

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, 2009**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
<i>Passed Through Ohio Department of Education:</i>			
Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	\$100,654	\$100,654
Cash Assistance			
School Breakfast Program	10.553	358,202	358,202
National School Lunch Program	10.555	1,050,218	1,050,218
Total Nutrition Cluster		<u>1,509,074</u>	<u>1,509,074</u>
Total U.S. Department of Agriculture		<u>1,509,074</u>	<u>1,509,074</u>
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Safe and Drug-Free Schools and Communities			
National Program	84.184	70,000	75,987
Fund for the Improvement of Education Program	84.215	314,808	329,355
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education_Grants to States Program	84.027	1,115,028	1,388,907
Special Education_Preschool Grants Program	84.173	4,129	39,469
Total Special Education Cluster		<u>1,119,157</u>	<u>1,428,376</u>
Title I Grants to Local Educational Agencies Program	84.010	1,329,637	1,606,714
Career and Technical Education_Basic Grants to States Program	84.048	114,682	127,250
Safe and Drug-Free Schools and Communities State Grants Program	84.186	3,000	32,707
State Grants for Innovative Programs	84.298	5,309	15,055
Education Technology State Grants Program	84.318	1,360	15,160
Improving Teacher Quality State Grants Program	84.367	342,262	430,305
Total U.S. Department of Education		<u>3,300,215</u>	<u>4,060,909</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>			
<i>Passed Through Ohio Department of Public Safety:</i>			
Disaster Grants - Public Assistance Program	97.036	15,981	15,981
Total U.S. Department of Homeland Security		<u>15,981</u>	<u>15,981</u>
Totals		<u>\$4,825,270</u>	<u>\$5,585,964</u>

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

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Title I Grants to Local Educational Agencies	84.010	\$116,795

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D - FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the entitlement value.

NOTE E - REFUND

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>
Special Education Preschool Grants Program	84.173	\$614



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, each 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, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 4, 2009. 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.

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 intend this report solely for the information and use of the Financial Review Committee, management, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 4, 2009



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, AND ON THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES 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, 2009. 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, 2009.

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.

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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.

Federal Awards Receipts and Expenditures Schedule

We have also audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2009, and have issued our report thereon dated December 4, 2009. 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 Financial Review Committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 21, 2009, except the Federal Awards Receipts and Expenditures Schedule dated December 4, 2009.

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

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 Grant Program (CFDA #84.010); Fund for the Improvement of Education Program (CFDA #84.215); and Improving Teacher Quality Program (CFDA #84.367)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Mary Taylor, CPA

Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on June 28, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A procedure for reporting prohibited incidents;
 - (2) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (3) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.
 - (6) A procedure for documenting any prohibited incident that is reported.

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3. We read the policy, noting it did not include the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by Section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - (2) A procedure for responding to and investigating any reported incident;
 - (3) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
 - (4) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

Officials' Response: The School updated their policy with all requirements on November 23, 2009.

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

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



Mary Taylor, CPA
Auditor of State

December 4, 2009

Lancaster City School District, Ohio

“A Community Focused on
Student Achievement”



Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2009

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Lancaster City School District, Ohio

Comprehensive Annual Financial Report
(CAFR)



For the Fiscal Year Ended June 30, 2009
Issued By: Treasurer's Office
Julie Taylor, Treasurer

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LANCASTER CITY SCHOOL DISTRICT, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
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LANCASTER CITY SCHOOL DISTRICT, OHIO
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Introductory Section



**Lancaster
Gales**

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December 4, 2009

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, 2009. 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 will enable them to gain a clear understanding of the School District's finances. Copies will be made available to the Fairfield County District Library and/or can be printed from the School District's website. 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.

Management's Discussion and Analysis (MD&A) immediately follows the independent accountants' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

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, Fairfield County Fair, 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 2009 the School District was comprised of a high school (serving 1,719 students in grades 9-12), a former 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, 2009, the citizens of Lancaster have an investment of \$8,736,629 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 248 non-certified employees, 389 certificated personnel, and 25 administrative employees who provide services to 6,007 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 represent 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 19 to the Basic Financial Statements.

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Ohio School Plan, and the South Central Ohio Insurance Consortium, insurance purchasing pools. Information pertaining to these pools is presented in Note 20 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, thus alleviating 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.

During late 2007 through early 2009, Lancaster has seen the largest retail expansion in over twenty years. Four large retailers constructed new buildings and opened for business at Ety Pointe Center. Those large retailers included Kohl's Department Store, Wal-Mart SuperCenter, Giant Eagle, and Menards Home Improvement Center. There was also the construction of a new strip mall and several new restaurants. Some of the larger restaurant chains that opened were Sonic America's Drive-In, Max and Erma's, Panera Bread, Scrambler Maries, and the Spaghetti Shop. Even in a tough economy, there are several projects that are proposing new retail facilities in this area of the City.

Lancaster is a hub for Medical services in Fairfield and surrounding counties. Fairfield Medical Center (FMC) provides full hospital services to the region with a 222 bed facility and smaller outpatient clinics throughout the City. With the recent \$26 million expansion, the Fairfield Medical Center continues to be a catalyst for economic stimulus for the entire community. FMC has over 250 doctors on staff and employs a total of 1,503 employees and has remained the City's largest employer over the years.

Due to the aging population, several new care giving facilities opened in 2007. These new facilities include Villas at Wesley Hills, Inn at Fairfield Village, and the Pershing House which offer services like assisted living and Alzheimer's care. Also, a new hospice facility opened called Pickering House.

Anchor Hocking has remained the largest manufacturing employer within the School District over the years. Anchor Hocking was sold in 2007 to Monomoy Capital Partners. Monomoy Capital Partners secured assistance from the Ohio Department of Development to finance a \$32 million capital investment. This expansion project is expected to add 150 new workers. Diamond Power, a metal fabrication factory, Mondi Packaging, a paper packaging manufacturer, both undertook recent building expansions. Fox Mechanical, Inc. completed a new facility and moved in April 2008. U.S. Corrugated built a new 317,000 square foot facility, opening November 2008, expecting to provide approximately 100 new jobs.

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. House Bill 1, the state budget bill passed July 2009, proposes many changes to school funding but the full effect is not known at this time, especially with the current economic times.

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/ACCOMPLISHMENTS

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 achieved during the fiscal year ended June 30, 2009. Some of those were as follows:

Human Resources

- Recruited and hired 60 certified/licensed teachers for the 2008/09 school year. This included 30 entry year teachers.
- Coordinated the School District efforts to implement the Ohio Department of Education’s Master Teacher Program.

Instructional Services Department

- Facilitated and created a School District leadership team which created a School District-wide Ohio Improvement Process (OIP) action plan.
- Created a School District professional development plan to be implemented in the 2009/2010 school year.
- Reviewed and adopted new foreign language textbooks for French, Latin, and Spanish.
- Reviewed, adopted and trained preschool school through twelve teachers in the usage of the new Language Arts textbooks and materials.
- Having qualified for Poverty Based Assistance Funding, the School District offered all day everyday kindergarten this fiscal year.

Custodial/Maintenance Department

- Installed more than 250 overhead projectors and white boards in the School District’s buildings.
- Managed bids/quotes for summer mowing, cement/concrete work, fire extinguisher inspections, floor carpeting/matting for compliance of Jarod’s Law, and bleacher inspections.
- Completed 2,475 out of 2,843 work orders entered into the work order system.

Student Services

- Emphasized the use of special education data with administration (principals, supervisors and psychologists).
- Developed Special Education Leadership Teams to work on delivery systems for special education students at the secondary level to provide a full range of services to students and flexibility based on the students individual needs.

Technology Department

- Installed new computers throughout the School District including thin client computer labs at General Sherman, Thomas Ewing and Lancaster High School. Installed Office 2007 and Anti-Virus Updates on all 1,500 computers.
- Installed over 600 telephones in classrooms and offices through the School District including 9-1-1 call notification to the school and administrative offices.
- LSN produced 50 editions of the show, “Yours in Educations,” and twelve editions of Chalkmarks.

Transportation Department

- Implemented Triptracker for athletic and field trips which will enable the School District to eliminate the need for expensive paper forms and enable buildings and the athletic department to check the calendar to view bus requests and schedules.
- Implemented Fleetvision which is an electronic work order and maintenance system for vehicles allowing the School District to track account balances, labor and parts history.
- Updated tools for the mechanics and replaced older high mileage vans with new more efficient models at prices well below market value.

Treasurer’s Department

- Received an unqualified opinion on the fiscal year 2008 audit.
- Received the following awards: Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year 2008 for the 17th consecutive year and the “Making Your Tax Dollars Count Award” from the Auditor of State. Also prepared the first annual Popular Annual Financial Report for Fiscal Year 2008 which is a colorful easy to read document to educate the public and staff on School District revenues and expenditures.
- Successfully recruited and hired a Treasurer and Assistant Treasurer.

Food Service Department

- Began serving breakfast in the classroom at Cedar Heights, increasing the Federal Breakfast Reimbursement by 6 percent.
- Applied and was awarded a Breakfast Expansion Grant to purchase a milk cooler to aid in the breakfast distribution at Cedar Heights.
- Coordinated the reorganization of area Food Service Directors that will begin meeting biannually (with a representative from the Ohio Department of Education) for the purpose of sharing knowledge and discussing problems facing school nutrition programs.

Business Office/Support Services

- Constructed aggressive asphalt and roofing bid packages to take advantage of good pricing in the construction market, saving approximately \$300,000.
- Brought School District staff up to date on facility issues and started discussions about the Ohio School Facilities Commission.
- Enrolled the School District in the Bureau of Worker’s Compensation Premium Discount Program, requiring a 10 Step Business Plan that will allow the School District to take advantage of savings up to 10 percent in the first two years and then up to 5 percent in the third year.

Athletic Department

- Football team had its 8th consecutive winning season.
- Boys track locker room was renovated under the leadership of Coach Koksal.
- Several individual athletics received awards and scholarships.

Lancaster High School

- Increased overall enrollment of students in Career Tech.
- The Current Events class placed first in the nation in the National Current Events League contests.
- Science Olympiad earned a top three rating in the following categories: Disease Detective, Junkyard Challenge, and Picture This.

General Sherman Junior High

- Received an excellent rating on the state report card by the Ohio Department of Education for the 2008-2009 school year.
- Implemented a new 6th grade computer lab containing 30 computers to increase access to technology for students.
- The band and choir received a superior rating, the highest rating possible, at the Trills and Thrills Music Festival on May 16 at King's Island.

Thomas Ewing Jr. High School

- Thanks to generous donations of Thomas Ewing and Lancaster High School alums, the entrance to the building received a fantastic facelift.
- Science Olympiad and Power of the Pen returned to Thomas Ewing. The school placed 7th out of 15 teams for Science Olympiad and sent three students to the state competition for Power of the Pen.
- Incorporated video games, sporting events, photo booths, and karaoke at school dances, increasing attendance and ticket sales which allowed the school to make various building and classroom purchases.

Cedar Heights Elementary

- Received the OAESA Hall of Fame Award, only one of eight schools across the State of Ohio to receive the recognition.
- Updated technology in every classroom, including new computers, Mimio machines, mounted projectors, and whiteboards.
- Took the top three spots in the Americanism Poster Contest.

East Elementary

- Completed the final year of the 21st Community Learning Center Grant and has now joined with the West After School Center to apply for another five year grant.
- Received a visit from Governor Ted Strickland as part of his educational plan to promote full day kindergarten in all Ohio schools.
- Added technology upgrades to every classroom including projectors, magnetic and interactive whiteboards, Classroom Performance Systems (CPS units), Mobi tablet devices, Mimio systems, and iPod hardware to help keep the staff/students up to date with the latest technology.

Medill Elementary

- Received an "effective" rating from the Ohio Department of Education in social studies Ohio Achievement Test, which appeared to be the most difficult state test.
- Continued to have a very strong volunteer program, again surpassing the 100 volunteer mark.
- Integrated technology throughout the school day, with access to podcasting, electronic books, webcasting, distance learning, and virtual field trips to provide students with 21st Century skills.

Sanderson Elementary

- Received an “excellent” rating by the Ohio Department of Education following four years of an “effective” rating.
- The PTO provided over \$11,000 in projects, annual family events, library books and AR quizzes, student awards, two digital cameras, trip to COSI, student scholarships, and much more.
- Provided learning experiences for Ohio University students in the College of Education by observing and teaching in the classrooms.

South Elementary

- Formed a partnership with Big Brothers and Big Sisters of Fairfield County that included an adult lunch buddy program. Buddies spent one lunch period a week bonding with the students.
- Mental health counselors, provided by grant funds, worked to address needs presented by South students.
- Received several donations: classroom supplies (First United Methodist Church), books (Fire Station 1), coats, gloves, clothing (Charity Newsies and the Women’s Auxiliary of Terry Web Memorial), dictionaries/books (Rotary), a computer system (Giant Eagle), and books (Target).

Tallmadge Elementary

- Rated “School of Promise” by the Ohio Department of Education for the second year in a row.
- The Preschool, located in Tallmadge, earned the honorable distinction of National Accreditation as recognized by NAEYC.
- Received grant monies to operate the Tallmadge Community Learning Center which is an extended day learning opportunity for students.

Chief Tarhe Elementary

- Had nearly 100% parent attendance at parent teacher conferences this year.
- Received the Governor’s “Buckeye Best Bronze” award for the third year. This award requires the principal and P.E. teacher to complete a four page application to explain the physical fitness, health education and other positive health activities that take place in the building each day.
- PTO placed big emphasis on Health and Fitness, raising funds for a new fitness path. The trail was completed in the fall of 2009.

West Elementary

- Partnered with Eastside School for Success and Art & Clay to provide students with after school art enrichment.
- Began breakfast in the classroom this year, providing a well balanced breakfast at the start of each school day.
- A webpage for West was maintained to provide information to staff, students, parents and community members. The site included a yearly calendar of events, monthly newsletters, weekly press releases, photos of various events, and much more.

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 the common purpose of 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 was expected to generate approximately \$8,698,676 annually according to the Ohio Department of Taxation. The School District has received the cash distribution of \$577,362 in fiscal year 2007, \$7,024,330 in fiscal year 2008, and \$10,238,850 in fiscal year 2009. Due to the approval of the 1.5 percent earned income tax levy, the School District chose not to renew the 3.9 mill emergency levy which concluded in August, 2007.

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.

Historically over the last 10 years, the School District has experienced a decline in enrollment; however, the School District has seen some increase in enrollment over the last three fiscal years. Open enrollment into other school districts and community schools continues to increase in student numbers, which impacts the State funding revenue.

The School District's outdated and aging buildings continue to be a burden on the general fund. 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 and the summer of 2009 and modulars at General Sherman and Thomas Ewing which were installed in the summer of 2009.

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 hardware and software
- Updating library books and reference materials
- Maintenance of building and grounds
- 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.

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, 2009, 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, 2008. 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 seventeen years out of the last eighteen 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.

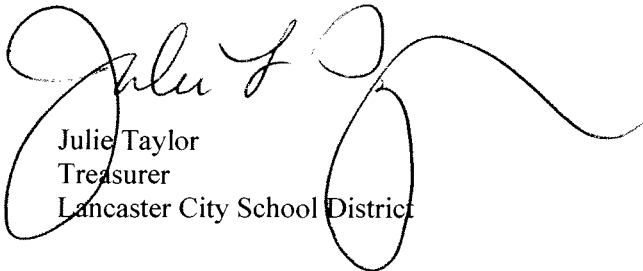
In addition, the School District received their first Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from GFOA for the year ended June 30, 2008. The PAFR is a condensed, more user-friendly financial report intended to provide highlights of the School District's financial condition. This was the first year the School District produced a PAFR.

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.

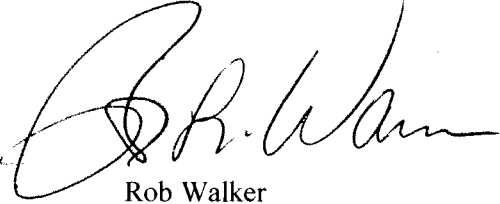
The accomplishment of this report would not have been possible without the assistance, support, and efforts of the staff of the Treasurer’s office, Superintendent’s office, and various administrators and employees of the School District. A special thank you is extended to State Auditor Mary Taylor’s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



Julie Taylor
Treasurer
Lancaster City School District



Rob Walker
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, 2008

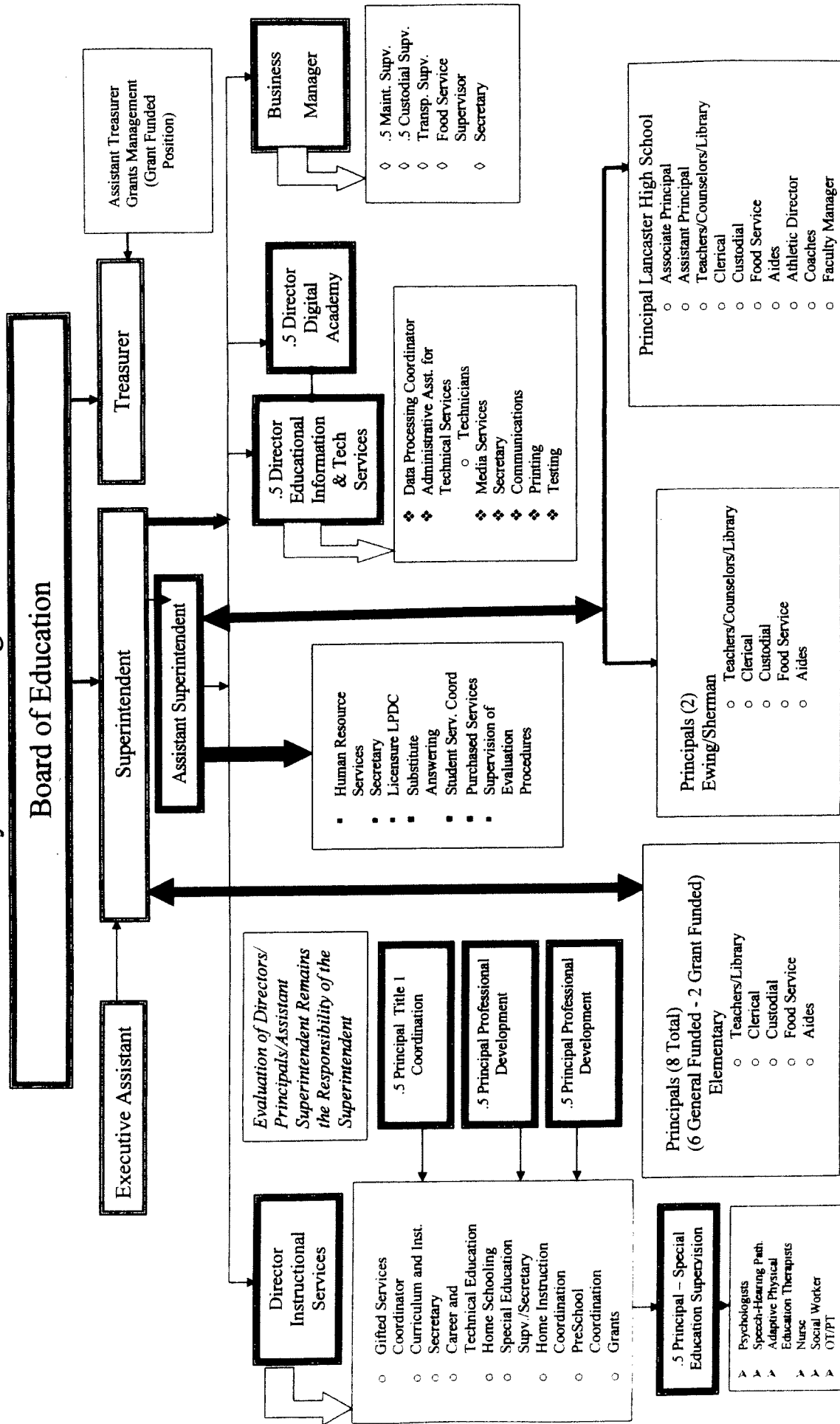
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards 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, 2009

BOARD OF EDUCATION

Mr. Bill Bickham President
Mr. Thomas Pearce Vice President
Ms. Amy Eyman Member
Ms. Patti Moore Member
Ms. Holly Saunders Member

Treasurer

Stephen R. St. Clair, Treasurer
(July 1 through October 13, 2008. Leave of absence October 13, 2008 to November 21, 2008,
resigned on November 21, 2008).

Joanne C. Little, Interim Treasurer
(Began on October 13, 2008 through December 31, 2008)

Julie Taylor, Treasurer
(Began on January 1, 2009 through present)

Administration

Denise D. Callihan, Ph. D (retired on September 30, 2009). Superintendent
Rob Walker (became Superintendent on October 1, 2009). Assistant Superintendent
Jerry Rainey. Director of Business
Steven Scott (retired on August 31, 2009). Director of Educational Information and Technology
Brad Molk Director of Instructional Services

Financial Section



**Lancaster
Gales**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each 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, 2009, 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, each major fund, and the aggregate remaining fund information of Lancaster City School District, Fairfield County, Ohio, as of June 30, 2009, 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 4, 2009, 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 4, 2009

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
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, 2009. 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 2009 are as follows:

- Net assets of governmental activities increased \$5,143,784.
- General revenues accounted for \$52,421,961 in revenue or 82 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$11,316,538 or 18 percent of total revenues of \$63,738,499.
- Total assets of governmental activities increased \$6,734,481 or 11 percent. The primary items that impacted the change was an increase in cash and cash equivalents in the amount of \$6,235,221, an increase in cash and cash equivalents with fiscal agents in the amount of \$888,807, and an increase of \$1,178,205 in capital assets. The increases were offset by a decrease in income taxes receivable in the amount of \$615,337 and a decrease in taxes receivable of \$817,370.
- Total liabilities of governmental activities increased from \$28,234,200 to \$29,824,897. Long-term liabilities such as intergovernmental payables and compensated absences make up 12 percent of the total liabilities.
- The School District had \$58,594,715 in expenses related to governmental activities; only \$11,316,538 of these expenses was offset by program specific charges for services, grants, contributions, and interest.
- The School District has two major funds, the general fund and the permanent improvement fund. The general fund had \$53,371,703 in revenues, \$49,927,913 in expenditures, and (\$22,076) in other financing sources (uses). The general fund's balance increased \$3,421,714. The permanent improvement fund had \$153,293 in revenues and \$37,914 in expenditures. The permanent improvement fund's balance increased \$115,379.

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 long-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 funds 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, 2009
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 2009?" 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 funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. 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 funds. The School District's major governmental funds are the general fund and the permanent improvement 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.

Proprietary Funds When the School District charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the employees of the School District, the services are reported as an internal service fund. The School District has one internal service fund to account for employee medical, surgical, prescription drug, and dental claims.

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these fund are not available to support the School District's programs. The School District has one private purpose trust fund and one agency fund.

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 2009 compared to 2008.

Table 1 - Net Assets

	Governmental Activities		
	2009	2008	Change
Assets			
Current and Other Assets	\$57,931,520	\$52,375,244	\$5,556,276
Capital Assets	8,736,629	7,558,424	1,178,205
Total Assets	66,668,149	59,933,668	6,734,481
Liabilities			
Long-Term Liabilities	3,469,321	3,412,238	57,083
Other Liabilities	26,355,576	24,821,962	1,533,614
Total Liabilities	29,824,897	28,234,200	1,590,697
Net Assets			
Invested in Capital Assets, Net of Debt	8,736,629	7,558,424	1,178,205
Restricted	1,636,671	2,021,016	(384,345)
Unrestricted	26,469,952	22,120,028	4,349,924
Total Net Assets	\$36,843,252	\$31,699,468	\$5,143,784

Total assets increased \$6,734,481. The majority of the increase in current and other assets was due mainly to an increase in cash and cash equivalents in the amount of \$6,235,221, an increase in cash and cash equivalents with fiscal agents in the amount of \$888,807, and an increase in capital assets. The increases were offset by a decrease in income taxes receivable in the amount of \$615,337 and a decrease in property taxes receivable in the amount of \$817,370. The increase in cash and cash equivalents was due mainly to the School District receiving its second full year of income tax revenues from the 1.5 percent earned income tax levy approved by voters in November, 2006 for a ten year period. During fiscal year 2008, the School District received a full year of income tax cash distributions totaling \$7,024,330. During fiscal year 2009, the School District received cash distributions of \$10,238,850. The increase in cash and cash equivalents with fiscal agents is due to the School District's paying more into the self insurance program than what was needed for expenses. The decrease in property taxes receivable is due mainly to the decrease in tangible personal property assessed values. The decline in the economy has especially impacted 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 was totally eliminated in 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. Capital assets increased by \$1,178,205 due mainly to the School District making land improvements, improvements to buildings, and updating vehicles. The School District had reduced spending in the area of capital assets for the past several years due to budget reductions. During fiscal year 2008 and 2009, the School District began to increase spending in the area of capital assets to make much needed land and

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building improvements and to replace outdated vehicles. The current year depreciation expenses of \$518,558 offset the capital asset additions of \$1,696,763.

Total liabilities increased by \$1,590,697. The majority of the increase was in other liabilities due to the increase in the amount of \$429,968 in accounts payable, the increase in the amount of \$408,935 in accrued salaries and benefits payable, an increase in the amount of \$344,789 in contracts payable, an increase in the amount of \$283,118 in matured compensated absences, and an increase in the amount of \$218,774 in claims payable. The increase in accounts payable and contracts payable were the result of the School District making necessary improvements, installing new modulars, and updating equipment and textbooks. The increase in accrued salaries and benefits payable was the result of the increase in staff and the increase in salaries for employees. The School District experienced an increase in the number of employees retiring at year end which increased the matured compensated absences payable. Claims payable reflected an increase due to an increase in current year medical and dental claims activity. Claims payable is based on actuarial estimates for incurred but not reported and in-process claims as of fiscal year end. Liabilities were offset by a decrease in the area of intergovernmental payables in the amount of \$175,741. The increase in long-term liabilities in the amount of \$57,083 was mostly due to an increase in compensated absences.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2009, and comparisons to fiscal year 2008.

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Table 2 - Changes in Net Assets

	Governmental Activities		
	2009	2008	Change
Revenues			
Program Revenues			
Charges for Services	\$2,583,929	\$2,531,574	\$52,355
Operating Grants, Contributions, and Interest	8,704,176	8,661,212	42,964
Capital Grants and Contributions	28,433	33,471	(5,038)
Total Program Revenues	11,316,538	11,226,257	90,281
General Revenue			
Property Taxes	19,160,191	22,331,810	(3,171,619)
Income Taxes	9,623,513	9,260,589	362,924
Grants and Entitlements	23,121,048	22,233,300	887,748
Gain on Sale of Capital Assets	6,300	2,166	4,134
Payment in Lieu of Taxes	0	92,612	(92,612)
Unrestricted Contributions	1,000	0	1,000
Investment Earnings	454,476	849,581	(395,105)
Miscellaneous	55,433	362	55,071
Total General Revenues	52,421,961	54,770,420	(2,348,459)
Total Revenues	63,738,499	65,996,677	(2,258,178)
Program Expenses			
Instruction			
Regular	25,382,476	22,340,411	3,042,065
Special	6,916,927	6,376,028	540,899
Intergovernmental	0	43,367	(43,367)
Vocational	1,876,125	1,584,128	291,997
Adult/Continuing	0	150	(150)
Student Intervention Services	195,280	0	195,280
Support Services			
Pupil	2,888,413	2,311,328	577,085
Instructional Staff	3,297,921	3,093,077	204,844
Board of Education	126,111	66,610	59,501
Administration	4,297,134	3,282,407	1,014,727
Fiscal	1,798,715	1,153,200	645,515
Business	480,900	439,019	41,881
Operation and Maintenance of Plant	4,659,595	4,111,162	548,433
Pupil Transportation	1,740,238	1,653,859	86,379
Central	81,009	456,405	(375,396)
Operation of Non-Instructional Services:			
Food Service Operations	2,387,214	2,258,702	128,512
Other	1,384,954	993,610	391,344
Extracurricular Activities	1,081,703	786,172	295,531
Interest and Fiscal Charges	0	12,256	(12,256)
Total Program Expenses	58,594,715	50,961,891	7,632,824
<i>Change in Net Assets</i>	\$5,143,784	\$15,034,786	(\$9,891,002)

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 30 percent of revenues for governmental activities for the School District in fiscal year 2009.

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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 and ended in December 2007.

In November 2006, the voters in 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 during fiscal year 2007. During fiscal years 2008 and 2009, the School District recognized a full year of income tax revenues. Income taxes made up approximately 15 percent of revenues for governmental activities for the School District in fiscal year 2009.

Program revenues remained fairly consistent from fiscal year 2008 to 2009. General revenues; however, decreased by \$2,348,459 mainly due to the decrease in property taxes in the amount of \$3,171,619. The decrease in property taxes was due mainly to the State of Ohio enacting House Bill 66 which phased out the tangible personal property tax each year until it was totally eliminated in 2009. The decrease in property taxes revenue was also due to the 3.9 mill emergency levy ending in December 2007. The increase in grants and entitlements in the amount of \$887,748 was due mainly to the increase in the poverty based assistance funding in fiscal year 2009. Investment earnings decreased by \$395,105 due to the down swing in the economy.

Instruction comprises approximately 59 percent of governmental program expenses, support services make up approximately 33 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 of the School District.

As seen in table two, the School District increased expenses by approximately \$8 million. Due to the passage of the 1.5 percent earned income tax levy, the School District was able to bring back some needed staff members and reinstate some programs that were eliminated when budget reductions were made in fiscal year 2007. Even though the School District's expenses increased from fiscal year 2008 to fiscal year 2009, fiscal year 2009 still reflected an increase in net assets of \$5,143,784.

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.

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Table 3 - Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008
Program Expenses				
Instruction:				
Regular	\$25,382,476	\$23,959,910	\$22,340,411	\$20,917,737
Special	6,916,927	3,645,858	6,376,028	3,748,501
Intergovernmental	0	0	43,367	(5,244)
Vocational	1,876,125	1,204,461	1,584,128	1,010,365
Adult/Continuing	0	0	150	150
Student Intervention Services	195,280	195,280	0	0
Support Services:				
Pupil	2,888,413	2,515,332	2,311,328	1,674,401
Instructional Staff	3,297,921	2,176,383	3,093,077	1,726,340
Board of Education	126,111	126,111	66,610	66,610
Administration	4,297,134	4,044,060	3,282,407	3,102,728
Fiscal	1,798,715	1,798,715	1,153,200	1,153,200
Business	480,900	480,900	439,019	439,019
Operation and Maintenance of Plant	4,659,595	4,628,277	4,111,162	3,622,057
Pupil Transportation	1,740,238	1,588,704	1,653,859	1,481,911
Central	81,009	29,946	456,405	403,004
Operation of				
Non-Instructional Services:				
Food Service Operations	2,387,214	7,999	2,258,702	67,510
Other	1,384,954	141,252	993,610	(100,979)
Extracurricular Activities	1,081,703	734,989	786,172	416,068
Interest and Fiscal Charges	0	0	12,256	12,256
Totals	\$58,594,715	\$47,278,177	\$50,961,891	\$39,735,634

The above schedule clearly shows the dependence upon tax revenues and state subsidies for governmental activities. For 2009, only 19 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 81 percent is provided through taxes and entitlements.

The School District's Major Funds

The School District's major funds (the general fund and the permanent improvement fund) are accounted for using the modified accrual basis of accounting.

General Fund - The general fund had total revenues of \$53,371,703, expenditures of \$49,927,913, and other financing sources (uses) of (\$22,076) which resulted in an increase in fund balance of \$3,421,714. In November, 2006 the School District voters approved a 1.5 percent earned income tax levy. During fiscal year 2009, the School District recognized its second full year of income tax revenues; therefore, the School District was able to reinstate some programs cut during the fiscal year 2007 budget reductions. The general fund's beginning fund balance for fiscal year 2009 was \$10,008,551. After reinstating some of the previously eliminated programs, the School District was still able to increase the general fund balance by \$3,421,714 and ended the fiscal year with a general fund balance of \$13,430,265. Due to the passage of the 1.5 percent earned income tax, the School District determined that it would not seek renewal of the 3.9 mill

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emergency operating property tax which ended with the 2007 calendar year collections. Even though the general fund realized a significant increase in fund balance during fiscal year 2009 revenues decreased by \$4,294,022. This reduction in revenues for fiscal year 2009 was due mainly to the reduction in taxes revenue in the amount of \$4,123,630 due to the removal of the 3.9 mill emergency operating levy and the complete phase out of personal property taxes. The School District realizes that prudent financial planning for the future is still needed. The School District will continue to be held harmless and be reimbursed from the State for four more years through the tangible personal property tax loss reimbursement program which will end with fiscal year 2013.

Permanent Improvement Fund – The permanent improvement fund had total revenues of \$153,293 and expenditures of \$37,914. This resulted in an increase in fund balance of \$115,379. The increase in fund balance was mainly due to rent revenues and only minor expenditures for fiscal year 2009. The School District's budgets have been very tight over the past few years and many needed updates and repairs were not addressed; therefore, the School District is planning to address these necessary capital asset improvements or replacements. The School District is constantly faced with the reality of aging buildings and the School District set aside money for the future needed improvements that the School District will be facing.

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 year 2009, 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 \$53,980,223. The original budget estimates were decreased to a final budget amount of \$53,912,574 for the fiscal year. Actual revenues were \$1,071,742 over final budgeted estimates. The main reason for the increase in the final budget to the actual was in the area of property taxes revenue in the amount of \$895,930 and income taxes revenue in the amount of \$705,100. These areas were increased because more revenue was realized during the year than what was originally anticipated by the School District. Fiscal year 2009 was only the second full year of collection for the income tax levy. The School District used a conservative budgeting approach for estimating property tax and income tax revenues due to the decline in the economy.

Original appropriations plus prior year encumbrances were \$52,664,015. The appropriations were increased to the final budget of \$53,465,189. Actual expenditures were under appropriations by \$710,778 due to the School District monitoring their spending during 2009.

The School District's ending unobligated fund balance was \$11,204,236 which improved from the beginning balance of \$7,033,168.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the School District had \$8,736,629 invested in land, construction in progress, buildings, furniture and equipment, vehicles, and construction in progress. Table 4 shows fiscal year 2009 balances compared to 2008.

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Table 4 - Capital Assets at June 30, 2009
(Net of Depreciation)

	<u>Government Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$523,846	\$523,846
Construction in Progress	549,876	331,387
Land Improvements	1,111,533	807,690
Buildings and Improvements	4,595,072	4,249,519
Furniture and Equipment	1,121,252	762,056
Vehicles	835,050	883,926
Totals	<u><u>\$8,736,629</u></u>	<u><u>\$7,558,424</u></u>

During fiscal year 2008 and 2009, the School District began to update land and building improvements and replacing outdated equipment and vehicles. For the past few years, the School District was in financial difficulties and limited purchasing to items that were of necessary importance. During fiscal year 2008 and 2009, the School District began to replace and update items that were put on hold over the past few years. The \$1,178,205 increase in capital assets, net of depreciation, was due to posting current year depreciation in the amount of \$518,558 and capital asset additions of \$1,696,763. See Note 10 for more detailed information of the School District's capital assets.

Debt

The School District had no outstanding debt as of fiscal year end 2008 and 2009.

Economic Factors

During fiscal year 2009, the School District was able to increase net assets by \$5,143,784. This was due mainly to the School District receiving its second year of income tax revenues from the passage of the 1.5 percent earned 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 finance related recommendations. The Board of Education and administration of the School District must continue to 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 Julie Taylor, Treasurer, Lancaster City School District, 345 East Mulberry Street, Lancaster, Ohio 43130. Or E-Mail at J_TAYLOR@LANCASTER.K12.OH.US.

BASIC FINANCIAL STATEMENTS

Lancaster City School District, Ohio

Statement of Net Assets

June 30, 2009

	Primary Government	Component Units	
	Governmental Activities	Lancaster-Fairfield Digital Academy	Lancaster-Fairfield Community School
Assets			
Cash and Cash Equivalents	\$28,024,047	\$522,312	\$34,421
Cash and Cash Equivalents with Fiscal Agents	3,794,846	0	0
Materials and Supplies Inventory	161,013	0	0
Inventory Held for Resale	37,430	0	0
Accounts Receivable	39,673	35	0
Accrued Interest Receivable	40,285	0	0
Income Taxes Receivable	3,759,148	0	0
Due from Component Unit	20,214	0	0
Intergovernmental Receivable	1,647,961	55,674	144,216
Prepays	47,908	1,108	1,108
Property Taxes Receivable	20,277,475	0	0
Payment in Lieu of Taxes Receivable	81,520	0	0
Nondepreciable Capital Assets	1,073,722	0	0
Depreciable Capital Assets, Net	7,662,907	45,050	3,083
<i>Total Assets</i>	<u>66,668,149</u>	<u>624,179</u>	<u>182,828</u>
Liabilities			
Accounts Payable	1,389,602	577	546
Accrued Salaries and Benefits Payable	4,761,396	0	0
Contracts Payable	472,020	0	0
Retainage Payable	26,084	0	0
Matured Compensated Absences Payable	330,154	0	0
Retirement Incentive Payable	3,500	0	0
Due to Primary Government	0	20,188	26
Claims Payable	790,813	0	0
Intergovernmental Payable	1,685,560	5,065	39,094
Deferred Revenue	16,896,447	0	0
Long-Term Liabilities:			
Due Within One Year	468,186	0	0
Due In More Than One Year	3,001,135	0	0
<i>Total Liabilities</i>	<u>29,824,897</u>	<u>25,830</u>	<u>39,666</u>
Net Assets			
Invested in Capital Assets	8,736,629	45,050	3,083
Restricted for:			
Bus Purchase	40,693	0	0
Public School Support	27,005	0	0
District Managed Activities	79,896	0	0
Auxiliary Services	79,041	0	0
Special Education	937,719	0	0
Title VI-B Services	153,941	0	0
Title I Services	127,580	0	0
Other Purposes	190,796	0	0
Unrestricted	26,469,952	553,299	140,079
<i>Total Net Assets</i>	<u>\$36,843,252</u>	<u>\$598,349</u>	<u>\$143,162</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$25,382,476	\$874,820	\$547,746	\$0
Special	6,916,927	161,007	3,110,062	0
Vocational	1,876,125	172,544	499,120	0
Student Intervention Services	195,280	0	0	0
Support Services:				
Pupil	2,888,413	0	373,081	0
Instructional Staff	3,297,921	0	1,121,538	0
Board of Education	126,111	0	0	0
Administration	4,297,134	23,638	229,436	0
Fiscal	1,798,715	0	0	0
Business	480,900	0	0	0
Operation and Maintenance of Plant	4,659,595	4,866	26,452	0
Pupil Transportation	1,740,238	11,117	111,984	28,433
Central	81,009	0	51,063	0
Operation of Non-Instructional Services:				
Food Service Operations	2,387,214	834,293	1,544,922	0
Other	1,384,954	160,415	1,083,287	0
Extracurricular Activities	1,081,703	341,229	5,485	0
<i>Total Primary Government</i>	<u>\$58,594,715</u>	<u>\$2,583,929</u>	<u>\$8,704,176</u>	<u>\$28,433</u>
Component Units				
Lancaster-Fairfield Digital Academy	\$483,117	\$0	\$17,622	\$0
Lancaster-Fairfield Community School	335,741	0	65,218	0
<i>Total Component Units</i>	<u>\$818,858</u>	<u>\$0</u>	<u>\$82,840</u>	<u>\$0</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
Unrestricted Contributions
Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

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
(\$23,959,910)	\$0	\$0
(3,645,858)	0	0
(1,204,461)	0	0
(195,280)	0	0
(2,515,332)	0	0
(2,176,383)	0	0
(126,111)	0	0
(4,044,060)	0	0
(1,798,715)	0	0
(480,900)	0	0
(4,628,277)	0	0
(1,588,704)	0	0
(29,946)	0	0
(7,999)	0	0
(141,252)	0	0
(734,989)	0	0
(47,278,177)	0	0
0	(465,495)	0
0	0	(270,523)
0	(465,495)	(270,523)
19,160,191	0	0
9,623,513	0	0
23,121,048	474,653	308,949
6,300	0	0
1,000		
454,476	4,522	677
55,433	420	0
52,421,961	479,595	309,626
5,143,784	14,100	39,103
31,699,468	584,249	104,059
\$36,843,252	\$598,349	\$143,162

Lancaster City School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2009*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$14,959,877	\$7,970,632	\$3,749,485	\$26,679,994
Restricted Assets Cash and Cash Equivalents	40,693	0	0	40,693
Receivables:				
Property Taxes	20,277,475	0	0	20,277,475
Payment in Lieu of Taxes	81,520	0	0	81,520
Income Taxes	3,759,148	0	0	3,759,148
Accounts	16,824	44	22,805	39,673
Due from Component Unit	20,214	0	0	20,214
Intergovernmental	240,389	0	1,407,572	1,647,961
Accrued Interest	40,003	0	282	40,285
Interfund	711,602	0	0	711,602
Prepays	24,147	0	23,761	47,908
Inventory Held for Resale	0	0	37,430	37,430
Materials and Supplies Inventory	143,452	0	17,561	161,013
<i>Total Assets</i>	<u>\$40,315,344</u>	<u>\$7,970,676</u>	<u>\$5,258,896</u>	<u>\$53,544,916</u>
Liabilities				
Accounts Payable	\$1,086,266	\$0	\$303,336	\$1,389,602
Contracts Payable	369,048	0	102,972	472,020
Retainage Payable	19,226	0	6,858	26,084
Accrued Salaries and Benefits Payable	4,005,135	0	756,261	4,761,396
Intergovernmental Payable	1,342,863	0	342,697	1,685,560
Matured Compensated Absences Payable	330,154	0	0	330,154
Interfund Payable	0	0	711,602	711,602
Retirement Incentive Payable	3,500	0	0	3,500
Deferred Revenue	19,728,887	0	965,551	20,694,438
<i>Total Liabilities</i>	<u>26,885,079</u>	<u>0</u>	<u>3,189,277</u>	<u>30,074,356</u>
Fund Balances				
Reserved for Encumbrances	2,268,324	0	573,455	2,841,779
Reserved for Property Taxes	1,374,248	0	0	1,374,248
Reserved for Bus Purchase	40,693	0	0	40,693
Unreserved, Designated:				
Designated for Compensated Absences				
Special Revenue Fund	0	0	1,003,879	1,003,879
Unreserved, Undesignated, Reported in:				
General Fund	9,747,000	0	0	9,747,000
Special Revenue Funds	0	0	492,285	492,285
Capital Projects Fund	0	7,970,676	0	7,970,676
<i>Total Fund Balances</i>	<u>13,430,265</u>	<u>7,970,676</u>	<u>2,069,619</u>	<u>23,470,560</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$40,315,344</u>	<u>\$7,970,676</u>	<u>\$5,258,896</u>	<u>\$53,544,916</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, 2009*

Total Governmental Fund Balances		\$23,470,560
<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.		8,736,629
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	1,999,201	
Income Taxes	739,894	
Payment in Lieu of Taxes	81,520	
Accrued Interest	11,951	
Grants	965,425	3,797,991
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.		4,307,393
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Intergovernmental Payable	(10,476)	
Compensated Absences Payable	(3,458,845)	(3,469,321)
Net Assets of Governmental Activities		\$36,843,252

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, 2009

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$18,912,036	\$0	\$0	\$18,912,036
Payment in Lieu of Taxes	11,092	0	0	11,092
Income Taxes	9,569,688	0	0	9,569,688
Intergovernmental	23,256,836	0	8,674,709	31,931,545
Interest	406,618	0	2,973	409,591
Tuition and Fees	1,056,315	0	32,201	1,088,516
Charges for Services	0	0	834,293	834,293
Rent	4,517	117,489	360	122,366
Extracurricular Activities	98,878	4,554	435,322	538,754
Collection of a Capital Lease	0	31,250	0	31,250
Gifts and Donations	1,000	0	12,741	13,741
Miscellaneous	54,723	0	710	55,433
<i>Total Revenues</i>	<u>53,371,703</u>	<u>153,293</u>	<u>9,993,309</u>	<u>63,518,305</u>
Expenditures				
Current:				
Instruction:				
Regular	23,761,485	0	2,117,157	25,878,642
Special	5,456,085	0	1,598,645	7,054,730
Vocational	1,761,578	0	127,828	1,889,406
Student Intervention Services	0	0	195,280	195,280
Support Services:				
Pupils	2,224,999	0	649,686	2,874,685
Instructional Staff	2,085,287	0	1,299,609	3,384,896
Board of Education	126,111	0	0	126,111
Administration	3,913,386	0	89,752	4,003,138
Fiscal	1,778,785	0	0	1,778,785
Business	946,366	0	9,200	955,566
Operation and Maintenance of Plant	4,678,181	0	106,313	4,784,494
Pupil Transportation	1,642,108	0	12,556	1,654,664
Central	330,493	0	84,902	415,395
Operation of Non-Instructional Services:				
Food Service Operations	0	0	2,385,640	2,385,640
Other Non-Instructional Services	0	0	1,405,157	1,405,157
Extracurricular Activities	746,961	0	257,933	1,004,894
Capital Outlay	476,088	37,914	109,830	623,832
<i>Total Expenditures</i>	<u>49,927,913</u>	<u>37,914</u>	<u>10,449,488</u>	<u>60,415,315</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,443,790</u>	<u>115,379</u>	<u>(456,179)</u>	<u>3,102,990</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	6,300	0	0	6,300
Transfers In	0	0	28,376	28,376
Transfers Out	(28,376)	0	0	(28,376)
<i>Total Other Financing Sources (Uses)</i>	<u>(22,076)</u>	<u>0</u>	<u>28,376</u>	<u>6,300</u>
<i>Net Change in Fund Balances</i>	3,421,714	115,379	(427,803)	3,109,290
<i>Fund Balances Beginning of Year</i>	<u>10,008,551</u>	<u>7,855,297</u>	<u>2,497,422</u>	<u>20,361,270</u>
<i>Fund Balances End of Year</i>	<u>\$13,430,265</u>	<u>\$7,970,676</u>	<u>\$2,069,619</u>	<u>\$23,470,560</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, 2009*

Net Change in Fund Balances - Total Governmental Funds	\$3,109,290
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
Capital Asset Additions	1,696,763
Depreciation Expense	<u>(518,558)</u>
	1,178,205
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Interest	11,951
Capital Lease Payments Received	(31,250)
Grants	(93,728)
Delinquent Taxes	248,155
Income Taxes	53,825
Payment in Lieu of Taxes	<u>(11,092)</u>
	177,861
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	(49,170)
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. This amount is reflected net.	
	(7,913)
A payment in lieu of taxes receivable was deemed uncollectible; therefore, the receivable was removed and an expenditure was recognized.	
	(251,920)
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.	
	<u>987,431</u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$5,143,784</u></u>

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, 2009*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$19,100,000	\$19,100,000	\$19,995,930	\$895,930
Payment in Lieu of Taxes	15,000	15,000	11,092	(3,908)
Income Taxes	9,533,749	9,533,750	10,238,850	705,100
Intergovernmental	22,510,861	22,830,861	23,168,901	338,040
Interest	730,000	730,000	402,066	(327,934)
Tuition and Fees	950,493	992,993	1,043,219	50,226
Rent	5,035	5,035	1,530	(3,505)
Extracurricular Activities	109,000	109,000	99,886	(9,114)
Gifts and Donations	0	0	1,000	1,000
Miscellaneous	1,026,085	595,935	21,842	(574,093)
<i>Total Revenues</i>	<u>53,980,223</u>	<u>53,912,574</u>	<u>54,984,316</u>	<u>1,071,742</u>
Expenditures				
Current:				
Instruction:				
Regular	21,866,407	22,056,832	21,248,910	807,922
Special	5,519,801	5,564,877	5,527,304	37,573
Vocational	1,486,349	1,903,109	1,945,950	(42,841)
Other	3,045,000	3,045,000	3,566,223	(521,223)
Support Services:				
Pupils	2,063,088	2,244,717	2,137,629	107,088
Instructional Staff	2,239,495	2,343,221	2,148,603	194,618
Board of Education	110,159	165,731	137,120	28,611
Administration	3,674,297	3,701,062	3,883,136	(182,074)
Fiscal	3,016,560	2,329,619	1,778,083	551,536
Business	1,447,426	1,353,170	1,126,795	226,375
Operation and Maintenance of Plant	5,094,140	5,380,888	5,255,243	125,645
Pupil Transportation	1,726,002	2,066,662	2,015,617	51,045
Central	329,724	331,583	335,005	(3,422)
Extracurricular Activities	451,467	494,459	719,973	(225,514)
Capital Outlay	594,100	484,259	928,820	(444,561)
<i>Total Expenditures</i>	<u>52,664,015</u>	<u>53,465,189</u>	<u>52,754,411</u>	<u>710,778</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,316,208</u>	<u>447,385</u>	<u>2,229,905</u>	<u>1,782,520</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,000	5,000	6,300	1,300
Advances In	440,842	440,842	625,643	184,801
Advances Out	(1,271,842)	(1,271,842)	(1,259,066)	12,776
Transfers Out	(813,695)	(192,881)	(28,376)	164,505
<i>Total Other Financing Sources (Uses)</i>	<u>(1,639,695)</u>	<u>(1,018,881)</u>	<u>(655,499)</u>	<u>363,382</u>
<i>Net Change in Fund Balance</i>	(323,487)	(571,496)	1,574,406	2,145,902
<i>Fund Balance Beginning of Year</i>	7,033,168	7,033,168	7,033,168	0
<i>Prior Year Encumbrances Appropriated</i>	2,596,662	2,596,662	2,596,662	0
<i>Fund Balance End of Year</i>	<u>\$9,306,343</u>	<u>\$9,058,334</u>	<u>\$11,204,236</u>	<u>\$2,145,902</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio

Statement of Fund Net Assets

Internal Service Fund

June 30, 2009

	Employee Benefits Self Insurance
Current Assets	
Cash and Cash Equivalents	\$1,303,360
Cash and Cash Equivalents with Fiscal Agents	<u>3,794,846</u>
<i>Total Assets</i>	<u>5,098,206</u>
Current Liabilities	
Claims Payable	<u>790,813</u>
<i>Total Liabilities</i>	<u>790,813</u>
Net Assets	
Unrestricted	<u><u>\$4,307,393</u></u>

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, 2009*

	Employee Benefits Self Insurance
Operating Revenues	
Charges for Services	\$6,997,172
Operating Expenses	
Purchased Services	1,249,549
Claims	4,796,225
<i>Total Operating Expenses</i>	<i>6,045,774</i>
<i>Operating Income</i>	<i>951,398</i>
Non-Operating Revenue	
Interest	36,033
<i>Change in Net Assets</i>	<i>987,431</i>
<i>Net Assets Beginning of Year</i>	<i>3,319,962</i>
<i>Net Assets End of Year</i>	<i>\$4,307,393</i>

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, 2009

	Employee Benefits Self Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$6,581,500
Cash Payments to Vendors for Services	(1,249,549)
Cash Payments for Claims	(4,577,451)
	754,500
<i>Net Cash Provided by Operating Activities</i>	
Cash Flows from Investing Activities:	
Interest	48,929
	803,429
<i>Net Increase in Cash and Cash Equivalents</i>	
<i>Cash and Cash Equivalents Beginning of Year</i>	4,294,777
	\$5,098,206
 Reconciliation of Operating Income to	
Net Cash Provided by Operating Activities:	
Operating Income	\$951,398
Adjustments to Reconcile	
Operating Income to Net	
Cash Provided by Operating Activities	
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	753
Decrease in Deferred Revenue	(416,425)
Increase in Claims Payable	218,774
	754,500
<i>Net Cash Provided by Operating Activities</i>	\$754,500

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2009

	Private Purpose	
	Trust	
	Endowment	Agency
Assets		
Cash and Cash Equivalents	\$43,481	\$89,869
Accrued interest receivables	41	0
<i>Total Assets</i>	<u>43,522</u>	<u>\$89,869</u>
Liabilities		
Due to Students	0	\$89,869
<i>Total Liabilities</i>	<u>0</u>	<u>\$89,869</u>
Net Assets		
Held in Trust for Scholarships	<u>43,522</u>	
<i>Total Net Assets</i>	<u>\$43,522</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, 2009

	Endowment
Additions	
Interest	\$532
Deductions	
Scholarships Awarded	250
<i>Change in Net Assets</i>	282
<i>Net Assets Beginning of Year</i>	43,240
<i>Net Assets End of Year</i>	\$43,522

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, 2009

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 248 non-certificated employees, 389 certificated personnel, and 25 administrative employees who provide services to 6,007 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 is operated by a five member Board of Directors appointed by the School

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

District. The Board of Directors can consist of elected or appointed public officials, professional individuals from the public sector, community civic leaders, or parents of the students in which the LFDA serves. As of June 30, 2009, the Board of Directors only consisted of four members. The School District attempted to recruit an additional board member 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. The LFCS is operated 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 three 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, the Ohio School Plan, and the South Central Ohio Insurance Consortium. These organizations are presented in Notes 19 and 20 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 funds are presented in separate columns. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

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.

Permanent Improvement Fund The permanent improvement fund accounts for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds.

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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.

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.

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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

The 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 2009, 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, 2009.

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 2009 amounted to \$406,618, which includes \$200,277 assigned from other School District funds.

"Cash and Cash Equivalents with Fiscal Agent" represents monies on hand at the fiscal agent for medical and dental insurance cash balances for the self insurance program which began on July 1, 2007 with the South Central Ohio Insurance Consortium.

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, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the fiscal year in which services are consumed.

G. Inventory

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

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. 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

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

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 compensated absences payable" in the funds from which these payments will be made.

K. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, 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.

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

Transfers within governmental activities are eliminated on the government wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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.

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

N. 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 payment of compensated absences.

O. Net Assets

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

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

P. Extraordinary and Special Items

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

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

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

R. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the 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 amended certificate at the time the permanent appropriations were passed. The amounts reported as the final budgeted amounts in the budgetary statement reflect the final amended certificate approved.

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.

The termination benefits special revenue fund was not budgeted because the School District did not anticipate any financial activity within this fund and none occurred.

Some of the School District's funds are separate for budgeting purposes then they are combined on the GAAP basis. The vocational education career development and vocational education 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 preschool tuition, public school preschool, preschool special education, and the child outcomes support 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 – Changes in Accounting Principles

For fiscal year 2009, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards."

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and

Lancaster City School District, Ohio
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cleanup. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the School District financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the School District's financial statements.

Note 4 – Accountability

The following funds had deficit fund balances as of June 30, 2009:

<u>Special Revenue Funds:</u>	<u>Deficit Fund Balances</u>
Educational Management Information Systems	(\$1,217)
IDEA, Part B	(250,564)
Title I	(270,895)
Counseling Grant	(420)
Reducing Class Size	(49,812)
Vocational Education	(680)

The deficit balance in the special revenue funds 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. Unrecorded cash and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
4. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
5. 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	\$3,421,714
Net Adjustment for Revenue Accruals	1,612,155
Net Adjustment for Expenditure Accruals	948,203
Beginning:	
Unrecorded Cash	458
Prepaid Items	45,780
Ending:	
Prepaid Items	(24,147)
Advances In	625,643
Advances Out	(1,259,066)
Adjustment for Encumbrances	<u>(3,796,334)</u>
Budget Basis	<u><u>\$1,574,406</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. 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.

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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.

At June 30, 2009, the School District's internal service fund had a balance of \$3,794,846 with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool (See Note 20). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

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, \$250,213 of the School District's bank balance of \$28,420,286 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.

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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.

Investments As of June 30, 2009, the School District had the following investment.

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$49,280	Average 58.1 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 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, 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 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, 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 2009 (other than public utility property) represents the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008,

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on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, 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 2009.

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, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2009, and for which there was 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 and are reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The June 30 personal property tax settlement that was not received until July 2009, was in the amount of \$147,695 in the general fund. The amount available as an advance at June 30, 2009, was \$1,374,248 to the general fund. The amount available as an advance at June 30, 2008, was \$2,465,721 in the general fund.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second-Half Collections		2009 First-Half Collections		2009 Effective Tax Rates (per \$1,000 of assessed valuation)
	Amount	Percent	Amount	Percent	
Agricultural/ Residential	\$628,950,440	68%	\$633,678,410	69%	21.1338
Commerical/Industrial and Public Utility Real	258,287,400	28%	256,949,890	28%	24.1844
Public Utility Personal	22,601,540	2%	23,299,690	3%	64.6000
Tangible Personal Property	20,369,499	2%	1,761,970	0%	64.6000
Total	\$930,208,879	100%	\$915,689,960	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.

Lancaster City School District, Ohio
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For the Fiscal Year Ended June 30, 2009

Note 9 - Receivables

Receivables at June 30, 2009, 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, 2009 were \$1,999,201.

A summary of principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Extracurricular Activities Dues and Tournament Proceeds	\$470
Action for Children Grant	600
State Lunch Reimbursement Program	1,180
Agricultural Education Fifth Quarter Grant	1,800
Food Service Reimbursements	2,551
Innovative Title V Grant	9,861
Tech Title II-D Grant	12,280
Early Childhood Handicapped	17,974
Administrative Fees Reimbursement	18,646
Counseling Grant	29,292
Early Childhood	30,400
Drug Free Schools Grant	32,128
Delinquent Title I-D Grant	46,719
Carl Perkins Grant	55,328
Title II-A Grant	161,752
SF 3 and SF 14 Adjustments	222,194
Idea, Part B Grant	501,435
Title I Grant	503,351
Total	\$1,647,961

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 annual payment of \$125,960 is due to the School District by June 15 of each fiscal year for ten years. During fiscal year 2008, the School District did not record a receivable for the future payments for fiscal years 2009-2013 due to the phase out of tangible personal property taxes. The contract between Anchor Hocking and the School District was based on tangible personal property taxes; therefore, on March 11, 2009 the contract was terminated. As of June 30, 2008, a receivable was reported by the School District in the general fund in the amount of \$251,920 for fiscal year payments 2005 and 2008. During fiscal year 2009, the School District agreed to forgive the prior outstanding balances; therefore, the fiscal year 2008 balance of \$251,920 was removed from the financial statements.

DK Manufacturing Lancaster, Inc. The School District entered into a ten year Enterprise Compensation Pilot Agreement (Agreement) in 2004 and then it was amended in June 2007. 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 payments will vary each year

Lancaster City School District, Ohio
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due to the payments being based on a percentage of DK Manufacturing's yearly Enterprise Zone tax savings. Due to the phase out of tangible personal property, no additional receivables were recorded for tax years 2009 through 2014 as of June 30, 2008. On March 11, 2009 the contract between DK Manufacturing and the School District was terminated. There were no outstanding receivables owed to the School District as of June 30, 2009.

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. During fiscal year 2009, a payment for \$10,190 was received. As of June 30, 2009, a receivable for \$81,520 has been recorded which represents payment for the remaining eight tax years of the Agreement.

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Nondepreciable Capital Assets				
Land	\$523,846	\$0	\$0	\$523,846
Construction in Progress	331,387	991,536	(773,047)	549,876
Total Capital Assets not being depreciated	<u>855,233</u>	<u>991,536</u>	<u>(773,047)</u>	<u>1,073,722</u>
Depreciable Capital Assets				
Land Improvements	1,316,564	358,629	0	1,675,193
Buildings and Improvements	17,315,279	499,771	0	17,815,050
Furniture and Equipment	5,062,403	488,439	0	5,550,842
Vehicles	2,691,222	131,435	(104,638)	2,718,019
Total at Historical Cost	<u>26,385,468</u>	<u>1,478,274</u>	<u>(104,638)</u>	<u>27,759,104</u>
Less Accumulated Depreciation				
Land Improvements	(508,874)	(54,786)	0	(563,660)
Buildings and Improvements	(13,065,760)	(154,218)	0	(13,219,978)
Furniture and Equipment	(4,300,347)	(129,243)	0	(4,429,590)
Vehicles	(1,807,296)	(180,311)	104,638	(1,882,969)
Total Accumulated Depreciation	<u>(19,682,277)</u>	<u>(518,558)</u>	<u>104,638</u>	<u>(20,096,197)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>6,703,191</u>	<u>959,716</u>	<u>0</u>	<u>7,662,907</u>
Governmental Activities Capital Assets, Net	<u>\$7,558,424</u>	<u>\$1,951,252</u>	<u>(\$773,047)</u>	<u>\$8,736,629</u>

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$127,282
Special	20,909
Vocational	17,751
Support Services:	
Pupil	8,818
Instructional Staff	17,199
Administration	12,773
Fiscal	2,918
Business	453
Operation and Maintenance	60,278
Pupil Transportation	176,096
Central	4,771
Extracurricular	39,132
Operation of Non-Instructional Services:	
Food Service Operations	25,102
Other	<u>5,076</u>
Total Depreciation Expense	<u><u>\$518,558</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 2009, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool, for insurance coverage. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP. (See Note 20)

The types and amounts of coverage provided are as follows:

Coverage	Amount	Deductible
Building and Personal Property - replacement cost	\$111,024,154	\$1,000
Boiler and Machinery	100,000,000	1,000
Flood	1,000,000	25,000
Earthquake	1,000,000	5%
Automobile Liability	2,000,000	500
Auto Medical Payments	5,000	0
Uninsured/Underinsured Motorists	1,000,000	500
Educational General Liability Coverage:		
General Aggregate	4,000,000	0
Sexual Abuse Injury	2,000,000	0
Products/Completed Operations Aggregate	2,000,000	0

(continued)

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Coverage	Amount	Deductible
(continued)		
Personal and Advertising Injury	\$2,000,000	\$0
Employee Benefits Injury Each Offense	2,000,000	0
Employee Benefits Injury Aggregate	4,000,000	0
Employer's Liability for Each Accident	2,000,000	0
Educational Liability for Errors and Omissions Injury Limit	2,000,000	2,500
Educational Liability for Errors and Omissions Injury Aggregate	4,000,000	2,500
Employment Practices Injury Limit	2,000,000	2,500
Employment Practices Injury Aggregate Limit	4,000,000	2,500

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 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

C. Medical and Dental

The School District provides a limited medical, surgical, prescription drug, and dental insurance program for its employees. The School District joined the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool (Note 20), on November 1, 2006. Prior to November 1, 2006, the School District was self insured for medical, surgical, prescription drug, and dental through Anthem. As of November 1, 2006, the School District's medical, surgical, and prescription drug was considered traditional premium insurance while dental was considered a self insured program. Beginning July 1, 2007, medical, surgical, prescription drug, and dental were all considered self insured programs due to the School District retaining the risk. Claims are paid by the School District to the SCOIC. SCOIC contracts with Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) for claims servicing. OME-RESA contracts with Employee Benefits Management Corporation to service the claims of SCOIC members. The internal service fund presented in the financial statements reflects the premiums paid into the self-insurance internal service fund by the same funds that pay the employees' salaries. The School District pays monthly medical premiums of up to \$1,505 for certified and classified employees for family coverage and up to \$599 for certified and classified employees for single coverage. 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 claims, claim reserves, and administrative costs. The School District had shared risk pool coverage with OME-RESA which covered individual claims in excess of \$50,000 up to \$500,000 per employee per year for medical claims. The School District also had a stop loss coverage insurance policy through OME-RESA which covered individual claims in excess of \$500,000 per employee per year for medical claims. The School District has no stop loss coverage for the dental claims.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The claims liability of \$790,813 reported in the internal service fund at June 30, 2009, is based on an estimate provided by an actuary for medical and 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, surgical, prescription drug, and dental are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2008	\$30,627	\$3,511,064	\$2,969,652	\$572,039
2009	572,039	4,796,225	4,577,451	790,813

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. *Life Insurance*

The School District provides life insurance and accidental death and dismemberment insurance to most employees through American International Group, Inc. (AIG) an amount of \$25,000 to \$75,000 depending upon the employee's position.

C. *Deferred Compensation*

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

Note 13 - Defined Benefit Pension Plans

A. *School Employees Retirement System*

Plan Description - 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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Funding Policy - 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 2009, 9.09 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 by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007, were \$685,612, \$600,718, and \$501,203, respectively; 40 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

Plan Description - 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 43215-3771, by calling (888) 227-7877, 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's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2009, 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 2008, 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007, were \$3,165,345, \$2,977,875, and \$2,789,272, respectively; 82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$38,875 made by the School District and \$113,950 made by the plan members.

Note 14 - Postemployment Benefits

A. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$446,010, \$431,784, \$277,737 respectively; 28 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$59,983, \$44,440, and \$34,082 respectively; 43 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$243,488, \$231,491, \$214,559 respectively; 82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 15 - Long Term Obligations

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

	Principal Outstanding 6/30/2008	Additions	Deductions	Principal Outstanding 6/30/2009	Due in One Year
Governmental Activities					
Intergovernmental Payable	\$2,563	\$11,640	\$3,727	\$10,476	\$2,328
Compensated Absences Payable	3,409,675	629,547	580,377	3,458,845	465,858
Total Governmental Activities Long-Term Obligations	<u>\$3,412,238</u>	<u>\$641,187</u>	<u>\$584,104</u>	<u>\$3,469,321</u>	<u>\$468,186</u>

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

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, 2009.

Year	
2010	\$2,328
2011	2,328
2012	2,328
2013	2,328
2012	1,164
Total	<u>\$10,476</u>

The School District's overall legal debt margin was \$82,252,040, with an unvoted debt margin of \$913,912 at June 30, 2009.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 16 – 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. During fiscal year 2009, the capital lease receivable was paid in full.

Note 17 - Interfund Balances and Activity

Interfund balances at June 30, 2009 consist of the following individual interfund receivables and payables:

	Interfund Receivable	Interfund Payable
Major Fund:		
General	\$711,602	\$0
Other Governmental Funds:		
Auxiliary Services	0	506
IDEA, Part B	0	164,049
Title I	0	313,978
Title V	0	9,225
Drug Free Grant	0	31,835
Counseling Grant	0	28,161
Reducing Class Size	0	77,774
Continuous Improvement	0	10,301
Vocational Educaion	0	47,797
Preschool	0	27,976
Total Other Governmental Funds	0	711,602
Total All Funds	\$711,602	\$711,602

The general fund made advances to other non-major governmental funds, in the amount of \$711,602 to subsidize negative cash balances. The interfund payables are anticipated to be repaid within one year.

Interfund transfers during 2009, consisted of the general fund transferring \$28,376 to the preschool special revenue fund for the purpose of correcting an error in the recording of tuition payments from prior fiscal years.

Note 18 – Related Party Transactions

During fiscal year 2009, the School District received \$79,233 from the LFDA for rent, fiscal and administrative services, the development of web delivered services, technology relating to those services and curricular design, and for reimbursements of miscellaneous services. As of June 30, 2008, nothing was owed from LFDA to the School District. As of June 30, 2009, \$20,188 was payable to the School District.

During fiscal year 2009, the School District did not receive any money from the LFCS. As of June 30, 2008, LFCS owed nothing to the School District. As of June 30, 2009, \$26 was payable to the School District.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 19 - Jointly Governed Organizations

Metropolitan Educational Council - The Metropolitan Educational Council (MEC) is a jointly governed organization. The organization is composed of over one hundred 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 2009 were \$122,484 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. During fiscal year 2009, the School District's paid \$300 to the Coalition for membership fees and \$145 for seminar fees.

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 2009.

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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 at 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 2009, 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 2009. 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.

Note 20 – 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.

Ohio School Plan – The School District participates in the Ohio School Plan (OSP), and insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a twelve member Board of Directors consisting of school district superintendents and treasurers. Hylant Administrative Services, LLC is the Administrator of the OSP and is responsible for providing underwriting, claims management, risk management, accounting, system support services, sales, and marketing.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

South Central Ohio Insurance Consortium - The School District is a member of the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing 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 Clearcreek 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 Developmental Disabilities, City of Lancaster, Liberty Union-Thurston Local School District, Miami Trace Local School District, Logan-Hocking Schools, and Washington Court House City Schools. The Liberty Union-Thurston Local School District serves as the fiscal agent for the SCOIC.

SCOIC contracts with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool, for medical, dental, and prescription drug coverage on a self-insured basis. The SCOIC members are considered self insured and pay a monthly premium to OME-RESA that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. An additional fee is paid for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. SCOIC members participate in the shared risk pool through OME-RESA for individual claims from \$50,000 to \$500,000. SCOIC members are then covered under stop loss coverage for claims over \$500,000. OME-RESA contracts with Employee Benefits Management Corporation to service the claims of SCOIC members. In the event that the School District would withdraw from SCOIC, the School District would be required to give a one hundred eighty day notice prior to the end of their three year contract, be responsible for all run-out claims, and would have no rights to share in any surplus funds of SCOIC. In the event SCOIC members would withdraw from OME-RESA, SCOIC members would be required to give a thirty day notice, be responsible for all run-out claims, and have no rights to share in any surplus funds of OME-RESA. To obtain financial information for the SCOIC, write to the fiscal agent, Liberty Union-Thurston Local School District, 600 Washington Street, Baltimore, Ohio 43105.

Note 21 - 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, 2009.

The School District has been approved for \$2,607,144 of Federal Stimulus dollars as part of The American Recovery and Reinvestment Act of 2009. These allocations are primarily to fund special education and early childhood programs. The allocations will be available to fund fiscal year 2010 programs.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

B. Litigation

The School District currently is not a party to any lawsuits.

Note 22 - Set asides

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

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, 2008	(\$1,955,566)	\$0
Current Year Set-aside Requirement	932,110	932,110
Current Year Offsets	0	(40,693)
Qualifying Disbursements	<u>(2,611,043)</u>	<u>(2,109,191)</u>
Total	<u>(\$3,634,499)</u>	<u>(\$1,217,774)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$3,634,499)</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 23 – Contractual Commitments

<u>Vendor</u>	<u>Original Contract</u>	<u>Paid to Date</u>	<u>Amount Remaining</u>
Performance Installations	\$5,409	\$3,801	\$1,608
Henry Brothers Masonry	12,973	7,155	5,818
Schorr Architects	96,806	78,131	18,675
Ricketts Excavating	24,964	8,683	16,281
Heiberger Paving	539,169	177,766	361,403
Exterior Systems	217,050	201,460	15,590
Innovative Modular Solutions	<u>358,000</u>	<u>85,728</u>	<u>272,272</u>
Total	<u>\$1,254,371</u>	<u>\$562,724</u>	<u>\$691,647</u>

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 24 – Lancaster-Fairfield Digital Academy and the Lancaster-Fairfield Community School Component Units

A. Basis of Presentation

The Lancaster-Fairfield Digital Academy (LFDA) and the Lancaster-Fairfield Community School (LFCS) prepares their financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues and expenses are identified within specific periods of time and are recorded as incurred, along with acquired assets, without regard to the date of receipt or the payment of cash.

B. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, LFDA's and LFCS's deposits may not be returned. LFDA and LFCA do not have a deposit policy for custodial credit risk. At June 30, 2009, the bank balance of LFDA's deposits was \$522,312. \$250,000 of LFDA's bank balance was covered by federal depository insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$272,312 of LFDA's bank balance was uninsured and uncollateralized. At June 30, 2009, the bank balance of LFCS's deposits was \$34,611. All of LFCS's bank balance was covered by federal depository insurance. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

C. Capital Assets

Property and equipment are recorded at cost if purchased or at estimated fair market value at the date of donation. Expenditures for major additions and improvements are capitalized. Minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. All of LFDA's and LFCS's reported capital assets are depreciated using the straight-line method over six years of useful life.

The LFDA's capital assets consisted of computer equipment valued at \$164,973 with accumulated depreciation of \$119,923 and a remaining book value of \$45,050.

The LFCS's capital assets consisted of computer equipment valued at \$4,625 with accumulated depreciation of \$1,542 and a remaining book value of \$3,083.

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Lancaster City School District, Ohio

Combining and Individual Fund 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, 2009*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$19,100,000	\$19,100,000	\$19,995,930	\$895,930
Payment in Lieu of Taxes	15,000	15,000	11,092	(3,908)
Income Taxes	9,533,749	9,533,750	10,238,850	705,100
Intergovernmental	22,510,861	22,830,861	23,168,901	338,040
Interest	730,000	730,000	402,066	(327,934)
Tuition and Fees	950,493	992,993	1,043,219	50,226
Rent	5,035	5,035	1,530	(3,505)
Extracurricular Activities	109,000	109,000	99,886	(9,114)
Gifts and Donations	0	0	1,000	1,000
Miscellaneous	1,026,085	595,935	21,842	(574,093)
<i>Total Revenues</i>	53,980,223	53,912,574	54,984,316	1,071,742
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	13,531,028	13,531,019	13,225,683	305,336
Fringe Benefits	4,243,100	4,189,353	4,265,137	(75,784)
Purchased Services	96,557	112,772	74,935	37,837
Materials and Supplies	3,165,544	3,471,069	2,956,809	514,260
Capital Outlay - New	58,505	58,505	54,753	3,752
Capital Outlay - Replacement	768,091	690,532	668,122	22,410
Other	3,582	3,582	3,471	111
<i>Total Regular</i>	21,866,407	22,056,832	21,248,910	807,922
Special:				
Salaries and Wages	3,584,185	3,584,569	3,532,358	52,211
Fringe Benefits	1,135,250	1,173,294	1,181,473	(8,179)
Purchased Services	794,366	780,519	792,817	(12,298)
Materials and Supplies	6,000	26,495	20,656	5,839
<i>Total Special</i>	5,519,801	5,564,877	5,527,304	37,573
Vocational:				
Salaries and Wages	1,068,873	1,068,873	1,080,531	(11,658)
Fringe Benefits	308,650	320,247	353,298	(33,051)
Purchased Services	6,300	6,014	4,289	1,725
Materials and Supplies	46,985	430,796	432,153	(1,357)
Capital Outlay - New	55,541	75,229	75,229	0
Other	0	1,950	450	1,500
<i>Total Vocational</i>	1,486,349	1,903,109	1,945,950	(42,841)
Other:				
Purchased Services	3,045,000	3,045,000	3,566,223	(521,223)
<i>Total Instruction</i>	\$31,917,557	\$32,569,818	\$32,288,387	\$281,431

(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, 2009*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services:				
Pupils:				
Salaries and Wages	\$1,194,162	\$1,194,162	\$1,294,035	(\$99,873)
Fringe Benefits	379,975	394,518	454,093	(59,575)
Purchased Services	480,200	630,436	364,916	265,520
Materials and Supplies	8,751	24,613	23,597	1,016
Capital Outlay - New	0	988	988	0
Total Pupils	2,063,088	2,244,717	2,137,629	107,088
Instructional Staff:				
Salaries and Wages	1,114,168	1,139,168	1,068,135	71,033
Fringe Benefits	479,404	607,081	637,753	(30,672)
Purchased Services	404,068	398,419	247,640	150,779
Materials and Supplies	185,855	177,012	174,073	2,939
Capital Outlay - New	0	12,886	12,396	490
Capital Outlay - Replacement	55,000	6,514	6,465	49
Other	1,000	2,141	2,141	0
Total Instructional Staff	2,239,495	2,343,221	2,148,603	194,618
Board of Education:				
Salaries and Wages	0	0	8,090	(8,090)
Fringe Benefits	0	57	1,219	(1,162)
Purchased Services	46,535	102,050	87,536	14,514
Materials and Supplies	1,000	1,000	153	847
Other	62,624	62,624	40,122	22,502
Total Board of Education	110,159	165,731	137,120	28,611
Administration:				
Salaries and Wages	2,363,846	2,363,846	2,528,204	(164,358)
Fringe Benefits	730,941	763,011	878,155	(115,144)
Purchased Services	396,429	385,136	302,757	82,379
Materials and Supplies	24,024	35,429	28,718	6,711
Capital Outlay - New	9,336	9,695	1,295	8,400
Capital Outlay - Replacement	145,721	139,945	139,881	64
Other	4,000	4,000	4,126	(126)
Total Administration	3,674,297	3,701,062	3,883,136	(182,074)
Fiscal:				
Salaries and Wages	250,859	250,859	296,914	(46,055)
Fringe Benefits	711,030	567,345	118,138	449,207
Purchased Services	12,973	18,096	29,094	(10,998)
Materials and Supplies	66,266	58,417	9,259	49,158
Capital Outlay - Replacement	1,284,932	126,002	0	126,002
Other	690,500	1,308,900	1,324,678	(15,778)
Total Fiscal	\$3,016,560	\$2,329,619	\$1,778,083	\$551,536

(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, 2009*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Business:				
Salaries and Wages	\$121,659	\$121,659	\$112,407	\$9,252
Fringe Benefits	32,090	33,729	35,811	(2,082)
Purchased Services	529,741	409,562	282,784	126,778
Materials and Supplies	90,000	114,284	68,876	45,408
Capital Outlay - New	673,936	673,936	626,917	47,019
Total Business	1,447,426	1,353,170	1,126,795	226,375
Operation and Maintenance of Plant:				
Salaries and Wages	1,796,694	1,796,694	1,903,018	(106,324)
Fringe Benefits	680,800	700,925	771,456	(70,531)
Purchased Services	1,988,973	2,127,673	1,874,224	253,449
Materials and Supplies	443,813	552,016	516,148	35,868
Capital Outlay - New	16,800	43,625	30,442	13,183
Capital Outlay - Replacement	167,060	159,955	159,955	0
Total Operation and Maintenance of Plant	5,094,140	5,380,888	5,255,243	125,645
Pupil Transportation:				
Salaries and Wages	862,639	862,639	872,471	(9,832)
Fringe Benefits	347,430	357,278	359,566	(2,288)
Purchased Services	65,975	97,930	81,373	16,557
Materials and Supplies	319,471	286,271	271,487	14,784
Capital Outlay - New	8,262	323,228	291,404	31,824
Capital Outlay - Replacement	122,225	139,316	139,316	0
Total Pupil Transportation	1,726,002	2,066,662	2,015,617	51,045
Central:				
Salaries and Wages	80,989	80,989	57,134	23,855
Fringe Benefits	39,300	45,009	35,366	9,643
Purchased Services	46,442	45,033	72,121	(27,088)
Materials and Supplies	23,639	21,198	15,847	5,351
Capital Outlay - Replacement	138,854	138,854	154,537	(15,683)
Other	500	500	0	500
Total Central	329,724	331,583	335,005	(3,422)
Total Support Services	19,700,891	19,916,653	18,817,231	1,099,422
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	51,665	52,219	53,666	(1,447)
Fringe Benefits	6,400	6,960	9,156	(2,196)
Purchased Services	1,000	3,272	1,954	1,318
Materials and Supplies	4,000	3,674	1,243	2,431
Other	600	600	510	90
Total Academic and Subject Oriented Activities	\$63,665	\$66,725	\$66,529	\$196

(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, 2009*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Occupation Oriented Activities:				
Salaries and Wages	\$1,000	\$1,000	\$1,256	(\$256)
Fringe Benefits	275	299	341	(42)
Total Occupation Oriented Activities	1,275	1,299	1,597	(298)
Sports Oriented Activities:				
Salaries and Wages	321,347	321,347	503,278	(181,931)
Fringe Benefits	39,425	43,212	102,316	(59,104)
Purchased Services	4,597	37,557	15,977	21,580
Total Sports Oriented Activities	365,369	402,116	621,571	(219,455)
School and Public Service Co-Curricular Activities:				
Salaries and Wages	16,158	18,740	25,043	(6,303)
Fringe Benefits	5,000	5,329	4,983	346
Purchased Services	0	250	250	0
Total School and Public Service Co-Curricular Activities	21,158	24,319	30,276	(5,957)
Total Extracurricular Activities	451,467	494,459	719,973	(225,514)
Capital Outlay:				
Other Facilities Acquisition and Construction Services:				
Capital Outlay - New	0	3,000	2,940	60
Capital Outlay - Replacement	594,100	481,259	925,880	(444,621)
Total Capital Outlay	594,100	484,259	928,820	(444,561)
Total Expenditures	52,664,015	53,465,189	52,754,411	710,778
Excess of Revenues Over Expenditures	1,316,208	447,385	2,229,905	1,782,520
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,000	5,000	6,300	1,300
Advances In	440,842	440,842	625,643	184,801
Advances Out	(1,271,842)	(1,271,842)	(1,259,066)	12,776
Operating Transfers Out	(813,695)	(192,881)	(28,376)	164,505
Total Other Financing Sources (Uses)	(1,639,695)	(1,018,881)	(655,499)	363,382
Net Change in Fund Balance	(323,487)	(571,496)	1,574,406	2,145,902
Fund Balance Beginning of Year	7,033,168	7,033,168	7,033,168	0
Prior Year Encumbrances Appropriated	2,596,662	2,596,662	2,596,662	0
Fund Balance at End of Year	\$9,306,343	\$9,058,334	\$11,204,236	\$2,145,902

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 Fund

Capital projects funds are maintained to account for those financial resources received and used for the acquisition, construction, or improvement of major capital facilities. For fiscal year 2009, there was only one capital project, permanent improvement, which was considered a major fund.

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Nonmajor Special Revenue Funds
Assets	
Cash and Cash Equivalents	\$3,749,485
Receivables:	
Accounts	22,805
Intergovernmental	1,407,572
Accrued interest	282
Prepays	23,761
Inventory Held for Resale	37,430
Materials and Supplies Inventory	17,561
<i>Total Assets</i>	\$5,258,896
Liabilities	
Accounts Payable	\$303,336
Contracts Payable	102,972
Retainage Payable	6,858
Accrued Salaries and Benefits Payable	756,261
Intergovernmental Payable	342,697
Interfund Payable	711,602
Deferred Revenue	965,551
<i>Total Liabilities</i>	3,189,277
Fund Balances	
Reserved for Encumbrances	573,455
Unreserved, Designated:	
Designated for Compensated Absences	1,003,879
Unreserved, Undesignated, Reported in:	
Special Revenue Funds	492,285
<i>Total Fund Balances</i>	2,069,619
<i>Total Liabilities and Fund Balances</i>	\$5,258,896

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, 2009*

	Nonmajor Special Revenue Funds
Revenues	
Intergovernmental	\$8,674,709
Interest	2,973
Tuition and Fees	32,201
Charges for Services	834,293
Rent	360
Extracurricular Activities	435,322
Gifts and Donations	12,741
Miscellaneous	710
<i>Total Revenues</i>	<i>9,993,309</i>
Expenditures	
Current:	
Instruction:	
Regular	2,117,157
Special	1,598,645
Vocational	127,828
Student Intervention Services	195,280
Support Services:	
Pupils	649,686
Instructional Staff	1,299,609
Administration	89,752
Business	9,200
Operation and Maintenance of Plant	106,313
Pupil Transportation	12,556
Central	84,902
Operation of Non-Instructional Services:	
Food Service Operations	2,385,640
Other Non-Instructional Services	1,405,157
Extracurricular Activities	257,933
Capital Outlay	109,830
<i>Total Expenditures</i>	<i>10,449,488</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(456,179)</i>
Other Financing Sources	
Transfers In	28,376
<i>Net Change in Fund Balances</i>	<i>(427,803)</i>
<i>Fund Balances Beginning of Year</i>	<i>2,497,422</i>
<i>Fund Balances End of Year</i>	<i>\$2,069,619</i>

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.

Termination Benefits Fund – To account for cash accumulated for paying termination benefits or for paying salaries when the number of pay periods exceeds the usual and customary for a year. In fiscal year 2009, this fund had no activity or budget; therefore, there is no budgetary schedule presented.

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.

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.

Poverty Based Assistance Fund - To account for monies appropriated for poverty based assistance as part of the State foundation system. These monies can be used for academic intervention, all-day kindergarten, class-size reduction, Limited English Proficient students, professional development, dropout prevention, and community outreach.

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.

IDEA, Part B Fund – To account for monies to assist in the education of children with disabilities.

(Continued)

Lancaster City School District, Ohio

Nonmajor Special Revenue Funds (Continued)

Title I Fund – to account for monies that help provide financial assistance to State and Local educational agencies to meet the special needs of educationally deprived children.

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.

Counseling Grant Fund – To account for grant monies used in the counseling of students.

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.

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

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

Readiness and Emergency Management for Schools Fund - To account for grant funding for the purpose of homeland security for schools. Its purpose is to provide homeland security for students through crisis planning, training, and equipment purchases.

Federal Emergency Management Agency Fund – To account for grant funding for the purpose of reimbursing entities for local disaster and recovery expenses. The School District incurred large expenditures due to the blizzard in March, 2008 and the wind storm of September 2008 and were entitled to FEMA monies.

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

Preschool Fund – To account for federal and State revenues awarded to the School District for the improvement and expansion of services provided for preschool children and handicapped preschool children. This fund is the consolidation of Preschool Tuition, Public School Preschool, Preschool Special Education, and Child Outcomes Support funds for GAAP reporting purposes.

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009

	Food Service	Scholarship Memorial	Public School Support	Community Grants	Termination Benefits	District Managed Student Activity
Assets						
Cash and Cash Equivalents	\$560,780	\$31,830	\$71,774	\$17,156	\$1,003,879	\$85,959
Receivables:						
Accounts	10,578	0	2,299	9,849	0	79
Intergovernmental	4,332	0	0	0	0	470
Accrued Interest	0	31	0	0	0	0
Prepays	69	0	0	0	0	255
Inventory Held for Resale	37,430	0	0	0	0	0
Materials and Supplies Inventory	17,141	0	420	0	0	0
<i>Total Assets</i>	<u>\$630,330</u>	<u>\$31,861</u>	<u>\$74,493</u>	<u>\$27,005</u>	<u>\$1,003,879</u>	<u>\$86,763</u>
Liabilities						
Accounts Payable	\$489	\$240	\$1,162	\$0	\$0	\$6,490
Contracts Payable	0	0	0	0	0	0
Retainage Payable	0	0	0	0	0	0
Accrued Salaries and Benefits Payable	144,969	0	0	0	0	93
Intergovernmental Payable	121,673	0	0	0	0	284
Interfund Payable	0	0	0	0	0	0
Deferred Revenue	0	14	0	0	0	0
<i>Total Liabilities</i>	<u>267,131</u>	<u>254</u>	<u>1,162</u>	<u>0</u>	<u>0</u>	<u>6,867</u>
Fund Balances:						
Reserved for Encumbrances	2,000	1,600	6,664	0	0	13,833
Unreserved, Designated:						
Designated for Compensated Absences	0	0	0	0	1,003,879	0
Unreserved:						
Undesignated (Deficits)	361,199	30,007	66,667	27,005	0	66,063
<i>Total Fund Balances (Deficits)</i>	<u>363,199</u>	<u>31,607</u>	<u>73,331</u>	<u>27,005</u>	<u>1,003,879</u>	<u>79,896</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$630,330</u>	<u>\$31,861</u>	<u>\$74,493</u>	<u>\$27,005</u>	<u>\$1,003,879</u>	<u>\$86,763</u>

Auxiliary Services	Educational Management Information Systems	Poverty Based Assistance	IDEA, Part B	Title I	Title V	Drug Free Grant	Counseling Grant	Reducing Class Size
\$263,472	\$0	\$1,342,557	\$86,880	\$162,383	\$0	\$1,696	\$13,615	\$0
0	0	0	0	0	0	0	0	0
0	0	0	501,435	550,070	9,861	32,128	29,292	161,752
251	0	0	0	0	0	0	0	0
21,165	0	49	57	23	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>\$284,888</u>	<u>\$0</u>	<u>\$1,342,606</u>	<u>\$588,372</u>	<u>\$712,476</u>	<u>\$9,861</u>	<u>\$33,824</u>	<u>\$42,907</u>	<u>\$161,752</u>
\$144,563	\$0	\$0	\$55,264	\$88,536	\$0	\$0	\$420	\$0
0	0	102,972	0	0	0	0	0	0
0	0	6,858	0	0	0	0	0	0
46,134	1,217	223,711	137,457	145,426	0	0	0	36,794
14,644	0	71,346	77,661	36,956	0	0	0	13,018
506	0	0	164,049	313,978	9,225	31,835	28,161	77,774
112	0	0	404,505	398,475	636	1,989	14,746	83,978
<u>205,959</u>	<u>1,217</u>	<u>404,887</u>	<u>838,936</u>	<u>983,371</u>	<u>9,861</u>	<u>33,824</u>	<u>43,327</u>	<u>211,564</u>
64,817	0	328,127	32,430	71,208	0	1,696	13,195	0
0	0	0	0	0	0	0	0	0
14,112	(1,217)	609,592	(282,994)	(342,103)	0	(1,696)	(13,615)	(49,812)
<u>78,929</u>	<u>(1,217)</u>	<u>937,719</u>	<u>(250,564)</u>	<u>(270,895)</u>	<u>0</u>	<u>0</u>	<u>(420)</u>	<u>(49,812)</u>
<u>\$284,888</u>	<u>\$0</u>	<u>\$1,342,606</u>	<u>\$588,372</u>	<u>\$712,476</u>	<u>\$9,861</u>	<u>\$33,824</u>	<u>\$42,907</u>	<u>\$161,752</u>

(Continued)

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2009

	Continuous Improvement	Vocational Education	Preschool	Total Nonmajor Special Revenue Funds
Assets				
Cash and Cash Equivalents	\$0	\$38,869	\$68,635	\$3,749,485
Receivables:				
Accounts	0	0	0	22,805
Intergovernmental	12,280	57,128	48,824	1,407,572
Accrued Interest	0	0	0	282
Prepays	1,419	724	0	23,761
Inventory Held for Resale	0	0	0	37,430
Materials and Supplies Inventory	0	0	0	17,561
<i>Total Assets</i>	<u>\$13,699</u>	<u>\$96,721</u>	<u>\$117,459</u>	<u>\$5,258,896</u>
Liabilities				
Accounts Payable	\$0	\$1,402	\$4,770	\$303,336
Contracts Payable	0	0	0	102,972
Retainage Payable	0	0	0	6,858
Accrued Salaries and Benefits Payable	0	0	20,460	756,261
Intergovernmental Payable	0	0	7,115	342,697
Interfund Payable	10,301	47,797	27,976	711,602
Deferred Revenue	1,979	48,202	10,915	965,551
<i>Total Liabilities</i>	<u>12,280</u>	<u>97,401</u>	<u>71,236</u>	<u>3,189,277</u>
Fund Balances:				
Reserved for Encumbrances	0	37,114	771	573,455
Unreserved, Designated:				
Designated for Compensated Absences	0	0	0	1,003,879
Unreserved:				
Undesignated (Deficits)	1,419	(37,794)	45,452	492,285
<i>Total Fund Balances (Deficits)</i>	<u>1,419</u>	<u>(680)</u>	<u>46,223</u>	<u>2,069,619</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$13,699</u>	<u>\$96,721</u>	<u>\$117,459</u>	<u>\$5,258,896</u>

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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, 2009*

	Food Service	Scholarship Memorial	Public School Support	Community Grants
Revenues				
Intergovernmental	\$1,543,809	\$0	\$0	\$10,096
Interest	1,113	325	0	0
Tuition and Fees	0	0	0	0
Charges for Services	834,293	0	0	0
Rent	0	0	360	0
Extracurricular Activities	0	0	80,901	45,373
Gifts and Donations	0	0	2,956	4,300
Miscellaneous	134	0	0	0
<i>Total Revenues</i>	<u>2,379,349</u>	<u>325</u>	<u>84,217</u>	<u>59,769</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	0	1,637
Special	0	0	0	0
Vocational	0	0	0	21,588
Student Intervention Services	0	0	0	0
Support Services:				
Pupils	0	0	0	4,067
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Business	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	84
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	2,385,640	0	0	0
Other Non-Instructional Services	0	2,272	82,187	0
Extracurricular Activities	0	0	173	0
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>2,385,640</u>	<u>2,272</u>	<u>82,360</u>	<u>27,376</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(6,291)</u>	<u>(1,947)</u>	<u>1,857</u>	<u>32,393</u>
Other Financing Sources				
Transfer In	0	0	0	0
<i>Net Change in Fund Balance</i>	(6,291)	(1,947)	1,857	32,393
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>369,490</u>	<u>33,554</u>	<u>71,474</u>	<u>(5,388)</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u><u>\$363,199</u></u>	<u><u>\$31,607</u></u>	<u><u>\$73,331</u></u>	<u><u>\$27,005</u></u>

Termination Benefits	District Managed Student Activity	Auxiliary Services	Educational Management Information Systems	Data Communications	SchoolNet Professional Development	Poverty Based Assistance
\$0	\$0	\$976,599	\$18,063	\$33,000	\$2,710	\$2,521,213
0	0	1,535	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	309,048	0	0	0	0	0
0	5,485	0	0	0	0	0
0	576	0	0	0	0	0
0	315,109	978,134	18,063	33,000	2,710	2,521,213
0	0	0	0	0	0	1,616,830
0	0	0	0	0	0	9,102
0	0	0	0	0	0	0
0	0	0	0	0	0	195,280
0	0	0	0	0	0	506
0	0	0	0	0	4,540	2,883
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	1,889
0	0	0	51,902	33,000	0	0
0	0	0	0	0	0	0
0	86,939	1,125,420	0	0	0	0
0	257,760	0	0	0	0	0
0	0	0	0	0	0	109,830
0	344,699	1,125,420	51,902	33,000	4,540	1,936,320
0	(29,590)	(147,286)	(33,839)	0	(1,830)	584,893
0	0	0	0	0	0	0
0	(29,590)	(147,286)	(33,839)	0	(1,830)	584,893
1,003,879	109,486	226,215	32,622	0	1,830	352,826
\$1,003,879	\$79,896	\$78,929	(\$1,217)	\$0	\$0	\$937,719

(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, 2009

	Entry Year Grant	IDEA, Part B	Title I	Title V
Revenues				
Intergovernmental	\$20,300	\$1,211,958	\$1,264,840	\$14,534
Interest	0	0	0	0
Tuition and Fees	0	0	0	0
Charges for Services	0	0	0	0
Rent	0	0	0	0
Extracurricular Activities	0	0	0	0
Gifts and Donations	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>20,300</u>	<u>1,211,958</u>	<u>1,264,840</u>	<u>14,534</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	116,795	0
Special	0	304,591	1,278,604	0
Vocational	0	0	0	0
Student Intervention Services	0	0	0	0
Support Services:				
Pupils	0	278,758	669	0
Instructional Staff	20,300	792,056	229,003	0
Administration	0	48,352	0	0
Business	0	0	0	0
Operation and Maintenance of Plant	0	0	0	14,527
Pupil Transportation	0	814	0	0
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
Other Non-Instructional Services	0	43,757	54,785	456
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>20,300</u>	<u>1,468,328</u>	<u>1,679,856</u>	<u>14,983</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>(256,370)</u>	<u>(415,016)</u>	<u>(449)</u>
Other Financing Sources				
Transfer In	0	0	0	0
<i>Net Change in Fund Balance</i>	0	(256,370)	(415,016)	(449)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>0</u>	<u>5,806</u>	<u>144,121</u>	<u>449</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>\$0</u>	<u>(\$250,564)</u>	<u>(\$270,895)</u>	<u>\$0</u>

Drug Free Grant	Counseling Grant	Reducing Class Size	Continuous Improvement	Gifted Supplement Grant	Readiness and Emergency Management for Schools	Federal Emergency Management Agency	Vocational Education
\$32,592	\$329,354	\$355,773	\$11,660	\$16,161	\$33,743	\$10,910	\$89,505
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	0	0	0	0
<u>32,592</u>	<u>329,354</u>	<u>355,773</u>	<u>11,660</u>	<u>16,161</u>	<u>33,743</u>	<u>10,910</u>	<u>89,505</u>
0	0	263,000	9,456	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	106,240
0	0	0	0	0	0	0	0
13,680	316,010	0	0	0	0	0	0
0	0	166,693	4,285	27,317	0	0	6,997
0	13,764	2,780	0	0	3,450	0	5,614
0	0	0	0	0	9,200	0	0
13,218	0	0	0	0	62,587	15,981	0
4,985	0	0	0	0	0	0	4,784
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
824	0	755	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>32,707</u>	<u>329,774</u>	<u>433,228</u>	<u>13,741</u>	<u>27,317</u>	<u>75,237</u>	<u>15,981</u>	<u>123,635</u>
<u>(115)</u>	<u>(420)</u>	<u>(77,455)</u>	<u>(2,081)</u>	<u>(11,156)</u>	<u>(41,494)</u>	<u>(5,071)</u>	<u>(34,130)</u>
0	0	0	0	0	0	0	0
(115)	(420)	(77,455)	(2,081)	(11,156)	(41,494)	(5,071)	(34,130)
115	0	27,643	3,500	11,156	41,494	5,071	33,450
<u>\$0</u>	<u>(\$420)</u>	<u>(\$49,812)</u>	<u>\$1,419</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$680)</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, 2009

	Preschool	Total Nonmajor Special Revenue Funds
Revenues		
Intergovernmental	\$177,889	\$8,674,709
Interest	0	2,973
Tuition and Fees	32,201	32,201
Charges for Services	0	834,293
Rent	0	360
Extracurricular Activities	0	435,322
Gifts and Donations	0	12,741
Miscellaneous	0	710
<i>Total Revenues</i>	<u>210,090</u>	<u>9,993,309</u>
Expenditures		
Current:		
Instruction:		
Regular	109,439	2,117,157
Special	6,348	1,598,645
Vocational	0	127,828
Student Intervention Services	0	195,280
Support Services:		
Pupils	35,996	649,686
Instructional Staff	45,535	1,299,609
Administration	15,792	89,752
Business	0	9,200
Operation and Maintenance of Plant	0	106,313
Pupil Transportation	0	12,556
Central	0	84,902
Operation of Non-Instructional Services:		
Food Service Operations	0	2,385,640
Other Non-Instructional Services	7,762	1,405,157
Extracurricular Activities	0	257,933
Capital Outlay	0	109,830
<i>Total Expenditures</i>	<u>220,872</u>	<u>10,449,488</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(10,782)</u>	<u>(456,179)</u>
Other Financing Sources		
Transfer In	28,376	28,376
<i>Net Change in Fund Balance</i>	17,594	(427,803)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>28,629</u>	<u>2,497,422</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>\$46,223</u>	<u>\$2,069,619</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, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,800,000	\$1,443,821	(\$356,179)
Interest	0	3,862	3,862
Charges for Services	0	834,146	834,146
<i>Total Revenues</i>	<u>1,800,000</u>	<u>2,281,829</u>	<u>481,829</u>
Expenditures			
Current:			
Non-Instructional Services:			
Food Service Operations:			
Salaries and Wages	752,860	773,558	(20,698)
Fringe Benefits	315,735	312,165	3,570
Purchased Services	4,500	2,147	2,353
Materials and Supplies	1,177,000	1,135,035	41,965
Capital Outlay - New	16,583	11,998	4,585
Capital Outlay - Replacement	4,250	3,414	836
Other	15,375	15,195	180
<i>Total Expenditures</i>	<u>2,286,303</u>	<u>2,253,512</u>	<u>32,791</u>
<i>Net Change in Fund Balance</i>	(486,303)	28,317	514,620
<i>Fund Balance Beginning of Year</i>	528,305	528,305	0
<i>Prior Year Encumbrances Appropriated</i>	1,708	1,708	0
<i>Fund Balance at End of Year</i>	<u>\$43,710</u>	<u>\$558,330</u>	<u>\$514,620</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, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$1,200	\$357	(\$843)
Gifts and Donations	500	0	(500)
<i>Total Revenues</i>	1,700	357	(1,343)
Expenditures			
Current:			
Non-Instructional Services:			
Community Services:			
Other	4,742	3,632	1,110
<i>Net Change in Fund Balance</i>	(3,042)	(3,275)	(233)
<i>Fund Balance Beginning of Year</i>	33,505	33,505	0
<i>Fund Balance at End of Year</i>	\$30,463	\$30,230	(\$233)

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, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Rent	\$1,500	\$360	(\$1,140)
Extracurricular Activities	61,712	79,094	17,382
Gifts and Donations	4,100	2,956	(1,144)
<i>Total Revenues</i>	<u>67,312</u>	<u>82,410</u>	<u>15,098</u>
Expenditures			
Current:			
Non-Instructional Services:			
Other:			
Other	130,932	87,294	43,638
Extracurricular Activities:			
School and Public Service Co-Curricular Activities:			
Salaries and Wages	0	150	(150)
Fringe Benefits	0	23	(23)
Total Extracurricular Activities	<u>0</u>	<u>173</u>	<u>(173)</u>
<i>Total Expenditures</i>	<u>\$130,932</u>	<u>\$87,467</u>	<u>\$43,465</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(\$63,620)</u>	<u>(\$5,057)</u>	<u>\$58,563</u>
Other Financing Sources (Uses)			
Advances In	538	538	0
Advances Out	(641)	(641)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(103)</u>	<u>(103)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(63,723)	(5,160)	58,563
<i>Fund Balance Beginning of Year</i>	62,743	62,743	0
<i>Prior Year Encumbrances Appropriated</i>	7,527	7,527	0
<i>Fund Balance at End of Year</i>	<u><u>\$6,547</u></u>	<u><u>\$65,110</u></u>	<u><u>\$58,563</u></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, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$10,331	\$10,496	\$165
Extracurricular Activities	45,039	45,735	696
Gifts and Donations	4,300	4,300	0
<i>Total Revenues</i>	<u>59,670</u>	<u>60,531</u>	<u>861</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Materials and Supplies	1,695	1,637	58
Other	917	0	917
Total Regular	<u>2,612</u>	<u>1,637</u>	<u>975</u>
Vocational:			
Salaries and Wages	14,375	14,375	0
Purchased Services	16,354	4,875	11,479
Materials and Supplies	2,425	2,338	87
Other	746	746	0
Total Vocational	<u>33,900</u>	<u>22,334</u>	<u>11,566</u>
Total Instruction	<u>36,512</u>	<u>23,971</u>	<u>12,541</u>
Support Services:			
Pupils:			
Materials and Supplies	7,000	4,067	2,933
Pupil Transportation:			
Purchased Services	150	84	66
Total Support Services	<u>7,150</u>	<u>4,151</u>	<u>2,999</u>
<i>Total Expenditures</i>	<u>43,662</u>	<u>28,122</u>	<u>15,540</u>
<i>Excess of Revenues Over Expenditures</i>	<u>\$16,008</u>	<u>\$32,409</u>	<u>\$16,401</u>
Other Financing Sources (Uses)			
Advances In	\$30,780	\$30,780	\$0
Advances Out	(52,902)	(52,902)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(22,122)</u>	<u>(22,122)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(6,114)	10,287	16,401
<i>Fund Balance Beginning of Year</i>	6,114	6,114	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$16,401</u>	<u>\$16,401</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, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$290,300	\$309,259	\$18,959
Gifts and Donations	0	5,485	5,485
Miscellaneous	106	576	470
<i>Total Revenues</i>	<u>290,406</u>	<u>315,320</u>	<u>24,914</u>
Expenditures			
Current:			
Non-Instructional Services:			
Other:			
Other	142,500	89,876	52,624
Extracurricular Activities:			
Sport Oriented Activities:			
Salaries and Wages	22,520	26,746	(4,226)
Fringe Benefits	92	4,089	(3,997)
Purchased Services	102,275	108,643	(6,368)
Materials and Supplies	99,239	105,199	(5,960)
Capital Outlay - New	500	0	500
Other	14,501	25,265	(10,764)
Total Extracurricular Activities	<u>239,127</u>	<u>269,942</u>	<u>(30,815)</u>
<i>Total Expenditures</i>	<u>381,627</u>	<u>359,818</u>	<u>21,809</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(91,221)</u>	<u>(44,498)</u>	<u>46,723</u>
Other Financing Sources (Uses)			
Advances In	11,414	11,414	0
Advances Out	(11,414)	(11,414)	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>(91,221)</u>	<u>(44,498)</u>	<u>46,723</u>
<i>Fund Balance Beginning of Year</i>	76,342	76,342	0
<i>Prior Year Encumbrances Appropriated</i>	33,879	33,879	0
<i>Fund Balance at End of Year</i>	<u>\$19,000</u>	<u>\$65,723</u>	<u>\$46,723</u>

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, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,037,927	\$976,599	(\$61,328)
Interest	0	1,396	1,396
<i>Total Revenues</i>	<u>1,037,927</u>	<u>977,995</u>	<u>(59,932)</u>
Expenditures			
Current:			
Non-Instructional Services:			
Community Services:			
Salaries and Wages	268,754	226,610	42,144
Fringe Benefits	113,284	98,540	14,744
Purchased Services	292,304	283,945	8,359
Materials and Supplies	375,695	346,734	28,961
Capital Outlay - New	232,436	215,486	16,950
Other	39,070	39,064	6
<i>Total Expenditures</i>	<u>1,321,543</u>	<u>1,210,379</u>	<u>111,164</u>
<i>Net Change in Fund Balance</i>	(283,616)	(232,384)	51,232
<i>Fund Balance Beginning of Year</i>	247,132	247,132	0
<i>Prior Year Encumbrances Appropriated</i>	<u>39,352</u>	<u>39,352</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,868</u>	<u>\$54,100</u>	<u>\$51,232</u>

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, 2009*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$20,400	\$18,063	(\$2,337)
Expenditures			
Current:			
Support Services:			
Central:			
Salaries and Wages	46,664	44,327	2,337
Fringe Benefits	6,849	6,849	0
<i>Total Expenditures</i>	<u>53,513</u>	<u>51,176</u>	<u>2,337</u>
<i>Net Change in Fund Balance</i>	(33,113)	(33,113)	0
<i>Fund Balance Beginning of Year</i>	<u>33,113</u>	<u>33,113</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)*
Data Communications Fund
For the Fiscal Year Ended June 30, 2009

	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	33,000	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	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)*
SchoolNet Professional Development Fund
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,970	\$2,710	(\$260)
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	4,900	4,640	260
<i>Net Change in Fund Balance</i>	(1,930)	(1,930)	0
<i>Fund Balance Beginning of Year</i>	1,830	1,830	0
<i>Prior Year Encumbrances Appropriated</i>	100	100	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)
Poverty Based Assistance Fund
For the Fiscal Year Ended June 30, 2009*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,127,994	\$2,521,213	\$393,219
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	1,209,190	1,015,315	193,875
Fringe Benefits	404,196	335,993	68,203
Materials and Supplies	186,841	367	186,474
Total Regular	1,800,227	1,351,675	448,552
Special:			
Salaries and Wages	43,252	43,252	0
Fringe Benefits	15,739	15,740	(1)
Total Special	58,991	58,992	(1)
Student Intervention Services:			
Salaries and Wages	175,246	121,695	53,551
Fringe Benefits	31,872	22,593	9,279
Purchased Services	\$1,136	\$1,136	\$0
Materials and Supplies	30,200	30,200	0
Total Student Intervention Services	238,454	175,624	62,830
Total Instruction	2,097,672	1,586,291	511,381
Support Services:			
Instructional Staff:			
Purchased Services	168	168	0
Capital Outlay:			
Facilities Acquisition and Construction Services:			
Materials and Supplies	437,957	437,957	0
<i>Total Expenditures</i>	2,535,797	2,024,416	511,381
<i>Net Change in Fund Balance</i>	(407,803)	496,797	904,600
<i>Fund Balance Beginning of Year</i>	407,803	407,803	0
<i>Fund Balance at End of Year</i>	\$0	\$904,600	\$904,600

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Entry Year Grant Fund
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$20,300	\$20,300	\$0
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	20,300	20,300	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	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, Part B Fund
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,262,294	\$1,115,028	(\$147,266)
Expenditures			
Current:			
Instruction:			
Special:			
Salaries and Wages	194,275	175,828	18,447
Fringe Benefits	72,980	62,729	10,251
Materials and Supplies	122,569	74,184	48,385
Total Instruction	389,824	312,741	77,083
Support Services:			
Pupils:			
Salaries and Wages	5,251	5,251	0
Fringe Benefits	1,270	1,270	0
Purchased Services	427,380	324,818	102,562
Materials and Supplies	28,900	13,319	15,581
Total Pupils	462,801	344,658	118,143
Instructional Staff:			
Salaries and Wages	541,505	468,552	72,953
Fringe Benefits	281,334	236,895	44,439
Purchased Services	3,500	2,390	1,110
Total Instructional Staff	826,339	707,837	118,502
Administration:			
Salaries and Wages	40,493	40,493	0
Fringe Benefits	15,606	15,606	0
Total Administration	56,099	56,099	0
Pupil Transportation:			
Purchased Services	22,780	0	22,780
Total Support Services	1,368,019	1,108,594	259,425
Non-Instructional Services:			
Community Services:			
Salaries and Wages	54,451	54,451	0
<i>Total Expenditures</i>	1,812,294	1,475,786	336,508
<i>Excess of Revenues Under Expenditures</i>	(\$550,000)	(\$360,758)	\$189,242
Other Financing Sources (Uses)			
Advances In	\$779,379	\$556,424	(\$222,955)
Advances Out	(392,375)	(392,375)	0
<i>Total Other Financing Sources (Uses)</i>	387,004	164,049	(222,955)
<i>Net Change in Fund Balance</i>	(162,996)	(196,709)	(33,713)
<i>Fund Balance Beginning of Year</i>	162,997	162,997	0
<i>Prior Year Encumbrances Appropriated</i>	33,712	33,712	0
<i>Fund Balance at End of Year</i>	\$33,713	\$0	(\$33,713)

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, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,868,831	\$1,329,636	(\$539,195)
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	145,624	116,795	28,829
Special:			
Salaries and Wages	951,946	829,678	122,268
Fringe Benefits	256,271	222,401	33,870
Purchased Services	19,100	19,100	0
Materials and Supplies	251,915	217,630	34,285
Capital Outlay - New	7,968	7,968	0
Total Special	1,487,200	1,296,777	190,423
Total Instruction	1,632,824	1,413,572	219,252
Support Services:			
Pupils:			
Salaries and Wages	5,544	5,544	0
Fringe Benefits	2,190	2,190	0
Total Pupils	7,734	7,734	0
Instructional Staff:			
Salaries and Wages	61,947	56,911	5,036
Fringe Benefits	39,406	36,460	2,946
Purchased Services	205,903	205,639	264
Materials and Supplies	119	119	0
Total Instructional Staff	307,375	299,129	8,246
Total Support Services	315,109	306,863	8,246
Non-Instructional Services:			
Community Services:			
Salaries and Wages	44,016	34,783	9,233
Fringe Benefits	13,394	11,240	2,154
Total Non-Instructional Services	57,410	46,023	11,387
<i>Total Expenditures</i>	2,005,343	1,766,458	238,885
<i>Excess of Revenues Under Expenditures</i>	(136,512)	(436,822)	(300,310)
Other Financing Sources (Uses)			
Advances In	77,880	365,844	287,964
Advances Out	(51,866)	(51,866)	0
<i>Total Other Financing Sources (Uses)</i>	26,014	313,978	287,964
<i>Net Change in Fund Balance</i>	(\$110,498)	(\$122,844)	(\$12,346)
<i>Fund Balance Beginning of Year</i>	\$110,499	\$110,499	\$0
<i>Prior Year Encumbrances Appropriated</i>	14,983	14,983	0
<i>Fund Balance at End of Year</i>	\$14,984	\$2,638	(\$12,346)

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, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$15,694	\$5,309	(\$10,385)
Expenditures			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	14,527	14,527	0
Non-Instructional Services:			
Community Services:			
Purchased Services	1,166	528	638
<i>Total Expenditures</i>	<u>15,693</u>	<u>15,055</u>	<u>638</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1	(9,746)	(9,747)
Other Financing Sources			
Advances In	0	9,225	9,225
<i>Net Change in Fund Balance</i>	1	(521)	(522)
<i>Fund Balance Beginning of Year</i>	449	449	0
<i>Prior Year Encumbrances Appropriated</i>	72	72	0
<i>Fund Balance at End of Year</i>	<u>\$522</u>	<u>\$0</u>	<u>(\$522)</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, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$34,466	\$2,453	(\$32,013)
Expenditures			
Current:			
Support Services:			
Pupils:			
Purchased Services	13,680	13,680	0
Operation and Maintenance of Plant:			
Purchased Services	13,218	13,218	0
Pupil Transportation:			
Materials and Supplies	4,985	4,985	0
Total Support Services	31,883	31,883	0
Non-Instructional Services:			
Community Services:			
Purchased Services	2,698	2,520	178
<i>Total Expenditures</i>	34,581	34,403	178
<i>Excess of Revenues Under Expenditures</i>	(115)	(31,950)	(31,835)
Other Financing Sources			
Advances In	0	31,835	31,835
<i>Net Change in Fund Balance</i>	(115)	(115)	0
<i>Fund Balance Beginning of Year</i>	115	115	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)
Counseling Grant Fund
For the Fiscal Year Ended June 30, 2009*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$345,100	\$314,808	(\$30,292)
Expenditures			
Current:			
Support Services:			
Pupils:			
Purchased Services	316,336	314,842	1,494
Materials and Supplies	15,000	14,363	637
Total Pupils	331,336	329,205	2,131
Administration:			
Salaries and Wages	13,764	13,764	0
<i>Total Expenditures</i>	345,100	342,969	2,131
<i>Excess of Revenues Under Expenditures</i>	0	(28,161)	(28,161)
Other Financing Sources			
Advances In	0	28,161	28,161
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	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)
Reducing Class Size Fund
For the Fiscal Year Ended June 30, 2009*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$500,981	\$342,262	(\$158,719)
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	212,905	184,226	28,679
Fringe Benefits	79,689	68,819	10,870
Purchased Services	2,282	2,282	0
Total Instruction	294,876	255,327	39,549
Support Services:			
Instructional Staff:			
Salaries and Wages	133,449	116,018	17,431
Fringe Benefits	33,792	29,714	4,078
Purchased Services	48,986	25,050	23,936
Materials and Supplies	810	810	0
Total Instructional Staff	217,037	171,592	45,445
Administration:			
Salaries and Wages	1,936	1,670	266
Fringe Benefits	1,161	992	169
Total Administration	3,097	2,662	435
Total Support Services	220,134	174,254	45,880
Non-Instructional Services:			
Community Services:			
Purchased Services	708	0	708
Materials and Supplies	755	755	0
Total Non-Instructional Services	1,463	755	708
<i>Total Expenditures</i>	516,473	430,336	86,137
<i>Excess of Revenues Under Expenditures</i>	(15,492)	(88,074)	(72,582)
Other Financing Sources (Uses)			
Advances In	27,011	96,038	69,027
Advances Out	(18,264)	(18,264)	0
<i>Total Other Financing Sources (Uses)</i>	8,747	77,774	69,027
<i>Net Change in Fund Balance</i>	(6,745)	(10,300)	(3,555)
<i>Fund Balance Beginning of Year</i>	6,746	6,746	0
<i>Prior Year Encumbrances Appropriated</i>	3,554	3,554	0
<i>Fund Balance at End of Year</i>	\$3,555	\$0	(\$3,555)

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, 2009*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$18,692	\$1,359	(\$17,333)
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	6,500	6,500	0
Materials and Supplies	2,956	2,956	0
Total Instruction	9,456	9,456	0
Support Services:			
Instructional Staff:			
Materials and Supplies	4,285	4,285	0
Non-Instructional Services:			
Community Services:			
Purchased Services	3,399	1,419	1,980
<i>Total Expenditures</i>	17,140	15,160	1,980
<i>Excess of Revenues Over (Under) Expenditures</i>	1,552	(13,801)	(15,353)
Other Financing Sources			
Advances In	0	10,301	10,301
<i>Net Change in Fund Balance</i>	1,552	(3,500)	(5,052)
<i>Fund Balance Beginning of Year</i>	3,500	3,500	0
<i>Fund Balance at End of Year</i>	\$5,052	\$0	(\$5,052)

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, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$16,161	\$16,161	\$0
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	15,771	15,771	0
Materials and Supplies	11,546	11,546	0
<i>Total Expenditures</i>	<u>27,317</u>	<u>27,317</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(11,156)	(11,156)	0
<i>Fund Balance Beginning of Year</i>	11,156	11,156	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)
Readiness and Emergency Management for Schools Fund
For the Fiscal Year Ended June 30, 2009*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$70,000	\$70,000	\$0
Expenditures			
Current:			
Support Services:			
Administration:			
Salaries and Wages	3,000	3,000	0
Fringe Benefits	450	450	0
Total Administration	3,450	3,450	0
Business:			
Salaries and Wages	8,000	8,000	0
Fringe Benefits	1,200	1,200	0
Total Business	9,200	9,200	0
Operation and Maintenance of Plant:			
Purchased Services	16,292	16,292	0
Materials and Supplies	19,081	19,081	0
Capital Outlay - New	27,964	27,964	0
Total Operation and Maintenance of Plant	63,337	63,337	0
<i>Total Expenditures</i>	<i>75,987</i>	<i>75,987</i>	<i>0</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(5,987)</i>	<i>(5,987)</i>	<i>0</i>
Other Financing Sources (Uses)			
Advances In	767	767	0
Advances Out	(767)	(767)	0
<i>Total Other Financing Sources (Uses)</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Net Change in Fund Balance</i>	<i>(5,987)</i>	<i>(5,987)</i>	<i>0</i>
<i>Fund Balance Beginning of Year</i>	<i>936</i>	<i>936</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>5,051</i>	<i>5,051</i>	<i>0</i>
<i>Fund Balance at End of Year</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Federal Emergency Management Agency Fund
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
<i>Total Revenues</i>	\$15,981	\$15,981	\$0
Expenditures			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Salaries and Wages	2,261	2,261	0
Purchased Services	7,147	7,147	0
Materials and Supplies	1,502	1,502	0
Other	5,071	5,071	0
<i>Total Expenditures</i>	15,981	15,981	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	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)*
Vocational Education Career Development Fund
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$200	\$200	\$0
Expenditures			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	174	174	0
Fringe Benefits	26	26	0
<i>Total Expenditures</i>	200	200	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	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)
Vocational Education Fund
For the Fiscal Year Ended June 30, 2009*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$177,694	\$114,682	(\$63,012)
Expenditures			
Current:			
Instruction:			
Vocational:			
Purchased Services	8,934	8,388	546
Materials and Supplies	49,220	49,169	51
Capital Outlay - New	92,575	90,575	2,000
Total Instruction	150,729	148,132	2,597
Support Services:			
Instructional Staff:			
Salaries and Wages	3,919	3,653	266
Purchased Services	5,280	3,584	1,696
Total Instructional Staff	9,199	7,237	1,962
Administration:			
Purchased Services	5,614	5,614	0
Pupil Transportation:			
Purchased Services	8,110	4,784	3,326
Total Support Services	22,923	17,635	5,288
<i>Total Expenditures</i>	173,652	165,767	7,885
<i>Excess of Revenues Over (Under) Expenditures</i>	4,042	(51,085)	(55,127)
Other Financing Sources (Uses)			
Advances In	72,763	72,763	0
Advances Out	(76,805)	(76,805)	0
<i>Total Other Financing Sources (Uses)</i>	(4,042)	(4,042)	0
<i>Net Change in Fund Balance</i>	0	(55,127)	(55,127)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	55,479	55,479	0
<i>Fund Balance at End of Year</i>	\$55,479	\$352	(\$55,127)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Preschool Tuition Fund
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Tuition and Fees	\$30,058	\$32,201	\$2,143
Expenditures			
Current:			
Instruction:			
Regular:			
Fringe Benefits	245	0	245
Purchased Services	3,930	0	3,930
Materials and Supplies	23,046	0	23,046
Total Instruction	27,221	0	27,221
Support Services:			
Administration:			
Salaries and Wages	1,000	0	1,000
Fringe Benefits	155	0	155
Total Support Services	1,155	0	1,155
<i>Total Expenditures</i>	28,376	0	28,376
<i>Excess of Revenues Over Expenditures</i>	1,682	32,201	30,519
Other Financing Sources			
Operating Transfers In	28,376	28,376	0
<i>Net Change in Fund Balance</i>	30,058	60,577	30,519
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$30,058	\$60,577	\$30,519

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, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$196,551	\$164,939	(\$31,612)
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	71,381	61,846	9,535
Fringe Benefits	25,340	21,926	3,414
Purchased Services	2,921	2,921	0
Materials and Supplies	13,641	13,641	0
Other	7,319	7,319	0
Total Instruction	120,602	107,653	12,949
Support Services:			
Instructional Staff:			
Salaries and Wages	21,767	18,934	2,833
Fringe Benefits	16,524	14,154	2,370
Purchased Services	8,985	8,985	0
Materials and Supplies	2,219	1,995	224
Total Instructional Staff	49,495	44,068	5,427
Administration:			
Salaries and Wages	10,009	6,672	3,337
Fringe Benefits	4,230	2,828	1,402
Purchased Services	627	627	0
Capital Outlay - New	217	217	0
Total Administration	15,083	10,344	4,739
Total Support Services	64,578	54,412	10,166
Non-Instructional Services:			
Community Services:			
Purchased Services	7,762	7,762	0
<i>Total Expenditures</i>	192,942	169,827	23,115
<i>Excess of Revenues Over (Under) Expenditures</i>	3,609	(4,888)	(8,497)
Other Financing Sources (Uses)			
Advances In	0	8,657	8,657
Advances Out	(3,609)	(3,609)	0
<i>Total Other Financing Sources (Uses)</i>	(3,609)	5,048	8,657
<i>Net Change in Fund Balance</i>	0	160	160
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	1,212	1,212	0
<i>Fund Balance at End of Year</i>	\$1,212	\$1,372	\$160

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Preschool Special Education Fund
For the Fiscal Year Ended June 30, 2009*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$30,974	\$1,744	(\$29,230)
Expenditures			
Current:			
Instruction:			
Special:			
Materials and Supplies	3,962	3,962	0
Support Services:			
Pupils:			
Purchased Services	28,707	28,577	130
Materials and Supplies	7,419	7,419	0
Total Pupils	36,126	35,996	130
<i>Total Expenditures</i>	40,088	39,958	130
<i>Excess of Revenues Under Expenditures</i>	(9,114)	(38,214)	(29,100)
Other Financing Sources (Uses)			
Advances In	17,000	36,319	19,319
Advances Out	(17,000)	(17,000)	0
<i>Total Other Financing Sources (Uses)</i>	0	19,319	19,319
<i>Net Change in Fund Balance</i>	(9,114)	(18,895)	(9,781)
<i>Fund Balance Beginning of Year</i>	8,500	8,500	0
<i>Prior Year Encumbrances Appropriated</i>	11,870	11,870	0
<i>Fund Balance at End of Year</i>	\$11,256	\$1,475	(\$9,781)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Child Outcomes Support Fund
For the Fiscal Year Ended June 30, 2009*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$3,000	\$2,386	(\$614)
Expenditures			
Current:			
Instruction:			
Special:			
Salaries and Wages	1,344	1,344	0
Purchased Services	200	200	0
Materials and Supplies	842	842	0
<i>Total Expenditures</i>	<u>2,386</u>	<u>2,386</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	614	0	(614)
<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>\$614</u></u>	<u><u>\$0</u></u>	<u><u>(\$614)</u></u>

Lancaster City School District, Ohio

Capital Projects Fund

The capital projects fund accounts for the acquisition, construction, or improvement of capital facilities.

Major Capital Projects Fund

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

Nonmajor Capital Projects Fund

There were no nonmajor capital projects funds for fiscal year 2009.

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, 2009*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$148,000	\$0	(\$148,000)
Rent	100,000	148,695	48,695
Extracurricular Activities	2,000	4,554	2,554
<i>Total Revenues</i>	<u>250,000</u>	<u>153,249</u>	<u>(96,751)</u>
Expenditures			
Current:			
Instruction:			
Vocational:			
Capital Outlay - New	34,100	34,044	56
Support Services:			
Pupil Transportation:			
Capital Outlay - New	455,900	0	455,900
Extracurricular Activities:			
Sport Oriented Activities:			
Materials and Supplies	5,000	0	5,000
Capital Outlay - New	5,000	3,870	1,130
Total Extracurricular Activities	<u>10,000</u>	<u>3,870</u>	<u>6,130</u>
<i>Total Expenditures</i>	<u>500,000</u>	<u>37,914</u>	<u>462,086</u>
<i>Net Change in Fund Balance</i>	(250,000)	115,335	365,335
<i>Fund Balance Beginning of Year</i>	<u>7,855,297</u>	<u>7,855,297</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$7,605,297</u>	<u>\$7,970,632</u>	<u>\$365,335</u>

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.

Lancaster City School District, Ohio
Schedule of Revenues, Expenses, and Changes
in Fund Equity - Budget and Actual (Budget Basis)
Employee Benefits Self Insurance Fund
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$6,340,393	\$6,581,500	\$241,107
Expenses			
Current:			
Support Services:			
Central:			
Purchased Services	2,100,000	2,089,427	10,573
Claims	4,666,586	4,577,451	89,135
<i>Total Expenses</i>	<u>6,766,586</u>	<u>6,666,878</u>	<u>99,708</u>
<i>Net Change in Fund Balance</i>	(426,193)	(85,378)	340,815
<i>Fund Equity Beginning of Year</i>	<u>1,388,738</u>	<u>1,388,738</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$962,545</u></u>	<u><u>\$1,303,360</u></u>	<u><u>\$340,815</u></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 Equity - Budget and Actual (Budget Basis)
Endowment Fund
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$1,725	\$568	(\$1,157)
Expenses			
Current:			
Non-Instructional Services:			
Community Services:			
Other	1,300	250	1,050
<i>Net Change in Fund Balance</i>	425	318	(107)
<i>Fund Equity Beginning of Year</i>	43,163	43,163	0
<i>Fund Equity at End of Year</i>	<u>\$43,588</u>	<u>\$43,481</u>	<u>(\$107)</u>

Lancaster City School District, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2009

	Balance 7/1/08	Additions	Reductions	Balance 6/30/09
Student Managed Activity				
Assets				
Cash and Cash Equivalents	\$93,163	\$99,777	\$103,071	\$89,869
Total Assets	<u>\$93,163</u>	<u>\$99,777</u>	<u>\$103,071</u>	<u>\$89,869</u>
Liabilities				
Due to Students	\$93,163	\$99,777	\$103,071	\$89,869
Total Liabilities	<u>\$93,163</u>	<u>\$99,777</u>	<u>\$103,071</u>	<u>\$89,869</u>

**Statistical
Section**



**Lancaster
Gales**

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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-S13
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.	S14-S23
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.	S24-S29
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.	S30-S31
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.	S32-S48

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 Seven Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006
Invested in Capital Assets, Net of Related Debt	\$7,107,841	\$6,821,223	\$6,645,029	\$6,433,483
Restricted for:				
Capital Projects	27,811	15,374	157,992	195,158
Bus Purchase	0	19,290	0	0
Public School Support	88,801	108,688	114,255	95,215
District Managed Activities	67,691	54,400	63,350	99,577
Auxiliary Services	42,225	150,735	39,361	53,297
Readiness and Emergency Management	0	0	0	0
Special Education	372,288	114,351	288,124	390,130
Title VI-B Services (a)	0	0	0	0
Title I Services (a)	0	0	0	0
Other Purposes	551,714	140,988	159,094	158,011
Unrestricted (Deficit)	<u>(2,267,929)</u>	<u>(2,394,767)</u>	<u>(3,750,980)</u>	<u>(2,474,439)</u>
Total Net Assets	<u><u>\$5,990,442</u></u>	<u><u>\$5,030,282</u></u>	<u><u>\$3,716,225</u></u>	<u><u>\$4,950,432</u></u>

a - prior to 2009 these amounts were combined with special education.

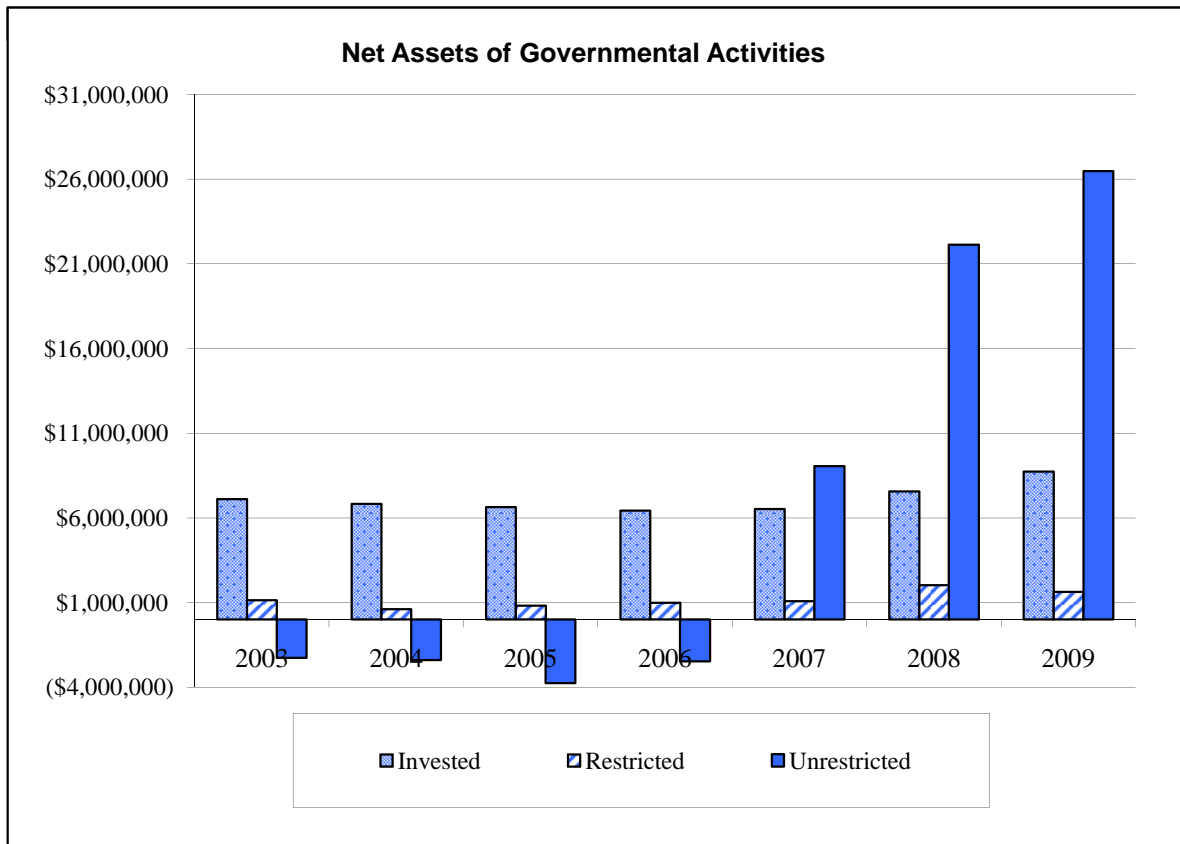


TABLE 1

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$6,523,237	\$7,558,424	\$8,736,629
4,408	0	0
21,262	12,260	40,693
26,807	0	27,005
104,815	109,486	79,896
46,368	226,215	79,041
0	319,337	0
653,524	1,058,473	937,719
0	0	153,941
0	0	127,580
233,655	295,245	190,796
<u>9,050,606</u>	<u>22,120,028</u>	<u>26,469,952</u>
<u>\$16,664,682</u>	<u>\$31,699,468</u>	<u>\$36,843,252</u>

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

	2003	2004	2005	2006
Expenses				
Regular Instruction	\$20,367,452	\$22,052,347	\$23,028,446	\$22,550,491
Special Instruction	6,656,191	7,025,886	6,499,927	5,993,895
Intergovernmental	0	0	596,240	641,663
Vocational Instruction	2,595,702	2,531,200	2,555,949	2,533,090
Adult/Continuing Instruction	159,410	173,621	164,390	102,241
Student Intervention Services	0	0	0	0
Pupil Support Services	2,898,958	2,904,142	3,019,821	2,655,701
Instructional Staff Support Services	3,579,711	3,641,341	3,501,558	3,312,136
Board of Education Support Services	65,509	91,367	212,283	103,737
Administration Support Services	4,466,070	4,420,010	4,391,395	4,235,498
Fiscal Support Services	1,059,217	1,213,261	1,089,018	1,249,249
Business Support Services	414,309	354,735	426,089	422,329
Operation and Maintenance of				
Plant Support Services	4,330,316	4,715,175	4,656,265	4,184,164
Pupil Transportation Support Services	1,637,916	1,653,057	1,761,350	1,760,638
Central Support Services	319,329	330,620	267,753	219,509
Food Service Operations	1,832,795	2,096,921	2,077,895	2,138,195
Other Operation of Non-				
Instructional Services	890,972	816,371	1,077,936	1,045,611
Extracurricular Activities	909,644	846,956	891,207	826,654
Interest and Fiscal Charges	17,479	2,548	29,935	24,482
<i>Total Expenses</i>	<u>52,200,980</u>	<u>54,869,558</u>	<u>56,247,457</u>	<u>53,999,283</u>
Program Revenues				
Charges for Services				
Regular Instruction	291,527	912,958	860,644	752,303
Special Instruction	148,251	151,759	123,488	157,139
Vocational Instruction	38,652	24,241	125,992	166,838
Adult/Continuing Instruction	5,812	77,251	64,167	34,471
Pupil Support Services	4,328	1,659	45,224	9,593
Instructional Staff Support Services	6,612	2,245	0	20,708
Administration Support Services	17,617	26,760	18,464	92,514
Fiscal Support Services	34	56,137	18,834	146,783
Business Support Services	6	60	0	0
Operation and Maintenance of				
Plant Support Services	48,097	61,286	64,789	22,500
Pupil Transportation Support Services	60,302	10,574	17,858	44,342
Central Support Services	14	58,000	0	0
Food Service Operations	981,339	1,043,715	1,038,083	1,000,143
Other Operation of Non-				
Instructional Services	21,187	880	339	0
Extracurricular Activities	250,059	361,007	394,807	382,453
Operating Grants, Contributions, and Interest				
Regular Instruction	767,732	568,428	609,498	371,620
Special Instruction	2,705,478	2,377,886	2,680,419	2,668,530
Intergovernmental	0	0	599,990	642,866
Vocational Instruction	549,981	546,790	482,750	460,027
Adult/Continuing Instruction	\$179,238	\$102,782	\$97,979	\$146,586

TABLE 2

2007	2008	2009
\$21,564,861	\$22,340,411	\$25,382,476
5,918,643	6,376,028	6,916,927
41,599	43,367	0
1,560,603	1,584,128	1,876,125
2,734	150	0
0	0	195,280
2,275,073	2,311,328	2,888,413
2,347,971	3,093,077	3,297,921
99,845	66,610	126,111
2,973,956	3,282,407	4,297,134
1,058,051	1,153,200	1,798,715
335,644	439,019	480,900
3,419,108	4,111,162	4,659,595
1,458,150	1,653,859	1,740,238
194,775	456,405	81,009
1,886,036	2,258,702	2,387,214
1,012,075	993,610	1,384,954
770,424	786,172	1,081,703
18,612	12,256	0
46,938,160	50,961,891	58,594,715
834,052	946,099	874,820
74,985	120,876	161,007
76,171	72,174	172,544
0	0	0
19,091	0	0
5,701	2,044	0
124,342	16,472	23,638
119,675	0	0
139	0	0
21,783	128,089	4,866
34,162	13,733	11,117
0	0	0
892,439	863,809	834,293
0	0	160,415
781,512	368,278	341,229
497,924	476,575	547,746
2,749,969	2,506,651	3,110,062
45,490	48,611	0
486,693	501,589	499,120
\$0	\$0	\$0

(Continued)

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

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

TABLE 2 (Continued)

2007	2008	2009
\$363,852	\$636,927	\$373,081
1,183,015	1,364,693	1,121,538
202,669	163,207	229,436
0	0	0
14,589	361,016	26,452
162,185	124,744	111,984
52,671	53,401	51,063
1,162,133	1,327,383	1,544,922
1,067,198	1,094,589	1,083,287
0	1,826	5,485
41,738	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
21,262	33,471	28,433
0	0	0
0	0	0
0	0	0
0	0	0
<u>11,035,440</u>	<u>11,226,257</u>	<u>11,316,538</u>
<u>(35,902,720)</u>	<u>(39,735,634)</u>	<u>(47,278,177)</u>
25,474,906	22,331,810	19,160,191
0	0	0
2,715,588	9,260,589	9,623,513
18,785,514	22,233,300	23,121,048
6,400	2,166	6,300
145,802	92,612	0
0	0	1,000
486,989	849,581	454,476
1,771	362	55,433
<u>47,616,970</u>	<u>54,770,420</u>	<u>52,421,961</u>
<u>\$11,714,250</u>	<u>\$15,034,786</u>	<u>\$5,143,784</u>

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

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

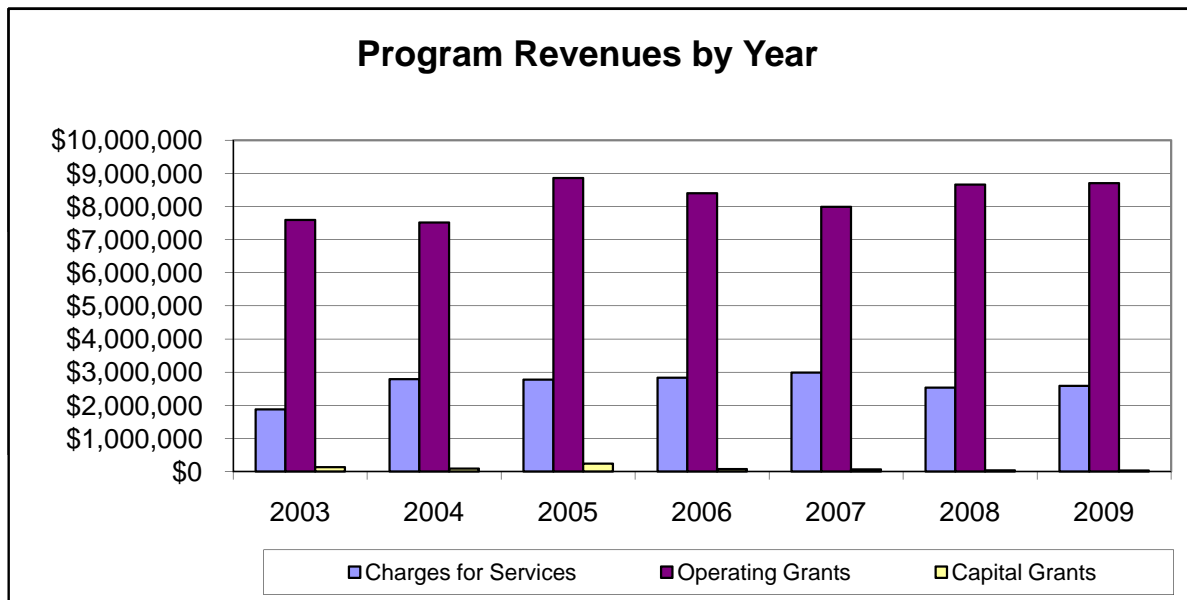


TABLE 3

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$1,373,714	\$1,422,674	\$1,422,566
2,824,954	2,627,527	3,271,069
45,490	48,611	0
562,864	573,763	671,664
0	0	0
382,943	636,927	373,081
1,188,716	1,366,737	1,121,538
327,011	179,679	253,074
119,675	0	0
139	0	0
36,372	489,105	31,318
217,609	171,948	151,534
52,671	53,401	51,063
2,054,572	2,191,192	2,379,215
1,067,198	1,094,589	1,243,702
781,512	370,104	346,714
<u>\$11,035,440</u>	<u>\$11,226,257</u>	<u>\$11,316,538</u>

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

	2000	2001	2002	2003
General Fund				
Reserved	\$2,511,782	\$1,340,150	\$2,381,532	\$867,525
Unreserved	5,711,687	4,208,126	3,241,026	193,904
<i>Total General Fund (Deficits)</i>	<u>8,223,469</u>	<u>5,548,276</u>	<u>5,622,558</u>	<u>1,061,429</u>
All Other Governmental Funds				
Reserved	133,056	236,858	130,972	164,067
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	827,745	821,278	985,551	1,092,823
Debt Service Funds	109	109	0	0
Capital Projects Funds	57,737	62,143	113,268	27,701
Total All Other Governmental Funds	<u>1,018,647</u>	<u>1,120,388</u>	<u>1,229,791</u>	<u>1,284,591</u>
<i>Total Governmental Funds (Deficit)</i>	<u><u>\$9,242,116</u></u>	<u><u>\$6,668,664</u></u>	<u><u>\$6,852,349</u></u>	<u><u>\$2,346,020</u></u>

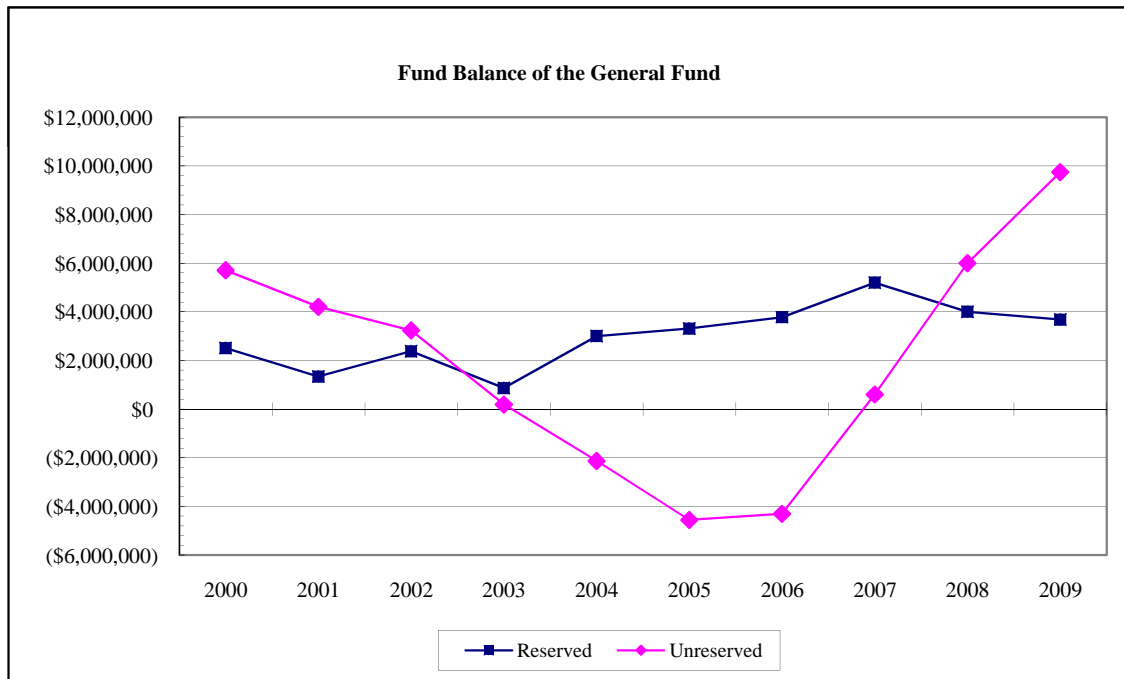


TABLE 4

2004	2005	2006	2007	2008	2009
\$3,007,298	\$3,313,699	\$3,786,420	\$5,203,373	\$4,006,686	\$3,683,265
(2,128,740)	(4,551,424)	(4,300,295)	606,098	6,001,865	9,747,000
878,558	(1,237,725)	(513,875)	5,809,471	10,008,551	13,430,265
779,040	155,045	166,614	146,744	141,585	573,455
537,412	761,788	751,503	1,139,729	2,355,837	1,496,164
0	0	0	0	0	0
70,565	62,777	99,908	1,295,803	7,855,297	7,970,676
1,387,017	979,610	1,018,025	2,582,276	10,352,719	10,040,295
\$2,265,575	(\$258,115)	\$504,150	\$8,391,747	\$20,361,270	\$23,470,560

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

	2000	2001	2002	2003
Revenues				
Property and Other Local Taxes	\$22,880,448	\$21,420,399	\$24,097,570	\$22,004,173
Payment in Lieu of Taxes	0	0	0	0
Income Taxes	0	0	0	0
Intergovernmental	20,737,568	22,674,205	24,288,530	25,231,059
Interest	744,711	731,221	286,234	136,860
Tuition and Fees	156,786	425,557	193,992	416,691
Charges for Services	938,908	984,127	1,006,774	981,339
Rent	59,729	57,572	47,174	41,065
Extracurricular Activities	481,944	452,737	485,505	347,088
Collection of a Capital Lease	0	0	0	0
Gifts and Donations	59,058	33,088	42,824	22,624
Miscellaneous	40,165	133,909	11,927	59,048
<i>Total Revenues</i>	<u>46,099,317</u>	<u>46,912,815</u>	<u>50,460,530</u>	<u>49,239,947</u>
Expenditures				
Current:				
Instruction:				
Regular	16,704,731	19,339,434	20,009,626	20,406,948
Special	5,115,493	5,862,557	6,112,948	6,739,309
Vocational	2,381,502	2,440,213	2,397,521	2,619,656
Adult/Continuing	121,124	124,947	120,258	159,410
Student Intervention Services	0	0	0	0
Support Services:				
Pupil	2,161,050	2,523,983	2,523,150	2,923,946
Instructional Staff	3,064,786	3,447,949	3,505,426	3,674,010
Board of Education	41,759	47,894	47,721	65,570
Administration	3,610,832	3,916,432	4,054,941	4,510,229
Fiscal	865,504	1,034,096	1,054,799	1,091,579
Business	381,145	429,996	440,253	417,660
Operation and Maintenance of Plant	3,637,326	4,461,306	4,571,066	4,899,378
Pupil Transportation	1,669,853	1,911,574	1,399,292	1,874,916
Central	293,533	287,831	341,556	311,849
Food Service Operations	1,548,348	1,629,986	1,674,285	1,836,175
Other Operation of Non-Instructional Services	558,337	683,626	755,609	891,124
Extracurricular Activities	720,111	724,430	777,279	861,546
Capital Outlay	267,213	177,941	41,883	95,620
Intergovernmental	0	0	0	0
Debt Service:				
Principal Retirement	474,945	397,014	403,789	343,687
Interest and Fiscal Charges	88,111	64,298	46,218	23,664
<i>Total Expenditures</i>	<u>43,705,703</u>	<u>49,505,507</u>	<u>50,277,620</u>	<u>53,746,276</u>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>2,393,614</u>	<u>(2,592,692)</u>	<u>182,910</u>	<u>(4,506,329)</u>
Other Financing Sources (Uses)				
Proceeds from Capital Lease	0	0	0	0
Inception of Capital Lease	253,933	13,420	0	0
Proceeds from Sale of Capital Assets	3,294	3,084	775	0
Transfers In	0	2,736	21,678	0
Transfers Out	0	0	(21,678)	0
<i>Total Other Financing Sources (Uses)</i>	<u>257,227</u>	<u>19,240</u>	<u>775</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>\$2,650,841</u>	<u>(\$2,573,452)</u>	<u>\$183,685</u>	<u>(\$4,506,329)</u>
Debt Service as a Percentage of				
Noncapital Expenditures	1.3%	0.9%	0.9%	0.7%

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

TABLE 5

2004	2005	2006	2007	2008	2009
\$26,193,494	\$24,761,939	\$25,313,325	\$24,768,901	\$23,035,666	\$18,912,036
0	125,960	125,960	135,155	10,647	11,092
0	0	0	2,078,535	9,211,573	9,569,688
24,869,090	26,657,356	26,669,605	26,717,228	30,117,518	31,931,545
34,362	107,287	196,327	508,134	774,233	409,591
1,247,066	1,137,971	1,226,418	1,105,606	1,074,181	1,088,516
1,035,095	1,019,233	980,965	870,220	854,438	834,293
46,021	45,133	74,120	103,658	115,849	122,366
441,474	593,050	563,292	955,325	490,106	538,754
0	75,000	31,250	31,250	31,250	31,250
60,215	15,483	8,961	11,261	11,930	13,741
2,463	6,501	3,291	1,571	362	55,433
53,929,280	54,544,913	55,193,514	57,286,844	65,727,753	63,518,305
21,702,565	22,884,399	22,658,842	22,392,940	22,981,893	25,878,642
6,912,976	6,592,407	6,157,372	6,216,613	6,614,211	7,054,730
2,509,676	2,623,904	2,536,614	1,754,073	1,637,388	1,889,406
173,621	164,390	102,241	2,734	150	0
0	0	0	0	0	195,280
2,885,720	2,989,764	2,706,996	2,329,934	2,453,272	2,874,685
3,715,540	3,544,051	3,301,758	2,525,438	3,234,901	3,384,896
91,626	212,283	103,737	99,845	66,610	126,111
4,423,127	4,407,639	4,207,039	3,104,556	3,454,350	4,003,138
1,208,117	1,096,604	1,267,801	1,070,821	1,184,332	1,778,785
358,663	423,449	425,682	356,339	722,966	955,566
4,720,221	4,576,132	4,198,430	3,608,794	4,245,530	4,784,494
1,551,434	1,815,791	1,785,624	1,398,858	1,770,288	1,654,664
333,707	255,997	210,151	209,654	457,157	415,395
2,160,999	2,129,614	2,126,103	1,950,649	2,288,593	2,385,640
826,751	1,080,378	1,052,134	1,074,427	918,849	1,405,157
792,984	828,721	793,025	759,714	751,887	1,004,894
66,363	700,601	8,159	350,046	629,953	623,832
0	596,240	641,663	41,599	43,367	0
345,000	128,450	133,894	139,755	297,901	0
7,849	30,163	24,719	18,858	12,785	0
54,786,939	57,080,977	54,441,984	49,405,647	53,766,383	60,415,315
(857,659)	(2,536,064)	751,530	7,881,197	11,961,370	3,102,990
700,000	0	0	0	0	0
0	0	0	0	0	0
77,214	12,374	10,735	6,400	8,153	6,300
0	90,787	66,629	1,126,192	7,617,029	28,376
0	(90,787)	(66,629)	(1,126,192)	(7,617,029)	(28,376)
777,214	12,374	10,735	6,400	8,153	6,300
(\$80,445)	(\$2,523,690)	\$762,265	\$7,887,597	\$11,969,523	\$3,109,290
0.6%	0.3%	0.3%	0.3%	0.6%	0.0%

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
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
2008	628,950,440	258,287,400	2,534,965,257	22,601,540	90,406,160
2009	633,678,410	256,949,890	2,544,652,286	23,299,690	93,198,760

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. In 2007, telephone values were moved from public utility to general business tangible personal property. Telephone tax is being phased out beginning in tax year 2006. The listing percentage is 20 or 46 percent for 2006, 20 percent for 2007, 15 percent for 2008, 10 percent for 2009, 5 percent for 2010 and zero for 2011.

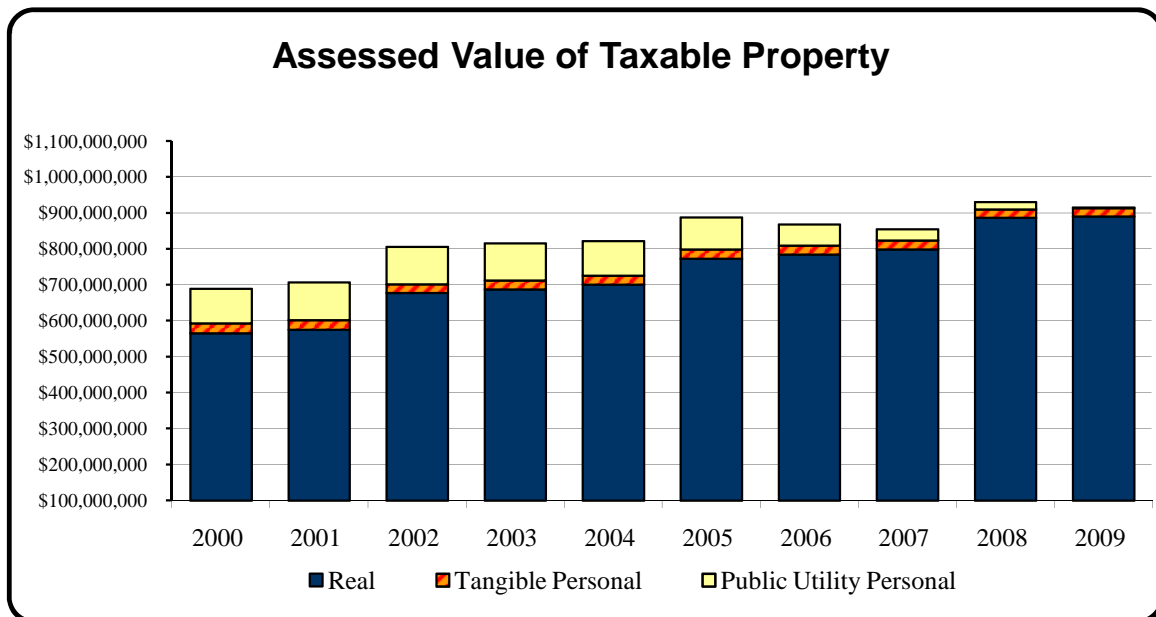
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by 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	
\$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
20,369,499	325,911,984	930,208,879	2,951,283,401	32%	24
1,761,970	17,619,700	915,689,960	2,655,470,746	34%	23



Lancaster City School District, Ohio

Property Tax Rates

(per \$1,000 of assessed value)

Last Ten Years

	Collection Year				
	2000	2001	2002	2003	2004
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	7.5851	7.5711	6.5600	6.5430	6.5132
Commercial/Industrial and Public Utility Real	10.4584	10.5783	8.9015	8.9311	8.8796
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	0.2393	0.2388	0.2069	0.2064	0.2055
Commercial/Industrial and Public Utility Real	0.3299	0.3337	0.2808	0.2817	0.2801
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	2.3928	2.3884	2.0694	2.0640	2.0546
Commercial/Industrial and Public Utility Real	3.2992	3.3370	2.8080	2.8174	2.8012
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	6.3857	6.3739	5.5227	5.5083	5.4832
Commercial/Industrial and Public Utility Real	7.5363	7.6227	6.4144	6.4357	6.3987
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	7.1083	7.0951	6.1475	6.1316	6.1036
Commercial/Industrial and Public Utility Real	7.0679	7.1489	6.0157	6.0357	6.0010
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	23.7112	23.6673	20.5065	20.4533	20.3601
Commercial/Industrial and Public Utility Real	28.6917	29.0206	24.4204	24.5016	24.3606
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	27.7112	27.6673	24.5065	24.4533	24.3601
Commercial/Industrial and Public Utility Real	32.6917	33.0206	28.4204	28.5016	28.3606
General Business and Public Utility Personal	64.6000	64.6000	64.6000	64.6000	64.6000

TABLE 7

Collection Year				
2005	2006	2007	2008	2009
\$4.0000	\$4.0000	\$4.0000	\$4.0000	\$4.0000
5.9843	5.9493	5.9339	5.4842	5.4811
8.1846	8.2710	8.2493	7.0800	7.3574
31.7000	31.7000	31.7000	31.7000	31.7000
0.1888	0.1877	0.1872	0.1730	0.1729
0.2582	0.2609	0.2602	0.2233	0.2321
1.0000	1.0000	1.0000	1.0000	1.0000
1.8878	1.8768	1.8719	1.7300	1.7291
2.5819	2.6092	2.6023	2.2335	2.3210
10.0000	10.0000	10.0000	10.0000	10.0000
5.0380	5.0085	4.9955	4.6170	4.6143
5.8978	5.9601	5.9444	5.1019	5.3017
10.0000	10.0000	10.0000	10.0000	10.0000
5.6080	5.5752	5.5608	5.1394	5.1364
5.5312	5.5896	5.5749	4.7847	4.9722
7.9000	7.9000	7.9000	7.9000	7.9000
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	0.0000	0.0000
22.5069	22.3975	22.4493	17.1436	17.1338
26.2537	26.4908	26.5311	19.4234	20.1844
64.4000	64.4000	64.5000	60.6000	60.6000
26.5069	26.3975	26.4493	21.1436	21.1338
30.2537	30.4908	30.5311	23.4234	24.1844
68.4000	68.4000	68.5000	64.6000	64.6000

(Continued)

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

	Collection Year				
	2000	2001	2002	2003	2004
Overlapping Rates by Taxing District					
Berne Township Millage					
Effective Millage Rates					
Residential/Agricultural Real	5.7025	5.6904	5.1292	5.4038	5.3902
Commercial/Industrial and Public Utility Real	5.9353	5.9373	4.7059	5.1891	5.1941
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	5.2658	9.2184	9.1032	9.0687	9.0381
Commercial/Industrial and Public Utility Real	5.9702	9.2548	7.8438	7.9794	7.9976
General Business and Public Utility Personal	8.2000	12.2000	12.2000	12.2000	12.2000
Hocking Township Millage					
Effective Millage Rates					
Residential/Agricultural Real	3.5121	3.5102	4.4673	4.4631	4.4520
Commercial/Industrial and Public Utility Real	3.6802	3.6802	3.8811	3.9576	3.9462
General Business and Public Utility Personal	4.2000	4.2000	4.7000	4.7000	4.7000
Pleasant Township Millage					
Effective Millage Rates					
Residential/Agricultural Real	5.2829	8.2498	7.5868	7.5717	8.5851
Commercial/Industrial and Public Utility Real	6.0421	8.7006	7.0945	7.1662	8.0535
General Business and Public Utility Personal	6.6000	9.1000	9.1000	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	5.3466	5.3354	4.9725	4.9563	4.9365
Commercial/Industrial and Public Utility Real	5.5759	5.5517	4.9942	5.0232	5.0446
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				
2005	2006	2007	2008	2009
5.2176	5.2176	5.2152	4.9240	4.9221
4.9583	4.9907	5.0396	4.8374	4.8806
7.7000	7.7000	7.7000	7.7000	7.7000
10.2747	9.3594	9.4419	9.0053	8.9260
9.2526	8.5508	8.4878	7.5227	8.0183
13.1000	11.1000	11.2000	11.2000	11.2000
4.3241	4.3183	4.3169	4.1691	4.1693
3.8530	3.8556	3.8567	3.6172	3.6521
4.7000	4.7000	4.7000	4.7000	4.7000
8.1348	6.4962	8.4738	8.0196	8.0180
7.7194	6.3259	8.3159	8.0261	8.2611
9.1000	7.1000	9.1000	9.1000	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
0.4609	0.4574	0.4560	0.4213	0.4205
0.4630	0.4671	0.4658	0.4018	0.4178
0.5000	0.5000	0.5000	0.5000	0.5000
5.2683	7.0775	7.0615	6.7591	6.7525
5.4259	7.1446	7.0980	6.3881	6.5699
7.5500	7.5500	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
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
2007	27,227,411	25,099,143	92.18	869,522	25,968,665	95.38
2008	20,669,036	19,599,961	94.83	685,407	20,285,368	98.14

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 2009 information cannot be presented because all collections have not been made by June 30, 2009.
- (3) The County does not identify delinquent tax collections by tax year.

TABLE 9

Lancaster City School District, Ohio
Principal Taxpayers
Real Estate Tax
2009 and 2000 (1)

Name of Taxpayer	2009	
	Assessed Value	Percent of Real Property Assessed Value
Glimcher River Valley Mall LLC	\$21,717,250	2.44%
Lancaster Phase One Group PLL	4,269,580	0.48
NLVentures VI West Fair LLC	4,196,230	0.47
Huntington National Bank Trust	3,865,690	0.44
Plaza SC Investors LLC	3,659,420	0.41
RP River Valley LLC	2,859,850	0.32
Riverview Medical Office	2,732,630	0.31
BP Lancaster LLC	2,434,550	0.27
Lancaster Retirement LLC	2,424,120	0.27
Eckert Enterprises LTD	2,399,010	0.27
Totals	<u>\$50,558,330</u>	<u>5.68%</u>
Total Assessed Valuation	<u>\$890,628,300</u>	

Name of Taxpayer	2000	
	Assessed Value	Percent of Real Property Assessed Value
Glimcher River Valley Mall LLC	\$21,571,320	3.81%
Anchor Hocking Glass Corporation	5,767,280	1.02
Mount Carmel Health System	4,186,680	0.74
Lowes Home Centers Incorporated	4,298,350	0.76
Lancaster Phase One Group PLL	3,383,510	0.60
Fairfield Medical Center	2,692,430	0.48
Ralston Foods, Incorporated	2,599,910	0.46
Glimcher Centers LTD Partnership	2,367,360	0.42
Dominion Homes, Incorporated	2,126,160	0.37
T & R River Valley LTD Partnership	1,764,000	0.31
Totals	<u>\$50,757,000</u>	<u>8.97%</u>
Total Assessed Valuation	<u>\$565,684,530</u>	

(1) The amounts presented represent the assessed values upon which 2009 and 2000 collections were based.

Source: Fairfield County Auditor's Office

Lancaster City School District, Ohio
Principal Taxpayers
Tangible Personal Property Tax
2009 and 2000 (1)

Name of Taxpayer	2009	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Ohio Bell	\$900,250	51.09%
Cincinnati SMSA Limited Partnership	85,310	4.84
New Par	81,200	4.61
T-Mobile Central, LLC	39,180	2.22
TWC Digital Phone, LLC	39,080	2.22
Ameritech Advanced Data Services of Ohio Incorporated	26,890	1.53
Sprintcom Incorporated	18,160	1.03
CSM Wireless, LLC	13,850	0.79
Sprint Nextel Corporation	11,090	0.63
Dieca Communications Incorporated	4,840	0.27
Total	<u>\$1,219,850</u>	<u>69.23%</u>
Total Assessed Valuation	<u>\$1,761,970</u>	
Name of Taxpayer	2000	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Anchor Hocking Glass Corporation	\$15,736,716	16.35%
RalCorp Holdings, Incorporated	6,136,210	6.38
McDermott, Inc.	5,602,690	5.82
Cyril Scott Company	3,933,770	4.09
International Paper Company	2,520,180	2.62
Scotts Miracle Gro	2,409,490	2.50
Anchor Hocking Packaging	2,217,460	2.31
Lancaster Glass Corporation	1,990,920	2.07
Anchor Hocking Corporation	1,598,525	1.66
Lowes Home Centers Incorporated	1,502,720	1.56
Total	<u>\$43,648,681</u>	<u>45.36%</u>
Total Assessed Valuation	<u>\$96,227,521</u>	

(1) The amounts presented represent the assessed values upon which 2000 collections were based. Tangible Personal Property Taxes were phased out in 2009.

Source: Fairfield County Auditor's Office

Lancaster City School District, Ohio
Principal Taxpayers
Public Utilities Tax
2009 and 2000 (1)

Name of Taxpayer	2009	
	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$16,327,940	70.08%
Total Assessed Valuation	\$23,299,690	
	2000	
Name of Taxpayer	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$11,710,820	42.26%
Ohio Bell Telephone Company	5,603,330	20.22
Total	\$17,314,150	62.48%
Total Assessed Valuation	\$27,709,700	

(1) The amounts presented represent the assessed values upon which 2009 and 2000 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>
2000 (a)	38,983	\$26,605	\$1,037,142,715	\$1,295,000	\$181,070
2001	35,335	28,088	992,489,480	990,000	102,476
2002	35,600	28,626	1,019,085,600	675,000	13,687
2003	35,860	28,946	1,038,003,560	345,000	0
2004	36,120	29,393	1,061,675,160	0	700,000
2005	36,380	30,383	1,105,333,540	0	571,550
2006	36,380	30,990	1,127,416,200	0	437,656
2007	36,380	31,610	1,149,971,800	0	297,901
2008	36,375	32,242	1,172,802,750	0	0
2009	36,608	32,887	1,203,927,296	0	0

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 2009, 2000 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>
\$1,476,070	0.14%	\$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	8
0	0.00	0
0	0.00	0

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Lancaster City School District, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2009*

	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, 2009			
No debt outstanding	\$0	100.00%	\$0
Overlapping Debt:			
Payable from Property Taxes as of December 31, 2008:			
Greenfield Township General Obligation Bonds	1,675,000	20.59%	344,883
Pleasant Township General Obligation Notes	30,000	61.28%	18,384
Hocking Township OPWC Loan	63,715	75.00%	47,786
Fairfield County General Obligation Bonds	16,373,261	23.48%	3,844,442
Fairfield County Capital Leases	363,179	23.48%	85,274
City of Lancaster General Obligation			
Bond Anticipation Notes	6,817,082	100.00%	6,817,082
City of Lancaster General Obligation Bonds	3,500,000	100.00%	3,500,000
City of Lancaster State Infrastructure Bank Loan	1,047,292	100.00%	1,047,292
City of Lancaster Housing and Urban			
Development Loan	760,000	100.00%	760,000
City of Lancaster OPWC Loan	76,076	100.00%	76,076
City of Lancaster Capital Leases	641,890	100.00%	641,890
Payable from Other Sources as of December 31, 2008:			
Fairfield County Special Assessment Bonds	2,076,574	23.48%	487,580
Fairfield County General Obligation Bonds	1,311,448	23.48%	307,928
Fairfield County Long-Term Loan	1,390,000	23.48%	326,372
Fairfield County Capital Leases	128,396	23.48%	30,147
City of Lancaster Special Assessment Bonds	277,000	100.00%	277,000
Total Overlapping Debt	<u>36,530,913</u>		<u>18,612,136</u>
Total Direct and Overlapping Debt	<u>\$36,530,913</u>		<u>\$18,612,136</u>

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, 2008.

- (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 2009 collection year.

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

	2000	2001	2002	2003
Assessed Valuation (1)	<u>\$689,621,751</u>	<u>\$706,726,488</u>	<u>\$805,472,021</u>	<u>\$815,767,752</u>
Debt Limit - 9% of Assessed Value (2)	<u>\$62,065,958</u>	<u>\$63,605,384</u>	<u>\$72,492,482</u>	<u>\$73,419,098</u>
Amount of Debt Applicable to Debt Limit				
Energy Conservation Notes	1,295,000	990,000	675,000	345,000
Less Amount Available in Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>1,295,000</u>	<u>990,000</u>	<u>675,000</u>	<u>345,000</u>
Exemptions:				
Energy Conservation Notes	<u>(1,295,000)</u>	<u>(990,000)</u>	<u>(675,000)</u>	<u>(345,000)</u>
Totals	<u>(1,295,000)</u>	<u>(990,000)</u>	<u>(675,000)</u>	<u>(345,000)</u>
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal Debt Margin	<u>\$62,065,958</u>	<u>\$63,605,384</u>	<u>\$72,492,482</u>	<u>\$73,419,098</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)	\$689,622	\$706,726	\$805,472	\$815,768
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>\$689,622</u>	<u>\$706,726</u>	<u>\$805,472</u>	<u>\$815,768</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) In 2006, 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

2004	2005	2006	2007	2008	2009
<u>\$821,830,946</u>	<u>\$888,132,469</u>	<u>\$804,825,190</u>	<u>\$819,793,750</u>	<u>\$907,576,140</u>	<u>\$913,911,550</u>
<u>\$73,964,785</u>	<u>\$79,931,922</u>	<u>\$72,434,267</u>	<u>\$73,781,438</u>	<u>\$81,681,853</u>	<u>\$82,252,040</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
<u>\$73,964,785</u>	<u>\$79,931,922</u>	<u>\$72,434,267</u>	<u>\$73,781,438</u>	<u>\$81,681,853</u>	<u>\$82,252,040</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$821,831	\$888,132	\$804,825	\$819,794	\$907,576	\$913,912
0	0	0	0	0	0
<u>\$821,831</u>	<u>\$888,132</u>	<u>\$804,825</u>	<u>\$819,794</u>	<u>\$907,576</u>	<u>\$913,912</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
2000	38,983	(1)	\$1,037,142,715	\$26,605	3.00%
2001	35,335	(2)	992,489,480	28,088	2.30
2002	35,600	(1)	1,019,085,600	28,626	3.00
2003	35,860	(1)	1,038,003,560	28,946	4.20
2004	36,120	(1)	1,061,675,160	29,393	4.50
2005	36,380	(1)	1,105,333,540	30,383	4.60
2006	36,380	(1)	1,127,416,200	30,990	4.70
2007	36,380	(1)	1,149,971,800	31,610	4.80
2008	36,375	(1)	1,172,802,750	32,242	5.00
2009	36,608	(1)	1,203,927,296	32,887	5.70

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

(1) Population for fiscal years 2000 and 2002-2009 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	2008		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical-Hospital	1,503	1	8.49%
Anchor Hocking Corporation	Manufacturing-Glass	1,299	2	7.34
Fairfield County	County Government	853	3	4.82
Lancaster City School District	Education	662	4	3.74
City of Lancaster	City Government	460	5	2.60
Ralston Foods, Incorporated	Manufacturing-Food Products	397	6	2.24
Diamond Power	Metal Fabrication	390	7	2.20
Kroger Company	Grocer	339	8	1.92
Crestview Manor Nursing Home	Nursing Care	245	9	1.39
Cyrril Scott	Paper Manufacturer	243	10	1.37
Total		<u>6,391</u>		<u>36.11%</u>
Total Employment within the School District		<u>17,700</u>		
Employer	Nature of Activity	1999		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical-Hospital	1,703	1	8.35%
Anchor Hocking Corporation	Manufacturing-Glass	1,400	2	6.86
Lancaster City School District	Education	780	3	3.82
Fairfield County	County Government	690	4	3.38
City of Lancaster	City Government	439	5	2.15
Diamond Power	Metal Fabrication	412	6	2.02
Ralston Foods, Incorporated	Manufacturing-Food Products	385	7	1.89
Lancaster Glass	Glass Manufacturer	300	8	1.47
Drew Shoe	Shoe Manufacturer	202	9	0.99
Venture Industries	Auto Parts Manufacturer	152	10	0.75
Total		<u>6,463</u>		<u>31.68%</u>
Total Employment within the City		<u>20,400</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

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

Function/Program	2003	2004	2005	2006	2007	2008	2009
Regular Instruction							
Certified Employees	260	265	259	259	226	240	258
Special Instruction							
Classified Employees (1)	35	33	28	22	17	18	0
Certified Employees	84	84	82	78	77	71	82
Vocational Instruction							
Certified Employees	35	34	33	30	19	19	19
Pupil Support Services							
Classified Employees (1)	5	5	5	4	5	4	15
Certified Employees	25	24	24	21	20	31	19
Instructional Staff							
Classified Employees	44	48	46	47	47	55	61
Certified Employees	16	15	14	11	4	5	4
Administrators	2	2	2	2	2	2	1
Administration							
Classified Employees	30	30	30	28	19	20	23
Certified Employees	7	8	3	0	0	4	5
Administrators	24	23	23	23	17	16	17
Fiscal							
Classified Employees	4	4	7	6	4	4	5
Administrators	1	1	1	1	1	1	1
Business							
Classified Employees	4	4	3	3	1	1	1
Administrators	0	0	0	0	0	1	1
Operation and Maintenance of Plant							
Classified Employees	57	56	55	52	47	49	50
Administrators	2	2	2	2	1	1	1
Pupil Transportation							
Classified Employees	36	38	39	39	40	39	37
Administrators	1	1	1	1	1	1	1
Central							
Classified Employees	1	1	0	1	1	1	1
Administrators	1	1	1	1	1	1	1
Food Service Program							
Classified Employees	50	50	53	50	46	47	51
Administrators	2	2	1	1	1	1	1
Non-Instructional Services							
Classified Employees	2	2	2	3	2	2	2
Certified Employees	3	3	2	2	2	4	2
Extracurricular Activities							
Classified Employees (2)	0	0	0	0	0	0	2
Administrators (2)	0	0	0	0	0	0	1
Totals	<u>731</u>	<u>736</u>	<u>716</u>	<u>687</u>	<u>601</u>	<u>638</u>	<u>662</u>

(1) During fiscal year 2009, classified employees were reclassified from special instruction to pupil support services.

(2) During fiscal year 2009, classified and administrators were reclassified from instructional staff to extracurricular activities.

Source: Lancaster City School District Personnel Records

Method: The figures include only the full-time employees

Information prior to 2003 is not available.

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
2000	\$37,857,302	6,421	\$5,896	N/A	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
2008	45,896,169	5,909	7,767	9.19%	374	15.8	18.6
2009	49,927,913	6,007	8,312	7.01%	389	15.4	n/a

N/A - Information for 2009 is not available.

Source: School District Records.

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

	2000	2001	2002
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 1999-2006 and K-5 for 2007-2008	497	485	443
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 1999-2006 and K-5 for 2007-2008	427	393	379
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 1999-2006 and K-5 for 2007-2008	444	420	435
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	357	328	336
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

2003	2004	2005	2006	2007	2008	2009
31,100	31,100	31,100	31,100	31,100	31,100	31,100
446	463	456	471	377	386	369
460	460	460	460	460	460	460
22	22	22	22	22	22	22
31	31	31	31	31	31	31
1	1	1	1	1	1	1
28	31	30	26	19	24	25
15	15	15	18	15	15	12
37,518	37,518	37,518	37,518	37,518	37,518	37,518
366	343	315	423	383	368	370
314	314	314	314	314	314	314
20	20	20	20	20	20	20
24	24	24	24	24	24	24
1	1	1	1	1	1	1
25	23	20	26	22	24	22
13	14	14	19	15	17	16
31,500	31,500	31,500	31,500	31,500	31,500	31,500
403	392	339	339	305	317	333
337	337	337	337	337	337	337
25	25	25	25	25	25	25
30	30	30	30	30	30	30
1	1	1	1	1	1	1
22	23	21	19	16	19	19
17	17	17	14	15	14	15
43,760	43,760	43,760	closed	closed	closed	closed
340	331	300	closed	closed	closed	closed
299	299	299	closed	closed	closed	closed
31	31	31	closed	closed	closed	closed
28	28	28	closed	closed	closed	closed
1	1	1	closed	closed	closed	closed
26	25	20	closed	closed	closed	closed
18	18	16	closed	closed	closed	closed

(Continued)

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

	2000	2001	2002
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 1999-2006 and K-5 for 2007-2008	385	378	361
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 1999-2006 and K-5 for 2007-2008	361	339	317
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 1999-2006 and K-5 for 2007-2008	450	453	438
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 1999-2006 and K-5 for 2007-2008	285	289	301
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)

2003	2004	2005	2006	2007	2008	2009
31,233	31,233	31,233	31,233	31,233	31,233	31,233
357	361	309	337	318	320	326
308	308	308	308	308	308	308
20	20	20	20	20	20	20
24	24	24	24	24	24	24
1	1	1	1	1	1	1
24	22	20	17	16	19	19
10	12	13	14	14	12	12
29,055	29,055	29,055	29,055	29,055	29,055	29,055
339	283	276	441	298	315	333
149	149	149	149	149	149	149
17	17	17	17	17	17	17
21	21	21	21	21	21	21
1	1	1	1	1	1	1
19	16	19	19	19	22	20
10	12	13	12	14	12	11
37,000	37,000	37,000	37,000	37,000	37,000	37,000
411	362	343	360	393	407	421
345	345	345	345	345	345	345
20	20	20	20	20	20	20
29	29	29	29	29	29	29
1	1	1	1	1	1	1
23	25	23	18	19	21	18
14	14	15	13	17	19	18
25,200	25,200	25,200	25,200	25,200	25,200	25,200
-	9,000	9,000	9,000	9,000	9,000	9,000
292	310	440	472	375	387	406
328	445	445	445	445	445	445
12	20	20	20	20	20	20
17	17	17	17	17	17	17
1	1	1	1	1	1	1
19	19	22	23	18	18	19
11	12	13	15	16	14	12

(Continued)

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

	2000	2001	2002
West Elementary School			
Constructed in 1928, addition in 1960			
Total Building Square Footage	46,404	46,404	46,404
Enrollment Grades K-6 for 1999-2006 and K-5 for 2007-2008	390	395	395
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 1999-2006 and 6-8 for 2007-2008	502	443	437
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 1999-2006 and 6-8 for 2007-2008	514	527	542
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
Stanbery Freshman School			
Constructed in 1929, addition in 1965			
Total Building Square Footage	77,767	77,767	77,767
Enrollment Grade 9 for 1999-2006	501	480	470
Enrollment for Career Based Intervention Technology students 2007-2008	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)

2003	2004	2005	2006	2007	2008	2009
46,404	46,404	46,404	46,404	46,404	46,404	46,404
414	424	430	463	379	381	414
428	428	428	428	428	428	428
24	24	24	24	24	24	24
28	28	28	28	28	28	28
1	1	1	1	1	1	1
21	28	27	27	26	28	31
22	20	20	15	15	14	16
64,394	64,394	64,394	64,394	64,394	64,394	64,394
476	491	482	460	686	656	691
484	484	484	484	484	484	484
23	23	23	23	23	23	23
29	29	29	29	29	29	29
2	1	2	2	1	1	1
34	31	30	27	39	41	43
25	23	24	21	20	22	27
63,308	63,308	63,308	63,308	63,308	63,308	63,308
538	529	499	454	587	594	625
493	493	493	493	493	493	493
27	27	27	27	27	27	27
34	34	34	34	34	34	34
2	1	1	1	1	1	1
28	31	28	28	34	34	34
22	21	21	23	20	21	26
77,767	77,767	77,767	77,767	77,767	77,767	77,767
474	483	507	501	0	0	0
0	0	0	0	56	47	191
509	509	509	509	509	509	509
28	28	28	28	28	28	28
32	32	32	32	32	32	32
17	18	15	16	9	9	11
36	39	34	36	14	20	37
35	38	43	39	15	17	18

(Continued)

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

	2000	2001	2002
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 1999-2006 and 9-12 for 2007-2008	1,308	1,300	1,321
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

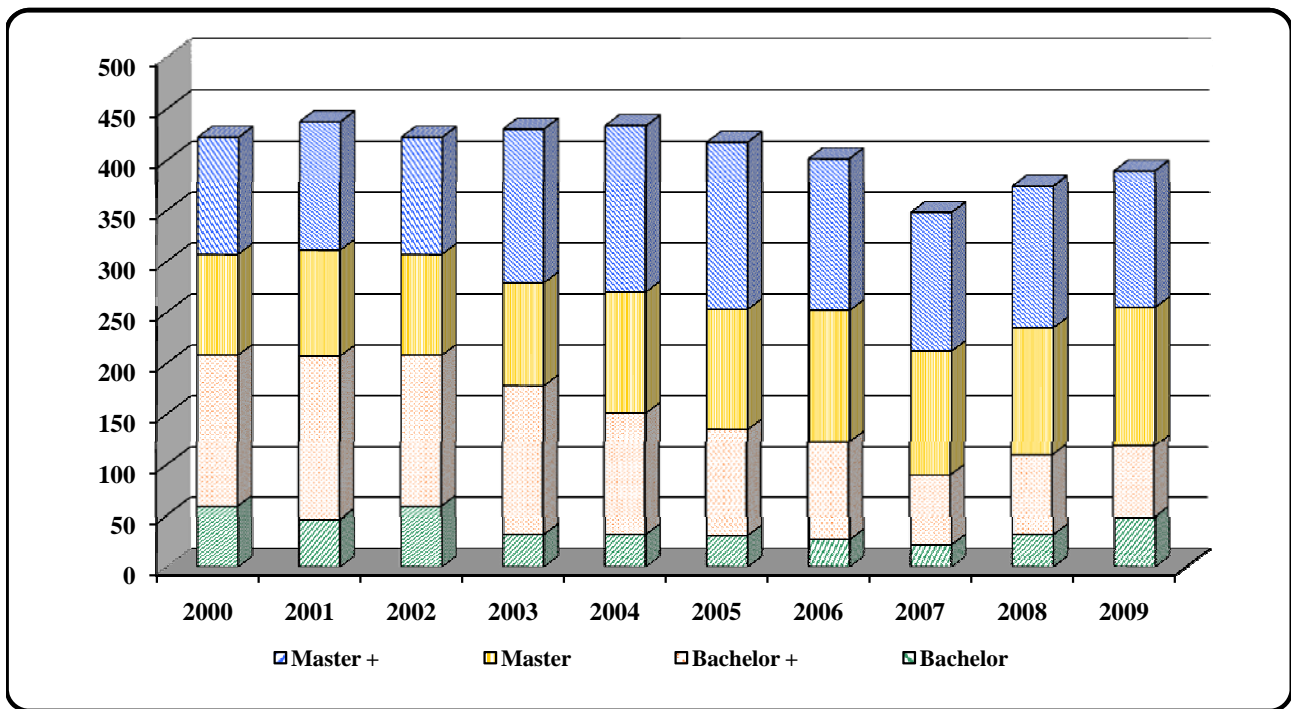
TABLE 19 (Continued)

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
192,500	192,500	192,500	192,500	192,500	192,500	192,500
1,341	1,335	1,292	1,323	1,720	1,731	1,528
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
3	3	4	4	5	5	4
125	120	123	135	106	104	102
56	55	44	52	53	63	65

TABLE 20

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

Degree	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Bachelor's Degree	59	46	59	32	32	31	27	22	32	48
Bachelor + 15	11	12	11	9	6	7	5	3	3	2
Bachelor + 30 (150 hours)	138	149	138	137	113	97	91	65	75	69
Master's Degree	99	104	99	101	119	118	129	122	125	136
Master's + 15	30	30	30	36	38	41	34	32	38	36
Master's + 30	67	75	67	86	90	86	81	77	74	74
Master's + 45	18	21	18	29	35	35	34	27	27	24
Ph. D.	0	0	0	0	0	2	0	0	0	0
Total	422	437	422	430	433	417	401	348	374	389



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)
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	45,645
2004	31,100	64,024	48,008	47,658
2005	32,344	66,585	47,188	49,436
2006	32,344	66,585	49,498	50,771
2007	32,344	66,585	51,972	53,534
2008	33,477	71,170	57,203	53,410
2009	33,477	71,170	57,586	54,656

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

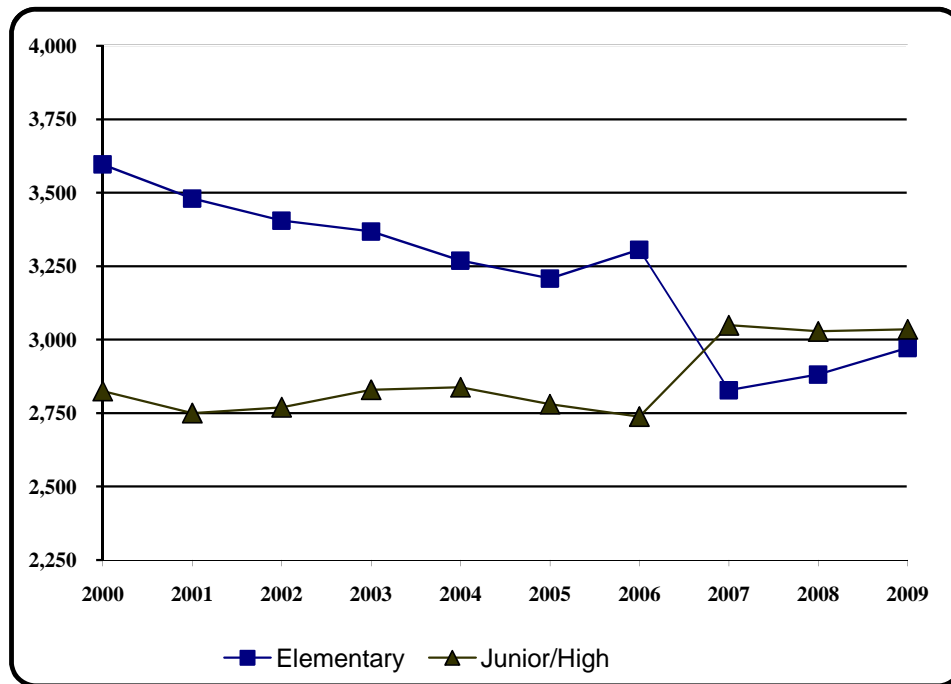
- (1) Starting teacher with no experience - per negotiated agreement.
- (2) Teacher with a Masters degree and more than 45 year's experience - per negotiated agreement.
- (3) Provided by the Ohio Department of Education.
- (4) Provided by the Ohio Department of Education.

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
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
2008	2,881	3,028	5,909
2009	2,972	3,035	6,007



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

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

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
1999	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
2008	94.50	94.20	91.70	86.90
2009	94.20	94.30	92.20	84.60

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)					
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
2008	21.7	22.3	23.1	22.7	22.6
2009	21.0	21.4	22.3	22.0	21.8
A.C.T. - Ohio (Graduating Class)					
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
2008	21.1	21.5	22.1	21.7	21.7
2009	21.1	21.4	22.2	21.7	21.7
A.C.T. - U.S.A. (Graduating Class)					
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
2008	20.6	21.0	21.4	20.8	21.1
2009	20.6	21.0	21.4	20.9	21.1

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			
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
2008	525	539	527
2009	527	544	522
S.A.T. - Ohio			
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
2008	534	544	521
2009	537	546	523
S.A.T. - U.S.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
2008	502	515	494
2009	501	515	493

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, 2009

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	167	45.26%	33	8.94%
East Elementary School	164	44.32	38	10.27
Medill Elementary School	150	45.05	26	7.81
Sanderson Elementary School	130	39.88	25	7.67
South Elementary School	223	66.97	23	6.91
Tallmadge Elementary School	187	44.42	38	9.03
Tarhe Elementary School	93	22.91	22	5.42
West Elementary School	248	59.90	40	9.66
General Sherman Junior High School	272	39.36	44	6.37
Thomas Ewing Junior High School	239	38.24	52	8.32
Lancaster High School	520	30.25	93	5.41

Source: School District Food Service Records at June 30, 2009



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 19, 2010