



Dave Yost • Auditor of State

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Federal Awards Receipts and Expenditures Schedule.....	1
Notes to the Federal Awards Receipts and Expenditures Schedule	2
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	3
Independent Auditor’s Report on Compliance with Requirements Applicable to the Major Federal Program, Internal Control Over Compliance Required by OMB Circular A-133, and Federal Awards Receipts and Expenditures Schedule	5
Schedule of Findings.....	9
Independent Accountants’ Report on Applying Agreed-Upon Procedure	11

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**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Federal CFDA 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	\$ 144,315	\$ 144,315
Cash Assistance			
School Breakfast Program	10.553	556,513	556,513
National School Lunch Program	10.555	1,571,235	1,571,235
Total Nutrition Cluster		<u>2,272,063</u>	<u>2,272,063</u>
Fresh Fruit and Vegetable Grant	10.582	36,303	36,303
Total U.S. Department of Agriculture		<u>2,308,366</u>	<u>2,308,366</u>
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education_Grants to States Program	84.027	1,363,186	1,400,476
Special Education_Preschool Grants Program	84.173	24,443	27,399
Total Special Education Cluster		<u>1,387,629</u>	<u>1,427,875</u>
Title I Cluster:			
Title I Grants to Local Educational Agencies Program	84.010	1,811,734	1,872,057
ARRA - Title I Grants to Local Educational Agencies	84.389	759	-
Total Title I Grants Cluster		<u>1,812,493</u>	<u>1,872,057</u>
Career and Technical Education_Basic Grants to States Program	84.048	91,275	113,527
Education Technology State Grants Program	84.318	7,203	1,091
Improving Teacher Quality State Grants Program	84.367	316,549	315,905
Education Jobs Fund Program	84.410	7,749	88,419
ARRA - Race to the Top	84.395	13,432	16,232
Total U.S. Department of Education		<u>3,636,330</u>	<u>3,835,106</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>			
<i>Passed Through Ohio Department of Public Safety:</i>			
Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	26,989	26,989
Total U.S. Department of Homeland Security		<u>26,989</u>	<u>26,989</u>
Totals		<u>\$ 5,971,685</u>	<u>\$ 6,170,461</u>

The accompanying notes 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, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Lancaster City School District's (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 program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lancaster City School District, Fairfield County, Ohio, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2013, wherein we noted the Lancaster Digital Academy, one of the District's discretely presented component units, closed effective June 30, 2013. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 69, *Government Combinations and Disposals of Government Operation*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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
Columbus, Ohio

December 18, 2013



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, AND FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Lancaster City School District's (the District's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Lancaster City School District's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Lancaster City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Federal Awards Receipts and Expenditures Schedule

We have also audited the financial statements of the governmental activities, the aggregate discretely-presented component units, each major fund and the aggregate remaining fund information of Lancaster City School District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 18, 2013, wherein we noted the Lancaster Digital Academy, one of the District's discretely presented component units, closed effective June 30, 2013. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 69, *Government Combinations and Disposals of Government Operation*. We conducted our audit to opine on the District's basic financial statements.

The accompanying federal awards receipts and expenditures schedule presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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Dave Yost
Auditor of State
Columbus, Ohio

December 18, 2013

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**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster (CFDA 10.553/10.555)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS 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 Street
Lancaster, Ohio 43130

To the Board of Education:

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

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Lancaster City School District, Fairfield County, Ohio, (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 June 19, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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.

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Dave Yost
Auditor of State

December 18, 2013

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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, 2013

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Lancaster City School District, Ohio

Comprehensive Annual Financial Report
(CAFR)



For the Fiscal Year Ended June 30, 2013

Issued By: Treasurer's Office

Julie Taylor, Treasurer

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LANCASTER CITY SCHOOL DISTRICT, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
TABLE OF CONTENTS

INTRODUCTORY SECTION

Transmittal Letter	i
GFOA Certificate of Achievement	xi
Organizational Chart	xii
Principal Officials	xiv

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund	22
Statement of Fund Net Position – Internal Service Fund.	23
Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Fund	24
Statement of Cash Flows – Internal Service Fund	25
Statement of Fiduciary Net Position – Fiduciary Funds.	26
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund	27
Notes to the Basic Financial Statements	28

(Continued)

LANCASTER CITY SCHOOL DISTRICT, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
TABLE OF CONTENTS (CONTINUED)

Combining and Individual Fund Financial Statements and Schedules:

Nonmajor Governmental Funds:

Descriptions of the Nonmajor Governmental Funds	69
Combining Balance Sheet – Nonmajor Governmental Funds	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.	71

Nonmajor Special Revenue Funds:

Descriptions of Nonmajor Special Revenue Funds.	72
Combining Balance Sheet – Nonmajor Special Revenue Funds.	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	76

Individual Fund Schedules of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual (Budget Basis):

Food Service Fund	80
Scholarship Memorial Fund	81
Community Grants Fund.	82
Classroom Facilities Maintenance Fund	83
District Managed Student Activity Fund.	84
Auxiliary Services Fund	85
Data Communications Fund.	86
IDEA - B Fund	87
Title I Fund.	88
Reducing Class Size Fund.	89
Title II-D	90
Education Jobs Fund	91
Race To The Top Fund	92
Federal Emergency Management Agency Fund.	93
Vocational Education Fund.	94
Preschool Tuition Fund	95
Public School Preschool Fund.	96
Preschool Special Education Fund	97
Public School Support Fund	98

Debt Service Fund:

Description of the Debt Service Fund	100
Individual Fund Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis):	
Bond Retirement Fund	101

Major Capital Projects Fund:

Description of the Capital Projects Funds	102
---	-----

(Continued)

LANCASTER CITY SCHOOL DISTRICT, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
TABLE OF CONTENTS (CONTINUED)

Combining and Individual Fund Financial Statements and Schedules (Continued):

Individual Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Classroom Facilities Fund	103
Combining Balance Sheet – Nonmajor Capital Projects Funds.	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds	105
Individual Fund Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis):	
Permanent Improvement Fund.	106
Elementary Building Projects Fund.	107
House Bill 264 Improvement Projects Fund	108
Internal Service Fund:	
Description of the Internal Service Fund.	109
Individual Fund Schedule of Revenues, Expenses, and Changes in Fund Equity – Budget and Actual (Budget Basis) – Employee Benefits Self Insurance Fund	110
Fiduciary Funds:	
Description of the Fiduciary Funds	111
Individual Fund Schedule of Revenues, Expenses, and Changes in Fund Equity – Budget and Actual (Budget Basis) – Endowment Fund.	112
Statement of Changes in Assets and Liabilities – Agency Funds	113

STATISTICAL SECTION

Statistical Section Description	S1
Financial Trends	
Net Position by Component.	S2
Changes in Net Position of Governmental Activities	S4
Program Revenues by Function	S8
Fund Balances, Governmental Funds	S10
Changes in Fund Balances, Governmental Funds	S12
Revenue Capacity	
Assessed and Estimated Actual Value of Taxable Property	S14
Property Tax Rates	S16
Property Tax Levies and Collections	S20
Principal Taxpayers, Real Estate Tax	S21
Principal Taxpayers, Tangible Personal Property Tax	S22
Principal Taxpayers, Public Utilities Tax	S23

(Continued)

LANCASTER CITY SCHOOL DISTRICT, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
TABLE OF CONTENTS (CONTINUED)

Debt Capacity	
Ratio of Outstanding Debt by Type	S24
Ratio of General Obligation Bonded Debt to Estimated True Value and General Obligation Bonded Debt Per Capita	S26
Computation of Direct and Overlapping Debt Attributable to Governmental Activities	S27
Computation of Legal Debt Margin	S28
Economic and Demographic Information	
Demographic and Economic Statistics	S30
Principal Employers	S31
Operating Information	
School District Employees by Function/Program	S32
Per Pupil Cost	S33
Building Statistics	S34
Full-Time Equivalent Teachers by Education	S42
Teachers' Salaries	S43
Enrollment Statistics	S44
Attendance and Graduation Rates	S45
Average A.C.T. Scores	S46
Average S.A.T. Scores	S47
Students in Free or Reduced Price Lunch Program	S48

Introductory Section



**Lancaster
Gales**

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December 18, 2013

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, 2013. 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 is accurate in all material respects and is 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 2013, the School District was comprised of a comprehensive high school (serving 1,600 students in grades 9-12), a career center/School District administration building, 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, 2013, the citizens of Lancaster have an investment of \$13,142,412 net of depreciation in School District land, construction in progress, 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 253 non-certified employees, 399 certificated personnel, and 32 administrative employees who provide services to 6,025 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 career technical 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", and in GASB Statement Number 61, "The Financial Reporting Entity: Omnibus".

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 (closed June 30, 2013) and the Lancaster-Fairfield Community School.

The School District participates in the following jointly governed organizations: Licking Area Computer Association, Metropolitan Educational Council, Coalition of Rural and Appalachian Schools, State Support Team Region 11, 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's Community Development Department estimated the population of Lancaster for calendar year 2012 to be 38,880 as compared to the calendar year 2010 census of 37,680, the calendar year 2000 census of 35,335, and the calendar year 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. In 2010, Dick's Sporting Goods and Golden Corral opened. Raising Cane's came to the area in 2012. A Big Sandy Superstore began construction in 2013 on a fifty thousand square foot facility.

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. FMC has over 400 doctors on staff and employs over 2,000 employees and has remained Lancaster's largest employer over the years. In December 2012, Fairfield Medical Center announced a new thirty-five million dollar facility plan that includes 11 operating rooms, a new surgery wing, advanced technology, family-friendly support areas, and 36 new private patient rooms. Ground-breaking is anticipated in 2014 with construction to be completed by December 2015. The Fairfield Medical Center continues to be a catalyst for economic stimulus for the entire community.

The Ohio University Lancaster/Pickerington Campus set a fall 2012 enrollment record of 2,586 students and has completed several facility expansion phases, including an estimated \$500,000 project for exterior improvements including adding spaces to the parking lot during the second half of 2012.

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. In 2011 and 2012, Lancaster saw major efforts to clean up abandoned manufacturing sites. The sites will offer new opportunities for other development.

One of the largest pipelines ever constructed in the United States made its way through Fairfield County and was completed in 2010. The REX Rocky Express Pipeline 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. Two subsequent pipelines are anticipated to come through our School District in tax year 2014 and 2015.

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 process so the School District will receive more funding from State sources as set forth by the Ohio State Supreme Court decision dated December 2002. House Bill 59, the state budget bill passed June 2013, proposed many changes to school funding but the full effect is not known at this time, especially with the current economic times. The formula is not currently being funded at 100 percent.

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 District, and the Ohio University branch to improve the quality of life in Lancaster. Other advantages are the location of Lancaster, favorable taxation rates, excellent city services, an excellent public school system, and the optimism of its leaders and its citizens.

MAJOR INITIATIVES/ACCOMPLISHMENTS

For the Year: The setting and reaching of either individual or “corporate” goals is a common method of striving for excellence in the Lancaster City School District and occurs in all areas of our school community. We are a “Community Focused on Student Achievement”.

There has been a significant thrust within the last few years to restructure our curricular programs, to replace all of our textbooks, to bring the School District into the computer age with large portions of the appropriations going to new computer equipment and to the training of staff, and to acknowledge and prepare for the growth that is coming to the School District. This past year we saw continuations within all of those areas. In fiscal year 2013 ipads were ordered for every high school student to use during the school day.

There were a number of specific initiatives and accomplishments made during the fiscal year ended June 30, 2013. Some of those were as follows:

Human Resources

- Completed a transformation in substitute teacher procedures by joining the Fairfield County Educational Service Center and utilizing the AESOP program.
- Developed new School District policies and procedures for approving Professional Development, Tuition Reimbursement, and Continuing Education Unit Credits for all certified staff.

Instructional Services Department

- Several courses of study and/or textbook additions and changes occurred throughout the year including; Music, Math, Multi Media, Marketing CT, Web Design, AP European History, Government, and Health Tech. Textbook additions included the purchase of eBooks.
- Lancaster City Schools received federal grants for Title I, Title I-D, Title II-A, and Title III. These funds were used to hire teachers, educational assistants, paraprofessionals, a math coach, and data analysis personnel. Professional Development was a major expenditure out of Title I and Title II-A and focused upon Ohio’s New Learning Standards.

Custodial/Maintenance Department

- Through the use of the House Bill 264 Energy Conservation program we have replaced boilers, lighting, and dishwashers in the secondary buildings and added HVAC controls to the classrooms.
- The maintenance staff has installed point of entry security devices that allow controlled access to the buildings while students and staff are in session.

Student Services

- The Lancaster City Schools Response to Intervention program for the School District was successfully rolled out in kindergarten through eighth grade. The School District provided professional development to all staff and provided targeted interventions for students not making progress towards grade level goals.
- Special Education met its requirements in 2013 on the Ohio Department of Education Special Education Performance Profile.

Technology Department

- Awarded nearly \$100,000 in grants to fund innovative uses of technology for teaching and learning.
- Recognized two teachers for their excellence in using technology in new and innovative ways to impact student learning.

Transportation Department

- Six buses achieved a 14-18 percent increase in fuel mileage and were 99.8 percent emissions free.
- Nine buses are equipped with an exhaust assist braking system. This system only adds an additional \$50 to the purchase price of a bus, but produces a savings of \$1,000 or more per bus due to the reduction in brake wear.

Treasurer's Department

- Received an unqualified opinion on the fiscal year 2012 audit with no citations or recommendations noted.
- Received notice that Lancaster City Schools Comprehensive Annual Financial Report (CAFR) for Fiscal Year June 30, 2012 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, 2012 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 what revenues and expenditures the School District receives. The School District has prepared a PAFR since fiscal year 2008.

Food Service Department

- Submitted documentation of meal service for National School Lunch and National School Breakfast Programs. Certified compliant with final rule regulations, which resulted in an additional 6 cents reimbursement for every meal served.
- Upgraded the free and reduced software, which decreased processing time of applications and better integration with State software enabling easier upload of Direct Certification lists.

Athletic Department

- Boys Soccer – 2012 Sectional Champions
- Girls Cross Country – Sammie Zishka State qualifier
- Boys Swimming – Ohio Capital Conference Runners-up
- Girls Bowling – Sectional Champions and State qualifiers.

Lancaster High School (LHS)

- Rated Excellent which is the highest possible rating a 9th through 12th grade school can achieve. This is the fourth year in a row for the excellent rating and seven out of the last eight years.
- LHS Performance Index Rating (how well students tested) was 103.7. This is the second highest ever recorded by a Lancaster City School only surpassed by Lancaster High School's previous year's mark of 105.2.

General Sherman Junior High

- Rated Excellent with Distinction for the second year in a row and received a Value Added Rank in the Top 2 percent of all schools in the State of Ohio.
- Won \$5,000 in an online school spirit contest sponsored by Sunny 95 to spend on athletics and Rooster's lunch for the entire school building sponsored by Hand and Microsurgery Associates.

Thomas Ewing Jr. High School

- The Thomas Ewing Outdoor Education Center, named in memory of Ewing sixth grader Drew Fuller, will be a permanent addition to the Thomas Ewing educational facility. More than thirty students and seven staffers recently joined the entire Fuller family to plant a wildflower garden as a part of the new learning lab.

- On May 17, 2013, Thomas Ewing was named the first junior high in the nation to receive Heart Safe School Accreditation. Every student in the building has received hands-on Automated External Defibrillator/Cardiac Emergency training, and more than 25 staff are certified in CPR, making the building and its extended family much safer in the case of a cardiac emergency.

Cedar Heights Elementary

- Awarded a United Way Traveling Trophy award for most participants with employees 26-99 during the United Way 5K Run/Walk.
- Six teachers received Technology Innovation Grants.

East Elementary

- Four educators from across the country, including East Elementary's Lisa Schisler, have received an unprecedented opportunity to enhance their curricula, create new lesson plans, and explore different teaching techniques by participating in a new residential fellowship program during the 2013 summer (The Life Guard Teacher Fellows Program).
- In March 2013, East Elementary held the second annual student Art Show. The art show has gained nationwide recognition in PTO Today, by becoming more than a show-it is an art experience.

Medill Elementary

- Medill Elementary received an "Effective" rating from the Ohio Department of Education for the tenth consecutive year. Medill students also met Adequate Yearly Progress, and received positive Value Added growth rating (i.e. students gained a year achievement in one year's time).
- Medill Elementary continued to be nationally recognized as an Official Core Knowledge School, and is currently the only official school 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.

Sanderson Elementary

- Sanderson's Parent Teacher Organization provided over \$11,000 for projects last year for annual family events, a motivational speaker for students, student awards, calendar magnets, programs such as COSI on Wheels and student scholarships.
- Student Council was busy this year and accomplished a number of service projects: charity fund raisers, a food drive, mitten/glove collection, decorated and delivered wooden pumpkins, Christmas cards, and potted flowers to patients at the Pickering House. They also organized our monthly School Spirit Days.

South Elementary

- The South Learning Community (SLC) officially began in October of 2012 and initiated a partnership between the West After School Center and South Elementary. Under the leadership of Michele Ritchlin, staff members from the SLC worked with students in grades 1st through 5th to increase achievement in reading and math.
- South Elementary was named a 2013 Ohio Association of Elementary School Administrators Hall of Fame School. South was recognized for the increase in achievement that students have made in the past several years. An awards assembly was held at the end of May so the student body could enjoy the recognition. This was followed by the official awards luncheon at Kalahari Resort in Sandusky attended by Mrs. Cathers and a group of supporters.

Tallmadge Elementary

- In collaboration with the technology department and using various fundraisers, we generated enough money to purchase a mobile iPad cart. This iPad cart provided a glimpse into the 21st century learning environment our elementary students will have as they grow, academically. Full classes, kindergarten through 5th grade, used the iPads and purchased apps to engage in activities

ranging from vocabulary enrichment, math skills to improving reading comprehension. This 1:1 technology engaged students in a whole new way and produced fantastic returns in classroom achievement.

- Through an impromptu fundraiser with Great American Opportunities, Tallmadge Elementary raised and donated \$4,000 to the American Red Cross for Hurricane Sandy victims on the east coast.

Chief Tarhe Elementary

- Tarhe was once again very happy to earn its 3rd Excellent rating on the Ohio Department of Education Report Card. Congratulations to the parents, teachers, and most importantly, the students on a job well done! Tarhe is the only elementary school to earn three excellent ratings.
- Tarhe was very proud to have the staff have a 100 percent participation rate in the United Way contribution campaign. This is our 2nd year of 100 percent participation.

West Elementary

- West Elementary School became the first Heart Safe School in the nation and the first school in the School District to utilize Therapy Dogs with students with special needs.
- West Elementary School raised \$2,183 for Jump Rope for Your Heart, raised \$892 for the Fairfield County Humane Society, and collected 2,199 nonperishable items for St. Vincent De Paul's Society.

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

LONG-TERM FINANCIAL PLANNING

In the November, 2006 general election, the School District electorate approved a 1.5 percent earned income tax initiative. This issue was expected to generate approximately \$8,698,676 annually according to the Ohio Department of Taxation. The School District began receiving full year collections in fiscal year 2008 with a distribution of \$9,260,589. Since then the School District has received \$9,623,513 in fiscal year 2009, \$9,779,684 in fiscal year 2010, \$10,074,785 in fiscal year 2011, \$10,297,991 in fiscal year 2012, and \$10,447,432 in fiscal year 2013. Due to the approval of the 1.5 percent earned income tax levy, the School District chose not to renew the 3.9 mill emergency levy which concluded in August, 2007.

The Board of Education Standing Finance Committee has reviewed the five year forecast so that the School District's Board of Education's directive to maintain a 12 percent operating cash carryover has been met for the ensuing two years of the forecast.

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 in particular is higher in fiscal years 2012 and 2013. Open enrollment into other school districts and community schools continues to increase in student numbers, which impacts the State funding revenue.

The School District's outdated and aging buildings continue to be a burden on the general fund. All of the instructional buildings in the School District are at least 40 years old or older except for the modulars at Tarhe Elementary School which were installed in 2005 and 2009 and modulars at General Sherman and Thomas Ewing which were installed in 2009.

Through the Ohio Facilities Construction Commission, the School District will receive approximately \$28 million in State funding to construct five new elementary buildings which will replace the existing eight elementary buildings. By reducing eight older smaller elementary schools to five new larger schools, the School District is expecting to reduce operating costs for maintenance, transportation, and personnel. The total project is estimated to be \$90 million. Voters approved a 3.6 mill, 37 year bond issue on March 6, 2012 along with a 0.5 mill classroom facilities maintenance continuing levy. The School Facilities Construction and Improvement Bonds were sold on August 21, 2012.

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

- Purchasing of new textbooks
- Updating computer hardware and software
- Updating library books and reference materials
- Maintenance of building and grounds
- Salaries and benefits are negotiated items within the union contracts

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

FINANCIAL INFORMATION

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 District'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, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

AWARDS AND ACKNOWLEDGMENTS

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lancaster City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. 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 twenty years out of the last twenty-one 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.

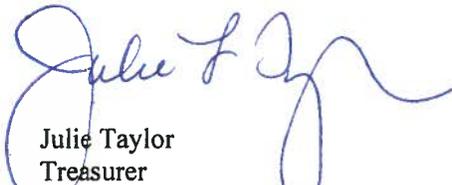
In addition, the School District received the Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from GFOA for the year ended June 30, 2012. The PAFR is a condensed, more user-friendly financial report intended to provide highlights of the School District's financial condition. This was the fifth 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



Steve Wigton
Superintendent
Lancaster City School District



Government Finance Officers Association

**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

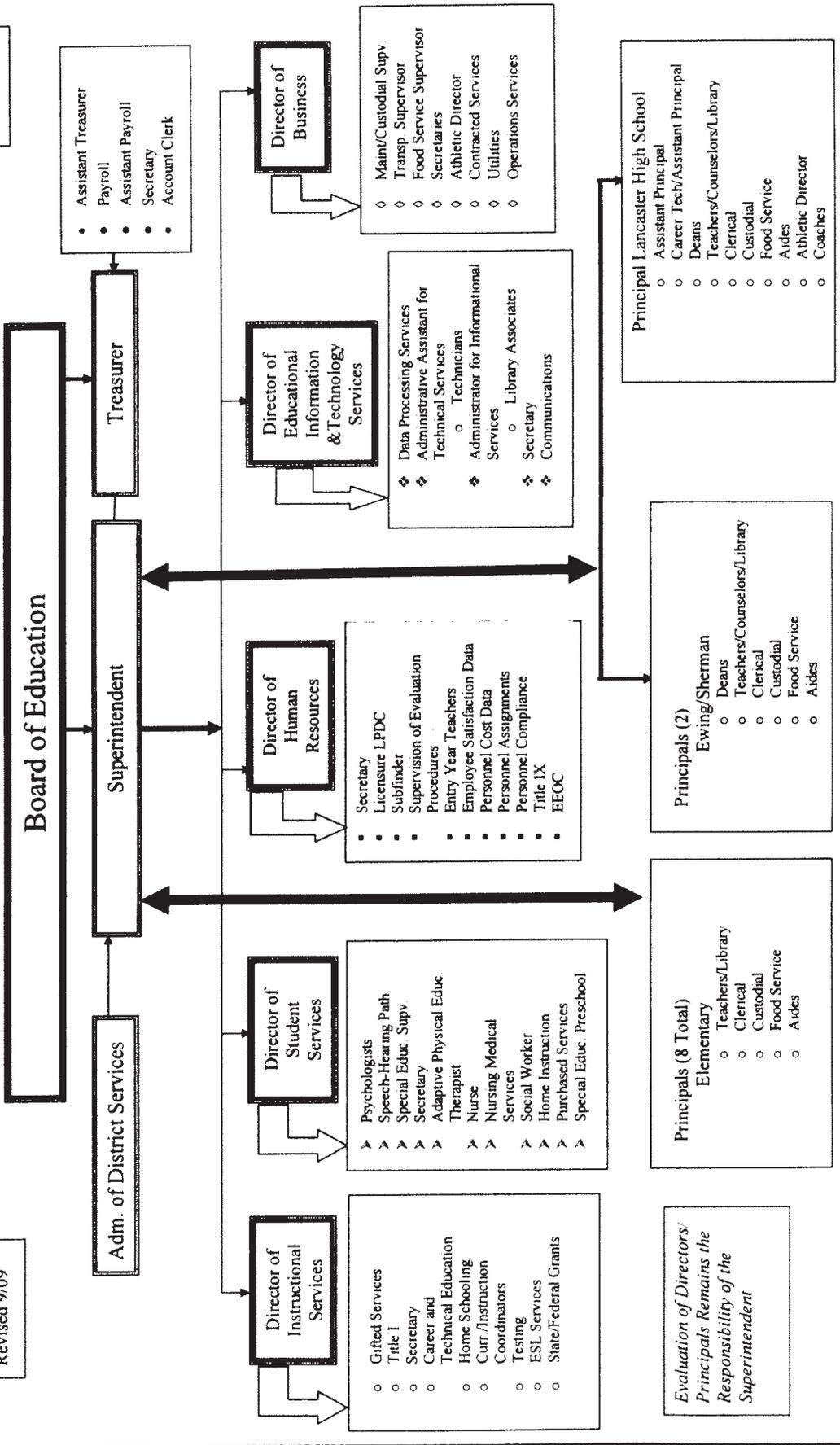
June 30, 2012

Executive Director/CEO

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
- Deans
- 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, 2013

BOARD OF EDUCATION

Ms. Amy Eyman President
Ms. Lise Ricketts Vice President
Ms. Kathy Kittredge. Member
Mr. Gary Mauller. Member
Mr. Tom Shaffer. Member

Treasurer

Julie Taylor, Treasurer

Administration

Rob Walker (until August 1, 2012) Superintendent
Steve Wigton (beginning August 1, 2012) 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 (until August 1, 2012). Director of Human Resources
Nathan Hale (beginning August 1, 2012) Director of Human Resources

Financial Section



**Lancaster
Gales**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lancaster City School District, Fairfield County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lancaster City School District, Fairfield County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 25 D to the financial statements, the Lancaster Digital Academy, one of the District's discretely presented component units, closed effective June 30, 2013. We did not modify our opinion regarding this matter.

As described in Note 3 to the financial statements, in fiscal year ending June 30, 2013, the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 69, *Government Combinations and Disposals of Government Operation*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on 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 present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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
Columbus, Ohio

December 18, 2013

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Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
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, 2013. 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 2013 are as follows:

- Net position of governmental activities increased \$29,486,224.
- General revenues accounted for \$85,327,248 in revenue or 88 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$11,472,320 or 12 percent of total revenues of \$96,799,568.
- Total assets of governmental activities increased \$98,983,921 or 113 percent. The primary items that impacted the change were an increase in cash and cash equivalents in the amount of \$10,220,095, an increase in investments in the amount of \$60,562,815, an increase in intergovernmental receivables in the amount of \$23,281,293, and an increase in property taxes receivables in the amount of \$1,924,970. The increase in cash and cash equivalents and investments was due mainly to the issuance of school facilities construction and improvement general obligation bonds and long-term energy conservation notes that have not been spent. The increase in intergovernmental receivables was due to the award of \$28,359,219 through the Ohio Facilities Construction Commission. The increase in property taxes receivable was due to an increase in assessed values and due to the approval by voters for a 3.6 mill bond levy and a 0.5 mill classroom facilities maintenance levy.
- Total liabilities of governmental activities increased \$67,559,035 or 615 percent. The majority of the increase is reflected in long-term liabilities due to the issuance of the school facilities construction and improvement general obligation bonds and long-term energy conservation notes and the inception of a capital lease for ipads and accessories.
- The School District had \$67,313,344 in expenses related to governmental activities; only \$11,472,320 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues in the amount of \$85,327,248 were adequate to provide for these activities.
- The School District has two major funds, the general fund and the classroom facilities fund. The general fund had \$57,716,855 in revenues, \$56,206,708 in expenditures, and \$1,057,649 in other financing sources (uses). The general fund's balance increased \$2,567,796. The classroom facilities fund had \$5,310,652 in revenues, expenditures in the amount of \$1,739,116, and other financing sources in the amount of \$52,667,122. The classroom facilities fund's balance increased \$56,238,658.

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.

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The statement of net position 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 Position 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 2013?" The statement of net position 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 position and changes in that position. This change in net position 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 position 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 11. 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 classroom facilities 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

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

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

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 position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012.

Table 1 - Net Position

	Governmental Activities		
	2013	2012	Change
Assets			
Current and Other Assets	\$173,161,279	\$76,816,605	\$96,344,674
Capital Assets	13,142,412	10,503,165	2,639,247
Total Assets	186,303,691	87,319,770	98,983,921
Liabilities			
Long-Term Liabilities	69,948,113	3,239,553	66,708,560
Other Liabilities	8,592,721	7,742,246	850,475
Total Liabilities	78,540,834	10,981,799	67,559,035
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	22,873,981	20,935,319	1,938,662
Net Position			
Net Investment in Capital Assets	11,590,278	10,124,925	1,465,353
Restricted	29,898,542	2,413,706	27,484,836
Unrestricted	43,400,056	42,864,021	536,035
Total Net Position	\$84,888,876	\$55,402,652	\$29,486,224

Total assets increased \$98,983,921. 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 \$10,220,095, an increase in investments in the amount of \$60,562,815, an increase in intergovernmental receivables in the amount of \$23,281,293, and an increase in property taxes receivable in the amount of \$1,924,970. The increase in cash and cash equivalents and investments was due mainly to the issuance of school facilities construction and improvement general obligation bonds in the amount of \$60,410,000 and long-term energy conservation notes in the amount of \$2,000,000 that were mostly unspent by fiscal year-end. The general fund cash and cash equivalents also increased in the amount of \$2,110,088 due to revenues exceeding expenditures. The increase in intergovernmental receivables is due to the fiscal year 2013 award of \$28,359,219 from the Ohio Facilities Construction Commission for the construction of five new elementary school buildings. The School District

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

was approved for the Exceptional Needs Program by the Ohio Facilities Construction Commission on July 12, 2012. The increase in property taxes receivable is due mainly to an increase in assessed values in the amount of \$7.8 million due to the 2013 sexennial reappraisal and due to the voters approving a 3.6 mill bond levy for 37 years and a 0.5 mill continuing classroom facilities maintenance levy on March 6, 2012. The new tax levy collections began in calendar year 2013. Capital assets increased by \$2,639,247 due mainly to the donation and purchase of property for two of the new elementary building sites and the construction in progress associated with architectural services and site preparation services related to the Ohio Facilities Construction Commission project. The additions for fiscal year 2013 were offset by current year depreciation expenses in the amount of \$842,620.

Total liabilities increased by \$67,559,035. The majority of the increase is evident in long-term liabilities which reflect an increase in the amount of \$66,708,560 due to the issuance of the school facilities construction and improvement general obligation bonds and the long-term energy conservation notes and the inception of a capital lease for the purchase of ipads and accessories. Deferred inflows of resources for property taxes increased due to the increase in assessed valuations and the collection of the 3.6 mill bond levy and 0.5 mill continuing classroom facilities maintenance levy as previously mentioned. The increase in other liabilities in the amount of \$850,475 was due mainly to the increases in accrued interest payable in the amount of \$652,244 and contracts payable in the amount of \$498,162. Accrued interest payable increased due to the issuance of the bonds and notes during fiscal year 2013. Contracts payable increased due to the Ohio Facilities Construction Commission project payables to contractors.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2013, and comparisons to fiscal year 2012.

Table 2 - Changes in Net Position

	Governmental Activities		
	2013	2012	Change
Revenues			
Program Revenues			
Charges for Services	\$2,530,927	\$2,517,602	\$13,325
Operating Grants, Contributions, and Interest	8,503,412	8,727,266	(223,854)
Capital Grants and Contributions	437,981	1,056	436,925
Total Program Revenues	11,472,320	11,245,924	226,396
General Revenue			
Property Taxes	22,329,297	19,355,151	2,974,146
Income Taxes	10,447,432	10,297,991	149,441
Grants and Entitlements	51,878,477	24,266,355	27,612,122
Gain on Sale of Capital Assets	23,138	6,324	16,814
Payment in Lieu of Taxes	168,385	99,473	68,912
Unrestricted Contributions	6,403	15,130	(8,727)
Investment Earnings	188,017	279,429	(91,412)
Miscellaneous	286,099	64,627	221,472
Total General Revenues	85,327,248	54,384,480	30,942,768
Total Revenues	\$96,799,568	\$65,630,404	\$31,169,164

(Continued)

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

	Governmental Activities		
	2013	2012	Change
Program Expenses			
Instruction			
Regular	\$27,890,107	\$27,582,357	\$307,750
Special	7,794,149	6,734,872	1,059,277
Vocational	1,758,521	1,861,495	(102,974)
Student Intervention Services	3,174	89,895	(86,721)
Support Services			
Pupil	3,282,144	3,816,291	(534,147)
Instructional Staff	4,068,497	4,143,502	(75,005)
Board of Education	192,292	159,360	32,932
Administration	4,466,574	4,363,280	103,294
Fiscal	1,338,643	1,223,058	115,585
Business	297,066	276,541	20,525
Operation and Maintenance of Plant	6,118,563	4,858,140	1,260,423
Pupil Transportation	1,888,965	1,898,371	(9,406)
Central	930,175	897,022	33,153
Operation of Non-Instructional Services:			
Food Service Operations	2,595,416	2,604,226	(8,810)
Other	1,205,901	1,051,937	153,964
Extracurricular Activities	1,260,333	1,236,389	23,944
Interest and Fiscal Charges	2,222,824	37,373	2,185,451
Total Program Expenses	<u>67,313,344</u>	<u>62,834,109</u>	<u>4,479,235</u>
<i>Change in Net Position</i>	29,486,224	2,796,295	26,689,929
Net Position Beginning of Year	55,402,652	52,606,357	2,796,295
Net Position End of Year	<u>\$84,888,876</u>	<u>\$55,402,652</u>	<u>\$29,486,224</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 23 percent of revenues for governmental activities for the School District in fiscal year 2013. 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 11 percent of revenues for governmental activities for the School District in fiscal year 2013.

Program revenues increased by 2 percent and general revenues increased by 57 percent from fiscal year 2012 to fiscal year 2013. Capital grants and contributions increased during fiscal year 2013 in the amount of \$436,925 due mainly to the donation of land received from a local community member valued at \$425,000. One of the five new elementary buildings will be constructed on this donated property. General revenues increased by \$30.9 million mainly due to the increase in grants and entitlements revenue in the amount of \$27.6 million and the increase in property taxes in the amount of \$3.0 million. The increase in grants and entitlements was due to the School District being awarded the Ohio Facilities Construction Commission project during fiscal year 2013 in the amount of \$28,359,219 of which \$5,211,771 was received during fiscal year 2013. The increase in property taxes was due to an increase in the assessed valuation in the amount of \$7.8 million and the new 3.6 mill bond levy and the new 0.5 mill classroom facilities maintenance levy for the Ohio Facilities Construction Commission project for the construction of five new elementary buildings.

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Instruction comprises approximately 56 percent of governmental program expenses, support services make up approximately 33 percent of the program expenses, operation of non-instructional services make up approximately 6 percent of program expenses, extracurricular activities make up approximately 2 percent, and the remaining 3 percent of program expenses is related to interest and fiscal charges of the School District.

As reflected in table two, the School District's expenses increased by approximately \$4.5 million which was due primarily to the increases in special instruction, operation and maintenance of plant, and interest and fiscal charges. The increase in special instruction was due to an increase in staff of eight employees and additional costs associated with the increased demand for special instruction services for student education outside of the School District. Operation and maintenance of plant has increased for fiscal year 2013 due to the increase in maintenance of the School District's aging buildings that are not considered capitalized items and due to the issuance costs associated with the school facilities construction and improvement general obligation bonds and the long-term energy conservation notes. Interest and fiscal charges have increased during fiscal year 2013 due to the issuance of the school facilities construction and improvement general obligation bonds and capital leases. 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 <u>2013</u>	Net Cost of Services <u>2013</u>	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>
Program Expenses				
Instruction:				
Regular	\$27,890,107	\$26,342,988	\$27,582,357	\$25,701,253
Special	7,794,149	5,140,722	6,734,872	4,895,478
Vocational	1,758,521	1,201,343	1,861,495	1,280,927
Student Intervention Services	3,174	3,174	89,895	89,895
Support Services:				
Pupil	3,282,144	3,024,172	3,816,291	3,217,395
Instructional Staff	4,068,497	2,962,985	4,143,502	2,644,867
Board of Education	192,292	192,292	159,360	159,360
Administration	4,466,574	3,981,978	4,363,280	4,053,408
Fiscal	1,338,643	1,120,499	1,223,058	1,223,058
Business	297,066	295,281	276,541	276,541
Operation and Maintenance of Plant	6,118,563	5,928,078	4,858,140	4,728,889
Pupil Transportation	1,888,965	1,684,969	1,898,371	1,768,966
Central	930,175	905,600	897,022	872,285
Operation of Non-Instructional Services:				
Food Service Operations	2,595,416	(185,903)	2,604,226	(148,361)
Other	1,205,901	97,799	1,051,937	(110,098)
Extracurricular Activities	1,260,333	922,223	1,236,389	896,949
Interest and Fiscal Charges	2,222,824	2,222,824	37,373	37,373
Totals	<u>\$67,313,344</u>	<u>\$55,841,024</u>	<u>\$62,834,109</u>	<u>\$51,588,185</u>

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The prior schedule clearly shows the dependence upon tax revenues and state subsidies for governmental activities. For 2013, only 17 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 83 percent is provided through taxes and entitlements.

The School District's Major Funds

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

General Fund - The general fund had total revenues of \$57,716,855, expenditures of \$56,206,708, and other financing sources (uses) of \$1,057,649 which resulted in an increase in fund balance of \$2,567,796. In November 2006, the School District voters approved a 1.5 percent earned income tax levy. During fiscal year 2013, the School District recognized its sixth full year of income tax revenues; therefore, the School District was able to continue some programs that had been cut during the fiscal year 2007 budget reductions. The general fund's beginning fund balance for fiscal year 2013 was \$28,232,420. Revenues increased in the amount of \$1,914,241 from fiscal year 2012 to 2013. The increase in revenues was mainly due to the increase in property taxes revenue in the amount of \$1,662,044. The primary increase in property taxes revenue was due to the increase in assessed values in the amount of \$7.8 million and the amount available as an advance for fiscal year 2012 being \$1.4 million less than the amount available as an advance in fiscal year 2011. The property tax revenue for fiscal year 2012 was less due to the timing of collections in fiscal year 2012 which resulted in a decrease in the amount available as an advance. The decrease in the amount available for fiscal year 2012 was due to the Fairfield County tax bills not being mailed out until June 29, 2012 for the second half tax billing. Historically, the tax bills were mailed out earlier in June each year. The tax bills for 2013 were mailed out approximately the same time period as in 2012; therefore, the amount available as an advance for fiscal year 2013 was only \$203,749 less than fiscal year 2012. Income taxes reflect an increase from fiscal year 2012 to 2013 in the amount of \$193,957. Expenditures increased by \$2,967,334 from fiscal year 2012 to 2013. The increase in expenditures during fiscal year 2013 was due mainly to increases in the area of instruction. Regular instruction increased by \$1,618,007 which is mainly due to the inception of a capital lease for ipads and accessories to be used for instructional purposes. Beginning in fiscal year 2014, students in the high school will be using the ipads for classroom instruction in addition to textbooks. Special instruction increased by \$474,345 due to the higher demand for special instruction services for student education outside the School District. The School District realizes that prudent financial planning for the future is still needed.

Classroom Facilities Fund – The classroom facilities fund had total revenues of \$5,310,652, expenditures of \$1,739,116, and transfers in of \$52,667,122. Ending fund balance was \$56,238,658. Fiscal year 2013 was the first year for the classroom facilities fund. During fiscal year 2013, the School District spent funds on architectural services and site preparation for the Ohio Facilities Construction Commission project. The transfer in was from the elementary building projects capital projects fund. The purpose of the transfer was so the local share of the project could be shown with the State portion of the Ohio Facilities Construction Commission project which is the recommended process.

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.

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

During the course of fiscal year 2013, 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 an original revenue budget estimate including other financing sources of \$56,500,000. The final revenue budget estimate including other financing sources was in the amount of \$57,624,688. The majority of the increases in budgeted revenues were in the areas of property taxes, income taxes, and intergovernmental revenues. Actual revenues were very close to the final budgeted revenue with only \$6,265 of actual revenue over the final budgeted estimates.

Original appropriations plus prior year encumbrances were \$59,548,055. The appropriations were decreased to a final budget amount of \$58,578,056. The reduction in appropriations from the original budget to the final budget was reflected in the various functions. Actual expenditures were under final appropriations in the amount of \$872,875.

The School District's ending unobligated fund balance was \$29,404,033 which improved from the beginning balance of \$27,802,794.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School District had \$13,142,412 invested in land, construction in progress, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2013 compared to 2012.

Table 4 - Capital Assets at June 30, 2013
(Net of Depreciation)

	<u>Government Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$1,511,579	\$523,846
Construction in Progress	1,848,461	5,750
Land Improvements	1,562,322	1,677,604
Buildings and Improvements	5,136,291	5,165,181
Furniture and Equipment	1,797,266	1,982,008
Vehicles	1,286,493	1,148,776
Totals	<u>\$13,142,412</u>	<u>\$10,503,165</u>

The majority of the change in capital assets during fiscal year 2013 is reflected in land and construction in progress. During fiscal year 2013, the School District purchased land and began to incur construction expenses for the beginning phases of the Ohio Facilities Construction Commission project in which five new elementary buildings will be constructed. The School District also received a contribution of land valued in the amount of \$425,000 from a local community member for the site of the new Gorsuch West Elementary building.

See Note 10 for more detailed information of the School District's capital assets.

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Debt

At June 30, 2013, the School District had \$63,929,735 outstanding in school facilities construction and improvement general obligation bonds series 2012 (including premiums), with \$1,400,000 due within in one year. The bonds were issued for the purpose of constructing five new elementary buildings. Maturity of the outstanding bonds is scheduled for fiscal year 2050. The School District also had \$2,000,000 outstanding in energy conservation long-term notes series 2013, with \$390,000 being due within one year. Maturity of the outstanding notes is scheduled for fiscal year 2018.

The School District had \$1,254,488 outstanding in capital leases payable for copier equipment and ipads. During fiscal year 2013, the School District had contracted with Apple for Apple iPads and Apps Volume Vouchers in the amount of \$1,036,010.

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

Economic Factors

During fiscal year 2013, the School District increased net position by \$29,486,224. The main reason for this large increase is reflected to the Ohio Facilities Construction Commission project. The School District issued \$60,410,000 in school facilities construction and improvement general obligation bonds and was awarded \$28,359,219 from the Ohio Facilities Construction Commission for the building of five new elementary buildings.

The School District received its sixth 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 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's 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 Position

June 30, 2013

	Primary Government	Component Units	
	Governmental Activities	Lancaster Digital Academy	Lancaster-Fairfield Community School
Assets			
Cash and Cash Equivalents	\$50,872,336	\$656,582	\$19,351
Cash and Cash Equivalents with Fiscal Agents	5,881,860	0	0
Cash and Cash Equivalents in Segregated Accounts	0	3,537	0
Investments	60,562,815	0	0
Materials and Supplies Inventory	198,818	0	0
Inventory Held for Resale	45,818	0	0
Accounts Receivable	51,866	966	0
Accrued Interest Receivable	76,954	139	0
Income Taxes Receivable	3,806,260	0	0
Intergovernmental Receivable	25,349,876	10,819	36,140
Prepays	169,780	0	1,434
Property Taxes Receivable	25,985,735	0	0
Payment in Lieu of Taxes Receivable	159,161	0	0
Nondepreciable Capital Assets	3,360,040	0	0
Depreciable Capital Assets, Net	9,782,372	0	3,832
<i>Total Assets</i>	<u>186,303,691</u>	<u>672,043</u>	<u>60,757</u>
Liabilities			
Accounts Payable	513,591	177	600
Matured Capital Leases Payable	13,292	0	0
Matured Interest Payable	1,495	0	0
Accrued Interest Payable	652,892	0	0
Accrued Salaries and Benefits Payable	4,133,870	0	0
Contracts Payable	499,962	0	0
Matured Compensated Absences Payable	265,454	0	0
Claims Payable	801,700	0	0
Intergovernmental Payable	1,710,465	671,866	0
Long-Term Liabilities:			
Due Within One Year	2,524,547	0	0
Due In More Than One Year	67,423,566	0	0
<i>Total Liabilities</i>	<u>78,540,834</u>	<u>672,043</u>	<u>600</u>
Deferred Inflows of Resources			
Property Taxes	22,873,981	0	0
Net Position			
Net Investment in Capital Assets	11,590,278	0	3,832
Restricted for:			
Classroom Facilities Construction	25,597,562	0	0
Debt Service	1,326,932	0	0
Classroom Facilities Maintenance	286,129	0	0
District Managed Student Activities	170,742	0	0
Auxiliary Services	68,165	0	0
IDEA - B	732,038	0	0
Title I	458,680	0	0
Food Service	1,046,964	0	0
Other Purposes	211,330	0	0
Unrestricted	43,400,056	0	56,325
<i>Total Net Position</i>	<u>\$84,888,876</u>	<u>\$0</u>	<u>\$60,157</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$27,890,107	\$749,921	\$639,781	\$157,417
Special	7,794,149	258,463	2,346,684	48,280
Vocational	1,758,521	52,492	492,743	11,943
Student Intervention Services	3,174	0	0	0
Support Services:				
Pupil	3,282,144	24,898	209,826	23,248
Instructional Staff	4,068,497	0	1,050,092	55,420
Board of Education	192,292	0	0	0
Administration	4,466,574	115,824	338,369	30,403
Fiscal	1,338,643	0	214,574	3,570
Business	297,066	0	0	1,785
Operation and Maintenance of Plant	6,118,563	131,918	26,989	31,578
Pupil Transportation	1,888,965	19,743	153,141	31,112
Central	930,175	0	21,600	2,975
Operation of Non-Instructional Services:				
Food Service Operations	2,595,416	652,895	2,096,846	31,578
Other	1,205,901	195,446	910,871	1,785
Extracurricular Activities	1,260,333	329,327	1,896	6,887
Interest and Fiscal Charges	2,222,824	0	0	0
<i>Total Primary Government</i>	<u>\$67,313,344</u>	<u>\$2,530,927</u>	<u>\$8,503,412</u>	<u>\$437,981</u>
Component Units				
Lancaster Digital Academy	\$700,909	\$0	\$557,309	\$0
Lancaster-Fairfield Community School	351,213	0	314,426	0
<i>Total Component Units</i>	<u>\$1,052,122</u>	<u>\$0</u>	<u>\$871,735</u>	<u>\$0</u>

General Revenues

Property Taxes Levied for General Purposes
General Purpose
Debt Service
Classroom Facilities Maintenance
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

Special Item

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Units	
Governmental Activities	Lancaster Digital Academy	Lancaster-Fairfield Community School
(\$26,342,988)	\$0	\$0
(5,140,722)	0	0
(1,201,343)	0	0
(3,174)	0	0
(3,024,172)	0	0
(2,962,985)	0	0
(192,292)	0	0
(3,981,978)	0	0
(1,120,499)	0	0
(295,281)	0	0
(5,928,078)	0	0
(1,684,969)	0	0
(905,600)	0	0
185,903	0	0
(97,799)	0	0
(922,223)	0	0
(2,222,824)	0	0
(55,841,024)	0	0
0	(143,600)	0
0	0	(36,787)
0	(143,600)	(36,787)
20,265,836	0	0
1,798,935	0	0
264,526		
10,447,432	0	0
51,878,477	29,546	41,706
23,138	0	0
168,385	0	0
6,403		
188,017	4,136	48
286,099	2,892	25
85,327,248	36,574	41,779
0	(743,634)	0
29,486,224	(850,660)	4,992
55,402,652	850,660	55,165
\$84,888,876	\$0	\$60,157

Lancaster City School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2013*

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$32,756,069	\$4,744,301	\$12,352,322	\$49,852,692
Investments	0	51,758,611	8,804,204	60,562,815
Receivables:				
Property Taxes	22,553,682	0	3,432,053	25,985,735
Payment in Lieu of Taxes	159,161	0	0	159,161
Income Taxes	3,806,260	0	0	3,806,260
Accounts	38,755	0	13,111	51,866
Intergovernmental	352,083	23,147,448	1,850,345	25,349,876
Accrued Interest	48,614	21,803	6,537	76,954
Interfund	184,567	0	0	184,567
Prepays	50,780	0	119,000	169,780
Inventory Held for Resale	0	0	45,818	45,818
Materials and Supplies Inventory	183,091	0	15,727	198,818
<i>Total Assets</i>	<u>\$60,133,062</u>	<u>\$79,672,163</u>	<u>\$26,639,117</u>	<u>\$166,444,342</u>
Liabilities				
Accounts Payable	\$471,735	\$0	\$41,856	\$513,591
Contracts Payable	0	271,103	228,859	499,962
Accrued Salaries and Benefits Payable	3,712,124	0	421,746	4,133,870
Intergovernmental Payable	1,484,390	0	226,075	1,710,465
Matured Compensated Absences Payable	258,283	0	7,171	265,454
Interfund Payable	0	0	184,567	184,567
Matured Capital Leases Payable	13,292	0	0	13,292
Matured Interest Payable	1,495	0	0	1,495
<i>Total Liabilities</i>	<u>5,941,319</u>	<u>271,103</u>	<u>1,110,274</u>	<u>7,322,696</u>
Deferred Inflows of Resources				
Property Taxes	19,702,198	0	3,171,783	22,873,981
Unavailable Revenue	3,689,329	23,162,402	1,537,705	28,389,436
<i>Total Deferred Inflows of Resources</i>	<u>23,391,527</u>	<u>23,162,402</u>	<u>4,709,488</u>	<u>51,263,417</u>
Fund Balances				
Nonspendable	233,871	0	134,727	368,598
Restricted	0	56,238,658	14,010,684	70,249,342
Committed	1,537,138	0	141,911	1,679,049
Assigned	1,574,861	0	6,585,818	8,160,679
Unassigned (Deficit)	27,454,346	0	(53,785)	27,400,561
<i>Total Fund Balances</i>	<u>30,800,216</u>	<u>56,238,658</u>	<u>20,819,355</u>	<u>107,858,229</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$60,133,062</u>	<u>\$79,672,163</u>	<u>\$26,639,117</u>	<u>\$166,444,342</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2013*

Total Governmental Fund Balances	\$107,858,229
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	13,142,412
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources - unavailable revenue in the funds:	
Property Taxes	2,995,735
Income Taxes	745,054
Payment in Lieu of Taxes	159,161
Accrued Interest	45,741
Reimbursements	4,300
Grants	<u>24,439,445</u>
	28,389,436
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 position.	6,099,804
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(652,892)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds Payable	(60,410,000)
Premium on Bonds Issued	(3,519,735)
Long-Term Notes Payable	(2,000,000)
Capital Leases Payable	(1,254,488)
Intergovernmental Payable	(2,413)
Compensated Absences Payable	<u>(2,761,477)</u>
	<u>(69,948,113)</u>
Net Position of Governmental Activities	<u><u>\$84,888,876</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, 2013

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$20,333,007	\$0	\$1,821,408	\$22,154,415
Payment in Lieu of Taxes	122,423	0	0	122,423
Income Taxes	10,468,860	0	0	10,468,860
Intergovernmental	24,982,951	5,211,771	7,087,804	37,282,526
Interest	39,653	98,881	23,487	162,021
Tuition and Fees	1,135,048	0	33,328	1,168,376
Charges for Services	0	0	652,895	652,895
Rent	133,272	0	0	133,272
Extracurricular Activities	214,894	0	361,490	576,384
Gifts and Donations	48,759	0	28,572	77,331
Miscellaneous	237,988	0	43,811	281,799
<i>Total Revenues</i>	<u>57,716,855</u>	<u>5,310,652</u>	<u>10,052,795</u>	<u>73,080,302</u>
Expenditures				
Current:				
Instruction:				
Regular	27,527,839	0	284,539	27,812,378
Special	5,791,771	0	1,980,434	7,772,205
Vocational	1,632,263	0	148,393	1,780,656
Student Intervention Services	2,058	0	0	2,058
Support Services:				
Pupils	3,085,758	0	203,395	3,289,153
Instructional Staff	3,024,890	0	969,417	3,994,307
Board of Education	192,292	0	0	192,292
Administration	4,177,181	0	191,582	4,368,763
Fiscal	1,292,839	0	34,651	1,327,490
Business	294,612	0	0	294,612
Operation and Maintenance of Plant	4,855,738	0	26,989	4,882,727
Pupil Transportation	1,699,829	0	271,631	1,971,460
Central	913,944	0	21,600	935,544
Operation of Non-Instructional Services:				
Food Service Operations	5,728	0	2,529,832	2,535,560
Other Non-Instructional Services	185,357	0	1,039,066	1,224,423
Extracurricular Activities	963,019	0	229,642	1,192,661
Capital Outlay	377,337	1,739,116	899,683	3,016,136
Debt Service:				
Principal Retirement	159,762	0	0	159,762
Interest and Fiscal Charges	24,491	0	1,594,305	1,618,796
Issuance Costs	0	0	833,000	833,000
<i>Total Expenditures</i>	<u>56,206,708</u>	<u>1,739,116</u>	<u>11,258,159</u>	<u>69,203,983</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,510,147</u>	<u>3,571,536</u>	<u>(1,205,364)</u>	<u>3,876,319</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	1,036,010	0	0	1,036,010
Proceeds from Sale of Capital Assets	37,598	0	1,820	39,418
General Obligation Bonds Issued	0	0	60,410,000	60,410,000
Energy Conservation Notes Issued	0	0	2,000,000	2,000,000
Premium on Bonds Issued	0	0	3,567,951	3,567,951
Transfers In	0	52,667,122	15,959	52,683,081
Transfers Out	(15,959)	0	(52,667,122)	(52,683,081)
<i>Total Other Financing Sources (Uses)</i>	<u>1,057,649</u>	<u>52,667,122</u>	<u>13,328,608</u>	<u>67,053,379</u>
<i>Net Change in Fund Balances</i>	<u>2,567,796</u>	<u>56,238,658</u>	<u>12,123,244</u>	<u>70,929,698</u>
<i>Fund Balances Beginning of Year</i>	<u>28,232,420</u>	<u>0</u>	<u>8,696,111</u>	<u>36,928,531</u>
<i>Fund Balances End of Year</i>	<u>\$30,800,216</u>	<u>\$56,238,658</u>	<u>\$20,819,355</u>	<u>\$107,858,229</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, 2013*

Net Change in Fund Balances - Total Governmental Funds		\$70,929,698
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	3,063,967	
Capital Contributions	434,180	
Depreciation Expense	(842,620)	2,655,527
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	23,138	
Proceeds from sale of capital assets	(39,418)	(16,280)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Miscellaneous	4,300	
Grants and Ohio School Facilities Revenue	23,024,097	
Delinquent Taxes	174,882	
Income Taxes	(21,428)	
Payment in Lieu of Taxes	45,962	23,227,813
Inception of capital leases are reported as other financing sources in the governmental funds, but the inception increases long-term liabilities on the statement of activities.		
		(1,036,010)
Long-term debt proceeds are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of activities:		
General Obligation Bonds Issued	(60,410,000)	
Energy Conservation Notes Issued	(2,000,000)	
Premium on Bonds Issued	(3,567,951)	(65,977,951)
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		95,475
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. The amortization of premiums and discounts are reported on the statement of activities.		
Premium Amortization	48,216	
Accrued Interest Payable	(652,244)	(604,028)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Capital Leases Payable		159,762
Repayment of an intergovernmental payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is reflected net.		
		1,948
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.		
		50,270
<i>Change in Net Position of Governmental Activities</i>		\$29,486,224

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, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$20,184,453	\$20,539,772	\$20,539,798	\$26
Payment in Lieu of Taxes	117,813	122,424	122,423	(1)
Income Taxes	10,268,513	10,449,229	10,449,229	0
Intergovernmental	24,332,788	24,788,965	24,791,537	2,572
Interest	192,772	196,165	194,736	(1,429)
Tuition and Fees	1,098,494	1,117,721	1,121,861	4,140
Rent	127,803	130,052	131,961	1,909
Extracurricular Activities	94,779	96,447	96,516	69
Gifts and Donations	6,414	6,527	6,403	(124)
Miscellaneous	76,171	67,666	66,744	(922)
<i>Total Revenues</i>	<u>56,500,000</u>	<u>57,514,968</u>	<u>57,521,208</u>	<u>6,240</u>
Expenditures				
Current:				
Instruction:				
Regular	22,633,481	22,427,985	22,036,656	391,329
Special	5,589,544	5,771,178	5,746,459	24,719
Vocational	1,749,801	1,644,449	1,638,462	5,987
Student Intervention Services	68,835	80,237	78,909	1,328
Other	5,477,995	5,463,039	5,470,165	(7,126)
Support Services:				
Pupils	3,401,934	3,358,508	3,302,808	55,700
Instructional Staff	3,638,802	3,491,696	3,421,041	70,655
Board of Education	264,969	237,805	217,665	20,140
Administration	4,446,567	4,285,936	4,229,203	56,733
Fiscal	1,324,914	1,343,992	1,317,827	26,165
Business	516,157	416,843	418,058	(1,215)
Operation and Maintenance of Plant	5,385,635	5,236,334	5,249,823	(13,489)
Pupil Transportation	1,757,181	1,747,908	1,726,192	21,716
Central	1,184,535	1,006,401	964,607	41,794
Operation of Non-Instructional Services	3,735	7,674	7,674	0
Extracurricular Activities	1,011,718	1,007,926	961,961	45,965
Capital Outlay	842,252	820,145	717,145	103,000
<i>Total Expenditures</i>	<u>59,298,055</u>	<u>58,348,056</u>	<u>57,504,655</u>	<u>843,401</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,798,055)</u>	<u>(833,088)</u>	<u>16,553</u>	<u>849,641</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	37,573	37,598	25
Advances In	0	72,147	72,147	0
Advances Out	(200,000)	(200,000)	(184,567)	15,433
Transfers Out	(50,000)	(30,000)	(15,959)	14,041
<i>Total Other Financing Sources (Uses)</i>	<u>(250,000)</u>	<u>(120,280)</u>	<u>(90,781)</u>	<u>29,499</u>
<i>Net Change in Fund Balance</i>	<u>(3,048,055)</u>	<u>(953,368)</u>	<u>(74,228)</u>	<u>879,140</u>
<i>Fund Balance Beginning of Year</i>	27,802,794	27,802,794	27,802,794	0
<i>Prior Year Encumbrances Appropriated</i>	1,675,467	1,675,467	1,675,467	0
<i>Fund Balance End of Year</i>	<u>\$26,430,206</u>	<u>\$28,524,893</u>	<u>\$29,404,033</u>	<u>\$879,140</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Fund Net Position
Internal Service Fund
June 30, 2013

	Employee Benefits Self Insurance
Current Assets	
Cash and Cash Equivalents	\$1,019,644
Cash and Cash Equivalents with Fiscal Agents	<u>5,881,860</u>
<i>Total Assets</i>	6,901,504
Current Liabilities	
Claims Payable	<u>801,700</u>
Net Position	
Unrestricted	<u><u>\$6,099,804</u></u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
*Statement of Revenues,
Expenses, and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2013*

	Employee Benefits Self Insurance
Operating Revenues	
Charges for Services	\$7,703,247
Operating Expenses	
Purchased Services	888,017
Claims	6,799,095
<i>Total Operating Expenses</i>	7,687,112
<i>Operating Income</i>	16,135
Non-Operating Revenue	
Interest	34,135
<i>Change in Net Position</i>	50,270
<i>Net Position Beginning of Year</i>	6,049,534
<i>Net Position End of Year</i>	\$6,099,804

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, 2013

	Employee Benefits Self Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$7,703,247
Cash Payments to Vendors for Services	(888,017)
Cash Payments for Claims	(6,810,763)
<i>Net Cash Provided by Operating Activities</i>	4,467
Cash Flows from Investing Activities:	
Interest	34,135
<i>Net Increase in Cash and Cash Equivalents</i>	38,602
<i>Cash and Cash Equivalents Beginning of Year</i>	6,862,902
<i>Cash and Cash Equivalents End of Year</i>	\$6,901,504
Reconciliation of Operating Income to	
Net Cash Provided by Operating Activities:	
Operating Income	\$16,135
Adjustments to Reconcile	
Operating Income to Net	
Cash Provided by Operating Activities	
Changes in Assets and Liabilities:	
Decrease in Claims Payable	(11,668)
<i>Net Cash Provided by Operating Activities</i>	\$4,467

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Private Purpose	
	Trust	
	Endowment	Agency
Assets		
Cash and Cash Equivalents	\$41,513	\$102,146
Cash and Cash Equivalents in Segregated Accounts	0	277
Accrued Interest Receivable	44	0
<i>Total Assets</i>	41,557	\$102,423
Liabilities		
Due to Others	0	\$277
Due to Students	0	102,146
<i>Total Liabilities</i>	0	\$102,423
Net Position		
Held in Trust for Scholarships	\$41,557	

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2013

	Endowment
Additions	
Interest	\$170
Deductions	
Scholarships Awarded	1,000
<i>Change in Net Position</i>	(830)
<i>Net Position Beginning of Year</i>	42,387
<i>Net Position End of Year</i>	\$41,557
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, 2013

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 253 non-certificated employees, 399 certificated personnel, and 32 administrative employees who provide services to 6,025 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, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Discretely Presented Component Units. The component unit information on the statement of net position 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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

to become lifelong learners and productive citizens. The LDA serves students within the School 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, 345 Mulberry Street, Lancaster, Ohio 43130. On January 22, 2013, the Lancaster City School District Board of Education voted to non-renew the sponsorship of the LDA. The contract between Lancaster City School District Board of Education and LDA expired on June 30, 2013 and all operations ceased, see Note 25 for additional information.

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 Licking Area Computer Association, Metropolitan Educational Council, Coalition of Rural and Appalachian Schools, State Support Team Region 11, 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 more significant of the School District's accounting policies are described below.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net position 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 position 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 deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following is a description of the School District's major governmental funds:

General Fund The general fund accounts for and reports all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose, provided it is expended or transferred according to the general laws of Ohio.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Classroom Facilities Fund The classroom facilities fund is used to account for the receipts and expenditures from the Ohio Facilities Construction Commission and debt issuance for the construction of five new elementary school buildings.

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

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net position, 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 position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and 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 position. The statement of activities presents increases (revenues) and decreases (expenses) in total net position.

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 position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred inflow of resources, 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 Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources include a deferred charge on refunding that results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The School District currently doesn't have any deferred outflows of resources.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

E. Cash and Cash Equivalents

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

The School District has a segregated bank account for the tournament receipts and expenditures. This checking account is presented in an agency fund on the financial statements as "cash and cash equivalents in segregated accounts" since it is kept separate from the School District treasury.

During 2013, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), federal agency securities, nonparticipating certificates of deposit, 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 net asset value per share which is the price the investment could be sold for on June 30, 2013.

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 2013 amounted to \$39,653, which includes \$9,571 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the fiscal year in which services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

H. Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position 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 position.

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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

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

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

K. Accrued Liabilities and Long-term Obligations

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

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

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. Bond Premium

On the government-wide financial statement, bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On the governmental fund statements, bond premiums are recorded in the year the bonds are issued.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

N. 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 or enabling legislation (School District resolutions).

Enabling legislation authorizes the School District to access, levy, charge, or otherwise mandates payment of resources (from external resources providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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. These amounts are assigned by the School District's Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District's Board of Education or a School District official delegated that authority by resolution or by State Statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District's Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2014's appropriated budget.

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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.

O. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for scholarships, preschool services, non-public schools, community involvement, 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 position are available.

P. Extraordinary and Special Items

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

Q. Estimates

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

R. Budgetary Data

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

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 public school support and termination benefits special revenue funds are budgeted individually on a cash basis but are combined with the general fund on a GAAP basis. 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

For fiscal year 2013, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," Statement No. 61, "The Financial Reporting Entity: Omnibus," Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities," Statement No. 66, "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62," and Statement No. 69, "Government Combinations and Disposals of Government Operation."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows or resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in the statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The implementation of this statement did not result in any change to net position as previously stated but is incorporated in the accompanying financial statements as it relates to the closing of LDA.

Note 4 – Accountability

The following fund had a deficit fund balance as of June 30, 2013:

<u>Special Revenue Fund:</u>	<u>Deficit Fund Balance</u>
Title I	(\$22,277)

The deficit in the special revenue fund was 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, fair market value adjustments, and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
4. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Budgetary revenues and expenditures of the public school support fund and termination benefits fund are reclassified to the general fund for GAAP Reporting.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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	\$2,567,796
Net Adjustment for Revenue Accruals	(189,877)
Net Adjustment for Expenditure Accruals	(137,708)
Beginning:	
Fair Value of Investments	18,846
Prepaid Items	35,276
Ending:	
Fair Value of Investments	155,665
Prepaid Items	(50,780)
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	11,596
Advances In	72,147
Advances Out	(184,567)
Adjustment for Encumbrances	(2,372,622)
Budget Basis	(\$74,228)

Note 6 - Deposits and Investments

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

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

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

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

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;

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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, 2013, the School District's internal service fund had a balance of \$5,881,860 with fiscal agents. \$497,829 was with the Jefferson Health Plan (formally known as Ohio Mid Eastern Regional Education Service Agency Health Benefits Program (OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool (See Note 20). \$5,384,031 was with the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool (See Note 20). The balances were held by Jefferson Health Plan 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 Jefferson Health 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 Jefferson Health 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, \$6,350,875 of the School District's bank balance of \$15,776,030 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 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Investments As of June 30, 2013, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$185	Average 58 Days
Toyota Motor Credit, Incorporated Commercial Paper	2,403,773	9/23/13
General Electric Capital Corporation Commercial Paper	15,955,052	8/26/13
United States Treasury Note	3,632,694	2/28/14
United States Treasury Note	6,944,608	4/30/14
Federal Farm Credit Bank Notes	1,310,191	8/19/13
Federal Farm Credit Bank Notes	2,506,288	7/30/15
Federal Farm Credit Bank Notes	2,601,159	11/27/13
Federal Farm Credit Bank Notes	3,518,328	4/23/14
Federal Farm Credit Bank Notes	2,607,192	11/14/14
Federal National Mortgage Association Notes	595,063	5/20/16
Federal National Mortgage Association Notes	2,580,457	3/30/16
Federal National Mortgage Association Notes	3,211,226	7/30/15
Federal National Mortgage Association Notes	3,026,309	6/24/15
Federal National Mortgage Association Notes	2,457,758	3/28/17
Federal National Mortgage Association Notes	2,809,136	11/21/16
Federal National Mortgage Association Notes	1,719,052	7/5/16
Federal National Mortgage Association Notes	856,248	5/23/16
Federal Home Loan Mortgage Notes	1,002,782	9/19/14
Federal Home Loan Mortgage Notes	4,323,076	12/5/14
Federal Home Loan Mortgage Notes	1,739,813	11/25/16
Federal Home Loan Mortgage Notes	3,002,814	3/21/14
Federal Home Loan Mortgage Notes	2,563,610	3/18/15
Federal Home Loan Mortgage Notes	1,868,884	9/4/15
Federal Home Loan Mortgage Notes	581,863	10/5/16
Federal Home Loan Bank Notes	3,400,188	2/20/15
Federal Home Loan Bank Notes	1,329,953	9/24/13
Federal Home Loan Bank Notes	1,299,974	8/20/13
Federal Home Loan Bank Notes	2,242,045	4/30/18
Federal Home Loan Bank Notes	1,100,520	3/13/15
Federal Home Loan Bank Notes	1,075,651	10/15/13
Federal Home Loan Bank Notes	1,001,719	9/13/13
Federal Home Loan Bank Notes	1,825,102	7/12/13
Total	<u>\$87,092,713</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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Credit Risk

STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Toyota Motor Credit and General Electric Capital Corporation Commercial Papers are rated P-1/A-1+ by Moody's and Standard and Poor's. The United States Treasury Notes, Federal Farm Credit Bank Notes, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Notes, and Federal Home Loan Bank Notes, all carried a rating by Moody's of Aaa and a rating by Standard and Poor's of AA+. 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 Toyota Motor Credit and General Electric Capital Corporation Commercial Papers are exposed to custodial credit risk in that they are 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, 2013:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Commercial Paper	21.08
United States Treasury Notes	12.15
Federal Farm Credit Bank Notes	14.40
Federal National Mortgage Association Notes	19.81
Federal Home Loan Mortgage Notes	17.32
Federal Home Loan Bank Notes	15.24

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 and public utility property (used in business) located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, 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-

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 2013 represents collections of calendar year 2012 taxes. Public utility real property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012, 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.

The School District receives property taxes from Fairfield County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2014 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 and public utility property taxes which were measurable as of June 30, 2013 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 inflows or resources for property taxes.

The amount available as an advance at June 30, 2013, was \$116,019. \$97,802 was available to the general fund, \$15,997 was available to the classroom facilities special revenue fund, and \$2,220 was available to the bond retirement debt service fund. The amount available as an advance at June 30, 2012, was \$301,551 in the general fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second-Half Collections		2013 First-Half Collections		2013 Effective Tax Rates (per \$1,000 of assessed valuation)
	Amount	Percent	Amount	Percent	
Agricultural/ Residential	\$616,978,730	68%	\$618,293,410	68%	\$25.8830
Commerical/Industrial and Public Utility Real	245,316,740	27%	247,941,310	27%	28.5489
Public Utility Personal	44,756,650	5%	48,644,050	5%	68.7000
Total	<u>\$907,052,120</u>	<u>100%</u>	<u>\$914,878,770</u>	<u>100%</u>	
Tax rate per \$1,000 of assessed valuation	\$64.60		\$68.70		

On March 6, 2012, voters approved a 3.6 mill bond levy for 37 years and a 0.5 mill continuing classroom facilities maintenance levy. Collections began in January, 2013.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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, 2013, consisted of property taxes, income taxes, accounts (rent, student fees and tuition), intergovernmental grants, payment in lieu of taxes, interfund, 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, 2013 were \$2,995,735.

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Tuition from Other Districts	\$19,457
Motor Vehicle Fuel Tax	2,246
Medicaid Reimbursement	11,143
Early Childhood Grant	9,521
Bridge Adjustment for State Foundation Statements	157,524
Bureau of Workers' Compensation	195,903
Carl Perkins Secondary Grant	32,150
Delinquent Title I-D Grant	137,918
Title II-A Grant	186,986
Race To the Top	7,405
Title I Grant	620,037
Idea, Part B Grant	819,734
Classroom Facilities	23,147,448
Miscellaneous Reimbursements	2,404
Total	<u>\$25,349,876</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 2013, the School District received \$11,158 which represents fiscal year 2012 payment in lieu of taxes. As of June 30, 2013, a receivable for \$24,600 has been recorded which represents the payment anticipated for fiscal year 2014.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 2013, a payment in the amount of \$99,868 was received. As of June 30, 2013, a receivable for \$123,164 has been recorded which represents the payment anticipated for fiscal year 2014.

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 2013, a payment in the amount of \$11,397 was received. As of June 30, 2013, a receivable for \$11,397 has been recorded which represents the payment anticipated for fiscal year 2014.

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Nondepreciable Capital Assets				
Land	\$523,846	\$987,733	\$0	\$1,511,579
Construction in Progress	5,750	1,867,166	(24,455)	1,848,461
Total Capital Assets not being depreciated	<u>529,596</u>	<u>2,854,899</u>	<u>(24,455)</u>	<u>3,360,040</u>
Depreciable Capital Assets				
Land Improvements	2,577,289	24,998	(45,303)	2,556,984
Buildings and Improvements	18,959,942	191,900	(227,861)	18,923,981
Furniture and Equipment	6,979,586	112,683	(175,254)	6,917,015
Vehicles	3,243,365	338,122	(49,810)	3,531,677
Total at Historical Cost	<u>31,760,182</u>	<u>667,703</u>	<u>(498,228)</u>	<u>31,929,657</u>
Less Accumulated Depreciation				
Land Improvements	(899,685)	(127,600)	32,623	(994,662)
Buildings and Improvements	(13,794,761)	(220,790)	227,861	(13,787,690)
Furniture and Equipment	(4,997,578)	(293,825)	171,654	(5,119,749)
Vehicles	(2,094,589)	(200,405)	49,810	(2,245,184)
Total Accumulated Depreciation	<u>(21,786,613)</u>	<u>(842,620)</u>	<u>481,948</u>	<u>(22,147,285)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>9,973,569</u>	<u>(174,917)</u>	<u>(16,280)</u>	<u>9,782,372</u>
Governmental Activities Capital Assets, Net	<u>\$10,503,165</u>	<u>\$2,679,982</u>	<u>(\$40,735)</u>	<u>\$13,142,412</u>

The School District received capital contributions in the form of land which was valued at \$425,000, \$4,180 donated towards the purchase of signage, and \$5,000 from the local Eagle Scouts for a soccer pavilion.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$224,091
Special	45,886
Vocational	40,550
Student Intervention	1,116
Support Services:	
Pupil	21,766
Instructional Staff	52,965
Administration	27,132
Fiscal	4,254
Business	1,674
Operation and Maintenance	97,098
Pupil Transportation	198,234
Central	12,160
Extracurricular	64,983
Operation of Non-Instructional Services:	
Food Service Operations	44,083
Other	6,628
Total Depreciation Expense	<u><u>\$842,620</u></u>

Note 11 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, 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:

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Coverage	Amount	Deductible
Building and Personal Property - replacement cost	\$156,771,805	\$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. The School District participates 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 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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, 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. As of November 1, 2006, the School District's medical, 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 contracted with Jefferson Health Plan, formally known as the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), for all claims servicing until June 1, 2013. Jefferson Health Plan contracted with Employee Benefits Management Corporation to service the claims of SCOIC members. On June 1, 2013, SCOIC contracted directly with Employee Benefits Management Corporation for claims servicing of claims up to \$100,000. The School District had shared risk pool coverage with the Jefferson Health Plan which covered individual claims in excess of \$100,000 up to \$500,000 per employee per year for medical and prescription claims. The School District also had a stop loss coverage insurance policy through Jefferson Health Plan which covered individual claims in excess of \$500,000 per employee per year for medical and prescription 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 premiums paid into the internal service fund are used for claims, claim reserves, and administrative costs. 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 \$1,820 for certified and classified employees for family coverage and up to \$724 for certified and classified employees for single coverage of which the employees are responsible for 20 percent of the medical premium. The School District pays monthly dental premiums of up to \$71 for family and single coverage for certified and classified employees.

The claims liability of \$801,700 reported in the internal service fund at June 30, 2013, is based on an estimate provided by an actuary for medical and dental claims. The full amount of claims payable is presented as current liabilities because it is expected to be paid within the following fiscal year. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years, including medical, surgical, prescription drug, and dental are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2012	\$740,363	\$5,940,853	\$5,867,848	\$813,368
2013	813,368	6,799,095	6,810,763	801,700

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 United Life Insurance Company an amount of \$50,000 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 pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

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, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011, were \$887,049, \$993,895, and \$793,738, respectively. For fiscal year 2013, 81 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, 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.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$3,100,364 and \$111,376 for the fiscal year ended June 30, 2013, \$3,484,180 and \$94,384 for the fiscal year ended June 30, 2012, and \$3,229,536 and \$95,244 for the fiscal year ended June 30, 2011. For fiscal year 2013, 81 percent has been contributed for the DB plan and 81 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 2012 and 2011.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2013 was \$64,377 made by the School District and \$45,984 made by the plan members. In addition, member contributions of \$79,554 were made for fiscal year 2013 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, 2013, 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, Medicare Advantage, 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 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$112,355 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, 2013, 2012, and 2011 were \$149,735, \$178,505, and \$297,180, respectively. For fiscal year 2013, 1 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011, were \$49,504, \$57,630, and \$54,250 respectively. For fiscal year 2013, 74 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 2013, 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, 2013, 2012, and 2011 were \$252,009, \$279,500, and \$248,426 respectively. For fiscal year 2013, 81 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Note 15 – Capital Leases – Lessee Disclosure

In prior fiscal years, the School District entered into capital leases for copier equipment. During fiscal year 2013, the School District entered into a capital lease for the purchase of Apple iPads and Apps Volume Vouchers from Apple Incorporated. These leases meet the criteria of a capital lease which is when a lease 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 Apple iPads and Apps Volume Vouchers acquired by lease in the amount of \$1,036,010 have not been capitalized but a capital leases payable has been recorded in the government-wide statements. The capitalized leased assets are reflected net of accumulated depreciation in the amount of \$326,036 for equipment. Principal payments toward all capital leases during 2013 totaled \$159,762.

The agreement provides for minimum annual lease payments as follows:

Year	Principal	Interest	Total
2014	\$438,142	\$14,362	\$452,504
2015	296,893	17,429	314,322
2016	256,924	11,333	268,257
2017	262,529	5,727	268,256
Total	\$1,254,488	\$48,851	\$1,303,339

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 16 - Long Term Obligations

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

	Principal Outstanding 6/30/2012	Additions	Deductions	Principal Outstanding 6/30/2013	Due in One Year
Governmental Activities					
School Facilities Construction and Improvement General Obligation Bonds Series 2012					
Serial Bonds 1.50% - 4.00%	\$0	\$11,450,000	\$0	\$11,450,000	\$1,400,000
Term Bonds 3.75% - 5.00%	0	48,960,000	0	48,960,000	0
Bond Premium	0	3,567,951	48,216	3,519,735	0
Energy Conservation Long-Term Notes, Series 2013 1.90%					
	0	2,000,000	0	2,000,000	390,000
Capital Leases Payable	378,240	1,036,010	159,762	1,254,488	438,142
Intergovernmental Payable	4,361	0	1,948	2,413	1,948
Compensated Absences Payable	2,856,952	425,762	521,237	2,761,477	294,457
Total Governmental Activities Long-Term Obligations	<u>\$3,239,553</u>	<u>\$67,439,723</u>	<u>\$731,163</u>	<u>\$69,948,113</u>	<u>\$2,524,547</u>

School Facilities Construction and Improvement General Obligation Bonds – On August 21, 2012, the School District issued \$60,410,000 in School Facilities Construction and Improvement General Obligation Bonds, Series 2012, at a variable interest rate. The bonds were issued for a thirty-seven year period with a final maturity at October 1, 2049. The bond proceeds represented the local share for the School District's construction of five new elementary instruction buildings for grades preschool through fifth. The bond issue included serial and term bonds in the amount of \$11,450,000 and \$48,960,000 respectively. The bonds were issued at a premium in the amount of \$3,567,951. Issuance costs associated with the bonds were \$832,000.

The \$2,505,000 term bonds maturing on October 1, 2027 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 in the year and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2025	\$700,000
2026	875,000

The remaining principal amount of such term bonds (\$930,000) will be paid at stated maturity on October 1, 2027.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The \$1,000,000 term bonds maturing on October 1, 2037 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Redeemed</u>
2033	\$175,000
2034	185,000
2035	200,000
2036	215,000

The remaining principal amount of such term bonds (\$225,000) will be paid at stated maturity on October 1, 2037.

The \$7,650,000 term bonds maturing on October 1, 2037 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2033	\$1,350,000
2034	1,400,000
2035	1,550,000
2036	1,650,000

The remaining principal amount of such term bonds (\$1,700,000) will be paid at stated maturity on October 1, 2037.

The \$6,800,000 term bonds maturing on October 1, 2042 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2038	\$1,220,000
2039	1,285,000
2040	1,345,000
2041	1,440,000

The remaining principal amount of such term bonds (\$1,510,000) will be paid at stated maturity on October 1, 2042.

The \$5,500,000 term bonds maturing on October 1, 2042 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 in the years and in the respective principal amounts as follows:

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Year	Principal Amount to be Redeemed
2038	\$985,000
2039	1,030,000
2040	1,090,000
2041	1,165,000

The remaining principal amount of such term bonds (\$1,230,000) will be paid at stated maturity on October 1, 2042.

The \$20,505,000 term bonds maturing on October 1, 2049 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2043	\$2,330,000
2044	2,600,000
2045	2,755,000
2046	2,910,000
2047	3,125,000
2048	3,300,000

The remaining principal amount of such term bonds (\$3,485,000) will be paid at stated maturity on October 1, 2049.

The \$5,000,000 term bonds maturing on October 1, 2049 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2043	\$565,000
2044	635,000
2045	670,000
2046	715,000
2047	760,000
2048	805,000

The remaining principal amount of such term bonds (\$850,000) will be paid at stated maturity on October 1, 2049.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Principal and interest requirements to retire the School Facilities Construction and Improvement General Obligation Bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2014	\$1,400,000	\$2,594,863
2015	175,000	2,579,113
2016	195,000	2,574,438
2017	215,000	2,569,363
2018	270,000	2,565,188
2019-2023	2,095,000	12,692,363
2024-2028	3,760,000	12,140,313
2029-2033	5,845,000	11,256,406
2034-2038	8,650,000	9,726,450
2039-2043	12,300,000	7,474,713
2044-2048	17,065,000	4,258,980
2049-2050	8,440,000	417,685
Total	<u>\$60,410,000</u>	<u>\$70,849,875</u>

Energy Conservation Long-Term Notes – On February 21, 2013, the School District issued \$2,000,000 in unvoted Energy Conservation Notes, Series 2013, at an interest rate of 1.90 percent, for the purpose of purchasing and installing energy conservation measures, under the authority of Ohio Revised Code section 3313.46(B)(3). These notes were issued for a five year period with final maturity during fiscal year 2018. The debt will be retired through reductions in energy consumption and cost savings attributed to the installation of the energy conservation improvements. The permanent improvement fund will transfer money to the bond retirement debt service fund to meet current fiscal year obligations. Issuance costs associated with the bonds were \$1,000.

Principal and interest requirements to retire the Energy Conservation Long-Term Notes outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2014	\$390,000	\$39,056
2015	395,000	30,590
2016	400,000	23,085
2017	405,000	15,485
2018	410,000	7,790
Total	<u>\$2,000,000</u>	<u>\$116,006</u>

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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The special assessment payments required as of June 30, 2013 was \$2,413 of which \$1,948 is due in 2014 and the remaining \$465 is due in 2015.

The School District's overall legal debt margin was \$23,681,418, with an unvoted debt margin of \$914,879 at June 30, 2013.

Note 17 - Interfund Balances and Activity

Interfund balances at June 30, 2013 consist of the following individual interfund receivables and payables:

	Interfund Receivable	Interfund Payable
Major Fund:		
General	\$184,567	\$0
Other Governmental Funds:		
IDEA - B	0	32,352
Title I	0	119,727
Race to the Top	0	7,000
Vocational Educaion	0	22,039
Preschool	0	3,449
Total Other Governmental Funds	0	184,567
Total All Funds	\$184,567	\$184,567

The interfund receivables/payables are due to the lag between the dates interfund goods and services are provided and when payments between funds are made. The general fund also made advances to other non-major governmental funds to subsidize negative cash balances. The interfund payables are anticipated to be repaid within one year.

Interfund transfers during 2013, consisted of the general fund transferring \$15,959 to the community grants special revenue fund and the elementary building projects capital projects fund transferring \$52,667,122 to the classroom facilities capital projects major fund. The transfers were 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 2013, the School District received \$28,280 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, 2013, nothing was payable to the School District.

During fiscal year 2013, the School District received \$205 from the Lancaster-Fairfield Community School for postage and a miscellaneous reimbursement. As of June 30, 2013, no amounts were owed to the School District.

Note 19 - Jointly Governed Organizations

Licking Area Computer Association – The School District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services approximately thirty entities within the boundaries of Licking, Muskingum, Fairfield, and Perry Counties. These entities consist of public school districts, private schools, and educational service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating school districts. The continued existence of LACA is not dependent on C-TEC’s continued participation and no equity interest exists. The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association’s capital assets. The School District’s total payments to LACA for fiscal year 2013 were \$150,129. Financial statements for LACA can be obtained from their fiscal agent the Career and Technology Education Center of Licking County, 150 Price Road, Newark, OH 43055.

Metropolitan Educational Council - The Metropolitan Educational Council (MEC) is a jointly governed organization. The organization is composed of over 250 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 59 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The School District participates in the insurance purchasing pool. The governing board of MEC is composed of the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County, and one representative from each county outside Franklin County. The governing board exercises total control over the operations of MEC including budgeting, appropriating, contracting, and designating management. 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 made membership payments to MEC in fiscal year 2013 in the amount of \$2,541.

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 Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. 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 2013, the School District’s paid \$325 to the Coalition for membership fees and \$120 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,

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 Advisory Council exercises total control over the operations of SSTR11 including budgeting, appropriating, contracting, and designating management. 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 2013.

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 2013. 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 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The School District began participating in the program effective January 1, 2011. The School District paid \$16,180 in enrollment fees to the Program as of June 30, 2013 and \$255,796 in workers' compensation premiums.

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, City of Lancaster, Fairfield County Educational Service Center, Fairfield Union Local School District, Lancaster City School District, Liberty Union-Thurston Local School District, Miami Trace Local School District, Logan-Hocking Schools, Zane Trace Local School District, and Washington Court House City Schools. The Liberty Union-Thurston Local School District serves as the fiscal agent for the SCOIC.

SCOIC contracted with the Jefferson Health Plan, formally known as 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. Prior to June 1, 2013, SCOIC members were considered self insured and paid a monthly premium to the Jefferson Health Plan that was 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 was paid for participation in the internal pool that was based on the claims of the internal pool in aggregate and was not based on individual claims experience. In the event of a deficiency in the internal pool, participants were charged a higher rate for participation, and in the event of a surplus, the internal pool paid dividends to the participants. The School District, member of SCOIC, participated in the shared risk pool through Jefferson Health Plan for individual claims from \$100,000 to \$500,000. SCOIC members were then covered under stop loss coverage for claims over \$500,000 through the Jefferson Health Plan. Jefferson Health Plan contracted with Employee Benefits Management Corporation to service the claims of SCOIC members.

On June 1, 2013, SCOIC updated their contract with the Jefferson Health Plan. SCOIC began to service the claims up to \$100,000. SCOIC contracts with Employee Benefits Management Corporation to service those claims of SCOIC members. SCOIC continued to contract with the Jefferson Health Plan for the internal pool, stop loss insurance and the procurement of contracts, policies and other plans of insurance.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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. To obtain financial information for the SCOIC, write to the fiscal agent, Liberty Union-Thurston Local School District, 1108 South Main Street, Baltimore, Ohio 43105.

Note 21 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

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 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 capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside Balance as of June 30, 2012	\$0
Current Year Set-aside Requirement	1,003,771
Current Year Offsets	(1,803,191)
Qualifying Disbursements	(2,028,340)
Total	(\$2,827,760)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0

The School District had qualifying disbursements during the fiscal year that reduced the capital improvements set-aside amounts below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future years.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 23 – Significant Commitments

A. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Funds:	
General Fund	\$ 2,372,622
Classroom Facilities Fund	4,481,476
Nonmajor Governmental Funds	935,598
Total Governmental Funds	7,789,696
Private Purpose Trust Fund:	
Endowment Fund	1,500
Total	\$7,791,196

B. Contractual Commitments

Vendor	Original Contract	Paid to Date	Amount Remaining
Schorr Architects	\$4,797,552	\$1,350,600	\$3,446,952
Four Seasons Environmental, Incorporated	128,015	3,328	124,687
Lend Lease Construction, Incorporated	850,705	181,663	669,042
VISTA Consulting Group LLC	3,051,810	203,519	2,848,291
Total	\$8,828,082	\$1,739,110	\$7,088,972

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:

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Fund Balances	General	Classroom Facilities	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Prepays	\$50,780	\$0	\$119,000	\$169,780
Materials and Supplies Inventory	183,091	0	15,727	198,818
<i>Total Nonspendable</i>	<u>233,871</u>	<u>0</u>	<u>134,727</u>	<u>368,598</u>
<u>Restricted for:</u>				
Food Service Operations	0	0	1,151,802	1,151,802
Student Achievements	0	0	17,940	17,940
Department Clubs	0	0	170,742	170,742
Auxiliary Services	0	0	68,084	68,084
Teacher Development	0	0	1,195	1,195
Classroom Facilities Maintenance	0	0	256,716	256,716
Vocational Education	0	0	6,546	6,546
Bond Retirement	0	0	1,752,329	1,752,329
Capital Improvements	0	56,238,658	10,585,330	66,823,988
<i>Total Restricted</i>	<u>0</u>	<u>56,238,658</u>	<u>14,010,684</u>	<u>70,249,342</u>
<u>Committed to:</u>				
Scholarships	0	0	28,421	28,421
Preschool	0	0	113,490	113,490
Termination Benefits	1,003,879	0	0	1,003,879
Purchases on Order	533,259	0	0	533,259
<i>Total Committed</i>	<u>1,537,138</u>	<u>0</u>	<u>141,911</u>	<u>1,679,049</u>
<u>Assigned to:</u>				
Capital Improvements	0	0	6,585,818	6,585,818
Facilities Maintenance	387,085	0	0	387,085
Public School Support	128,962	0	0	128,962
Professional Development	128,937	0	0	128,937
Equipment and Furniture	131,423	0	0	131,423
Transportation	50,060	0	0	50,060
Textbooks and Supplies	78,655	0	0	78,655
Assigned to Subsequent Year's				
Appropriations	146,272	0	0	146,272
Purchases on Order	523,467	0	0	523,467
<i>Total Assigned</i>	<u>1,574,861</u>	<u>0</u>	<u>6,585,818</u>	<u>8,160,679</u>
Unassigned (Deficit):	27,454,346	0	(53,785)	27,400,561
<i>Total Fund Balances</i>	<u>\$30,800,216</u>	<u>\$56,238,658</u>	<u>\$20,819,355</u>	<u>\$107,858,229</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 options the School District must implement. The minimum cash reserve balance as of June 30, 2013 was \$6,652,644 which was based on the May, 2013 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 2013. This twelve percent cash reserve balance is reported as unassigned in the general fund.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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, 2013, the bank balance of LDA's deposits was \$672,456. Of LDA's bank balance, \$317,169 was covered by federal depository insurance and \$355,287 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, 2013, the bank balance of LFCS's deposits was \$19,351. 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 expensed 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 were depreciated using the straight-line method over six years of useful life.

LDA had no capital assets recorded on the statement of net position as of June 30, 2013 due to the closure of LDA. Several capital assets were sold during the fiscal year and the loss on the sales was included in the special item on the statement of revenues, expenses, and changes in net position. The remaining balance of capital assets, net, in the amount of \$7,536 was removed from the statement of net position and is also included in the special item on the statement of revenues, expenses, and changes in net position.

The LFCS's capital assets consisted of computer equipment valued at \$8,056 with accumulated depreciation of \$4,224 and a remaining book value of \$3,832.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

D. Special Item – Closure of Lancaster Digital Academy

On January 22, 2013, Lancaster City School District Board of Education approved the closure and discontinuation of the contract between the School District and LDA effective at the end of the current contract period which ended June 30, 2013. This closure was deemed necessary by the School District due to LDA’s failure to meet its academic goals. Parents of students were informed of the closure of LDA on January 23, 2013. Students were allowed to remain part of LDA through June 30, 2013.

LDA is reporting a special item representing costs directly related to the closure. This amount includes the remaining cash balances which will be returned to the Ohio Department of Education (ODE) after the collection of all receivables and the payment of all liabilities according to ODE closing procedures. ODE will allocate the remaining balance among all public schools with students enrolled in LDA. This amount is included in intergovernmental payable on the statement of net position. Also due to the closure, unspent State and federal grant money was returned to the grantor. Capital assets no longer being used were either sold or disposed of in accordance with the community school closure process set by ODE. A summary of principal items included as a special item on the statement of revenues, expenses, and changes in net position follows:

	<u>Amounts</u>
Money Returned to ODE	\$637,691
State and Federal Grant Money	92,723
Capital Assets:	
Sold	5,684
Disposals	<u>7,536</u>
Total Special Item	<u><u>\$743,634</u></u>

E. Changes in Accounting Principles

For fiscal year 2013, LDA and LFCS have implemented Governmental Accounting Standards Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements,” Statement No. 61, “The Financial Reporting Entity: Omnibus,” Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” Statement No. 65, “Items Previously Reported as Assets and Liabilities,” Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62.” LDA has also implemented Statement No. 69, “Government Combinations and Disposals of Government Operation.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change to LDA’s or LFCS’s financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in LDA’s and LFCS’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change to LDA's or LFCS's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in LDA's and LFCS's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance for LDA or LFCS.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in LDA's and LFCS's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance for LDA or LFCS.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change to LDA's or LFCS's financial statements.

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in the statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The implementation of this statement did not result in any change to net position as previously stated but is incorporated in the accompanying financial statements as it relates to the closing of LDA.

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.

Debt Service Fund

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on general obligation debt. For fiscal year 2013, there was only one debt service fund, bond retirement, which is considered a nonmajor fund.

Capital Projects Funds

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.

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and Cash Equivalents	\$2,008,652	\$1,750,109	\$8,593,561	\$12,352,322
Investments	0	0	8,804,204	8,804,204
Receivables:				
Property Taxes	419,413	3,012,640	0	3,432,053
Accounts	13,111	0	0	13,111
Intergovernmental	1,850,345	0	0	1,850,345
Accrued interest	1,563	0	4,974	6,537
Prepays	119,000	0	0	119,000
Inventory Held for Resale	45,818	0	0	45,818
Materials and Supplies Inventory	15,727	0	0	15,727
<i>Total Assets</i>	<u>\$4,473,629</u>	<u>\$4,762,749</u>	<u>\$17,402,739</u>	<u>\$26,639,117</u>
Liabilities				
Accounts Payable	\$41,856	\$0	\$0	\$41,856
Contracts Payable	0	0	228,859	228,859
Accrued Salaries and Benefits Payable	421,746	0	0	421,746
Intergovernmental Payable	226,075	0	0	226,075
Matured Compensated Absences Payable	7,171	0	0	7,171
Interfund Payable	184,567	0	0	184,567
<i>Total Liabilities</i>	<u>881,415</u>	<u>0</u>	<u>228,859</u>	<u>1,110,274</u>
Deferred Inflows of Resources				
Property Taxes not Levied to Finance				
Current Year Operations	374,003	2,797,780	0	3,171,783
Unavailable Revenue	1,322,333	212,640	2,732	1,537,705
<i>Total Deferred Inflows of Resources</i>	<u>1,696,336</u>	<u>3,010,420</u>	<u>2,732</u>	<u>4,709,488</u>
Fund Balances				
Nonspendable	134,727	0	0	134,727
Restricted	1,673,025	1,752,329	10,585,330	14,010,684
Committed	141,911	0	0	141,911
Assigned	0	0	6,585,818	6,585,818
Unassigned (Deficit)	(53,785)	0	0	(53,785)
<i>Total Fund Balances</i>	<u>1,895,878</u>	<u>1,752,329</u>	<u>17,171,148</u>	<u>20,819,355</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$4,473,629</u>	<u>\$4,762,749</u>	<u>\$17,402,739</u>	<u>\$26,639,117</u>

Lancaster City School District, Ohio
*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$235,113	\$1,586,295	\$0	\$1,821,408
Intergovernmental	6,901,141	186,663	0	7,087,804
Interest	6,185	1,986	15,316	23,487
Tuition and Fees	33,328	0	0	33,328
Charges for Services	652,895	0	0	652,895
Extracurricular Activities	361,490	0	0	361,490
Gifts and Donations	24,771	0	3,801	28,572
Miscellaneous	36,827	6,068	916	43,811
<i>Total Revenues</i>	<u>8,251,750</u>	<u>1,781,012</u>	<u>20,033</u>	<u>10,052,795</u>
Expenditures				
Current:				
Instruction:				
Regular	284,539	0	0	284,539
Special	1,980,434	0	0	1,980,434
Vocational	148,393	0	0	148,393
Support Services:				
Pupils	203,395	0	0	203,395
Instructional Staff	969,417	0	0	969,417
Administration	191,582	0	0	191,582
Fiscal	4,322	30,329	0	34,651
Operation and Maintenance of Plant	26,989	0	0	26,989
Pupil Transportation	9,851	0	261,780	271,631
Central	21,600	0	0	21,600
Operation of Non-Instructional Services:				
Food Service Operations	2,529,832	0	0	2,529,832
Other Non-Instructional Services	1,039,066	0	0	1,039,066
Extracurricular Activities	222,421	0	7,221	229,642
Capital Outlay	0	0	899,683	899,683
Debt Service:				
Interest and Fiscal Charges	0	1,594,305	0	1,594,305
Issuance Costs	0	832,000	1,000	833,000
<i>Total Expenditures</i>	<u>7,631,841</u>	<u>2,456,634</u>	<u>1,169,684</u>	<u>11,258,159</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>619,909</u>	<u>(675,622)</u>	<u>(1,149,651)</u>	<u>(1,205,364)</u>
Other Financing Sources (Use)				
Proceeds from Sale of Captial Assets	1,820	0	0	1,820
General Obligation Bonds Issued	0	0	60,410,000	60,410,000
Energy Conservation Notes Issued	0	0	2,000,000	2,000,000
Premium on Bonds Issued	0	2,427,951	1,140,000	3,567,951
Transfers In	15,959	0	0	15,959
Transfers Out	0	0	(52,667,122)	(52,667,122)
<i>Total Other Financing Sources (Use)</i>	<u>17,779</u>	<u>2,427,951</u>	<u>10,882,878</u>	<u>13,328,608</u>
<i>Net Change in Fund Balances</i>	637,688	1,752,329	9,733,227	12,123,244
<i>Fund Balances Beginning of Year</i>	<u>1,258,190</u>	<u>0</u>	<u>7,437,921</u>	<u>8,696,111</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,895,878</u></u>	<u><u>\$1,752,329</u></u>	<u><u>\$17,171,148</u></u>	<u><u>\$20,819,355</u></u>

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.

Classroom Facilities Maintenance Fund – To account for levy proceeds from a half mill levy for maintenance of facilities passed in March 2012.

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.

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.

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.

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

(Continued)

Lancaster City School District, Ohio

Nonmajor Special Revenue Funds (Continued)

Race To The Top Fund – To account for federal grant funding awarded to encourage and stimulate education innovation and reform.

Federal Emergency Management Agency Fund – To account for funding from the Federal Emergency Management Agency which will be used by the School District for disaster relief.

Vocational Education Fund – To account for and report restricted Federal and State grant funds for the development of vocational education programs.

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 2013, 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, 2013

	Food Service	Scholarship Memorial	Community Grants	Classroom Facilities Maintenance	District Managed Student Activity	Auxiliary Services
Assets						
Cash and Cash Equivalents	\$1,303,632	\$28,868	\$8,364	\$240,719	\$171,424	\$128,605
Receivables:						
Property Taxes	0	0	0	419,413	0	0
Accounts	900	0	12,211	0	0	0
Intergovernmental	9,622	0	0	0	100	1,549
Accrued Interest	1,395	31	0	0	0	137
Prepays	0	0	0	0	0	0
Inventory Held for Resale	45,818	0	0	0	0	0
Materials and Supplies Inventory	15,727	0	0	0	0	0
<i>Total Assets</i>	<u>\$1,377,094</u>	<u>\$28,899</u>	<u>\$20,575</u>	<u>\$660,132</u>	<u>\$171,524</u>	<u>\$130,291</u>
Liabilities						
Accounts Payable	\$141	\$460	\$21	\$0	\$782	\$35,055
Accrued Salaries and Benefits Payable	114,142	0	0	0	0	18,263
Intergovernmental Payable	92,159	0	2,615	0	0	3,936
Matured Compensated Absences Payable	2,299	0	0	0	0	4,872
Interfund Payable	0	0	0	0	0	0
<i>Total Liabilities</i>	<u>208,741</u>	<u>460</u>	<u>2,636</u>	<u>0</u>	<u>782</u>	<u>62,126</u>
Deferred Inflows of Resources						
Property Taxes	0	0	0	374,003	0	0
Unavailable Revenue	824	18	0	29,413	0	81
<i>Total Deferred Inflows of Resources</i>	<u>824</u>	<u>18</u>	<u>0</u>	<u>403,416</u>	<u>0</u>	<u>81</u>
Fund Balances:						
Nonspendable	15,727	0	0	0	0	0
Restricted	1,151,802	0	17,939	256,716	170,742	68,084
Committed	0	28,421	0	0	0	0
Unassigned (Deficits)	0	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>1,167,529</u>	<u>28,421</u>	<u>17,939</u>	<u>256,716</u>	<u>170,742</u>	<u>68,084</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$1,377,094</u>	<u>\$28,899</u>	<u>\$20,575</u>	<u>\$660,132</u>	<u>\$171,524</u>	<u>\$130,291</u>

IDEA - B	Title I	Reducing Class Size	Race To The Top	Vocational Education	Preschool	Total Nonmajor Special Revenue Funds
\$0	\$0	\$5,561	\$0	\$0	\$121,479	\$2,008,652
0	0	0	0	0	0	419,413
0	0	0	0	0	0	13,111
826,929	772,877	189,447	7,405	32,187	10,229	1,850,345
0	0	0	0	0	0	1,563
119,000	0	0	0	0	0	119,000
0	0	0	0	0	0	45,818
0	0	0	0	0	0	15,727
<u>\$945,929</u>	<u>\$772,877</u>	<u>\$195,008</u>	<u>\$7,405</u>	<u>\$32,187</u>	<u>\$131,708</u>	<u>\$4,473,629</u>
\$481	\$558	\$266	\$405	\$3,602	\$85	\$41,856
107,725	153,823	17,964	0	0	9,829	421,746
73,333	40,089	5,092	0	0	8,851	226,075
0	0	0	0	0	0	7,171
32,352	119,727	0	7,000	22,039	3,449	184,567
<u>213,891</u>	<u>314,197</u>	<u>23,322</u>	<u>7,405</u>	<u>25,641</u>	<u>22,214</u>	<u>881,415</u>
0	0	0	0	0	0	374,003
639,628	480,957	170,491	0	0	921	1,322,333
<u>639,628</u>	<u>480,957</u>	<u>170,491</u>	<u>0</u>	<u>0</u>	<u>921</u>	<u>1,696,336</u>
119,000	0	0	0	0	0	134,727
0	0	1,195	0	6,546	1	1,673,025
0	0	0	0	0	113,490	141,911
(26,590)	(22,277)	0	0	0	(4,918)	(53,785)
<u>92,410</u>	<u>(22,277)</u>	<u>1,195</u>	<u>0</u>	<u>6,546</u>	<u>108,573</u>	<u>1,895,878</u>
<u>\$945,929</u>	<u>\$772,877</u>	<u>\$195,008</u>	<u>\$7,405</u>	<u>\$32,187</u>	<u>\$131,708</u>	<u>\$4,473,629</u>

Lancaster City School District, Ohio
*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances*
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

	Food Service	Scholarship Memorial	Community Grants	Classroom Facilities Maintenance
Revenues				
Property Taxes	\$0	\$0	\$0	\$235,113
Intergovernmental	2,092,197	0	0	25,925
Interest	4,478	133	0	0
Tuition and Fees	0	0	0	0
Charges for Services	652,895	0	0	0
Extracurricular Activities	0	0	52,965	0
Gifts and Donations	0	715	12,146	0
Miscellaneous	9,295	0	0	0
<i>Total Revenues</i>	<u>2,758,865</u>	<u>848</u>	<u>65,111</u>	<u>261,038</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	9,670	0
Special	0	0	0	0
Vocational	0	0	66,881	0
Support Services:				
Pupils	0	0	8,188	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Fiscal	0	0	0	4,322
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	2,529,832	0	0	0
Other Non-Instructional Services	0	1,825	0	0
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>2,529,832</u>	<u>1,825</u>	<u>84,739</u>	<u>4,322</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>229,033</u>	<u>(977)</u>	<u>(19,628)</u>	<u>256,716</u>
Other Financing Sources				
Proceeds from Sale of Capital Assets	1,820	0	0	0
Transfer In	0	0	15,959	0
<i>Total Other Financing Sources</i>	<u>1,820</u>	<u>0</u>	<u>15,959</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	230,853	(977)	(3,669)	256,716
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>936,676</u>	<u>29,398</u>	<u>21,608</u>	<u>0</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$1,167,529</u>	<u>\$28,421</u>	<u>\$17,939</u>	<u>\$256,716</u>

District Managed Student Activity	Auxiliary Services	Data Communications	IDEA - B	Title I	Reducing Class Size	Title II-D
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	822,601	21,600	1,479,272	1,884,061	286,872	175
0	1,574	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
308,525	0	0	0	0	0	0
11,910	0	0	0	0	0	0
660	1,549	0	7,195	14,922	2,461	0
<u>321,095</u>	<u>825,724</u>	<u>21,600</u>	<u>1,486,467</u>	<u>1,898,983</u>	<u>289,333</u>	<u>175</u>
0	0	0	0	172,213	110,231	0
0	0	0	615,471	1,274,840	0	0
0	0	0	0	0	0	0
0	0	0	82,836	90,311	0	0
0	0	0	461,727	309,585	153,763	0
0	0	0	152,291	0	14,281	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	21,600	0	0	0	0
0	0	0	0	0	0	0
82,531	934,888	0	9,740	2,735	7,347	0
<u>222,421</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>304,952</u>	<u>934,888</u>	<u>21,600</u>	<u>1,322,065</u>	<u>1,849,684</u>	<u>285,622</u>	<u>0</u>
<u>16,143</u>	<u>(109,164)</u>	<u>0</u>	<u>164,402</u>	<u>49,299</u>	<u>3,711</u>	<u>175</u>
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>16,143</u>	<u>(109,164)</u>	<u>0</u>	<u>164,402</u>	<u>49,299</u>	<u>3,711</u>	<u>175</u>
<u>154,599</u>	<u>177,248</u>	<u>0</u>	<u>(71,992)</u>	<u>(71,576)</u>	<u>(2,516)</u>	<u>(175)</u>
<u>\$170,742</u>	<u>\$68,084</u>	<u>\$0</u>	<u>\$92,410</u>	<u>(\$22,277)</u>	<u>\$1,195</u>	<u>\$0</u>

(Continued)

Lancaster City School District, Ohio
*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances*
Nonmajor Special Revenue Funds (Continued)
For the Fiscal Year Ended June 30, 2013

	Education Jobs	Race To The Top	Federal Emergency Management Agency	Vocational Education
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Intergovernmental	0	16,637	26,989	110,603
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	37
<i>Total Revenues</i>	<u>0</u>	<u>16,637</u>	<u>26,989</u>	<u>110,640</u>
Expenditures				
Current:				
Instruction:				
Regular	(14,904)	7,329	0	0
Special	(202)	0	0	0
Vocational	0	0	0	81,512
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	7,000	0	10,716
Administration	0	2,308	0	7,297
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	0	26,989	0
Pupil Transportation	0	0	0	8,801
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
Other Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>(15,106)</u>	<u>16,637</u>	<u>26,989</u>	<u>108,326</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>15,106</u>	<u>0</u>	<u>0</u>	<u>2,314</u>
Other Financing Sources				
Proceeds from Sale of Capital Assets	0	0	0	0
Transfer In	0	0	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	15,106	0	0	2,314
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>(15,106)</u>	<u>0</u>	<u>0</u>	<u>4,232</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,546</u>

Preschool	Total Nonmajor Special Revenue Funds
\$0	\$235,113
134,209	6,901,141
0	6,185
33,328	33,328
0	652,895
0	361,490
0	24,771
708	36,827
<u>168,245</u>	<u>8,251,750</u>
0	284,539
90,325	1,980,434
0	148,393
22,060	203,395
26,626	969,417
15,405	191,582
0	4,322
0	26,989
1,050	9,851
0	21,600
0	2,529,832
0	1,039,066
0	222,421
<u>155,466</u>	<u>7,631,841</u>
<u>12,779</u>	<u>619,909</u>
0	1,820
0	15,959
0	17,779
12,779	637,688
<u>95,794</u>	<u>1,258,190</u>
<u>\$108,573</u>	<u>\$1,895,878</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, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,094,206	\$2,205,128	\$110,922
Interest	3,812	3,907	95
Charges for Services	764,262	653,337	(110,925)
<i>Total Revenues</i>	<u>2,862,280</u>	<u>2,862,372</u>	<u>92</u>
Expenditures			
Current:			
Support Services:			
Central	930	0	930
Non-Instructional Services:			
Food Service Operations	2,695,145	2,432,149	262,996
<i>Total Expenditures</i>	<u>2,696,075</u>	<u>2,432,149</u>	<u>263,926</u>
<i>Excess of Revenues Over Expenditures</i>	166,205	430,223	264,018
Other Financing Sources			
Proceeds from Sale of Fixed Assets	1,820	1,820	0
<i>Net Change in Fund Balance</i>	168,025	432,043	264,018
<i>Fund Balance Beginning of Year</i>	840,045	840,045	0
<i>Prior Year Encumbrances Appropriated</i>	11,549	11,549	0
<i>Fund Balance at End of Year</i>	<u>\$1,019,619</u>	<u>\$1,283,637</u>	<u>\$264,018</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, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$134	\$120	(\$14)
Gifts and Donations	715	715	0
<i>Total Revenues</i>	849	835	(14)
Expenditures			
Current:			
Non-Instructional Services:			
Community Services	5,576	2,925	2,651
<i>Net Change in Fund Balance</i>	(4,727)	(2,090)	2,637
<i>Fund Balance Beginning of Year</i>	28,298	28,298	0
<i>Prior Year Encumbrances Appropriated</i>	1,100	1,100	0
<i>Fund Balance at End of Year</i>	<u>\$24,671</u>	<u>\$27,308</u>	<u>\$2,637</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, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$46,000	\$53,205	\$7,205
Gifts and Donations	15,295	18,146	2,851
<i>Total Revenues</i>	<u>61,295</u>	<u>71,351</u>	<u>10,056</u>
Expenditures			
Current:			
Instruction:			
Regular	14,493	10,765	3,728
Vocational	69,224	69,164	60
Pupils	8,197	8,188	9
<i>Total Expenditures</i>	<u>91,914</u>	<u>88,117</u>	<u>3,797</u>
<i>Excess of Revenues Under Expenditures</i>	(30,619)	(16,766)	13,853
Other Financing Sources			
Operating Transfers In	22,600	15,959	(6,641)
<i>Net Change in Fund Balance</i>	(8,019)	(807)	7,212
<i>Fund Balance Beginning of Year</i>	6,604	6,604	0
<i>Prior Year Encumbrances Appropriated</i>	1,451	1,451	0
<i>Fund Balance at End of Year</i>	<u>\$36</u>	<u>\$7,248</u>	<u>\$7,212</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property Taxes	\$435,000	\$219,116	(\$215,884)
Intergovernmental	0	25,925	25,925
<i>Total Revenues</i>	435,000	245,041	(189,959)
Expenditures			
Current:			
Support Services:			
Fiscal	15,000	4,322	10,678
<i>Net Change in Fund Balance</i>	420,000	240,719	(179,281)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$420,000	\$240,719	(\$179,281)

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, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$341,650	\$300,193	(\$41,457)
Gifts and Donations	33,950	11,910	(22,040)
Miscellaneous	1,600	660	(940)
<i>Total Revenues</i>	<u>377,200</u>	<u>312,763</u>	<u>(64,437)</u>
Expenditures			
Current:			
Support Services:			
Central	2,500	0	2,500
Non-Instructional Services:			
Other	102,227	84,531	17,696
Extracurricular Activities	268,544	232,894	35,650
<i>Total Expenditures</i>	<u>373,271</u>	<u>317,425</u>	<u>55,846</u>
<i>Net Change in Fund Balance</i>	3,929	(4,662)	(8,591)
<i>Fund Balance Beginning of Year</i>	151,897	151,897	0
<i>Prior Year Encumbrances Appropriated</i>	10,934	10,934	0
<i>Fund Balance at End of Year</i>	<u>\$166,760</u>	<u>\$158,169</u>	<u>(\$8,591)</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, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$869,466	\$822,601	(\$46,865)
Interest	0	1,518	1,518
<i>Total Revenues</i>	869,466	824,119	(45,347)
Expenditures			
Current:			
Non-Instructional Services:			
Community Services	1,065,666	1,031,982	33,684
<i>Net Change in Fund Balance</i>	(196,200)	(207,863)	(11,663)
<i>Fund Balance Beginning of Year</i>	206,709	206,709	0
<i>Prior Year Encumbrances Appropriated</i>	33,029	33,029	0
<i>Fund Balance at End of Year</i>	<u>\$43,538</u>	<u>\$31,875</u>	<u>(\$11,663)</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Data Communications Fund
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$21,600	\$21,600	\$0
Expenditures			
Current:			
Support Services:			
Central	21,600	21,600	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
IDEA - B Fund
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,182,921	\$1,363,186	(\$819,735)
Expenditures			
Current:			
Instruction:			
Special	1,064,188	686,068	378,120
Support Services:			
Pupils	94,028	72,572	21,456
Instructional Staff	736,082	542,450	193,632
Administration	280,623	225,117	55,506
Non-Instructional Services:			
Community Services	12,937	9,691	3,246
<i>Total Expenditures</i>	<u>2,187,858</u>	<u>1,535,898</u>	<u>651,960</u>
<i>Excess of Revenues Under Expenditures</i>	(4,937)	(172,712)	(167,775)
Other Financing Sources			
Advances In	0	32,352	32,352
<i>Net Change in Fund Balance</i>	(4,937)	(140,360)	(135,423)
<i>Fund Balance (Deficit) Beginning of Year</i>	(69,783)	(69,783)	0
<i>Prior Year Encumbrances Appropriated</i>	74,720	74,720	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$0</u>	<u>(\$135,423)</u>	<u>(\$135,423)</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, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,570,449	\$1,812,493	(\$757,956)
Expenditures			
Current:			
Instruction:			
Regular	212,399	212,399	0
Special	1,641,410	1,218,879	422,531
Support Services:			
Pupils	114,697	98,363	16,334
Instructional Staff	538,587	391,678	146,909
Non-Instructional Services:			
Community Services:	3,194	2,957	237
<i>Total Expenditures</i>	<u>2,510,287</u>	<u>1,924,276</u>	<u>586,011</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>60,162</u>	<u>(111,783)</u>	<u>(171,945)</u>
Other Financing Sources (Uses)			
Advances In	0	119,727	119,727
Advances Out	(60,162)	(60,162)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(60,162)</u>	<u>59,565</u>	<u>119,727</u>
<i>Net Change in Fund Balance</i>	0	(52,218)	(52,218)
<i>Fund Balance (Deficit) Beginning of Year</i>	(87,698)	(87,698)	0
<i>Prior Year Encumbrances Appropriated</i>	87,698	87,698	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$0</u>	<u>(\$52,218)</u>	<u>(\$52,218)</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, 2013*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$506,740	\$316,549	(\$190,191)
Expenditures			
Current:			
Instruction:			
Regular	131,897	118,678	13,219
Support Services:			
Instructional Staff	331,197	178,520	152,677
Administration	35,402	35,402	0
Non-Instructional Services:			
Community Services	9,770	7,998	1,772
<i>Total Expenditures</i>	<u>508,266</u>	<u>340,598</u>	<u>167,668</u>
<i>Net Change in Fund Balance</i>	(1,526)	(24,049)	(22,523)
<i>Fund Balance (Deficit) Beginning of Year</i>	(45,368)	(45,368)	0
<i>Prior Year Encumbrances Appropriated</i>	50,295	50,295	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$3,401</u>	<u>(\$19,122)</u>	<u>(\$22,523)</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, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$7,203	\$7,203	\$0
Expenditures			
Current:			
Non-Instructional Services:			
Community Services	1,091	1,091	0
<i>Excess of Revenues Over Expenditures</i>	6,112	6,112	0
Other Financing Uses			
Advances Out	(6,112)	(6,112)	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance (Deficit) Beginning of Year</i>	(192)	(192)	0
<i>Prior Year Encumbrances Appropriated</i>	192	192	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)*
Education Jobs Fund
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$7,749	\$7,749	\$0
Expenditures			
Current:			
Instruction:			
Regular	85,546	85,546	0
Special	2,873	2,873	0
<i>Total Expenditures</i>	88,419	88,419	0
<i>Net Change in Fund Balance</i>	(80,670)	(80,670)	0
<i>Fund Balance Beginning of Year</i>	80,670	80,670	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)*
Race to the Top Fund
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$21,200	\$13,432	(\$7,768)
Expenditures			
Current:			
Instruction:			
Regular	7,490	7,329	161
Support Services:			
Instructional Staff	7,150	7,000	150
Administration	2,360	2,308	52
<i>Total Expenditures</i>	<u>17,000</u>	<u>16,637</u>	<u>363</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,200</u>	<u>(3,205)</u>	<u>(7,405)</u>
Other Financing Sources (Uses)			
Advances In	0	7,000	7,000
Advances Out	(4,200)	(4,200)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(4,200)</u>	<u>2,800</u>	<u>7,000</u>
<i>Net Change in Fund Balance</i>	0	(405)	(405)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$0</u>	<u>(\$405)</u>	<u>(\$405)</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Federal Emergency Management Agency Fund
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$26,989	\$26,989	\$0
Expenditures			
Current:			
Instruction:			
Support Services:			
Operation and Maintenance of Plant	26,989	26,989	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Vocational Education Fund
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$127,032	\$91,275	(\$35,757)
Expenditures			
Current:			
Instruction:			
Vocational	91,840	88,843	2,997
Support Services:			
Instructional Staff	10,994	11,114	(120)
Administration	15,258	15,246	12
Pupil Transportation	9,154	9,954	(800)
<i>Total Expenditures</i>	<u>127,246</u>	<u>125,157</u>	<u>2,089</u>
<i>Excess of Revenues Under Expenditures</i>	(214)	(33,882)	(33,668)
Other Financing Sources			
Advances In	<u>0</u>	<u>22,039</u>	<u>22,039</u>
<i>Net Change in Fund Balance</i>	(214)	(11,843)	(11,629)
<i>Fund Balance (Deficit) Beginning of Year</i>	(499)	(499)	0
<i>Prior Year Encumbrances Appropriated</i>	<u>713</u>	<u>713</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$0</u>	<u>(\$11,629)</u>	<u>(\$11,629)</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, 2013*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Tuition and Fees	\$35,000	\$33,473	(\$1,527)
Expenditures			
Current:			
Instruction:			
Special	66,731	7,713	59,018
Support Services:			
Pupils	12,000	11,024	976
Administration	5,500	2,149	3,351
<i>Total Expenditures</i>	<u>84,231</u>	<u>20,886</u>	<u>63,345</u>
<i>Net Change in Fund Balance</i>	(49,231)	12,587	61,818
<i>Fund Balance Beginning of Year</i>	59,939	59,939	0
<i>Prior Year Encumbrances Appropriated</i>	40,231	40,231	0
<i>Fund Balance at End of Year</i>	<u>\$50,939</u>	<u>\$112,757</u>	<u>\$61,818</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, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$119,082	\$114,016	(\$5,066)
Expenditures			
Current:			
Instruction:			
Special	66,150	63,251	2,899
Support Services:			
Pupils	9,728	9,728	0
Instructional Staff	28,639	26,385	2,254
Administration	13,385	11,989	1,396
<i>Total Expenditures</i>	<u>117,902</u>	<u>111,353</u>	<u>6,549</u>
<i>Excess of Revenues Over Expenditures</i>	1,180	2,663	1,483
Other Financing Uses			
Advances Out	(1,180)	(1,180)	0
<i>Net Change in Fund Balance</i>	0	1,483	1,483
<i>Fund Balance (Deficit) Beginning of Year</i>	(589)	(589)	0
<i>Prior Year Encumbrances Appropriated</i>	589	589	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$1,483</u>	<u>\$1,483</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, 2013*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$28,899	\$24,443	(\$4,456)
Expenditures			
Current:			
Instruction:			
Special	20,675	20,556	119
Support Services:			
Pupils	1,309	1,309	0
Instructional Staff	4,186	4,186	0
Administration	520	520	0
Pupil Transportation	1,050	1,050	0
<i>Total Expenditures</i>	<u>27,740</u>	<u>27,621</u>	<u>119</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,159</u>	<u>(3,178)</u>	<u>(4,337)</u>
Other Financing Sources (Uses)			
Advances In	0	3,449	3,449
Advances Out	(493)	(493)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(493)</u>	<u>2,956</u>	<u>3,449</u>
<i>Net Change in Fund Balance</i>	666	(222)	(888)
<i>Fund Balance (Deficit) Beginning of Year</i>	(7,701)	(7,701)	0
<i>Prior Year Encumbrances Appropriated</i>	7,701	7,701	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$666</u>	<u>(\$222)</u>	<u>(\$888)</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, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental Revenue	\$14,800	\$17,290	\$2,490
Rent	\$1,500	\$1,354	(\$146)
Extracurricular Activities	124,490	118,248	(6,242)
Gifts and Donations	37,673	42,356	4,683
<i>Total Revenues</i>	<u>178,463</u>	<u>179,248</u>	<u>785</u>
Expenditures			
Current:			
Instruction:			
Regular	6,000	4,790	1,210
Non-Instructional Services:			
Other	231,037	198,339	32,698
Extracurricular Activities	2,113	2,032	81
<i>Total Expenditures</i>	<u>239,150</u>	<u>205,161</u>	<u>33,989</u>
<i>Net Change in Fund Balance</i>	(60,687)	(25,913)	34,774
<i>Fund Balance Beginning of Year</i>	124,485	124,485	0
<i>Prior Year Encumbrances Appropriated</i>	20,510	20,510	0
<i>Fund Balance at End of Year</i>	<u>\$84,308</u>	<u>\$119,082</u>	<u>\$34,774</u>

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Lancaster City School District, Ohio

Debt Service Fund

The debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on general obligation debt. Following is a description of the non major debt service fund:

Nonmajor Debt Service Fund

Bond Retirement Fund – This fund accounts for levy proceeds to pay for general obligation bonded debt.

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Bond Retirement Fund
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property Taxes	\$1,584,073	\$1,584,075	\$2
Intergovernmental	186,663	186,663	0
Interest	1,986	1,986	0
Miscellaneous	6,068	6,068	0
<i>Total Revenues</i>	<u>1,778,790</u>	<u>1,778,792</u>	<u>2</u>
Expenditures			
Current:			
Support Services:			
Fiscal	32,000	30,329	1,671
Debt Service:			
Interest	2,703,951	1,594,305	1,109,646
Issuance Costs	832,000	832,000	0
<i>Total Expenditures</i>	<u>3,567,951</u>	<u>2,456,634</u>	<u>1,111,317</u>
<i>Excess of Revenues Under Expenditures</i>	(1,789,161)	(677,842)	1,111,319
Other Financing Sources			
Premium on Bonds Issued	2,427,951	2,427,951	0
<i>Net Change in Fund Balance</i>	638,790	1,750,109	1,111,319
<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>\$638,790</u>	<u>\$1,750,109</u>	<u>\$1,111,319</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

Classroom Facilities Fund - To account for the receipts and expenditures from the Ohio Facilities Construction Commission and debt issuance for the construction of five new elementary school buildings.

Nonmajor 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.

Elementary Building Projects Fund – To account for the bond proceeds used for the upgrades in construction of five new elementary school buildings being built through the Ohio Facilities Construction Commission project.

House Bill 264 Improvement Projects Fund - To account for the note proceeds used to complete energy improvements under House Bill 264.

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Classroom Facilities Fund
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,061,855	\$5,211,771	\$3,149,916
Interest	118,827	112,481	(6,346)
<i>Total Revenues</i>	2,180,682	5,324,252	3,143,570
Expenditures			
Capital Outlay	20,000,000	5,949,489	14,050,511
<i>Excess of Revenues Under Expenditures</i>	(17,819,318)	(625,237)	17,194,081
Other Financing Sources			
Transfer in	52,667,122	52,667,122	0
<i>Net Change in Fund Balance</i>	34,847,804	52,041,885	17,194,081
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$34,847,804	\$52,041,885	\$17,194,081

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2013

	Permanent Improvement	Elementary Building Projects	House Bill 264 Improvement Projects	Total Nonmajor Capital Projects Funds
Assets				
Cash and Cash Equivalents	\$6,585,818	\$8,743	\$1,999,000	\$8,593,561
Investments	0	8,804,204	0	8,804,204
Accrued Interest Receivable	0	4,974	0	4,974
<i>Total Assets</i>	<u>\$6,585,818</u>	<u>\$8,817,921</u>	<u>\$1,999,000</u>	<u>\$17,402,739</u>
Liabilities				
Contracts Payable	\$0	\$25,340	\$203,519	\$228,859
Deferred Inflows of Resources				
Unavailable Revenue	0	2,732	0	2,732
Fund Balances				
Restricted	0	8,789,849	1,795,481	10,585,330
Assigned	6,585,818	0	0	6,585,818
<i>Total Fund Balances</i>	<u>6,585,818</u>	<u>8,789,849</u>	<u>1,795,481</u>	<u>17,171,148</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$6,585,818</u>	<u>\$8,817,921</u>	<u>\$1,999,000</u>	<u>\$17,402,739</u>

Lancaster City School District, Ohio
*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances*
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2013

	Permanent Improvement	Elementary Building Projects	House Bill 264 Improvement Projects	Total Nonmajor Capital Projects Funds
Revenues				
Interest	\$0	\$15,316	\$0	\$15,316
Gifts and Donations	3,801	0	0	3,801
Miscellaneous	916	0	0	916
<i>Total Revenues</i>	<u>4,717</u>	<u>15,316</u>	<u>0</u>	<u>20,033</u>
Expenditures				
Current:				
Support Services:				
Pupil Transportation	261,780	0	0	261,780
Extracurricular Activities	7,221	0	0	7,221
Capital Outlay	587,819	108,345	203,519	899,683
Debt Service:				
Issuance Costs	0	0	1,000	1,000
<i>Total Expenditures</i>	<u>856,820</u>	<u>108,345</u>	<u>204,519</u>	<u>1,169,684</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(852,103)</u>	<u>(93,029)</u>	<u>(204,519)</u>	<u>(1,149,651)</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	0	60,410,000	0	60,410,000
Energy Conservation Notes Issued	0	0	2,000,000	2,000,000
Premium on Bonds Issued	0	1,140,000	0	1,140,000
Transfers Out	0	(52,667,122)	0	(52,667,122)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>8,882,878</u>	<u>2,000,000</u>	<u>10,882,878</u>
<i>Net Change in Fund Balances</i>	<u>(852,103)</u>	<u>8,789,849</u>	<u>1,795,481</u>	<u>9,733,227</u>
<i>Fund Balances Beginning of Year</i>	<u>7,437,921</u>	<u>0</u>	<u>0</u>	<u>7,437,921</u>
<i>Fund Balances End of Year</i>	<u><u>\$6,585,818</u></u>	<u><u>\$8,789,849</u></u>	<u><u>\$1,795,481</u></u>	<u><u>\$17,171,148</u></u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2013*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Gifts and Donations	\$3,801	\$3,801	\$0
Miscellaneous	915	986	71
<i>Total Revenues</i>	<u>4,716</u>	<u>4,787</u>	<u>71</u>
Expenditures			
Current:			
Support Services:			
Pupil Transportation	261,780	261,780	0
Extracurricular Activities	15,000	7,221	7,779
Capital Outlay	826,742	593,913	232,829
<i>Total Expenditures</i>	<u>1,103,522</u>	<u>862,914</u>	<u>240,608</u>
<i>Net Change in Fund Balance</i>	(1,098,806)	(858,127)	240,679
<i>Fund Balance Beginning of Year</i>	7,434,329	7,434,329	0
<i>Prior Year Encumbrances Appropriated</i>	3,522	3,522	0
<i>Fund Balance at End of Year</i>	<u>\$6,339,045</u>	<u>\$6,579,724</u>	<u>\$240,679</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Elementary Building Projects Fund
For the Fiscal Year Ended June 30, 2013*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$17,315	\$18,890	\$1,575
Expenditures			
Capital Outlay	8,880,878	98,498	8,782,380
<i>Excess of Revenues Under Expenditures</i>	<u>(8,863,563)</u>	<u>(79,608)</u>	<u>8,783,955</u>
Other Financing Sources (Uses)			
Bonds Issued	60,410,000	60,410,000	0
Premium on Bonds Issued	1,140,000	1,140,000	0
Transfers Out	<u>(52,667,122)</u>	<u>(52,667,122)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>8,882,878</u>	<u>8,882,878</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	19,315	8,803,270	8,783,955
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$19,315</u></u>	<u><u>\$8,803,270</u></u>	<u><u>\$8,783,955</u></u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
House Bill 264 Improvement Projects Fund
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
<i>Total Revenues</i>	\$0	\$0	\$0
Expenditures			
Capital Outlay	901,000	537,418	363,582
Debt Service:			
Issuance Costs	1,000	1,000	0
<i>Total Expenditures</i>	902,000	538,418	363,582
<i>Excess of Revenues Under Expenditures</i>	(902,000)	(538,418)	363,582
Other Financing Sources			
Notes Issued	2,000,000	2,000,000	0
<i>Net Change in Fund Balance</i>	1,098,000	1,461,582	363,582
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	<u>\$1,098,000</u>	<u>\$1,461,582</u>	<u>\$363,582</u>

Lancaster City School District, Ohio

Internal Service Fund

The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis.

The Employee Benefits Self Insurance Fund – This fund 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, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$7,700,000	\$7,703,247	\$3,247
Expenses			
Current:			
Support Services:			
Central:			
Purchased Services	960,000	958,715	1,285
Claims	6,840,000	6,810,763	29,237
<i>Total Expenses</i>	<u>7,800,000</u>	<u>7,769,478</u>	<u>30,522</u>
<i>Net Change in Fund Balance</i>	(100,000)	(66,231)	33,769
<i>Fund Equity Beginning of Year</i>	<u>1,085,875</u>	<u>1,085,875</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$985,875</u></u>	<u><u>\$1,019,644</u></u>	<u><u>\$33,769</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.

Tournament Account Fund – To account for the receipts and expenses related to the Ohio High School Athletic Association (OHSAA) athletic tournaments.

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, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$200	\$174	(\$26)
Expenses			
Current:			
Non-Instructional Services:			
Community Services	3,600	2,500	1,100
<i>Net Change in Fund Balance</i>	(3,400)	(2,326)	1,074
<i>Fund Equity Beginning of Year</i>	41,239	41,239	0
<i>Prior Year Encumbrances Appropriated</i>	1,100	1,100	0
<i>Fund Equity at End of Year</i>	<u>\$38,939</u>	<u>\$40,013</u>	<u>\$1,074</u>

Lancaster City School District, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2013

	Balance 7/1/12	Additions	Reductions	Balance 6/30/13
Student Managed Activity				
Assets				
Cash and Cash Equivalents	\$118,785	\$121,206	\$137,845	\$102,146
Liabilities				
Due to Students	\$118,785	\$121,206	\$137,845	\$102,146
Tournament Account				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$34,278	\$34,001	\$277
Liabilities				
Due to Others	\$0	\$34,278	\$34,001	\$277
Total - All Agency Funds				
Assets				
Cash and Cash Equivalents	\$118,785	\$121,206	\$137,845	\$102,146
Cash and Cash Equivalents in Segregated Accounts	0	34,278	34,001	277
<i>Total Assets</i>	\$118,785	\$155,484	\$171,846	\$102,423
Liabilities				
Due to Others	\$0	\$34,278	\$34,001	\$277
Due to Students	118,785	121,206	137,845	102,146
<i>Total Liabilities</i>	\$118,785	\$155,484	\$171,846	\$102,423

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**Statistical
Section**



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Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	S2-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.

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

	2004	2005	2006	2007
Net Investment in Capital Assets	\$6,821,223	\$6,645,029	\$6,433,483	\$6,523,237
Restricted for:				
Capital Projects	15,374	157,992	195,158	4,408
Classroom Facilities Construction	0	0	0	0
Debt Service	0	0	0	0
Classroom Facilities Maintenance	0	0	0	0
Bus Purchase	19,290	0	0	21,262
Public School Support	108,688	114,255	95,215	26,807
District Managed Student Activities	54,400	63,350	99,577	104,815
Auxiliary Services	150,735	39,361	53,297	46,368
Readiness and Emergency Management	0	0	0	0
Special Education	114,351	288,124	390,130	653,524
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	140,988	159,094	158,011	233,655
Unrestricted (Deficits)	(2,394,767)	(3,750,980)	(2,474,439)	9,050,606
Total Net Position	\$5,030,282	\$3,716,225	\$4,950,432	\$16,664,682

- (1) - prior to 2009 these amounts were combined with special education.
(2) - prior to 2010 these amounts were combined with Unrestricted.

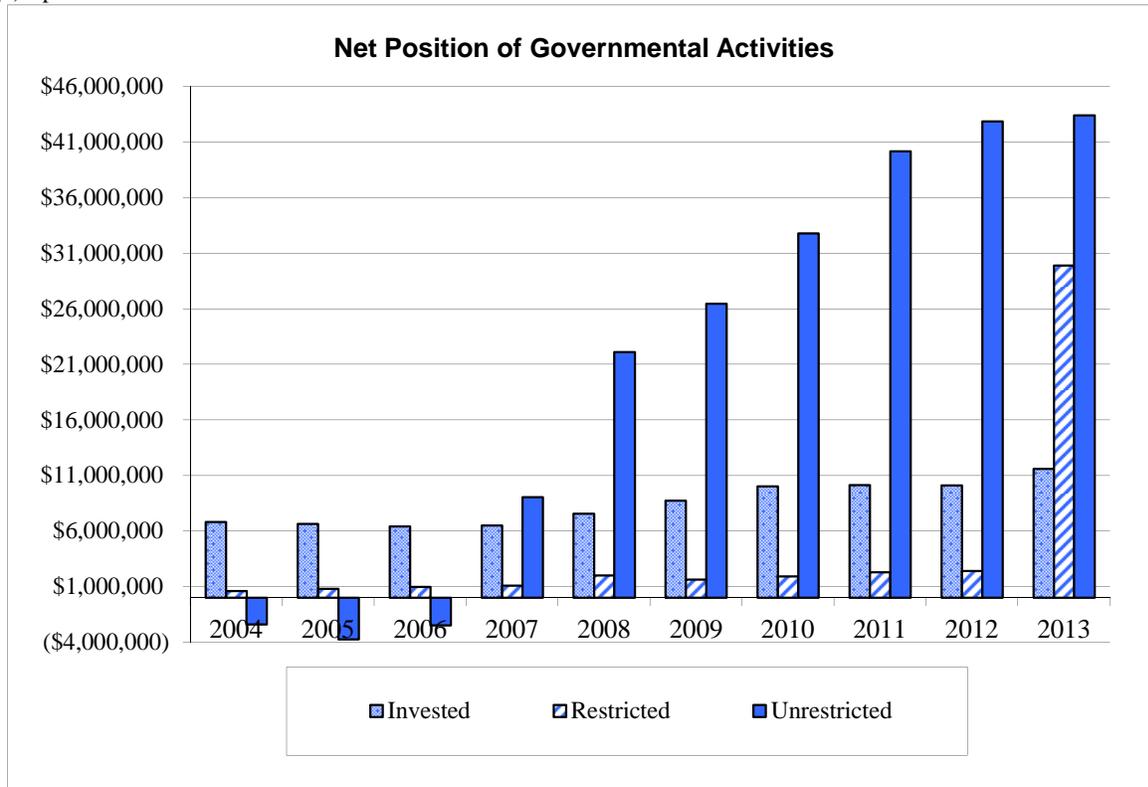


TABLE 1

2008	2009	2010	2011	2012	2013
\$7,558,424	\$8,736,629	\$10,037,560	\$10,143,839	\$10,124,925	\$11,590,278
0	0	0	0	0	0
0	0	0	0	0	25,597,562
0	0	0	0	0	1,326,932
0	0	0	0	0	286,129
12,260	40,693	0	0	0	0
0	27,005	20,732	0	0	0
109,486	79,896	103,900	139,017	154,599	170,742
226,215	79,041	129,432	90,185	177,517	68,165
319,337	0	0	0	0	0
1,058,473	937,719	0	0	0	0
0	153,941	460,456	516,083	829,513	732,038
0	127,580	594,882	218,108	145,829	458,680
0	0	0	453,316	0	0
0	0	392,252	634,988	832,212	1,046,964
295,245	190,796	235,660	247,945	274,036	211,330
22,120,028	26,469,952	32,773,653	40,162,876	42,864,021	43,400,056
<u>\$31,699,468</u>	<u>\$36,843,252</u>	<u>\$44,748,527</u>	<u>\$52,606,357</u>	<u>\$55,402,652</u>	<u>\$84,888,876</u>

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

	2004	2005	2006	2007
Expenses				
Regular Instruction	\$22,052,347	\$23,028,446	\$22,550,491	\$21,564,861
Special Instruction	7,025,886	6,499,927	5,993,895	5,918,643
Intergovernmental	0	596,240	641,663	41,599
Vocational Instruction	2,531,200	2,555,949	2,533,090	1,560,603
Adult/Continuing Instruction	173,621	164,390	102,241	2,734
Student Intervention Services	0	0	0	0
Pupil Support Services	2,904,142	3,019,821	2,655,701	2,275,073
Instructional Staff Support Services	3,641,341	3,501,558	3,312,136	2,347,971
Board of Education Support Services	91,367	212,283	103,737	99,845
Administration Support Services	4,420,010	4,391,395	4,235,498	2,973,956
Fiscal Support Services	1,213,261	1,089,018	1,249,249	1,058,051
Business Support Services	354,735	426,089	422,329	335,644
Operation and Maintenance of				
Plant Support Services	4,715,175	4,656,265	4,184,164	3,419,108
Pupil Transportation Support Services	1,653,057	1,761,350	1,760,638	1,458,150
Central Support Services	330,620	267,753	219,509	194,775
Food Service Operations	2,096,921	2,077,895	2,138,195	1,886,036
Other Operation of Non-				
Instructional Services	816,371	1,077,936	1,045,611	1,012,075
Extracurricular Activities	846,956	891,207	826,654	770,424
Interest and Fiscal Charges	2,548	29,935	24,482	18,612
Total Expenses	54,869,558	56,247,457	53,999,283	46,938,160
Program Revenues				
Charges for Services				
Regular Instruction	912,958	860,644	752,303	834,052
Special Instruction	151,759	123,488	157,139	74,985
Vocational Instruction	24,241	125,992	166,838	76,171
Adult/Continuing Instruction	77,251	64,167	34,471	0
Pupil Support Services	1,659	45,224	9,593	19,091
Instructional Staff Support Services	2,245	0	20,708	5,701
Administration Support Services	26,760	18,464	92,514	124,342
Fiscal Support Services	56,137	18,834	146,783	119,675
Business Support Services	60	0	0	139
Operation and Maintenance of				
Plant Support Services	61,286	64,789	22,500	21,783
Pupil Transportation Support Services	10,574	17,858	44,342	34,162
Central Support Services	58,000	0	0	0
Food Service Operations	1,043,715	1,038,083	1,000,143	892,439
Other Operation of Non-				
Instructional Services	880	339	0	0
Extracurricular Activities	361,007	394,807	382,453	781,512
Operating Grants, Contributions, and Interest				
Regular Instruction	568,428	609,498	371,620	497,924
Special Instruction	2,377,886	2,680,419	2,668,530	2,749,969
Intergovernmental	0	599,990	642,866	45,490
Vocational Instruction	546,790	482,750	460,027	486,693
Student Intervention Services	\$0	\$0	\$0	\$0

TABLE 2

2008	2009	2010	2011	2012	2013
\$22,340,411	\$25,382,476	\$25,015,206	\$25,267,226	\$27,582,357	\$27,890,107
6,376,028	6,916,927	6,505,593	6,774,046	6,734,872	7,794,149
43,367	0	0	0	0	0
1,584,128	1,876,125	2,045,360	1,988,929	1,861,495	1,758,521
150	0	0	0	0	0
0	195,280	174,393	387,025	89,895	3,174
2,311,328	2,888,413	3,439,429	3,803,695	3,816,291	3,282,144
3,093,077	3,297,921	3,817,462	4,536,035	4,143,502	4,068,497
66,610	126,111	100,093	138,662	159,360	192,292
3,282,407	4,297,134	3,507,018	3,989,703	4,363,280	4,466,574
1,153,200	1,798,715	1,162,607	1,225,020	1,223,058	1,338,643
439,019	480,900	344,051	301,490	276,541	297,066
4,111,162	4,659,595	4,473,972	4,732,028	4,858,140	6,118,563
1,653,859	1,740,238	1,819,850	1,814,524	1,898,371	1,888,965
456,405	81,009	1,016,939	1,028,761	897,022	930,175
2,258,702	2,387,214	2,391,647	2,442,927	2,604,226	2,595,416
993,610	1,384,954	1,045,247	1,053,992	1,051,937	1,205,901
786,172	1,081,703	1,184,055	1,198,641	1,236,389	1,260,333
12,256	0	42,918	48,045	37,373	2,222,824
50,961,891	58,594,715	58,085,840	60,730,749	62,834,109	67,313,344
946,099	874,820	794,725	859,936	938,378	749,921
120,876	161,007	160,980	125,123	108,523	258,463
72,174	172,544	56,766	30,488	48,254	52,492
0	0	0	0	0	0
0	0	246	16,692	28,577	24,898
2,044	0	0	0	46	0
16,472	23,638	8,744	6,426	1,767	115,824
0	0	0	0	0	0
0	0	0	0	0	0
128,089	4,866	104,254	125,290	129,251	131,918
13,733	11,117	14,839	29,448	17,179	19,743
0	0	0	0	0	0
863,809	834,293	773,689	759,368	737,163	652,895
0	160,415	130,705	182,492	170,080	195,446
368,278	341,229	354,660	334,411	338,384	329,327
476,575	547,746	407,940	333,142	942,726	639,781
2,506,651	3,110,062	3,607,752	2,353,432	1,730,871	2,346,684
48,611	0	0	0	0	0
501,589	499,120	891,240	504,251	532,314	492,743
\$0	\$0	\$744	\$74,459	\$0	\$0

(Continued)

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

(continued)	2004	2005	2006	2007
Operating Grants, Contributions, and Interest				
Adult/Continuing Instruction	\$102,782	\$97,979	\$146,586	\$0
Pupil Support Services	487,360	602,591	578,048	363,852
Instructional Staff Support Services	959,421	1,213,813	1,229,490	1,183,015
Administration Support Services	296,331	285,810	268,558	202,669
Fiscal Support Services	11,015	0	754	0
Operation and Maintenance of				
Plant Support Services	0	0	22,204	14,589
Pupil Transportation Support Services	111,606	118,576	117,443	162,185
Central Support Services	68,581	60,771	56,388	52,671
Food Service Operations	1,054,921	1,130,831	1,220,339	1,162,133
Other Operation of Non-				
Instructional Services	922,316	974,976	1,027,770	1,067,198
Extracurricular Activities	7,784	0	0	0
Capital Grants and Contributions				
Regular Instruction	14,758	68,925	0	41,738
Special Instruction	10,952	0	0	0
Vocational Instruction	28,076	43,620	2,307	0
Pupil Support Services	944	0	0	0
Instructional Staff Support Services	3,627	0	0	0
Administration Support Services	2,037	0	4,213	0
Fiscal Support Services	0	0	0	0
Business Support Services	0	0	0	0
Operation and Maintenance of				
Plant Support Services	2,832	0	0	0
Pupil Transportation Support Services	19,290	122,375	63,966	21,262
Central Support Services	99	0	0	0
Food Service Operations	2,683	0	0	0
Other Operation of Non-				
Instructional Services	99	0	0	0
Extracurricular Activities	1,565	2,452	0	0
<i>Total Program Revenues</i>	<u>10,390,715</u>	<u>11,868,065</u>	<u>11,710,896</u>	<u>11,035,440</u>
Net Expense	<u>(44,478,843)</u>	<u>(44,379,392)</u>	<u>(42,288,387)</u>	<u>(35,902,720)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes	25,445,572	25,245,138	25,211,639	25,474,906
Debt Service	348,086	0	0	0
Classroom Facilities Maintenance	0	0	0	0
Income Taxes Levied for General Purposes	0	0	0	2,715,588
Grants and Entitlements not				
Restricted to Specific Programs	17,426,697	17,400,697	18,000,132	18,785,514
Gain on Sale of Capital Assets	4,610	192,757	0	6,400
Payment in Lieu of Taxes	251,920	125,960	125,960	145,802
Unrestricted Contributions	1,193	0	0	0
Investment Earnings	36,063	96,361	181,572	486,989
Miscellaneous	4,542	4,422	3,291	1,771
<i>Total General Revenues</i>	<u>43,518,683</u>	<u>43,065,335</u>	<u>43,522,594</u>	<u>47,616,970</u>
<i>Change in Net Position</i>	<u>(\$960,160)</u>	<u>(\$1,314,057)</u>	<u>\$1,234,207</u>	<u>\$11,714,250</u>

TABLE 2 (continued)

2008	2009	2010	2011	2012	2013
\$0	\$0	\$0	\$0	\$0	\$0
636,927	373,081	506,868	1,277,950	570,319	209,826
1,364,693	1,121,538	875,508	1,687,199	1,498,589	1,050,092
163,207	229,436	193,400	261,143	308,105	338,369
0	0	0	0	0	214,574
361,016	26,452	5,185	0	0	26,989
124,744	111,984	114,502	130,493	112,226	153,141
53,401	51,063	190,905	35,523	24,737	21,600
1,327,383	1,544,922	1,812,966	1,881,023	2,015,424	2,096,846
1,094,589	1,083,287	1,001,083	933,483	991,955	910,871
1,826	5,485	0	0	0	1,896
0	0	14,800	5,695	0	157,417
0	0	0	0	0	48,280
0	0	0	0	0	11,943
0	0	0	0	0	23,248
0	0	0	0	0	55,420
0	0	0	0	0	30,403
0	0	0	0	0	3,570
0	0	0	0	0	1,785
0	0	0	0	0	31,578
33,471	28,433	0	0	0	31,112
0	0	0	0	0	2,975
0	0	0	0	0	31,578
0	0	0	0	0	1,785
0	0	8,806	672	1,056	6,887
11,226,257	11,316,538	12,031,307	11,948,139	11,245,924	11,472,320
(39,735,634)	(47,278,177)	(46,054,533)	(48,782,610)	(51,588,185)	(55,841,024)
22,331,810	19,160,191	18,019,554	20,337,720	19,355,151	20,265,836
0	0	0	0	0	1,798,935
0	0	0	0	0	264,526
9,260,589	9,623,513	9,779,684	10,074,785	10,297,991	10,447,432
22,233,300	23,121,048	25,370,579	25,647,701	24,266,355	51,878,477
2,166	6,300	21,819	11,898	6,324	23,138
92,612	0	240,995	53,200	99,473	168,385
0	1,000	3,932	2,747	15,130	6,403
849,581	454,476	426,821	355,164	279,429	188,017
362	55,433	96,424	157,225	64,627	286,099
54,770,420	52,421,961	53,959,808	56,640,440	54,384,480	85,327,248
\$15,034,786	\$5,143,784	\$7,905,275	\$7,857,830	\$2,796,295	\$29,486,224

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

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

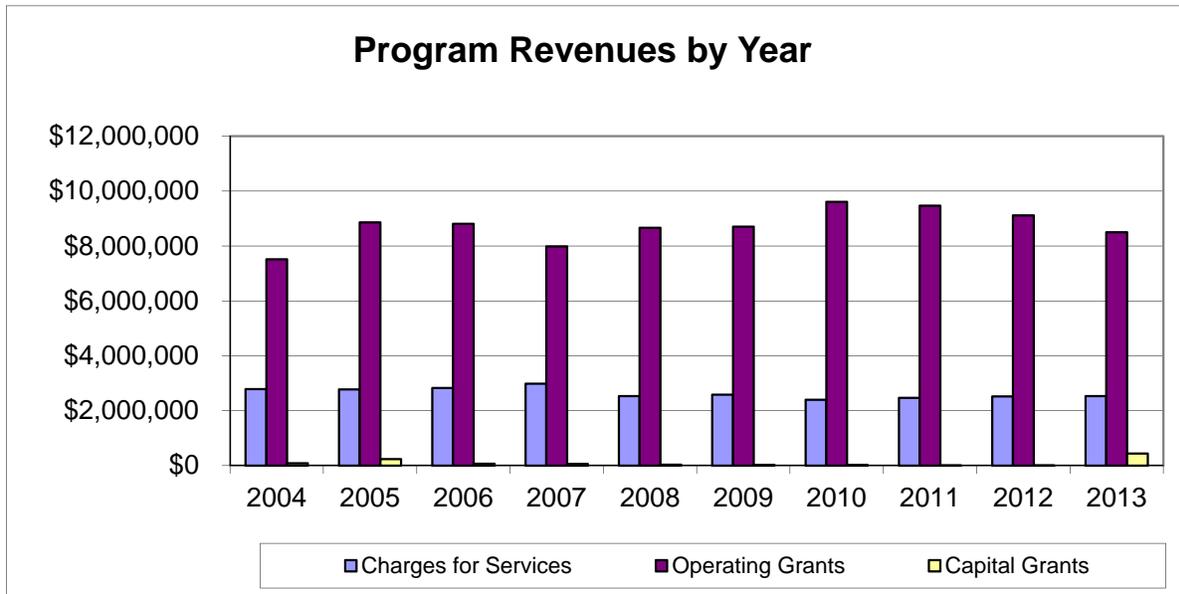


TABLE 3

2008	2009	2010	2011	2012	2013
\$1,422,674	\$1,422,566	\$1,217,465	\$1,198,773	\$1,881,104	\$1,547,119
2,627,527	3,271,069	3,768,732	2,478,555	1,839,394	2,653,427
48,611	0	0	0	0	0
573,763	671,664	948,006	534,739	580,568	557,178
0	0	0	0	0	0
0	0	744	74,459	0	0
636,927	373,081	507,114	1,294,642	598,896	257,972
1,366,737	1,121,538	875,508	1,687,199	1,498,635	1,105,512
179,679	253,074	202,144	267,569	309,872	484,596
0	0	0	0	0	218,144
0	0	0	0	0	1,785
489,105	31,318	109,439	125,290	129,251	190,485
171,948	151,534	129,341	159,941	129,405	203,996
53,401	51,063	190,905	35,523	24,737	24,575
2,191,192	2,379,215	2,586,655	2,640,391	2,752,587	2,781,319
1,094,589	1,243,702	1,131,788	1,115,975	1,162,035	1,108,102
370,104	346,714	363,466	335,083	339,440	338,110
<u>\$11,226,257</u>	<u>\$11,316,538</u>	<u>\$12,031,307</u>	<u>\$11,948,139</u>	<u>\$11,245,924</u>	<u>\$11,472,320</u>

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

	2004	2005	2006	2007
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	3,007,298	3,313,699	3,786,420	5,203,373
Unreserved (Deficits)	<u>(2,128,740)</u>	<u>(4,551,424)</u>	<u>(4,300,295)</u>	<u>606,098</u>
<i>Total General Fund (Deficits)</i>	<u>878,558</u>	<u>(1,237,725)</u>	<u>(513,875)</u>	<u>5,809,471</u>
Classroom Facilities				
Restricted	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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	779,040	155,045	166,614	146,744
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	537,412	761,788	751,503	1,139,729
Capital Projects Funds	<u>70,565</u>	<u>62,777</u>	<u>99,908</u>	<u>1,295,803</u>
Total All Other Governmental Funds	<u>1,387,017</u>	<u>979,610</u>	<u>1,018,025</u>	<u>2,582,276</u>
<i>Total Governmental Funds (Deficit)</i>	<u><u>\$2,265,575</u></u>	<u><u>(\$258,115)</u></u>	<u><u>\$504,150</u></u>	<u><u>\$8,391,747</u></u>

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

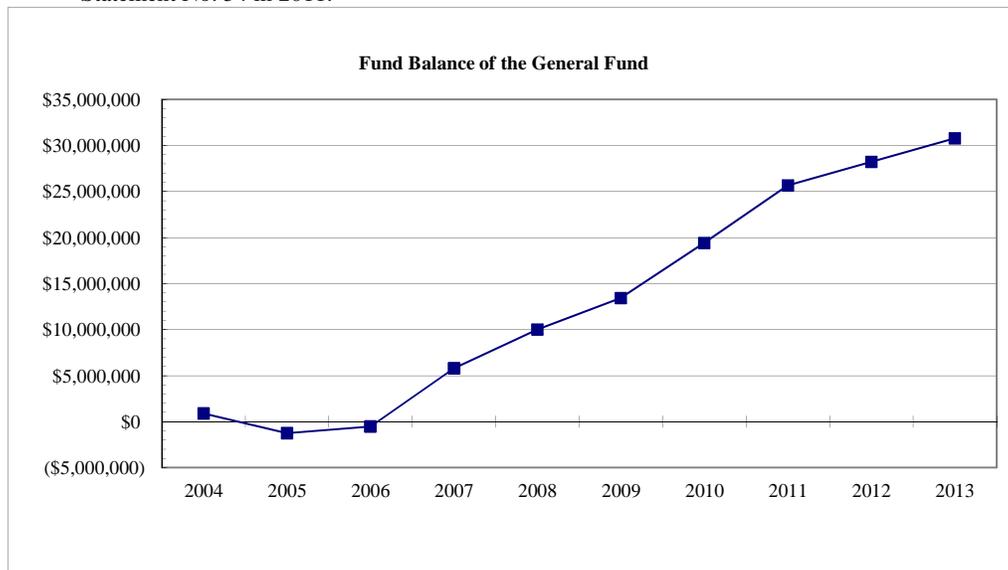


TABLE 4

2008	2009	2010	2011	2012	2013
\$0	\$0	\$152,939	\$149,498	\$192,201	\$233,871
0	0	1,366,227	1,084,681	1,487,757	1,537,138
0	0	1,257,839	2,055,469	2,663,482	1,574,861
0	0	16,627,287	22,375,936	23,888,980	27,454,346
4,006,686	3,683,265	0	0	0	0
6,001,865	9,747,000	0	0	0	0
10,008,551	13,430,265	19,404,292	25,665,584	28,232,420	30,800,216
0	0	0	0	0	56,238,658
0	0	90,606	125,512	19,740	134,727
0	0	1,037,033	904,870	1,274,814	14,010,684
0	0	114,663	133,335	129,304	141,911
0	0	7,972,597	7,972,317	7,437,921	6,585,818
0	0	(747)	(153,074)	(165,668)	(53,785)
141,585	573,455	0	0	0	0
2,355,837	1,496,164	0	0	0	0
7,855,297	7,970,676	0	0	0	0
10,352,719	10,040,295	9,214,152	8,982,960	8,696,111	20,819,355
\$20,361,270	\$23,470,560	\$28,618,444	\$34,648,544	\$36,928,531	\$107,858,229

Lancaster City School District, Ohio
Changes in Fund Balances, Governmental Funds (1)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007
Revenues				
Property and Other Local Taxes	\$26,193,494	\$24,761,939	\$25,313,325	\$24,768,901
Payment in Lieu of Taxes	0	125,960	125,960	135,155
Income Taxes	0	0	0	2,078,535
Intergovernmental	24,869,090	26,657,356	26,669,605	26,717,228
Interest	34,362	107,287	196,327	508,134
Tuition and Fees	1,247,066	1,137,971	1,226,418	1,105,606
Charges for Services	1,035,095	1,019,233	980,965	870,220
Rent	46,021	45,133	74,120	103,658
Extracurricular Activities	441,474	593,050	563,292	955,325
Collection of a Capital Lease	0	75,000	31,250	31,250
Gifts and Donations	60,215	15,483	8,961	11,261
Miscellaneous	2,463	6,501	3,291	1,571
<i>Total Revenues</i>	<u>53,929,280</u>	<u>54,544,913</u>	<u>55,193,514</u>	<u>57,286,844</u>
Expenditures				
Current:				
Instruction:				
Regular	21,702,565	22,884,399	22,658,842	22,392,940
Special	6,912,976	6,592,407	6,157,372	6,216,613
Vocational	2,509,676	2,623,904	2,536,614	1,754,073
Adult/Continuing	173,621	164,390	102,241	2,734
Student Intervention Services	0	0	0	0
Support Services:				
Pupil	2,885,720	2,989,764	2,706,996	2,329,934
Instructional Staff	3,715,540	3,544,051	3,301,758	2,525,438
Board of Education	91,626	212,283	103,737	99,845
Administration	4,423,127	4,407,639	4,207,039	3,104,556
Fiscal	1,208,117	1,096,604	1,267,801	1,070,821
Business	358,663	423,449	425,682	356,339
Operation and Maintenance of Plant	4,720,221	4,576,132	4,198,430	3,608,794
Pupil Transportation	1,551,434	1,815,791	1,785,624	1,398,858
Central	333,707	255,997	210,151	209,654
Food Service Operations	2,160,999	2,129,614	2,126,103	1,950,649
Other Operation of Non-Instructional Services	826,751	1,080,378	1,052,134	1,074,427
Extracurricular Activities	792,984	828,721	793,025	759,714
Capital Outlay	66,363	700,601	8,159	350,046
Intergovernmental	0	596,240	641,663	41,599
Debt Service:				
Principal Retirement	345,000	128,450	133,894	139,755
Interest and Fiscal Charges	7,849	30,163	24,719	18,858
Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>54,786,939</u>	<u>57,080,977</u>	<u>54,441,984</u>	<u>49,405,647</u>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>(857,659)</u>	<u>(2,536,064)</u>	<u>751,530</u>	<u>7,881,197</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	700,000	0	0	0
Proceeds from Sale of Capital Assets	77,214	12,374	10,735	6,400
General Obligation Bonds Issued	0	0	0	0
Energy Conservation Notes Issued	0	0	0	0
Premium on Bonds Issued	0	0	0	0
Transfers In	0	90,787	66,629	1,126,192
Transfers Out	0	(90,787)	(66,629)	(1,126,192)
<i>Total Other Financing Sources (Uses)</i>	<u>777,214</u>	<u>12,374</u>	<u>10,735</u>	<u>6,400</u>
<i>Net Change in Fund Balances</i>	<u>(\$80,445)</u>	<u>(\$2,523,690)</u>	<u>\$762,265</u>	<u>\$7,887,597</u>
Debt Service as a Percentage of Noncapital Expenditures	0.6%	0.3%	0.3%	0.3%

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

TABLE 5

2008	2009	2010	2011	2012	2013
\$23,035,666	\$18,912,036	\$18,767,854	\$19,451,956	\$18,670,963	\$22,154,415
10,647	11,092	166,498	104,608	90,883	122,423
9,211,573	9,569,688	9,858,713	9,992,256	10,274,903	10,468,860
30,117,518	31,931,545	35,034,320	34,494,059	32,914,732	37,282,526
774,233	409,591	342,864	195,117	201,627	162,021
1,074,181	1,088,516	993,082	1,046,528	1,082,139	1,168,376
854,438	834,293	773,689	759,368	737,163	652,895
115,849	122,366	104,774	126,770	130,816	133,272
490,106	538,754	528,063	537,008	567,484	576,384
31,250	31,250	0	0	0	0
11,930	13,741	71,277	47,028	88,646	77,331
362	55,433	96,424	157,225	64,627	281,799
65,727,753	63,518,305	66,737,558	66,911,923	64,823,983	73,080,302
22,981,893	25,878,642	26,486,501	25,053,553	27,325,710	27,812,378
6,614,211	7,054,730	6,683,180	6,727,679	6,782,966	7,772,205
1,637,388	1,889,406	2,340,419	2,017,770	1,796,053	1,780,656
150	0	0	0	0	0
0	195,280	183,208	385,243	88,813	2,058
2,453,272	2,874,685	3,563,711	3,775,301	3,777,464	3,289,153
3,234,901	3,384,896	3,959,734	4,475,848	4,072,815	3,994,307
66,610	126,111	100,093	138,662	159,360	192,292
3,454,350	4,003,138	3,827,631	3,961,818	4,153,291	4,368,763
1,184,332	1,778,785	1,187,136	1,220,695	1,211,820	1,327,490
722,966	955,566	366,104	297,106	272,601	294,612
4,245,530	4,784,494	4,737,066	4,656,043	4,679,532	4,882,727
1,770,288	1,654,664	2,042,037	1,809,713	2,030,856	1,971,460
457,157	415,395	1,113,133	1,044,765	883,231	935,544
2,288,593	2,385,640	2,460,290	2,392,623	2,560,151	2,535,560
918,849	1,405,157	1,102,192	1,105,593	1,057,043	1,224,423
751,887	1,004,894	1,181,301	1,146,649	1,177,767	1,192,661
629,953	623,832	897,077	500,396	350,693	3,016,136
43,367	0	0	0	0	0
297,901	0	95,273	136,219	147,514	159,762
12,785	0	42,918	48,045	36,725	1,618,796
0	0	0	0	0	833,000
53,766,383	60,415,315	62,369,004	60,893,721	62,564,405	69,203,983
11,961,370	3,102,990	4,368,554	6,018,202	2,259,578	3,876,319
0	0	757,246	11,898	20,409	1,036,010
8,153	6,300	22,084	0	0	39,418
0	0	0	0	0	60,410,000
0	0	0	0	0	2,000,000
0	0	0	0	0	3,567,951
7,617,029	28,376	19,007	14,427	14,081	52,683,081
(7,617,029)	(28,376)	(19,007)	(14,427)	(14,081)	(52,683,081)
8,153	6,300	779,330	11,898	20,409	67,053,379
\$11,969,523	\$3,109,290	\$5,147,884	\$6,030,100	\$2,279,987	\$70,929,698
0.6%	0.0%	0.2%	0.3%	0.3%	3.9%

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
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
2012	616,978,730	245,316,740	2,463,701,343	44,756,650	179,026,600
2013	618,293,410	247,941,310	2,474,956,343	48,644,050	194,576,200

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).

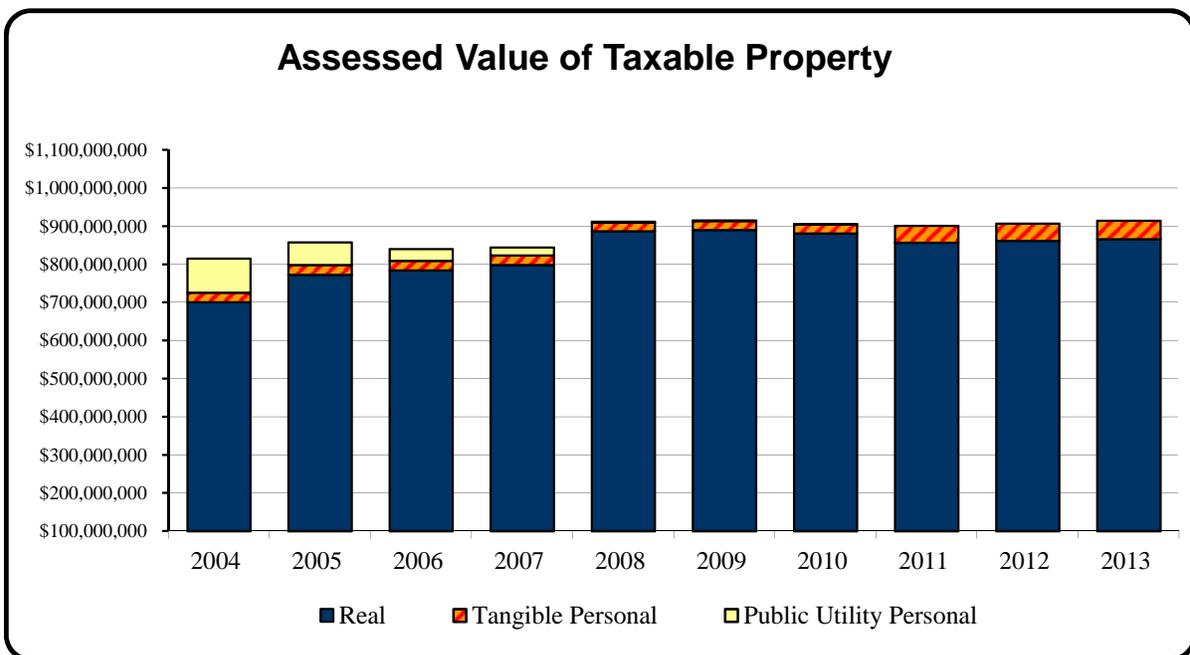
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by 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						
General Business		Total			Full Tax Rate Per \$1,000 of Assessed Valuation	Weighted Average Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio		
\$89,705,089	\$358,820,356	\$815,209,609	\$2,460,251,339	33%	\$64.6000	\$31.0376
59,005,601	236,022,404	857,432,981	2,546,587,593	34%	68.4000	31.6304
30,990,035	165,280,187	840,499,085	2,507,139,827	34%	68.4000	30.2975
20,369,499	162,955,992	844,057,209	2,545,354,043	33%	68.5000	29.8137
1,761,970	28,191,520	911,601,350	2,653,562,937	34%	64.6000	22.9501
1,316,970	13,169,700	915,244,960	2,651,020,746	35%	64.6000	23.1593
644,470	12,889,400	906,218,560	2,628,636,983	34%	64.6000	23.4320
0	0	900,750,170	2,624,139,686	34%	64.6000	24.7674
0	0	907,052,120	2,642,727,943	34%	64.6000	24.6920
0	0	914,878,770	2,669,532,543	34%	68.7000	28.8821



Lancaster City School District, Ohio

Property Tax Rates

(per \$1,000 of assessed value)

Last Ten Years

	Collection Year			
	2004	2005	2006	2007
Unvoted Millage				
Operating	\$4.0000	\$4.0000	\$4.0000	\$4.0000
Voted Millage - by levy				
1976 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	6.5132	5.9843	5.9493	5.9339
Commercial/Industrial and Public Utility Real	8.8796	8.1846	8.2710	8.2493
General Business and Public Utility Personal	31.7000	31.7000	31.7000	31.7000
1976 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	0.2055	0.1888	0.1877	0.1872
Commercial/Industrial and Public Utility Real	0.2801	0.2582	0.2609	0.2602
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
1977 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	2.0546	1.8878	1.8768	1.8719
Commercial/Industrial and Public Utility Real	2.8012	2.5819	2.6092	2.6023
General Business and Public Utility Personal	10.0000	10.0000	10.0000	10.0000
1990 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	5.4832	5.0380	5.0085	4.9955
Commercial/Industrial and Public Utility Real	6.3987	5.8978	5.9601	5.9444
General Business and Public Utility Personal	10.0000	10.0000	10.0000	10.0000
1997 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	6.1036	5.6080	5.5752	5.5608
Commercial/Industrial and Public Utility Real	6.0010	5.5312	5.5896	5.5749
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	3.8000	3.8000	3.9000
Commercial/Industrial and Public Utility Real	0.0000	3.8000	3.8000	3.9000
General Business and Public Utility Personal	0.0000	3.8000	3.8000	3.9000
2012 Permanent Improvement - continuing				
Effective Millage Rates				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
2012 Bond Retirement - 37 years (\$61,550,000)				
Effective Millage Rates				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
Total voted millage by type of property				
Residential/Agricultural Real	20.3601	22.5069	22.3975	22.4493
Commercial/Industrial and Public Utility Real	24.3606	26.2537	26.4908	26.5311
General Business and Public Utility Personal	60.6000	64.4000	64.4000	64.5000
Total millage by type of property				
Residential/Agricultural Real	24.3601	26.5069	26.3975	26.4493
Commercial/Industrial and Public Utility Real	28.3606	30.2537	30.4908	30.5311
General Business and Public Utility Personal	64.6000	68.4000	68.4000	68.5000
Total Direct Rate for the School District	64.6000	68.4000	68.4000	68.5000
Total Weighted Average Tax Rate	\$31.0376	\$31.6304	\$30.2975	\$29.8137

TABLE 7

Collection Year					
2008	2009	2010	2011	2012	2013
\$4.0000	\$4.0000	\$4.0000	\$4.0000	\$4.0000	\$4.0000
5.4842	5.4811	5.4882	5.6827	5.6876	5.6880
7.0800	7.3574	7.6697	7.7016	7.5589	7.4563
31.7000	31.7000	31.7000	31.7000	31.7000	31.7000
0.1730	0.1729	0.1731	0.1793	0.1794	0.1795
0.2233	0.2321	0.2419	0.2430	0.2385	0.2352
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.7300	1.7291	1.7313	1.7926	1.7942	1.7946
2.2335	2.3210	2.4195	2.4295	2.3845	2.3522
10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
4.6170	4.6143	4.6203	4.7840	4.7881	4.7892
5.1019	5.3017	5.5267	5.5497	5.4469	5.3730
10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
5.1394	5.1364	5.1431	5.3253	5.3299	5.3310
4.7847	4.9722	5.1832	5.2047	5.1083	5.0390
7.9000	7.9000	7.9000	7.9000	7.9000	7.9000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.5000
0.0000	0.0000	0.0000	0.0000	0.0000	0.4932
0.0000	0.0000	0.0000	0.0000	0.0000	0.5000
0.0000	0.0000	0.0000	0.0000	0.0000	3.6000
0.0000	0.0000	0.0000	0.0000	0.0000	3.6000
0.0000	0.0000	0.0000	0.0000	0.0000	3.6000
17.1436	17.1338	17.1559	17.7639	17.7792	21.8823
19.4234	20.1844	21.0409	21.1285	20.7371	24.5489
60.6000	60.6000	60.6000	60.6000	60.6000	64.7000
21.1436	21.1338	21.1559	21.7639	21.7792	25.8823
23.4234	24.1844	25.0409	25.1285	24.7371	28.5489
64.6000	64.6000	64.6000	64.6000	64.6000	68.7000
64.6000	64.6000	64.6000	64.6000	64.6000	68.7000
\$22.9510	\$23.1593	\$23.4320	\$24.7674	\$24.6920	\$28.8821

Lancaster City School District, Ohio

Property Tax Rates

(per \$1,000 of assessed value)

Last Ten Years

	Collection Year			
	2004	2005	2006	2007
Overlapping Rates by Taxing District				
Berne Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	5.3902	5.2176	5.2176	5.2152
Commercial/Industrial and Public Utility Real	5.1941	4.9583	4.9907	5.0396
General Business and Public Utility Personal	7.7000	7.7000	7.7000	7.7000
Greenfield Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	9.0381	10.2747	9.3594	9.4419
Commercial/Industrial and Public Utility Real	7.9976	9.2526	8.5508	8.4878
General Business and Public Utility Personal	12.2000	13.1000	11.1000	11.2000
Hocking Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	4.4520	4.3241	4.3183	4.3169
Commercial/Industrial and Public Utility Real	3.9462	3.8530	3.8556	3.8567
General Business and Public Utility Personal	4.7000	4.7000	4.7000	4.7000
Pleasant Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	8.5851	8.1348	6.4962	8.4738
Commercial/Industrial and Public Utility Real	8.0535	7.7194	6.3259	8.3159
General Business and Public Utility Personal	9.1000	9.1000	7.1000	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	0.4609	0.4574	0.4560
Commercial/Industrial and Public Utility Real	0.0000	0.4630	0.4671	0.4658
General Business and Public Utility Personal	0.0000	0.5000	0.5000	0.5000
Fairfield County Historic Parks Millage				
Effective Millage Rates				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
Fairfield County Millage				
Effective Millage Rates				
Residential/Agricultural Real	4.9365	5.2683	7.0775	7.0615
Commercial/Industrial and Public Utility Real	5.0446	5.4259	7.1446	7.0980
General Business and Public Utility Personal	7.0500	7.5500	7.5500	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, Fairfield County Auditor

TABLE 7 (continued)

Collection Year					
2008	2009	2010	2011	2012	2013
4.9240	4.9221	4.9293	4.9746	4.9748	4.9726
4.8374	4.8806	4.8806	4.8881	4.7892	4.7893
7.7000	7.7000	7.7000	7.7000	7.7000	7.7000
9.0053	8.9260	8.9220	8.9684	8.9731	8.9624
7.5227	8.0183	8.0334	8.0367	8.1221	8.1129
11.2000	11.2000	11.2000	11.1000	11.1000	11.1000
4.1691	4.1693	4.1671	4.1922	4.1902	4.1891
3.6172	3.6521	3.6490	3.6483	3.6478	3.8439
4.7000	4.7000	4.7000	4.7000	4.7000	4.7000
8.0196	8.0180	8.0224	8.1202	8.1227	8.1278
8.0261	8.2611	8.2668	8.3185	8.3185	8.2385
9.1000	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
0.4213	0.4205	0.4207	0.4264	0.4265	0.4267
0.4018	0.4178	0.4322	0.4411	0.4364	0.4317
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
0.0000	0.0000	0.0000	0.0000	0.4000	0.4000
0.0000	0.0000	0.0000	0.0000	0.4000	0.3971
0.0000	0.0000	0.0000	0.0000	0.4000	0.4000
6.7591	6.7525	7.8337	7.9332	7.9357	7.9407
6.3881	6.5699	7.7745	7.8328	7.8343	7.7965
7.5500	7.5500	8.5500	8.5500	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
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
2011	23,271,990	21,510,168	92.43	654,463	22,164,631	95.24
2012	26,434,836	25,455,153	96.29	987,323	26,442,476	100.03

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 2013 information cannot be presented because all collections have not been made by June 30, 2013.
- (3) The County does not identify delinquent tax collections by tax year.

Lancaster City School District, Ohio
Principal Taxpayers
Tangible Personal Property Tax
2010 and 2004 (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	2004	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Anchor Hocking Glass Corporation	\$7,250,250	8.08%
RalCorp Holdings, Incorporated	6,885,830	7.68
McDermott, Inc.	5,968,740	6.65
Cyril Scott Company	3,848,930	4.29
Crown Cork & Seal Company	2,621,210	2.92
Lancaster Glass Corporation	2,562,930	2.86
Bob Boyd Ford Incorporated	2,018,200	2.25
Time Warner Cable Incorporated	1,997,150	2.23
Taylor Chevrolet Incorporated	1,972,150	2.20
International Paper Company	1,884,820	2.10
Total	<u>\$37,010,210</u>	<u>41.26%</u>
Total Assessed Valuation	<u>\$89,705,089</u>	

(1) The amounts presented represent the assessed values upon which 2004 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
2013 and 2004 (1)

Name of Taxpayer	2013	
	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$20,947,200	43.06%
Rockies Express Pipeline, LLC	19,316,240	39.71
Total	<u>\$40,263,440</u>	<u>82.77%</u>
Total Assessed Valuation	<u>\$48,644,050</u>	

Name of Taxpayer	2004	
	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$12,980,810	51.94%
Ohio Bell Telephone Company	5,175,530	20.71
Total	<u>\$18,156,340</u>	<u>72.65%</u>
Total Assessed Valuation	<u>\$24,990,810</u>	

(1) The amounts presented represent the assessed values upon which 2013 and 2004 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>School Facilities Construction Bonds</u>	<u>Capital Leases</u>
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	32,160	1,211,788,800	0	661,973
2011	37,243	32,609	1,214,456,987	0	525,754
2012	38,780	33,569	1,301,805,820	0	378,240
2013	38,880	33,569	1,305,162,720	63,929,735	1,254,488

Source:

- (1) Lancaster City Community Development Department estimates as reported in the City of Lancaster Comprehensive Annual Financial Report presented on a calendar year.
- (2) U.S. Census Bureau presented on a calendar year.
- (3) Computation of per capita personal income multiplied by population presented on a calendar year.

TABLE 12

<u>Energy Conservation Notes</u>	<u>Total Debt Outstanding</u>	<u>Ratio of Total Debt to Personal Income</u>	<u>Total Debt Per Capita</u>
\$0	\$700,000	0.07%	\$19
0	571,550	0.05	16
0	437,656	0.04	12
0	297,901	0.03	8
0	0	0.00	0
0	0	0.00	0
0	661,973	0.05	18
0	525,754	0.04	14
0	378,240	0.03	10
2,000,000	67,184,223	5.15	1,728

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

Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property(2)	General Obligation Bonded Debt	Ratio of Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
2004	36,120	\$2,460,251,339	\$0	0.00%	\$0.00
2005	36,380	2,546,587,593	0	0.00%	0.00
2006	36,380	\$2,507,139,827	0	0.00%	0.00
2007	36,380	2,545,354,043	0	0.00%	0.00
2008	36,375	2,653,562,937	0	0.00%	0.00
2009	36,608	2,651,020,746	0	0.00%	0.00
2010	37,680	2,628,636,983	0	0.00%	0.00
2011	37,243	2,624,139,686	0	0.00%	0.00
2012	38,780	2,642,727,943	0	0.00%	0.00
2013	38,880	2,669,532,543	63,929,735	2.39%	1,644.28

Sources: (1) Lancaster City Community Development Department estimates as reported in the City of Lancaster Comprehensive Annual Financial Report presented on a calendar year.

(2) Fairfield County Auditor presented on a calendar year.

Lancaster City School District, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2013*

	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, 2013			
General Obligation Bonds	\$63,929,735	100.00%	\$63,929,735
Energy Conservation Notes	2,000,000	100.00%	2,000,000
Capital Leases	1,254,488	100.00%	1,254,488
Total Direct Debt	67,184,223		67,184,223
Overlapping Debt:			
Payable from Property Taxes as of December 31, 2012:			
Greenfield Township General Obligation Bonds	1,559,016	21.33%	332,538
Hocking Township Firehouse Note	410,000	73.75%	302,375
Hocking Township OPWC Loan	27,893	73.75%	20,571
Fairfield County General Obligation Bonds	13,032,042	27.62%	3,599,450
Fairfield County Capital Leases	653,948	27.62%	180,620
City of Lancaster General Obligation Bond Anticipation Notes	1,667,183	100.00%	1,667,183
City of Lancaster General Obligation Bonds	4,835,000	100.00%	4,835,000
City of Lancaster State Infrastructure Bank Loan	464,867	100.00%	464,867
City of Lancaster Housing and Urban Development Loan	400,000	100.00%	400,000
City of Lancaster OPWC Loan	54,775	100.00%	54,775
City of Lancaster Installment Loans	1,492,108	100.00%	1,492,108
City of Lancaster Capital Leases	184,820	100.00%	184,820
Payable from Other Sources as of December 31, 2012:			
Fairfield County Special Assessment Bonds	1,135,188	27.62%	313,539
Fairfield County General Obligation Bonds	744,108	27.62%	205,523
Fairfield County Long-Term Loan	585,332	27.62%	161,669
Fairfield County Capital Leases	25,134	27.62%	6,942
City of Lancaster Ohio Water Development Authority Loan	376,754	100.00%	376,754
City of Lancaster Special Assessment Bonds	210,000	100.00%	210,000
Total Overlapping Debt	27,858,168		14,808,734
Total Direct and Overlapping Debt	\$95,042,391		\$81,992,957

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, 2012.

(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 2013 collection year.

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

	2004	2005	2006	2007
Assessed Valuation (1)	\$815,209,609	\$857,432,981	\$804,825,190	\$819,793,750
Debt Limit - 9% of Assessed Value (2)	\$73,368,865	\$77,168,968	\$72,434,267	\$73,781,438
Amount of Debt Applicable to Debt Limit				
General Obligation Bonds for School Facilities				
Construction	0	0	0	0
Energy Conservation Notes	0	0	0	0
Less Amount Available in Debt Service	0	0	0	0
Totals	0	0	0	0
Exemptions:				
Energy Conservation Notes	0	0	0	0
Totals	0	0	0	0
Amount of Debt Subject to Limit	0	0	0	0
Legal Debt Margin	\$73,368,865	\$77,168,968	\$72,434,267	\$73,781,438
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)	\$815,210	\$857,433	\$804,825	\$819,794
Amount of Debt Subject to Limit	0	0	0	0
Unvoted Legal Debt Margin	\$815,210	\$857,433	\$804,825	\$819,794
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%
Additional Limit for Unvoted Energy Conservation Long-Term Notes				
Debt Limit - .9% of Assessed Value (1)	\$7,336,886	\$7,716,897	\$7,243,427	\$7,378,144
Amount of Debt Subject to Limit				
Energy Conservation Long-Term Notes	0	0	0	0
Unvoted Legal Debt Margin	\$7,336,886	\$7,716,897	\$7,243,427	\$7,378,144
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 15

2008	2009	2010	2011	2012	2013
<u>\$907,576,140</u>	<u>\$913,911,550</u>	<u>\$905,516,300</u>	<u>\$900,696,670</u>	<u>\$907,052,120</u>	<u>\$914,878,770</u>
<u>\$81,681,853</u>	<u>\$82,252,040</u>	<u>\$81,496,467</u>	<u>\$81,062,700</u>	<u>\$81,634,691</u>	<u>\$82,339,089</u>
0	0	0	0	0	60,410,000
0	0	0	0	0	2,000,000
0	0	0	0	0	(1,752,329)
0	0	0	0	0	60,657,671
0	0	0	0	0	(2,000,000)
0	0	0	0	0	(2,000,000)
0	0	0	0	0	58,657,671
<u>\$81,681,853</u>	<u>\$82,252,040</u>	<u>\$81,496,467</u>	<u>\$81,062,700</u>	<u>\$81,634,691</u>	<u>\$23,681,418</u>
100.00%	100.00%	100.00%	100.00%	100.00%	28.76%
\$907,576	\$913,912	\$905,516	\$900,697	\$907,052	\$914,879
0	0	0	0	0	0
<u>\$907,576</u>	<u>\$913,912</u>	<u>\$905,516</u>	<u>\$900,697</u>	<u>\$907,052</u>	<u>\$914,879</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$8,168,185	\$8,225,204	\$8,149,647	\$8,106,270	\$8,163,469	\$8,233,909
0	0	0	0	0	(2,000,000)
<u>\$8,168,185</u>	<u>\$8,225,204</u>	<u>\$8,149,647</u>	<u>\$8,106,270</u>	<u>\$8,163,469</u>	<u>\$6,233,909</u>
100.00%	100.00%	100.00%	100.00%	100.00%	75.71%

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

<u>Calendar Year</u>	<u>Population Lancaster City (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate Fairfield County</u>
2004	36,120	\$1,061,675,160	\$29,393	4.70%
2005	36,380	1,105,333,540	30,383	5.30
2006	36,380	1,104,424,040	30,358	5.30
2007	36,380	1,124,578,560	30,912	4.80
2008	36,375	1,165,636,875	32,045	5.00
2009	36,608	1,201,987,072	32,834	5.60
2010	37,680	1,211,788,800	32,160	8.50
2011	37,243	1,214,456,987	32,609	8.80
2012	38,780	1,301,805,820	33,569	7.70
2013	38,880	1,305,162,720	33,569	6.30

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

- (1) Population is estimated by the City of Lancaster Community Development Department as reported in the City of Lancaster Comprehensive Annual Financial Report.
- (2) Per Capita Income is available by County only (Fairfield County), Personal Income is a calculation.

Lancaster City School District, Ohio

Principal Employers

Current Year and Nine Years Ago

Employer	Nature of Business	Calendar Year 2012		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical-Hospital	2,025	1	11.44%
Anchor Hocking Corporation	Manufacturing-Glass	1,202	2	6.79%
Fairfield County	County Government	827	3	4.67%
Lancaster City School District (1)	Education	684	4	3.86%
City of Lancaster	City Government	411	5	2.32%
Ralston Foods, Incorporated	Manufacturing-Food Products	362	6	2.05%
Giant Eagle	Food	350	7	1.98%
Diamond Power	Manufacturing-Commercial Eletronics	309	8	1.75%
Walmart	Food	300	9	1.69%
Kroger Company	Food	255	10	1.44%
Total		6,725		37.99%
Total Employment within the School District		17,700		

Employer	Nature of Activity	Calendar Year 2003		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical-Hospital	2,000	1	11.70%
Anchor Hocking Corporation	Manufacturing-Glass	1,000	2	5.85
Fairfield County	County Government	817	3	4.78
Lancaster City School District (1)	Education	736	4	4.30
Diamond Power	Manufacturing-Commercial Eletronics	500	5	2.92
Ralston Foods, Incorporated	Manufacturing-Food Products	450	6	2.63
City of Lancaster	City Government	340	7	1.99
Glassfloss	Industrial	250	8	1.46
Crestview	Nursing Care	240	9	1.40
Lancaster Glass	Glass Manufacturer	200	10	1.17
Total		6,533		38.20%
Total Employment within the School District		17,100		

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
Government information is from Fairfield County payroll office, Lancaster City Schools payroll department, and the City of Lancaster's Mayor Office.

(1) Lancaster City School District is presented on a fiscal year basis.

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Regular Instruction										
Certified Employees	265	259	259	226	240	258	267	262	266	263
Special Instruction										
Classified Employees (1)	33	28	22	17	18	0	0	0	0	0
Certified Employees	84	82	78	77	71	82	81	81	82	90
Vocational Instruction										
Classified Employees (1)	0	0	0	0	0	0	0	0	1	1
Certified Employees	34	33	30	19	19	19	21	20	17	17
Student Intervention Services										
Certified Employees	0	0	0	0	0	0	3	2	0	0
Pupil Support Services										
Classified Employees (1)	5	5	4	5	4	15	14	18	15	14
Certified Employees	24	24	21	20	31	19	21	21	22	22
Instructional Staff										
Classified Employees	48	46	47	47	55	61	77	87	63	59
Certified Employees	15	14	11	4	5	4	3	5	5	5
Administrators	2	2	2	2	2	1	1	1	1	1
Administration										
Classified Employees	30	30	28	19	20	23	23	23	21	23
Administrators	31	26	23	17	20	22	21	21	21	23
Fiscal										
Classified Employees	4	7	6	4	4	4	4	4	4	4
Administrators	1	1	1	1	1	2	2	2	2	2
Business										
Classified Employees	4	3	3	1	1	1	1	2	1	1
Administrators	0	0	0	0	1	1	1	1	1	1
Operation and Maintenance of Plant										
Classified Employees	56	55	52	47	49	50	55	52	50	50
Administrators	2	2	2	1	1	1	1	1	1	1
Pupil Transportation										
Classified Employees	38	39	39	40	39	37	39	45	38	42
Administrators	1	1	1	1	1	1	1	1	1	1
Central										
Classified Employees	1	0	1	1	1	1	3	3	4	4
Administrators	1	1	1	1	1	1	2	2	1	1
Food Service Program										
Classified Employees	50	53	50	46	47	51	52	52	52	52
Administrators	2	1	1	1	1	1	1	1	1	1
Non-Instructional Services										
Classified Employees	2	2	3	2	2	2	0	1	1	1
Certified Employees	3	2	2	2	4	2	1	2	2	2
Extracurricular Activities										
Classified Employees (2)	0	0	0	0	0	2	2	2	2	2
Administrators (2)	0	0	0	0	0	1	1	1	1	1
Totals	<u>736</u>	<u>716</u>	<u>687</u>	<u>601</u>	<u>638</u>	<u>662</u>	<u>698</u>	<u>713</u>	<u>676</u>	<u>684</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

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
2004	\$46,842,238	6,107	\$7,670	N/A	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
2012	53,239,374	6,083	8,752	5.55%	394	15.4	n/a
2013	56,206,708	6,025	9,329	6.59%	399	15.1	n/a

N/A - Information for 2009-2013 is not available.

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

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

	2004	2005	2006
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 2004-2006 and K-5 for 2007-2013	463	456	471
Student Capacity	460	460	460
Instruction Classrooms	22	22	22
Teaching Stations	31	31	31
Administrators	1	1	1
Certified Staff	31	30	26
Classified Staff	15	15	18
East Elementary School			
Constructed in 1939			
Total Building Square Footage	37,518	37,518	37,518
Enrollment Grades K-6 for 2004-2006 and K-5 for 2007-2013	343	315	423
Student Capacity	314	314	314
Instruction Classrooms	20	20	20
Teaching Stations	24	24	24
Administrators	1	1	1
Certified Staff	23	20	26
Classified Staff	14	14	19
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 2004-2006 and K-5 for 2007-2013	392	339	339
Student Capacity	337	337	337
Instruction Classrooms	25	25	25
Teaching Stations	30	30	30
Administrators	1	1	1
Certified Staff	23	21	19
Classified Staff	17	17	14
North Elementary School			
Constructed in 1917			
Last year building was in service was 2005			
Total Building Square Footage	43,760	43,760	closed
Enrollment Grades K-6	331	300	closed
Student Capacity	299	299	closed
Instruction Classrooms	31	31	closed
Teaching Stations	28	28	closed
Administrators	1	1	closed
Certified Staff	25	20	closed
Classified Staff	18	16	closed

TABLE 20

2007	2008	2009	2010	2011	2012	2013
31,100	31,100	31,100	31,100	31,100	31,100	31,100
377	386	369	361	383	374	381
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	2
19	24	25	24	26	24	24
15	15	12	14	19	14	14
37,518	37,518	37,518	37,518	37,518	37,518	37,518
383	368	370	386	412	381	378
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	2
22	24	22	22	21	21	21
15	17	16	17	17	16	15
31,500	31,500	31,500	31,500	31,500	31,500	31,500
305	317	333	381	368	368	353
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
16	19	19	22	22	24	25
15	14	15	17	17	15	15
closed						
closed						
closed						
closed						
closed						
closed						
closed						
closed						

(Continued)

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

	2004	2005	2006
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 2004-2006 and K-5 for 2007-2013	361	309	337
Student Capacity	308	308	308
Instruction Classrooms	20	20	20
Teaching Stations	24	24	24
Administrators	1	1	1
Certified Staff	22	20	17
Classified Staff	12	13	14
South Elementary School			
Constructed in 1931			
Total Building Square Footage	29,055	29,055	29,055
Enrollment Grades K-6 for 2004-2006 and K-5 for 2007-2013	283	276	441
Student Capacity	149	149	149
Instruction Classrooms	17	17	17
Teaching Stations	21	21	21
Administrators	1	1	1
Certified Staff	16	19	19
Classified Staff	12	13	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 2004-2006 and K-5 for 2007-2013	362	343	360
Student Capacity	345	345	345
Instruction Classrooms	20	20	20
Teaching Stations	29	29	29
Administrators	1	1	1
Certified Staff	25	23	18
Classified Staff	14	15	13
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	9,000	9,000
Enrollment Grades K-6 for 2004-2006 and K-5 for 2007-2013	310	440	472
Student Capacity	445	445	445
Instruction Classrooms	20	20	20
Teaching Stations	17	17	17
Administrators	1	1	1
Certified Staff	19	22	23
Classified Staff	12	13	15

TABLE 20 (Continued)

2007	2008	2009	2010	2011	2012	2013
31,233	31,233	31,233	31,233	31,233	31,233	31,233
318	320	326	320	300	306	323
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
16	19	19	18	16	19	20
14	12	12	18	13	13	13
29,055	29,055	29,055	29,055	29,055	29,055	29,055
298	315	333	320	284	296	282
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	22	20	21	21	22	22
14	12	11	17	17	14	15
37,000	37,000	37,000	37,000	37,000	37,000	37,000
393	407	421	437	445	466	432
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	2
19	21	18	24	22	26	28
17	19	18	17	15	16	19
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
375	387	406	442	433	447	435
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
18	18	19	23	23	25	26
16	14	12	13	13	13	12

(Continued)

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

	2004	2005	2006
West Elementary School			
Constructed in 1928, addition in 1960			
Total Building Square Footage	46,404	46,404	46,404
Enrollment Grades K-6 for 2004-2006 and K-5 for 2007-2013	424	430	463
Student Capacity	428	428	428
Instruction Classrooms	24	24	24
Teaching Stations	28	28	28
Administrators	1	1	1
Certified Staff	28	27	27
Classified Staff	20	20	15
General Sherman Junior High School			
Constructed in 1957, addition in 1973			
Modular Classrooms - Constructed in 2010			
Total Building Square Footage	64,394	64,394	64,394
Total Modular Square Footage	0	0	0
Enrollment Grades 7-8 for 2004-2006 and 6-8 for 2007-2013	491	482	460
Student Capacity	484	484	484
Instruction Classrooms	23	23	23
Teaching Stations	29	29	29
Administrators	1	2	2
Certified Staff	31	30	27
Classified Staff	23	24	21
Thomas Ewing Junior High School			
Constructed in 1957			
Modular Classrooms - Constructed in 2010 and 2012			
Total Building Square Footage	63,308	63,308	63,308
Total Modular Square Footage	0	0	0
Enrollment Grades 7-8 for 2004-2006 and 6-8 for 2007-2013	529	499	454
Student Capacity	493	493	493
Instruction Classrooms	27	27	27
Teaching Stations	34	34	34
Administrators	1	1	1
Certified Staff	31	28	28
Classified Staff	21	21	23
Stanbery Freshman School			
Constructed in 1929, addition in 1965			
Total Building Square Footage	77,767	77,767	77,767
Enrollment Grade 9 for 2004-2006	483	507	501
Enrollment for Career Based Intervention			
Technology students 2007-2013	0	0	0
Student Capacity	509	509	509
Instruction Classrooms	28	28	28
Teaching Stations	32	32	32
Administrators	18	15	16
Certified Staff	39	34	36
Classified Staff	38	43	39

TABLE 20 (Continued)

2007	2008	2009	2010	2011	2012	2013
46,404	46,404	46,404	46,404	46,404	46,404	46,404
379	381	414	436	436	441	434
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	2
26	28	31	27	32	32	32
15	14	16	21	24	22	20
64,394	64,394	64,394	64,394	64,394	64,394	64,394
0	0	0	9,000	9,000	9,000	9,000
686	656	691	701	653	676	707
484	484	484	484	484	484	484
23	23	23	23	23	23	23
29	29	29	29	29	29	29
1	1	1	1	1	2	2
39	41	43	39	41	42	40
20	22	27	24	28	24	21
63,308	63,308	63,308	63,308	63,308	63,308	63,308
0	0	0	9,000	9,000	18,000	18,000
587	594	625	681	707	709	700
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	2	3
34	34	34	40	42	39	41
20	21	26	25	31	26	24
77,767	77,767	77,767	77,767	77,767	77,767	77,767
0	0	0	0	0	0	0
56	47	191	260	250	203	205
509	509	509	509	509	509	509
28	28	28	28	28	28	28
32	32	32	32	32	32	32
9	9	11	11	11	12	9
14	20	37	34	26	16	14
15	17	18	26	33	26	23

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

	2004	2005	2006
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 2004-2006 and 9-12 for 2007-2013	1,335	1,292	1,323
Student Capacity	1,302	1,302	1,302
Instruction Classrooms	65	65	65
Teaching Stations	102	102	102
Administrators	3	4	4
Certified Staff	120	123	135
Classified Staff	55	44	52

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

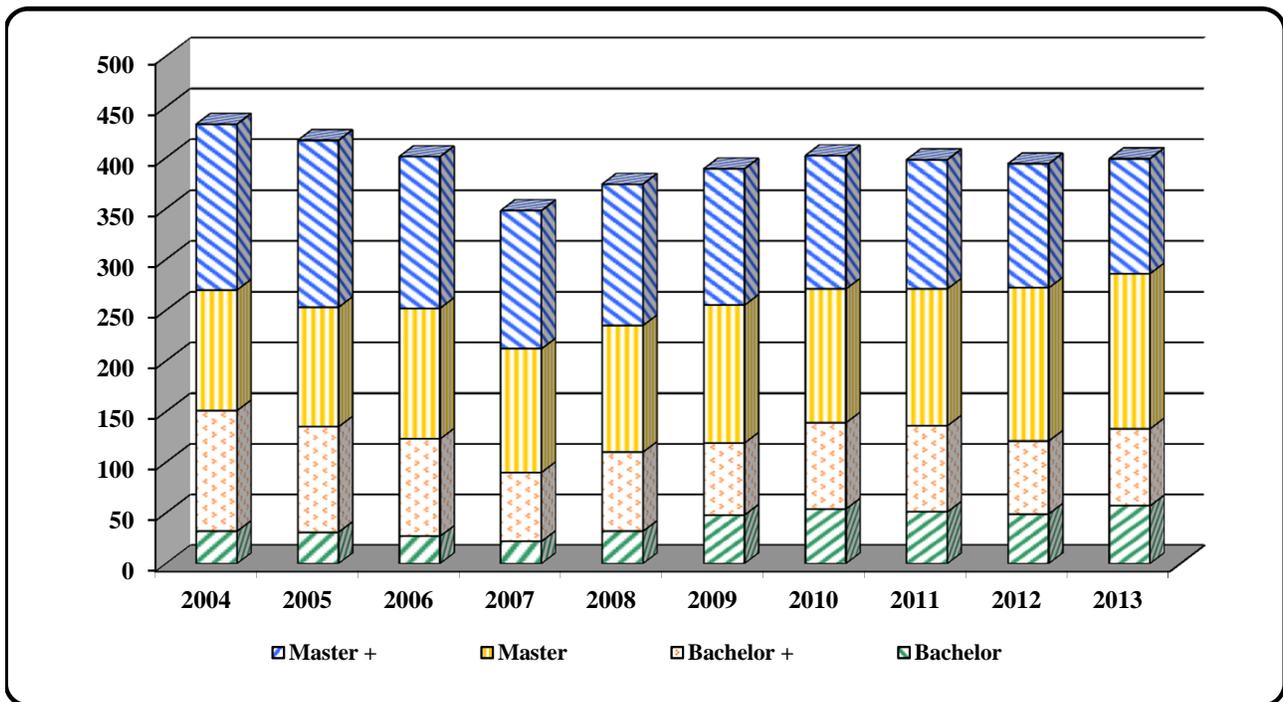
TABLE 20 (Continued)

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
192,500	192,500	192,500	192,500	192,500	192,500	192,500
1,720	1,731	1,528	1,409	1,357	1,416	1,395
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
5	5	4	5	5	6	6
106	104	102	108	106	104	106
53	63	65	61	62	53	62

TABLE 21

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

Degree	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Bachelor's Degree	32	31	27	22	32	48	54	51	49	57
Bachelor + 15	6	7	5	3	3	2	4	6	10	14
Bachelor + 30 (150 hours)	113	97	91	65	75	69	81	79	62	62
Master's Degree	119	118	129	122	125	136	132	135	151	153
Master's + 15	38	41	34	32	38	36	35	34	31	35
Master's + 30	90	86	81	77	74	74	68	63	60	52
Master's + 45	35	35	34	27	27	24	28	30	31	26
Ph. D.	0	2	0	0	0	0	0	0	0	0
Total	433	417	401	348	374	389	402	398	394	399



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)
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
2012	35,609	78,099	56,026	58,120
2013	35,609	78,099	n/a	n/a

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

(1) Starting teacher with no experience - per negotiated agreement.

(2) Teacher with a Masters degree and more than 45 year's experience - per negotiated agreement.

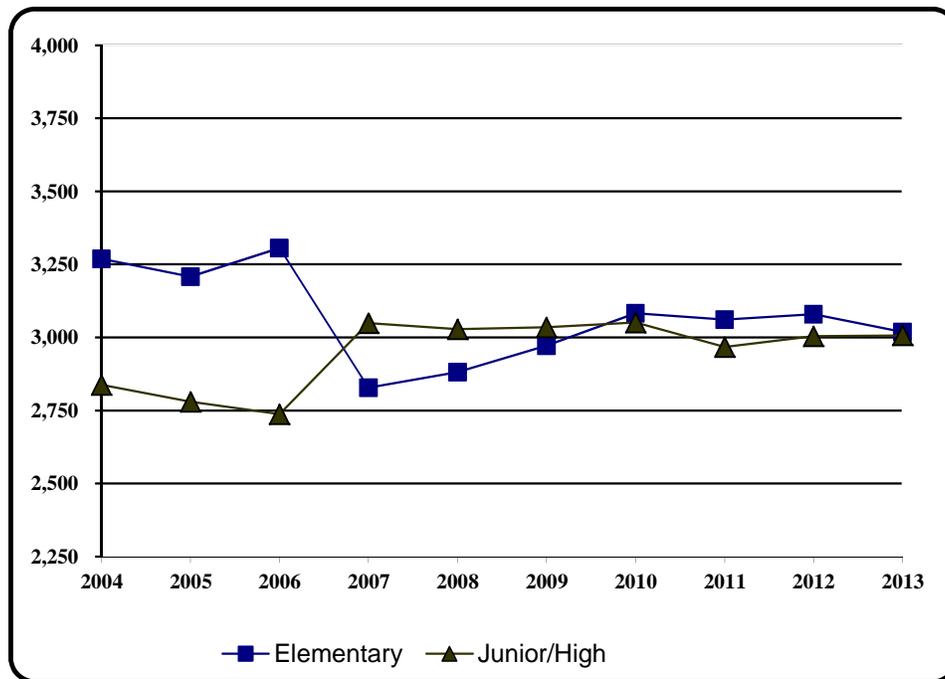
(3) Provided by the Ohio Department of Education.

(4) Provided by the Ohio Department of Education.

n/a means not available at this time

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

Fiscal Year	Elementary Schools	Junior/High School	Total
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
2012	3,079	3,004	6,083
2013	3,018	3,007	6,025



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
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
2012	95.10	94.50	88.50	84.40
2013	94.70	94.20	91.60	n/a

Source: Ohio Department of Education Local Report Cards

n/a means not available at this time

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)					
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
2012	21.8	21.9	22.5	22.2	22.2
2013	20.6	21.5	22.2	22.0	21.7
A.C.T. - Ohio (Graduating Class)					
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
2012	21.1	21.5	22.1	21.8	21.8
2013	21.2	21.5	22.2	21.8	21.8
A.C.T. - U.S.A. (Graduating Class)					
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
2012	20.5	21.1	21.3	20.9	21.1
2013	20.2	20.9	21.1	20.7	20.9

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			
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
2012 (1)	n/a	n/a	n/a
2013 (1)	n/a	n/a	n/a
S.A.T. - Ohio			
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
2012 (1)	n/a	n/a	n/a
2013 (1)	n/a	n/a	n/a
S.A.T. - U.S.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
2012 (1)	n/a	n/a	n/a
2013 (1)	n/a	n/a	n/a

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

(1) The information for 2012 and 2013 is not available because the School District didn't have enough students test so The College Board will not process a report.

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, 2013

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	229	60.10%	38	9.97%
East Elementary School	199	52.65	22	5.82
Medill Elementary School	159	45.04	17	4.82
Sanderson Elementary School	178	55.11	3	0.93
South Elementary School	197	69.86	13	4.61
Tallmadge Elementary School	224	51.85	42	9.72
Tarhe Elementary School	114	26.21	34	7.82
West Elementary School	288	66.36	20	4.61
General Sherman Junior High School	320	45.26	56	7.92
Thomas Ewing Junior High School	328	46.86	45	6.43
Lancaster High School	636	39.75	89	5.56

Source: School District Food Service Records at June 30, 2013



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
JANUARY 30, 2014**