



Dave Yost • 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, 2011**

FEDERAL GRANTOR	Federal		
Pass Through Grantor	CFDA		
Program Title	Number	Receipts	Expenditures
<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	\$ 45,512	\$ 45,512
School Breakfast Program	10.553	435,462	435,462
National School Lunch Program	10.555	1,251,764	1,251,764
Total Nutrition Cluster		<u>1,732,738</u>	<u>1,732,738</u>
Total U.S. Department of Agriculture		<u>1,732,738</u>	<u>1,732,738</u>
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Fund for the Improvement of Education Program	84.215	366,487	355,544
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education_Grants to States Program	84.027	971,487	1,064,184
ARRA - Special Education_Grants to States Program	84.391	675,105	748,643
Special Education_Preschool Grants Program	84.173	17,159	16,064
ARRA - Special Education_Preschool Grants Program	84.392	29,912	39,234
Total Special Education Cluster		<u>1,693,663</u>	<u>1,868,125</u>
Title I Cluster:			
Title I Grants to Local Educational Agencies Program	84.010	1,869,658	1,958,999
ARRA - Title I Grants to Local Educational Agencies	84.389	721,782	736,128
Total Title I Grants Cluster		<u>2,591,440</u>	<u>2,695,127</u>
Career and Technical Education_Basic Grants to States Program	84.048	122,659	129,017
Safe and Drug-Free Schools and Communities State Grants Program	84.186	-	159
Education Technology State Grants Program	84.318	8,051	8,734
Improving Teacher Quality State Grants Program	84.367	339,638	367,687
Education Jobs Fund Program	84.410	73,568	17,484
ARRA -State Fiscal Stabilization Fund	84.394	1,547,142	1,658,047
Total U.S. Department of Education		<u>6,742,648</u>	<u>7,099,924</u>
Totals		<u>\$ 8,475,386</u>	<u>\$ 8,832,662</u>

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

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011**

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 - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • 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 East 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 discretely presented component units, and the remaining fund information of Lancaster City School District, Fairfield County, Ohio (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 1, 2011, wherein we noted the District uses generally accepted accounting principles and the District adopted Governmental Accounting Standards Board Statement No. 54 (GASB 54). 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

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 Finance Review Committee, management, Board of Education, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

December 1, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Lancaster City School District
Fairfield County
345 East 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 could directly and materially affect each the District's major federal programs for the year ended June 30, 2011. 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.

The District's basic financial statements include the operations of the Lancaster Fairfield Community School, and the Lancaster Digital Academy which received \$33,588 and \$151,111 in federal awards, respectively, which is not included in the District's Federal Awards Receipts and Expenditures Schedule for the year ended June 30, 2011. Our audit of Federal Awards, described below, did not include the operations of the Lancaster Fairfield Community School, and the Lancaster Digital Academy because the component units are legally separate from the primary government which this report addresses, and because they expended less than \$500,000 of Federal awards for the year ended June 30, 2011, they were not subject to OMB Circular A-133 audit requirements.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about 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 could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

Federal Awards Receipts and Expenditures Schedule

We have also audited the financial statements of the governmental activities, each major fund and the aggregate discretely presented component units and remaining fund information of Lancaster City School District, (the District) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 1, 2011. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. This schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subjected to the auditing procedures applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the Financial Review Committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

December 1, 2011

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

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

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 Cluster (CFDA #84.010 & #84.389); Special Education Cluster (CFDA #'s 84.027, 84.391, 84.173, 84.392) State Fiscal Stabilization Fund (CFDA # 84.394) Nutrition Cluster (CFDA #10.553 & #10.555)
(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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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

1. We noted the Board amended its anti-harassment policy at its meeting on July 19, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

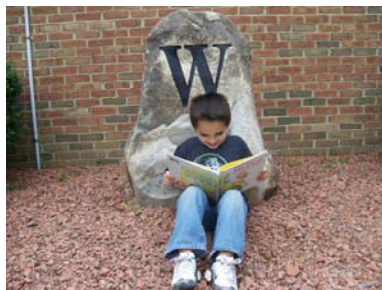
Dave Yost
Auditor of State

December 1, 2011

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Lancaster City School District, Ohio

“A Community Focused on
Student Achievement”



Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2011

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Lancaster City School District, Ohio

Comprehensive Annual Financial Report
(CAFR)



For the Fiscal Year Ended June 30, 2011
Issued By: Treasurer's Office
Julie Taylor, Treasurer

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LANCASTER CITY SCHOOL DISTRICT, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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LANCASTER CITY SCHOOL DISTRICT, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section



**Lancaster
Gales**

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December 1, 2011

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, 2011. 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.

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 2011 the School District was comprised of a high school (serving 1,607 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, 2011, the citizens of Lancaster have an investment of \$10,669,593 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 289 non-certified employees, 398 certificated personnel, and 26 administrative employees who provide services to 6,028 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 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, State Support Team Region 11, 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 SchoolComp Workers' Compensation Group Retrospective Rating Program, 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.

INTERNAL CONTROLS

Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of costs and benefits requires estimates and judgements by management.

BUDGETARY CONTROLS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control required by Ohio Revised Code is at the fund level. The level of budgetary control imposed by the School District (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. Any budgetary modifications at the fund level may only be made by resolution of the Board of Education. The School District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated.

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. The City of Lancaster Community Development Department estimated the population of Lancaster for 2010 to be 37,243 as compared to the 2000 census of 35,335 and the 1990 census of 34,507. These signs of increased growth activity, which if fully realized, could have a significant impact on the School District.

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

During late 2007 and 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. Some of the larger restaurant chains that opened were Sonic America's Drive-In,

Max and Erma's, Panera Bread, and Scrambler Maries. A four-unit commercial building completed in 2010 houses Aspen Dental Management, Penn Station, and Radio Shack. The City of Lancaster has added over one million square feet of retail space in the past two years and is continuing to grow that sector of its economy with projects like Dick's Sporting Goods, Golden Corral, and others currently under construction.

The City of 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 400 doctors on staff and employs a total of 1,714 employees and has remained the City of Lancaster's largest employer over the years.

The Ohio University Lancaster Campus had a record 2,200 students attending the Lancaster campus in 2009 and has completed several facility expansion phases with more to come.

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 constructed a new 317,000 square foot facility, which opened in November 2008.

One of the largest pipelines ever constructed in the United States made its way through Fairfield County and was completed in 2010. The Rockies Express Pipeline (REX) stretching nearly 1,700 miles from Colorado is a 42 inch diameter pipeline delivering approximately 1.6 billion cubic feet of natural gas per day to the Midwest and the Eastern United States. The School District is benefiting from this project through property-tax collections.

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 funding in hopes that the School District will receive more funds from that source as indicated by the Ohio State Supreme Court decision dated December 2002. HB1, 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 regional campus 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 and expenditures being allocated 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. During fiscal year 2011, the School District continued to focus on these areas.

There were a number of specific initiatives and accomplishments made during the fiscal year ended June 30, 2011. Some of those were as follows:

Human Resources

- Conducted a staffing needs analysis that will result in a reduction of certified staff for the 2011-12 school year through attrition by a total of 6 positions to reduce costs.
- Completed the updating of all job descriptions for classified employees.
- Implemented the use of electronic submission of Individual Professional Development Plans and Personal Business Day requests for certified staff to reduce paper costs and increase efficiency.
- Provided compliance training to all employees electronically to reduce costs and increase efficiency of operations.

Instructional Services Department

- The School District was rated “Excellent” by the Ohio Department of Education for fiscal year 2011.
- A health course of study was developed for all grade levels. Each grade level was able to purchase a variety of materials to support the new curriculum which is based on national standards.
- A Physical Education course of study for kindergarten through 12th was developed and will be implemented in 2011-2012. Materials were purchased to supplement the physical education standards.
- Six, two-hour “Late Starts” were initiated to provide professional development opportunities for teachers on four of Robert Marzano’s nine High-Yield Strategies. Each building utilized a train-the-trainer model. Trainers received professional development sessions in August of 2010. They in-turn provided embedded professional development sessions during the late starts to teachers. In June, 2011 the trainers received further instruction and will continue to provide professional development sessions in three more of the High-Yield Strategies in 2011-2012. Formative Assessment was provided to staff for a partial day in August and a full day in October. A variety of other professional development was provided including; Impact/Comet, Reading Comprehension, Response to Intervention, and Teacher Based Teams.

Custodial/Maintenance Department

- The Maintenance Department has been replacing out inefficient lighting with more energy efficient lighting in several areas. The gym lighting has been replaced with T-5 lighting throughout the School District. Some hallway and classroom lighting has been changed from T-12 to T-8 lighting in certain areas in the School District. The School District has also utilized the AEP Gridsmart program to re-coupe 50 percent of the costs of the new fixtures as well as being refunded a percentage back on improvements that had already taken place in the past three years.
- The Maintenance department is in charge of the auctioning off of assets that are no longer needed for educational purposes. The auction site is called GovDeals.com and provides the School District with a way to get money for items that are no longer being used or obsolete. To date, the School District has received in excess of \$75,000.

- The maintenance staff is being trained and certified in order to save money and reduce the hiring of outside contractors for work/inspections that we will be able to complete in-house.

Student Services

- Professional development for every special education teacher was provided on the Ohio Department of Education's IEP training module as well through other professional development opportunities including the topics of: Autism, alternate assessments, Response to Intervention, Bricker and Eckler Legal Updates, COSERRC Forums, New IEP/MFE compliance, Transitions, Behavioral Strategies, Co-Teaching and special education policy and procedures.
- Collaboration between Curriculum Department and Student Services Department to align professional development and resources in accordance with the School District's Comprehensive Continuous Improvement Plan in order to meet the needs of all students.
- All special education forms, policies and procedures have been placed on the intranet for staff members to access easily. Having the policies and procedures easily accessible improves communication and compliance with special education requirements for our staff members.

Technology Department

- Successfully piloted Gaggles.Net in all schools moving forward with utilizing 21st century tools, including student e-mail, blogs, wikis, and digital lockers.
- Installed thin client computer labs in the junior high schools, adding 30 new computing stations for student use in each junior high.
- Successfully launched a School District Facebook page with over 1,500 fans.

Transportation Department

- The Transportation Department was awarded as the Best in Class in Efficiency of Transportation Services, with the lowest bus ownership cost per budget dollar among similar districts in the State of Ohio. This award was given by the Smart Schools Program of the Ohio Education Matters Organization. Ohio Education Matters is an organization designed to help public school districts maximize efficiency in non-instructional areas while guaranteeing the utmost quality of instruction in the classroom.
- The Ohio State Highway Patrol inspects our bus fleet annually during the summer. This summer we had our best annual bus inspection to date.
- The drivers had another successful year with only one driver receiving a citation while traveling nearly 400,000 miles.

Treasurer's Department

- Received an unqualified opinion on the fiscal year 2010 audit with no citations or recommendations noted.
- Received notice that Lancaster City Schools Comprehensive Annual Financial Report (CAFR) for Fiscal Year June 30, 2010 qualifies for a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. The School District has prepared a CAFR since fiscal year 1991.
- Received notice that Lancaster City Schools Popular Annual Financial Report (PAFR) for Fiscal Year June 30, 2010 qualifies for the Award of Outstanding Achievement in Popular Annual Financial Reporting. This colorful easy to read document is a useful tool in educating the public and staff on the revenues and expenditures of the School District. The School District has prepared a PAFR since fiscal year 2008.
- Implemented direct deposit for all employees.

Food Service Department

- A program called “I Tried It” was implemented by the Food Service Supervisor. The goal of the program is to provide samplings of food that are nutritious and healthy for the students to try. The hope is to expand their taste into selecting nutritious foods when given a choice. The program was focused on the elementary grades and was a success in broadening the students’ taste.
- The Food Service Department has served over one million meals this year with 66 percent student participation within the School District.
- A positive financial balance has been maintained in the Food Service Department despite the increasing cost of food and supplies.

Athletic Department

- Track and field athlete, Brannon Kidder, won the Division I Boys State Championship 1600 Meter Run, the Midwest Distance Gala Mile (4:06.7), and the 800M State indoor Champion. The wrestling team became District Champions; Wrestling team co-Ohio Capital Conference Champions; Scott Watts, Jared Wentz, Cameron Heimberger, and Brannon Kidder were Indoor State 4x800M Relay Champions; Chris DePietro placed sixth in the State Swimming Championships; Jacob Spearman placed sixth in the State Wrestling Championships; Boys Golf placed second in the Ohio Capital Conference; Football placed second in Ohio Capital Conference / Boys Cross Country placed second in Ohio Capital Conference; and Girls Tennis placed third in Ohio Capital Conference.

Lancaster High School

- The Lancaster High School was rated “Excellent” by the Ohio Department of Education for the fiscal year 2011 Report Card.
- The Chamber Singers earned unanimous superior ratings at the Ohio Music Education Association (OMEA) District XV Adjudicated Event, held at Whitehall Yearling High School on March 11.
- OMEA Solo and Ensemble - Students received 21 Superior ratings and 24 Excellent ratings.
- Concert and Symphonic Band - Performed at OMEA District Contest and both did very well. The Concert Band received a Superior rating and the Symphonic Band received an Excellent rating.

General Sherman Junior High

- Rated as an “Excellent” school by the Ohio Department of Education for the 2009-2010 school year for the third year in a row. General Sherman was rated “Excellent with Distinction” for fiscal year 2011.
- Named a State Superintendent’s School of Promise by the Ohio Department of Education for achieving high scores in reading and math with all students despite having a high population of economically disadvantaged students. We were one of only 18 middle schools in the State to be named a School of Promise for the 2009-2010 school year. This was the second time in the last three years we have earned this recognition.
- Our Science Olympiad team had a strong showing at their state competition with the following recognitions: first place Battery Buggy, fifth place Experimental Design, fifth place Microbe Mission, and sixth place Optics.

Thomas Ewing Jr. High School

- Three Team Ewing students generated the ideas and the details necessary to create Ewing’s Caring Closet, a program through which gently used clothing is donated by Thomas Ewing staff and students for families within the School District community who are in need of assistance.
- New to Thomas Ewing this year are “D.E.A.R. Wednesdays,” or Drop Everything and Read. Each Wednesday morning in lieu of Channel One, every student and staff read for fifteen minutes as a part of our reading and writing initiatives. D.E.A.R. should increase achievement in every classroom, on every test, and in our quest to create lifelong learners as well.

- This year, between the fall Walkathon and our spring candy sale, the students generated nearly three times as much profit when compared to past fundraising initiatives. We feel this is noteworthy given that the money comes right back into our classrooms, and the students are learning the value of “paying it forward.”

Cedar Heights Elementary

- This year Cedar Heights teachers have worked on tracking student progress by piloting a new reading screener called DIBELS. This program provides teachers with specific information about students to better assist in making educational decisions.
- Primary teachers and intervention teachers have received technologies this year that allow students the ability to learn through technology. Many programs are available for students through learning applications such as the iPod Touch and iPads.
- This year Cedar Heights students took advantage of the School District fruits and vegetable program. This program allowed students to try healthy foods that they may have not tasted before.

East Elementary

- East Elementary was rated “Excellent with Distinction” for fiscal year 2011 on the Ohio Department of Education’s Report Card.
- East Elementary earned the Ohio Department of Education award as a “School of Promise” for outstanding results on the Ohio Achievement Tests. Less than 5 percent of all elementary schools receive this award.
- East Elementary fourth and fifth grade students participated in a recycling project that resulted in the collection of over \$450. The students purchased a recycled Ohio State bench for the School District and will plant a commemorative tree on the playground with funds from the project.
- East Elementary hosted KISS (Kids Invite Someone Special) Lunches for each grade level. Over 500 parents, grandparents, and special friends attend during March, April, and May.

Medill Elementary

- Medill Elementary received an “Effective” rating from the Ohio Department of Education for the eighth consecutive year. Medill students also met Adequate Yearly Progress, and received positive Value Added growth rating (i.e. students gained more than one year achievement in one year’s time).
- Medill Elementary continues to be nationally recognized as an Official Core Knowledge School, one of only two schools in the entire state of Ohio. The Core Knowledge curriculum is integrated with state Academic Content Standards, and is gaining even more attention with the national acceptance of Core Content Standards.
- Medill staff and students attained the highest attendance levels in the district. Every student received a personally signed principal certificate every grading period for each accomplishment including: perfect attendance, high achievement, and good citizenship.

Sanderson Elementary

- Sanderson students demonstrated above a year’s Value Added Growth, met Adequate Yearly Progress and passed 7 out of 8 indicators on the Ohio Achievement Tests.
- All of Sanderson teachers have earned their Master’s Degree, and in most cases have additional graduate hours.
- Our Student Council was busy this year and accomplished a number of service projects including: charity fund raisers, a food drive, mitten/glove collection, and provided potted flowers to patients at the Pickering House. Student Council also organized the monthly School Spirit Days.

South Elementary

- The number of parent and community volunteers working with students has risen again this year. These volunteers primarily work with first, second, and third grade students. Many spend half day periods each week attempting to boost student academic skills. A volunteer recognition

breakfast was held in appreciation for all the work these valuable volunteers do with the students at South.

- A sizeable portion of Title 1 dollars this year was devoted to purchasing technology devices for classrooms. Each classroom received an iPod and docking station to enhance student learning as well as Quizdom devices to allow students an alternative to paper/pencil tasks and teachers immediate feedback of student understanding. Grade level teams received flip video cameras, and kindergarten classes received Leap Pad story pens to allow independence in listening to and reading high interest stories.
- Using a design from our Physical Education teacher and the financial support of our Parent Teacher Organization, a walking path was created on the perimeter of the South playground. Instead of standing as class groups during morning line up, students are encouraged to walk the path. They also may choose to walk during their recess periods.

Tallmadge Elementary

- Purchased and received new tools that bridge the 21st century learning gaps in our primary and intermediate students. This technology will be used to provide students instantaneous access to hundreds of electronic applications (apps) to aid in acquisition of academic practice, new information and their ability to apply their knowledge in core subject matter.
- Formed the Tallmadge Elementary Choir which performed at the Veterans Day Assembly, a Holiday Concert, the National Anthem at a Lancaster Board of Education Meeting and at the Columbus Blue Jackets Hockey Game on April 3, 2011.
- Fully implemented HEROES Code of Conduct. H for Honesty, E for Excellence, R for Respect, O for Ownership, E for Effort and S for Safety. Student recognition for exemplifying tasks, attitudes or acts of Hero quality.

Chief Tarhe Elementary

- Chief Tarhe Elementary was rated “Excellent” for fiscal year 2011 on the Ohio Department of Education’s Report Card.
- Achieved a 99.8 percent turn out for our parent teacher conferences. We continue to provide parents many opportunities to be involved in their child’s education. The website, our e-mail list serv, newsletters, and several other home-to-school communications are used monthly to keep parents informed.
- Tarhe continues to see growth each year in student enrollment. This is great news and we continue to welcome new families and new siblings to the Tarhe “family!” Tarhe’s enrollment averaged about 450 students this year.
- Mrs. Amy Sines, fifth grade teacher at Tarhe was rewarded for her efforts and hard work. The Ohio Department of Education has a program that recognizes outstanding teachers for their hard work. Teachers have to submit a professional portfolio that shows what they have done and do in specific areas. Mrs. Sines was one of seven teachers in the School District to achieve “master teacher” status.

West Elementary

- The West Parent Teacher Organization committed half of the fundraiser profits this year to purchase new playground equipment. Equipment was purchased in the amount of \$8,000 and was installed by Second Saturday volunteers.
- Target chose West Elementary for a library makeover that included book shelves, new books, and a library facelift by Target volunteers. Wal-Mart has supported the staff with gift certificates for classroom purchases and our students with various supplies.
- Last year, West Elementary School received an effective rating for the third year in a row. Additional title assistance and professional development have been utilized this year to continue and improve upon this accomplishment.

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

For the Future: The School District will continue to have to seek ways to be more efficient and 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 will most likely come due to the State'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, \$10,238,850 in fiscal year 2009, \$9,848,566 in fiscal year 2010, and \$9,977,806 in fiscal year 2011. 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's Standing Finance Committee has reviewed the five year forecast so that the School District's Board of Education's directive to maintain a 12 percent operating cash carryover has been met two years out in the forecast. The School District has reinstated some reductions but will most likely not 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 several fiscal years. Kindergarten enrollment is particular higher in fiscal year 2011. 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 with the exception of the modulars at Tarhe Elementary School which were installed in 2005 and 2009 and modulars at General Sherman and Thomas Ewing which were installed in 2009.

Through the Ohio School Facilities Commission, the School District is eligible to receive approximately \$27 million in State monies to construct five new elementary buildings to replace the existing eight elementary buildings. By reducing from eight older smaller elementary schools to five new larger schools, the School District is expecting to reduce operating costs for maintenance, transportation as well as in personnel related areas. The total project is estimated to be \$88 million. However, State dollars are only available for this project until July 28, 2012. The School District asked voters to support a 4.1 mill bond issue on November 8, 2011 which was turned down. The School District plans to place the levy on the ballot in the spring of 2012.

There are needs in the School District that have been addressed 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

Relevant Financial Policies: The School District will strive to ensure that the budget is structurally balanced so that current year revenues are sufficient to fund current year expenditures without the use of one-time revenue sources. One-time revenue sources may be used for one-time expenditures, such as capital projects. School buildings and departments are encouraged to maximize the use of state and federal revenues so as to help preserve general revenues for other needs. The Board of Education passed a cash reserve resolution in Fiscal Year 2010 that will help ensure a 12 percent operating cash carryover be maintained at least two years out into the five year forecast.

Budgetary appropriations may not exceed estimated resources, with a balanced budget maintained in each fund. The budget may be amended or supplemented at any time during the year upon formal action of the Board of Education. Transfers of cash between funds require the Board of Education's authorization. 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.

The Treasurer manages the investments of the School District by adhering to the Investment and Depository Policy as authorized by the School District's Investment Policy and in keeping with ORC Section 135.35. The policy details the objectives and allowable rules for the safekeeping of School District funds. More information about investments is available in Note 6 to the Basic Financial Statements.

The School District's capital assets policy is designed to provide accountability and control over the school's capital assets and to assist buildings and departments in gathering and maintaining information needed for the preparation of the financial statements.

INDEPENDENT AUDIT

In compliance with State statute, the basic financial statements have been audited by the Ohio Auditor of State's Office. The independent auditor concluded that the School District's financial statements for the year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent accountants' report is presented as the first component of the financial section of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Generally accepted accounting principles require that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the management's discussion and analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A as they are designed to complement each other. The School District's MD&A can be found immediately following the independent accountants' 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, 2010. 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 nineteen years out of the last twenty 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.

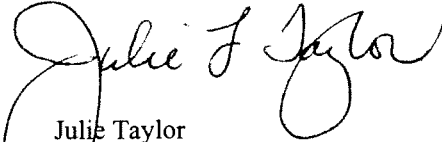
In addition, the School District received the Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from GFOA for the year ended June 30, 2010. The PAFR is a condensed, more user-friendly financial report intended to provide highlights of the District's financial condition. This was the third year the School District produced a PAFR and received the award.

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.

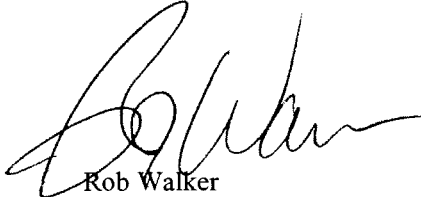
The accomplishment of this report would not have been possible without the assistance, support, and efforts of the staff of the Treasurer's office, Superintendent's office, and various administrators and employees of the School District. A special thank you is extended to State Auditor Dave Yost's office 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, 2010

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.



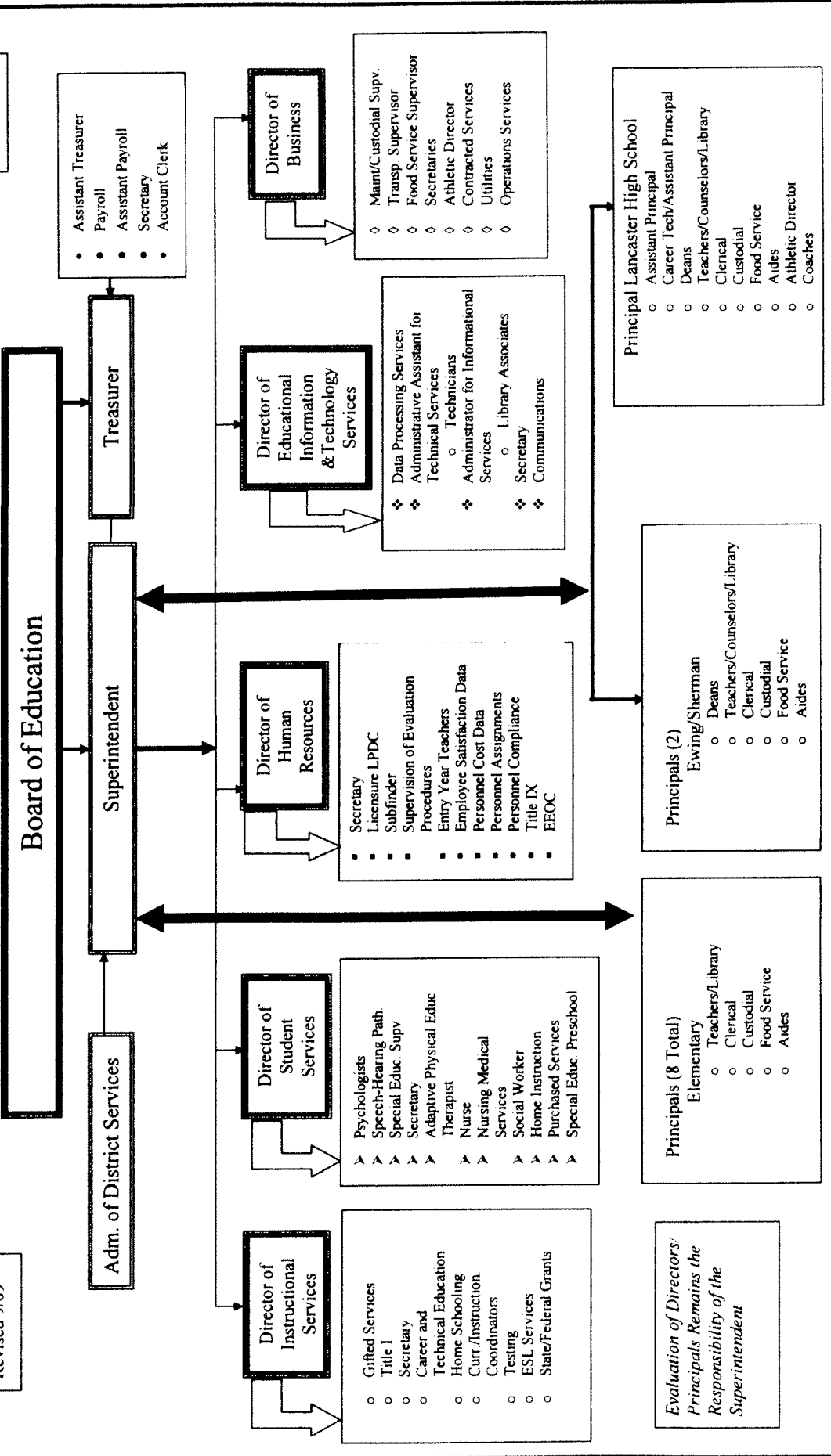
President

Executive Director

Lancaster City Schools' Organizational Chart

Revised 9/09

File: CCA



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

- Assist. 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, 2011

BOARD OF EDUCATION

Mr. Bill Bickham President
Ms. Amy Eyman Vice President
Ms. Kathy Kittredge. Member
Mr. Gary Mauller. Member
Ms. Hollie Saunders. Member

Treasurer

Julie Taylor, Treasurer

Administration

Rob Walker Superintendent
Jerry Rainey. Director of Business
Kevin Snyder Director of Educational Information and Technology
Jenny O’Hare Director of Instructional Services
Donna McCance Director of Student Services
Steve Wigton Director of Human Resources

Financial Section



**Lancaster
Gales**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lancaster City School District
Fairfield County
345 East 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 discretely presented component units and remaining fund information of Lancaster City School District, Fairfield County, Ohio (the District), as of and for the year ended June 30, 2011, 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 discretely presented component units, and remaining fund information of Lancaster City School District, Fairfield County, Ohio as of June 30, 2011, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011, 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

December 1, 2011

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
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, 2011. 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 2011 are as follows:

- Net assets of governmental activities increased \$7,857,830.
- General revenues accounted for \$56,640,440 in revenue or 83 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$11,948,139 or 17 percent of total revenues of \$68,588,579.
- Total assets of governmental activities increased \$9,250,554 or 13 percent. The primary items that impacted the change was an increase in cash and cash equivalents in the amount of \$6,535,485, an increase in cash and cash equivalents with fiscal agents in the amount of \$272,502, an increase in property taxes receivables in the amount of \$2,087,764, and an increase in intergovernmental receivables in the amount of \$308,526.
- Total liabilities of governmental activities increased from \$28,621,519 to \$30,014,243. The majority of the increase is reflected in other liabilities due to an increase in accrued salaries and benefits payable and an increase in deferred revenue. Accrued salaries and benefits payable increased in the amount of \$473,720 due to an increase in the accrued wages outstanding as of fiscal year end, an increase in medical insurance rates for fiscal year 2011, and due to the payment to employees for unused personal leave that began in fiscal year 2011 as required by the union contracts. Deferred revenue increased in the amount of \$1,019,633 due to an increase in property taxes receivable due to the completion of the Rockies Express Pipeline in 2010. Long-term liabilities such as capital leases and compensated absences payable make up 12 percent of the total liabilities.
- The School District had \$60,730,749 in expenses related to governmental activities; only \$11,948,139 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues in the amount of \$56,640,440 were adequate to provide for these activities.
- The School District has two major funds, the general fund and the permanent improvement fund. The general fund had \$56,249,077 in revenues, \$49,985,256 in expenditures, and (\$2,529) in other financing sources (uses). The general fund's balance increased \$6,261,292. The permanent improvement fund had \$1,453 in revenues and expenditures in the amount of \$1,733. The permanent improvement fund's balance decreased \$280.

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.

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
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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.

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 2011?" 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.

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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.

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 funds 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 2011 compared to 2010.

Table 1 - Net Assets

	Governmental Activities		
	2011	2010	Change
Assets			
Current and Other Assets	\$71,951,007	\$62,670,513	\$9,280,494
Capital Assets	10,669,593	10,699,533	(29,940)
Total Assets	82,620,600	73,370,046	9,250,554
Liabilities			
Long-Term Liabilities	3,391,001	3,613,752	(222,751)
Other Liabilities	26,623,242	25,007,767	1,615,475
Total Liabilities	30,014,243	28,621,519	1,392,724
Net Assets			
Invested in Capital Assets, Net of Debt	10,143,839	10,037,560	106,279
Restricted	2,299,642	1,545,062	754,580
Unrestricted	40,162,876	33,165,905	6,996,971
Total Net Assets	\$52,606,357	\$44,748,527	\$7,857,830

Total assets increased \$9,250,554. 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 \$6,535,485, an increase in cash and cash equivalents with fiscal agents in the amount of \$272,502, an increase in property taxes receivables in the amount of \$2,087,764, and an increase in intergovernmental receivables in the amount of \$308,526. The increase in cash and cash equivalents was due mainly to the decrease in expenses. School District expenses decreased, in part, due to an insurance holiday in the month of December 2010 and a decrease in textbook expenditures in fiscal year 2011 as compared to fiscal year 2012. The increase in cash and cash equivalents with fiscal agents is due to the School District paying more into the self insurance program than was needed for the self insurance program expenses. The increase in property taxes receivable is due mainly to an increase in outstanding delinquent taxes as of the end of fiscal year 2011 which are shown as property tax receivables. Total assessed values decreased by \$5.5 million due mainly to a decrease in agricultural/residential and commercial/industrial and public utility real in the combined amount of \$24.2 million while public utility personal increased in the amount of \$19.4 million. Assessed taxes have decreased for agricultural/residential and commercial/industrial and public utility real due to the decline in the economy. Assessed values for public utility personal increased due to the Rockies Express Pipeline being completed in calendar year 2010 and tax collections beginning in calendar year 2011. Public utility personal is taxed at the full rate of 64.6 mills while agricultural/residential is taxed at a rate of 21.7639 mills

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and commercial/industrial and public utility real are taxed at 25.1285 mills due to the reduction factor being applied to the 64.6 mills; therefore, the School District recognized an increase in tax revenues in fiscal year 2011 for the second half of the year and there will be a full year of tax revenues from the Rockies Express Pipeline in fiscal year 2012. Capital assets decreased by \$29,940 due mainly to annual depreciation exceeding capital outlay purchases in fiscal year 2011. Current year depreciation expenses were \$826,168 while capital asset additions were only \$796,228.

Total liabilities increased by \$1,392,724. The majority of the increase was in other liabilities due to an increase in accrued salaries and benefits payable and an increase in deferred revenue. Accrued salaries and benefits payable increased in the amount of \$473,720 due to an increase in the accrued wages outstanding as of fiscal year end, an increase in medical insurance rates for fiscal year 2011, and due to the payment to employees for unused personal leave that began in fiscal year 2011 as required by the union contracts. Deferred revenue increased in the amount of \$1,019,633 due to an increase in property taxes receivable as a result of the completion of the Rockies Express Pipeline in 2010. All other liabilities remained fairly consistent. The decrease in long-term liabilities in the amount of \$222,751 was due to principal payments for capital leases in the amount of \$136,219, a decrease in intergovernmental payable of \$2,039, and a decrease in compensated absences payable in the amount of \$84,493.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2011, and comparisons to fiscal year 2010.

Table 2 - Changes in Net Assets

	Governmental Activities		
	2011	2010	Change
Revenues			
Program Revenues			
Charges for Services	\$2,469,674	\$2,399,608	\$70,066
Operating Grants, Contributions, and Interest	9,472,098	9,608,093	(135,995)
Capital Grants and Contributions	6,367	23,606	(17,239)
Total Program Revenues	<u>11,948,139</u>	<u>12,031,307</u>	<u>(83,168)</u>
General Revenue			
Property Taxes	20,337,720	18,019,554	2,318,166
Income Taxes	10,074,785	9,779,684	295,101
Grants and Entitlements	25,647,701	25,370,579	277,122
Gain on Sale of Capital Assets	11,898	21,819	(9,921)
Payment in Lieu of Taxes	53,200	240,995	(187,795)
Unrestricted Contributions	2,747	3,932	(1,185)
Investment Earnings	355,164	426,821	(71,657)
Miscellaneous	157,225	96,424	60,801
Total General Revenues	<u>56,640,440</u>	<u>53,959,808</u>	<u>2,680,632</u>
Total Revenues	<u>\$68,588,579</u>	<u>\$65,991,115</u>	<u>\$2,597,464</u>

(Continued)

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Table 2 - Changes in Net Assets (Continued)

	Governmental Activities		
	2011	2010	Change
Program Expenses			
Instruction			
Regular	\$25,267,226	\$25,015,206	\$252,020
Special	6,774,046	6,505,593	268,453
Vocational	1,988,929	2,045,360	(56,431)
Student Intervention Services	387,025	174,393	212,632
Support Services			
Pupil	3,803,695	3,439,429	364,266
Instructional Staff	4,536,035	3,817,462	718,573
Board of Education	138,662	100,093	38,569
Administration	3,989,703	3,507,018	482,685
Fiscal	1,225,020	1,162,607	62,413
Business	301,490	344,051	(42,561)
Operation and Maintenance of Plant	4,732,028	4,473,972	258,056
Pupil Transportation	1,814,524	1,819,850	(5,326)
Central	1,028,761	1,016,939	11,822
Operation of Non-Instructional Services:			
Food Service Operations	2,442,927	2,391,647	51,280
Other	1,053,992	1,045,247	8,745
Extracurricular Activities	1,198,641	1,184,055	14,586
Interest and Fiscal Charges	48,045	42,918	5,127
Total Program Expenses	<u>60,730,749</u>	<u>58,085,840</u>	<u>2,644,909</u>
Change in Net Assets	<u>\$7,857,830</u>	<u>\$7,905,275</u>	<u>(\$47,445)</u>

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 2011. 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 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. Income taxes made up approximately 15 percent of revenues for governmental activities for the School District in fiscal year 2011.

Program revenues decreased by 1 percent and general revenues increased by 5 percent from fiscal year 2010 to 2011. General revenues increased by \$2.7 million mainly due to the increase in property taxes receivable in the amount of \$2.3 million. The increase in property taxes was due mainly to an increase in outstanding delinquent property taxes from fiscal year 2010 to 2011 by approximately \$1 million. Property taxes receivable will also increase for fiscal year 2011 due to the Rockies Express Pipeline tax revenues which began collections in the second half of fiscal year 2011. Income taxes and grants and entitlements reflect modest increases of \$295,101 and \$277,122, respectively. The increase in income taxes is a good sign that the economy is beginning to improve. The increase in general revenues grants and entitlements is due to an increase in educational stabilization revenues in fiscal year 2011 as compared to fiscal year 2010. Fiscal year

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2011 was the final year for the educational stabilization monies. Investment earnings decreased by \$71,675 due to the decrease in interest rates.

Instruction comprises approximately 57 percent of governmental program expenses, support services make up approximately 35 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 reflected in table two, the School District's expenses decreased by approximately \$2.6 million. The School District understands the importance of being financially stable in today's economy; therefore, the School District's Board has been monitoring expenses each year and has taken an overall conservative spending approach.

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.

Table 3 - Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2011	2011	2010	2010
Program Expenses				
Instruction:				
Regular	\$25,267,226	\$24,068,453	\$25,015,206	\$23,797,741
Special	6,774,046	4,295,491	6,505,593	2,736,861
Vocational	1,988,929	1,454,190	2,045,360	1,097,354
Student Intervention Services	387,025	312,566	174,393	173,649
Support Services:				
Pupil	3,803,695	2,509,053	3,439,429	2,932,315
Instructional Staff	4,536,035	2,848,836	3,817,462	2,941,954
Board of Education	138,662	138,662	100,093	100,093
Administration	3,989,703	3,722,134	3,507,018	3,304,874
Fiscal	1,225,020	1,225,020	1,162,607	1,162,607
Business	301,490	301,490	344,051	344,051
Operation and Maintenance of Plant	4,732,028	4,606,738	4,473,972	4,364,533
Pupil Transportation	1,814,524	1,654,583	1,819,850	1,690,509
Central	1,028,761	993,238	1,016,939	826,034
Operation of Non-Instructional Services:				
Food Service Operations	2,442,927	(197,464)	2,391,647	(195,008)
Other	1,053,992	(61,983)	1,045,247	(86,541)
Extracurricular Activities	1,198,641	863,558	1,184,055	820,589
Interest and Fiscal Charges	48,045	48,045	42,918	42,918
Totals	<u>\$60,730,749</u>	<u>\$48,782,610</u>	<u>\$58,085,840</u>	<u>\$46,054,533</u>

The above schedule clearly shows the dependence upon tax revenues and state subsidies for governmental activities. For 2011, only 20 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 80 percent is provided through taxes and entitlements.

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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 \$56,249,077, expenditures of \$49,985,256, and other financing sources (uses) of (\$2,529) which resulted in an increase in fund balance of \$6,261,292. In November 2006, the School District voters approved a 1.5 percent earned income tax levy. During fiscal year 2011, the School District recognized its fourth 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 2011 was \$19,404,292. After reinstating some of the previously eliminated programs, the School District was still able to increase the general fund balance by \$6,261,292 and ended the fiscal year with a general fund balance of \$25,665,584. Revenues increased in the amount of \$216,511 from fiscal year 2010 to 2011. The main increase in revenues was due to the increase in property taxes revenue in the amount of \$684,102. The main increase in property taxes revenue was due to the Rockies Express Pipeline tax revenue collections beginning in the second half of fiscal year 2011. Income taxes remained fairly consistent with a slight increase in the amount of \$133,543, respectively. Intergovernmental revenues decreased by \$540,261 due to decreases in State foundation revenues for fiscal year 2011. Expenditures decreased by \$1,929,823 from fiscal year 2010 to 2011. The decrease in expenditures for fiscal year 2011 was due mainly to decreases in the area of instruction. Regular instruction decreased by \$1,014,675, special instruction decreased by \$262,747, and vocation instruction decreased by \$295,016. The School District decreased instruction staffing levels slightly in fiscal year 2011 and also implemented additional cost saving factors in fiscal year 2011 in order to increase the carryover fund balance. The School District realizes that prudent financial planning for the future is still needed.

Permanent Improvement Fund – The permanent improvement fund had total revenues of \$1,453 and expenditures in the amount of \$1,733. This resulted in a decrease in fund balance of \$280. The School District is planning to address necessary capital asset improvements or replacements in the near future from this fund. 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 2011, 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 \$53,860,815. The original budget estimates were increased to a final budget amount of \$56,360,815 for the fiscal year. Actual revenues were \$26,361 under the final budgeted estimates. The main reason for the \$2.5 million increase in the final budget to the original budget was in the area of property taxes, payment in lieu of taxes, income taxes, intergovernmental revenues, interest, and miscellaneous in the amount of \$764,866, \$169,673, \$279,072, \$775,615, \$250,198, and \$201,454, respectively. These areas were increased because additional revenues were anticipated during the year than what was originally anticipated by the School District. Fiscal year 2011 was the fourth full year of collection for the income tax levy. The School District originally used a conservative budgeting approach for estimating property tax and income tax revenues due to the decline in the economy.

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Original appropriations plus prior year encumbrances were \$54,634,723. The appropriations were decreased to a final budget amount of \$54,394,513. Actual expenditures were under appropriations by \$2,203,786 due to the School District monitoring their spending during 2011.

The School District's ending unobligated fund balance was \$23,820,501 which improved from the beginning balance of \$17,949,564.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$10,669,593 invested in land, buildings, furniture and equipment, vehicles, and construction in progress. Table 4 shows fiscal year 2011 compared to 2010.

Table 4 - Capital Assets at June 30, 2011
(Net of Depreciation)

	<u>Government Activities</u>	
	<u>2011</u>	<u>2010</u>
Land	\$523,846	\$523,846
Construction in Progress	66,338	50,284
Land Improvements	1,737,874	1,701,807
Buildings and Improvements	5,115,299	5,261,954
Furniture and Equipment	2,243,729	2,174,959
Vehicles	982,507	986,683
Totals	<u><u>\$10,669,593</u></u>	<u><u>\$10,699,533</u></u>

Beginning in fiscal year 2008, the School District began to update land improvements and building improvements and replacing outdated equipment and vehicles. Prior to the passage of the income tax levy, the School District faced financial difficulties which limited purchasing to items that were deemed to be necessary. During fiscal years 2008 through 2011, the School District began to replace and update items that were put on hold in prior years. The \$29,940 decrease in capital assets, net of depreciation, was due to depreciation in the amount of \$826,168 exceeding capital asset additions of \$796,228. See Note 10 for more detailed information of the School District's capital assets.

Debt

During fiscal year 2010, the School District acquired copier equipment through a capital lease with an original acquisition cost in the amount of \$757,246. As of fiscal year end 2010, \$661,973 remained outstanding. During fiscal year 2011, \$136,219 of the outstanding debt was repaid leaving a remaining balance of \$525,754. See note 16 for more detailed information of the School District's outstanding debt.

Economic Factors

During fiscal year 2011, the School District was able to increase net assets by \$7,857,830. This was due mainly to the School District receiving its fourth 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. In March 2010, The Board

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passed a resolution to maintain a cash reserve balance of 12 percent of operating expenses which is necessary in the interest of sound fiscal management and affirm that tax levies shall be pursued, and/or the School District' finances otherwise managed to ensure the cash reserve. 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, 2011

	Primary Government	Component Units	
	Governmental Activities	Lancaster Digital Academy	Lancaster-Fairfield Community School
Assets			
Cash and Cash Equivalents	\$37,886,406	\$643,292	\$26,128
Cash and Cash Equivalents with Fiscal Agents	5,831,477	0	0
Materials and Supplies Inventory	136,674	0	0
Inventory Held for Resale	87,099	0	0
Accounts Receivable	10,970	740	0
Accrued Interest Receivable	57,706	320	0
Income Taxes Receivable	3,787,245	0	0
Due from Component Unit	2,945	0	0
Intergovernmental Receivable	2,322,974	78,546	74,162
Prepays	51,237	0	655
Property Taxes Receivable	21,671,665	0	0
Payment in Lieu of Taxes Receivable	104,609	0	0
Nondepreciable Capital Assets	590,184	0	0
Depreciable Capital Assets, Net	10,079,409	19,878	1,233
<i>Total Assets</i>	<u>82,620,600</u>	<u>742,776</u>	<u>102,178</u>
Liabilities			
Accounts Payable	351,212	5,955	3,130
Accrued Salaries and Benefits Payable	5,469,449	0	0
Contracts Payable	1,510	0	0
Matured Capital Leases Payable	11,337	199	0
Matured Interest Payable	3,454	67	0
Matured Compensated Absences Payable	340,234	0	0
Retirement Incentive Payable	3,500	0	0
Due to Primary Government	0	2,945	0
Claims Payable	740,363	0	0
Intergovernmental Payable	1,848,908	33,958	9,407
Deferred Revenue	17,853,275	0	0
Long-Term Liabilities:			
Due Within One Year	494,510	1,248	0
Due In More Than One Year	2,896,491	3,593	0
<i>Total Liabilities</i>	<u>30,014,243</u>	<u>47,965</u>	<u>12,537</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	10,143,839	15,037	1,233
Restricted for:			
District Managed Student Activities	139,017	0	0
Auxiliary Services	90,185	0	0
IDEA - B	516,083	0	0
Title I	218,108	0	0
Education Jobs	453,316	0	0
Food Service	634,988	0	0
Other Purposes	247,945	0	0
Unrestricted	40,162,876	679,774	88,408
<i>Total Net Assets</i>	<u>\$52,606,357</u>	<u>\$694,811</u>	<u>\$89,641</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$25,267,226	\$859,936	\$333,142	\$5,695
Special	6,774,046	125,123	2,353,432	0
Vocational	1,988,929	30,488	504,251	0
Student Intervention Services	387,025	0	74,459	0
Support Services:				
Pupil	3,803,695	16,692	1,277,950	0
Instructional Staff	4,536,035	0	1,687,199	0
Board of Education	138,662	0	0	0
Administration	3,989,703	6,426	261,143	0
Fiscal	1,225,020	0	0	0
Business	301,490	0	0	0
Operation and Maintenance of Plant	4,732,028	125,290	0	0
Pupil Transportation	1,814,524	29,448	130,493	0
Central	1,028,761	0	35,523	0
Operation of Non-Instructional Services:				
Food Service Operations	2,442,927	759,368	1,881,023	0
Other	1,053,992	182,492	933,483	0
Extracurricular Activities	1,198,641	334,411	0	672
Interest and Fiscal Charges	48,045	0	0	0
<i>Total Primary Government</i>	<u>\$60,730,749</u>	<u>\$2,469,674</u>	<u>\$9,472,098</u>	<u>\$6,367</u>
Component Units				
Lancaster Digital Academy	\$634,468	\$0	\$563,165	\$0
Lancaster-Fairfield Community School	289,460	0	262,868	0
<i>Total Component Units</i>	<u>\$923,928</u>	<u>\$0</u>	<u>\$826,033</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
Payment in Lieu of Taxes
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 Digital Academy	Lancaster-Fairfield Community School
(\$24,068,453)	\$0	\$0
(4,295,491)	0	0
(1,454,190)	0	0
(312,566)	0	0
(2,509,053)	0	0
(2,848,836)	0	0
(138,662)	0	0
(3,722,134)	0	0
(1,225,020)	0	0
(301,490)	0	0
(4,606,738)	0	0
(1,654,583)	0	0
(993,238)	0	0
197,464	0	0
61,983	0	0
(863,558)	0	0
(48,045)	0	0
(48,782,610)	0	0
0	(71,303)	0
0	0	(26,592)
0	(71,303)	(26,592)
20,337,720	0	0
10,074,785	0	0
25,647,701	137,109	49,307
11,898	0	0
53,200	0	0
2,747		
355,164	5,325	83
157,225	0	0
56,640,440	142,434	49,390
7,857,830	71,131	22,798
44,748,527	623,680	66,843
\$52,606,357	\$694,811	\$89,641

Lancaster City School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2011*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$27,251,574	\$7,972,317	\$1,527,965	\$36,751,856
Receivables:				
Property Taxes	21,671,665	0	0	21,671,665
Payment in Lieu of Taxes	104,609	0	0	104,609
Income Taxes	3,787,245	0	0	3,787,245
Accounts	10,054	0	916	10,970
Due from Component Unit	2,945	0	0	2,945
Intergovernmental	40,266	0	2,282,708	2,322,974
Accrued Interest	56,468	0	1,238	57,706
Interfund	430,054	0	0	430,054
Prepays	31,540	0	19,697	51,237
Inventory Held for Resale	0	0	87,099	87,099
Materials and Supplies Inventory	117,958	0	18,716	136,674
<i>Total Assets</i>	<u>\$53,504,378</u>	<u>\$7,972,317</u>	<u>\$3,938,339</u>	<u>\$65,415,034</u>
Liabilities				
Accounts Payable	\$229,607	\$0	\$121,605	\$351,212
Contracts Payable	1,510	0	0	1,510
Accrued Salaries and Benefits Payable	4,826,811	0	642,638	5,469,449
Intergovernmental Payable	1,506,131	0	342,777	1,848,908
Matured Compensated Absences Payable	340,234	0	0	340,234
Interfund Payable	0	0	430,054	430,054
Retirement Incentive Payable	3,500	0	0	3,500
Matured Capital Leases Payable	11,337	0	0	11,337
Matured Interest Payable	3,454	0	0	3,454
Deferred Revenue	20,916,210	0	1,390,622	22,306,832
<i>Total Liabilities</i>	<u>27,838,794</u>	<u>0</u>	<u>2,927,696</u>	<u>30,766,490</u>
Fund Balances				
Nonspendable	149,498	0	125,512	275,010
Restricted	0	0	904,870	904,870
Committed	1,084,681	0	133,335	1,218,016
Assigned	2,055,469	7,972,317	0	10,027,786
Unassigned (Deficit)	22,375,936	0	(153,074)	22,222,862
<i>Total Fund Balances</i>	<u>25,665,584</u>	<u>7,972,317</u>	<u>1,010,643</u>	<u>34,648,544</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$53,504,378</u>	<u>\$7,972,317</u>	<u>\$3,938,339</u>	<u>\$65,415,034</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, 2011*

Total Governmental Fund Balances		\$34,648,544
<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.		10,669,593
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	2,136,665	
Income Taxes	743,394	
Payment in Lieu of Taxes	128,507	
Accrued Interest	55,607	
Grants	<u>1,389,384</u>	4,453,557
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.		6,225,664
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(525,754)	
Intergovernmental Payable	(6,309)	
Compensated Absences Payable	<u>(2,858,938)</u>	<u>(3,391,001)</u>
Net Assets of Governmental Activities		<u><u>\$52,606,357</u></u>

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, 2011

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$19,451,956	\$0	\$0	\$19,451,956
Payment in Lieu of Taxes	104,608	0	0	104,608
Income Taxes	9,992,256	0	0	9,992,256
Intergovernmental	24,970,385	0	9,523,674	34,494,059
Interest	189,852	0	5,265	195,117
Tuition and Fees	1,018,673	0	27,855	1,046,528
Charges for Services	0	0	759,368	759,368
Rent	126,770	0	0	126,770
Extracurricular Activities	230,366	781	305,861	537,008
Gifts and Donations	8,734	672	37,622	47,028
Miscellaneous	155,477	0	1,748	157,225
<i>Total Revenues</i>	<u>56,249,077</u>	<u>1,453</u>	<u>10,661,393</u>	<u>66,911,923</u>
Expenditures				
Current:				
Instruction:				
Regular	24,233,729	0	819,824	25,053,553
Special	4,838,769	0	1,888,910	6,727,679
Vocational	1,853,512	0	164,258	2,017,770
Student Intervention Services	312,874	0	72,369	385,243
Support Services:				
Pupils	2,509,664	0	1,265,637	3,775,301
Instructional Staff	2,796,104	0	1,679,744	4,475,848
Board of Education	138,662	0	0	138,662
Administration	3,750,669	0	211,149	3,961,818
Fiscal	1,220,695	0	0	1,220,695
Business	297,106	0	0	297,106
Operation and Maintenance of Plant	3,771,238	0	884,805	4,656,043
Pupil Transportation	1,795,112	0	14,601	1,809,713
Central	801,575	0	243,190	1,044,765
Operation of Non-Instructional Services:				
Food Service Operations	310	0	2,392,313	2,392,623
Other Non-Instructional Services	98,749	0	1,006,844	1,105,593
Extracurricular Activities	931,823	1,733	213,093	1,146,649
Capital Outlay	450,401	0	49,995	500,396
Debt Service:				
Principal Retirement	136,219	0	0	136,219
Interest and Fiscal Charges	48,045	0	0	48,045
<i>Total Expenditures</i>	<u>49,985,256</u>	<u>1,733</u>	<u>10,906,732</u>	<u>60,893,721</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,263,821</u>	<u>(280)</u>	<u>(245,339)</u>	<u>6,018,202</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	11,898	0	0	11,898
Transfers In	0	0	14,427	14,427
Transfers Out	(14,427)	0	0	(14,427)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,529)</u>	<u>0</u>	<u>14,427</u>	<u>11,898</u>
<i>Net Change in Fund Balances</i>	6,261,292	(280)	(230,912)	6,030,100
<i>Fund Balances Beginning of Year - Restated in Note 3</i>	<u>19,404,292</u>	<u>7,972,597</u>	<u>1,241,555</u>	<u>28,618,444</u>
<i>Fund Balances End of Year</i>	<u>\$25,665,584</u>	<u>\$7,972,317</u>	<u>\$1,010,643</u>	<u>\$34,648,544</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, 2011*

Net Change in Fund Balances - Total Governmental Funds	\$6,030,100
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	
Capital Asset Additions	790,533
Capital Contributions	5,695
Depreciation Expense	<u>(826,168)</u>
	(29,940)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and the loss on disposal of assets:	
Gain on disposal of capital assets	11,898
Proceeds from sale of capital assets	<u>(11,898)</u>
	0
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Interest	49,919
Grants	576,467
Delinquent Taxes	885,764
Income Taxes	82,529
Payment in Lieu of Taxes	<u>(51,408)</u>
	1,543,271
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	84,493
Repayment of capital leases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
	136,219
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.	
	2,039
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>91,648</u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$7,857,830</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, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$18,634,794	\$19,399,660	\$19,414,262	\$14,602
Payment in Lieu of Taxes	100,327	270,000	104,608	(165,392)
Income Taxes	9,569,495	9,848,567	9,977,806	129,239
Intergovernmental	23,971,474	24,747,089	25,055,685	308,596
Interest	174,802	425,000	182,260	(242,740)
Tuition and Fees	907,646	990,275	1,017,314	27,039
Rent	141,329	100,000	147,359	47,359
Extracurricular Activities	91,548	90,500	95,454	4,954
Gifts and Donations	2,634	2,500	2,747	247
Miscellaneous	106,766	308,220	156,058	(152,162)
<i>Total Revenues</i>	<u>53,700,815</u>	<u>56,181,811</u>	<u>56,153,553</u>	<u>(28,258)</u>
Expenditures				
Current:				
Instruction:				
Regular	21,691,393	22,074,146	21,665,497	408,649
Special	5,333,341	5,335,052	4,902,679	432,373
Vocational	1,899,779	1,919,002	1,848,413	70,589
Student Intervention Services	31,320	62,846	55,427	7,419
Other	3,853,650	3,619,352	3,641,671	(22,319)
Support Services:				
Pupils	2,694,027	2,667,494	2,635,185	32,309
Instructional Staff	2,878,226	2,915,645	2,890,111	25,534
Board of Education	130,867	152,554	144,252	8,302
Administration	3,969,393	3,925,451	3,853,480	71,971
Fiscal	1,322,400	1,257,140	1,238,525	18,615
Business	595,466	591,375	395,956	195,419
Operation and Maintenance of Plant	4,551,224	4,560,124	4,189,743	370,381
Pupil Transportation	1,865,497	1,844,261	1,858,125	(13,864)
Central	834,661	806,605	809,492	(2,887)
Operation of Non-Instructional Services	3,796	2,000	2,000	0
Extracurricular Activities	910,336	939,157	963,559	(24,402)
Capital Outlay	1,819,347	1,243,014	652,891	590,123
<i>Total Expenditures</i>	<u>54,384,723</u>	<u>53,915,218</u>	<u>51,747,006</u>	<u>2,168,212</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(683,908)</u>	<u>2,266,593</u>	<u>4,406,547</u>	<u>2,139,954</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	10,000	10,000	11,898	1,898
Advances In	150,000	169,004	169,003	(1)
Advances Out	(200,000)	(429,295)	(429,294)	1
Transfers Out	(50,000)	(50,000)	(14,427)	35,573
<i>Total Other Financing Sources (Uses)</i>	<u>(90,000)</u>	<u>(300,291)</u>	<u>(262,820)</u>	<u>37,471</u>
<i>Net Change in Fund Balance</i>	<u>(773,908)</u>	<u>1,966,302</u>	<u>4,143,727</u>	<u>2,177,425</u>
<i>Fund Balance Beginning of Year</i>	<u>17,949,564</u>	<u>17,949,564</u>	<u>17,949,564</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>1,727,210</u>	<u>1,727,210</u>	<u>1,727,210</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$18,902,866</u>	<u>\$21,643,076</u>	<u>\$23,820,501</u>	<u>\$2,177,425</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Fund Net Assets
Internal Service Fund
June 30, 2011

	Employee Benefits Self Insurance
Current Assets	
Cash and Cash Equivalents	\$1,134,550
Cash and Cash Equivalents with Fiscal Agents	5,831,477
<i>Total Assets</i>	<u>6,966,027</u>
Current Liabilities	
Claims Payable	740,363
<i>Total Liabilities</i>	<u>740,363</u>
Net Assets	
Unrestricted	<u>\$6,225,664</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, 2011*

	Employee Benefits Self Insurance
Operating Revenues	
Charges for Services	\$7,105,215
Operating Expenses	
Purchased Services	1,836,088
Claims	5,293,271
<i>Total Operating Expenses</i>	<i>7,129,359</i>
<i>Operating Loss</i>	<i>(24,144)</i>
Non-Operating Revenue	
Interest	115,792
<i>Change in Net Assets</i>	<i>91,648</i>
<i>Net Assets Beginning of Year</i>	<i>6,134,016</i>
<i>Net Assets End of Year</i>	<i>\$6,225,664</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, 2011

	Employee Benefits Self Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$7,105,215
Cash Payments to Vendors for Services	(1,812,131)
Cash Payments for Claims	(5,268,114)
<i>Net Cash Provided by Operating Activities</i>	24,970
Cash Flows from Investing Activities:	
Interest	115,792
<i>Net Increase in Cash and Cash Equivalents</i>	140,762
<i>Cash and Cash Equivalents Beginning of Year</i>	6,825,265
<i>Cash and Cash Equivalents End of Year</i>	\$6,966,027
 Reconciliation of Operating Loss to	
Net Cash Provided by Operating Activities:	
Operating Loss	(\$24,144)
Adjustments to Reconcile	
Operating Loss to Net	
Cash Provided by Operating Activities	
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	23,957
Decrease in Claims Payable	25,157
<i>Net Cash Provided by Operating Activities</i>	\$24,970

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2011

	Private Purpose	
	Trust	
	Endowment	Agency
Assets		
Cash and Cash Equivalents	\$43,140	\$116,159
Accounts Receivable	63	0
<i>Total Assets</i>	<u>43,203</u>	<u>\$116,159</u>
Liabilities		
Due to Students	0	\$116,159
<i>Total Liabilities</i>	<u>0</u>	<u>\$116,159</u>
Net Assets		
Held in Trust for Scholarships	<u>43,203</u>	
<i>Total Net Assets</i>	<u>\$43,203</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, 2011

	Endowment
Additions	
Interest	\$266
Deductions	
Scholarships Awarded	1,000
<i>Change in Net Assets</i>	(734)
<i>Net Assets Beginning of Year</i>	43,937
<i>Net Assets End of Year</i>	\$43,203

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, 2011

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 289 non-certificated employees, 398 certificated personnel, and 26 administrative employees who provide services to 6,028 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 Digital Academy and Lancaster-Fairfield Community School. They are reported separately to emphasize that they are legally separate from the School District.

Lancaster Digital Academy. Lancaster Digital Academy (LDA) is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The LDA's mission, under a contractual agreement with the School District, is to enhance and facilitate student learning by combining state-of-the-art digital curriculum and instruction with access to local school resources that complement instruction and prepare students to become lifelong learners and productive citizens. The LDA serves students within the School

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

District. The LDA is operated by a five member Board of Directors appointed by the School 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 LDA serves. The School District is able to impose its will on the LDA. The School District can suspend the LDA's operations for any of the following reasons: 1) The LDA's failure to meet student performance requirements stated in its contract with the School District, 2) The LDA's failure to meet generally accepted standards of fiscal management, 3) The LDA's violation of any provisions of the contract with the School District or applicable state or federal law, and 4) Other good cause. Separately issued financial statements can be obtained from the Lancaster Digital Academy, 111 South Broad Street, Lancaster, Ohio 43130.

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, State Support Team Region 11, Fairfield County Family, Adult, and Children First Council, Fairfield County Multi-System Youth Committee, the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program, 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, 2011

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 and report all financial resources except those required to be accounted for in another fund.

Permanent Improvement Fund The permanent improvement fund accounts for and reports 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, 2011

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, 2011

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, 2011, but which were levied to finance fiscal year 2012 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, 2011

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 2011, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), nonparticipating certificates of deposit, federal agency securities, and commercial paper.

Except for nonparticipating investment contracts, the School District reports investments at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2011.

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 2011 amounted to \$189,852, which includes \$54,782 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, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the fiscal year in which services are consumed.

G. Inventory

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

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15-50 years
Buildings and Improvements	20-80 years
Machinery and Equipment	5-20 years
Furniture and Fixtures	5-20 years
Vehicles	5-10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated on the statement of net assets. On the statements, receivables and payables between the primary government and the fiduciary funds, for which the School District is the fiscal agent, for services rendered are presented as "External party receivables" and "External party payables".

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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured 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.

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

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, prepaids, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School District's Board of Education. Those committed amounts cannot be used for any other purpose unless the School District's Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District's Board of Education.

Unassigned: The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balances.

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

N. 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.

O. 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.

P. Estimates

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Q. 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, and preschool special education 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 and Restatement of Fund Balance

A. Change in Accounting Principle

For fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the School District's financial statements.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

B. Restatement of Prior Year's Fund Balance

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	General	Other Governmental Funds
Fund Balance at		
June 30, 2010	\$18,300,792	\$2,345,055
Change in Fund Structure	1,103,500	(1,103,500)
Adjusted Fund Balance at		
June 30, 2010	\$19,404,292	\$1,241,555

Note 4 – Accountability

The following funds had deficit fund balances as of June 30, 2011:

	Deficit Fund Balances
<u>Special Revenue Funds:</u>	
Community Grants	(\$1,283)
IDEA - B	(90,854)
Title I	(42,316)
Reducing Class Size	(3,839)

The deficits in the special revenue funds were a 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).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Unrecorded cash, segregated accounts, fair market value adjustments, and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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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).
6. Budgetary revenues and expenditures of the public school support fund and termination benefits fund are reclassified to the general fund for GAAP Reporting.

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

Net Change in Fund Balance	
GAAP Basis	\$6,261,292
Net Adjustment for Revenue Accruals	61,847
Net Adjustment for Expenditure Accruals	418,467
Beginning:	
Segregated Accounts	654
Unrecorded Cash	196
Fair Value of Investments	985
Prepaid Items	13,289
Ending:	
Segregated Accounts	0
Unrecorded Cash	(420)
Fair Value of Investments	(17,407)
Prepaid Items	(31,540)
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	(35,590)
Advances In	169,003
Advances Out	(429,294)
Adjustment for Encumbrances	<u>(2,267,755)</u>
Budget Basis	<u><u>\$4,143,727</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.

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

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

1. United States Treasury 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, 2011, the School District's internal service fund had a balance of \$5,831,477 with fiscal agents. \$5,155,989 was with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool (See Note 20). \$675,488 was with the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool (See Note 20). The balances were held by OME-RESA and SCOIC in pooled accounts which are 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. Disclosures for SCOIC as a whole may be obtained from the fiscal agent, Liberty Union-Thurston Local School District, 600 Washington Street, Baltimore, Ohio 43105.

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, \$1,397,013 of the School District's bank balance of \$17,126,195 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements

Lancaster City School District, Ohio
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for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the School District to a successful claim by the FDIC.

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

Investments As of June 30, 2011, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$184	Average 58 Days
Citigroup Funding, Incorporated Commercial Paper	3,499,072	8/23/11
Citigroup Funding, Incorporated Commercial Paper	2,499,037	9/12/11
Citigroup Funding, Incorporated Commercial Paper	2,997,420	11/7/11
Citigroup Funding, Incorporated Commercial Paper	1,498,573	11/15/11
Federal Farm Credit Bank Notes	2,001,900	6/6/13
Federal Farm Credit Bank Notes	998,010	10/14/14
Federal Home Loan Bank Notes	1,005,760	6/29/12
Federal Home Loan Bank Notes	1,019,300	9/14/12
Federal Home Loan Bank Notes	1,500,135	10/2/12
Federal Home Loan Bank Notes	1,999,740	3/20/13
Federal Home Loan Bank Notes	1,005,860	9/13/13
Federal Home Loan Bank Notes	1,497,660	4/25/14
Total	<u>\$21,522,651</u>	

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 five years except for commercial paper and bankers' acceptances which will be limited to 180 days. The Treasurer cannot make investments which she 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. The Citigroup Funding, Incorporated Commercial Paper is rated A1+/P1 by Moody's and Standard and Poor's. The Federal Farm Credit Bank Notes and Federal Home Loan Bank Notes all carried a rating by Moody's of Aaa. 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.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Citigroup Funding, Incorporated Commercial Paper is exposed to

Lancaster City School District, Ohio
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custodial credit risk in that it is uninsured, unregistered, and held by the counterparty's trust department agent but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk

Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2011:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Citigroup Funding, Incorporated Commercial Paper	48.76
Federal Farm Credit Bank Notes	13.94
Federal Home Loan Bank Notes	37.30

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District's 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, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2010 (other than public utility property) represents the collection of calendar year 2010 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. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments made 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.

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

Lancaster City School District, Ohio
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collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is 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 amount available as an advance at June 30, 2011, was \$1,681,725 to the general fund. The amount available as an advance at June 30, 2010, was \$1,644,031 in the general fund.

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

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

	2010 Second-Half Collections		2011 First-Half Collections		2011 Effective Tax Rates (per \$1,000 of assessed valuation)
	Amount	Percent	Amount	Percent	
	Agricultural/ Residential	\$634,841,800	70%	\$615,749,980	
Commerical/Industrial and Public Utility Real	245,888,380	27%	240,753,390	27%	25.1285
Public Utility Personal	24,843,910	3%	44,246,800	5%	64.6000
Tangible Personal Property	644,470	0%	0	0%	n/a
Total	\$906,218,560	100%	\$900,750,170	100%	

Note 8 - Income Tax

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

Note 9 - Receivables

Receivables at June 30, 2011, 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, 2011 were \$2,136,665.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Tech Title II-D Grant	\$2,500
Motor Vehicle Fuel Tax	3,650
Medicaid Reimbursement	12,718
Early Childhood Grant	16,419
Preschool Special Education Grant	17,136
City of Lancaster Income Tax Share	23,898
Counseling Grant	25,773
Delinquent Title I-D Grant	91,485
Title II-A Grant	144,576
State Lunch Reimbursement Program	231,002
Education Jobs Grant	401,198
Title I Grant	456,210
Idea, Part B Grant	896,409
Total	<u>\$2,322,974</u>

Payment in Lieu of Taxes

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 2011, the School District received a payment in the amount of \$11,157. As of June 30, 2011, a receivable for \$11,157 has been recorded which represents the payment anticipated for fiscal year 2012.

Ety Pointe Centre The School District entered into a ten year Tax Increment Financing Agreement (TIF) in 2006. The purpose of the TIF was for the construction of Ety Pointe Centre, a shopping center, and public infrastructure improvements. The School District began receiving payments in fiscal year 2010. During fiscal year 2011, a payment in the amount of \$81,090 was received. As of June 30, 2011, a receivable for \$81,090 has been recorded which represents the payment anticipated for fiscal year 2012.

Fairfield Metropolitan Housing Authority The School District receives payment in lieu of taxes each year from Fairfield Metropolitan Housing Authority (Metro Housing). Due to Ohio Revised Code Section 3735.35, Metro Housing must remit payment in lieu of taxes to the county treasurer. These payments must be distributed to the taxing subdivisions levying taxes in the subdivisions in which the Metro Housing property is located. During fiscal year 2011, a payment in the amount of \$12,361 was received. As of June 30, 2011, a receivable for \$12,362 has been recorded which represents the payment anticipated for fiscal year 2012.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 10 - Capital Assets

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

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Nondepreciable Capital Assets				
Land	\$523,846	\$0	\$0	\$523,846
Construction in Progress	50,284	375,484	(359,430)	66,338
Total Capital Assets not being depreciated	<u>574,130</u>	<u>375,484</u>	<u>(359,430)</u>	<u>590,184</u>
Depreciable Capital Assets				
Land Improvements	2,357,770	154,932	0	2,512,702
Buildings and Improvements	18,655,834	52,535	0	18,708,369
Furniture and Equipment	6,728,544	374,067	(53,068)	7,049,543
Vehicles	2,917,164	198,640	(88,616)	3,027,188
Total at Historical Cost	<u>30,659,312</u>	<u>780,174</u>	<u>(141,684)</u>	<u>31,297,802</u>
Less Accumulated Depreciation				
Land Improvements	(655,963)	(118,865)	0	(774,828)
Buildings and Improvements	(13,393,880)	(199,190)	0	(13,593,070)
Furniture and Equipment	(4,553,585)	(305,297)	53,068	(4,805,814)
Vehicles	(1,930,481)	(202,816)	88,616	(2,044,681)
Total Accumulated Depreciation	<u>(20,533,909)</u>	<u>(826,168)</u>	<u>141,684</u>	<u>(21,218,393)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>10,125,403</u>	<u>(45,994)</u>	<u>0</u>	<u>10,079,409</u>
Governmental Activities Capital Assets, Net	<u>\$10,699,533</u>	<u>\$329,490</u>	<u>(\$359,430)</u>	<u>\$10,669,593</u>

The School District received \$5,695 in capital contributions from the General Sherman Middle School Parent Teacher Organization during fiscal year 2011.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$228,413
Special	49,142
Vocational	40,872
Student Intervention	1,734
Support Services:	
Pupil	20,507
Instructional Staff	48,534
Administration	28,006
Fiscal	4,613
Business	1,156
Operation and Maintenance	89,308
Pupil Transportation	205,764
Central	10,889
Extracurricular	51,320
Operation of Non-Instructional Services:	
Food Service Operations	44,131
Other	1,779
Total Depreciation Expense	<u>\$826,168</u>

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 2011, 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	\$114,820,599	\$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
Personal and Advertising Injury	2,000,000	0
Fiduciary Liability for Each Fiduciary Claim	2,000,000	2,500
Fiduciary Liability Aggregate Limit	4,000,000	2,500
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

The School District participates in the workers' compensation program provided by the State of Ohio. Effective January 1, 2011, the School District began participating in the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program (Program), an insurance purchasing pool (Note 20). The Program is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for participants. The participating school districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can either receive a premium refund or assessment. Employers will pay experience or based rated premiums under the same terms as if they were not in a retro group. The total premium for the entire

Lancaster City School District, Ohio
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group is the standard premium of the group. The standard premium serves as the benchmark that is adjusted up and down retroactively. In order to allocate the savings derived by formation of the Program, the Program's executive committee annually calculates the group-retrospective premium based on developed incurred claim losses for the whole group. The new premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, a refund will be distributed to the employers of the group. If the retrospective premium is higher, an assessment will be charged to each participant.

Participation in the Program is limited to school districts that can meet the Program's selection criteria. The firm of Comp Management, Inc. serves as the third party administrator of the Program and provides administrative, cost control, and actuarial services. Each year, the School District pays an enrollment fee to the Program to cover the cost of administering the Program.

The School District may withdraw from the Program if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Program prior to withdrawal.

C. Medical and Dental

The School District provides a 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 \$1,709 for certified and classified employees for family coverage and up to \$680 for certified and classified employees for single coverage. The School District pays monthly dental premiums of up to \$64 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. The maximum dental benefit per covered person is \$1,500 per calendar year.

The claims liability of \$740,363 reported in the internal service fund at June 30, 2011, 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:

Lancaster City School District, Ohio
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For the Fiscal Year Ended June 30, 2011

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2010	\$790,813	\$4,058,640	\$4,134,247	\$715,206
2011	715,206	5,293,271	5,268,114	740,363

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 participates to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Lancaster City School District, Ohio
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For the Fiscal Year Ended June 30, 2011

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009, were \$793,738, \$1,137,853, and \$685,612, respectively. For fiscal year 2011, 27 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

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 can 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 multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of 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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

Lancaster City School District, Ohio
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The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$3,229,536 and \$95,244 for the fiscal year ended June 30, 2011, \$3,202,933 and \$85,717 for the fiscal year ended June 30, 2010, and \$3,165,345 and \$0 for the fiscal year ended June 30, 2009. For fiscal year 2011, 83 percent has been contributed for the DB plan and 83 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2011 was \$50,422 made by the School District and \$36,015 made by the plan members. In addition, member contributions of \$68,031 were made for fiscal year 2011 for the defined contribution portion of the Combined Plan.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2011, one member of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages.

Note 14 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment 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 obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2011, 1.43 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 fiscal year 2011, this amount was \$35,800. During fiscal year 2011, the School District paid \$106,544 in surcharge.

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, 2011, 2010, and 2009 were \$297,180, \$7,904, and \$446,010, respectively. For fiscal year 2011, 27 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Lancaster City School District, Ohio
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The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009, were \$54,250, \$58,149, and \$59,983 respectively. For fiscal year 2011, 31 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

B. State Teachers Retirement System

Plan Description – The School District participates in 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. Ohio law authorizes STRS to offer this plan. 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 can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$248,426, \$257,729, and \$243,488 respectively. For fiscal year 2011, 83 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Note 15 – Capital Leases – Lessee Disclosure

During the prior fiscal year, the School District entered into several new capital leases for copier equipment. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements.

The copier equipment acquired by lease has been capitalized in the government-wide statements in the amount of \$757,246 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide statements. The capitalized leased assets are reflected net of accumulated depreciation in the amount of \$578,452 for equipment. Principal payments toward all capital leases during 2011 totaled \$136,219.

Lancaster City School District, Ohio
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The agreement provides for minimum annual lease payments as follows:

Year	Principal	Interest	Total
2012	\$147,518	\$36,726	\$184,244
2013	159,765	24,490	184,255
2014	173,023	11,223	184,246
2015	45,448	611	46,059
Total	\$525,754	\$73,050	\$598,804

Note 16 - Long Term Obligations

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

	Principal Outstanding 6/30/2010	Additions	Deductions	Principal Outstanding 6/30/2011	Due in One Year
Governmental Activities					
Capital Leases Payable	\$661,973	\$0	\$136,219	\$525,754	\$147,518
Intergovernmental Payable	8,348	0	2,039	6,309	2,039
Compensated Absences Payable	2,943,431	574,671	659,164	2,858,938	344,953
Total Governmental Activities Long-Term Obligations	\$3,613,752	\$574,671	\$797,422	\$3,391,001	\$494,510

Capital leases payable will be paid from the general fund.

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 following table lists the special assessment payments required as of June 30, 2011.

Year	
2012	\$2,039
2013	2,039
2014	2,231
Total	\$6,309

The School District's overall legal debt margin was \$81,062,700, with an unvoted debt margin of \$900,697 at June 30, 2011.

Lancaster City School District, Ohio
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Note 17 - Interfund Balances and Activity

Interfund balances at June 30, 2011 consist of the following individual interfund receivables and payables:

	Interfund Receivable	Interfund Payable
Major Fund:		
General	\$430,054	\$0
Other Governmental Funds:		
IDEA - B	0	219,197
Title I	0	148,590
Counseling Grant	0	25,773
Reducing Class Size	0	19,031
Educational Stabilization	0	760
Preschool	0	16,703
Total Other Governmental Funds	0	430,054
Total All Funds	\$430,054	\$430,054

The interfund receivables/payables are due to lags between the dates interfund goods and services are provided and when payments between funds are made. The general fund made advances to other non-major governmental funds, in the amount of \$429,294 to subsidize negative cash balances. The interfund payables are anticipated to be repaid within one year.

Interfund transfers during 2011, consisted of the general fund transferring \$14,427 to the community grants special revenue fund for the purpose of paying expenses out of the fund from which it was required to be paid.

Note 18 – Related Party Transactions

During fiscal year 2011, the School District received \$45,677 from the Lancaster Digital Academy (LDA) 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, 2011, \$2,945 was payable to the School District for quarterly sponsor fees.

During fiscal year 2011, the School District received \$47 from the Lancaster-Fairfield Community School for advertising and postage reimbursement. As of June 30, 2011, no amounts were owed to the School District.

Note 19 - Jointly Governed Organizations

Metropolitan Educational Council - The Metropolitan Educational Council (MEC) is a jointly governed organization. The organization is composed of over 195 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 58 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 public schools, educational service centers, charter/community schools, State schools, educational organizations, and private schools 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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 2011 were \$130,968 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 35-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 35 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 2011, the School District's paid \$325 to the Coalition for membership fees and \$20 for professional development.

State Support Team Region 11 - The School District participates in the State Support Team Region 11 (SSTR11) a jointly governed organization operated by a Regional Advisory Council that is composed of entities within Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, and Union counties. The purpose of SSTR11 is to provide professional development and technical assistance services to school districts, community schools, career centers, educational service centers, information technology centers, board of developmental disabilities, chartered nonpublic schools, and colleges and universities within the region by supporting State and district initiatives. The SSTR11 is governed by an advisory council, which is the advisory body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops recommendations to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the SSTR11, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the State Support Team – Region 11, 2080 Citygate Drive, Columbus, Ohio 43219. The School District made no payments to SSTR11 during fiscal year 2011.

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, Director of the Fairfield County Job and Family Services, Director of the Children Services Department, Superintendent of the Fairfield County Development Disabilities, Superintendent of Lancaster City Schools, one Superintendent representative from a Fairfield County school; a

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 Fairfield County's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986", a representative from a local nonprofit entity that provides or advocates services to children and families, and at least three individuals representing the interests of families in Fairfield County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. In fiscal year 2011, 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 Fairfield County Youth Services, Fairfield County Board of Developmental Disabilities, Fairfield County Alcohol, Drug Addiction, and Mental Health Board, Fairfield County Children Services, Fairfield Department of Health, New Horizons, the local office of Rehabilitation Services Commission, Fairfield County Drug and Alcohol Recovery Services, and the Lancaster City Schools. The Committee received no additional monies from the School District during fiscal year 2011. 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 SchoolComp Workers' Compensation Group Retrospective Rating Program - The Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program (Program) is a shared risk pool among fifty-seven school districts in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the Ohio School Board Association (OSBA) Executive Committee that consists of seven members as follows: the president of OSBA, Immediate Past President of OSBA, and five representatives elected from the participating school districts.

The Program, a Bureau of Workers' Compensation certified sponsor, established the program based upon guidelines set forth by the Bureau of Workers' Compensation (BWC). The Program created a group of school districts that will practice effective workplace safety and claims management to achieve lower premiums for workers compensation coverage than they would individually. The participating school districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can receive either a premium refund or assessment. The Program's third party administrator (TPA), Comp Management, Inc., provides administrative, cost control, and actuarial services to the Program. The cost of the TPA will be paid by each school district in proportion to its payroll to the total payroll of the group.

The School District began participating in the program effective January 1, 2011. As of June 30, 2011, an additional assessment or premium refund cannot be reasonably estimated. The School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan prior to 2011. The School District paid \$16,020 in enrollment fees to the Program as of June 30, 2011.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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.

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 County Educational Service Center, Fairfield Union Local School District, Lancaster City School District, 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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, 2011.

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 Balance as of June 30, 2010	(\$6,087,387)	\$0
Current Year Set-aside Requirement	916,101	916,101
Qualifying Disbursements	<u>(1,397,336)</u>	<u>(1,451,974)</u>
Total	<u><u>(\$6,568,622)</u></u>	<u><u>(\$535,873)</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>(\$6,568,622)</u></u>	<u><u>\$0</u></u>

The School District had qualifying disbursements 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>
Facemyer Landscaping	\$59,500	\$55,259	\$4,241
Schorr Architects	<u>11,578</u>	<u>11,079</u>	<u>499</u>
Total	<u><u>\$71,078</u></u>	<u><u>\$66,338</u></u>	<u><u>\$4,740</u></u>

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 24 – Fund Balances

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

Fund Balances	General	Permanent Improvement	Governmental Funds	Total
<u>Nonspendable:</u>				
Prepays	\$31,540	\$0	\$19,697	\$51,237
Inventory Held for Resale	0	0	87,099	87,099
Materials and Supplies Inventory	117,958	0	18,716	136,674
<i>Total Nonspendable</i>	<u>149,498</u>	<u>0</u>	<u>125,512</u>	<u>275,010</u>
<u>Restricted for:</u>				
Food Service Operations	0	0	630,898	630,898
Department Clubs	0	0	139,017	139,017
Auxiliary Services	0	0	71,493	71,493
Miscellaneous State Grants	0	0	2,051	2,051
Education Jobs	0	0	52,118	52,118
Technology	0	0	1,041	1,041
Counseling Services	0	0	8,252	8,252
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>904,870</u>	<u>904,870</u>
<u>Committed to:</u>				
Scholarships	0	0	29,558	29,558
Preschool	0	0	103,777	103,777
Termination Benefits	1,003,879	0	0	1,003,879
Other Purposes	80,802	0	0	80,802
<i>Total Restricted</i>	<u>1,084,681</u>	<u>0</u>	<u>133,335</u>	<u>1,218,016</u>
<u>Assigned to:</u>				
Capital Improvements	0	7,972,317	0	7,972,317
Public School Support	143,296	0	0	143,296
Professional Development	141,878	0	0	141,878
Equipment and Repairs	597,653	0	0	597,653
Transportation	49,319	0	0	49,319
Textbooks	855,803	0	0	855,803
Other Purposes	267,520	0	0	267,520
<i>Total Assigned</i>	<u>2,055,469</u>	<u>7,972,317</u>	<u>0</u>	<u>10,027,786</u>
Unassigned:	22,375,936	0	(153,074)	22,222,862
<i>Total Fund Balances</i>	<u>\$25,665,584</u>	<u>\$7,972,317</u>	<u>\$1,010,643</u>	<u>\$34,648,544</u>

On March 22, 2010, the Board of Education approved a resolution to maintain a cash reserve balance of twelve percent of operating expenses for the purpose of sound fiscal management. This minimum cash balance is required for the first two years of the rolling five year forecast period. If the treasurer finds that the twelve percent cash reserve is not maintainable within those first two years of the five year forecast, the treasurer and superintendent will report this to the Board of Education so that they may consider what

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

options the School District must implement. The minimum cash reserve balance as of June 30, 2011 was \$6,382,704 which was based on the May, 2011 five year forecast. The School District's general fund cash balances were adequate for the minimum cash reserve balance; therefore, no action was needed by the Board of Education for fiscal year 2011. This twelve percent cash reserve balance is reported as unassigned in the general fund.

Note 25 – Lancaster Digital Academy and the Lancaster-Fairfield Community School Component Units

A. Basis of Presentation

The Lancaster Digital Academy (LDA) 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 promulgated by the Governmental Accounting Standards Board. 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, LDA's and LFCS's deposits may not be returned. LDA and LFCS do not have a deposit policy for custodial credit risk. At June 30, 2011, the bank balance of LDA's deposits was \$646,958. Of LDA's bank balance, \$600,000 was covered by federal depository insurance and \$46,958 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 LDA to a successful claim by the FDIC. At June 30, 2011, the bank balance of LFCS's deposits was \$66,241. 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 LDA's and LFCS's reported capital assets are depreciated using the straight-line method over six years of useful life.

The LDA's capital assets consisted of computer equipment valued at \$181,149 with accumulated depreciation of \$161,271 and a remaining book value of \$19,878.

The LFCS's capital assets consisted of computer equipment valued at \$3,700 with accumulated depreciation of \$2,467 and a remaining book value of \$1,233.

Lancaster City School District, Ohio

Combining and Individual Fund Financial Statements and Schedules

Lancaster City School District, Ohio

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary fund or for assets that will be held in trust. For fiscal year 2011, 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, 2011

	Nonmajor Special Revenue Funds
Assets	
Cash and Cash Equivalents	\$1,527,965
Receivables:	
Accounts	916
Intergovernmental	2,282,708
Accrued interest	1,238
Prepays	19,697
Inventory Held for Resale	87,099
Materials and Supplies Inventory	18,716
<i>Total Assets</i>	\$3,938,339
Liabilities	
Accounts Payable	\$121,605
Accrued Salaries and Benefits Payable	642,638
Intergovernmental Payable	342,777
Interfund Payable	430,054
Deferred Revenue	1,390,622
<i>Total Liabilities</i>	2,927,696
Fund Balances	
Nonspendable	125,512
Restricted	904,870
Committed	133,335
Unassigned	(153,074)
<i>Total Fund Balances</i>	1,010,643
<i>Total Liabilities and Fund Balances</i>	\$3,938,339

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, 2011*

	Nonmajor Special Revenue Funds
Revenues	
Intergovernmental	\$9,523,674
Interest	5,265
Tuition and Fees	27,855
Charges for Services	759,368
Extracurricular Activities	305,861
Gifts and Donations	37,622
Miscellaneous	1,748
<i>Total Revenues</i>	10,661,393
Expenditures	
Current:	
Instruction:	
Regular	819,824
Special	1,888,910
Vocational	164,258
Student Intervention Services	72,369
Support Services:	
Pupils	1,265,637
Instructional Staff	1,679,744
Administration	211,149
Operation and Maintenance of Plant	884,805
Pupil Transportation	14,601
Central	243,190
Operation of Non-Instructional Services:	
Food Service Operations	2,392,313
Other Non-Instructional Services	1,006,844
Extracurricular Activities	213,093
Capital Outlay	49,995
<i>Total Expenditures</i>	10,906,732
<i>Excess of Revenues Under Expenditures</i>	(245,339)
Other Financing Sources	
Transfers In	14,427
<i>Net Change in Fund Balances</i>	(230,912)
<i>Fund Balances Beginning of Year</i>	1,241,555
<i>Fund Balances End of Year</i>	\$1,010,643

Lancaster City School District, Ohio

Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. Following is a description of the School Districts' nonmajor special revenue funds:

Food Service Fund – To account for and report charges for services and operating grants restricted to the food service operations of the School District.

Scholarship Memorial Fund – To account for and report monies donated to the School District without conditions or limitations that are committed for student scholarships.

Community Grants Fund - To account for and report grants received from a private foundation and monies from local businesses which provide restricted funds for the development of teaching staff and extracurricular activities for students.

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

Auxiliary Services Fund - To account for and report restricted State grant monies that provide services and materials to pupils attending non-public schools within the School District.

Educational Management Information Systems Fund - To account for and report restricted State grant monies used to support the costs associated with the requirements of the management information system.

Data Communications Fund - To account for and report restricted State grant monies awarded to the School District to provide for data communication.

IDEA - B Fund – To account for and report restricted Federal grant monies used to assist in the education of children with disabilities.

Title I Fund – To account for and report restricted Federal grant monies used to assist the School District in providing financial assistance to State and Local educational agencies to meet the special needs of educationally deprived children.

Drug Free Grant Fund – To account for and report restricted Federal revenues which support the implementation of programs for drug abuse education and prevention.

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

Reducing Class Size Fund – To account for and report restricted Federal grant monies awarded to the School District by the Federal Government for the specific purpose of reducing class size at the primary level.

Title II-D Fund – To account for and report restricted Federal competitive grant monies received from the Federal Government which focuses on professional development and student learning needed for the 21st century.

Miscellaneous State Grants Fund – To account for and report various restricted small State grants.

(Continued)

Lancaster City School District, Ohio

Nonmajor Special Revenue Funds (Continued)

Education Jobs Fund – To account for and report a restricted Federal program used to assist in creating or saving education jobs.

Educational Stabilization Fund – To account for and report restricted grants received from the American Recovery and Reinvestment Act of 2009. This was intended to provide money to school districts to prevent layoffs and cutbacks, with flexibility to use the funds for school modernization and repairs. Fiscal year 2011 was the final year for this program.

Vocational Education Fund – To account for and report restricted Federal and State grant funds for the development of vocational education career development programs and for adults to acquire adequate employment skills. This fund includes the Vocational Education Career Development and Vocational Education funds for GAAP reporting purposes.

Preschool Fund – To account for and report committed tuition monies and restricted 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 includes the Preschool Tuition, Public School Preschool, and Preschool Special Education funds for GAAP reporting purposes.

Public School Support Fund - To account for and report 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. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

Termination Benefits Fund – To account for and report cash committed 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 2011, this fund had no activity or budget; therefore, there is no budgetary schedule presented. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011

	Food Service	Scholarship Memorial	Community Grants	District Managed Student Activity	Auxiliary Services	Data Communications
Assets						
Cash and Cash Equivalents	\$695,244	\$29,558	\$9,606	\$139,080	\$121,006	\$1,000
Receivables:						
Accounts	252	0	195	346	0	0
Intergovernmental	231,002	0	0	0	0	0
Accrued Interest	1,018	43	0	0	177	0
Prepays	163	0	0	0	18,515	0
Inventory Held for Resale	87,099	0	0	0	0	0
Materials and Supplies Inventory	18,716	0	0	0	0	0
<i>Total Assets</i>	<u>\$1,033,494</u>	<u>\$29,601</u>	<u>\$9,801</u>	<u>\$139,426</u>	<u>\$139,698</u>	<u>\$1,000</u>
Liabilities						
Accounts Payable	\$1,778	\$0	\$670	\$244	\$12,914	\$0
Accrued Salaries and Benefits Payable	153,199	0	8,544	0	27,915	0
Intergovernmental Payable	140,623	0	1,870	165	8,684	1,000
Interfund Payable	0	0	0	0	0	0
Deferred Revenue	1,018	43	0	0	177	0
<i>Total Liabilities</i>	<u>296,618</u>	<u>43</u>	<u>11,084</u>	<u>409</u>	<u>49,690</u>	<u>1,000</u>
Fund Balances:						
Nonspendable	105,978	0	0	0	18,515	0
Restricted	630,898	0	0	139,017	71,493	0
Committed	0	29,558	0	0	0	0
Unassigned (Deficit)	0	0	(1,283)	0	0	0
<i>Total Fund Balances</i>	<u>736,876</u>	<u>29,558</u>	<u>(1,283)</u>	<u>139,017</u>	<u>90,008</u>	<u>0</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,033,494</u>	<u>\$29,601</u>	<u>\$9,801</u>	<u>\$139,426</u>	<u>\$139,698</u>	<u>\$1,000</u>

IDEA - B	Title I	Counseling Grant	Reducing Class Size	Title II-D	Miscellaneous State Grants	Education Jobs	Educational Stabilization
\$158,170	\$159,704	\$14,799	\$15,197	\$1,041	\$2,051	\$56,083	\$760
123	0	0	0	0	0	0	0
896,409	547,695	25,773	144,576	2,500	0	401,198	0
0	0	0	0	0	0	0	0
140	142	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$1,054,842</u>	<u>\$707,541</u>	<u>\$40,572</u>	<u>\$159,773</u>	<u>\$3,541</u>	<u>\$2,051</u>	<u>\$457,281</u>	<u>\$760</u>
\$85,163	\$6,572	\$5,445	\$225	\$0	\$0	\$0	\$0
152,727	244,605	495	38,211	0	0	3,137	0
81,672	89,666	607	9,741	0	0	828	0
219,197	148,590	25,773	19,031	0	0	0	760
606,937	260,424	0	96,404	2,500	0	401,198	0
<u>1,145,696</u>	<u>749,857</u>	<u>32,320</u>	<u>163,612</u>	<u>2,500</u>	<u>0</u>	<u>405,163</u>	<u>760</u>
140	142	0	0	0	0	0	0
0	0	8,252	0	1,041	2,051	52,118	0
0	0	0	0	0	0	0	0
(90,994)	(42,458)	0	(3,839)	0	0	0	0
<u>(90,854)</u>	<u>(42,316)</u>	<u>8,252</u>	<u>(3,839)</u>	<u>1,041</u>	<u>2,051</u>	<u>52,118</u>	<u>0</u>
<u>\$1,054,842</u>	<u>\$707,541</u>	<u>\$40,572</u>	<u>\$159,773</u>	<u>\$3,541</u>	<u>\$2,051</u>	<u>\$457,281</u>	<u>\$760</u>

(Continued)

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2011

	Vocational Education	Preschool	Total Nonmajor Special Revenue Funds
Assets			
Cash and Cash Equivalents	\$200	\$124,466	\$1,527,965
Receivables:			
Accounts	0	0	916
Intergovernmental	0	33,555	2,282,708
Accrued Interest	0	0	1,238
Prepays	737	0	19,697
Inventory Held for Resale	0	0	87,099
Materials and Supplies Inventory	0	0	18,716
<i>Total Assets</i>	<u>\$937</u>	<u>\$158,021</u>	<u>\$3,938,339</u>
Liabilities			
Accounts Payable	\$0	\$8,594	\$121,605
Accrued Salaries and Benefits Payable	0	13,805	642,638
Intergovernmental Payable	200	7,721	342,777
Interfund Payable	0	16,703	430,054
Deferred Revenue	0	21,921	1,390,622
<i>Total Liabilities</i>	<u>200</u>	<u>68,744</u>	<u>2,927,696</u>
Fund Balances:			
Nonspendable	737	0	125,512
Restricted	0	0	904,870
Committed	0	103,777	133,335
Unassigned (Deficit)	0	(14,500)	(153,074)
<i>Total Fund Balances</i>	<u>737</u>	<u>89,277</u>	<u>1,010,643</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$937</u>	<u>\$158,021</u>	<u>\$3,938,339</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, 2011

	Food Service	Scholarship Memorial	Community Grants	District Managed Student Activity
Revenues				
Intergovernmental	\$1,876,972	\$0	\$19,221	\$0
Interest	3,033	144	0	0
Tuition and Fees	0	0	0	0
Charges for Services	759,368	0	0	0
Extracurricular Activities	0	0	24,891	280,970
Gifts and Donations	0	759	0	36,863
Miscellaneous	47	0	0	1,701
<i>Total Revenues</i>	<u>2,639,420</u>	<u>903</u>	<u>44,112</u>	<u>319,534</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	10,595	0
Special	0	0	650	0
Vocational	0	0	62,322	0
Student Intervention Services	0	0	0	0
Support Services:				
Pupils	0	0	950	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	2,392,313	0	0	0
Other Non-Instructional Services	0	2,075	6,037	71,324
Extracurricular Activities	0	0	0	213,093
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>2,392,313</u>	<u>2,075</u>	<u>80,554</u>	<u>284,417</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>247,107</u>	<u>(1,172)</u>	<u>(36,442)</u>	<u>35,117</u>
Other Financing Sources				
Transfer In	0	0	14,427	0
<i>Net Change in Fund Balance</i>	247,107	(1,172)	(22,015)	35,117
<i>Fund Balances at Beginning of Year</i>	<u>489,769</u>	<u>30,730</u>	<u>20,732</u>	<u>103,900</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>\$736,876</u>	<u>\$29,558</u>	<u>(\$1,283)</u>	<u>\$139,017</u>

Auxiliary Services	Educational Management Information Systems	Data Communications	IDEA - B	Title I	Drug Free Grant	Counseling Grant
\$816,496	\$5,000	\$26,025	\$1,704,162	\$2,472,892	\$0	\$365,902
1,249	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
817,745	5,000	26,025	1,704,162	2,472,892	0	365,902
0	0	0	728	178,511	0	0
0	0	0	412,801	1,367,801	0	0
0	0	0	0	0	0	0
0	0	0	72,369	0	0	0
0	0	0	577,993	291,510	159	342,874
0	0	0	597,483	846,653	0	744
0	0	0	148,520	4,215	0	14,654
0	0	0	0	0	0	0
0	0	0	6,939	0	0	0
0	5,000	26,025	0	5,228	0	0
0	0	0	0	0	0	0
857,169	0	0	59,093	3,005	0	0
0	0	0	0	0	0	0
0	0	0	49,995	0	0	0
857,169	5,000	26,025	1,925,921	2,696,923	159	358,272
(39,424)	0	0	(221,759)	(224,031)	(159)	7,630
0	0	0	0	0	0	0
(39,424)	0	0	(221,759)	(224,031)	(159)	7,630
129,432	0	0	130,905	181,715	159	622
\$90,008	\$0	\$0	(\$90,854)	(\$42,316)	\$0	\$8,252

(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, 2011

	Reducing Class Size	Title II-D	Miscellaneous State Grants	Education Jobs
Revenues				
Intergovernmental	\$323,330	\$7,513	\$12,000	\$73,568
Interest	0	0	0	0
Tuition and Fees	0	0	0	0
Charges for Services	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>323,330</u>	<u>7,513</u>	<u>12,000</u>	<u>73,568</u>
Expenditures				
Current:				
Instruction:				
Regular	165,131	8,482	0	0
Special	0	0	0	21,450
Vocational	0	0	0	0
Student Intervention Services	0	0	0	0
Support Services:				
Pupils	0	0	0	0
Instructional Staff	174,714	0	9,949	0
Administration	22,781	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
Other Non-Instructional Services	7,889	252	0	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>370,515</u>	<u>8,734</u>	<u>9,949</u>	<u>21,450</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(47,185)</u>	<u>(1,221)</u>	<u>2,051</u>	<u>52,118</u>
Other Financing Sources				
Transfer In	0	0	0	0
<i>Net Change in Fund Balance</i>	<u>(47,185)</u>	<u>(1,221)</u>	<u>2,051</u>	<u>52,118</u>
<i>Beginning of Year</i>	<u>43,346</u>	<u>2,262</u>	<u>0</u>	<u>0</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>(\$3,839)</u>	<u>\$1,041</u>	<u>\$2,051</u>	<u>\$52,118</u>

<u>Educational Stabilization</u>	<u>Vocational Education</u>	<u>Preschool</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$1,547,142	\$122,859	\$150,592	\$9,523,674
839	0	0	5,265
0	0	27,855	27,855
0	0	0	759,368
0	0	0	305,861
0	0	0	37,622
0	0	0	1,748
<u>1,547,981</u>	<u>122,859</u>	<u>178,447</u>	<u>10,661,393</u>
456,377	0	0	819,824
19,503	0	66,705	1,888,910
0	101,936	0	164,258
0	0	0	72,369
0	0	52,151	1,265,637
0	11,660	38,541	1,679,744
0	6,020	14,959	211,149
884,805	0	0	884,805
0	7,662	0	14,601
206,937	0	0	243,190
0	0	0	2,392,313
0	0	0	1,006,844
0	0	0	213,093
0	0	0	49,995
<u>1,567,622</u>	<u>127,278</u>	<u>172,356</u>	<u>10,906,732</u>
<u>(19,641)</u>	<u>(4,419)</u>	<u>6,091</u>	<u>(245,339)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>14,427</u>
<u>(19,641)</u>	<u>(4,419)</u>	<u>6,091</u>	<u>(230,912)</u>
<u>19,641</u>	<u>5,156</u>	<u>83,186</u>	<u>1,241,555</u>
<u>\$0</u>	<u>\$737</u>	<u>\$89,277</u>	<u>\$1,010,643</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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,640,373	\$1,732,024	\$91,651
Interest	0	3,033	3,033
Charges for Services	996,072	761,964	(234,108)
Miscellaneous	0	47	47
<i>Total Revenues</i>	<u>2,636,445</u>	<u>2,497,068</u>	<u>(139,377)</u>
Expenditures			
Current:			
Non-Instructional Services:			
Food Service Operations	<u>2,624,666</u>	<u>2,350,198</u>	<u>274,468</u>
<i>Net Change in Fund Balance</i>	11,779	146,870	135,091
<i>Fund Balance Beginning of Year</i>	464,311	464,311	0
<i>Prior Year Encumbrances Appropriated</i>	<u>15,578</u>	<u>15,578</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$491,668</u></u>	<u><u>\$626,759</u></u>	<u><u>\$135,091</u></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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$200	\$144	(\$56)
Gifts and Donations	800	759	(41)
<i>Total Revenues</i>	<u>1,000</u>	<u>903</u>	<u>(97)</u>
Expenditures			
Current:			
Support Services:			
Instructional Staff	835	0	835
Non-Instructional Services:			
Community Services	4,015	3,245	770
<i>Total Expenditures</i>	<u>4,850</u>	<u>3,245</u>	<u>1,605</u>
<i>Net Change in Fund Balance</i>	(3,850)	(2,342)	1,508
<i>Fund Balance Beginning of Year</i>	29,480	29,480	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,250</u>	<u>1,250</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$26,880</u>	<u>\$28,388</u>	<u>\$1,508</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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$16,225	\$20,821	\$4,596
Extracurricular Activities	37,175	35,316	(1,859)
<i>Total Revenues</i>	<u>53,400</u>	<u>56,137</u>	<u>2,737</u>
Expenditures			
Current:			
Instruction:			
Regular	12,966	12,195	771
Special	1,035	650	385
Vocational	63,816	60,884	2,932
Pupils	3,581	2,654	927
Non-Instructional Services:			
Other	8,125	6,037	2,088
<i>Total Expenditures</i>	<u>89,523</u>	<u>82,420</u>	<u>7,103</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(36,123)</u>	<u>(26,283)</u>	<u>9,840</u>
Other Financing Sources (Uses)			
Advances Out	(1,600)	(1,600)	0
Operating Transfers In	17,071	14,427	(2,644)
<i>Total Other Financing Sources (Uses)</i>	<u>15,471</u>	<u>12,827</u>	<u>(2,644)</u>
<i>Net Change in Fund Balance</i>	<u>(20,652)</u>	<u>(13,456)</u>	<u>7,196</u>
<i>Fund Balance Beginning of Year</i>	14,909	14,909	0
<i>Prior Year Encumbrances Appropriated</i>	5,779	5,779	0
<i>Fund Balance at End of Year</i>	<u>\$36</u>	<u>\$7,232</u>	<u>\$7,196</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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$290,000	\$278,414	(\$11,586)
Gifts and Donations	40,000	36,863	(3,137)
Miscellaneous	0	1,380	1,380
<i>Total Revenues</i>	<u>330,000</u>	<u>316,657</u>	<u>(13,343)</u>
Expenditures			
Current:			
Support Services:			
Central	3,000	0	3,000
Non-Instructional Services:			
Other	147,485	73,044	74,441
Extracurricular Activities	282,655	218,741	63,914
<i>Total Expenditures</i>	<u>433,140</u>	<u>291,785</u>	<u>141,355</u>
<i>Net Change in Fund Balance</i>	(103,140)	24,872	128,012
<i>Fund Balance Beginning of Year</i>	92,890	92,890	0
<i>Prior Year Encumbrances Appropriated</i>	11,125	11,125	0
<i>Fund Balance at End of Year</i>	<u>\$875</u>	<u>\$128,887</u>	<u>\$128,012</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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$920,509	\$919,847	(\$662)
Interest	0	1,249	1,249
Miscellaneous	270	0	(270)
<i>Total Revenues</i>	920,779	921,096	317
Expenditures			
Current:			
Non-Instructional Services:			
Community Services	1,009,874	974,376	35,498
<i>Excess of Revenues Under Expenditures</i>	(89,095)	(53,280)	35,815
Other Financing Uses			
Advances Out	(2,985)	(2,985)	0
<i>Net Change in Fund Balance</i>	(92,080)	(56,265)	35,815
<i>Fund Balance Beginning of Year</i>	86,421	86,421	0
<i>Prior Year Encumbrances Appropriated</i>	5,659	5,659	0
<i>Fund Balance at End of Year</i>	\$0	\$35,815	\$35,815

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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$5,000	\$5,000	\$0
Expenditures			
Current:			
Support Services:			
Central	5,000	5,000	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)*
Data Communications Fund
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$25,025	\$26,025	\$1,000
Expenditures			
Current:			
Support Services:			
Central	25,025	25,025	0
<i>Net Change in Fund Balance</i>	0	1,000	1,000
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$1,000	\$1,000

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
IDEA - B Fund
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,530,648	\$1,646,592	(\$884,056)
Expenditures			
Current:			
Instruction:			
Regular	3,150	1,181	1,969
Special	665,253	413,446	251,807
Student Intervention Services	94,982	89,149	5,833
Support Services:			
Pupils	816,044	612,260	203,784
Instructional Staff	773,907	572,946	200,961
Administration	159,132	151,903	7,229
Pupil Transportation	7,284	7,283	1
Non-Instructional Services:			
Community Services	78,464	72,836	5,628
Capital Outlay	49,995	49,995	0
<i>Total Expenditures</i>	<u>2,648,211</u>	<u>1,970,999</u>	<u>677,212</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(117,563)</u>	<u>(324,407)</u>	<u>(206,844)</u>
Other Financing Sources (Uses)			
Advances In	12,354	219,197	206,843
Advances Out	(93,774)	(93,774)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(81,420)</u>	<u>125,423</u>	<u>206,843</u>
<i>Net Change in Fund Balance</i>	(198,983)	(198,984)	(1)
<i>Fund Balance Beginning of Year</i>	26,033	26,033	0
<i>Prior Year Encumbrances Appropriated</i>	172,951	172,951	0
<i>Fund Balance at End of Year</i>	<u>\$1</u>	<u>\$0</u>	<u>(\$1)</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Title I Fund
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$3,139,135	\$2,591,440	(\$547,695)
Expenditures			
Current:			
Instruction:			
Regular	324,295	324,295	0
Special	1,540,221	1,370,202	170,019
Support Services:			
Pupils	330,954	321,075	9,879
Instructional Staff	1,044,921	826,591	218,330
Administration	4,215	4,215	0
Central	5,825	5,204	621
Non-Instructional Services:			
Community Services:	3,501	3,245	256
<i>Total Expenditures</i>	<u>3,253,932</u>	<u>2,854,827</u>	<u>399,105</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(114,797)</u>	<u>(263,387)</u>	<u>(148,590)</u>
Other Financing Sources (Uses)			
Advances In	0	148,590	148,590
Advances Out	(37,082)	(37,082)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(37,082)</u>	<u>111,508</u>	<u>148,590</u>
<i>Net Change in Fund Balance</i>	(151,879)	(151,879)	0
<i>Fund Balance Beginning of Year</i>	46,784	46,784	0
<i>Prior Year Encumbrances Appropriated</i>	105,095	105,095	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)*
Drug Free Grant Fund
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures			
Current:			
Support Services:			
Pupils	159	159	0
<i>Net Change in Fund Balance</i>	(159)	(159)	0
<i>Fund Balance Beginning of Year</i>	159	159	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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$368,144	\$366,487	(\$1,657)
Expenditures			
Current:			
Support Services:			
Pupils	355,054	355,029	25
Instructional Staff	744	744	0
Administration	16,203	14,571	1,632
<i>Total Expenditures</i>	<u>372,001</u>	<u>370,344</u>	<u>1,657</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,857)</u>	<u>(3,857)</u>	<u>0</u>
Other Financing Sources (Uses)			
Advances In	25,773	25,773	0
Advances Out	(30,267)	(30,267)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(4,494)</u>	<u>(4,494)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(8,351)</u>	<u>(8,351)</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	<u>8,351</u>	<u>8,351</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)
Reducing Class Size Fund
For the Fiscal Year Ended June 30, 2011*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$484,215	\$339,638	(\$144,577)
Expenditures			
Current:			
Instruction:			
Regular	188,830	164,968	23,862
Support Services:			
Instructional Staff	288,079	189,345	98,734
Administration	23,469	20,681	2,788
Non-Instructional Services:			
Community Services	8,051	7,889	162
<i>Total Expenditures</i>	<u>508,429</u>	<u>382,883</u>	<u>125,546</u>
<i>Excess of Revenues Over Expenditures</i>	(24,214)	(43,245)	(19,031)
Other Financing Sources			
Advances In	<u>0</u>	<u>19,031</u>	<u>19,031</u>
<i>Net Change in Fund Balance</i>	(24,214)	(24,214)	0
<i>Fund Balance Beginning of Year</i>	11,846	11,846	0
<i>Prior Year Encumbrances Appropriated</i>	<u>12,368</u>	<u>12,368</u>	<u>0</u>
<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)*
Title II-D Fund
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$12,276	\$8,051	(\$4,225)
Expenditures			
Current:			
Instruction:			
Regular	8,482	8,482	0
Support Services:			
Instructional Staff	3,406	0	3,406
Non-Instructional Services:			
Community Services	388	252	136
<i>Total Expenditures</i>	<u>12,276</u>	<u>8,734</u>	<u>3,542</u>
<i>Net Change in Fund Balance</i>	0	(683)	(683)
<i>Fund Balance Beginning of Year</i>	<u>1,724</u>	<u>1,724</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,724</u></u>	<u><u>\$1,041</u></u>	<u><u>(\$683)</u></u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$12,000	\$12,000	\$0
Expenditures			
Current:			
Instruction:			
Regular	2,000	0	2,000
Support Services:			
Instructional Staff	10,000	9,949	51
<i>Total Expenditures</i>	<u>12,000</u>	<u>9,949</u>	<u>2,051</u>
<i>Net Change in Fund Balance</i>	0	2,051	2,051
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$2,051</u>	<u>\$2,051</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Education Jobs Fund
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$100,000	\$73,568	(\$26,432)
Expenditures			
Current:			
Instruction:			
Special	28,118	17,485	10,633
Support Services:			
Instructional Staff	71,882	0	71,882
<i>Total Expenditures</i>	<u>100,000</u>	<u>17,485</u>	<u>82,515</u>
<i>Net Change in Fund Balance</i>	0	56,083	56,083
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$56,083</u>	<u>\$56,083</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Educational Stabilization Fund
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,547,221	\$1,547,142	(\$79)
Interest	0	839	839
<i>Total Revenues</i>	<u>1,547,221</u>	<u>1,547,981</u>	<u>760</u>
Expenditures			
Current:			
Instruction:			
Special	50,149	50,149	0
Other	456,377	456,377	0
Support Services:			
Operation and Maintenance of Plant	944,434	944,434	0
Central	207,088	207,088	0
<i>Total Expenditures</i>	<u>1,658,048</u>	<u>1,658,048</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(110,827)	(110,067)	760
<i>Fund Balance Beginning of Year</i>	52,166	52,166	0
<i>Prior Year Encumbrances Appropriated</i>	58,661	58,661	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$760</u>	<u>\$760</u>

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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$200	\$200	\$0
Expenditures			
Current:			
Instruction:			
Vocational	380	180	200
<i>Net Change in Fund Balance</i>	(180)	20	200
<i>Fund Balance Beginning of Year</i>	180	180	0
<i>Fund Balance at End of Year</i>	\$0	\$200	\$200

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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$122,660	\$122,659	(\$1)
Expenditures			
Current:			
Instruction:			
Vocational	103,537	103,536	1
Support Services:			
Instructional Staff	11,660	11,660	0
Administration	6,159	6,159	0
Pupil Transportation	7,662	7,662	0
<i>Total Expenditures</i>	<u>129,018</u>	<u>129,017</u>	<u>1</u>
<i>Excess of Revenues Under Expenditures</i>	(6,358)	(6,358)	0
Other Financing Uses			
Advances Out	(3,295)	(3,295)	0
<i>Net Change in Fund Balance</i>	(9,653)	(9,653)	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	9,653	9,653	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)*
Preschool Tuition Fund
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Tuition and Fees	\$26,000	\$27,855	\$1,855
Expenditures			
Current:			
Instruction:			
Special	48,321	9,009	39,312
Support Services:			
Pupils	4,651	4,651	0
Administration	23,090	1,936	21,154
<i>Total Expenditures</i>	<u>76,062</u>	<u>15,596</u>	<u>60,466</u>
<i>Net Change in Fund Balance</i>	(50,062)	12,259	62,321
<i>Fund Balance Beginning of Year</i>	78,477	78,477	0
<i>Prior Year Encumbrances Appropriated</i>	7,745	7,745	0
<i>Fund Balance at End of Year</i>	<u>\$36,160</u>	<u>\$98,481</u>	<u>\$62,321</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Public School Preschool Fund
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$121,062	\$101,887	(\$19,175)
Expenditures			
Current:			
Instruction:			
Special	66,872	60,163	6,709
Support Services:			
Instructional Staff	41,535	36,928	4,607
Administration	18,426	13,841	4,585
<i>Total Expenditures</i>	<u>126,833</u>	<u>110,932</u>	<u>15,901</u>
<i>Excess of Revenues Under Expenditures</i>	(5,771)	(9,045)	(3,274)
Other Financing Sources			
Advances In	0	3,274	3,274
<i>Net Change in Fund Balance</i>	(5,771)	(5,771)	0
<i>Fund Balance Beginning of Year</i>	2,772	2,772	0
<i>Prior Year Encumbrances Appropriated</i>	2,999	2,999	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)
Preschool Special Education Fund
For the Fiscal Year Ended June 30, 2011*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$50,778	\$47,071	(\$3,707)
Expenditures			
Current:			
Instruction:			
Special	11,859	11,859	0
Support Services:			
Pupils	52,314	52,314	0
Instructional Staff	3,777	1,870	1,907
Capital Outlay	1,800	0	1,800
<i>Total Expenditures</i>	<u>69,750</u>	<u>66,043</u>	<u>3,707</u>
<i>Excess of Revenues Under Expenditures</i>	(18,972)	(18,972)	0
Other Financing Sources			
Advances In	13,429	13,429	0
<i>Net Change in Fund Balance</i>	(5,543)	(5,543)	0
<i>Fund Balance Beginning of Year</i>	2,188	2,188	0
<i>Prior Year Encumbrances Appropriated</i>	3,355	3,355	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)*
Public School Support Fund
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Rent	\$1,500	\$1,480	(\$20)
Extracurricular Activities	124,450	133,912	9,462
Gifts and Donations	6,000	5,987	(13)
<i>Total Revenues</i>	<u>131,950</u>	<u>141,379</u>	<u>9,429</u>
Expenditures			
Current:			
Non-Instructional Services:			
Other	167,906	105,581	62,325
Extracurricular Activities	500	208	292
<i>Total Expenditures</i>	<u>168,406</u>	<u>105,789</u>	<u>62,617</u>
<i>Net Change in Fund Balance</i>	(36,456)	35,590	72,046
<i>Fund Balance Beginning of Year</i>	93,436	93,436	0
<i>Prior Year Encumbrances Appropriated</i>	5,754	5,754	0
<i>Fund Balance at End of Year</i>	<u>\$62,734</u>	<u>\$134,780</u>	<u>\$72,046</u>

Lancaster City School District, Ohio

Capital Projects Fund

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary fund or for assets that will be held in trust. Following is a description of the major capital projects fund:

Major Capital Projects Fund

Permanent Improvement Fund - To account for and report the funds assigned for acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds. This fund receives minor donations and extracurricular revenues used for capital related purposes but the majority of the fund balance is from transfers from the general fund.

Nonmajor Capital Projects Fund

There were no nonmajor capital projects funds for fiscal year 2011.

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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$1,000	\$781	(\$219)
Gifts and Donations	1,000	672	(328)
<i>Total Revenues</i>	2,000	1,453	(547)
Expenditures			
Current:			
Extracurricular Activities	25,000	1,733	23,267
<i>Net Change in Fund Balance</i>	(23,000)	(280)	22,720
<i>Fund Balance Beginning of Year</i>	7,972,597	7,972,597	0
<i>Fund Balance at End of Year</i>	\$7,949,597	\$7,972,317	\$22,720

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 accounts 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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$7,300,000	\$7,105,215	(\$194,785)
Expenses			
Current:			
Support Services:			
Central:			
Purchased Services	1,980,000	1,968,841	11,159
Claims	5,290,000	5,268,114	21,886
<i>Total Expenses</i>	<u>7,270,000</u>	<u>7,236,955</u>	<u>33,045</u>
<i>Net Change in Fund Balance</i>	30,000	(131,740)	(161,740)
<i>Fund Equity Beginning of Year</i>	<u>1,266,290</u>	<u>1,266,290</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$1,296,290</u></u>	<u><u>\$1,134,550</u></u>	<u><u>(\$161,740)</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, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$250	\$203	(\$47)
Expenses			
Current:			
Non-Instructional Services:			
Community Services	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(1,750)	(1,797)	(47)
<i>Fund Equity Beginning of Year</i>	42,937	42,937	0
<i>Prior Year Encumbrances Appropriated</i>	1,000	1,000	0
<i>Fund Equity at End of Year</i>	\$42,187	\$42,140	(\$47)

Lancaster City School District, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2011

	Balance 7/1/10	Additions	Reductions	Balance 6/30/11
Student Managed Activity				
Assets				
Cash and Cash Equivalents	\$106,475	\$108,005	\$98,321	\$116,159
Total Assets	<u>\$106,475</u>	<u>\$108,005</u>	<u>\$98,321</u>	<u>\$116,159</u>
Liabilities				
External Party Payable	\$133	\$0	\$133	\$0
Due to Students	106,342	108,005	98,188	116,159
Total Liabilities	<u>\$106,475</u>	<u>\$108,005</u>	<u>\$98,321</u>	<u>\$116,159</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 Nine 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 Student 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
IDEA - B (1)	0	0	0	0
Title I (1)	0	0	0	0
Education Jobs	0	0	0	0
Food Service (2)	0	0	0	0
Other Purposes	551,714	140,988	159,094	158,011
Unrestricted (Deficits)	<u>(2,267,929)</u>	<u>(2,394,767)</u>	<u>(3,750,980)</u>	<u>(2,474,439)</u>
Total Net Assets	<u>\$5,990,442</u>	<u>\$5,030,282</u>	<u>\$3,716,225</u>	<u>\$4,950,432</u>

(1) - prior to 2009 these amounts were combined with special education.

(2) - prior to 2010 these amounts were combined with Unrestricted.

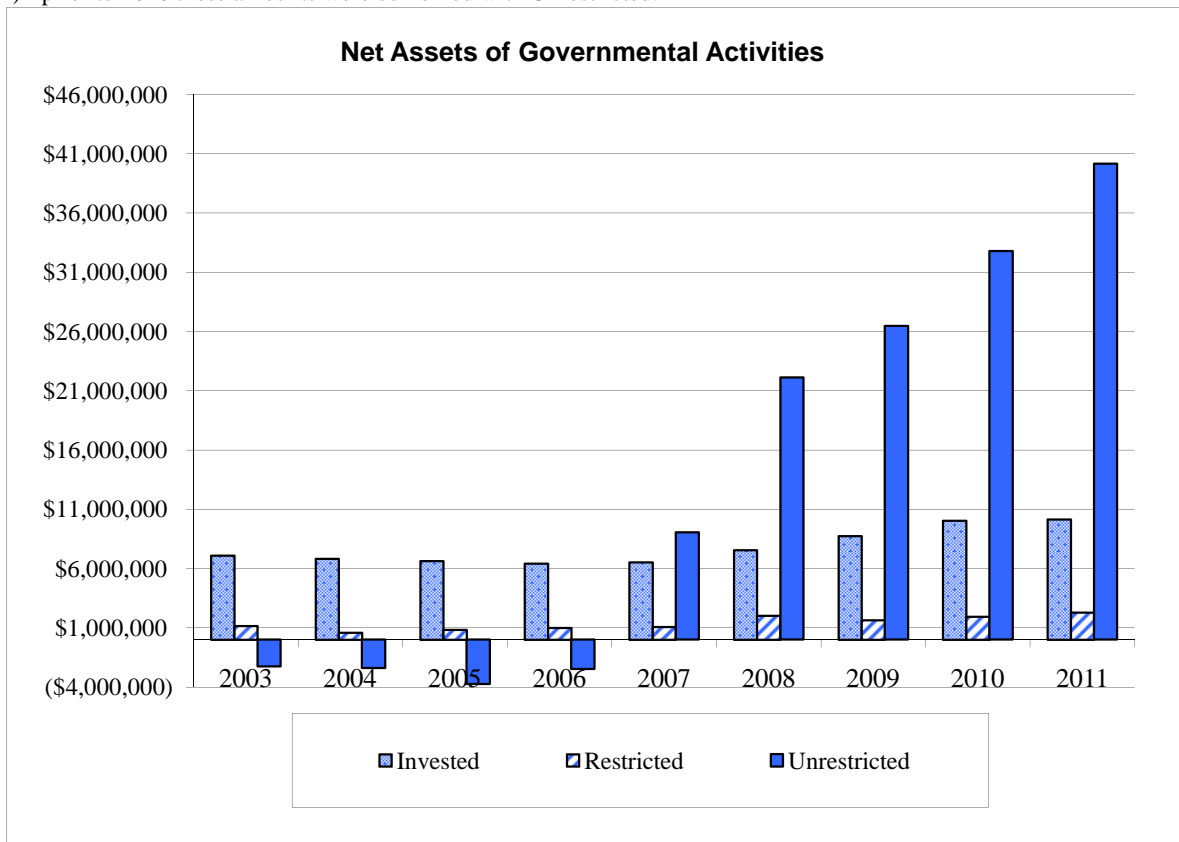


TABLE 1

2007	2008	2009	2010	2011
\$6,523,237	\$7,558,424	\$8,736,629	\$10,037,560	\$10,143,839
4,408	0	0	0	0
21,262	12,260	40,693	0	0
26,807	0	27,005	20,732	0
104,815	109,486	79,896	103,900	139,017
46,368	226,215	79,041	129,432	90,185
0	319,337	0	0	0
653,524	1,058,473	937,719	0	0
0	0	153,941	460,456	516,083
0	0	127,580	594,882	218,108
0	0	0	0	453,316
0	0	0	392,252	634,988
233,655	295,245	190,796	235,660	247,945
9,050,606	22,120,028	26,469,952	32,773,653	40,162,876
\$16,664,682	\$31,699,468	\$36,843,252	\$44,748,527	\$52,606,357

Lancaster City School District, Ohio
Changes in Net Assets of Governmental Activities
Last Nine 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

TABLE 2

2007	2008	2009	2010	2011
\$21,564,861	\$22,340,411	\$25,382,476	\$25,015,206	\$25,267,226
5,918,643	6,376,028	6,916,927	6,505,593	6,774,046
41,599	43,367	0	0	0
1,560,603	1,584,128	1,876,125	2,045,360	1,988,929
2,734	150	0	0	0
0	0	195,280	174,393	387,025
2,275,073	2,311,328	2,888,413	3,439,429	3,803,695
2,347,971	3,093,077	3,297,921	3,817,462	4,536,035
99,845	66,610	126,111	100,093	138,662
2,973,956	3,282,407	4,297,134	3,507,018	3,989,703
1,058,051	1,153,200	1,798,715	1,162,607	1,225,020
335,644	439,019	480,900	344,051	301,490
3,419,108	4,111,162	4,659,595	4,473,972	4,732,028
1,458,150	1,653,859	1,740,238	1,819,850	1,814,524
194,775	456,405	81,009	1,016,939	1,028,761
1,886,036	2,258,702	2,387,214	2,391,647	2,442,927
1,012,075	993,610	1,384,954	1,045,247	1,053,992
770,424	786,172	1,081,703	1,184,055	1,198,641
18,612	12,256	0	42,918	48,045
46,938,160	50,961,891	58,594,715	58,085,840	60,730,749
834,052	946,099	874,820	794,725	859,936
74,985	120,876	161,007	160,980	125,123
76,171	72,174	172,544	56,766	30,488
0	0	0	0	0
19,091	0	0	246	16,692
5,701	2,044	0	0	0
124,342	16,472	23,638	8,744	6,426
119,675	0	0	0	0
139	0	0	0	0
21,783	128,089	4,866	104,254	125,290
34,162	13,733	11,117	14,839	29,448
0	0	0	0	0
892,439	863,809	834,293	773,689	759,368
0	0	160,415	130,705	182,492
781,512	368,278	341,229	354,660	334,411
497,924	476,575	547,746	407,940	333,142
2,749,969	2,506,651	3,110,062	3,607,752	2,353,432
45,490	48,611	0	0	0
\$486,693	\$501,589	\$499,120	\$891,240	\$504,251

(Continued)

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

	2003	2004	2005	2006
Operating Grants, Contributions, and Interest (continued)				
Student Intervention Services	\$0	\$0	\$0	\$0
Adult/Continuing Instruction	179,238	102,782	97,979	146,586
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
<i>Total Program Revenues</i>	<u>9,597,352</u>	<u>10,390,715</u>	<u>11,868,065</u>	<u>11,710,896</u>
Net Expense	<u>(42,603,628)</u>	<u>(44,478,843)</u>	<u>(44,379,392)</u>	<u>(42,288,387)</u>
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
<i>Total General Revenues</i>	<u>40,551,464</u>	<u>43,518,683</u>	<u>43,065,335</u>	<u>43,522,594</u>
<i>Change in Net Assets</i>	<u>(\$2,052,164)</u>	<u>(\$960,160)</u>	<u>(\$1,314,057)</u>	<u>\$1,234,207</u>

TABLE 2 (continued)

2007	2008	2009	2010	2011
\$0	\$0	\$0	\$744	\$74,459
0	0	0	0	0
363,852	636,927	373,081	506,868	1,277,950
1,183,015	1,364,693	1,121,538	875,508	1,687,199
202,669	163,207	229,436	193,400	261,143
0	0	0	0	0
14,589	361,016	26,452	5,185	0
162,185	124,744	111,984	114,502	130,493
52,671	53,401	51,063	190,905	35,523
1,162,133	1,327,383	1,544,922	1,812,966	1,881,023
1,067,198	1,094,589	1,083,287	1,001,083	933,483
0	1,826	5,485	0	0
41,738	0	0	14,800	5,695
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
21,262	33,471	28,433	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	8,806	672
11,035,440	11,226,257	11,316,538	12,031,307	11,948,139
(35,902,720)	(39,735,634)	(47,278,177)	(46,054,533)	(48,782,610)
25,474,906	22,331,810	19,160,191	18,019,554	20,337,720
0	0	0	0	0
2,715,588	9,260,589	9,623,513	9,779,684	10,074,785
18,785,514	22,233,300	23,121,048	25,370,579	25,647,701
6,400	2,166	6,300	21,819	11,898
145,802	92,612	0	240,995	53,200
0	0	1,000	3,932	2,747
486,989	849,581	454,476	426,821	355,164
1,771	362	55,433	96,424	157,225
47,616,970	54,770,420	52,421,961	53,959,808	56,640,440
\$11,714,250	\$15,034,786	\$5,143,784	\$7,905,275	\$7,857,830

Lancaster City School District, Ohio
Program Revenues by Function
Last Nine 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
Student Intervention Services	0	0	0	0
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

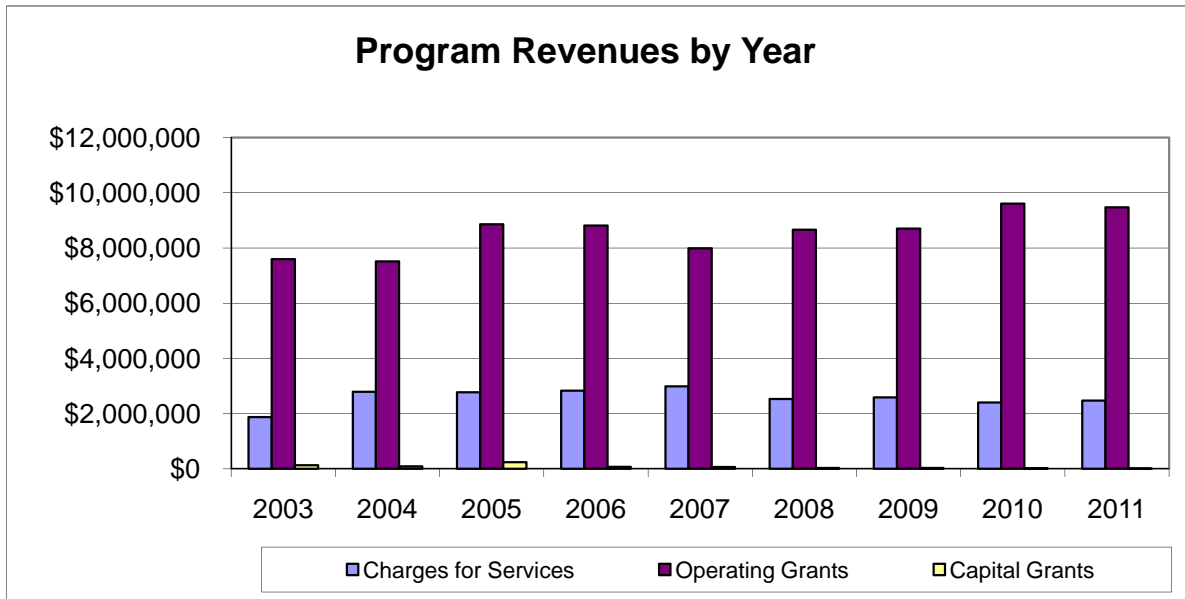


TABLE 3

2007	2008	2009	2010	2011
\$1,373,714	\$1,422,674	\$1,422,566	\$1,217,465	\$1,198,773
2,824,954	2,627,527	3,271,069	3,768,732	2,478,555
45,490	48,611	0	0	0
562,864	573,763	671,664	948,006	534,739
0	0	0	0	0
0	0	0	744	74,459
382,943	636,927	373,081	507,114	1,294,642
1,188,716	1,366,737	1,121,538	875,508	1,687,199
327,011	179,679	253,074	202,144	267,569
119,675	0	0	0	0
139	0	0	0	0
36,372	489,105	31,318	109,439	125,290
217,609	171,948	151,534	129,341	159,941
52,671	53,401	51,063	190,905	35,523
2,054,572	2,191,192	2,379,215	2,586,655	2,640,391
1,067,198	1,094,589	1,243,702	1,131,788	1,115,975
781,512	370,104	346,714	363,466	335,083
<u>\$11,035,440</u>	<u>\$11,226,257</u>	<u>\$11,316,538</u>	<u>\$12,031,307</u>	<u>\$11,948,139</u>

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

	2002	2003	2004	2005
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	2,381,532	867,525	3,007,298	3,313,699
Unreserved (Deficits)	3,241,026	193,904	(2,128,740)	(4,551,424)
<i>Total General Fund (Deficits)</i>	<u>5,622,558</u>	<u>1,061,429</u>	<u>878,558</u>	<u>(1,237,725)</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned (Deficits)	0	0	0	0
Reserved	130,972	164,067	779,040	155,045
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	985,551	1,092,823	537,412	761,788
Debt Service Funds	0	0	0	0
Capital Projects Funds	113,268	27,701	70,565	62,777
Total All Other Governmental Funds	<u>1,229,791</u>	<u>1,284,591</u>	<u>1,387,017</u>	<u>979,610</u>
Total Governmental Funds (Deficit)	<u>\$6,852,349</u>	<u>\$2,346,020</u>	<u>\$2,265,575</u>	<u>(\$258,115)</u>

Note: The School District implemented Governmental Accounting Standards Board Statement No. 54 in 2011.

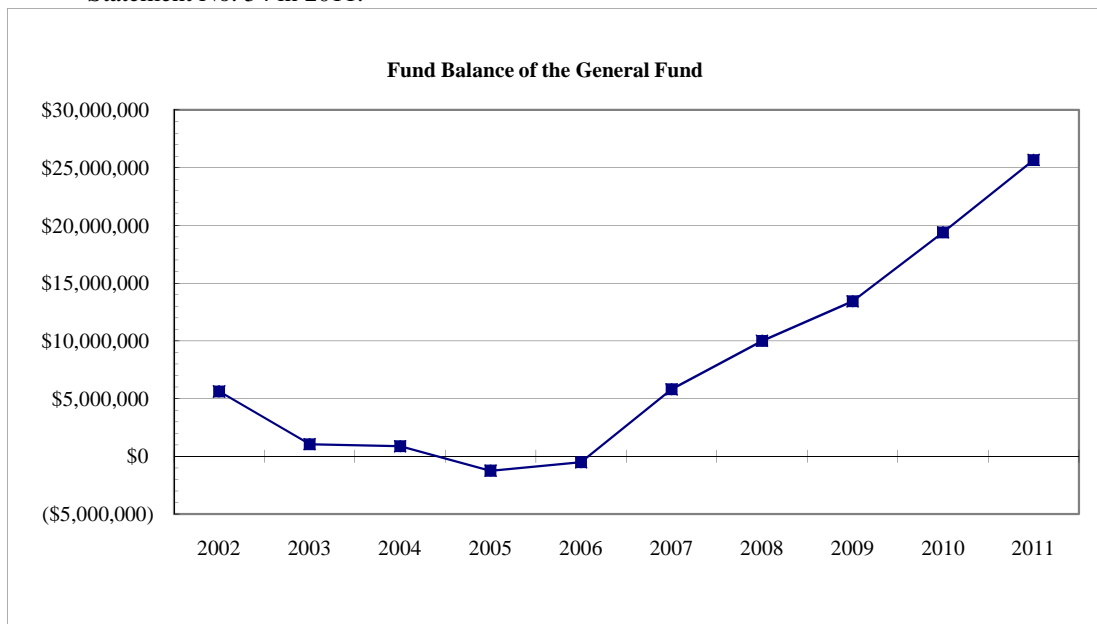


TABLE 4

2006	2007	2008	2009	2010	2011
\$0	\$0	\$0	\$0	\$152,939	\$149,498
0	0	0	0	1,366,227	1,084,681
0	0	0	0	1,257,839	2,055,469
0	0	0	0	16,627,287	22,375,936
3,786,420	5,203,373	4,006,686	3,683,265	0	0
(4,300,295)	606,098	6,001,865	9,747,000	0	0
(513,875)	5,809,471	10,008,551	13,430,265	19,404,292	25,665,584
0	0	0	0	90,606	125,512
0	0	0	0	1,037,033	904,870
0	0	0	0	114,663	133,335
0	0	0	0	7,972,597	7,972,317
0	0	0	0	(747)	(153,074)
166,614	146,744	141,585	573,455	0	0
751,503	1,139,729	2,355,837	1,496,164	0	0
0	0	0	0	0	0
99,908	1,295,803	7,855,297	7,970,676	0	0
1,018,025	2,582,276	10,352,719	10,040,295	9,214,152	8,982,960
\$504,150	\$8,391,747	\$20,361,270	\$23,470,560	\$28,618,444	\$34,648,544

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

	2002	2003	2004	2005
Revenues				
Property and Other Local Taxes	\$24,097,570	\$22,004,173	\$26,193,494	\$24,761,939
Payment in Lieu of Taxes	0	0	0	125,960
Income Taxes	0	0	0	0
Intergovernmental	24,288,530	25,231,059	24,869,090	26,657,356
Interest	286,234	136,860	34,362	107,287
Tuition and Fees	193,992	416,691	1,247,066	1,137,971
Charges for Services	1,006,774	981,339	1,035,095	1,019,233
Rent	47,174	41,065	46,021	45,133
Extracurricular Activities	485,505	347,088	441,474	593,050
Collection of a Capital Lease	0	0	0	75,000
Gifts and Donations	42,824	22,624	60,215	15,483
Miscellaneous	11,927	59,048	2,463	6,501
<i>Total Revenues</i>	<u>50,460,530</u>	<u>49,239,947</u>	<u>53,929,280</u>	<u>54,544,913</u>
Expenditures				
Current:				
Instruction:				
Regular	20,009,626	20,406,948	21,702,565	22,884,399
Special	6,112,948	6,739,309	6,912,976	6,592,407
Vocational	2,397,521	2,619,656	2,509,676	2,623,904
Adult/Continuing	120,258	159,410	173,621	164,390
Student Intervention Services	0	0	0	0
Support Services:				
Pupil	2,523,150	2,923,946	2,885,720	2,989,764
Instructional Staff	3,505,426	3,674,010	3,715,540	3,544,051
Board of Education	47,721	65,570	91,626	212,283
Administration	4,054,941	4,510,229	4,423,127	4,407,639
Fiscal	1,054,799	1,091,579	1,208,117	1,096,604
Business	440,253	417,660	358,663	423,449
Operation and Maintenance of Plant	4,571,066	4,899,378	4,720,221	4,576,132
Pupil Transportation	1,399,292	1,874,916	1,551,434	1,815,791
Central	341,556	311,849	333,707	255,997
Food Service Operations	1,674,285	1,836,175	2,160,999	2,129,614
Other Operation of Non-Instructional Services	755,609	891,124	826,751	1,080,378
Extracurricular Activities	777,279	861,546	792,984	828,721
Capital Outlay	41,883	95,620	66,363	700,601
Intergovernmental	0	0	0	596,240
Debt Service:				
Principal Retirement	403,789	343,687	345,000	128,450
Interest and Fiscal Charges	46,218	23,664	7,849	30,163
<i>Total Expenditures</i>	<u>50,277,620</u>	<u>53,746,276</u>	<u>54,786,939</u>	<u>57,080,977</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>182,910</u>	<u>(4,506,329)</u>	<u>(857,659)</u>	<u>(2,536,064)</u>
Other Financing Sources (Uses)				
Proceeds from Capital Lease	0	0	700,000	0
Inception of Capital Lease	0	0	0	0
Proceeds from Sale of Capital Assets	775	0	77,214	12,374
Transfers In	21,678	0	0	90,787
Transfers Out	(21,678)	0	0	(90,787)
<i>Total Other Financing Sources (Uses)</i>	<u>775</u>	<u>0</u>	<u>777,214</u>	<u>12,374</u>
<i>Net Change in Fund Balances</i>	<u>\$183,685</u>	<u>(\$4,506,329)</u>	<u>(\$80,445)</u>	<u>(\$2,523,690)</u>
Debt Service as a Percentage of				
Noncapital Expenditures	0.9%	0.7%	0.6%	0.3%

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

TABLE 5

2006	2007	2008	2009	2010	2011
\$25,313,325	\$24,768,901	\$23,035,666	\$18,912,036	\$18,767,854	\$19,451,956
125,960	135,155	10,647	11,092	166,498	104,608
0	2,078,535	9,211,573	9,569,688	9,858,713	9,992,256
26,669,605	26,717,228	30,117,518	31,931,545	35,034,320	34,494,059
196,327	508,134	774,233	409,591	342,864	195,117
1,226,418	1,105,606	1,074,181	1,088,516	993,082	1,046,528
980,965	870,220	854,438	834,293	773,689	759,368
74,120	103,658	115,849	122,366	104,774	126,770
563,292	955,325	490,106	538,754	528,063	537,008
31,250	31,250	31,250	31,250	0	0
8,961	11,261	11,930	13,741	71,277	47,028
3,291	1,571	362	55,433	96,424	157,225
55,193,514	57,286,844	65,727,753	63,518,305	66,737,558	66,911,923
22,658,842	22,392,940	22,981,893	25,878,642	26,486,501	25,053,553
6,157,372	6,216,613	6,614,211	7,054,730	6,683,180	6,727,679
2,536,614	1,754,073	1,637,388	1,889,406	2,340,419	2,017,770
102,241	2,734	150	0	0	0
0	0	0	195,280	183,208	385,243
2,706,996	2,329,934	2,453,272	2,874,685	3,563,711	3,775,301
3,301,758	2,525,438	3,234,901	3,384,896	3,959,734	4,475,848
103,737	99,845	66,610	126,111	100,093	138,662
4,207,039	3,104,556	3,454,350	4,003,138	3,827,631	3,961,818
1,267,801	1,070,821	1,184,332	1,778,785	1,187,136	1,220,695
425,682	356,339	722,966	955,566	366,104	297,106
4,198,430	3,608,794	4,245,530	4,784,494	4,737,066	4,656,043
1,785,624	1,398,858	1,770,288	1,654,664	2,042,037	1,809,713
210,151	209,654	457,157	415,395	1,113,133	1,044,765
2,126,103	1,950,649	2,288,593	2,385,640	2,460,290	2,392,623
1,052,134	1,074,427	918,849	1,405,157	1,102,192	1,105,593
793,025	759,714	751,887	1,004,894	1,181,301	1,146,649
8,159	350,046	629,953	623,832	897,077	500,396
641,663	41,599	43,367	0	0	0
133,894	139,755	297,901	0	95,273	136,219
24,719	18,858	12,785	0	42,918	48,045
54,441,984	49,405,647	53,766,383	60,415,315	62,369,004	60,893,721
751,530	7,881,197	11,961,370	3,102,990	4,368,554	6,018,202
0	0	0	0	0	11,898
0	0	0	0	757,246	0
10,735	6,400	8,153	6,300	22,084	0
66,629	1,126,192	7,617,029	28,376	19,007	14,427
(66,629)	(1,126,192)	(7,617,029)	(28,376)	(19,007)	(14,427)
10,735	6,400	8,153	6,300	779,330	11,898
\$762,265	\$7,887,597	\$11,969,523	\$3,109,290	\$5,147,884	\$6,030,100
0.3%	0.3%	0.6%	0.0%	0.2%	0.3%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU	Actual Value	Assessed Value	Estimated Actual Value
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
2010	634,841,800	245,888,380	2,516,371,943	24,843,910	99,375,640
2011	615,749,980	240,753,390	2,447,152,486	44,246,800	176,987,200

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. 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. General business tangible personal property tax was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax was phased out beginning in 2006. Both types of general business tangible personal property were assessed at 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010).

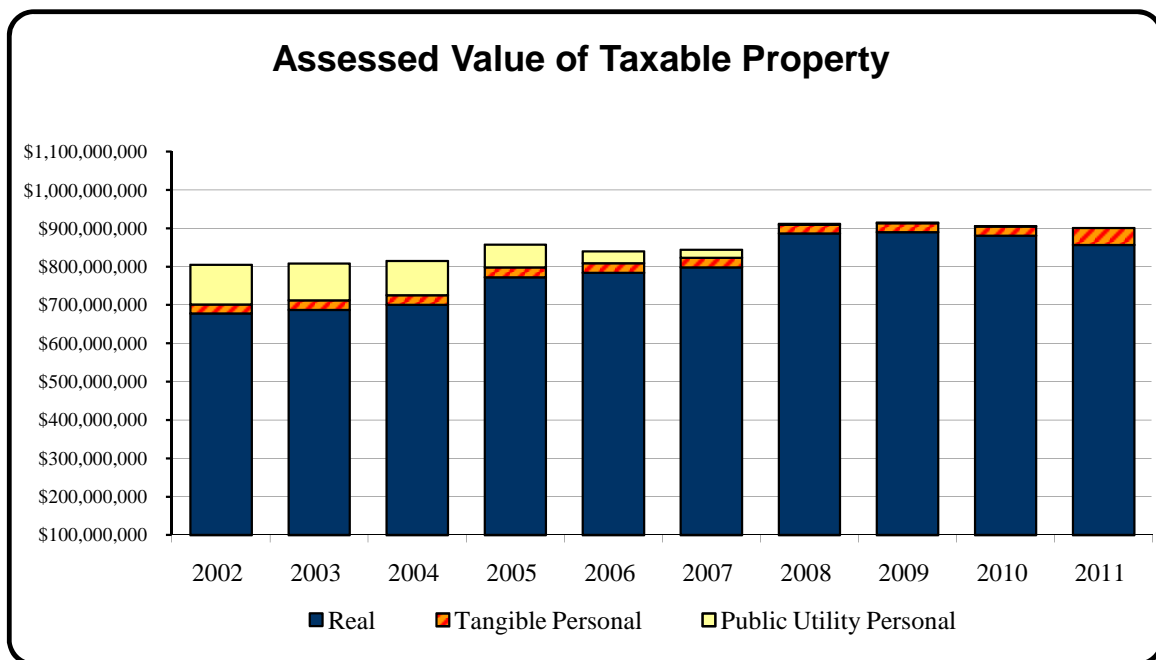
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by 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		Total			Weighted Average Tax Rate (Per \$1,000 of Assessed Value)
General Business		Assessed Value	Estimated Actual Value	Ratio	
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$103,361,862	\$413,447,448	\$805,390,622	\$2,446,626,568	33%	\$32
96,326,426	385,305,704	808,732,316	2,449,022,967	33%	32
89,705,089	358,820,356	815,209,609	2,460,251,339	33%	31
59,005,601	236,022,404	857,432,981	2,546,587,593	34%	32
30,990,035	165,280,187	840,499,085	2,507,139,827	34%	30
20,369,499	162,955,992	844,057,209	2,545,354,043	33%	30
1,761,970	28,191,520	911,601,350	2,653,562,937	34%	23
1,316,970	13,169,700	915,244,960	2,651,020,746	35%	23
644,470	12,889,400	906,218,560	2,628,636,983	34%	23
0	0	900,750,170	2,624,139,686	34%	25



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

	Collection Year			
	2002	2003	2004	2005
Unvoted Millage				
Operating	\$4.0000	\$4.0000	\$4.0000	\$4.0000
Voted Millage - by levy				
1976 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	6.5600	6.5430	6.5132	5.9843
Commercial/Industrial and Public Utility Real	8.9015	8.9311	8.8796	8.1846
General Business and Public Utility Personal	31.7000	31.7000	31.7000	31.7000
1976 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	0.2069	0.2064	0.2055	0.1888
Commercial/Industrial and Public Utility Real	0.2808	0.2817	0.2801	0.2582
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
1977 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	2.0694	2.0640	2.0546	1.8878
Commercial/Industrial and Public Utility Real	2.8080	2.8174	2.8012	2.5819
General Business and Public Utility Personal	10.0000	10.0000	10.0000	10.0000
1990 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	5.5227	5.5083	5.4832	5.0380
Commercial/Industrial and Public Utility Real	6.4144	6.4357	6.3987	5.8978
General Business and Public Utility Personal	10.0000	10.0000	10.0000	10.0000
1997 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	6.1475	6.1316	6.1036	5.6080
Commercial/Industrial and Public Utility Real	6.0157	6.0357	6.0010	5.5312
General Business and Public Utility Personal	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	3.8000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	3.8000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	3.8000
Total voted millage by type of property				
Residential/Agricultural Real	20.5065	20.4533	20.3601	22.5069
Commercial/Industrial and Public Utility Real	24.4204	24.5016	24.3606	26.2537
General Business and Public Utility Personal	60.6000	60.6000	60.6000	64.4000
Total millage by type of property				
Residential/Agricultural Real	24.5065	24.4533	24.3601	26.5069
Commercial/Industrial and Public Utility Real	28.4204	28.5016	28.3606	30.2537
General Business and Public Utility Personal	64.6000	64.6000	64.6000	68.4000
Total Direct Rate for the School District	64.6000	64.6000	64.6000	68.4000

TABLE 7

Collection Year					
2006	2007	2008	2009	2010	2011
\$4.0000	\$4.0000	\$4.0000	\$4.0000	\$4.0000	\$4.0000
5.9493	5.9339	5.4842	5.4811	5.4882	5.6827
8.2710	8.2493	7.0800	7.3574	7.6697	7.7016
31.7000	31.7000	31.7000	31.7000	31.7000	31.7000
0.1877	0.1872	0.1730	0.1729	0.1731	0.1793
0.2609	0.2602	0.2233	0.2321	0.2419	0.2430
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.8768	1.8719	1.7300	1.7291	1.7313	1.7926
2.6092	2.6023	2.2335	2.3210	2.4195	2.4295
10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
5.0085	4.9955	4.6170	4.6143	4.6203	4.7840
5.9601	5.9444	5.1019	5.3017	5.5267	5.5497
10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
5.5752	5.5608	5.1394	5.1364	5.1431	5.3253
5.5896	5.5749	4.7847	4.9722	5.1832	5.2047
7.9000	7.9000	7.9000	7.9000	7.9000	7.9000
3.8000	3.9000	0.0000	0.0000	0.0000	0.0000
3.8000	3.9000	0.0000	0.0000	0.0000	0.0000
3.8000	3.9000	0.0000	0.0000	0.0000	0.0000
22.3975	22.4493	17.1436	17.1338	17.1559	17.7639
26.4908	26.5311	19.4234	20.1844	21.0409	21.1285
64.4000	64.5000	60.6000	60.6000	60.6000	60.6000
26.3975	26.4493	21.1436	21.1338	21.1559	21.7639
30.4908	30.5311	23.4234	24.1844	25.0409	25.1285
68.4000	68.5000	64.6000	64.6000	64.6000	64.6000
68.4000	68.5000	64.6000	64.6000	64.6000	64.6000

(Continued)

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

	Collection Year			
	2002	2003	2004	2005
Overlapping Rates by Taxing District				
Berne Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	5.1292	5.4038	5.3902	5.2176
Commercial/Industrial and Public Utility Real	4.7059	5.1891	5.1941	4.9583
General Business and Public Utility Personal	7.7000	7.7000	7.7000	7.7000
Greenfield Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	9.1032	9.0687	9.0381	10.2747
Commercial/Industrial and Public Utility Real	7.8438	7.9794	7.9976	9.2526
General Business and Public Utility Personal	12.2000	12.2000	12.2000	13.1000
Hocking Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	4.4673	4.4631	4.4520	4.3241
Commercial/Industrial and Public Utility Real	3.8811	3.9576	3.9462	3.8530
General Business and Public Utility Personal	4.7000	4.7000	4.7000	4.7000
Pleasant Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	7.5868	7.5717	8.5851	8.1348
Commercial/Industrial and Public Utility Real	7.0945	7.1662	8.0535	7.7194
General Business and Public Utility Personal	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
Commercial/Industrial and Public Utility Real	3.4000	3.4000	3.4000	3.4000
General Business and Public Utility Personal	3.4000	3.4000	3.4000	3.4000
Fairfield County Library Millage				
Effective Millage Rates				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.4609
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.4630
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.5000
Fairfield County Millage				
Effective Millage Rates				
Residential/Agricultural Real	4.9725	4.9563	4.9365	5.2683
Commercial/Industrial and Public Utility Real	4.9942	5.0232	5.0446	5.4259
General Business and Public Utility Personal	7.0500	7.0500	7.0500	7.5500

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					
2006	2007	2008	2009	2010	2011
5.2176	5.2152	4.9240	4.9221	4.9293	4.9746
4.9907	5.0396	4.8374	4.8806	4.8806	4.8881
7.7000	7.7000	7.7000	7.7000	7.7000	7.7000
9.3594	9.4419	9.0053	8.9260	8.9220	8.9684
8.5508	8.4878	7.5227	8.0183	8.0334	8.0367
11.1000	11.2000	11.2000	11.2000	11.2000	11.1000
4.3183	4.3169	4.1691	4.1693	4.1671	4.1922
3.8556	3.8567	3.6172	3.6521	3.6490	3.6483
4.7000	4.7000	4.7000	4.7000	4.7000	4.7000
6.4962	8.4738	8.0196	8.0180	8.0224	8.1202
6.3259	8.3159	8.0261	8.2611	8.2668	8.3185
7.1000	9.1000	9.1000	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	3.4000	3.4000	3.4000
0.4574	0.4560	0.4213	0.4205	0.4207	0.4264
0.4671	0.4658	0.4018	0.4178	0.4322	0.4411
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
7.0775	7.0615	6.7591	6.7525	7.8337	7.9332
7.1446	7.0980	6.3881	6.5699	7.7745	7.8328
7.5500	7.5500	7.5500	7.5500	8.5500	8.5500

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
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
2009	20,757,277	19,922,423	95.98	613,451	20,535,874	98.93
2010	20,615,080	19,811,679	96.10	607,392	20,419,071	99.05

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 2011 information cannot be presented because all collections have not been made by June 30, 2011.
- (3) The County does not identify delinquent tax collections by tax year.

TABLE 9

Lancaster City School District, Ohio
Principal Taxpayers
Real Estate Tax
2011 and 2002 (1)

Name of Taxpayer	2011	
	Assessed Value	Percent of Real Property Assessed Value
Glimcher River Valley Mall LLC	\$19,285,010	2.25%
Echo Continental Lancaster	5,174,400	0.60
Lancaster Phase One Group PLL	4,269,580	0.50
Huntington National Bank Trust	4,239,480	0.49
NLVentures VI West Fair LLC	4,174,860	0.49
Plaza SC Investors LLC	3,659,420	0.43
RP River Valley LLC	2,859,850	0.33
Riverview Medical Office	2,732,630	0.32
The Shops at Ety Village LLC	2,555,000	0.30
Fairfield Medical Center	2,468,830	0.29
Totals	<u>\$51,419,060</u>	<u>6.00%</u>
Total Assessed Valuation	<u>\$856,503,370</u>	
Name of Taxpayer	2002	
	Assessed Value	Percent of Real Property Assessed Value
Glimcher River Valley Mall LLC	\$22,937,700	3.38%
Anchor Hocking Glass Corporation	5,312,910	0.78
Mount Carmel Health System	3,984,050	0.59
Lancaster Phase One Group PLL	3,982,810	0.59
Glimcher Centers LTD Partnership	3,147,690	0.47
Lowe's Home Centers Incorporated	2,728,170	0.40
T & R River Valley LTD Partnership	2,526,550	0.37
Spires Group Incorporated	2,187,670	0.32
Ralston Foods, Incorporated	2,186,440	0.32
Somerford Square Purchase Company	2,088,930	0.31
Totals	<u>\$51,082,920</u>	<u>7.53%</u>
Total Assessed Valuation	<u>\$678,068,930</u>	

(1) The amounts presented represent the assessed values upon which 2011 and 2002 collections were based.

Source: Fairfield County Auditor's Office

Lancaster City School District, Ohio
Principal Taxpayers
Tangible Personal Property Tax
2010 and 2002 (1)

Name of Taxpayer	2010	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Ohio Bell	\$449,620	69.76%
Cincinnati SMSA Limited Partnership	65,400	10.15
New Par	53,730	8.34
T-Mobile Central, LLC	22,180	3.44
TWC Digital Phone, LLC	16,550	2.57
Ameritech Advanced Data Services of Ohio Incorporated	12,540	1.95
Sprintcom Incorporated	8,820	1.37
CSM Wireless, LLC	5,200	0.81
Sprint Nextel Corporation	4,580	0.71
Dieca Communications Incorporated	3,180	0.49
Total	<u>\$641,800</u>	<u>99.59%</u>
Total Assessed Valuation	<u>\$644,470</u>	
Name of Taxpayer	2002	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Anchor Hocking Glass Corporation	\$15,505,160	15.00%
RalCorp Holdings, Incorporated	7,015,530	6.79
McDermott, Inc.	6,345,510	6.14
Lancaster Glass Corporation	2,711,140	2.62
SQM North America Corporation	2,368,450	2.29
Crown Cork & Seal Company	2,099,930	2.03
Scotts Miracle Gro	2,006,630	1.94
International Paper Company	1,641,100	1.59
Massachusetts Cable Vision	1,600,640	1.55
Lowe's Home Centers Incorporated	1,517,360	1.47
Total	<u>\$42,811,450</u>	<u>41.42%</u>
Total Assessed Valuation	<u>\$103,361,862</u>	

(1) The amounts presented represent the assessed values upon which 2002 and 2010 collections were based. 2010 was the final year of collection for tangible personal property taxes.

Source: Fairfield County Auditor's Office

Lancaster City School District, Ohio
Principal Taxpayers
Public Utilities Tax
2011 and 2002 (1)

Name of Taxpayer	2011	
	Assessed Value	Percent of Public Utility Assessed Value
Rockies Express Pipeline	\$17,260,510	39.01%
Ohio Bell Telephone Company	18,713,860	42.29
Total	<u>\$35,974,370</u>	<u>81.30%</u>
Total Assessed Valuation	<u>\$44,246,800</u>	

Name of Taxpayer	2002	
	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$12,454,930	51.98%
Ohio Bell Telephone Company	5,189,180	21.66
Total	<u>\$17,644,110</u>	<u>73.64%</u>
Total Assessed Valuation	<u>\$23,959,830</u>	

(1) The amounts presented represent the assessed values upon which 2011 and 2002 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>
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	30,358	1,104,424,040	0	437,656
2007	36,380	30,912	1,124,578,560	0	297,901
2008	36,375	32,045	1,165,636,875	0	0
2009	36,608	32,834	1,201,987,072	0	0
2010	37,680	32,464	1,223,243,520	0	661,973
2011	37,243	32,464	1,209,056,752	0	525,754

Source:

(1) Lancaster City Community Development Department estimates. The fiscal year 2002 population is from the 2000 Federal Census.

(2) U.S. Census Bureau

(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>
\$688,687	0.07%	\$19
345,000	0.03	10
700,000	0.07	19
571,550	0.05	16
437,656	0.04	12
297,901	0.03	8
0	0.00	0
0	0.00	0
661,973	0.05	18
525,754	0.04	14

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Lancaster City School District, Ohio
*Computation of Direct and Overlapping
 Debt Attributable to Governmental Activities
 June 30, 2011*

	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, 2011			
Capital Leases	\$525,754	100.00%	\$525,754
Overlapping Debt:			
Payable from Property Taxes as of December 31, 2010:			
Greenfield Township General Obligation Bonds	1,600,000	21.45%	343,200
Hocking Township OPWC Loan	47,787	74.00%	35,362
Fairfield County General Obligation Bonds	14,327,798	27.78%	3,980,262
Fairfield County Capital Leases	940,913	27.78%	261,386
City of Lancaster General Obligation			
Bond Anticipation Notes	2,163,736	100.00%	2,163,736
City of Lancaster General Obligation Bonds	5,745,000	100.00%	5,745,000
City of Lancaster State Infrastructure Bank Loan	769,994	100.00%	769,994
City of Lancaster Housing and Urban			
Development Loan	580,000	100.00%	580,000
City of Lancaster OPWC Loan	63,904	100.00%	63,904
City of Lancaster Capital Leases	532,216	100.00%	532,216
Payable from Other Sources as of December 31, 2010:			
Fairfield County Special Assessment Bonds	1,479,503	27.78%	411,006
Fairfield County General Obligation Bonds	995,414	27.78%	276,526
Fairfield County Long-Term Loan	694,796	27.78%	193,014
Fairfield County Capital Leases	65,063	27.78%	18,075
City of Lancaster Special Assessment Bonds	245,000	100.00%	245,000
Total Overlapping Debt	30,251,124		15,618,681
Total Direct and Overlapping Debt	\$30,776,878		\$16,144,435

Source: Fairfield County Auditor, School District records, City of Lancaster, and the townships of Greenfield, Hocking, and Berne. Berne and Pleasant Townships had no debt outstanding as of December 31, 2010.

- (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 2011 collection year.

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

	2002	2003	2004	2005
Assessed Valuation (1)	\$805,390,622	\$808,732,316	\$815,209,609	\$857,432,981
Debt Limit - 9% of Assessed Value (2)	\$72,485,156	\$72,785,908	\$73,368,865	\$77,168,968
Amount of Debt Applicable to Debt Limit				
Energy Conservation Notes	675,000	345,000	0	0
Less Amount Available in Debt Service	0	0	0	0
Totals	675,000	345,000	0	0
Exemptions:				
Energy Conservation Notes	(675,000)	(345,000)	0	0
Totals	(675,000)	(345,000)	0	0
Amount of Debt Subject to Limit	0	0	0	0
Legal Debt Margin	\$72,485,156	\$72,785,908	\$73,368,865	\$77,168,968
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)	\$805,391	\$808,732	\$815,210	\$857,433
Amount of Debt Subject to Limit				
One year renewable note issued to partially fund the purchase of an office building	0	0	0	0
Unvoted Legal Debt Margin	\$805,391	\$808,732	\$815,210	\$857,433
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

2006	2007	2008	2009	2010	2011
<u>\$804,825,190</u>	<u>\$819,793,750</u>	<u>\$907,576,140</u>	<u>\$913,911,550</u>	<u>\$905,516,300</u>	<u>\$900,696,670</u>
<u>\$72,434,267</u>	<u>\$73,781,438</u>	<u>\$81,681,853</u>	<u>\$82,252,040</u>	<u>\$81,496,467</u>	<u>\$81,062,700</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>\$72,434,267</u>	<u>\$73,781,438</u>	<u>\$81,681,853</u>	<u>\$82,252,040</u>	<u>\$81,496,467</u>	<u>\$81,062,700</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$804,825	\$819,794	\$907,576	\$913,912	\$905,516	\$900,697
0	0	0	0	0	0
<u>\$804,825</u>	<u>\$819,794</u>	<u>\$907,576</u>	<u>\$913,912</u>	<u>\$905,516</u>	<u>\$900,697</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
2002	35,600	(1)	\$1,019,085,600	\$28,626	2.80%
2003	35,860	(1)	1,038,003,560	28,946	4.50
2004	36,120	(1)	1,061,675,160	29,393	4.70
2005	36,380	(1)	1,105,333,540	30,383	5.30
2006	36,380	(1)	1,104,424,040	30,358	5.30
2007	36,380	(1)	1,124,578,560	30,912	4.80
2008	36,375	(1)	1,165,636,875	32,045	5.00
2009	36,608	(1)	1,201,987,072	32,834	5.60
2010	37,680	(1)	1,223,243,520	32,464	8.50
2011	37,243	(1)	1,209,056,752	32,464	8.80

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

(1) Population for fiscal years 2002-2010 is estimated by the City of Lancaster Community Development Department.

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

Employer	Nature of Business	2010		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical-Hospital	1,714	1	10.20%
Anchor Hocking Corporation	Manufacturing-Glass	1,201	2	7.15
Fairfield County	County Government	803	3	4.78
Lancaster City School District	Education	713	4	4.24
City of Lancaster	City Government	438	5	2.61
Walmart	Food	396	7	2.36
Ralston Foods, Incorporated	Manufacturing-Food Products	391	6	2.33
Diamond Power	Metal Fabrication	366	8	2.18
Kroger Company	Grocer	315	9	1.87
Crestview Manor Nursing Home	Nursing Care	240	10	1.43
Total		<u>6,577</u>		<u>39.15%</u>
Total Employment within the School District		<u>16,800</u>		
Employer	Nature of Activity	2001		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical-Hospital	1,605	1	9.07%
Anchor Hocking Corporation	Manufacturing-Glass	1,283	2	7.25
Fairfield County	County Government	784	3	4.43
Lancaster City School District	Education	717	4	4.05
Diamond Power	Metal Fabrication	388	5	2.19
Ralston Foods, Incorporated	Manufacturing-Food Products	366	6	2.07
City of Lancaster	City Government	352	7	1.99
Glassfloss	Industrial	264	8	1.49
Lancaster Glass	Glass Manufacturer	255	9	1.44
Crestview	Nursing Care	255	10	1.44
Total		<u>6,269</u>		<u>35.42%</u>
Total Employment within the City		<u>17,700</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

TABLE 17

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011
Regular Instruction									
Certified Employees	260	265	259	259	226	240	258	267	262
Special Instruction									
Classified Employees (1)	35	33	28	22	17	18	0	0	0
Certified Employees	84	84	82	78	77	71	82	81	81
Vocational Instruction									
Certified Employees	35	34	33	30	19	19	19	21	20
Student Intervention Services									
Certified Employees	0	0	0	0	0	0	0	3	2
Pupil Support Services									
Classified Employees (1)	5	5	5	4	5	4	15	14	18
Certified Employees	25	24	24	21	20	31	19	21	21
Instructional Staff									
Classified Employees	44	48	46	47	47	55	61	77	87
Certified Employees	16	15	14	11	4	5	4	3	5
Administrators	2	2	2	2	2	2	1	1	1
Administration									
Classified Employees	30	30	30	28	19	20	23	23	23
Certified Employees	7	8	3	0	0	4	5	5	5
Administrators	24	23	23	23	17	16	17	16	16
Fiscal									
Classified Employees	4	4	7	6	4	4	4	4	4
Administrators	1	1	1	1	1	1	2	2	2
Business									
Classified Employees	4	4	3	3	1	1	1	1	2
Administrators	0	0	0	0	0	1	1	1	1
Operation and Maintenance of Plant									
Classified Employees	57	56	55	52	47	49	50	55	52
Administrators	2	2	2	2	1	1	1	1	1
Pupil Transportation									
Classified Employees	36	38	39	39	40	39	37	39	45
Administrators	1	1	1	1	1	1	1	1	1
Central									
Classified Employees	1	1	0	1	1	1	1	3	3
Administrators	1	1	1	1	1	1	1	2	2
Food Service Program									
Classified Employees	50	50	53	50	46	47	51	52	52
Administrators	2	2	1	1	1	1	1	1	1
Non-Instructional Services									
Classified Employees	2	2	2	3	2	2	2	0	1
Certified Employees	3	3	2	2	2	4	2	1	2
Extracurricular Activities									
Classified Employees (2)	0	0	0	0	0	0	2	2	2
Administrators (2)	0	0	0	0	0	0	1	1	1
Totals	<u>731</u>	<u>736</u>	<u>716</u>	<u>687</u>	<u>601</u>	<u>638</u>	<u>662</u>	<u>698</u>	<u>713</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
2002	\$43,458,788	6,175	\$7,038	N/A	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
2010	51,812,526	6,134	8,447	1.63%	402	15.3	n/a
2011	49,985,256	6,028	8,292	-1.83%	398	15.1	n/a

N/A - Information for 2009-2011 is not available.

Source: School District Records and the Ohio Department of Education.

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

	2002	2003	2004
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 2002-2006 and K-5 for 2007-2011	443	446	463
Student Capacity	460	460	460
Instruction Classrooms	22	22	22
Teaching Stations	31	31	31
Administrators	N/A	1	1
Certified Staff	N/A	28	31
Classified Staff	N/A	15	15
East Elementary School			
Constructed in 1939			
Total Building Square Footage	37,518	37,518	37,518
Enrollment Grades K-6 for 2002-2006 and K-5 for 2007-2011	379	366	343
Student Capacity	314	314	314
Instruction Classrooms	20	20	20
Teaching Stations	24	24	24
Administrators	N/A	1	1
Certified Staff	N/A	25	23
Classified Staff	N/A	13	14
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 2002-2006 and K-5 for 2007-2011	435	403	392
Student Capacity	337	337	337
Instruction Classrooms	25	25	25
Teaching Stations	30	30	30
Administrators	N/A	1	1
Certified Staff	N/A	22	23
Classified Staff	N/A	17	17
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	336	340	331
Student Capacity	299	299	299
Instruction Classrooms	31	31	31
Teaching Stations	28	28	28
Administrators	N/A	1	1
Certified Staff	N/A	26	25
Classified Staff	N/A	18	18

TABLE 19

2005	2006	2007	2008	2009	2010	2011
31,100	31,100	31,100	31,100	31,100	31,100	31,100
456	471	377	386	369	361	383
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
30	26	19	24	25	24	26
15	18	15	15	12	14	19
37,518	37,518	37,518	37,518	37,518	37,518	37,518
315	423	383	368	370	386	412
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
20	26	22	24	22	22	21
14	19	15	17	16	17	17
31,500	31,500	31,500	31,500	31,500	31,500	31,500
339	339	305	317	333	381	368
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
21	19	16	19	19	22	22
17	14	15	14	15	17	17
43,760	closed	closed	closed	closed	closed	closed
300	closed	closed	closed	closed	closed	closed
299	closed	closed	closed	closed	closed	closed
31	closed	closed	closed	closed	closed	closed
28	closed	closed	closed	closed	closed	closed
1	closed	closed	closed	closed	closed	closed
20	closed	closed	closed	closed	closed	closed
16	closed	closed	closed	closed	closed	closed

(Continued)

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

	2002	2003	2004
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 2002-2006 and K-5 for 2007-2011	361	357	361
Student Capacity	308	308	308
Instruction Classrooms	20	20	20
Teaching Stations	24	24	24
Administrators	N/A	1	1
Certified Staff	N/A	24	22
Classified Staff	N/A	10	12
South Elementary School			
Constructed in 1931			
Total Building Square Footage	29,055	29,055	29,055
Enrollment Grades K-6 for 2002-2006 and K-5 for 2007-2011	317	339	283
Student Capacity	149	149	149
Instruction Classrooms	17	17	17
Teaching Stations	21	21	21
Administrators	N/A	1	1
Certified Staff	N/A	19	16
Classified Staff	N/A	10	12
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 2002-2006 and K-5 for 2007-2011	438	411	362
Student Capacity	345	345	345
Instruction Classrooms	20	20	20
Teaching Stations	29	29	29
Administrators	N/A	1	1
Certified Staff	N/A	23	25
Classified Staff	N/A	14	14
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	-	-	9,000
Enrollment Grades K-6 for 2002-2006 and K-5 for 2007-2011	301	292	310
Student Capacity	328	328	445
Instruction Classrooms	12	12	20
Teaching Stations	17	17	17
Administrators	N/A	1	1
Certified Staff	N/A	19	19
Classified Staff	N/A	11	12

TABLE 19 (Continued)

2005	2006	2007	2008	2009	2010	2011
31,233	31,233	31,233	31,233	31,233	31,233	31,233
309	337	318	320	326	320	300
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
20	17	16	19	19	18	16
13	14	14	12	12	18	13
29,055	29,055	29,055	29,055	29,055	29,055	29,055
276	441	298	315	333	320	284
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	19	19	22	20	21	21
13	12	14	12	11	17	17
37,000	37,000	37,000	37,000	37,000	37,000	37,000
343	360	393	407	421	437	445
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	18	19	21	18	24	22
15	13	17	19	18	17	15
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	9,000
440	472	375	387	406	442	433
445	445	445	445	445	445	445
20	20	20	20	20	20	20
17	17	17	17	17	17	17
1	1	1	1	1	1	1
22	23	18	18	19	23	23
13	15	16	14	12	13	13

(Continued)

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

	2002	2003	2004
West Elementary School			
Constructed in 1928, addition in 1960			
Total Building Square Footage	46,404	46,404	46,404
Enrollment Grades K-6 for 2002-2006 and K-5 for 2007-2011	395	414	424
Student Capacity	428	428	428
Instruction Classrooms	24	24	24
Teaching Stations	28	28	28
Administrators	N/A	1	1
Certified Staff	N/A	21	28
Classified Staff	N/A	22	20
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 2002-2006 and 6-8 for 2007-2011	437	476	491
Student Capacity	484	484	484
Instruction Classrooms	23	23	23
Teaching Stations	29	29	29
Administrators	N/A	2	1
Certified Staff	N/A	34	31
Classified Staff	N/A	25	23
Thomas Ewing Junior High School			
Constructed in 1957			
Total Building Square Footage	63,308	63,308	63,308
Enrollment Grades 7-8 for 2002-2006 and 6-8 for 2007-2011	542	538	529
Student Capacity	493	493	493
Instruction Classrooms	27	27	27
Teaching Stations	34	34	34
Administrators	N/A	2	1
Certified Staff	N/A	28	31
Classified Staff	N/A	22	21
Stanbery Freshman School			
Constructed in 1929, addition in 1965			
Total Building Square Footage	77,767	77,767	77,767
Enrollment Grade 9 for 2002-2006	470	474	483
Enrollment for Career Based Intervention			
Technology students 2007-2011	0	0	0
Student Capacity	509	509	509
Instruction Classrooms	28	28	28
Teaching Stations	32	32	32
Administrators	N/A	17	18
Certified Staff	N/A	36	39
Classified Staff	N/A	35	38

TABLE 19 (Continued)

2005	2006	2007	2008	2009	2010	2011
46,404	46,404	46,404	46,404	46,404	46,404	46,404
430	463	379	381	414	436	436
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
27	27	26	28	31	27	32
20	15	15	14	16	21	24
64,394	64,394	64,394	64,394	64,394	64,394	64,394
482	460	686	656	691	701	653
484	484	484	484	484	484	484
23	23	23	23	23	23	23
29	29	29	29	29	29	29
2	2	1	1	1	1	1
30	27	39	41	43	39	41
24	21	20	22	27	24	28
63,308	63,308	63,308	63,308	63,308	63,308	63,308
499	454	587	594	625	681	707
493	493	493	493	493	493	493
27	27	27	27	27	27	27
34	34	34	34	34	34	34
1	1	1	1	1	1	1
28	28	34	34	34	40	42
21	23	20	21	26	25	31
77,767	77,767	77,767	77,767	77,767	77,767	77,767
507	501	0	0	0	0	0
0	0	56	47	191	260	250
509	509	509	509	509	509	509
28	28	28	28	28	28	28
32	32	32	32	32	32	32
15	16	9	9	11	11	11
34	36	14	20	37	34	26
43	39	15	17	18	26	33

(Continued)

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

	2002	2003	2004
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 2002-2006 and 9-12 for 2007-2011	1,321	1,341	1,335
Student Capacity	1,302	1,302	1,302
Instruction Classrooms	65	65	65
Teaching Stations	102	102	102
Administrators	N/A	3	3
Certified Staff	N/A	125	120
Classified Staff	N/A	56	55

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

Building square footage, instructional classrooms, and teaching stations were determined from architectural drawings.

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

Student Capacity is based upon State standards of required square footage per child

Staffing was provided from payroll records maintained by the Lancaster City Schools Treasurer's Office

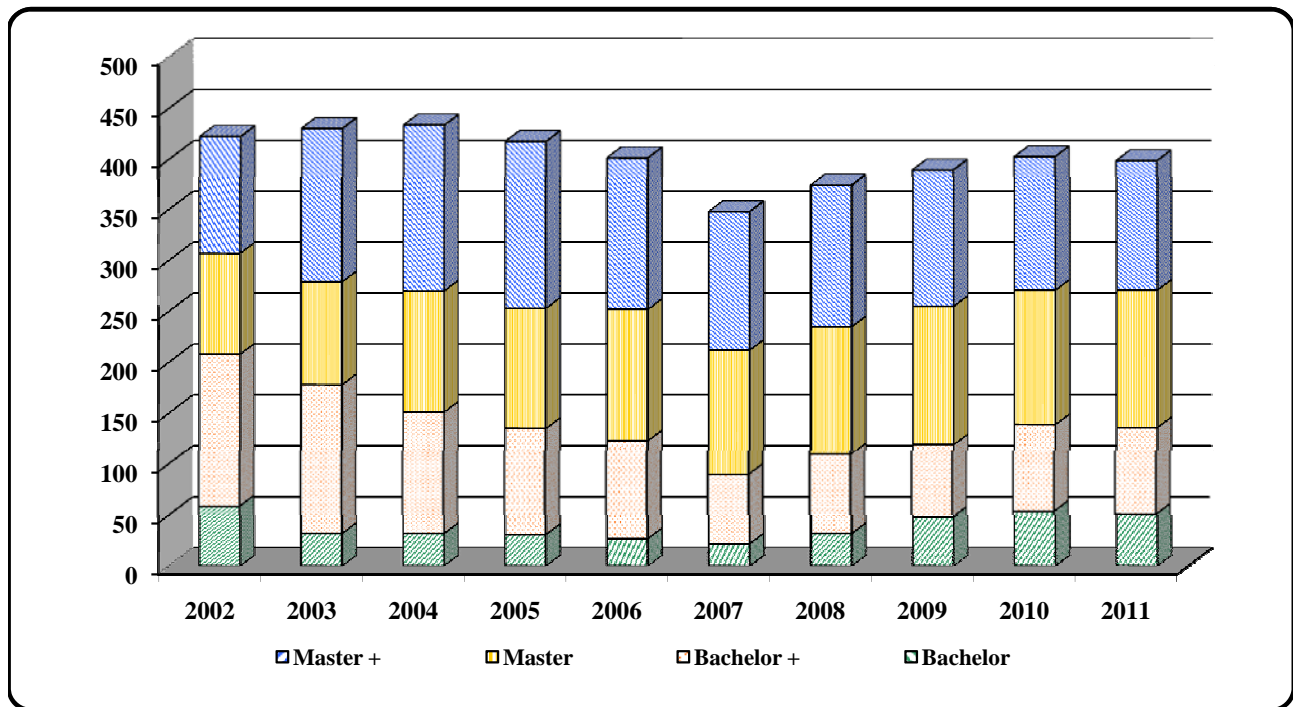
TABLE 19 (Continued)

2005	2006	2007	2008	2009	2010	2011
192,500	192,500	192,500	192,500	192,500	192,500	192,500
1,292	1,323	1,720	1,731	1,528	1,409	1,357
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
4	4	5	5	4	5	5
123	135	106	104	102	108	106
44	52	53	63	65	61	62

TABLE 20

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

Degree	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Bachelor's Degree	59	32	32	31	27	22	32	48	54	51
Bachelor + 15	11	9	6	7	5	3	3	2	4	6
Bachelor + 30 (150 hours)	138	137	113	97	91	65	75	69	81	79
Master's Degree	99	101	119	118	129	122	125	136	132	135
Master's + 15	30	36	38	41	34	32	38	36	35	34
Master's + 30	67	86	90	86	81	77	74	74	68	63
Master's + 45	18	29	35	35	34	27	27	24	28	30
Ph. D.	0	0	0	2	0	0	0	0	0	0
Total	422	430	433	417	401	348	374	389	402	398



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)
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
2010	33,477	71,170	59,461	55,958
2011	35,609	78,099	60,783	56,715

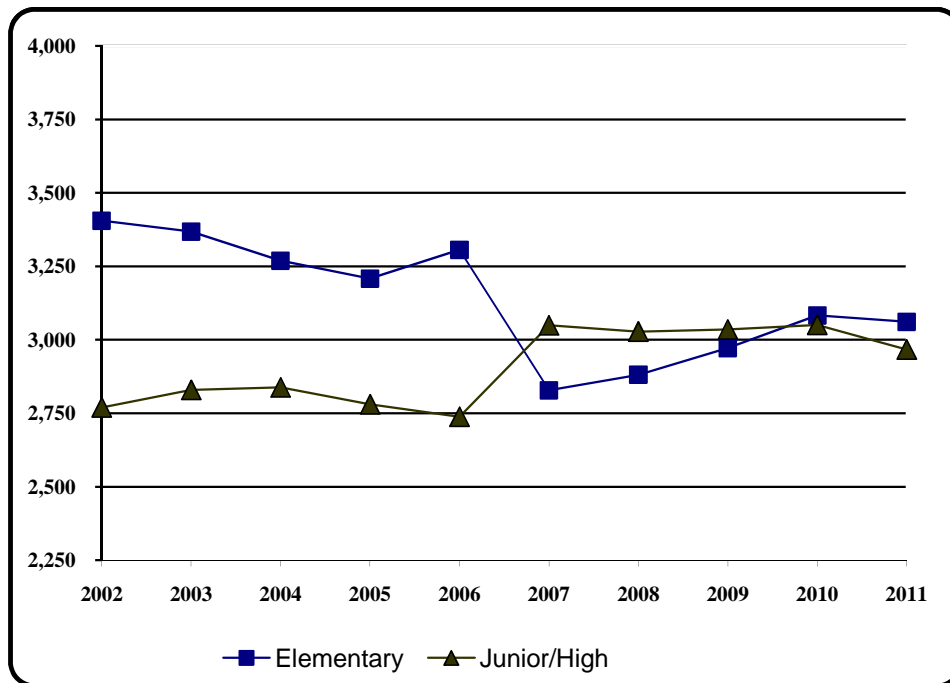
Sources: School District Financial Records and the Ohio Department of Education.

- (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.

TABLE 22

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

Fiscal Year	Elementary Schools	Junior/High School	Total
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
2010	3,083	3,051	6,134
2011	3,061	2,967	6,028



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

(a) Beginning 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
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
2010	94.60	94.30	90.80	83.00
2011	94.90	94.50	87.60	84.30

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)					
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
2010	21.3	22.3	22.6	22.4	22.2
2011	21.1	21.9	22.7	22.2	22.1
A.C.T. - Ohio (Graduating Class)					
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
2010	21.2	21.5	22.1	21.8	21.8
2011	21.1	21.5	22.1	21.8	21.8
A.C.T. - U.S.A. (Graduating Class)					
2002	20.2	20.6	21.1	20.8	21.0
2003	20.3	20.6	21.2	20.8	20.8
2004	20.4	20.7	21.3	20.9	20.8
2005	20.4	20.7	21.3	20.9	20.9
2006	20.6	20.8	21.4	20.9	20.9
2007	20.7	21.0	21.5	21.0	21.1
2008	20.6	21.0	21.4	20.8	21.2
2009	20.6	21.0	21.4	20.9	21.1
2010	20.5	21.0	21.3	20.9	21.1
2011	20.6	21.1	21.3	20.9	21.1

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

A.C.T. scores were provided by ACT, Inc.

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

Fiscal Year	Critical Reading	Math Mean	Writing Mean
S.A.T. - Lancaster High School			
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
2010	556	569	536
2011	536	534	522
S.A.T. - Ohio			
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
2010	538	548	522
2011	539	545	522
S.A.T. - U.S.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
2010	501	516	492
2011	497	514	489

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

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

S.A.T. scores were provided by The College Board

Lancaster City School District, Ohio
Students in Free or Reduced Price Lunch Program
 June 30, 2011

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	224	58.49%	40	10.44%
East Elementary School	234	56.80	31	7.52
Medill Elementary School	154	41.85	16	4.35
Sanderson Elementary School	126	42.00	10	3.33
South Elementary School	200	70.42	15	5.28
Tallmadge Elementary School	244	54.83	33	7.42
Tarhe Elementary School	122	28.18	17	3.93
West Elementary School	309	70.87	24	5.50
General Sherman Junior High School	284	43.49	52	7.96
Thomas Ewing Junior High School	310	43.85	53	7.50
Lancaster High School	576	35.84	112	6.97

Source: School District Food Service Records at June 30, 2011



Dave Yost • 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
DECEMBER 29, 2011