670	1.78%	433	14.1	18.5
2005	47,909,510	5,988	8,001	4.31%	417	14.4	18.5
2006	46,289,707	6,044	7,659	-4.28%	401	15.1	18.6
2007	41,807,164	5,877	7,114	-7.12%	348	16.9	19.6

Source: School District Records.

Lancaster City School District, Ohio

Building Statistics

Last Ten Fiscal Years

	1998	1999	2000
Cedar Heights Elementary School			
Constructed in 1939, addition in 1973			
Total Building Square Footage	31,100	31,100	31,100
Enrollment Grades K-6 for 1998-2006 and K-5 for 2007	477	452	497
Student Capacity	460	460	460
Instruction Classrooms	22	22	22
Teaching Stations	31	31	31
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
East Elementary School			
Constructed in 1939			
Total Building Square Footage	37,518	37,518	37,518
Enrollment Grades K-6 for 1998-2006 and K-5 for 2007	406	420	427
Student Capacity	314	314	314
Instruction Classrooms	20	20	20
Teaching Stations	24	24	24
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
Medill Elementary School			
Constructed in 1960, addition in 1965, 1966, and 1973			
Total Building Square Footage	31,500	31,500	31,500
Enrollment Grades K-6 for 1998-2006 and K-5 for 2007	397	428	444
Student Capacity	337	337	337
Instruction Classrooms	25	25	25
Teaching Stations	30	30	30
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
North Elementary School			
Constructed in 1917			
Last year building was in service was 2005			
Total Building Square Footage	43,760	43,760	43,760
Enrollment Grades K-6	365	352	357
Student Capacity	299	299	299
Instruction Classrooms	31	31	31
Teaching Stations	28	28	28
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A

TABLE 19

2001	2002	2003	2004	2005	2006	2007
31,100	31,100	31,100	31,100	31,100	31,100	31,100
485	443	446	463	456	471	377
460	460	460	460	460	460	460
22	22	22	22	22	22	22
31	31	31	31	31	31	31
N/A	N/A	1	1	1	1	1
N/A	N/A	28	31	30	26	19
N/A	N/A	15	15	15	18	15
37,518	37,518	37,518	37,518	37,518	37,518	37,518
393	379	366	343	315	423	383
314	314	314	314	314	314	314
20	20	20	20	20	20	20
24	24	24	24	24	24	24
N/A	N/A	1	1	1	1	1
N/A	N/A	25	23	20	26	22
N/A	N/A	13	14	14	19	15
31,500	31,500	31,500	31,500	31,500	31,500	31,500
420	435	403	392	339	339	305
337	337	337	337	337	337	337
25	25	25	25	25	25	25
30	30	30	30	30	30	30
N/A	N/A	1	1	1	1	1
N/A	N/A	22	23	21	19	16
N/A	N/A	17	17	17	14	15
43,760	43,760	43,760	43,760	43,760	closed	closed
328	336	340	331	300	closed	closed
299	299	299	299	299	closed	closed
31	31	31	31	31	closed	closed
28	28	28	28	28	closed	closed
N/A	N/A	1	1	1	closed	closed
N/A	N/A	26	25	20	closed	closed
N/A	N/A	18	18	16	closed	closed

(Continued)

Lancaster City School District, Ohio
Building Statistics
Last Ten Fiscal Years

	1998	1999	2000
Sanderson Elementary School			
Constructed in 1968, addition in 1973 and 1996			
Total Building Square Footage	31,233	31,233	31,233
Enrollment Grades K-6 for 1998-2006 and K-5 for 2007	407	407	385
Student Capacity	308	308	308
Instruction Classrooms	20	20	20
Teaching Stations	24	24	24
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
South Elementary School			
Constructed in 1931			
Total Building Square Footage	29,055	29,055	29,055
Enrollment Grades K-6 for 1998-2006 and K-5 for 2007	372	386	361
Student Capacity	149	149	149
Instruction Classrooms	17	17	17
Teaching Stations	21	21	21
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
Tallmadge Elementary School			
Constructed in 1956, addition in 1959, 1966, and 1973			
Total Building Square Footage	37,000	37,000	37,000
Enrollment Grades K-6 for 1998-2006 and K-5 for 2007	479	480	450
Student Capacity	345	345	345
Instruction Classrooms	20	20	20
Teaching Stations	29	29	29
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
Tarhe Elementary School			
Constructed in 1968, addition in 1973			
Modular Classrooms - Constructed in 2004			
Total Building Square Footage	25,200	25,200	25,200
Total Modular Square Footage	-	-	-
Enrollment Grades K-6 for 1998-2006 and K-5 for 2007	312	268	285
Student Capacity	328	328	328
Instruction Classrooms	12	12	12
Teaching Stations	17	17	17
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A

TABLE 19 (Continued)

2001	2002	2003	2004	2005	2006	2007
31,233	31,233	31,233	31,233	31,233	31,233	31,233
378	361	357	361	309	337	318
308	308	308	308	308	308	308
20	20	20	20	20	20	20
24	24	24	24	24	24	24
N/A	N/A	1	1	1	1	1
N/A	N/A	24	22	20	17	16
N/A	N/A	10	12	13	14	14
29,055	29,055	29,055	29,055	29,055	29,055	29,055
339	317	339	283	276	441	298
149	149	149	149	149	149	149
17	17	17	17	17	17	17
21	21	21	21	21	21	21
N/A	N/A	1	1	1	1	1
N/A	N/A	19	16	19	19	19
N/A	N/A	10	12	13	12	14
37,000	37,000	37,000	37,000	37,000	37,000	37,000
453	438	411	362	343	360	393
345	345	345	345	345	345	345
20	20	20	20	20	20	20
29	29	29	29	29	29	29
N/A	N/A	1	1	1	1	1
N/A	N/A	23	25	23	18	19
N/A	N/A	14	14	15	13	17
25,200	25,200	25,200	25,200	25,200	25,200	25,200
-	-	-	9,000	9,000	9,000	9,000
289	301	292	310	440	472	375
328	328	328	445	445	445	445
12	12	12	20	20	20	20
17	17	17	17	17	17	17
N/A	N/A	1	1	1	1	1
N/A	N/A	19	19	22	23	18
N/A	N/A	11	12	13	15	16

(Continued)

Lancaster City School District, Ohio

Building Statistics

Last Ten Fiscal Years

	1998	1999	2000
West Elementary School			
Constructed in 1928, addition in 1960			
Total Building Square Footage	46,404	46,404	46,404
Enrollment Grades K-6 for 1998-2006 and K-5 for 2007	412	416	390
Student Capacity	428	428	428
Instruction Classrooms	24	24	24
Teaching Stations	28	28	28
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
General Sherman Junior High School			
Constructed in 1957, addition in 1973			
Total Building Square Footage	64,394	64,394	64,394
Enrollment Grades 7-8 for 1998-2006 and 6-8 for 2007	523	535	502
Student Capacity	484	484	484
Instruction Classrooms	23	23	23
Teaching Stations	29	29	29
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
Thomas Ewing Junior High School			
Constructed in 1957			
Total Building Square Footage	63,308	63,308	63,308
Enrollment Grades 7-8 for 1998-2006 and 6-8 for 2007	500	522	514
Student Capacity	493	493	493
Instruction Classrooms	27	27	27
Teaching Stations	34	34	34
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
Stanberry Freshman School			
Constructed in 1929, addition in 1965			
Total Building Square Footage	77,767	77,767	77,767
Enrollment Grade 9 for 1998-2006	491	486	501
Enrollment for Career Based Intervention			
Technology students	0	0	0
Student Capacity	509	509	509
Instruction Classrooms	28	28	28
Teaching Stations	32	32	32
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A

TABLE 19 (Continued)

2001	2002	2003	2004	2005	2006	2007
46,404	46,404	46,404	46,404	46,404	46,404	46,404
395	395	414	424	430	463	379
428	428	428	428	428	428	428
24	24	24	24	24	24	24
28	28	28	28	28	28	28
N/A	N/A	1	1	1	1	1
N/A	N/A	21	28	27	27	26
N/A	N/A	22	20	20	15	15
64,394	64,394	64,394	64,394	64,394	64,394	64,394
443	437	476	491	482	460	686
484	484	484	484	484	484	484
23	23	23	23	23	23	23
29	29	29	29	29	29	29
N/A	N/A	2	1	2	2	1
N/A	N/A	34	31	30	27	39
N/A	N/A	25	23	24	21	20
63,308	63,308	63,308	63,308	63,308	63,308	63,308
527	542	538	529	499	454	587
493	493	493	493	493	493	493
27	27	27	27	27	27	27
34	34	34	34	34	34	34
N/A	N/A	2	1	1	1	1
N/A	N/A	28	31	28	28	34
N/A	N/A	22	21	21	23	20
77,767	77,767	77,767	77,767	77,767	77,767	77,767
480	470	474	483	507	501	0
0	0	0	0	0	0	56
509	509	509	509	509	509	509
28	28	28	28	28	28	28
32	32	32	32	32	32	32
N/A	N/A	17	18	15	16	9
N/A	N/A	36	39	34	36	14
N/A	N/A	35	38	43	39	15

(Continued)

Lancaster City School District, Ohio
Building Statistics
Last Ten Fiscal Years

	1998	1999	2000
Lancaster High School			
Constructed in 1963			
Vocational classrooms constructed in 1965			
Total Building Square Footage	192,500	192,500	192,500
Enrollment Grades 10-12 for 1998-2006 and 9-12 for 2007	1,401	1,351	1,308
Student Capacity	1,302	1,302	1,302
Instruction Classrooms	65	65	65
Teaching Stations	102	102	102
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A

N/A - Information prior to 2003 is not available.

Student enrollment is based on the October account for Educational Management Information System

Student Capacity is based on State standards of needed square footage per child

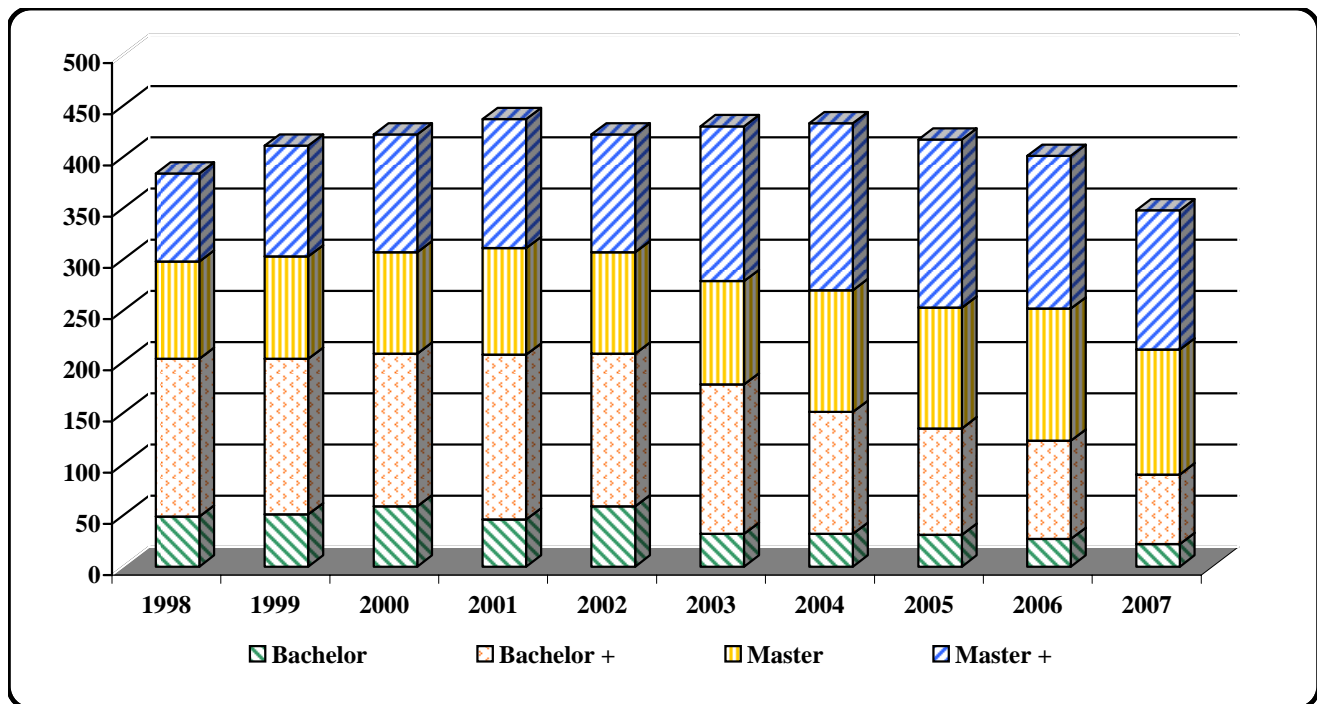
TABLE 19 (Continued)

2001	2002	2003	2004	2005	2006	2007
192,500	192,500	192,500	192,500	192,500	192,500	192,500
1,300	1,321	1,341	1,335	1,292	1,323	1,720
1,302	1,302	1,302	1,302	1,302	1,302	1,302
65	65	65	65	65	65	65
102	102	102	102	102	102	102
N/A	N/A	3	3	4	4	5
N/A	N/A	125	120	123	135	106
N/A	N/A	56	55	44	52	53

TABLE 20

Lancaster City School District, Ohio
Full-Time Equivalent Teachers by Education
Last Ten Fiscal Years

Degree	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Bachelor's Degree	49	51	59	46	59	32	32	31	27	22
Bachelor + 15	13	14	11	12	11	9	6	7	5	3
Bachelor + 30 (150 hours)	141	138	138	149	138	137	113	97	91	65
Master's Degree	95	100	99	104	99	101	119	118	129	122
Master's + 15	18	28	30	30	30	36	38	41	34	32
Master's + 30	56	63	67	75	67	86	90	86	81	77
Master's + 45	12	17	18	21	18	29	35	35	34	27
Ph. D.	0	0	0	0	0	0	0	2	0	0
Total	384	411	422	437	422	430	433	417	401	348



Source: Lancaster City School District Personnel Records.

Lancaster City School District, Ohio
Teachers' Salaries
Last Ten Fiscal Years

Fiscal Year	Minimum Salary (1)	Maximum Salary (2)	Average Salary Comparable Districts (3)	Statewide Average Salary (4)
1998	\$25,060	\$51,590	N/A	N/A
1999	25,812	53,137	N/A	N/A
2000	26,586	54,730	N/A	N/A
2001	27,782	57,193	\$43,029	\$42,995
2002	28,754	59,195	43,650	43,755
2003	29,904	61,562	45,103	45,642
2004	31,100	64,024	48,008	47,659
2005	32,344	66,585	47,188	49,438
2006	32,344	66,585	49,498	50,772
2007	32,344	66,585	51,972	53,536

Sources: School District Financial Records and the Ohio Department of Education.

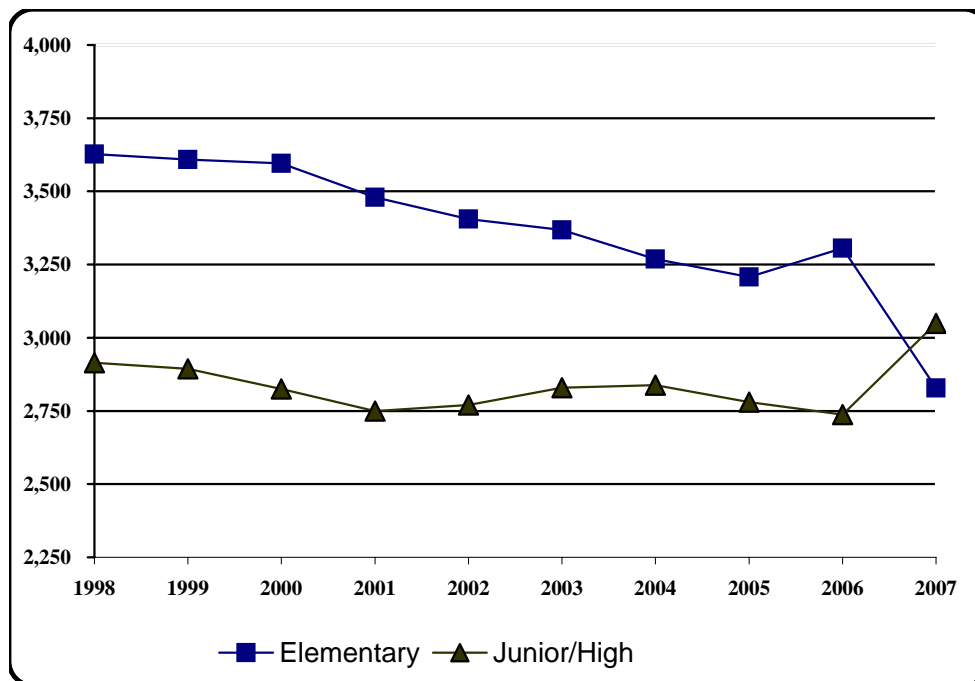
- (1) Starting teacher with no experience - per negotiated agreement.
- (2) Teacher with a Masters degree and more than 45 year's experience - per negotiated agreement.
- (3) Provided by the Ohio Department of Education.
- (4) Provided by the Ohio Department of Education.

N/A - The Ohio Department of Education started reporting these averages beginning in fiscal year 2001.

TABLE 22

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

Fiscal Year	Elementary Schools	Junior/High School	Total
1998	3,627	2,915	6,542
1999	3,609	2,894	6,503
2000	3,596	2,825	6,421
2001	3,480	2,750	6,230
2002	3,405	2,770	6,175
2003	3,368	2,829	6,197
2004	3,269	2,838	6,107
2005	3,208	2,780	5,988
2006	3,306	2,738	6,044
2007 (a)	2,828	3,049	5,877



Source: School District Records - October counts that was submitted to the Educational Management Information System.

(a) During fiscal year 2007 the sixth grade was moved from the elementary buildings to the junior high buildings.

Lancaster City School District, Ohio
Attendance and Graduation Rates
Last Ten Fiscal Years

Fiscal Year	Lancaster City Attendance Rate	State Average	Lancaster City Graduation Rate	State Average
1998	93.80%	93.60%	80.20%	79.60%
1999	93.50	93.50	76.50	79.70
2000	94.10	93.60	79.70	81.00
2001	94.50	93.90	81.50	80.70
2002	94.50	94.30	79.40	81.20
2003	94.50	94.50	83.60	82.70
2004	94.40	94.50	88.00	84.30
2005	94.90	94.30	85.40	85.90
2006	94.60	94.10	85.50	86.20
2007	94.60	94.10	88.10	86.10

Source: Ohio Department of Education Local Report Cards

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

Year	English	Math	Reading	Science	Composite
A.C.T. - Lancaster High School (Juniors and Seniors)					
1998	20.6	22.1	22.4	22.1	21.9
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
2004	20.5	21.7	22.5	22.1	21.9
2005	20.4	21.3	21.5	21.6	21.3
2006	20.7	21.3	21.6	21.7	21.4
2007	20.8	21.4	21.8	22.2	21.7
A.C.T. - Ohio (Graduating Class)					
1998	20.7	21.2	21.8	21.5	21.4
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
2004	20.7	21.1	21.9	21.5	21.4
2005	20.7	21.2	21.9	21.5	21.4
2006	20.8	21.3	21.9	21.5	21.5
2007	21.0	21.3	22.0	21.6	21.6
A.C.T. - U.S.A. (Graduating Class)					
1998	20.4	20.8	21.4	21.1	21.0
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
2004	20.4	20.7	21.3	20.9	20.9
2005	20.4	20.7	21.3	20.9	20.9
2006	20.6	20.8	21.4	20.9	21.1
2007	20.7	21.0	21.5	21.0	21.2

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

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

Fiscal Year	Verbal Mean	Math Mean	Writing Mean
S.A.T. - Lancaster High School			
1998	524	547	n/a
1999	524	559	n/a
2000	525	554	n/a
2001	530	539	n/a
2002	546	555	n/a
2003	535	546	n/a
2004	526	544	n/a
2005	509	525	n/a
2006	500	522	473
2007	513	528	494
S.A.T. - Ohio			
1998	536	540	n/a
1999	534	538	n/a
2000	533	539	n/a
2001	534	539	n/a
2002	533	540	n/a
2003	536	541	n/a
2004	538	542	n/a
2005	539	543	n/a
2006	535	544	521
2007	536	542	522
S.A.T. - U.S.A.			
1998	505	512	n/a
1999	505	511	n/a
2000	505	514	n/a
2001	506	514	n/a
2002	504	516	n/a
2003	507	519	n/a
2004	508	518	n/a
2005	508	520	n/a
2006	503	518	497
2007	502	515	494

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

N/A - there were no writing scores for years prior to 2006

Lancaster City School District, Ohio
Students in Free or Reduced Price Lunch Program
June 30, 2007

School	Students Receiving Free Lunch	Percentage of Students Receiving Free Lunch	Students Receiving Reduced Lunch	Percentage of Students Receiving Reduced Lunch
Cedar Heights Elementary School	146	38.73%	25	6.63%
East Elementary School	130	33.94	35	9.14
Medill Elementary School	71	23.28	27	8.85
Sanderson Elementary School	115	36.16	19	5.97
South Elementary School	163	54.70	21	7.05
Tallmadge Elementary School	161	40.97	51	12.98
Tarhe Elementary School	73	19.47	20	5.33
West Elementary School	197	51.98	36	9.50
General Sherman Junior High School	228	33.24	79	11.52
Thomas Ewing Junior High School	192	32.71	49	8.35
Lancaster High School	397	22.35	133	7.49

Source: School District Food Service Records at June 30, 2007



Mary Taylor, CPA
Auditor of State

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
JANUARY 17, 2008