

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

SINGLE AUDIT

FOR FISCAL YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution	03-PU-98/99	10.550	\$0	\$89,061	\$0	\$89,119
School Breakfast Program	05-PU-98/99	10.553	54,155	0	54,155	0
National School Lunch Program	04-PU-98/99	10.555	419,717	0	419,717	0
Total United States Department of Agriculture - Nutrition Cluster			473,872	89,061	473,872	89,119
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education-Grants to States	6B-SF-97/98	84.027	238,072	0	221,338	0
Special Education -Preschool Grants	PG-S1-97/98	84.173	13,071	0	10,602	0
Total Special Education Cluster			251,143		231,940	
Title I Grants to Local Educational Agencies	C1-S1-98/99	84.010	902,271	0	1,033,840	0
Adult Education-State Grant Program	AB-S1-99	84.002	25,000	0	41,107	0
Vocational Education-Basic Grants to States	20-C1-98/99	84.048	95,804	0	77,167	0
Safe and Drug-Free Schools and Communities - State Grants	DR-S1-99	84.186	38,619	0	37,257	0
Goals 2000 State and Local Education Systemic Improvement	G2-S1-97	84.276	0	0	6,773	0
Eisenhower Professional Development State Grants	MS-S1-98/99	84.281	50,998	0	33,991	0
Innovative Education Program Strategies	C2-S1-99	84.298	33,532	0	35,002	0
Total Department of Education			1,397,367		1,497,077	
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Education:</i>						
Social Services Block Grant	044026000	93.667	171,574	0	171,574	0
Total Department of Health & Human Services			171,574	0	171,574	0
Totals			\$2,042,813	\$89,061	\$2,142,523	\$89,119

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Board of Education
Lancaster City School District
111 South Broad Street
Lancaster, Ohio 43130

We have audited the general-purpose financial statements of Lancaster City School District, Fairfield County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 3, 1999 wherein we noted that the District has changed its method of accounting for deferred compensation plans. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-10623-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 3, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 3, 1999.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

JIM PETRO
Auditor of State

December 3, 1999



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

Board of Education
Lancaster City School District
111 South Broad Street
Lancaster, Ohio 43130

Compliance

We have audited the compliance of Lancaster City School District, Fairfield County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 1999. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

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

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

Schedule of Federal Awards Receipts and Expenditures

We have audited the general-purpose financial statements of the District as of and for the year ended June 30, 1999, and have issued our report thereon dated December 3, 1999, wherein we noted the District changed its accounting for the deferred compensation plan. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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



JIM PETRO
Auditor of State

December 3, 1999

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster - 10.550, 10.553, & 10.555 Title I 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999
(Continued)

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

Finding Number	1999-10623-001
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Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Appropriations exceeded disbursements by \$ 160,513 in the Capital Project Computer Network Fund.

We recommend the Board approve all amendments to appropriations and certify them to the County Auditor to ensure disbursements do not exceed appropriations.

3. FINDINGS FOR FEDERAL AWARDS

None

Lancaster City School District, Ohio



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 1999

**Lancaster City
School District, Ohio**

**Comprehensive Annual
Financial Report**

For the Fiscal Year Ended
June 30, 1999



Issued by:
Treasurer's Office

C. R. Asher
Treasurer

**Lancaster City
School District, Ohio**

**Comprehensive Annual
Financial Report**

For the Fiscal Year Ended
June 30, 1999



Issued by:
Treasurer's Office

C. R. Asher
Treasurer

**LANCASTER CITY SCHOOL DISTRICT, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
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Introductory

Section





Lancaster Board of Education

111 South Broad Street Lancaster, Ohio 43130

Robin L. Rhodes, President
David S. Smith, Vice-President
Ron E. Burris
James A. Russell
Rudy A. Touvell
C. R. Asher, Treasurer

December 3, 1999

Board of Education Members and Citizens
Lancaster City School District

CITIZENS OF LANCASTER CITY SCHOOL DISTRICT, OHIO

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

EXPLANATION OF CAFR SECTIONS

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

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

1. The Introductory Section includes this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, the School District's organization chart, and a list of principal officials.
2. The Financial Section begins with the Independent Auditor's Report and includes the General Purpose Financial Statements and Notes to the General Purpose Financial Statements that provide an overview of the School District's financial position and operating results, the combining, individual fund, and account group financial statements and schedules.
3. The Statistical Section presents selected social and economic data, financial trends, and the fiscal capacity of Lancaster City School District.

Our Vision: Students become life-long learners.

Our Mission: Develop critical thinkers and creative problem solvers schooled in the basic academics.

THE SCHOOL DISTRICT AND SERVICES PROVIDED

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

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

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

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

The Lancaster City School District was organized in the mid 1850's and continues to operate in the picturesque and historical setting of the Lancaster area. Over the years, in order to meet the needs of a growing community, the School District has expanded many times, and particularly in the mid 1950's and 1960's undertook initiatives to construct several new buildings as well as to modernize and enlarge several current buildings. The School District is now comprised of a modern high school (serving about 1500 students in grades 10-12) which houses an extensive physical education complex, a freshman school, two junior high schools (serving grades 7-8) appropriately named General Sherman Junior High and Thomas Ewing Junior High, and nine elementary schools. To date, the citizens of Lancaster have an investment of \$33,077,635 in School District land, buildings, furniture and equipment, vehicles, and books.

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/or Federal agencies*. The School District operates under a locally elected Board of Education which consists of five members. The Board controls the School District's thirteen instructional support facilities staffed by 288 non-certified employees, 411 certificated personnel, and 31 administrative employees who provide services to 6,562 students.

The School District provides a wide range of educational and support services as mandated by State statute or public desires. These include regular and vocational instruction, special instructional programs, student guidance services, and extracurricular activities. Enterprise fund services include bookstore sales (Uniform School Supplies), food service operations, and vocational education programs such as cosmetology and auto mechanics (Special Rotary Fund).

THE REPORTING ENTITY

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

Component units are legally separate organizations for which the School District is financially accountable. Financial accountability exists if the School District appoints a voting majority of the component unit's governing board and (1) the School District is able to significantly influence the programs or services performed or provided; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated in some manner to finance the deficits of, or provide financial support to the organization, or the School District is obligated for the debt of the organization. The School District has no component units.

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

The School District takes part in the Ohio School Boards Association Workers' Compensation Group Rating Plan which is considered an insurance purchasing pool. Information pertaining to the pool is presented in Note 20 to the General Purpose Financial Statements.

ECONOMIC CONDITION AND OUTLOOK

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

Lancaster has remained relatively stable for a number of years in population, but has grown more significantly within the past decade. In fact, the community has grown to approximately 38,254 which is 7-8% over the 1990 census. There are signs of increased growth activity, which if fully realized, could have a significant impact on the School District.

Signs of increased economical and numerical growth:

- 1) Development Housing construction remained strong in 1998. A total of 142 building permits were issued for new home construction in 1998. Lancaster City Council accepted four plats creating an additional 100 single family residential lots. The strongest activity was at Dominion Homes' (Borror Corporation) River Valley Highlands adjacent to the US Northwest Corridor. This developer had originally plated 755 homes and has constructed in excess of 400 homes. These homes are already beginning to have an effect on the School District. Other new housing starts occurred in other parts of Lancaster. Under review at year's end were preliminary plans for the development of two additional housing sections.

- 2) Commercial The Factory Card Outlet erected a new building in the River Valley Plaza. At year's end, site development plans were approved for a 72-unit motel, Holiday Inn Express to be built on Riverway Drive next to River Valley Motors. Another motel chain, Hampton Inn, just opened a new 78-unit motel in the northern tip of Lancaster. Bob Evans' Restaurants relocated to a new and larger facility on the southwest side of Schorway Drive.

In 1998 there were continued interest in reviving an older shopping center, the Memorial Plaza. BW-3, a regional restaurant and bar was refurbishing a former bank building in this shopping center. Other properties along Memorial Drive were being developed such as Flowerama, a regional retailer converted a closed fast-food restaurant into a florist and novelty shop. Also, CVS was finalizing plans to construct a 10,000 plus square foot store.

- 3) Industrial The Lancaster Area Community Improvement Corporation began preliminary plans to expand the Rock Mill Corporate Park south to State Route 188. A developer proposed and received zoning approval for senior housing involving the reuse of the upper floors of existing downtown buildings.

A Route 33 by-pass that has been needed for a number of years is now on the highway building schedule and is scheduled to be completed within the next five to six years.

The City of Lancaster's economic outlook continued to improve. During 1998, when the State experienced an unemployment rate of 4.3% and the nation an unemployment rate of 4.5%, the City of Lancaster continued to experience an estimated average unemployment rate of 3.09%.

The School District The economics of the School District at the beginning of the fiscal 1998-1999 school year improved. Due to taxes being collected on a calendar year basis (rather than a fiscal year) this fiscal year is the first in which the School District could feel the full impact of the additional 7.9 mill levy (raises about \$4,700,000 annually).

With the additional funds (approximately half for last year), the School District was able to recover some of the following:

1. Reinstall some cut positions
2. Replace some cut programs

And with those funds, and the full year of additional funds for 1998-1999, the School District has been able to:

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

Another element of school finance which should assist in the improvement of the economics of the School District is the fact that the State of Ohio is restructuring its school foundation allocations to each district in the State. That is helping some currently, hopefully it will help more in the next few years as the State completes the process of restructuring the State funds going to each district.

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

MAJOR INITIATIVES

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

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

There were a number of initiatives and accomplishments made during the fiscal year ended June 30, 1999. Some of those are as follows:

1. A new three year contract, July 1, 1998 through June 30, 2001, was successfully worked out with our non-teaching staff and their organization, the Lancaster School Support Association.
2. A successful change in administration was accomplished. The Superintendent at the beginning of the fiscal year, who had been in the School District for many years, retired at mid year. By the end of the fiscal year, the Board of Education had selected a new Superintendent who has the many kinds of experiences that will help him fit into the School District and provide good leadership. He has already been well accepted by the community.
3. Re-aligned our staffing to provide health and nursing services to the entire district.
4. Reviewed the operations of the School District with the safety of students and staff uppermost in the review. Developed, with community assistance, a safety manual for use by all in the system for the handling of emergencies and dealing with health and safety issues.
5. Worked with an outside architectural planning firm since we are aware that future growth will necessitate some building and renovation of our current buildings. This firm reviewed all of our buildings for necessary improvements and safety and made recommendations for possible additions to buildings and new buildings.
6. Completely revised our Board Policy Book, working with staff at the Ohio School Boards Association.

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

FINANCIAL INFORMATION

Fund Accounting

The School District's accounting system is organized on a "fund" basis. Each fund or account group is a distinct self-balancing accounting entity. Records of general governmental operations are reported on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Records of the proprietary operations are reported on the accrual basis in which revenues are recognized when earned and expenses recorded when the related liability is incurred.

Accounting System and Budgetary Control

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

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

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

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

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

General Fund

The following schedules represent the amount of revenues by source and expenditures by function for the General Fund for the fiscal year ended June 30, 1999, with increases and (decreases) from the fiscal year ended June 30, 1998.

Revenues:	1998	1999	1999	Change	Percent
	Amount	Amount	% of Total		Change
Property Taxes	\$19,368,690	\$21,954,762	57.26%	\$2,586,072	13.35%
Intergovernmental	14,194,594	15,450,115	40.29	1,255,521	8.85
Interest	523,478	593,331	1.55	69,853	13.34
Tuition and Fees	309,057	75,846	.20	(233,211)	(75.46)
Rent	40,217	53,696	.14	13,479	33.52
Extracurricular					
Activities	110,087	130,573	.34	20,486	18.61
Gifts and Donations	5,130	59,000	.15	53,870	1050.10
Miscellaneous	284,198	25,772	.07	(258,426)	(90.93)
Total	<u>\$34,835,451</u>	<u>\$38,343,095</u>	<u>100.00%</u>	<u>\$3,507,644</u>	10.07%

The revenue in the General Fund has grown by 10.07%. Most of this was represented by the increase in taxes. Taxes and intergovernmental (Ohio school foundation funds and offsets on taxes) receipts are the major components of the School District's revenues, usually representing 96-98% of the total. The increase of 13.35% in taxes came through an increase in tax millage (7.9 mills) voted in May, 1997. Since taxes are paid on a calendar year basis, the 1997-1998 fiscal year only received six months at the new millage, but during fiscal year ended June 30, 1999 a full year's increase was received on the additional taxes. The assessed valuation of the School District grew from \$620,709,892 in 1998 to \$682,717,698 in 1999 which represents a 9.99% increase.

Intergovernmental revenues increased 8.85% primarily because funds from the State school foundation allocation were higher. Adjustments are being made across the State of Ohio for school districts in the way the State portion of school funds are being allocated and dispersed. The increase in revenue through interest was due to the fluctuation of interest rates, the fact that we had a larger carry-over balance at the beginning of the year, and the fact that our total revenues increased.

Tuition and fees, rent, and gifts and donations tend to fluctuate from year to year, plus all of them together usually make up 1-1.5% of total revenues. Tuition and fees dropped considerably this year because of a change in procedure by the State in how to bill other districts for tuition. While we usually bill in the months of May and June, we now have to bill later than that—which makes the receipts fall into the next fiscal year. Extracurricular activities receipts continue to grow because of the "pay-to-play" which is in its second year of collection. The decrease in miscellaneous revenue was because a large amount was received on a one-time basis from the State in the previous fiscal year.

<u>Expenditures:</u>	<u>1998 Amount</u>	<u>1999 Amount</u>	<u>1999 % of Total</u>	<u>Change</u>	<u>Percent Change</u>
Instruction:					
Regular	\$14,341,958	\$15,598,933	43.18%	\$1,256,975	8.76%
Special	3,191,336	3,544,519	9.81	353,183	11.07
Vocational	2,147,313	2,267,254	6.28	119,941	5.59
Adult/Continuing	58,899	55,469	.15	(3,430)	(5.82)
Other	152,632	263,732	.73	111,100	72.79
Support Services:					
Pupils	1,462,295	1,794,659	4.97	332,364	22.73
Instructional Staff	1,569,884	2,221,071	6.15	651,187	41.48
Board of Education	36,180	38,986	.11	2,806	7.76
Administration	2,766,342	2,938,618	8.13	172,276	6.23
Fiscal	848,768	868,931	2.40	20,163	2.38
Business	363,777	343,396	.95	(20,381)	(5.60)
Operation and Maintenance of Plant	3,054,801	3,186,972	8.82	132,171	4.33
Pupil Transportation	1,314,338	1,357,535	3.76	43,197	3.29
Central	262,999	237,661	.66	(25,338)	(9.63)
Extracurricular Activities	360,083	410,362	1.13	50,279	13.96
Refund of Property Taxes	97,399	97,398	.27	(1)	.00
Capital Outlay	0	798,387	2.21	798,387	100.00
Debt Service					
Principal Retirement	82,395	96,923	.27	14,528	17.63
Interest and Fiscal Charges	11,428	7,462	.02	(3,966)	(34.70)
Total	<u>\$32,122,827</u>	<u>\$36,128,268</u>	<u>100.00%</u>	<u>\$4,005,441</u>	<u>12.47%</u>

The expenditures increased by \$4,005,441 in fiscal year 1999 over the previous year, or 12.47%, in the general fund of the School District. This seems like a large increase for one year, so let's review some of the factors which would have caused that large an increase:

1. We were able to replace some cuts that had been made in staffing, and some cutbacks in programs, when our finances were being strained. Some of these replacements occurred during the current year.
2. With the newly voted funds, which amount to about \$4,700,000 a year for five years, we are attempting each year to appropriate the following:
 - a. \$600,000 for the replacement of textbooks.
 - b. \$600,000 for the addition/replacement of computers and related equipment.
 - c. \$600,000 for the replacement of other equipment/furniture.
 - d. \$600,000 for projects throughout the buildings such as roofs, windows, blacktop, etc.
 - e. \$400,000 per year for a State mandatory budget reserve.
3. Normal increases for staff, both certified and classified.

All of these, the normal raises, the replacement of cuts, the newly appropriated funds would be shown in most of the functions under instruction and also support services.

Transportation continues to grow because we are in the process of replacing our bus fleet. We replaced three buses during the current fiscal year. Extracurricular activities grew because some supplementary coaching positions were added back into the program activities. The large amount for capital outlay of \$798,387 is a result of expenditures in the replacement of equipment and furniture and projects that have been accomplished in the buildings. The debt retirement follows a pre-determined course for principal payment, generally the principal retirement increases and the interest decreases each year. There is a series of court suits throughout Ohio by utility firms to recover what they contend is an overcharge in taxes for the last few years. In the current fiscal year we repaid \$97,398 which was the payoff of the amount owed to Texas Eastern Transmission Corporation.

Financial Highlights - General Fund In May, 1997, the community showed their support for the School District by voting favorably on an additional tax levy of 7.9 mills for a period of five years. This additional revenue should assist the School District to fund operations on a current level. The fiscal year ended June 30, 1999, was the first year we received the full finances of the 7.9 mills.

In addition, the whole structure of how the State provides funds for each of its school districts is being studied due to a ruling through the Ohio State Supreme Court. While no school district knows yet what the complete re-structuring will do to its own individual funds, the belief is that it will considerably assist each school district.

The vote of the community, and the re-structuring by the State of its school foundation program, and the fact that the assessed valuation within the School District is growing, should brighten considerably the financial outlook of the Lancaster City School District.

Financial Highlights - Proprietary Funds Food Service and Uniform School Supplies Funds are classified as enterprise operations since they resemble those activities in private industry. Management periodically desires to determine the amount of profit/loss resulting from operations that are significantly financed from user fees. Enterprise operations had a net loss of \$39,332 for the fiscal year ended June 30, 1999. The Food Service Enterprise Fund had retained earnings of \$47,309 at June 30, 1999. Lunch prices were not changed for fiscal year 1999, but an effort to strengthen the Food Service Fund through scrutiny of expenses and numbers of staff continued through a district-wide committee.

At the conclusion of 1999, the only internal service fund carried on the financial records related to self-insurance. This fund accounts for revenues and expenses for health care benefits provided to School District employees. The internal service fund had an operating loss of \$708,468 for the fiscal year ended June 30, 1999, and retained earnings at June 30, 1999, of (\$410,894). The third party administrator has determined that a 5 percent increase in premiums is necessary to maintain the fund in a sound financial condition.

Financial Highlights - Trust and Agency Funds The two trust funds carried on the financial records represent donations given for specific purposes. The agency funds represent money held by the School District for a variety of student groups.

General Fixed Assets The general fixed assets of the Lancaster City School District are used to conduct the main education and support function of the system and are not financial resources available for expenditures. The total general fixed assets at June 30, 1999, was \$33,077,635. Such assets are accounted for at historical cost. Depreciation is not recognized on general fixed assets. For insurance purposes, it has been actuarially estimated that the replacement cost of these general fixed assets would be \$72,424,400.

DEBT ADMINISTRATION

At June 30, 1999, the Lancaster City School District had outstanding debt as listed below:

Note for Energy Management Program	<u>\$1,585,000</u>
------------------------------------	--------------------

The outstanding debt is repaid through general fund tax revenues allocated to the bond retirement debt service fund. The tax revenues allocated to the bond retirement debt service fund vary each year depending on the principal retirement needed for the current fiscal year.

CASH MANAGEMENT

The School District operates a cash management program designed to provide safety, liquidity, and yield. Funds are invested or deposited in Ohio State Treasurer's Investment Pool (STAR Ohio), daily repurchase agreements and demand deposit accounts. The total interest earned represents an annual interest yield of approximately 1.5 percent of the total fiscal year receipts. The cash management program is particularly successful because of access to daily balances which enables the School District to maintain minimum balance accounts and invest to the maximum extent.

A majority of the School District's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of the public funds on deposit. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions. The School District regularly reviews the market value of the pool to insure that adequate collateral is being provided.

PENSION PLANS

All School District employees are covered by either of the state-wide systems, School Employees Retirement System of Ohio (SERS) or State Teachers Retirement System of Ohio (STRS). The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. The School District's contribution requirements for pension and health care benefits were \$2,856,679 paid as the employer portion to STRS and \$804,828 paid as the employer portion to SERS. See Note 11 and 12 to the General Purpose Financial Statements for complete details.

RISK MANAGEMENT

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

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

In addition, the School District maintains replacement cost insurance on buildings and contents in the amount of \$72,424,400 with a \$1,000 deductible. Musical instruments are insured for \$803,038 with a \$250 deductible.

The School District also maintains \$25,000 on premises crime insurance and \$25,000 on messenger crime insurance.

INDEPENDENT AUDIT

State statute requires the School District to submit to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor Jim Petro, Auditor of State, rendered an opinion on the School District's financial statements for fiscal year 1999. Pursuant to statute, the State prescribed a uniform accounting system to standardize accounting classification and financial reporting for all governments in Ohio. The School District adopted and has been in conformance with that system beginning with its financial report for 1979.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lancaster City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1998. 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 seven years out of the last eight years. The School District did not submit a CAFR for the fiscal year ended June 30, 1995. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

ACKNOWLEDGMENTS

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

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

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

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "C. R. Asher". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

C. R. Asher
Lancaster City School District Treasurer

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, 1998

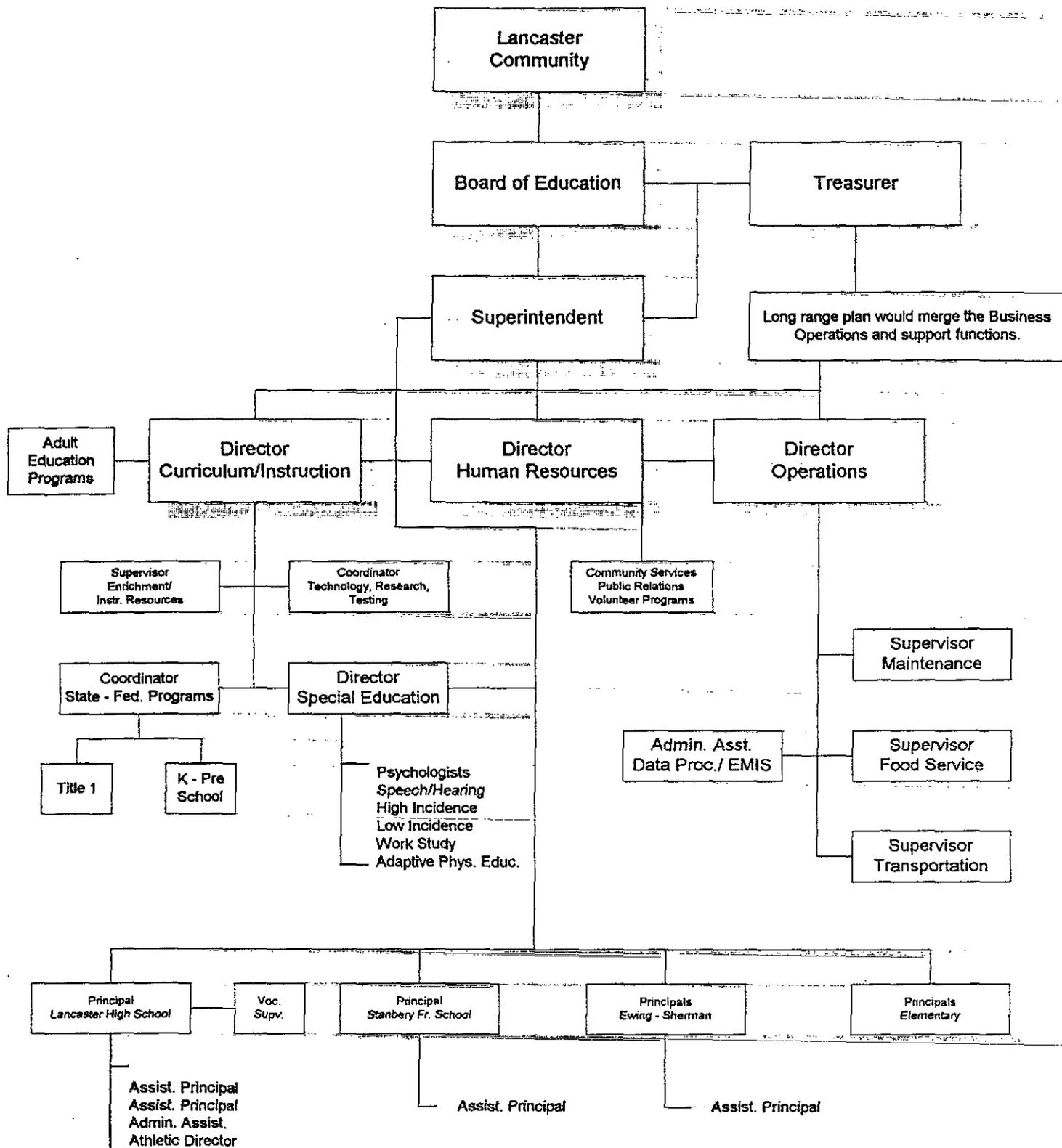
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Cary Brueck
President

Jeffrey L. Esall
Executive Director

Lancaster City Schools



**LANCASTER CITY SCHOOL DISTRICT, OHIO
ORGANIZATION CHART
(Continued)**

CENTRAL OFFICE
ADMINISTRATORS

- Secretary
- Custodian

PRINCIPALS, ASSISTANT PRINCIPALS
VOCATIONAL DIRECTOR

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

TREASURER

- Assistant Treasurer
- Payroll Clerk
- Account Clerk
- Secretary

DIRECTOR SPECIAL
EDUCATION

- School Psychologists
- Supervisors, Special Education
- Coordinators, Special Education
- Occupational Therapist
- Physical Therapist
- Adaptive Physical Education Teacher
- Nurses
- Secretaries
- Custodians

DIRECTORS, SUPERVISORS
COORDINATORS

- Secretary
- Custodian

FOOD SERVICE
DIRECTOR

- 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, 1999**

BOARD OF EDUCATION

Mr. David S. Smith President
Mr. Ron E. Burris Vice President
Mr. Rudy A. Touvell Member
Mr. James A. Russell Member
Dr. Robin L. Rhodes Member

Treasurer

C.R. Asher

Administration

Mr. Thomas B. Maher Superintendent
Mr. David Todd Director of Curriculum/ Instruction
Mrs. Linda Deeds Director of Human Resources
Dr. Jacalyn R. Osborne Director of Operations

Financial

Section





STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 East Gay Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying general purpose financial statements of the Lancaster City School District, Fairfield County, Ohio (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lancaster City School District, Fairfield County, Ohio, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

As described in Note 3, the District has implemented Governmental Accounting Standards Board Statement Number 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" as of July 1, 1998.

Lancaster City School District
Report of Independent Accounts
Page 2

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the introductory and statistical sections as listed in the Table of Contents and therefore express no opinion thereon.



JIM PETRO
Auditor of State

December 3, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

The following general purpose financial statements, along with the notes to the general purpose financial statements, present an overview of the School District's financial position at June 30, 1999, and the results of operations and cash flows of its proprietary and similar trust funds for the year then ended.

Lancaster City School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Cash and Cash Equivalents	\$8,173,669	\$591,490	\$109	\$138,421
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Cash and Cash Equivalents with Fiscal Agents	0	0	0	0
Receivables:				
Taxes	22,210,671	0	355,520	0
Accounts	2,864	2,330	0	0
Intergovernmental	318,327	339,182	0	0
Interfund	428,856	0	0	0
Due from Other Funds	2,100	340	0	0
Materials and Supplies Inventory	214,126	5,937	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	307,052	20,012	0	0
Restricted Assets:				
Cash and Cash Equivalents	508,843	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$32,166,508	\$959,291	\$355,629	\$138,421

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
\$205,771	\$414,865	\$141,453	\$0	\$0	\$9,665,778
0	133,143	0	0	0	133,143
0	108,096	0	0	0	108,096
0	0	0	0	0	22,566,191
459	927	277	0	0	6,857
87,213	0	0	0	0	744,722
0	0	0	0	0	428,856
0	0	0	0	0	2,440
8,913	0	0	0	0	228,976
81,123	0	0	0	0	81,123
12,303	14,276	0	0	0	353,643
0	0	0	0	0	508,843
32,522	0	0	33,077,635	0	33,110,157
0	0	0	0	12,145	12,145
0	0	0	0	5,121,891	5,121,891
<u>\$428,304</u>	<u>\$671,307</u>	<u>\$141,730</u>	<u>\$33,077,635</u>	<u>\$5,134,036</u>	<u>\$73,072,861</u>

(Continued)

Lancaster City School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1999
 (Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$98,707	\$38,840	\$0	\$5,028
Accrued Salaries and Benefits Payable	3,426,540	251,328	0	0
Intergovernmental Payable	705,650	40,317	0	0
Interfund Payable	0	128,760	0	0
Due to Other Funds	340	0	0	0
Due to Others	0	0	0	0
Due to Students	0	0	0	0
Deferred Revenue	21,786,601	0	343,484	0
Compensated Absences Payable	327,858	0	0	0
Retainage Payable	8,614	0	0	0
Claims Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
Total Liabilities	26,354,310	459,245	343,484	5,028
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
<u>Retained Earnings:</u>				
Unreserved (Deficit)	0	0	0	0
<u>Fund Balances:</u>				
Reserved for Encumbrances	737,077	100,281	0	26,491
Reserved for Budget Stabilization	508,843	0	0	0
Reserved for Property Taxes	740,197	0	12,036	0
Reserved for Inventory	214,126	5,937	0	0
Reserved for Endowment	0	0	0	0
<u>Unreserved:</u>				
Designated	121,329	0	0	0
Undesignated	3,490,626	393,828	109	106,902
Total Fund Equity (Deficit) and Other Credits	5,812,198	500,046	12,145	133,393
Total Liabilities, Fund Equity and Other Credits	\$32,166,508	\$959,291	\$355,629	\$138,421

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$0	\$0	\$581	\$0	\$0	\$143,156
107,474	0	0	0	0	3,785,342
81,923	0	0	0	277,776	1,105,666
0	300,000	96	0	0	428,856
0	0	2,100	0	0	2,440
0	0	9,211	0	0	9,211
0	0	69,467	0	0	69,467
58,449	265,438	0	0	0	22,453,972
68,850	0	0	0	3,159,178	3,555,886
0	0	0	0	0	8,614
0	516,763	0	0	0	516,763
0	0	0	0	112,082	112,082
0	0	0	0	1,585,000	1,585,000
<u>316,696</u>	<u>1,082,201</u>	<u>81,455</u>	<u>0</u>	<u>5,134,036</u>	<u>33,776,455</u>
0	0	0	33,077,635	0	33,077,635
111,608	(410,894)	0	0	0	(299,286)
0	0	0	0	0	863,849
0	0	0	0	0	508,843
0	0	0	0	0	752,233
0	0	0	0	0	220,063
0	0	37,345	0	0	37,345
0	0	0	0	0	121,329
0	0	22,930	0	0	4,014,395
<u>111,608</u>	<u>(410,894)</u>	<u>60,275</u>	<u>33,077,635</u>	<u>0</u>	<u>39,296,406</u>
<u>\$428,304</u>	<u>\$671,307</u>	<u>\$141,730</u>	<u>\$33,077,635</u>	<u>\$5,134,036</u>	<u>\$73,072,861</u>

Lancaster City School District, Ohio
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 1999

	Governmental Fund		
	General	Special Revenue	Debt Service
Revenues:			
Property Taxes	\$21,954,762	\$0	\$355,191
Intergovernmental	15,450,115	3,003,590	0
Interest	593,331	0	0
Tuition and Fees	75,846	18,980	0
Rent	53,696	20	0
Extracurricular Activities	130,573	231,027	0
Gifts and Donations	59,000	20,730	0
Miscellaneous	25,772	3,412	0
Total Revenues	38,343,095	3,277,759	355,191
Expenditures:			
Current:			
Instruction:			
Regular	15,598,933	194,178	0
Special	3,544,519	1,128,816	0
Vocational	2,267,254	72,164	0
Adult/Continuing	55,469	46,543	0
Other	263,732	0	0
Support Services:			
Pupils	1,794,659	198,719	0
Instructional Staff	2,221,071	551,386	0
Board of Education	38,986	0	0
Administration	2,938,618	161,995	0
Fiscal	868,931	24,440	0
Business	343,396	0	0
Operation and Maintenance of Plant	3,186,972	9,454	0
Pupil Transportation	1,357,535	22,249	0
Central	237,661	54,493	0
Operation of Non-Instructional Services	0	524,747	0
Extracurricular Activities	410,362	174,872	0
Refund of Property Taxes	97,398	0	0
Capital Outlay	798,387	7,080	0
Debt Service:			
Principal Retirement	96,923	0	275,000
Interest and Fiscal Charges	7,462	0	78,374
Total Expenditures	36,128,268	3,171,136	353,374
Excess of Revenues Over (Under) Expenditures	2,214,827	106,623	1,817
Other Financing Sources:			
Proceeds from Sale of Fixed Assets	6,701	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	2,221,528	106,623	1,817
Fund Balances at Beginning of Year - Restated (Note 3)	3,548,662	390,680	10,328
Residual Equity Transfer In	0	0	0
Residual Equity Transfer Out	0	0	0
Increase in Reserve for Inventory	42,008	2,743	0
Fund Balances at End of Year	\$5,812,198	\$500,046	\$12,145

See accompanying notes to the general purpose financial statements

Types Capital Projects	Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
\$0	\$0	\$22,309,953
293,920	0	18,747,625
711	1,016	595,058
0	0	94,826
0	0	53,716
0	0	361,600
3,365	788	83,883
0	0	29,184
297,996	1,804	42,275,845
55,304	0	15,848,415
0	0	4,673,335
0	0	2,339,418
0	0	102,012
0	0	263,732
0	0	1,993,378
4,690	100	2,777,247
0	0	38,986
0	0	3,100,613
23,185	0	916,556
0	0	343,396
6,064	0	3,202,490
0	0	1,379,784
0	0	292,154
0	2,290	527,037
0	0	585,234
0	0	97,398
281,276	0	1,086,743
0	0	371,923
0	0	85,836
370,519	2,390	40,025,687
(72,523)	(586)	2,250,158
0	0	6,701
(72,523)	(586)	2,256,859
205,916	22,471	4,178,057
18,749	0	18,749
(18,749)	0	(18,749)
0	0	44,751
\$133,393	\$21,885	\$6,479,667

Lancaster City School District, Ohio
 Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 1999

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Property Taxes	\$21,716,380	\$21,745,622	\$29,242
Intergovernmental	15,122,620	15,531,434	408,814
Interest	300,000	593,331	293,331
Tuition and Fees	228,200	265,922	37,722
Rent	55,000	54,262	(738)
Extracurricular Activities	116,000	128,597	12,597
Gifts and Donations	3,000	59,000	56,000
Compensation for Fire Loss	0	0	0
Miscellaneous	14,828	27,436	12,608
Total Revenues	37,556,028	38,405,604	849,576
Expenditures:			
Current:			
Instruction:			
Regular	16,600,004	15,555,872	1,044,132
Special	3,518,997	3,496,728	22,269
Vocational	2,368,891	2,261,893	106,998
Adult/Continuing	59,714	57,146	2,568
Other	304,508	301,233	3,275
Support Services:			
Pupils	2,026,128	1,863,880	162,248
Instructional Staff	2,240,949	2,191,699	49,250
Board of Education	67,492	41,334	26,158
Administration	3,091,678	3,064,662	27,016
Fiscal	929,294	882,618	46,676
Business	445,958	359,710	86,248
Operation and Maintenance of Plant	3,524,592	3,339,748	184,844
Pupil Transportation	1,449,322	1,425,255	24,067
Central	321,462	311,659	9,803
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	431,465	409,909	21,556
Capital Outlay	882,154	882,154	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	38,262,608	36,445,500	1,817,108
Excess of Revenues Over (Under) Expenditures	(706,580)	1,960,104	2,666,684
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	1,000	8,701	5,701
Advances In	19,972	82,150	62,178
Operating Transfer In	0	0	0
Advances Out	(439,000)	(428,760)	10,240
Operating Transfer Out	0	0	0
Total Other Financing Sources (Uses)	(418,028)	(339,909)	78,119
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,124,608)	1,620,195	2,744,803
Fund Balances at Beginning of Year	5,410,715	5,410,715	0
Prior Year Encumbrances Appropriated	828,332	828,332	0
Fund Balances at End of Year	\$5,114,439	\$7,859,242	\$2,744,803

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$353,374	\$353,374	\$0
3,292,994	2,696,055	(596,939)	0	0	0
0	0	0	0	0	0
5,600	18,483	12,883	0	0	0
2,100	20	(2,080)	0	0	0
434,420	233,119	(201,301)	0	0	0
24,419	20,730	(3,689)	0	0	0
0	0	0	0	0	0
0	3,412	3,412	0	0	0
3,759,533	2,971,819	(787,714)	353,374	353,374	0
346,264	226,974	119,290	0	0	0
1,512,890	1,130,998	381,892	0	0	0
76,122	72,237	3,885	0	0	0
71,449	52,558	18,891	0	0	0
0	0	0	0	0	0
260,051	240,215	19,836	0	0	0
648,578	557,577	91,001	0	0	0
0	0	0	0	0	0
200,911	160,827	40,084	0	0	0
50,772	25,694	25,078	0	0	0
200	0	200	0	0	0
11,219	9,454	1,765	0	0	0
22,249	22,249	0	0	0	0
132,788	67,606	65,182	0	0	0
615,105	545,540	69,565	0	0	0
435,606	179,090	256,516	0	0	0
8,505	7,080	1,425	0	0	0
0	0	0	275,000	275,000	0
0	0	0	78,374	78,374	0
4,392,709	3,298,099	1,094,610	353,374	353,374	0
(633,176)	(326,280)	306,896	0	0	0
0	0	0	0	0	0
0	128,760	128,760	0	0	0
10,500	0	(10,500)	0	0	0
(24,150)	(24,150)	0	0	0	0
0	0	0	0	0	0
(13,650)	104,610	118,260	0	0	0
(646,826)	(221,670)	425,156	0	0	0
511,896	511,896	0	109	109	0
163,092	163,092	0	0	0	0
\$28,162	\$453,318	\$425,156	\$109	\$109	\$0

(Continued)

Lancaster City School District, Ohio
 Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 1999
 (Continued)

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$0	\$0	\$0
Intergovernmental	293,920	456,213	162,293
Interest	711	711	0
Tuition and Fees	0	0	0
Rent	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	10,000	3,365	(6,635)
Compensation for Fire Loss	95,316	95,316	0
Miscellaneous	0	0	0
Total Revenues	399,947	555,605	155,658
Expenditures:			
Current:			
Instruction:			
Regular	378,296	491,781	(113,485)
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	33,848	17,363	16,485
Board of Education	0	0	0
Administration	0	0	0
Fiscal	23,185	23,185	0
Business	0	0	0
Operation and Maintenance of Plant	32,121	16,064	16,057
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	10,000	1,280	8,720
Capital Outlay	37,011	32,920	4,091
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	514,461	582,593	(68,132)
Excess of Revenues Over (Under) Expenditures	(114,514)	(26,988)	87,526
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Operating Transfer In	18,749	18,749	0
Advances Out	(58,000)	(58,000)	0
Operating Transfer Out	(18,749)	(18,749)	0
Total Other Financing Sources (Uses)	(58,000)	(58,000)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(172,514)	(84,988)	87,526
Fund Balances at Beginning of Year	111,862	111,862	0
Prior Year Encumbrances Appropriated	80,029	80,029	0
Fund Balances at End of Year	\$19,377	\$106,903	\$87,526

See accompanying notes to the general purpose financial statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$22,069,754	\$22,098,996	\$29,242
0	0	0	18,709,534	18,683,702	(25,832)
1,200	1,016	(184)	301,911	595,058	293,147
0	0	0	233,800	284,405	50,605
0	0	0	57,100	54,282	(2,818)
0	0	0	550,420	361,716	(188,704)
1,600	788	(812)	39,019	83,883	44,864
0	0	0	95,316	95,316	0
200	0	(200)	15,028	30,848	15,820
3,000	1,804	(1,196)	42,071,882	42,288,206	216,324
0	0	0	17,324,564	16,274,627	1,049,937
0	0	0	5,031,887	4,627,726	404,161
0	0	0	2,445,013	2,334,130	110,883
0	0	0	131,163	109,704	21,459
0	0	0	304,508	301,233	3,275
0	0	0	2,286,179	2,104,095	182,084
0	100	(100)	2,923,375	2,766,739	156,636
0	0	0	67,492	41,334	26,158
0	0	0	3,292,589	3,225,489	67,100
0	0	0	1,003,251	931,497	71,754
0	0	0	446,158	359,710	86,448
0	0	0	3,567,932	3,365,266	202,666
0	0	0	1,471,571	1,447,504	24,067
0	0	0	454,250	379,265	74,985
4,000	2,290	1,710	619,105	547,830	71,275
0	0	0	877,071	590,279	286,792
0	0	0	927,670	922,154	5,516
0	0	0	275,000	275,000	0
0	0	0	78,374	78,374	0
4,000	2,390	1,610	43,527,152	40,681,956	2,845,196
(1,000)	(586)	414	(1,455,270)	1,606,250	3,061,520
0	0	0	1,000	6,701	5,701
0	0	0	19,972	210,910	190,938
0	0	0	29,249	18,749	(10,500)
0	0	0	(521,150)	(510,910)	10,240
0	0	0	(18,749)	(18,749)	0
0	0	0	(489,678)	(293,299)	196,379
(1,000)	(586)	414	(1,944,948)	1,312,951	3,257,899
22,471	22,471	0	6,057,053	6,057,053	0
0	0	0	1,071,453	1,071,453	0
\$21,471	\$21,885	\$414	\$5,183,558	\$8,441,457	\$3,257,899

Lancaster City School District, Ohio
Combined Statement of Revenues,
Expenses, and Changes in Retained Earnings/Fund Balance
All Proprietary Fund Types and Similar Trust Fund
For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Totals
	Enterprise	Internal Service	Non-Expendable Trust	(Memorandum Only)
Operating Revenues:				
Sales	\$879,953	\$0	\$0	\$879,953
Charges for Services	0	3,070,046	0	3,070,046
Interest	0	0	1,921	1,921
Contributions and Donations	0	0	200	200
Total Operating Revenues	879,953	3,070,046	2,121	3,952,120
Operating Expenses:				
Salaries	633,931	0	0	633,931
Fringe Benefits	244,786	0	0	244,786
Purchased Services	1,398	260,638	0	262,036
Claims	0	3,517,876	0	3,517,876
Materials and Supplies	55,227	0	0	55,227
Cost of Sales	594,042	0	0	594,042
Other Operating Expenses	3,120	0	3,500	6,620
Depreciation	7,241	0	0	7,241
Total Operating Expenses	1,539,745	3,778,514	3,500	5,321,759
Operating Loss	(659,792)	(708,468)	(1,379)	(1,369,639)
Non-Operating Revenues:				
Federal Donated Commodities	89,119	0	0	89,119
Operating Grants	526,814	0	0	526,814
Interest Income	2,328	0	0	2,328
Other Non-Operating Revenues	2,199	0	0	2,199
Total Non-Operating Revenues	620,460	0	0	620,460
Net Loss	(39,332)	(708,468)	(1,379)	(749,179)
Retained Earnings/Fund Balance at Beginning of Year- Restated (Note 3)				
	150,940	297,574	39,769	488,283
Retained Earnings (Deficit)/Fund Balance at End of Year				
	\$111,608	(\$410,894)	\$38,390	(\$260,896)

See accompanying notes to the general purpose financial statements

Lancaster City School District, Ohio
 Combined Statement of Revenues, Expenses, and Changes in
 Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 1999

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$1,037,354	\$881,992	(\$155,362)
Charges for Services	0	0	0
Interest	0	2,328	2,328
Contributions and Donations	0	0	0
Operating Grants	495,000	505,704	10,704
Other Non-Operating Revenues	4,000	2,199	(1,801)
Total Revenues	1,536,354	1,392,223	(144,131)
Expenses:			
Salaries	800,000	635,265	164,735
Fringe Benefits	306,827	249,742	57,085
Purchased Services	9,892	1,398	8,494
Materials and Supplies	607,314	558,804	48,510
Other Operating Expenses	3,120	3,120	0
Capital Outlay	22,000	17,453	4,547
Total Expenses	1,749,153	1,465,782	283,371
Excess of Revenues Under Expenses	(212,799)	(73,559)	139,240
Advances In	0	0	0
Excess of Revenues Over (Under) Expenses and Advances	(212,799)	(73,559)	139,240
Fund Equity at Beginning of Year	275,821	275,821	0
Prior Year Encumbrances Appropriated	972	972	0
Fund Equity at End of Year	\$63,994	\$203,234	\$139,240

(Continued)

Lancaster City School District, Ohio
Combined Statement of Revenues, Expenses, and Changes in
Fund Equity - Budget and Actual (Budget Basis)
All Proprietary Fund Types and Similar Trust Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Internal Service Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Sales	\$0	\$0	\$0
Charges for Services	3,100,000	3,100,579	579
Interest	0	0	0
Contributions and Donations	0	0	0
Operating Grants	0	0	0
Other Non-Operating Revenues	0	0	0
Total Revenues	3,100,000	3,100,579	579
Expenses:			
Salaries	0	0	0
Fringe Benefits	150,000	94,365	55,635
Purchased Services	3,648,544	3,589,893	58,651
Materials and Supplies	0	0	0
Other Operating Expenses	0	0	0
Capital Outlay	0	0	0
Total Expenses	3,798,544	3,684,258	114,286
Excess of Revenues Under Expenses	(698,544)	(583,679)	114,865
Advances In	0	300,000	300,000
Excess of Revenues Over (Under) Expenses and Advances	(698,544)	(283,679)	414,865
Fund Equity at Beginning of Year	698,544	698,544	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	\$0	\$414,865	\$414,865

See accompanying notes to the general purpose financial statements

Non-Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,037,354	\$881,992	(\$155,362)
0	0	0	3,100,000	3,100,579	579
2,550	1,921	(629)	2,550	4,249	1,699
450	200	(250)	450	200	(250)
0	0	0	495,000	505,704	10,704
0	0	0	4,000	2,199	(1,801)
<u>3,000</u>	<u>2,121</u>	<u>(879)</u>	<u>4,639,354</u>	<u>4,494,923</u>	<u>(144,431)</u>
0	0	0	800,000	635,265	164,735
0	0	0	456,827	344,107	112,720
0	0	0	3,658,436	3,591,291	67,145
0	0	0	607,314	558,804	48,510
6,500	3,500	3,000	9,620	6,620	3,000
0	0	0	22,000	17,453	4,547
<u>6,500</u>	<u>3,500</u>	<u>3,000</u>	<u>5,554,197</u>	<u>5,153,540</u>	<u>400,657</u>
(3,500)	(1,379)	2,121	(914,843)	(658,617)	256,226
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>300,000</u>	<u>300,000</u>
(3,500)	(1,379)	2,121	(914,843)	(358,617)	556,226
39,769	39,769	0	1,014,134	1,014,134	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>972</u>	<u>972</u>	<u>0</u>
<u>\$36,269</u>	<u>\$38,390</u>	<u>\$2,121</u>	<u>\$100,263</u>	<u>\$656,489</u>	<u>\$556,226</u>

Lancaster City School District, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Fund
For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
Increase (Decrease) in <u>Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$881,992	\$0	\$0	\$881,992
Cash Received from Contributions	0	0	200	200
Cash Received from Quasi-External Operating Transactions with Other Funds	0	3,100,579	0	3,100,579
Cash Payments for Employee Services and Benefits	(885,007)	0	0	(885,007)
Cash Payments for Goods and Services	(560,327)	(255,046)	0	(815,373)
Cash Payments for Claims	0	(3,434,263)	0	(3,434,263)
Other Non-Operating Revenues	2,199	0	0	2,199
Other Operating Expenses	(3,120)	0	(3,500)	(6,620)
Net Cash Used for Operating Activities	(564,263)	(588,730)	(3,300)	(1,156,293)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition of Capital Assets	(14,790)	0	0	(14,790)
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Grants Received	505,704	0	0	505,704
Advances In	0	300,000	0	300,000
Net Cash Provided by Noncapital Financing Activities	505,704	300,000	0	805,704
<u>Cash Flows from Investing Activities:</u>				
Interest	2,328	0	1,921	4,249
Net Decrease in Cash and Cash Equivalents	(71,021)	(288,730)	(1,379)	(361,130)
Cash and Cash Equivalents Beginning of Year	276,792	944,834	39,769	1,261,395
Cash and Cash Equivalents End of Year	\$205,771	\$656,104	\$38,390	\$900,265

(Continued)

Lancaster City School District, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:				
Operating Loss	(\$659,792)	(\$708,468)	(\$1,379)	(\$1,369,639)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:				
Other Non-Operating Revenues	2,199	0	0	2,199
Interest	0	0	(1,921)	(1,921)
Donated Commodities Used During the Year	89,119	0	0	89,119
Depreciation Expense	7,241	0	0	7,241
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	755	(927)	0	(172)
Decrease in Due From Other Funds	1,284	0	0	1,284
Increase in Materials and Supplies Inventory	(730)	0	0	(730)
Decrease in Inventory Held for Resale	2,079	0	0	2,079
(Increase) Decrease in Prepays	(2,157)	5,592	0	3,435
Decrease in Accounts Payable	(128)	0	0	(128)
Increase in Accrued Salaries and Benefits Payable	1,626	0	0	1,626
Increase in Compensated Absences Payable	5,650	0	0	5,650
Decrease in Intergovernmental Payable	(11,409)	0	0	(11,409)
Increase in Deferred Revenue	0	31,460	0	31,460
Increase in Claims Payable	0	83,613	0	83,613
Net Cash Used for Operating Activities	<u>(\$564,283)</u>	<u>(\$588,730)</u>	<u>(\$3,300)</u>	<u>(\$1,156,293)</u>
Reconciliation of Non-Expendable Trust Fund Cash and Cash Equivalents				
Cash and Cash Equivalents - All Fiduciary Funds			\$141,453	
Cash and Cash Equivalents - Agency Funds and Expendable Trust Fund			<u>(103,063)</u>	
Cash and Cash Equivalents - Non-Expendable Trust Fund			<u>\$38,390</u>	

See accompanying notes to the general purpose financial statements

**NOTES TO THE
GENERAL PURPOSE FINANCIAL STATEMENTS**

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

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, Sections 2 and 3 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/or federal guidelines.

The Board controls the School District's thirteen instructional support facilities staffed by 288 non-certificated employees, 411 certificated personnel, and 31 administrative employees who provide services to 6,562 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 insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies 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.

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. The School District has no component units.

The following activities are included within the reporting entity:

Private Schools - William V. Fisher Catholic School, Saint Bernadette School, Faith Academy, Fairfield Community Christian School, 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. The activity of these State monies is reflected in a special revenue fund for financial reporting purposes.

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

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories: governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Proprietary Fund Types:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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.

Fiduciary Fund Types:

Fiduciary 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 governmental units, and/or other funds. The following are the School District's fiduciary fund types:

Expendable Trust Fund - This fund is accounted for in essentially the same manner as governmental funds.

Non-Expendable Trust Fund - This fund is accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved intact.

Agency Funds - These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and the non-expendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary and non-expendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue. Deferred revenue was also recognized for fiscal year 1999 excess costs billings which were measurable but not collected until after the available period.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the non-expendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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 tax budget, the certificate of estimated resources, and the appropriation 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 is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Fairfield County Budget Commission for rate determination.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. The budget figures contain some appropriation modifications made without Board of Education approval by June 30, 1999; however, the differences are immaterial to the financial statements. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District Treasurer is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District's records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the balance sheet.

During fiscal year 1999, investments were limited to STAR Ohio and repurchase agreements.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999. Non-participating investment contracts, such as repurchase agreements, are reported at cost.

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 1999 amounted to \$593,331, which includes \$90,516 assigned from other School District funds.

The School District has a segregated bank account for the self insurance internal service fund held separate from the School District's central bank account. This depository account is presented in the combined balance sheet as "cash and cash equivalents in segregated accounts" since it is not required to be deposited into the School District treasury.

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

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, 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 considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Receivables and Payables

Receivables and payables to be recorded on the School District's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of payables, collectibility.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, 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 expenditure is reported in the year in which services are consumed.

H. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to be set-aside to create a reserve for budget stabilization. See Note 21 for the calculation of the year end restricted asset balance and the corresponding fund balance reserve.

I. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred. The School District does not have any infrastructure.

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 capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of ten years.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

- Adult Basic Education
- Career Development
- Data Communications
- Gifted Education
- Goals 2000
- Auxiliary Services
- Education Management Information Systems
- Partnership 2000
- Title III
 - Public School Preschool
 - Preschool Handicapped
 - Disadvantaged Pupil Impact Aid
 - Teacher Development
- Title I
- Title VI
 - Title VI-B
 - Drug Free Schools
 - Library Automation
 - Vocational Education
 - Consumer and Economic Education
 - Reading Improvement
 - Vocational Education Professional Development

Capital Projects Funds

- SchoolNet
- SchoolNet Plus
- Textbooks and Instructional Materials

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Reimbursable Grants
 - General Fund
 - Driver Education
 - Vocational Education Travel/Salary
 - Community Alternative Funding System
- Special Revenue Funds
 - Telecommunications E-Rate
- Proprietary Funds
 - National School Lunch Program
 - National School Breakfast Program
 - Government Donated Commodities

Grants and entitlements received in governmental funds amounted to forty-four percent of governmental fund revenue during the 1999 fiscal year.

K. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

L. 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 accumulated unused vacation time when earned for all employees with more than one year of service.

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 all employees with ten or more years of service.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than two months after fiscal year end are considered not to have used current available financial resources. Long-term notes, capital leases and the tax refund payable are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for endowments signifies the legal restrictions on the use of principal.

P. Designated Fund Balance

The School District has a fund balance designation on the balance sheet for additional money above the reserve for budget stabilization required by State statute.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Estimates

The preparation of the 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. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY

For fiscal year 1999, the School District has implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" for its deferred compensation plans through the Ohio Public Employees Deferred Compensation Board. On September 1, 1998, the Ohio Public Employees Deferred Compensation Board created a trust for the assets of the plan for which the School District has no fiduciary responsibility. Therefore, the balance of the Ohio Public Employees Deferred Compensation Board deferred compensation plan is no longer presented on the financial statements of the School District.

During fiscal year 1999, an enterprise fund was reclassified and combined with the general fund. The effect of this fund reclassification had the following effect on the excess of revenues over expenditures and net income as previously reported for the year ended June 30, 1998:

	<u>General</u>
Excess as previously reported	\$2,768,139
Reclassification of a Fund	(1,064)
Restated amount for the year ended June 30, 1998	<u>\$2,767,075</u>
	<u>Enterprise</u>
Net Income as previously reported	(\$17,452)
Reclassification of a Fund	1,064
Restated amount for the year ended June 30, 1998	<u>(\$16,388)</u>

The reclassification of a fund had the following effects on fund balance/retained earnings as it was previously reported as of June 30, 1998.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY

(continued)

	General
Retained Earnings as previously reported	\$3,526,852
Reclassification of a Fund	21,810
Restated Balances as of July 1, 1998	\$3,548,662
	Enterprise
Retained Earnings as previously reported	\$172,750
Reclassification of a Fund	(21,810)
Restated Balances as of July 1, 1998	\$150,940

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The following funds had a deficit fund balance as of June 30, 1999:

	Deficit Fund Balance
<u>Special Revenue Funds:</u>	
Consumer and Economic Education	(\$717)
Vocational Education	(2,933)
<u>Internal Service Fund:</u>	
Employee Benefits Self-Insurance	(410,894)

The deficits in the special revenue funds and internal service fund are the result of the recognition of payables in accordance with Generally Accepted Accounting Principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The School District is in the process of implementing an increase in premiums to the internal service fund.

B. Compliance

The Replacement Fund had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 1999.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE (continued)

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Capital Projects Funds:			
Replacement	\$98,624	\$101,234	\$2,610

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Revised Code:

	<u>Excess</u>
<u>General Fund:</u>	
General Fund	
Instruction	
Special Instruction	
Capital Outlay - New	\$820
Support Services	
Business	
Capital Outlay - New	653
<u>Special Revenue Funds:</u>	
Title I Fund	
Support Services	
Instructional Staff	
Salaries	2,726
<u>Capital Projects Funds:</u>	
Computer Network Fund	
Instruction	
Regular Instruction	
Capital Outlay - New	160,513
<u>Expendable Trust Fund:</u>	
Scholarship Memorial Fund	
Support Services	
Instructional Staff	
Capital Outlay - New	100

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

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings 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 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Similar Trust Fund and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Proprietary Fund Types and Similar Trust Fund are 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 basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on bond anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Similar Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$2,221,528	\$106,623	\$1,817	(\$72,523)	(\$586)
Revenue Accruals	62,508	(305,939)	(1,817)	257,609	0
Expenditure Accruals	500,501	(21,298)	0	(180,556)	0
Prepaid Items	5,538	32,506	0	0	0
Transfer In	0	0	0	18,749	0
Transfer Out	0	0	0	(18,749)	0
Advances In	82,150	128,760	0	0	0
Advances Out	(428,760)	(24,150)	0	(58,000)	0
Encumbrances	(823,270)	(138,172)	0	(31,518)	0
Budget Basis	<u>\$1,620,195</u>	<u>(\$221,670)</u>	<u>\$0</u>	<u>(\$84,988)</u>	<u>(\$586)</u>

Net Loss/Excess of Revenues Under Expenses and Advances
All Proprietary Fund Types and Similar Trust Fund

	Enterprise	Internal Service	Non- Expendable Trust
GAAP Basis	(\$39,332)	(\$708,468)	(\$1,379)
Revenue Accrual	(19,071)	30,533	0
Segregated Cash	0	14,691	0
Cash with Fiscal Agents	0	(9,640)	0
Expense Accrual	(4,262)	83,613	0
Materials and Supplies Inventory	(730)	0	0
Inventory Held for Resale	2,079	0	0
Capital Outlay	(14,790)	0	0
Prepaid Items	(2,157)	5,592	0
Depreciation Expense	7,241	0	0
Advances In	0	300,000	0
Encumbrances	(2,537)	0	0
Budget Basis	<u>(\$73,559)</u>	<u>(\$283,679)</u>	<u>(\$1,379)</u>

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two 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 pass book accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either the two highest rating classification by at least two nationally recognized rating agencies.

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

Cash On Hand: At year end, the School District had \$1,800 in undeposited cash on hand which is included on the balance sheet of the School District as part of "cash and cash equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At fiscal year end, the carrying amount of the School District's deposits was (\$531,683) and the bank balance was \$138,232. Of the bank balance, \$101,349 was covered by federal depository insurance and \$36,883 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is unclassified investments since it is not evidenced by securities that exist in physical or book entry form.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

	Category 3	Carrying and Fair Value
Repurchase Agreement	\$743,574	\$743,574
STAR Ohio		10,094,073
Totals		<u>\$10,837,647</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$10,415,860	\$0
Investments of the Cash Management Pool:		
Cash on Hand	(1,800)	0
Cash with Fiscal Agent	(108,096)	0
Repurchase Agreements	(743,574)	743,574
STAR Ohio	(10,094,073)	10,094,073
GASB Statement 3	<u>(\$531,683)</u>	<u>\$10,837,647</u>

At June 30, 1999, the School District's internal service fund had a cash balance of \$66,857 with Central Benefits and \$41,239 with Medical Mutual of Ohio, the third party administrators (See Note 10). The money is held by the third party administrators in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. To obtain financial information about Central Benefits, write to Central Benefits, Inc. 255 East Main Street, P.O. Box 16526, Columbus, Ohio 43216. To obtain financial information about Medical Mutual of Ohio, write to Medical Mutual of Ohio, Eastern Region, P.O. Box 5900, Cleveland, Ohio 44101-0900.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which fiscal year 1999 taxes were collected are:

	1998 Second-Half Collections		1999 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$489,202,190	79%	\$552,019,860	81%
Public Utility	30,177,900	5	30,298,140	4
Tangible Personal Property	101,329,802	16	100,399,698	15
Total Assessed Value	<u>\$620,709,892</u>	<u>100%</u>	<u>\$682,717,698</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$64.60		\$64.60	

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 7 - PROPERTY TAXES (continued)

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, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$740,197 in the general fund and \$12,036 in the bond retirement debt service fund.

NOTE 8 - RECEIVABLES

Receivables at June 30, 1999, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interfund, and intergovernmental grants. 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 fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Excess Costs	\$316,127
Driver's Education Reimbursement	2,200
Total General Fund	318,327
Special Revenue Funds	
Telecommunications E-Rate	2,984
Title VI-B	15,000
Vocational Education	16,198
Title I Reimbursement	305,000
Total Special Revenue Funds	339,182
Enterprise Funds	
National School Lunch	87,213
Total Intergovernmental Receivables	\$744,722

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 9 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$576,116
Less Accumulated Depreciation	<u>(543,594)</u>
Net Fixed Assets	<u>\$32,522</u>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land	\$730,330	\$0	\$0	\$730,330
Buildings	13,899,144	0	14,900	13,884,244
Furniture and Equipment	11,788,580	779,033	253,984	12,313,629
Vehicles	1,547,519	237,823	254,759	1,530,583
Textbooks and Library Books	4,191,782	469,393	150,000	4,511,175
Construction in Progress	0	107,674	0	107,674
Totals	<u>\$32,157,355</u>	<u>\$1,593,923</u>	<u>\$673,643</u>	<u>\$33,077,635</u>

NOTE 10 - RISK MANAGEMENT

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 1999, the School District contracted with Utica National Insurance Group for property insurance, including boiler and machinery insurance, and crime insurance and contracted with Nationwide Mutual Insurance Company for fleet and liability insurance. Coverages provided by insurance are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$72,424,400
Crime Insurance (\$100 deductible)-Premises	25,000
Crime Insurance (\$100 deductible)-Messenger	25,000
Automobile Liability (\$500 deductible for collision and Comprehensive)	2,000,000
Uninsured Motorists (No deductible)	1,000,000
General Liability Per Occurrence	2,000,000
General Liability Aggregate Limit	5,000,000
Musical Instruments (\$250 deductible)	803,038

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 10 - RISK MANAGEMENT (continued)

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from last year.

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

The School District provides a limited medical and dental insurance program for its employees. Premiums are paid directly to the third party administrator out of the School District's self-insurance internal service fund. Central Benefits, Inc. services all medical claims and Medical Mutual services all dental claims submitted by employees. The internal service fund presented in the financial statements reflects the premiums paid into the self-insurance internal service fund by the same funds that pay the employees' salaries. The School District pays monthly medical premiums of up to \$424 for certified and classified employees for family coverage and up to \$164 for certified and classified employees for single coverage. The School District pays monthly dental premiums of up to \$37.80 for family and single coverage for certified and classified employees. The premiums paid into the internal service fund are used for claims, claim reserves, and administrative costs. The School District has a stop loss coverage insurance policy which covers individual claims in excess of \$100,000 per employee per year for medical claims. The School District has no stop loss coverage for the dental claims.

The claims liability of \$516,763 reported in the internal service fund at June 30, 1999, is based on an estimate provided by the third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$264,631	\$3,026,039	\$2,857,520	\$433,150
1999	433,150	3,517,876	3,434,263	516,763

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$403,430, \$436,984 and \$431,691, respectively; 50.7 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$198,907 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$1,224,291, \$1,960,219 and \$2,182,690, respectively; 82.8 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$210,198 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$1,632,388 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$401,398.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

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

C. Deferred Compensation

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

The School District implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" for its deferred compensation plans through the Ohio Public Employees Deferred Compensation Board. On September 1, 1998 the Ohio Public Employees Deferred Compensation Board created a trust for the assets of the plan for which the School District has no fiduciary responsibility. Therefore, the balance of the Ohio Public Employees Deferred Compensation Board deferred compensation plan of \$159,485 is no longer presented on the financial statements of the School District.

NOTE 14 - CONTRACT OBLIGATION

As of June 30, 1999, the School District had contractual purchase commitments for one project. The amount for the project is as follows:

Contract	Fund	Purchase Commitment	Amounts Paid as of 6/30/99	Amounts Remaining on Contract
Strawser Paving Company, Inc.	General	\$142,554	\$71,513	\$71,041

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 15 - CAPITAL LEASES

The School District entered into capitalized leases for computers and cisco router equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the General Purpose Financial Statements for the governmental funds. The items acquired by lease have been capitalized in the general fixed assets account group in the amount of \$291,400, 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 general long-term obligations account group. Principal payments in 1999 totaled \$96,923.

Future minimum lease payments through 2001 are as follows:

<u>Year</u>	<u>Amount</u>
2000	\$104,386
2001	<u>10,563</u>
 Total	 114,949
Less: Amount Representing Interest	<u>(2,867)</u>
 Present Value of Net Minimum Lease Payments	 <u>\$112,082</u>

NOTE 16 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	Outstanding 6/30/98	Additions	Deductions	Outstanding 6/30/99
Energy Conservation Note 1993 - 4.55% Long-Term Note	\$1,860,000	\$0	\$275,000	\$1,585,000
Tax Refund	97,398	0	97,398	0
Pension Obligation	261,668	277,776	261,668	277,776
Capital Leases	209,005	0	96,923	112,082
Compensated Absences	3,015,790	284,178	140,790	3,159,178
 Total General Long-Term Obligations	 <u>\$5,443,861</u>	 <u>\$561,954</u>	 <u>\$871,779</u>	 <u>\$5,134,036</u>

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

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

The tax refund obligation paid off in fiscal year 1999 of \$97,398 was a long-term obligation for a repayment of taxes to Texas Eastern Transmission Corporation, a public utility company, for tax years 1992 through 1996. The amount was repaid from the general fund. No interest was associated with this repayment.

Compensated absences and the pension obligation, which represents the contractually required pension contribution paid outside the available period, will be paid from the fund from which the employees' salaries are paid. Capital lease obligations will be paid from the fund that maintains custody of the related asset.

The School District's overall legal debt margin was \$61,444,593 with an unvoted debt margin of \$682,718 at June 30, 1999.

Principal and interest requirements to retire the Energy Conservation Long-Term Note at June 30, 1999, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2000	\$290,000	\$65,520	\$355,520
2001	305,000	51,984	356,984
2002	315,000	37,879	352,879
2003	330,000	23,205	353,205
2004	345,000	7,849	352,849
Total	<u>\$1,585,000</u>	<u>\$186,437</u>	<u>\$1,771,437</u>

NOTE 17 - INTERFUND ACTIVITY

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 17 - INTERFUND ACTIVITY (continued)

Interfund Receivable/Payable

	<u>Receivable</u>	<u>Payable</u>
<u>General Fund</u>	<u>\$428,856</u>	<u>\$0</u>
<u>Special Revenue Funds:</u>		
Consumer and Economic Education	0	1,500
Special Education	0	90,000
Vocational Education	0	37,260
<u>Total Special Revenue Funds</u>	<u>0</u>	<u>128,760</u>
<u>Internal Service Fund:</u>		
Employee Benefits Self-Insurance	0	300,000
<u>Agency Fund:</u>		
Student Managed Activities	0	96
<u>Total All Funds</u>	<u>\$428,856</u>	<u>\$428,856</u>

Due from/Due to Other Funds

	<u>Receivable</u>	<u>Payable</u>
<u>General Fund</u>	<u>\$2,100</u>	<u>\$340</u>
<u>Special Revenue Fund:</u>		
Special Education	340	0
<u>Agency Fund:</u>		
Student Managed Activity	0	2,100
<u>Total All Funds</u>	<u>\$2,440</u>	<u>\$2,440</u>

NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Lancaster City School District as of and for the fiscal year ended June 30, 1999.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS (continued)

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$822,159	\$57,794	\$879,953
Depreciation Expense	7,241	0	7,241
Operating Loss	(654,745)	(5,047)	(659,792)
Donated Commodities	89,119	0	89,119
Operating Grants	526,814	0	526,814
Interest Income	2,328	0	2,328
Other Non-Operating Revenues	2,199	0	2,199
Net Loss	(34,285)	(5,047)	(39,332)
Fixed Asset Additions	14,790	0	14,790
Net Working Capital	76,127	64,299	140,426
Total Assets	364,005	64,299	428,304
Long-Term Liabilities Paid from Fund Revenues	61,340	0	61,340
Total Equity	47,309	64,299	111,608
Encumbrances Outstanding at June 30, 1999	1,672	865	2,537

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

A. Metropolitan Educational Council

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

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (continued)

board of education for each participating school district in Franklin County (18 school districts), and one representative from each county. MEC is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for MEC. Financial statements for MEC can be obtained from the Metropolitan Educational Council, at 1600 Channingway Boulevard Suite 604, Columbus, Ohio 43232. The School District's payments to MEC in fiscal year 1999 were \$43,216.

B. Fairfield County Council for Educational Collaboration

Fairfield County Council of Educational Collaboration (FCCEC) is a jointly governed organization operated by a Board which consists of superintendents, or a designated representative, from nine boards of education and the Ohio University-Lancaster Campus within Fairfield County. The purpose of the FCCEC is to bring together the public school systems and the public institutions for higher education in Fairfield County so that they can collectively devise and provide for enhanced educational opportunities for the students and citizens of our community. The areas of interest that may be addressed by the Council include, but are not limited to, student programming, school management issues, and other collaborative projects deemed appropriate by the governing body of the Council. The Council is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District made no contributions to FCCEC during fiscal year 1999.

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various inservice for school district administrative personnel; gathers of data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District paid a membership fee of \$300 in fiscal year 1999.

D. Central Ohio Special Education Regional Resource Center

The Central Ohio Special Education Regional Resource Center (COSERRC) is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in Central Ohio (which comprise sixty percent of the Board), two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Developmental Disabilities, representatives of universities, and student and persons with disabilities representations. The School District participates in the following services of COSERRC: Identification and Program Development Project, Regional Educational Assessment Programming Project, Instructional Resource Center Project, Early Childhood Services Project, and the Ohio Resource Center for Low Incidence and Severely

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (continued)

Handicapped Project. These services are to assist the School District in complying with mandates of Public Law 99-457 for educating children with disabilities. There is no financial commitment made by the districts involved in COSERRC. COSERRC is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for COSERRC. The School District made no contributions to COSERRC during fiscal year 1999.

E. Fairfield County Family, Adult and Children First Council

The Fairfield County Family, Adult and Children First Council is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Fairfield County Community Mental Health and Recovery Services Board, Health Commissioner of the Fairfield County Health Department, Health Commissioner of the City of Lancaster Health Department, Director of the Fairfield County Human Services, Director of the Children Services Department, Superintendent of the Fairfield County Mental Retardation and Development Disabilities, the Fairfield County Juvenile Court Judge, Superintendent of Lancaster City Schools, Superintendent of Fairfield County Board of Education, a representative of the City of Lancaster, Chair of the Fairfield County Commissioners, State Department of Youth Services Regional representative, representative from the County Head Start Agencies, a representative of the County's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986", and a least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. In fiscal year 1999, the School District made no contributions to the Council. Continued existence of the Council is not dependent on the School District's continued participation, no equity interest exists, and no debt is outstanding.

F. Teenage Pregnancy Program Board

The Teenage Pregnancy Program Board is a jointly governed organization created to plan and coordinate programming designed to reduce teen pregnancy in Fairfield County. The Board is composed of seventeen members. The Board consists of representatives from the following organizations: Fairfield County Juvenile Court, Fairfield County Children Services Board, Lancaster City Schools, Fairfield County Schools, Department of Human Services, Fairfield County Health Department, Fairfield County Community Action Program, four representatives from the Fairfield County Commissioners, four representatives from the nominating committee of the Teenage Pregnancy Program Board, and two young persons appointed by the Teen Advisory Board. In fiscal year 1999, the School District made no contributions to the Board. Continued existence of the Board is not dependent upon the School District's continued participation, no equity interest exists, and no debt is outstanding.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (continued)

G. Fairfield County Multi-System Youth Committee

The Fairfield County Multi-System Youth Committee is a group of agencies that coordinate the provision of services to multi-need youth in the area. Members of the Committee include representatives of the Fairfield County Youth Services, Fairfield County Board of MR/DD, Fairfield County Mental Health and Recovery Services Board, Fairfield County Children Services, Fairfield County Health Department, New Horizons, the local office of the Rehabilitation Services Commission, Fairfield County Drug and Alcohol Recovery Services, the Lancaster City Health Department, and the Lancaster City Board of Education. The Committee received no additional monies during fiscal year 1999. 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 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 21 - SET-ASIDES

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

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

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 21 - SET-ASIDES (continued)

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$230,172	\$230,172
Current Year Set-aside Requirement	557,342	557,342	278,671	1,393,355
Qualifying Disbursements	(1,259,346)	(1,969,809)	0	(3,229,155)
Totals	<u>(\$702,004)</u>	<u>(\$1,412,467)</u>	<u>\$508,843</u>	<u>(\$1,605,628)</u>
Cash Balance Carried Forward to FY 2000	<u>\$0</u>	<u>\$0</u>	<u>\$508,843</u>	<u>\$508,843</u>

Although the School District had additional qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTE 22 - YEAR 2000

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the School District's operations as early as 1999.

Lancaster City School District has completed an inventory of the computer systems and other equipment necessary to conducting School District operations and has identified such systems as financial reporting, payroll and employee benefits, and educational statistics reporting. The School District has thirteen school buildings with power, heating, and air-conditioning systems which have extensive efficiency utilization measures within the systems.

The School District uses the State of Ohio Uniform Accounting System software for its financial reporting; the State of Ohio Uniform Payroll System Software for its payroll and employee benefits; the State Education Management and Information System (EMIS) for its educational statistics reporting. The State is responsible for remediating these systems, and is solely responsible for any associated costs.

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" payments. The State is responsible for remediating these systems, and is solely responsible for any associated costs.

Property tax billing, collection, and remittance for the School District are handled by Fairfield County. The County is responsible for remediating this system, and is solely responsible for any associated costs.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 22 - YEAR 2000 (continued)

The School District utilizes third party administrator organizations to provide computer services (EDP processing), medical and dental claims processing, and deferred compensation. In addition, its banking institution provides financial transactions for the School District. The School District has obtained some reasonable assurances from these organizations or institutions that state they will be ready by calendar year end. These organizations or institutions are responsible for remediating these systems, and are solely responsible for any associated costs.

The American Electric Power Company (AEP) provides electricity to the School District. The School District has obtained information from AEP which states that all AEP electric service systems are Y2K ready. AEP is responsible for remediating this system, and is solely responsible for any associated costs.

The City of Lancaster provides utilities (gas, water, sewer, and sanitation) to the School District. The City is responsible for remediating these systems, and is solely responsible for any associated costs.

The School District has contacted Johnson Controls, Inc. regarding its heating and air-conditioning systems. The vendor has indicated "Johnson Controls conducted extensive testing on our products and has developed solutions for all year 2000 issues discovered. All current systems are year 2000 compliant with the software version available at the end of calendar year 1997. This includes Metasys (at version 9), SDC 8000, Facilitator, and the Companion product families." The School District utilizes the "Metasys Companion system which provides the ability to monitor and control HVAC equipment."

The School District has contacted the vendor Cerberus Pyrotronics regarding its Digital Fire Alarm System. The vendor has indicated "We have completed testing of all systems produced by Cerberus Pyrotronics which incorporate internal clocks. I am pleased to advise you that MXL, NCC Graphics, other graphics products, PXL and IXL will all operate correctly after the end of year 1999."

Because of the unprecedented nature of the year 2000 issue, its effects, and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the School District is or will be year 2000 ready, that the School District's remediation efforts will be successful in whole or in part, or that parties with whom the School District does business will be year 2000 ready.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 23 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation

The School District is currently not a party to any material legal proceedings.

NOTE 24 - STATE FOUNDATION FUNDING

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 1999, the School District received \$12,597,899 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of this report, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**COMBINING, INDIVIDUAL FUND,
AND ACCOUNT GROUP FINANCIAL
STATEMENTS AND SCHEDULES**

GENERAL FUND

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

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$21,716,380	\$21,745,622	\$29,242
Intergovernmental	15,122,620	15,531,434	408,814
Interest	300,000	593,331	293,331
Tuition and Fees	228,200	265,922	37,722
Rent	55,000	54,262	(738)
Extracurricular Activities	116,000	128,597	12,597
Gifts and Donations	3,000	59,000	56,000
Miscellaneous	14,828	27,436	12,608
Total Revenues	37,556,028	38,405,604	849,576
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	12,037,125	11,402,769	634,356
Fringe Benefits	2,912,549	2,910,863	1,686
Purchased Services	134,906	84,987	49,919
Materials and Supplies	972,020	644,069	327,951
Capital Outlay - New	88,815	80,463	8,352
Capital Outlay - Replacement	448,589	426,721	21,868
Other	6,000	6,000	0
Total Regular	16,600,004	15,555,872	1,044,132
Special:			
Salaries and Wages	2,673,200	2,657,900	15,300
Fringe Benefits	786,946	784,198	2,748
Purchased Services	4,146	2,401	1,745
Materials and Supplies	39,450	36,650	2,800
Capital Outlay - New	6,409	7,229	(820)
Capital Outlay - Replacement	8,846	8,350	496
Total Special	3,518,997	3,496,728	22,269
Vocational:			
Salaries and Wages	1,723,000	1,674,586	48,414
Fringe Benefits	456,400	456,309	91
Purchased Services	14,000	13,117	883
Materials and Supplies	57,621	40,098	17,523
Capital Outlay - New	19,670	9,587	10,083
Capital Outlay - Replacement	98,200	68,196	30,004
Total Vocational	\$2,368,891	\$2,261,893	\$106,998

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Adult/Continuing:			
Salaries and Wages	\$48,885	\$47,875	\$1,010
Fringe Benefits	9,100	7,542	1,558
Materials and Supplies	1,729	1,729	0
Total Adult/Continuing	59,714	57,146	2,568
Other:			
Purchased Services	304,508	301,233	3,275
Total Other	304,508	301,233	3,275
Total Instruction	22,852,114	21,672,872	1,179,242
Support Services:			
Pupils:			
Salaries and Wages	1,128,000	1,058,504	69,496
Fringe Benefits	296,000	295,967	33
Purchased Services	444,426	419,929	24,497
Materials and Supplies	139,005	71,199	67,806
Capital Outlay - New	13,267	12,851	416
Capital Outlay - Replacement	5,430	5,430	0
Total Pupils	2,026,128	1,863,880	162,248
Instructional Staff:			
Salaries and Wages	1,388,000	1,379,384	8,616
Fringe Benefits	533,516	532,134	1,382
Purchased Services	71,876	56,603	15,273
Materials and Supplies	236,212	215,696	20,516
Capital Outlay - New	9,090	5,678	3,412
Capital Outlay - Replacement	1,210	1,203	7
Other	1,045	1,001	44
Total Instructional Staff	2,240,949	2,191,699	49,250
Board of Education:			
Salaries and Wages	3,000	3,000	0
Fringe Benefits	200	144	56
Materials and Supplies	800	488	312
Other	63,492	37,702	25,790
Total Board of Education	\$67,492	\$41,334	\$26,158

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Administration:			
Salaries and Wages	\$2,190,450	\$2,190,368	\$82
Fringe Benefits	574,199	573,787	412
Purchased Services	271,605	258,732	12,873
Materials and Supplies	25,707	19,951	5,756
Capital Outlay - New	1,317	1,271	46
Capital Outlay - Replacement	17,320	16,667	653
Other	11,080	3,886	7,194
Total Administration	3,091,678	3,064,662	27,016
Fiscal:			
Salaries and Wages	266,600	253,696	12,904
Fringe Benefits	83,400	70,265	13,135
Purchased Services	76,370	64,439	11,931
Materials and Supplies	11,235	11,217	18
Capital Outlay - New	2,000	1,595	405
Capital Outlay - Replacement	6,000	5,810	190
Other	483,689	475,596	8,093
Total Fiscal	929,294	882,618	46,676
Business:			
Salaries and Wages	98,600	97,062	1,538
Fringe Benefits	59,900	59,886	14
Purchased Services	179,354	143,045	36,309
Materials and Supplies	100,828	51,788	49,040
Capital Outlay - New	4,109	4,762	(653)
Other	3,167	3,167	0
Total Business	445,958	359,710	86,248
Operation and Maintenance of Plant:			
Salaries and Wages	1,414,000	1,411,085	2,915
Fringe Benefits	457,950	457,777	173
Purchased Services	1,232,611	1,104,254	128,357
Materials and Supplies	396,108	343,654	52,454
Capital Outlay - New	15,600	14,655	945
Capital Outlay - Replacement	8,323	8,323	0
Total Operation and Maintenance of Plant	\$3,524,592	\$3,339,748	\$184,844

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Pupil Transportation:			
Salaries and Wages	\$708,500	\$703,640	\$4,860
Fringe Benefits	247,400	246,605	795
Purchased Services	96,439	84,150	12,289
Materials and Supplies	117,200	112,098	5,102
Capital Outlay - Replacement	279,783	278,762	1,021
Total Pupil Transportation	1,449,322	1,425,255	24,067
Central:			
Salaries and Wages	57,000	52,477	4,523
Fringe Benefits	21,876	21,582	294
Purchased Services	138,710	134,450	4,260
Materials and Supplies	20,200	19,763	437
Capital Outlay - New	39,850	39,681	169
Capital Outlay - Replacement	43,737	43,617	120
Other	89	89	0
Total Central	321,462	311,659	9,803
Total Support Services	14,096,875	13,480,565	616,310
Extracurricular Activities:			
Academic and Subject Oriented Activities:			
Salaries and Wages	43,070	41,410	1,660
Fringe Benefits	6,050	6,000	50
Purchased Services	900	425	475
Materials and Supplies	482	461	21
Other	9,000	7,966	1,034
Total Academic and Subject Oriented Activities	59,502	56,262	3,240
Occupational Oriented Activities:			
Salaries and Wages	3,000	1,981	1,019
Fringe Benefits	900	304	596
Total Occupational Oriented Activities	\$3,900	\$2,285	\$1,615

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Sports Oriented Activities:			
Salaries and Wages	\$279,800	\$276,720	\$3,080
Fringe Benefits	45,000	44,035	965
Total Sports Oriented Activities	324,800	320,755	4,045
School and Public Service Co-Curricular Activities:			
Salaries and Wages	\$33,152	\$24,674	\$8,478
Fringe Benefits	6,400	3,185	3,215
Purchased Services	450	265	185
Materials and Supplies	3,261	2,483	778
Total School and Public Service Co-Curricular Activities	43,263	30,607	12,656
Total Extracurricular Activities	431,465	409,909	21,556
Capital Outlay:			
Other Facilities Acquisition and Construction Services:			
Capital Outlay - Replacement	882,154	882,154	0
Total Other Facilities Acquisition and Construction Services	882,154	882,154	0
Total Capital Outlay	882,154	882,154	0
Total Expenditures	38,262,608	36,445,500	1,817,108
Excess of Revenues Over (Under) Expenditures	(706,580)	1,960,104	2,666,684
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	1,000	6,701	5,701
Advances In	19,972	82,150	62,178
Advances Out	(439,000)	(428,760)	10,240
Total Other Financing Sources (Uses)	(418,028)	(339,909)	78,119
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(\$1,124,608)	\$1,620,195	\$2,744,803

(Continued)

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 General Fund
 For the Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fund Balance at Beginning of Year	\$5,410,715	\$5,410,715	\$0
Prior Year Encumbrances Appropriated	<u>828,332</u>	<u>828,332</u>	<u>0</u>
Fund Balance at End of Year	<u>\$5,114,439</u>	<u>\$7,859,242</u>	<u>\$2,744,803</u>

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditure for specified purposes. The following are descriptions of each Special Revenue Fund:

Public School Support

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

Community Grants

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

School Improvement Models

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

District Managed Student Activity

To account for student activity programs which have student participation in the activity but do not have student management of programs.

Auxiliary Services

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

Consumer and Economic Education

To account for State revenues awarded the School District to provide for consumer education projects.

Teacher Development

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

Gifted Education

To account for State revenues awarded the School District to provide assistance in developing research and demonstration projects for gifted programs.

(Continued)

SPECIAL REVENUE FUNDS
(continued)

Education Management Information Systems

To account for hardware and software development, or other costs associated with the requirements of the management information system.

Data Communications

To account for State revenues awarded the School District to provide for data communication.

Adult Basic Education

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

Title III

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

Title VI

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

Drug Free Grant

To account for federal revenues which support the implementation of programs for drug abuse education and prevention.

Telecommunications E-Rate

To account for monies received from the Federal Government to the School District to offset services received and charged from the local telecommunication service provider.

Reading Improvement Grant

To account for funds awarded to the School District from State revenues for the purpose of promoting the improvement of reading.

Special Education

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

(Continued)

SPECIAL REVENUE FUNDS
(continued)

Vocational Education

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

Preschool

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

Library Automation

To account for funds awarded to the School District to support library automation products and services.

Goals 2000

To account for the monies awarded to the School District to support planning for strengthened family and school partnerships and to reduce the percentage of high school students with one or more ninth grade proficiency tests to pass. For GAAP reporting purposes this fund is the combination of North Partnership 2000 and Goals 2000.

Lancaster City School District, Ohio
 Combining Balance Sheet
 All Special Revenue Funds
 June 30, 1999

	Public School Support	Community Grants	School Improvement Models	District Managed Student Activity
Assets:				
Cash and Cash Equivalents	\$59,099	\$7,878	\$30,881	\$100,514
Receivables:				
Accounts	0	0	0	1,320
Intergovernmental	0	0	0	0
Due from Other Funds	0	0	0	0
Materials and Supplies Inventory	5,937	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$65,036	\$7,878	\$30,881	\$101,834
Liabilities:				
Accounts Payable	\$1,030	\$0	\$1,364	\$2,283
Accrued Salaries and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	0	32	0
Interfund Payable	0	0	0	0
Total Liabilities	1,030	0	1,396	2,283
Fund Equity:				
Fund Balances:				
Reserved for Encumbrances	13,864	266	3,956	3,120
Reserved for Inventory	5,937	0	0	0
Unreserved:				
Undesignated (Deficits)	44,205	7,612	25,529	96,431
Total Fund Equity (Deficits)	64,006	7,878	29,485	99,551
Total Liabilities and Fund Equity	\$65,036	\$7,878	\$30,881	\$101,834

Auxiliary Services	Consumer and Economic Education	Teacher Development	Gifted Education	Educational Management Information Systems	Data Communications
\$67,557	\$783	\$7,431	\$2,720	\$27,043	\$37,384
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,824	0	0	0	0	5,066
<u>\$69,381</u>	<u>\$783</u>	<u>\$7,431</u>	<u>\$2,720</u>	<u>\$27,043</u>	<u>\$42,450</u>
\$2,430	\$0	\$0	\$861	\$0	\$0
28,535	0	0	0	346	0
4,402	0	0	0	0	0
0	1,500	0	0	0	0
<u>35,367</u>	<u>1,500</u>	<u>0</u>	<u>861</u>	<u>346</u>	<u>0</u>
17,538	743	0	1,788	0	0
0	0	0	0	0	0
16,476	(1,460)	7,431	71	26,697	42,450
34,014	(717)	7,431	1,859	26,697	42,450
<u>\$69,381</u>	<u>\$783</u>	<u>\$7,431</u>	<u>\$2,720</u>	<u>\$27,043</u>	<u>\$42,450</u>

(Continued)

Lancaster City School District, Ohio
 Combining Balance Sheet
 All Special Revenue Funds
 June 30, 1999
 (Continued)

	Adult Basic Education	Title III	Title VI	Drug Free Grant	Telecom- munications E-Rate
Assets:					
Cash and Cash Equivalents	\$7,523	\$27,400	\$340	\$3,228	\$28,162
Receivables:					
Accounts	0	0	0	0	0
Intergovernmental	0	0	0	0	2,984
Due from Other Funds	0	0	0	0	0
Materials and Supplies Inventory	0	0	0	0	0
Prepaid Items	120	0	0	0	0
Total Assets	\$7,643	\$27,400	\$340	\$3,228	\$31,146
Liabilities:					
Accounts Payable	\$147	\$3,081	\$0	\$1,325	\$0
Accrued Salaries and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	1,467	0	0	0	0
Interfund Payable	0	0	0	0	0
Total Liabilities	1,614	3,081	0	1,325	0
Fund Equity:					
Fund Balances:					
Reserved for Encumbrances	2,040	1,756	300	987	0
Reserved for Inventory	0	0	0	0	0
Unreserved:					
Undesignated (Deficits)	3,989	22,563	40	916	31,146
Total Fund Equity (Deficits)	6,029	24,319	340	1,903	31,146
Total Liabilities and Fund Equity	\$7,643	\$27,400	\$340	\$3,228	\$31,146

Reading Improvement Grant	Special Education	Vocational Education	Preschool	Library Automation	Totals
\$31,235	\$56,766	\$21,404	\$74,135	\$7	\$591,490
0	0	0	1,010	0	2,330
0	320,000	16,198	0	0	339,182
0	340	0	0	0	340
0	0	0	0	0	5,937
0	11,259	0	1,743	0	20,012
<u>\$31,235</u>	<u>\$388,365</u>	<u>\$37,602</u>	<u>\$76,888</u>	<u>\$7</u>	<u>\$959,291</u>
\$19,916	\$120	\$2,698	\$3,585	\$0	\$38,840
0	203,805	338	18,304	0	251,328
0	31,545	239	2,632	0	40,317
0	90,000	37,260	0	0	128,760
<u>19,916</u>	<u>325,470</u>	<u>40,535</u>	<u>24,521</u>	<u>0</u>	<u>459,245</u>
10,894	30,972	9,127	2,930	0	100,281
0	0	0	0	0	5,937
425	31,923	(12,060)	49,437	7	393,828
<u>11,319</u>	<u>62,895</u>	<u>(2,933)</u>	<u>52,367</u>	<u>7</u>	<u>500,046</u>
<u>\$31,235</u>	<u>\$388,365</u>	<u>\$37,602</u>	<u>\$76,888</u>	<u>\$7</u>	<u>\$959,291</u>

Lancaster City School District, Ohio
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Special Revenue Funds
For the Fiscal Year Ended June 30, 1999

	Public School Support	Community Grants	School Improvement Models	District Managed Student Activity	Auxiliary Services
Revenues:					
Intergovernmental	\$0	\$0	\$100,000	\$0	\$388,320
Tuition and Fees	36	0	0	0	0
Rent	20	0	0	0	0
Extracurricular Activities	55,117	0	0	175,910	0
Gifts and Donations	8,350	12,380	0	0	0
Miscellaneous	0	0	0	3,412	0
Total Revenues	63,523	12,380	100,000	179,322	388,320
Expenditures:					
Current:					
Instruction:					
Regular	29,751	4,072	27,078	0	0
Special	0	0	0	0	0
Vocational	0	0	0	0	0
Adult/Continuing	0	0	0	0	0
Support Services:					
Pupils	2,708	0	0	0	0
Instructional Staff	0	157	84,502	0	0
Administration	17,153	0	0	0	0
Fiscal	0	0	0	0	0
Operation and Maintenance of Plant	4,591	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	7,844	1,716	0	0	472,731
Extracurricular Activities	679	0	0	174,193	0
Capital Outlay	0	7,080	0	0	0
Total Expenditures	62,726	13,025	111,580	174,193	472,731
Excess of Revenues Over (Under) Expenditures	797	(645)	(11,580)	5,129	(84,411)
Fund Balances (Deficit) at Beginning of Year	60,466	8,523	41,065	94,422	118,425
Increase in Reserve for Inventory	2,743	0	0	0	0
Fund Balances (Deficits) at End of Year	\$64,006	\$7,878	\$29,485	\$99,551	\$34,014

Consumer and Economic Education	Teacher Development	Gifted Education	Educational Management Information Systems	Data Communications	Adult Basic Education
\$12,000	\$30,602	\$7,500	\$18,135	\$15,489	\$71,908
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
12,000	30,602	7,500	18,135	15,489	71,908
0	0	0	0	0	0
0	0	7,420	0	0	0
0	0	0	0	0	0
0	0	0	0	0	46,543
0	0	2,399	0	0	6,439
18,686	22,254	0	0	0	25,669
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	40,394	5,066	0
0	3,139	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
18,686	25,393	9,819	40,394	5,066	78,651
(6,686)	5,209	(2,319)	(22,259)	10,423	(6,743)
5,969	2,222	4,178	48,956	32,027	12,772
0	0	0	0	0	0
<u>(\$717)</u>	<u>\$7,431</u>	<u>\$1,859</u>	<u>\$26,697</u>	<u>\$42,450</u>	<u>\$6,029</u>

(Continued)

Lancaster City School District, Ohio
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Special Revenue Funds
 For the Fiscal Year Ended June 30, 1999
 (Continued)

	Title III	Title VI	Drug Free Grant	Telecom- munications E-Rate
Revenues:				
Intergovernmental	\$40,311	\$33,539	\$38,624	\$31,146
Tuition and Fees	0	0	0	0
Rent	0	0	0	0
Extracurricular Activities	0	0	0	0
Gifts and Donations	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	40,311	33,539	38,624	31,146
Expenditures:				
Current:				
Instruction:				
Regular	9,879	0	0	0
Special	0	29,540	0	0
Vocational	0	0	0	0
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	0	0	0	0
Instructional Staff	31,806	0	0	0
Administration	0	0	34,022	0
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	0	5,470	4,565	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
Total Expenditures	41,685	35,010	38,587	0
Excess of Revenues Over (Under) Expenditures	(1,374)	(1,471)	37	31,146
Fund Balances (Deficit) at Beginning of Year	25,693	1,811	1,866	0
Increase in Reserve for Inventory	0	0	0	0
Fund Balances (Deficits) at End of Year	\$24,319	\$340	\$1,903	\$31,146

Reading Improvement Grant	Special Education	Vocational Education	Preschool	Library Automation	Goals 2000	Totals
\$50,000	\$1,840,820	\$148,311	\$176,885	\$0	\$0	\$3,003,590
0	682	0	18,262	0	0	18,980
0	0	0	0	0	0	20
0	0	0	0	0	0	231,027
0	0	0	0	0	0	20,730
0	0	0	0	0	0	3,412
50,000	1,841,502	148,311	195,147	0	0	3,277,759
27,410	0	0	82,489	0	13,499	194,178
0	1,091,858	0	0	0	0	1,128,816
0	0	72,164	0	0	0	72,164
0	0	0	0	0	0	46,543
0	130,629	33,164	23,380	0	0	198,719
11,271	280,429	34,780	40,963	469	400	551,386
0	90,881	4,794	15,145	0	0	161,995
0	24,440	0	0	0	0	24,440
0	0	0	4,863	0	0	9,454
0	0	0	22,249	0	0	22,249
0	0	7,876	1,157	0	0	54,493
0	29,282	0	0	0	0	524,747
0	0	0	0	0	0	174,872
0	0	0	0	0	0	7,080
38,681	1,647,517	152,778	190,246	469	13,899	3,171,136
11,319	193,985	(4,467)	4,901	(469)	(13,899)	106,623
0	(131,090)	1,534	47,466	476	13,899	390,680
0	0	0	0	0	0	2,743
\$11,319	\$62,895	(\$2,933)	\$52,367	\$7	\$0	\$500,046

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tuition and Fees	\$5,600	\$36	(\$5,564)
Rent	2,100	20	(2,080)
Extracurricular Activities	103,620	55,117	(48,503)
Gifts and Donations	12,000	8,350	(3,650)
Total Revenues	123,320	63,523	(59,797)
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased Services	27,179	16,246	10,933
Materials and Supplies	65,761	27,102	38,659
Capital Outlay - New	5,900	1,748	4,152
Capital Outlay - Replacement	3,600	0	3,600
Other	968	768	200
Total Regular	103,408	45,864	57,544
Support Services:			
Pupils:			
Purchased Services	5,540	2,280	3,260
Materials and Supplies	100	0	100
Capital Outlay - Replacement	1,000	527	473
Total Pupils	6,640	2,807	3,833
Instructional Staff:			
Purchased Services	575	0	575
Materials and Supplies	2,850	0	2,850
Total Instructional Staff	3,425	0	3,425
Administration:			
Purchased Services	9,485	5,625	3,860
Materials and Supplies	9,493	5,733	3,760
Capital Outlay - New	6,021	2,230	3,791
Capital Outlay - Replacement	1,500	0	1,500
Other	11,161	4,827	6,334
Total Administration	37,660	18,415	19,245
Business:			
Purchased Services	200	0	200
Total Business	\$200	\$0	\$200

(Continued)

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, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operation and Maintenance of Plant:			
Purchased Services	\$1,300	\$0	\$1,300
Capital Outlay - Replacement	5,025	4,591	434
Total Operation and Maintenance of Plant	6,325	4,591	1,734
Total Support Services	54,250	25,813	28,437
Operation of Non-Instructional Services:			
Food Service Operations:			
Purchased Services	200	0	200
Materials and Supplies	25,701	9,232	16,469
Total Food Service Operations	25,901	9,232	16,669
Community Services:			
Materials and Supplies	379	0	379
Total Community Services	379	0	379
Total Operation of Non-Instructional Services	26,280	9,232	17,048
Extracurricular Activities:			
Academic and Subject Oriented Activities:			
Materials and Supplies	1,200	0	1,200
Total Academic and Subject Oriented Activities	1,200	0	1,200
School and Public Service Co-Curricular Activities:			
Other	1,000	679	321
Total School and Public Service Co-Curricular Activities	1,000	679	321
Total Extracurricular Activities	2,200	679	1,521
Capital Outlay:			
Other Facilities Acquisition and Construction Services:			
Materials and Supplies	\$148	\$0	\$148

(Continued)

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, 1999
 (Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Total Other Facilities Acquisition and Construction Services	\$148	\$0	\$148
Total Capital Outlay	148	0	148
Total Expenditures	186,286	81,588	104,698
Excess of Revenues Under Expenditures	(62,966)	(18,065)	44,901
Fund Balance at Beginning of Year	55,031	55,031	0
Prior Year Encumbrances Appropriated	7,935	7,935	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$44,901</u>	<u>\$44,901</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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Gifts and Donations	\$12,419	\$12,380	(\$39)
Expenditures:			
Current:			
Instruction:			
Regular:			
Materials and Supplies	6,000	2,997	3,003
Other	1,346	1,346	0
Total Regular	7,346	4,343	3,003
Support Services:			
Instructional Staff:			
Purchased Services	1,000	0	1,000
Materials and Supplies	657	157	500
Total Instructional Staff	1,657	157	1,500
Operation of Non-Instructional Services:			
Community Services:			
Other	3,581	1,716	1,865
Total Community Services	3,581	1,716	1,865
Capital Outlay:			
Architecture and Engineering			
Services:			
Purchased Services	8,357	7,080	1,277
Total Capital Outlay	8,357	7,080	1,277
Total Expenditures	20,941	13,296	7,645
Excess of Revenues Under Expenditures	(8,522)	(916)	7,606
Fund Balance at Beginning of Year	8,522	8,522	0
Fund Balance at End of Year	\$0	\$7,606	\$7,606

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 School Improvement Models Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$100,000	\$100,000	\$0
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	755	755	0
Purchased Services	5,690	5,690	0
Materials and Supplies	24,290	22,865	1,425
Capital Outlay - New	1,723	1,183	540
Total Regular	32,458	30,493	1,965
Support Services:			
Instructional Staff:			
Salaries and Wages	27,090	15,693	11,397
Fringe Benefits	3,428	2,464	964
Purchased Services	29,325	19,788	9,537
Materials and Supplies	38,052	36,796	1,256
Capital Outlay - New	10,871	10,429	442
Total Instructional Staff	108,766	85,170	23,596
Total Expenditures	141,224	115,663	25,561
Excess of Revenues Under Expenditures	(41,224)	(15,663)	25,561
Fund Balance at Beginning of Year	26,842	26,842	0
Prior Year Encumbrances Appropriated	14,382	14,382	0
Fund Balance at End of Year	\$0	\$25,561	\$25,561

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Extracurricular Activities	\$330,800	\$178,002	(\$152,798)
Miscellaneous	0	3,412	3,412
Total Revenues	330,800	181,414	(149,386)
Expenditures:			
Current:			
Extracurricular Activities:			
Academic and Subject Oriented Activities:			
Purchased Services	123,532	12,900	110,632
Materials and Supplies	31,246	7,284	23,962
Capital Outlay - New	19,600	0	19,600
Capital Outlay - Replacement	15,739	786	14,953
Other	19,262	419	18,843
Total Academic and Subject Oriented Activities	209,379	21,389	187,990
Sports Oriented Activities:			
Salaries and Wages	13,400	12,845	555
Purchased Services	67,285	53,954	13,331
Materials and Supplies	99,764	71,227	28,537
Capital Outlay - Replacement	429	0	429
Other	20,896	8,416	12,480
Total Sports Oriented Activities	201,774	146,442	55,332
School and Public Service Co-Curricular Activities:			
Purchased Services	9,100	9,008	92
Materials and Supplies	11,153	1,572	9,581
Other	2,000	0	2,000
Total School and Public Service Co-Curricular Activities	22,253	10,580	11,673
Total Extracurricular Activities	\$433,406	\$178,411	\$254,995

(Continued)

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, 1999
 (Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Total Expenditures	\$433,406	\$178,411	\$254,995
Excess of Revenues Over (Under) Expenditures	(102,606)	3,003	105,609
<u>Other Financing Sources:</u>			
Operating Transfer In	10,500	0	(10,500)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(92,106)	3,003	95,109
Fund Balance at Beginning of Year	71,735	71,735	0
Prior Year Encumbrances Appropriated	20,371	20,371	0
Fund Balance at End of Year	\$0	\$95,109	\$95,109

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$388,320	\$388,320	\$0
Expenditures:			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	191,730	166,124	25,606
Fringe Benefits	49,896	43,602	6,294
Purchased Services	10,874	10,346	528
Materials and Supplies	214,329	205,614	8,715
Capital Outlay - New	23,507	18,637	4,870
Capital Outlay - Replacement	5,412	5,408	4
Other	44,381	42,809	1,572
Total Community Services	540,129	492,540	47,589
Total Expenditures	540,129	492,540	47,589
Excess of Revenues Under Expenditures	(151,809)	(104,220)	47,589
Fund Balance at Beginning of Year	89,045	89,045	0
Prior Year Encumbrances Appropriated	62,764	62,764	0
Fund Balance at End of Year	\$0	\$47,589	\$47,589

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Consumer and Economic Education Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$13,800	\$12,000	(\$1,800)
<u>Expenditures:</u>			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	1,430	1,095	335
Materials and Supplies	18,339	18,334	5
Total Instructional Staff	19,769	19,429	340
Total Expenditures	19,769	19,429	340
Excess of Revenues Under Expenditures	(5,969)	(7,429)	(1,460)
<u>Other Financing Sources:</u>			
Advances In	0	1,500	1,500
Excess of Revenues and Other Financing Sources Under Expenditures	(5,969)	(5,929)	40
Fund Balance at Beginning of Year	4,814	4,814	0
Prior Year Encumbrances Appropriated	1,155	1,155	0
Fund Balance at End of Year	\$0	\$40	\$40

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Teacher Development Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$30,602	\$30,602	\$0
Expenditures:			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	20,852	16,943	3,909
Materials and Supplies	6,680	3,678	3,002
Capital Outlay - New	6,863	6,343	520
Total Instructional Staff	34,395	26,964	7,431
Operation of Non-Instructional Services:			
Community Services:			
Other	3,139	3,139	0
Total Community Services	3,139	3,139	0
Total Expenditures	37,534	30,103	7,431
Excess of Revenues Over (Under) Expenditures	(6,932)	499	7,431
Fund Balance at Beginning of Year	213	213	0
Prior Year Encumbrances Appropriated	6,719	6,719	0
Fund Balance at End of Year	\$0	\$7,431	\$7,431

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Gifted Education Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$7,500	\$7,500	\$0
Expenditures:			
Current:			
Instruction:			
Special:			
Salaries and Wages	970	970	0
Materials and Supplies	8,080	8,010	70
Total Special	9,050	8,980	70
Support Services:			
Pupils			
Purchased Services	1,611	1,611	0
Materials and Supplies	1,017	1,017	0
Total Pupils	2,628	2,628	0
Total Expenditures	11,678	11,608	70
Excess of Revenues Under Expenditures	(4,178)	(4,108)	70
Fund Balance at Beginning of Year	3,231	3,231	0
Prior Year Encumbrances Appropriated	947	947	0
Fund Balance at End of Year	\$0	\$70	\$70

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Educational Management Information Systems Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$18,335	\$18,135	(\$200)
Expenditures:			
Current:			
Support Services:			
Central:			
Salaries and Wages	16,996	13,831	3,165
Purchased Services	8,718	0	8,718
Materials and Supplies	8,792	0	8,792
Capital Outlay - New	32,784	26,217	6,567
Total Central	67,290	40,048	27,242
Total Expenditures	67,290	40,048	27,242
Excess of Revenues Under Expenditures	(48,955)	(21,913)	27,042
Fund Balance at Beginning of Year	48,955	48,955	0
Fund Balance at End of Year	\$0	\$27,042	\$27,042

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$15,489	\$15,489	\$0
Expenditures:			
Current:			
Support Services:			
Central:			
Purchased Services	37,043	10,132	26,911
Capital Outlay - New	10,474	0	10,474
Total Central	47,517	10,132	37,385
Total Expenditures	47,517	10,132	37,385
Excess of Revenues Over (Under) Expenditures	(32,028)	5,357	37,385
Fund Balance at Beginning of Year	32,028	32,028	0
Fund Balance at End of Year	\$0	\$37,385	\$37,385

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Adult Basic Education Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$99,171	\$71,908	(\$27,263)
<u>Expenditures:</u>			
Current:			
Instruction:			
Adult/Continuing:			
Salaries and Wages	53,437	38,211	15,226
Fringe Benefits	8,762	5,840	2,922
Materials and Supplies	9,250	8,507	743
Total Adult/Continuing	71,449	52,558	18,891
Support Services:			
Pupils:			
Salaries and Wages	7,104	5,342	1,762
Fringe Benefits	1,089	758	331
Purchased Services	1,644	1,354	290
Other	250	0	250
Total Pupils	10,087	7,454	2,633
Instructional Staff:			
Salaries and Wages	26,483	20,895	5,588
Fringe Benefits	4,673	3,145	1,528
Purchased Services	4,502	3,944	558
Materials and Supplies	675	654	21
Other	250	150	100
Total Instructional Staff	36,583	28,788	7,795
Fiscal:			
Other	4,681	1,254	3,427
Total Fiscal	4,681	1,254	3,427
Total Support Services	\$51,351	\$37,496	\$13,855

(Continued)

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Adult Basic Education Fund
 For the Fiscal Year Ended June 30, 1999
 (Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Total Expenditures	\$122,800	\$90,054	\$32,746
Excess of Revenues Under Expenditures	(23,629)	(18,146)	5,483
Fund Balance at Beginning of Year	23,383	23,383	0
Prior Year Encumbrances Appropriated	246	246	0
Fund Balance at End of Year	\$0	\$5,483	\$5,483

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Title III Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$55,611	\$55,611	\$0
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	900	24	876
Fringe Benefits	200	0	200
Purchased Services	7,500	2,776	4,724
Materials and Supplies	4,318	1,564	2,754
Capital Outlay - New	20,000	6,941	13,059
Total Regular Instruction	32,918	11,305	21,613
Support Services:			
Instructional Staff:			
Purchased Services	9,114	8,526	588
Materials and Supplies	9,331	8,969	362
Capital Outlay - New	10,028	10,028	0
Other	4,613	4,613	0
Total Instructional Staff	33,086	32,136	950
Total Expenditures	66,004	43,441	22,563
Excess of Revenues Over (Under) Expenditures	(10,393)	12,170	22,563
<u>Other Financing Uses:</u>			
Advances Out	(6,000)	(6,000)	0
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(16,393)	6,170	22,563
Fund Balance at Beginning of Year	9,407	9,407	0
Prior Year Encumbrances Appropriated	6,986	6,986	0
Fund Balance at End of Year	\$0	\$22,563	\$22,563

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Title VI Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$33,539	\$33,539	\$0
Expenditures:			
Current:			
Instruction:			
Special:			
Salaries and Wages	29,532	29,532	0
Other	7	7	0
Total Special	29,539	29,539	0
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	300	300	0
Materials and Supplies	5,511	5,470	41
Total Community Services	5,811	5,770	41
Total Expenditures	35,350	35,309	41
Excess of Revenues Under Expenditures	(1,811)	(1,770)	41
Fund Balance at Beginning of Year	1,759	1,759	0
Prior Year Encumbrances Appropriated	52	52	0
Fund Balance at End of Year	\$0	\$41	\$41

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Drug Free Grant Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$38,624	\$38,624	\$0
Expenditures:			
Current:			
Support Services:			
Administration:			
Purchased Services	34,017	34,017	0
Other	5	5	0
Total Administration	34,022	34,022	0
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	1,830	1,208	622
Materials and Supplies	4,638	4,344	294
Total Community Services	6,468	5,552	916
Total Expenditures	40,490	39,574	916
Excess of Revenues Under Expenditures	(1,866)	(950)	916
Fund Balance at Beginning of Year	1,234	1,234	0
Prior Year Encumbrances Appropriated	632	632	0
Fund Balance at End of Year	\$0	\$916	\$916

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Telecommunications E-Rate Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$28,162	\$28,162	\$0
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess of Revenues Over Expenditures	28,162	28,162	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$28,162	\$28,162	\$0

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Reading Improvement Grant Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$50,000	\$50,000	\$0
Expenditures:			
Current:			
Instruction:			
Regular:			
Materials and Supplies	38,239	37,779	460
Capital Outlay - New	490	470	20
Total Regular	38,729	38,249	480
Support Services:			
Instructional Staff:			
Purchased Services	11,271	11,271	0
Total Instructional Staff	11,271	11,271	0
Total Expenditures	50,000	49,520	480
Excess of Revenues Over Expenditures	0	480	480
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$480	\$480

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Title VI-B Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$257,382	\$238,073	(\$19,309)
Expenditures:			
Current:			
Instruction:			
Special:			
Materials and Supplies	7,331	4,932	2,399
Total Special	7,331	4,932	2,399
Support Services:			
Pupils:			
Salaries and Wages	10,273	8,821	1,452
Fringe Benefits	1,758	1,724	34
Purchased Services	158,719	157,530	1,189
Capital Outlay - New	1,656	1,656	0
Total Pupils	172,406	169,731	2,675
Instructional Staff:			
Salaries and Wages	33,292	29,055	4,237
Fringe Benefits	27,973	23,069	4,904
Capital Outlay - New	6,734	6,734	0
Total Instructional Staff	67,999	58,858	9,141
Administration:			
Salaries and Wages	4,200	2,287	1,913
Fringe Benefits	2,740	1,056	1,684
Materials and Supplies	763	763	0
Capital Outlay - New	4,611	4,611	0
Total Administration	12,314	8,717	3,597
Fiscal:			
Other	3,840	3,840	0
Total Fiscal	3,840	3,840	0
Total Support Services	\$256,559	\$241,146	\$15,413

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Title VI-B Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	\$4,100	\$3,219	\$881
Fringe Benefits	900	768	132
Purchased Services	2,000	1,453	547
Total Community Services	7,000	5,440	1,560
Total Expenditures	270,890	251,518	19,372
Excess of Revenues Under Expenditures	(13,508)	(13,445)	63
Fund Balance at Beginning of Year	4,704	4,704	0
Prior Year Encumbrances Appropriated	8,804	8,804	0
Fund Balance at End of Year	\$0	\$63	\$63

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$1,364,118	\$902,271	(\$461,847)
Tuition and Fees	0	682	682
Total Revenues	1,364,118	902,953	(461,165)
Expenditures:			
Current:			
Instruction:			
Special:			
Salaries and Wages	817,853	547,609	270,244
Fringe Benefits	172,515	124,802	47,713
Purchased Services	3,000	140	2,860
Materials and Supplies	37,460	26,035	11,425
Total Special	1,030,828	698,586	332,242
Support Services:			
Instructional Staff:			
Salaries and Wages	150,172	152,898	(2,726)
Fringe Benefits	60,752	59,883	869
Purchased Services	12,509	2,853	9,656
Materials and Supplies	13,954	1,373	12,581
Capital Outlay - New	5,195	0	5,195
Total Instructional Staff	242,582	217,007	25,575
Administration:			
Salaries and Wages	67,134	58,230	8,904
Fringe Benefits	20,122	16,018	4,104
Purchased Services	2,969	2,934	35
Materials and Supplies	4,236	2,137	2,099
Total Administration	94,461	79,319	15,142
Fiscal:			
Other	41,509	20,600	20,909
Total Fiscal	41,509	20,600	20,909
Total Support Services	\$378,552	\$316,926	\$61,626

(Continued)

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, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	\$17,709	\$17,482	\$227
Fringe Benefits	4,988	4,669	319
Total Community Services	<u>22,697</u>	<u>22,151</u>	<u>546</u>
Total Expenditures	<u>1,432,077</u>	<u>1,037,663</u>	<u>394,414</u>
Excess of Revenues Under Expenditures	(67,959)	(134,710)	(66,751)
<u>Other Financing Sources:</u>			
Advances In	<u>0</u>	<u>90,000</u>	<u>90,000</u>
Excess of Revenues and Other Financing Sources Under Expenditures	(67,959)	(44,710)	23,249
Fund Balance at Beginning of Year	46,567	46,567	0
Prior Year Encumbrances Appropriated	<u>21,392</u>	<u>21,392</u>	<u>0</u>
Fund Balance at End of Year	<u>\$0</u>	<u>\$23,249</u>	<u>\$23,249</u>

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Disadvantaged Pupil Impact Aid Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$427,565	\$382,722	(\$44,843)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and Wages	382,577	341,194	41,383
Fringe Benefits	53,565	47,767	5,798
Total Special	436,142	388,961	47,181
Total Expenditures	436,142	388,961	47,181
Excess of Revenues Under Expenditures	(8,577)	(6,239)	2,338
Fund Balance at Beginning of Year	8,577	8,577	0
Fund Balance at End of Year	\$0	\$2,338	\$2,338

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Career Development Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$31,287	\$27,182	(\$4,105)
Expenditures:			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	8,203	6,896	1,307
Fringe Benefits	1,348	1,005	343
Purchased Services	3,200	3,025	175
Materials and Supplies	17,517	17,413	104
Total Instructional Staff	30,268	28,339	1,929
Total Expenditures	30,268	28,339	1,929
Excess of Revenues Over (Under) Expenditures	1,019	(1,157)	(2,176)
Other Financing Sources (Uses):			
Advances In	0	4,105	4,105
Advances Out	(4,048)	(4,048)	0
Total Other Financing Sources (Uses)	(4,048)	57	4,105
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(3,029)	(1,100)	1,929
Fund Balance at Beginning of Year	802	802	0
Prior Year Encumbrances Appropriated	2,227	2,227	0
Fund Balance at End of Year	\$0	\$1,929	\$1,929

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Vocational Education Professional Development Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$46,383	\$23,228	(\$23,155)
<u>Expenditures:</u>			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	46,383	46,383	0
Total Vocational	46,383	46,383	0
Total Expenditures	46,383	46,383	0
Excess of Revenues Under Expenditures	0	(23,155)	(23,155)
<u>Other Financing Sources:</u>			
Advances In	0	23,155	23,155
Excess of Revenues and Other Financing Sources Over Expenditures	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$110,221	\$95,804	(\$14,417)
Expenditures:			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	13,121	13,121	0
Fringe Benefits	2,199	2,199	0
Materials and Supplies	4,062	1,635	2,427
Capital Outlay - New	10,357	8,899	1,458
Total Vocational	29,739	25,854	3,885
Support Services:			
Pupils:			
Salaries and Wages	33,136	33,136	0
Materials and Supplies	2,000	28	1,972
Capital Outlay - New	2,000	0	2,000
Total Pupils	37,136	33,164	3,972
Instructional Staff:			
Salaries and Wages	2,750	30	2,720
Fringe Benefits	750	0	750
Purchased Services	8,395	8,220	175
Total Instructional Staff	11,895	8,250	3,645
Administration:			
Salaries and Wages	3,846	3,846	0
Fringe Benefits	960	948	12
Total Administration	4,806	4,794	12
Central:			
Purchased Services	16,494	15,939	555
Total Central	16,494	15,939	555
Total Support Services	\$70,331	\$62,147	\$8,184

(Continued)

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, 1999
 (Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Total Expenditures	\$100,070	\$88,001	\$12,069
Excess of Revenues Over Expenditures	10,151	7,803	(2,348)
<u>Other Financing Sources (Uses):</u>			
Advances In	0	10,000	10,000
Advances Out	(14,102)	(14,102)	0
Total Other Financing Sources (Uses)	(14,102)	(4,102)	10,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,951)	3,701	7,652
Fund Balance at Beginning of Year	40	40	0
Prior Year Encumbrances Appropriated	3,911	3,911	0
Fund Balance at End of Year	\$0	\$7,652	\$7,652

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$161,168	\$161,168	\$0
Tuition and Fees	0	17,765	17,765
Total Revenues	161,168	178,933	17,765
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
<u>Regular:</u>			
Salaries and Wages	64,489	55,698	8,791
Fringe Benefits	17,002	14,985	2,017
Purchased Services	12,000	2,012	9,988
Materials and Supplies	19,172	5,294	13,878
Capital Outlay - New	5,242	5,231	11
Total Regular	117,905	83,220	34,685
<u>Support Services:</u>			
<u>Pupils:</u>			
Salaries and Wages	4,138	3,442	696
Fringe Benefits	1,436	1,272	164
Purchased Services	4,176	4,176	0
Materials and Supplies	4,811	4,791	20
Total Pupils	14,561	13,681	880
<u>Instructional Staff:</u>			
Salaries and Wages	28,782	24,680	4,102
Fringe Benefits	13,495	12,211	1,284
Purchased Services	951	951	0
Total Instructional Staff	43,228	37,842	5,386
<u>Administration:</u>			
Salaries and Wages	11,248	9,624	1,624
Fringe Benefits	4,782	4,318	464
Materials and Supplies	1,110	1,110	0
Capital Outlay - New	508	508	0
Total Administration	\$17,648	\$15,560	\$2,088

(Continued)

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, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operation and Maintenance of Plant:			
Purchased Services	\$4,894	\$4,863	\$31
Total Operation and Maintenance of Plant	4,894	4,863	31
Pupil Transportation:			
Purchased Services	22,249	22,249	0
Total Pupil Transportation	22,249	22,249	0
Central:			
Purchased Services	1,329	1,329	0
Materials and Supplies	158	158	0
Total Central	1,487	1,487	0
Total Support Services	104,067	95,682	8,385
Total Expenditures	221,972	178,902	43,070
Excess of Revenues Over (Under) Expenditures	(60,804)	31	60,835
Fund Balance at Beginning of Year	59,304	59,304	0
Prior Year Encumbrances Appropriated	1,500	1,500	0
Fund Balance at End of Year	\$0	\$60,835	\$60,835

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Preschool Handicapped Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$15,717	\$15,717	\$0
Expenditures:			
Current:			
Support Services:			
Pupils			
Salaries and Wages	10,749	7,906	2,843
Fringe Benefits	198	198	0
Purchased Services	3,000	0	3,000
Other	2,646	2,646	0
Total Pupils	16,593	10,750	5,843
Instructional Staff:			
Salaries and Wages	2,667	2,386	281
Fringe Benefits	111	111	0
Total Instructional Staff	2,778	2,497	281
Fiscal:			
Other	742	0	742
Total Fiscal	742	0	742
Total Support Services	20,113	13,247	6,866
Total Expenditures	20,113	13,247	6,866
Excess of Revenues Over (Under) Expenditures	(4,396)	2,470	6,866
Fund Balance at Beginning of Year	2,752	2,752	0
Prior Year Encumbrances Appropriated	1,644	1,644	0
Fund Balance at End of Year	\$0	\$6,866	\$6,866

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Library Automation Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Current:			
Support Services:			
Instructional Staff:			
Capital Outlay - New	476	469	7
Total Instructional Staff	476	469	7
Total Expenditures	476	469	7
Excess of Revenues Under Expenditures	(476)	(469)	7
Fund Balance at Beginning of Year	476	476	0
Fund Balance at End of Year	\$0	\$7	\$7

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
North Partnership 2000 Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Total Revenues	\$0	\$0	\$0
Expenditures:			
Current:			
Support Services:			
Instructional Staff:			
Materials and Supplies	400	400	0
Total Instructional Staff	400	400	0
Total Expenditures	400	400	0
Excess of Revenues Under Expenditures	(400)	(400)	0
Fund Balance at Beginning of Year	400	400	0
Fund Balance at End of Year	\$0	\$0	\$0

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Goals 2000 Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	543	543	0
Fringe Benefits	76	76	0
Purchased Services	6,154	6,154	0
Other	6,727	6,727	0
Total Regular	13,500	13,500	0
Total Expenditures	13,500	13,500	0
Excess of Revenues Under Expenditures	(13,500)	(13,500)	0
Fund Balance at Beginning of Year	12,075	12,075	0
Prior Year Encumbrances Appropriated	1,425	1,425	0
Fund Balance at End of Year	\$0	\$0	\$0

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Since there is only one Debt Service Fund and the level of budgetary control is not greater than that presented in the Combined Financial Statements, no additional statements are presented here.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The following are descriptions of each Capital Projects Fund:

Permanent Improvement

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

Replacement

To account for monies used in the rebuilding, restoration, or improvement of property which has been totally or partially destroyed due to any cause.

Computer Network

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

Textbooks and Instructional Materials

To account for State revenues awarded the School District to provide assistance in purchasing textbooks, instructional software, and other instructional materials.

Lancaster City School District, Ohio
Combining Balance Sheet
All Capital Projects Funds
June 30, 1999

	Permanent Improvement	Computer Network	Textbooks and Instructional Materials	Totals
Assets:				
Cash and Cash Equivalents	\$30,244	\$52,621	\$55,556	\$138,421
Total Assets	\$30,244	\$52,621	\$55,556	\$138,421
Liabilities:				
Accounts Payable	\$3,375	\$666	\$987	\$5,028
Total Liabilities	3,375	666	987	5,028
Fund Equity:				
Fund Balances:				
Reserved for Encumbrances	1,316	17,416	7,759	26,491
Unreserved: Undesignated	25,553	34,539	46,810	106,902
Total Fund Equity	26,869	51,955	54,569	133,393
Total Liabilities and Fund Equity	\$30,244	\$52,621	\$55,556	\$138,421

Lancaster City School District, Ohio
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Capital Projects Funds
For the Fiscal Year Ended June 30, 1999

	Permanent Improvement	Replacement	Computer Network	Textbooks and Instructional Materials	Totals
Revenues:					
Intergovernmental	\$0	\$0	\$203,077	\$90,843	\$293,920
Interest	0	711	0	0	711
Gifts and Donations	3,365	0	0	0	3,365
Total Revenues	3,365	711	203,077	90,843	297,996
Expenditures:					
Current:					
Instruction:					
Regular	0	0	55,304	0	55,304
Support Services:					
Instructional Staff	0	0	4,690	0	4,690
Fiscal	0	23,185	0	0	23,185
Operation and Maintenance					
of Plant	0	0	6,064	0	6,064
Capital Outlay	7,076	24,278	149,302	100,620	281,276
Total Expenditures	7,076	47,463	215,360	100,620	370,519
Excess of Revenues Under Expenditures	(3,711)	(46,752)	(12,283)	(9,777)	(72,523)
Fund Balances at Beginning of Year	11,831	65,501	64,238	64,346	205,916
Residual Equity Transfer In	18,749	0	0	0	18,749
Residual Equity Transfer Out	0	(18,749)	0	0	(18,749)
Fund Balances at End of Year	\$26,869	\$0	\$51,955	\$54,569	\$133,393

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Gifts and Donations	\$10,000	\$3,365	(\$6,635)
Expenditures:			
Current:			
Extracurricular Activities:			
Sports Oriented Activities:			
Capital Outlay - New	10,000	1,280	8,720
Total Sports Oriented Activities	10,000	1,280	8,720
Capital Outlay:			
Building Acquisition and Construction Services:			
Capital Outlay - New	8,593	7,112	1,481
Total Building Acquisition and Construction Services	8,593	7,112	1,481
Total Expenditures	18,593	8,392	10,201
Excess of Revenues Under Expenditures	(8,593)	(5,027)	3,566
Other Financing Sources:			
Operating Transfer In	18,749	18,749	0
Excess of Revenues and Other Financing Sources Over Expenditures	10,156	13,722	3,566
Fund Balance at Beginning of Year	11,831	11,831	0
Fund Balance at End of Year	\$21,987	\$25,553	\$3,566

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Replacement Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$711	\$711	\$0
Compensation for Fire Loss	95,316	95,316	0
Total Revenues	96,027	96,027	0
Expenditures:			
Current:			
Support Services:			
Fiscal:			
Purchased Services	23,185	23,185	0
Total Fiscal	23,185	23,185	0
Total Support Services	23,185	23,185	0
Capital Outlay:			
Building Acquisition and Construction Services:			
Capital Outlay - Replacement	23,832	23,832	0
Total Building Acquisition and Construction Services:	23,832	23,832	0
Other Facilities Acquisition and Construction Services:			
Other	4,586	1,976	2,610
Total Other Facilities Acquisition and Construction Services	4,586	1,976	2,610
Total Capital Outlay	28,418	25,808	2,610
Total Expenditures	51,603	48,993	2,610
Excess of Revenues Over Expenditures	\$44,424	\$47,034	\$2,610

(Continued)

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Replacement Fund
 For the Fiscal Year Ended June 30, 1999
 (Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Other Financing Uses:</u>			
Advances Out	(\$58,000)	(\$58,000)	\$0
Operating Transfer Out	(18,749)	(18,749)	0
Total Other Financing Uses	(76,749)	(76,749)	0
Excess of Revenues Under Expenditures and Other Financing Uses	(32,325)	(29,715)	2,610
Fund Balance at Beginning of Year	2,597	2,597	0
Prior Year Encumbrances Appropriated	27,118	27,118	0
Fund Deficit at End of Year	<u>(\$2,610)</u>	<u>\$0</u>	<u>\$2,610</u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Computer Network Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$203,077	\$365,370	\$162,293
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	61,814	61,598	216
Capital Outlay - New	151,326	311,839	(160,513)
Total Regular	213,140	373,437	(160,297)
Support Services:			
Instructional Staff:			
Salaries and Wages	16,385	9,195	7,190
Purchased Services	9,106	149	8,957
Materials and Supplies	4,538	4,206	332
Capital Outlay - New	3,819	3,813	6
Total Instructional Staff	33,848	17,363	16,485
Operation and Maintenance of Plant:			
Purchased Services	20,000	10,000	10,000
Materials and Supplies	12,121	6,064	6,057
Total Operation and Maintenance of Plant	32,121	16,064	16,057
Total Support Services	65,969	33,427	32,542
Total Expenditures	279,109	406,864	(127,755)
Excess of Revenues Under Expenditures	(76,032)	(41,494)	34,538
Fund Balance at Beginning of Year	61,783	61,783	0
Prior Year Encumbrances Appropriated	14,249	14,249	0
Fund Balance at End of Year	\$0	\$34,538	\$34,538

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Textbooks and Instructional Materials Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$90,843	\$90,843	\$0
Expenditures:			
Current:			
Instruction:			
Regular:			
Materials and Supplies	131,042	103,577	27,465
Capital Outlay - New	34,114	14,767	19,347
Total Regular	165,156	118,344	46,812
Total Expenditures	165,156	118,344	46,812
Excess of Revenues Under Expenditures	(74,313)	(27,501)	46,812
Fund Balance at Beginning of Year	35,651	35,651	0
Prior Year Encumbrances Appropriated	38,662	38,662	0
Fund Balance at End of Year	\$0	\$46,812	\$46,812

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the board of education is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the board of education has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes. The following are descriptions of each Enterprise Fund:

Food Service

To account for all revenues and expenses related to the provision of food service for the School District.

Uniform School Supplies

To account for the purchase by students of necessary supplies, materials or other school related items in addition to those items provided for general instruction.

Lancaster City School District, Ohio
Combining Balance Sheet
All Enterprise Funds
June 30, 1999

	Food Service	Uniform School Supplies	Totals
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$145,553	\$60,218	\$205,771
Accounts Receivable	203	256	459
Intergovernmental Receivable	87,213	0	87,213
Materials and Supplies Inventory	8,913	0	8,913
Inventory Held for Resale	77,298	3,825	81,123
Prepaid Items	12,303	0	12,303
Total Current Assets	331,483	64,299	395,782
Furniture and Equipment	576,116	0	576,116
Less: Accumulated Depreciation	(543,594)	0	(543,594)
Total Furniture and Equipment	32,522	0	32,522
Total Assets	\$364,005	\$64,299	\$428,304
Liabilities:			
Current Liabilities:			
Accrued Salaries and Benefits Payable	\$107,474	\$0	\$107,474
Intergovernmental Payable	81,923	0	81,923
Deferred Revenue	58,449	0	58,449
Compensated Absences Payable	7,510	0	7,510
Total Current Liabilities	255,356	0	255,356
Long-Term Liabilities:			
Compensated Absences Payable (Net of Current Portion)	61,340	0	61,340
Total Long-Term Liabilities	61,340	0	61,340
Total Liabilities	316,696	0	316,696
Fund Equity:			
Retained Earnings:			
Unreserved	47,309	64,299	111,608
Total Liabilities and Fund Equity	\$364,005	\$64,299	\$428,304

Lancaster City School District, Ohio
 Combining Statement of Revenues,
 Expenses, and Changes in Retained Earnings
 All Enterprise Funds
 For the Fiscal Year Ended June 30, 1999

	Food Service	Uniform School Supplies	Total
Revenues:			
Sales	\$822,159	\$57,794	\$879,953
Expenses:			
Salaries	633,931	0	633,931
Fringe Benefits	244,786	0	244,786
Purchased Services	1,398	0	1,398
Materials and Supplies	55,227	0	55,227
Cost of Sales	531,201	62,841	594,042
Other	3,120	0	3,120
Depreciation	7,241	0	7,241
Total Expenses	1,476,904	62,841	1,539,745
Operating Loss	(654,745)	(5,047)	(659,792)
Non-Operating Revenues:			
Federal Donated Commodities	89,119	0	89,119
Operating Grants	526,814	0	526,814
Interest Income	2,328	0	2,328
Other Non-Operating Revenues	2,199	0	2,199
Total Non-Operating Revenues	620,460	0	620,460
Net Loss	(34,285)	(5,047)	(39,332)
Retained Earnings at End of Year	81,594	69,346	150,940
Retained Earnings at End of Year	\$47,309	\$64,299	\$111,608

Lancaster City School District, Ohio
Schedule of Revenues, Expenses, and Changes
in Fund Equity - Budget and Actual (Budget Basis)
Food Service Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$951,000	\$824,454	(\$126,546)
Interest	0	2,328	2,328
Operating Grants	495,000	505,704	10,704
Other	4,000	2,199	(1,801)
Total Revenues	1,450,000	1,334,685	(115,315)
Expenses:			
Salaries:			
Food Service Operations	800,000	635,265	164,735
Total Salaries	800,000	635,265	164,735
Fringe Benefits:			
Food Service Operations	306,827	249,742	57,085
Total Fringe Benefits	306,827	249,742	57,085
Purchased Services:			
Operation and Maintenance of Plant	7,880	0	7,880
Food Service Operations	2,012	1,398	614
Total Purchased Services	9,892	1,398	8,494
Materials and Supplies:			
Food Service Operations	520,266	495,931	24,335
Total Materials and Supplies	520,266	495,931	24,335
Capital Outlay - New:			
Food Service Operations	1,000	580	420
Total Capital Outlay - New	1,000	580	420
Capital Outlay - Replacement:			
Food Service Operations	21,000	16,873	4,127
Total Capital Outlay - Replacement	\$21,000	\$16,873	\$4,127

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenses, and Changes
in Fund Equity - Budget and Actual (Budget Basis)
Food Service Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Other:			
Food Service Operations	\$3,120	\$3,120	\$0
Total Other	3,120	3,120	0
Total Expenses	1,662,105	1,402,909	259,196
Excess of Revenues Under Expenses	(212,105)	(68,224)	143,881
Fund Equity at Beginning of Year	211,827	211,827	0
Prior Year Encumbrances Appropriated	278	278	0
Fund Equity at End of Year	<u>\$0</u>	<u>\$143,881</u>	<u>\$143,881</u>

Lancaster City School District, Ohio
 Schedule of Revenues, Expenses, and Changes
 in Fund Equity - Budget and Actual (Budget Basis)
 Uniform School Supplies Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$86,354	\$57,538	(\$28,816)
Expenses:			
Materials and Supplies:			
Regular Instruction	52,048	36,115	15,933
Vocational Instruction	35,000	26,758	8,242
Total Materials and Supplies	87,048	62,873	24,175
Total Expenses	87,048	62,873	24,175
Excess of Revenues Under Expenses	(694)	(5,335)	(4,641)
Fund Equity at Beginning of Year	63,994	63,994	0
Prior Year Encumbrances Appropriated	694	694	0
Fund Equity at End of Year	\$63,994	\$59,353	(\$4,641)

Lancaster City School District, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Fiscal Year Ended June 30, 1999

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Totals</u>
Increase (Decrease) in <u>Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$824,454	\$57,538	\$881,992
Cash Payments for Employee Services and Benefits	(885,007)	0	(885,007)
Cash Payments for Goods and Services	(498,320)	(62,007)	(560,327)
Other Non-Operating Revenues	2,199	0	2,199
Other Operating Expenses	(3,120)	0	(3,120)
 Net Cash Used for Operating Activities	 (559,794)	 (4,469)	 (564,263)
 <u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	(14,790)	0	(14,790)
 <u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	505,704	0	505,704
 <u>Cash Flows from Investing Activities:</u>			
Interest	2,328	0	2,328
 Net Decrease in Cash and Cash Equivalents	 (66,552)	 (4,469)	 (71,021)
 Cash and Cash Equivalents at Beginning of Year	 212,105	 64,687	 276,792
 Cash and Cash Equivalents at End of Year	 \$145,553	 \$60,218	 \$205,771

(Continued)

Lancaster City School District, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Fiscal Year Ended June 30, 1999
(Continued)

	Food Service	Uniform School Supplies	Totals
Reconciliation of Operating Loss to Net Cash Used <u>for Operating Activities:</u>			
Operating Loss	(\$654,745)	(\$5,047)	(\$659,792)
Adjustments to Reconcile Operating Loss to Net Cash <u>Used for Operating Activities:</u>			
Other Non-Operating Revenues	2,199	0	2,199
Donated Commodities Used During the Year	89,119	0	89,119
Depreciation Expense	7,241	0	7,241
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	1,011	(256)	755
Decrease in Due From Other Funds	1,284	0	1,284
Increase in Materials and Supplies Inventory	(730)	0	(730)
Decrease in Inventory Held for Resale	1,245	834	2,079
Increase in Prepaids	(2,157)	0	(2,157)
Decrease in Accounts Payable	(128)	0	(128)
Increase in Accrued Salaries and Benefits Payable	1,626	0	1,626
Increase in Compensated Absences Payable	5,650	0	5,650
Decrease in Intergovernmental Payable	(11,409)	0	(11,409)
Net Cash Used for Operating Activities	(\$559,794)	(\$4,469)	(\$564,263)

INTERNAL SERVICE FUND

The Internal Service Fund accounts for the financing of services provided by one department or agency to another department or agency of the School District on a cost-reimbursement basis. The *Employee Benefits Self-Insurance Fund* accounts for monies received from other funds as payment for providing health and dental insurance. The Employee Benefits Self-Insurance Fund reimburses employees who have paid providers, and makes payments for claims and administration.

Since there is only one Internal Service Fund and the level of budgetary control is not greater than that presented in the Combined Financial Statements, no additional statements are presented here.

FIDUCIARY FUNDS

Fiduciary 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.

Expendable Trust Fund

Scholarship Memorial

To account for monies held by the School District in a trustee capacity for individuals, private organizations and/or other funds which are designated for specific purposes.

Non-Expendable Trust Fund

Endowment

To account for monies which have been set aside by individuals for specific purposes in a trust capacity.

Agency Funds

Student Managed Activity

To account for those student activity programs which have student participation in the activity and have student involvement in the management of the program.

Deferred Compensation

To account for funds collected from employees who choose to have a portion of their earnings deferred to a future time under a plan agreement.

Employees Section 125 Payroll Plan

To account for monies received from Employee Benefits Section 125 Payroll Plans which allows for pre-taxed benefits for premium deductions and other set-asides for insurance purposes.

Payroll

To account for the accumulation of monies used to pay employee salaries.

Lancaster City School District, Ohio

Combining Balance Sheet
All Trust and Agency Funds
June 30, 1999

	Expendable Trust Scholarship Memorial	Non- Expendable Trust Endowment	All Agency Funds	Totals
Assets:				
Cash and Cash Equivalents	\$21,885	\$38,390	\$81,178	\$141,453
Accounts Receivable	0	0	277	277
Total Assets	\$21,885	\$38,390	\$81,455	\$141,730
Liabilities:				
Accounts Payable	\$0	\$0	\$581	\$581
Interfund Payable	0	0	96	96
Due to Other Funds	0	0	2,100	2,100
Due to Others	0	0	9,211	9,211
Due to Students	0	0	69,467	69,467
Total Liabilities	0	0	81,455	81,455
Fund Equity:				
Fund Balance:				
Reserved for Endowment	0	37,345	0	37,345
Unreserved:				
Undesignated	21,885	1,045	0	22,930
Total Fund Equity	21,885	38,390	0	60,275
Total Liabilities and Fund Equity	\$21,885	\$38,390	\$81,455	\$141,730

Lancaster City School District, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 1999

	Balance 7/1/98	Additions	Reductions	Balance 6/30/99
Student Managed Activity				
<u>Assets:</u>				
Cash and Cash Equivalents	\$61,764	\$130,733	\$120,530	\$71,967
Accounts Receivable	134	277	134	277
Total Assets	\$61,898	\$131,010	\$120,664	\$72,244
<u>Liabilities:</u>				
Accounts Payable	\$4,125	\$581	\$4,125	\$581
Intergovernmental Payable	450	0	450	0
Interfund Payable	124	96	124	96
Due to Other Funds	0	2,100	0	2,100
Due to Students	57,199	128,233	115,965	69,467
Total Liabilities	\$61,898	\$131,010	\$120,664	\$72,244
<u>Deferred Compensation</u>				
<u>Assets:</u>				
Funds on Deposit with Deferred Compensation Board	\$113,063	\$942	\$114,005	\$0
Total Assets	\$113,063	\$942	\$114,005	\$0
<u>Liabilities:</u>				
Deferred Compensation Payable	\$113,063	\$942	\$114,005	\$0
Total Liabilities	\$113,063	\$942	\$114,005	\$0
<u>Employees Section</u>				
<u>125 Payroll Plan</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$0	\$23,327	\$14,116	\$9,211
Total Assets	\$0	\$23,327	\$14,116	\$9,211
<u>Liabilities:</u>				
Due to Others	\$0	\$23,327	\$14,116	\$9,211
Total Liabilities	\$0	\$23,327	\$14,116	\$9,211

(Continued)

Lancaster City School District, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 1999
(Continued)

	Balance 7/1/98	Additions	Reductions	Balance 6/30/99
Payroll				
Assets:				
Cash and Cash Equivalents	\$138	\$25,570,292	\$25,570,430	\$0
Total Assets	\$138	\$25,570,292	\$25,570,430	\$0
Liabilities:				
Due to Others	\$138	\$25,570,292	\$25,570,430	\$0
Total Liabilities	\$138	\$25,570,292	\$25,570,430	\$0
 Total - All Agency Funds				
Assets:				
Cash and Cash Equivalents	\$61,902	\$25,724,352	\$25,705,076	\$81,178
Accounts Receivable	134	277	134	277
Funds on Deposit with Deferred Compensation Board	113,063	942	114,005	0
Total Assets	\$175,099	\$25,725,571	\$25,819,215	\$81,455
Liabilities:				
Accounts Payable	\$4,125	\$581	\$4,125	\$581
Intergovernmental Payable	450	0	450	0
Interfund Payable	124	96	124	96
Due to Other Funds	0	2,100	0	2,100
Due to Others	138	25,593,619	25,584,546	9,211
Due to Students	57,199	128,233	115,965	69,467
Deferred Compensation Payable	113,063	942	114,005	0
Total Liabilities	\$175,099	\$25,725,571	\$25,819,215	\$81,455

GENERAL FIXED ASSETS ACCOUNT GROUP

This account group is used to account for all land, buildings, furniture and equipment, vehicles and textbooks and library books not used in the operations of the Proprietary Funds. The majority of the School District's assets are reflected in the General Fixed Assets Account Group.

Lancaster City School District, Ohio
 Schedule of Changes in General Fixed Assets
 by Function
 For the Fiscal Year Ended June 30, 1999

	General Fixed Assets 7/1/98	Additions	Deductions	General Fixed Assets 6/30/99
Instruction	\$21,973,931	\$1,028,828	\$351,429	\$22,651,330
Support Services:				
Pupils	101,004	0	0	101,004
Instructional Staff	2,515,172	106,291	0	2,621,463
Administration	1,686,490	28,280	0	1,714,770
Operation and Maintenance of Plant	3,044,262	220,946	67,455	3,197,753
Pupil Transportation	1,647,332	209,578	254,759	1,602,151
Central	93,474	0	0	93,474
Capital Outlay:				
Building Acquisition & Construction	1,095,690	0	0	1,095,690
Total General Fixed Assets	\$32,157,355	\$1,593,923	\$673,643	\$33,077,635

Lancaster City School District, Ohio
 Schedule of General Fixed Assets by Function
 June 30, 1999

	Total	Land	Buildings	Furniture and Equipment	Vehicles	Textbooks and Library Books	Construction in Progress
Instruction	\$22,651,330	\$506,019	\$10,203,983	\$9,609,569	\$0	\$2,224,085	\$107,674
Support Services:							
Pupils	101,004	0	60,000	39,033	1,971	0	0
Instructional Staff	2,621,463	0	118,000	216,373	0	2,287,090	0
Administration	1,714,770	42,320	164,400	1,508,050	0	0	0
Operation of Maintenance of Plant	3,197,753	147,780	2,192,971	798,627	58,375	0	0
Pupil Transportation	1,602,151	34,211	49,200	48,503	1,470,237	0	0
Central	93,474	0	0	93,474	0	0	0
Capital Outlay:							
Building Acquisition & Construction	1,095,690	0	1,095,690	0	0	0	0
Total General Fixed Assets	\$33,077,635	\$730,330	\$13,884,244	\$12,313,629	\$1,530,583	\$4,511,175	\$107,674

Lancaster City School District, Ohio
Schedule of General Fixed Assets by Source
June 30, 1999

General Fixed Assets:	
Land	\$730,330
Buildings	13,884,244
Furniture and Equipment	12,313,629
Vehicles	1,530,583
Textbooks and Library Books	4,511,175
Construction in Progress	<u>107,674</u>
Total	<u>\$33,077,635</u>

Investments in General Fixed Assets from:

General Fund	\$9,205,862
Special Revenue Funds	781,255
Capital Projects Funds	1,800,431
Expendable Trust Fund	2,070
Donations	247,893
Acquisitions Prior to July 1, 1990	<u>21,040,124</u>
Total	<u>\$33,077,635</u>

Statistical

Section

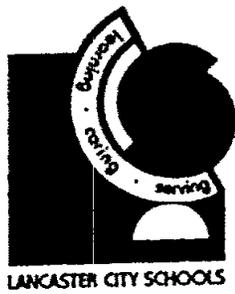


TABLE 1

Lancaster City School District, Ohio
General Fund Expenditures by Function
Last Ten Fiscal Years (1)

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Current:										
Instruction:										
Regular	\$15,598,933	\$14,341,958	\$13,360,808	\$15,170,934	\$14,913,783	\$14,128,759	\$13,627,979	\$13,065,406	\$11,977,576	\$11,351,428
Special	3,544,519	3,191,336	3,050,528	3,074,511	2,871,651	2,658,398	2,494,376	2,248,898	1,892,522	1,556,425
Vocational	2,267,254	2,147,313	2,067,348	2,089,360	2,115,463	1,963,243	1,840,374	1,737,125	1,706,113	1,460,590
Adult/Continuing	55,469	58,899	51,409	41,587	41,317	31,468	28,461	28,096	0	72,419
Other	263,732	152,632	124,455	143,685	93,622	115,846	125,807	108,788	67,662	0
Support Services:										
Pupil	1,794,659	1,462,295	1,453,073	1,456,155	1,430,948	1,288,926	1,198,308	1,180,686	1,088,300	1,005,895
Instructional Staff	2,221,071	1,569,884	1,509,075	1,600,755	1,659,275	1,827,514	1,650,227	1,522,011	1,395,987	1,285,570
Board of Education	38,986	36,180	30,943	47,498	60,821	49,412	49,384	40,910	36,887	28,283
Administration	2,938,618	2,766,342	2,651,472	3,085,059	2,918,580	2,573,741	2,353,919	2,221,468	2,110,372	2,017,648
Fiscal	868,931	848,768	705,532	758,055	743,373	731,796	692,176	647,566	541,850	509,729
Business	343,396	363,777	298,072	284,098	299,988	166,544	194,686	161,644	130,781	121,446
Operation & Maintenance										
of Plant	3,186,972	3,054,801	2,963,566	3,137,718	3,290,558	3,548,311	3,057,046	2,998,830	2,613,752	2,380,542
Pupil Transportation	1,357,535	1,314,338	1,014,336	947,826	1,198,153	1,051,646	949,361	898,692	912,781	702,796
Central	237,661	262,999	92,722	96,679	259,165	188,556	187,610	128,244	113,613	103,549
Non-Instructional Services	0	0	0	0	0	0	0	0	1,824	0
Extracurricular Activities	410,362	360,083	96,475	366,580	399,985	342,915	299,809	265,812	209,950	206,132
Refund of Taxes	97,398	97,399	57,856	0	0	0	0	0	0	0
Capital Outlay	798,387	0	0	12,879	365,794	354,498	651,772	565,194	161,381	0
Intergovernmental	0	0	0	278	0	20	0	1,830	57	0
Debt Service	104,385	93,823	1,472,437	0	0	0	0	0	3,641	0
Miscellaneous	0	0	0	0	0	0	0	0	0	4,054
Total	\$36,128,268	\$32,122,827	\$31,000,107	\$32,313,657	\$32,660,476	\$31,021,593	\$29,401,295	\$27,821,200	\$24,965,049	\$22,806,506

Source: School District Financial Records

(1) 1991 through 1999 are reported on GAAP Basis; all other on Cash Basis

TABLE 3

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

Year	Current Tax Levy	Current Tax Collections	Percent Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections to Current Tax Levies	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Current Tax Levy
1998	\$15,468,012	\$14,993,066	96.9%	\$275,746	\$15,268,812	98.7%	\$661,207	4.3%
1997	11,749,971	11,106,187	94.5%	261,706	11,367,893	96.7%	508,011	4.3%
1996	11,843,909	11,540,805	97.4%	235,696	11,776,501	99.4%	432,252	3.6%
1995	11,146,743	10,789,029	96.8%	278,112	11,067,141	99.3%	411,815	3.7%
1994	11,036,660	10,799,381	97.9%	292,317	11,091,698	100.5%	412,045	3.7%
1993	11,006,072	10,591,323	96.2%	418,810	11,010,133	100.0%	562,673	5.1%
1992	10,794,553	10,473,145	97.0%	344,741	10,817,886	100.2%	493,324	4.6%
1991	10,591,722	10,227,263	96.6%	204,899	10,432,162	98.5%	482,244	4.6%
1990	11,869,101	11,340,939	95.6%	195,964	11,536,903	97.2%	586,512	4.9%
1989	10,625,685	10,346,450	97.4%	168,255	10,514,705	99.0%	410,486	3.9%

Source: Fairfield County Auditor

(1) Presented on calendar year basis because that is the manner that information is maintained by the County Auditor.

(2) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and deletions which are brought on in one lump sum.

TABLE 4

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

Year	Agricultural, Residential, Commercial and Industrial Real Estate		Public Utility Real and Personal		Tangible Personal		Total		Ratio
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	
1989	\$552,019,860	\$1,577,199,600	\$30,298,140	\$34,429,700	\$100,399,698	\$401,598,700	\$682,717,698	\$2,013,228,000	34%
1988	489,202,190	1,397,720,542	30,177,900	34,298,068	101,329,802	405,319,208	620,709,892	1,837,332,818	34%
1987	478,148,440	1,331,138,400	30,794,250	35,048,101	95,374,490	381,497,960	604,317,180	1,752,684,501	34%
1986	467,615,310	1,336,043,700	31,464,720	35,880,500	85,449,242	341,796,900	584,529,272	1,713,721,100	34%
1985	358,421,040	1,024,060,114	32,161,080	36,671,800	83,869,025	335,476,100	474,451,145	1,396,208,014	34%
1984	355,615,480	1,016,615,657	31,396,410	35,842,589	82,028,471	328,113,884	469,240,361	1,380,572,130	34%
1983	351,448,260	1,003,880,142	31,268,490	35,687,606	80,087,148	320,348,592	462,803,898	1,359,916,340	34%
1982	339,088,070	965,965,914	31,421,390	35,862,116	78,658,768	302,533,723	448,168,228	1,304,361,753	34%
1981	334,739,890	966,399,890	29,210,780	33,339,084	80,343,718	286,941,850	444,294,388	1,276,680,624	35%
1980	327,005,740	934,302,110	25,575,780	29,190,357	68,398,984	235,858,566	420,980,504	1,199,351,033	35%

Source: Fairfield County Auditor

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

Real Estate is assessed at 35 percent of actual value.

Public Utility real is assessed at 35 percent of actual value.

Public Utility personal is assessed at 88 percent of actual value.

Tangible personal is assessed at 25 percent of actual value since 1984.

TABLE 5

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

Year	Lancaster City School District		Total School	Berne Twp		Greenfield Twp		Hocking Twp		Pleasant Twp		Lancaster City		Fairfield County		Total Levy (2)
	General Operation	Bonded/Indebtedness		Levy (1)	Levy (1)	Levy (1)	Levy (1)	Levy (1)	Levy (1)	City Levy	County Levy	Levy (2)				
1999	\$64.60	(3)	\$64.60	\$7.70	\$8.20	\$4.20	\$6.60	\$3.40	\$7.05	\$75.05						
1998	64.60	0.00	64.60	7.70	8.20	4.20	6.60	3.40	7.05	75.05						
1997	56.70	0.00	56.70	7.70	8.20	4.20	6.60	3.40	7.05	67.15						
1996	56.70	0.00	56.70	7.70	8.20	4.20	5.10	3.40	7.05	67.15						
1995	56.70	0.00	56.70	7.70	8.20	4.20	5.10	3.40	7.05	67.15						
1994	56.70	0.00	56.70	7.70	6.20	4.20	4.60	3.40	8.55	68.65						
1993	56.70	0.00	56.70	7.70	6.20	4.20	4.60	3.40	8.55	68.65						
1992	56.70	0.00	56.70	7.70	6.20	4.20	4.60	3.40	8.55	68.65						
1991	56.70	0.00	56.70	7.70	6.20	4.20	4.60	3.40	8.55	68.65						
1990	46.70	0.00	46.70	6.20	6.20	4.20	4.60	3.40	8.55	58.65						

Source: Fairfield County Auditor

(1) Included in the Lancaster City School District attendance areas are portions of Berne, Greenfield, Hocking, and Pleasant Townships.

(2) Based on the School District, City, and County Levies. Those living in the portions of the townships included in the city school district would have a total rate slightly different.

(3) Due to specific Ohio Legislation, the "effective" rate of tax for the School District is 27.803 mills for agricultural/residential property and 32.871 mills for industrial/commercial property for 1999.

TABLE 6

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

<u>Year</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value (2)</u>	<u>Population (3)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
1999	\$0	\$682,717,698	38,254	N/A	\$0.00
1998	0	620,709,892	38,254	N/A	0.00
1997	0	604,317,180	36,900	N/A	0.00
1996	0	584,529,272	36,900	N/A	0.00
1995	0	474,451,145	36,900	N/A	0.00
1994	0	469,240,361	35,570	N/A	0.00
1993	0	462,803,898	35,570	N/A	0.00
1992	0	448,168,228	35,015	N/A	0.00
1991	0	444,294,388	34,710	N/A	0.00
1990	0	420,980,504	34,507	N/A	0.00

(1) Includes all general obligation bonded debt.

(2) Source: Fairfield County Auditor

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

TABLE 7

Lancaster City School District, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 1998

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
School District	\$0	N/A	\$0
City of Lancaster	1,793,414	100.00%	1,793,414
Fairfield County	2,605,000	28.94%	753,887

Source: Fairfield County Auditor

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

TABLE 8

Lancaster City School District, Ohio
Computation of Legal Debt Margin (1)
 June 30, 1999

Assessed Value	<u>\$682,717,698</u>
Debt Limit - 9% of Assessed Value	61,444,593
Amount of Debt Applicable to Debt Limit: Net Bonded Debt (2)	<u>0</u>
Overall Debt Margin	<u>\$61,444,593</u>
Bonded Debt Limit - .10% of Assessed Value	\$682,718
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u>\$682,718</u>
Additional Limit for Unvoted Energy Conservation Long-Term Notes:	
Debt Limit - .9% of Assessed Value	\$6,144,459
Energy Conservation Long-Term Notes	<u>1,585,000</u>
Additional Unvoted Debt Margin	<u>\$4,559,459</u>

Source: Fairfield County Auditor and School District Financial Records.

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

TABLE 9

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures (1)</u>	<u>Ratio of Debt Service to General Fund Expenditures (Percentage)</u>
1999	\$0	\$0	\$0	\$36,128,268	N/A
1998	0	0	0	32,122,827	N/A
1997	0	0	0	31,000,107	N/A
1996	0	0	0	32,313,657	N/A
1995	0	0	0	32,660,476	N/A
1994	0	0	0	31,021,593	N/A
1993	0	0	0	29,401,295	N/A
1992	0	0	0	27,821,200	N/A
1991	0	0	0	24,965,049	N/A
1990	0	0	0	22,806,506	N/A

Source: School District Financial Records

(1) 1991 through 1999 are reported on GAAP Basis; all other on Cash Basis

TABLE 10

Lancaster City School District, Ohio
Demographic Statistics
Last Ten Years

Year	Population Lancaster City		Per Capital Income Fairfield County	Median Age Fairfield County	Unemployment Rate Fairfield County %
1998	38,254	(1)	\$27,260	35.21	3.0
1997	36,900	(1)	25,415	34.97	3.2
1996	36,900	(1)	23,709	34.71	4.1
1995	36,900	(1)	22,130	34.40	3.8
1994	35,570	(1)	20,681	34.08	5.3
1993	35,570	(1)	19,361	33.79	6.0
1992	35,015	(1)	18,149	34.35	6.6
1991	34,710	(1)	16,877	34.08	6.3
1990	34,507		15,697	32.95	6.1
1989	36,480	(1)	14,609	32.69	6.4

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

(1) Population from 1989, 1991-1998 is estimated.

TABLE 11

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

Year	Assessed Property Value (1)	Residential Construction (2)		Commercial Construction (2)		Average Monthly Bank Deposits (3) In Thousands
		Number of Units	Construction Value	Number of Units	Construction Value	
1999	\$682,717,698	176	\$23,901,412	3	\$1,290,000	N/A
1998	620,709,892	165	20,187,790	54	6,004,000	\$190,113
1997	604,317,180	117	14,114,049	47	18,869,600	172,771
1996	584,529,272	97	11,161,223	14	4,916,116	163,183
1995	474,451,145	52	4,831,339	17	16,973,867	149,434
1994	469,240,361	362	10,673,730	61	2,701,956	108,995
1993	462,803,898	18	1,554,000	20	4,430,685	114,237
1992	448,168,228	19	1,300,700	20	17,819,000	85,960
1991	444,294,388	38	1,776,529	14	6,280,486	90,208
1990	420,980,504	22	1,225,940	25	5,994,200	75,567

(1) Source: Fairfield County Auditor
 Assessed Property Values shown for Lancaster City School District

(2) Source: City of Lancaster Engineering Department

(3) Figures reflect totals for Fairfield County.
 Source: Department of Data Services, Federal Reserve Bank of Cleveland

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

TABLE 12

Lancaster City School District, Ohio
Principal Taxpayers
Real Estate Tax (Including Public Utility, Personal, and Real)
December 31, 1998

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value	Nature of Business
Glimcher Holdings	\$21,641,520	3.72	Property
Ohio Power Company	11,695,870	2.00	Electric
Ohio Bell Telephone	7,289,310	1.25	Telephone
Anchor Hocking Glass Corporation	5,812,170	1.00	Glass
Lancaster Phase One Group	3,048,200	0.52	Property
Ralston Foods	2,586,950	0.44	Food
Glimcher Centers LTD Partnership	2,277,180	0.39	Retail
T & R River Valley LTD Partnership	1,764,000	0.30	Retail
Babcock	1,633,160	0.28	Electronics
Dominion Homes, Inc.	1,619,060	0.28	Property

Source: Fairfield County Auditor

(1) Assessed values are for the 1999 collection year (\$582,318,000).

TABLE 13

Lancaster City School District, Ohio
Principal Taxpayers
Tangible Personal Property Tax (Excluding Public Utility)
December 31, 1998

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value	Nature of Business
Anchor Hocking Glass Corporation	\$16,250,270	16.18	Glass
McDermott, Inc.	7,118,550	7.10	Electronics
RalCorp Holdings Inc. (Ralston)	6,773,050	6.74	Foods
Cyril Scott Company	3,974,970	3.96	Paper
International Paper Company	2,998,260	2.98	Paper
Lancaster Glass Corporation	2,077,210	2.07	Glass
Anchor Hocking Packaging	2,073,260	2.07	Glass
Anchor Hocking Corporation	1,540,574	1.53	Glass
Drew Shoe Corporation	1,509,200	1.50	Shoes
Bailey Corporation (Premix)	1,443,480	1.44	Plastics

Source: Fairfield County Auditor

(1) Assessed values are for the 1999 collection year (\$100,399,698).

TABLE 14

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

<u>Year</u>	<u>General Fund Expenditures (1)</u>	<u>Average Daily Membership</u>	<u>Per Pupil Cost</u>
1999	\$36,128,268	6562	\$5,506
1998	32,122,827	6542	4,910
1997	31,000,107	6532	4,746
1996	32,313,657	6615	4,885
1995	32,660,476	6530	5,002
1994	31,021,593	6551	4,735
1993	29,401,295	6561	4,481
1992	27,821,200	6574	4,232
1991	24,965,049	6402	3,900
1990	22,806,506	6498	3,510

Source: School District Financial Records

(1) 1991 through 1999 are reported on a GAAP basis;
all other years are on a cash basis.

TABLE 15

Lancaster City School District, Ohio
Teacher Education and Experience
June 30, 1999

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	51	12.41%
Bachelor + 15	14	3.41%
Bachelor + 30 (150 hours)	138	33.58%
Master's Degree	100	24.33%
Master's + 15	28	6.81%
Master's +30	63	15.33%
Master's + 45	17	4.13%
Total	411 *	100.00%

<u>Years of Experience in District</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0-5	87	21.17%
6-10	68	16.54%
11 and over	256	62.29%
Total	411 *	100.00%

* Full-time equivalent teaching staff

Source: Lancaster City School District Personnel Records

TABLE 16

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

<u>Year</u>	<u>English</u>	<u>Math</u>	<u>Reading</u>	<u>Science</u>	<u>Composite</u>
A.C.T. - Lancaster High School (Juniors and Seniors)					
1995	20.9	21.8	22.2	21.8	21.8
1996	20.7	21.9	22.1	21.6	21.7
1997	20.9	22.0	22.1	21.7	21.8
1998	20.6	22.1	22.4	22.1	21.9
1999	20.4	21.9	21.6	21.6	21.5
A.C.T. - Ohio (Graduating Class)					
1995	20.6	20.6	21.7	21.3	21.2
1996	20.8	20.7	21.9	21.5	21.3
1997	20.6	21.0	21.8	21.4	21.3
1998	20.7	21.2	21.8	21.5	21.4
1999	20.8	21.1	21.9	21.4	21.4
A.C.T. - U.S.A. (Graduating Class)					
1995	20.2	20.2	21.3	21.0	20.8
1996	20.3	20.2	21.3	21.1	20.9
1997	20.3	20.6	21.3	21.1	21.0
1998	20.4	20.8	21.4	21.1	21.0
1999	20.5	20.7	21.4	21.0	21.0

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

(Continued)

TABLE 16
(continued)

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

	<u>Year</u>	<u>Verb Mean</u>	<u>Math Mean</u>
S.A.T. - Lancaster High School			
	1995	549	571
	1996	536	559
	1997	526	551
	1998	524	547
	1999	524	559
S.A.T. - Ohio			
	1995	536	535
	1996	536	535
	1997	535	536
	1998	536	540
	1999	534	538
S.A.T. - U.S.A.			
	1995	504	506
	1996	505	508
	1997	505	511
	1998	505	512
	1999	505	511

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

TABLE 17

Lancaster City School District, Ohio
A Return to the Community
Fiscal Year 1999

Local Tax Receipts (cash basis)

Residential/Agricultural	\$9,886,576
Commercial/Industrial	4,128,510
Public Utility	1,953,766
Tangible Personal	<u>6,130,144</u>
Total Local Tax Receipts	\$22,098,996

Local Payroll

Total Payroll Fiscal 1999	\$25,570,292
Total Staff (Including Part-time)	730
Staff Living Locally (in Fairfield County)	649
Percentage of Staff Living Locally	88.9%
Local Payroll (25,570,292 x 88.9%)	22,731,990

Locally Purchased Supplies/Services

The Lancaster City Schools Purchased
Supplies and Services from Approximately 261 Local
Individuals and Businesses during Fiscal 1999

Amount Spent Locally for Purchase of Supplies and Services	<u>1,555,757</u>
---	------------------

Total Expenditures of Funds Locally	<u>\$24,287,747</u>
-------------------------------------	---------------------

Total Expenditures of ALL Governmental Funds	<u>\$40,023,297</u>
--	---------------------

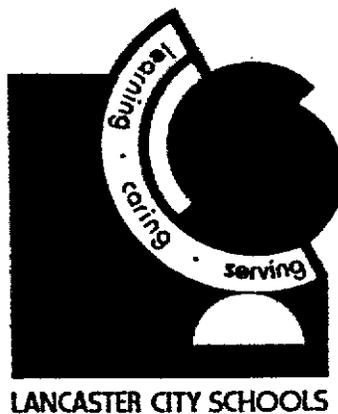
Source: School District Records

Lancaster City School District, Ohio
Fiscal 1999 Highlights

1. An after school tutoring program was successfully launched at West Elementary School where students needing assistance with their homework and remediation of basic skills meet regularly with adult volunteers to provide that assistance. Seventy adult volunteers provided their services during the past year.
2. The School District's first comprehensive safety plan was implemented for the 1998-1999 fiscal year, a culmination of a year long process of evaluating the safety of Lancaster City Schools. Community members, staff members, and administrators worked together developing the plan.
3. The Lancaster High School Percussion Ensemble performed for the National Association of Elementary School Principals Convention in March, 1999, in San Francisco, California and received excellent reviews.
4. All of the pre-school programs within the Lancaster City Schools have now received accreditation through the National Association for the Education of Young Children. (NAEYC)
5. Lancaster's Assistant Treasurer Cathy Kerns was named the National Educational Office Professional of the year, and received her national award in Wichita, Kansas, in July.
6. The Lancaster High School Golden Gales Tennis Association contributed a total of \$58,000 to the development of five new tennis courts at Lancaster High School.
7. The Lancaster City Schools worked with the architectural and engineering firm of Marr, Knapp and Crawfis Associates, Inc., specialists in school facilities planning and design, to undertake a comprehensive review of the School District's current facilities and to assess the immediate and long-term building needs of the School District.
8. Travis Cupp, Hank Leitnaker, and Brad Lifer received the highest possible award in the Future Farmers of America (FFA) known as the American FFA Degree. This is awarded to only the top three per cent of the students in the Nation.
9. Sixteen teachers who retired were recognized at a social at the end of the fiscal year. All staff who have taught for twenty years in the School District were also recognized.
10. "Core Knowledge" is being added to the curriculum as the various textbook areas are being revised. Core Knowledge is a recognized sequential curriculum addition running through grade eight.

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Lancaster City School District, Ohio



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 1999

**Lancaster City
School District, Ohio**

**Comprehensive Annual
Financial Report**

For the Fiscal Year Ended
June 30, 1999



Issued by:
Treasurer's Office

C. R. Asher
Treasurer

**Lancaster City
School District, Ohio**

**Comprehensive Annual
Financial Report**

For the Fiscal Year Ended
June 30, 1999



Issued by:
Treasurer's Office

C. R. Asher
Treasurer

**LANCASTER CITY SCHOOL DISTRICT, OHIO
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Introductory

Section





Lancaster Board of Education

111 South Broad Street Lancaster, Ohio 43130

Robin L. Rhodes, President
David S. Smith, Vice-President
Ron E. Burris
James A. Russell
Rudy A. Touvell
C. R. Asher, Treasurer

December 3, 1999

Board of Education Members and Citizens
Lancaster City School District

CITIZENS OF LANCASTER CITY SCHOOL DISTRICT, OHIO

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

EXPLANATION OF CAFR SECTIONS

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

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

1. The Introductory Section includes this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, the School District's organization chart, and a list of principal officials.
2. The Financial Section begins with the Independent Auditor's Report and includes the General Purpose Financial Statements and Notes to the General Purpose Financial Statements that provide an overview of the School District's financial position and operating results, the combining, individual fund, and account group financial statements and schedules.
3. The Statistical Section presents selected social and economic data, financial trends, and the fiscal capacity of Lancaster City School District.

Our Vision: Students become life-long learners.

Our Mission: Develop critical thinkers and creative problem solvers schooled in the basic academics.

THE SCHOOL DISTRICT AND SERVICES PROVIDED

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

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

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

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

The Lancaster City School District was organized in the mid 1850's and continues to operate in the picturesque and historical setting of the Lancaster area. Over the years, in order to meet the needs of a growing community, the School District has expanded many times, and particularly in the mid 1950's and 1960's undertook initiatives to construct several new buildings as well as to modernize and enlarge several current buildings. The School District is now comprised of a modern high school (serving about 1500 students in grades 10-12) which houses an extensive physical education complex, a freshman school, two junior high schools (serving grades 7-8) appropriately named General Sherman Junior High and Thomas Ewing Junior High, and nine elementary schools. To date, the citizens of Lancaster have an investment of \$33,077,635 in School District land, buildings, furniture and equipment, vehicles, and books.

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/or Federal agencies*. The School District operates under a locally elected Board of Education which consists of five members. The Board controls the School District's thirteen instructional support facilities staffed by 288 non-certified employees, 411 certificated personnel, and 31 administrative employees who provide services to 6,562 students.

The School District provides a wide range of educational and support services as mandated by State statute or public desires. These include regular and vocational instruction, special instructional programs, student guidance services, and extracurricular activities. Enterprise fund services include bookstore sales (Uniform School Supplies), food service operations, and vocational education programs such as cosmetology and auto mechanics (Special Rotary Fund).

THE REPORTING ENTITY

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

Component units are legally separate organizations for which the School District is financially accountable. Financial accountability exists if the School District appoints a voting majority of the component unit's governing board and (1) the School District is able to significantly influence the programs or services performed or provided; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated in some manner to finance the deficits of, or provide financial support to the organization, or the School District is obligated for the debt of the organization. The School District has no component units.

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

The School District takes part in the Ohio School Boards Association Workers' Compensation Group Rating Plan which is considered an insurance purchasing pool. Information pertaining to the pool is presented in Note 20 to the General Purpose Financial Statements.

ECONOMIC CONDITION AND OUTLOOK

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

Lancaster has remained relatively stable for a number of years in population, but has grown more significantly within the past decade. In fact, the community has grown to approximately 38,254 which is 7-8% over the 1990 census. There are signs of increased growth activity, which if fully realized, could have a significant impact on the School District.

Signs of increased economical and numerical growth:

- 1) Development Housing construction remained strong in 1998. A total of 142 building permits were issued for new home construction in 1998. Lancaster City Council accepted four plats creating an additional 100 single family residential lots. The strongest activity was at Dominion Homes' (Borror Corporation) River Valley Highlands adjacent to the US Northwest Corridor. This developer had originally plated 755 homes and has constructed in excess of 400 homes. These homes are already beginning to have an effect on the School District. Other new housing starts occurred in other parts of Lancaster. Under review at year's end were preliminary plans for the development of two additional housing sections.

- 2) Commercial The Factory Card Outlet erected a new building in the River Valley Plaza. At year's end, site development plans were approved for a 72-unit motel, Holiday Inn Express to be built on Riverway Drive next to River Valley Motors. Another motel chain, Hampton Inn, just opened a new 78-unit motel in the northern tip of Lancaster. Bob Evans' Restaurants relocated to a new and larger facility on the southwest side of Schorway Drive.

In 1998 there were continued interest in reviving an older shopping center, the Memorial Plaza. BW-3, a regional restaurant and bar was refurbishing a former bank building in this shopping center. Other properties along Memorial Drive were being developed such as Flowerama, a regional retailer converted a closed fast-food restaurant into a florist and novelty shop. Also, CVS was finalizing plans to construct a 10,000 plus square foot store.

- 3) Industrial The Lancaster Area Community Improvement Corporation began preliminary plans to expand the Rock Mill Corporate Park south to State Route 188. A developer proposed and received zoning approval for senior housing involving the reuse of the upper floors of existing downtown buildings.

A Route 33 by-pass that has been needed for a number of years is now on the highway building schedule and is scheduled to be completed within the next five to six years.

The City of Lancaster's economic outlook continued to improve. During 1998, when the State experienced an unemployment rate of 4.3% and the nation an unemployment rate of 4.5%, the City of Lancaster continued to experience an estimated average unemployment rate of 3.09%.

The School District The economics of the School District at the beginning of the fiscal 1998-1999 school year improved. Due to taxes being collected on a calendar year basis (rather than a fiscal year) this fiscal year is the first in which the School District could feel the full impact of the additional 7.9 mill levy (raises about \$4,700,000 annually).

With the additional funds (approximately half for last year), the School District was able to recover some of the following:

1. Reinstall some cut positions
2. Replace some cut programs

And with those funds, and the full year of additional funds for 1998-1999, the School District has been able to:

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

Another element of school finance which should assist in the improvement of the economics of the School District is the fact that the State of Ohio is restructuring its school foundation allocations to each district in the State. That is helping some currently, hopefully it will help more in the next few years as the State completes the process of restructuring the State funds going to each district.

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

MAJOR INITIATIVES

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

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

There were a number of initiatives and accomplishments made during the fiscal year ended June 30, 1999. Some of those are as follows:

1. A new three year contract, July 1, 1998 through June 30, 2001, was successfully worked out with our non-teaching staff and their organization, the Lancaster School Support Association.
2. A successful change in administration was accomplished. The Superintendent at the beginning of the fiscal year, who had been in the School District for many years, retired at mid year. By the end of the fiscal year, the Board of Education had selected a new Superintendent who has the many kinds of experiences that will help him fit into the School District and provide good leadership. He has already been well accepted by the community.
3. Re-aligned our staffing to provide health and nursing services to the entire district.
4. Reviewed the operations of the School District with the safety of students and staff uppermost in the review. Developed, with community assistance, a safety manual for use by all in the system for the handling of emergencies and dealing with health and safety issues.
5. Worked with an outside architectural planning firm since we are aware that future growth will necessitate some building and renovation of our current buildings. This firm reviewed all of our buildings for necessary improvements and safety and made recommendations for possible additions to buildings and new buildings.
6. Completely revised our Board Policy Book, working with staff at the Ohio School Boards Association.

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

FINANCIAL INFORMATION

Fund Accounting

The School District's accounting system is organized on a "fund" basis. Each fund or account group is a distinct self-balancing accounting entity. Records of general governmental operations are reported on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Records of the proprietary operations are reported on the accrual basis in which revenues are recognized when earned and expenses recorded when the related liability is incurred.

Accounting System and Budgetary Control

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

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

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

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

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

General Fund

The following schedules represent the amount of revenues by source and expenditures by function for the General Fund for the fiscal year ended June 30, 1999, with increases and (decreases) from the fiscal year ended June 30, 1998.

Revenues:	1998	1999	1999	Change	Percent
	Amount	Amount	% of Total		Change
Property Taxes	\$19,368,690	\$21,954,762	57.26%	\$2,586,072	13.35%
Intergovernmental	14,194,594	15,450,115	40.29	1,255,521	8.85
Interest	523,478	593,331	1.55	69,853	13.34
Tuition and Fees	309,057	75,846	.20	(233,211)	(75.46)
Rent	40,217	53,696	.14	13,479	33.52
Extracurricular					
Activities	110,087	130,573	.34	20,486	18.61
Gifts and Donations	5,130	59,000	.15	53,870	1050.10
Miscellaneous	284,198	25,772	.07	(258,426)	(90.93)
Total	<u>\$34,835,451</u>	<u>\$38,343,095</u>	<u>100.00%</u>	<u>\$3,507,644</u>	10.07%

The revenue in the General Fund has grown by 10.07%. Most of this was represented by the increase in taxes. Taxes and intergovernmental (Ohio school foundation funds and offsets on taxes) receipts are the major components of the School District's revenues, usually representing 96-98% of the total. The increase of 13.35% in taxes came through an increase in tax millage (7.9 mills) voted in May, 1997. Since taxes are paid on a calendar year basis, the 1997-1998 fiscal year only received six months at the new millage, but during fiscal year ended June 30, 1999 a full year's increase was received on the additional taxes. The assessed valuation of the School District grew from \$620,709,892 in 1998 to \$682,717,698 in 1999 which represents a 9.99% increase.

Intergovernmental revenues increased 8.85% primarily because funds from the State school foundation allocation were higher. Adjustments are being made across the State of Ohio for school districts in the way the State portion of school funds are being allocated and dispersed. The increase in revenue through interest was due to the fluctuation of interest rates, the fact that we had a larger carry-over balance at the beginning of the year, and the fact that our total revenues increased.

Tuition and fees, rent, and gifts and donations tend to fluctuate from year to year, plus all of them together usually make up 1-1.5% of total revenues. Tuition and fees dropped considerably this year because of a change in procedure by the State in how to bill other districts for tuition. While we usually bill in the months of May and June, we now have to bill later than that—which makes the receipts fall into the next fiscal year. Extracurricular activities receipts continue to grow because of the "pay-to-play" which is in its second year of collection. The decrease in miscellaneous revenue was because a large amount was received on a one-time basis from the State in the previous fiscal year.

<u>Expenditures:</u>	<u>1998 Amount</u>	<u>1999 Amount</u>	<u>1999 % of Total</u>	<u>Change</u>	<u>Percent Change</u>
Instruction:					
Regular	\$14,341,958	\$15,598,933	43.18%	\$1,256,975	8.76%
Special	3,191,336	3,544,519	9.81	353,183	11.07
Vocational	2,147,313	2,267,254	6.28	119,941	5.59
Adult/Continuing	58,899	55,469	.15	(3,430)	(5.82)
Other	152,632	263,732	.73	111,100	72.79
Support Services:					
Pupils	1,462,295	1,794,659	4.97	332,364	22.73
Instructional Staff	1,569,884	2,221,071	6.15	651,187	41.48
Board of Education	36,180	38,986	.11	2,806	7.76
Administration	2,766,342	2,938,618	8.13	172,276	6.23
Fiscal	848,768	868,931	2.40	20,163	2.38
Business	363,777	343,396	.95	(20,381)	(5.60)
Operation and Maintenance of Plant	3,054,801	3,186,972	8.82	132,171	4.33
Pupil Transportation	1,314,338	1,357,535	3.76	43,197	3.29
Central	262,999	237,661	.66	(25,338)	(9.63)
Extracurricular Activities	360,083	410,362	1.13	50,279	13.96
Refund of Property Taxes	97,399	97,398	.27	(1)	.00
Capital Outlay	0	798,387	2.21	798,387	100.00
Debt Service					
Principal Retirement	82,395	96,923	.27	14,528	17.63
Interest and Fiscal Charges	11,428	7,462	.02	(3,966)	(34.70)
Total	<u>\$32,122,827</u>	<u>\$36,128,268</u>	<u>100.00%</u>	<u>\$4,005,441</u>	<u>12.47%</u>

The expenditures increased by \$4,005,441 in fiscal year 1999 over the previous year, or 12.47%, in the general fund of the School District. This seems like a large increase for one year, so let's review some of the factors which would have caused that large an increase:

1. We were able to replace some cuts that had been made in staffing, and some cutbacks in programs, when our finances were being strained. Some of these replacements occurred during the current year.
2. With the newly voted funds, which amount to about \$4,700,000 a year for five years, we are attempting each year to appropriate the following:
 - a. \$600,000 for the replacement of textbooks.
 - b. \$600,000 for the addition/replacement of computers and related equipment.
 - c. \$600,000 for the replacement of other equipment/furniture.
 - d. \$600,000 for projects throughout the buildings such as roofs, windows, blacktop, etc.
 - e. \$400,000 per year for a State mandatory budget reserve.
3. Normal increases for staff, both certified and classified.

All of these, the normal raises, the replacement of cuts, the newly appropriated funds would be shown in most of the functions under instruction and also support services.

Transportation continues to grow because we are in the process of replacing our bus fleet. We replaced three buses during the current fiscal year. Extracurricular activities grew because some supplementary coaching positions were added back into the program activities. The large amount for capital outlay of \$798,387 is a result of expenditures in the replacement of equipment and furniture and projects that have been accomplished in the buildings. The debt retirement follows a pre-determined course for principal payment, generally the principal retirement increases and the interest decreases each year. There is a series of court suits throughout Ohio by utility firms to recover what they contend is an overcharge in taxes for the last few years. In the current fiscal year we repaid \$97,398 which was the payoff of the amount owed to Texas Eastern Transmission Corporation.

Financial Highlights - General Fund In May, 1997, the community showed their support for the School District by voting favorably on an additional tax levy of 7.9 mills for a period of five years. This additional revenue should assist the School District to fund operations on a current level. The fiscal year ended June 30, 1999, was the first year we received the full finances of the 7.9 mills.

In addition, the whole structure of how the State provides funds for each of its school districts is being studied due to a ruling through the Ohio State Supreme Court. While no school district knows yet what the complete re-structuring will do to its own individual funds, the belief is that it will considerably assist each school district.

The vote of the community, and the re-structuring by the State of its school foundation program, and the fact that the assessed valuation within the School District is growing, should brighten considerably the financial outlook of the Lancaster City School District.

Financial Highlights - Proprietary Funds Food Service and Uniform School Supplies Funds are classified as enterprise operations since they resemble those activities in private industry. Management periodically desires to determine the amount of profit/loss resulting from operations that are significantly financed from user fees. Enterprise operations had a net loss of \$39,332 for the fiscal year ended June 30, 1999. The Food Service Enterprise Fund had retained earnings of \$47,309 at June 30, 1999. Lunch prices were not changed for fiscal year 1999, but an effort to strengthen the Food Service Fund through scrutiny of expenses and numbers of staff continued through a district-wide committee.

At the conclusion of 1999, the only internal service fund carried on the financial records related to self-insurance. This fund accounts for revenues and expenses for health care benefits provided to School District employees. The internal service fund had an operating loss of \$708,468 for the fiscal year ended June 30, 1999, and retained earnings at June 30, 1999, of (\$410,894). The third party administrator has determined that a 5 percent increase in premiums is necessary to maintain the fund in a sound financial condition.

Financial Highlights - Trust and Agency Funds The two trust funds carried on the financial records represent donations given for specific purposes. The agency funds represent money held by the School District for a variety of student groups.

General Fixed Assets The general fixed assets of the Lancaster City School District are used to conduct the main education and support function of the system and are not financial resources available for expenditures. The total general fixed assets at June 30, 1999, was \$33,077,635. Such assets are accounted for at historical cost. Depreciation is not recognized on general fixed assets. For insurance purposes, it has been actuarially estimated that the replacement cost of these general fixed assets would be \$72,424,400.

DEBT ADMINISTRATION

At June 30, 1999, the Lancaster City School District had outstanding debt as listed below:

Note for Energy Management Program	<u>\$1,585,000</u>
------------------------------------	--------------------

The outstanding debt is repaid through general fund tax revenues allocated to the bond retirement debt service fund. The tax revenues allocated to the bond retirement debt service fund vary each year depending on the principal retirement needed for the current fiscal year.

CASH MANAGEMENT

The School District operates a cash management program designed to provide safety, liquidity, and yield. Funds are invested or deposited in Ohio State Treasurer's Investment Pool (STAR Ohio), daily repurchase agreements and demand deposit accounts. The total interest earned represents an annual interest yield of approximately 1.5 percent of the total fiscal year receipts. The cash management program is particularly successful because of access to daily balances which enables the School District to maintain minimum balance accounts and invest to the maximum extent.

A majority of the School District's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of the public funds on deposit. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions. The School District regularly reviews the market value of the pool to insure that adequate collateral is being provided.

PENSION PLANS

All School District employees are covered by either of the state-wide systems, School Employees Retirement System of Ohio (SERS) or State Teachers Retirement System of Ohio (STRS). The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. The School District's contribution requirements for pension and health care benefits were \$2,856,679 paid as the employer portion to STRS and \$804,828 paid as the employer portion to SERS. See Note 11 and 12 to the General Purpose Financial Statements for complete details.

RISK MANAGEMENT

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

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

In addition, the School District maintains replacement cost insurance on buildings and contents in the amount of \$72,424,400 with a \$1,000 deductible. Musical instruments are insured for \$803,038 with a \$250 deductible.

The School District also maintains \$25,000 on premises crime insurance and \$25,000 on messenger crime insurance.

INDEPENDENT AUDIT

State statute requires the School District to submit to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor Jim Petro, Auditor of State, rendered an opinion on the School District's financial statements for fiscal year 1999. Pursuant to statute, the State prescribed a uniform accounting system to standardize accounting classification and financial reporting for all governments in Ohio. The School District adopted and has been in conformance with that system beginning with its financial report for 1979.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lancaster City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1998. 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 seven years out of the last eight years. The School District did not submit a CAFR for the fiscal year ended June 30, 1995. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

ACKNOWLEDGMENTS

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

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

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

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "C. R. Asher". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

C. R. Asher
Lancaster City School District Treasurer

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, 1998

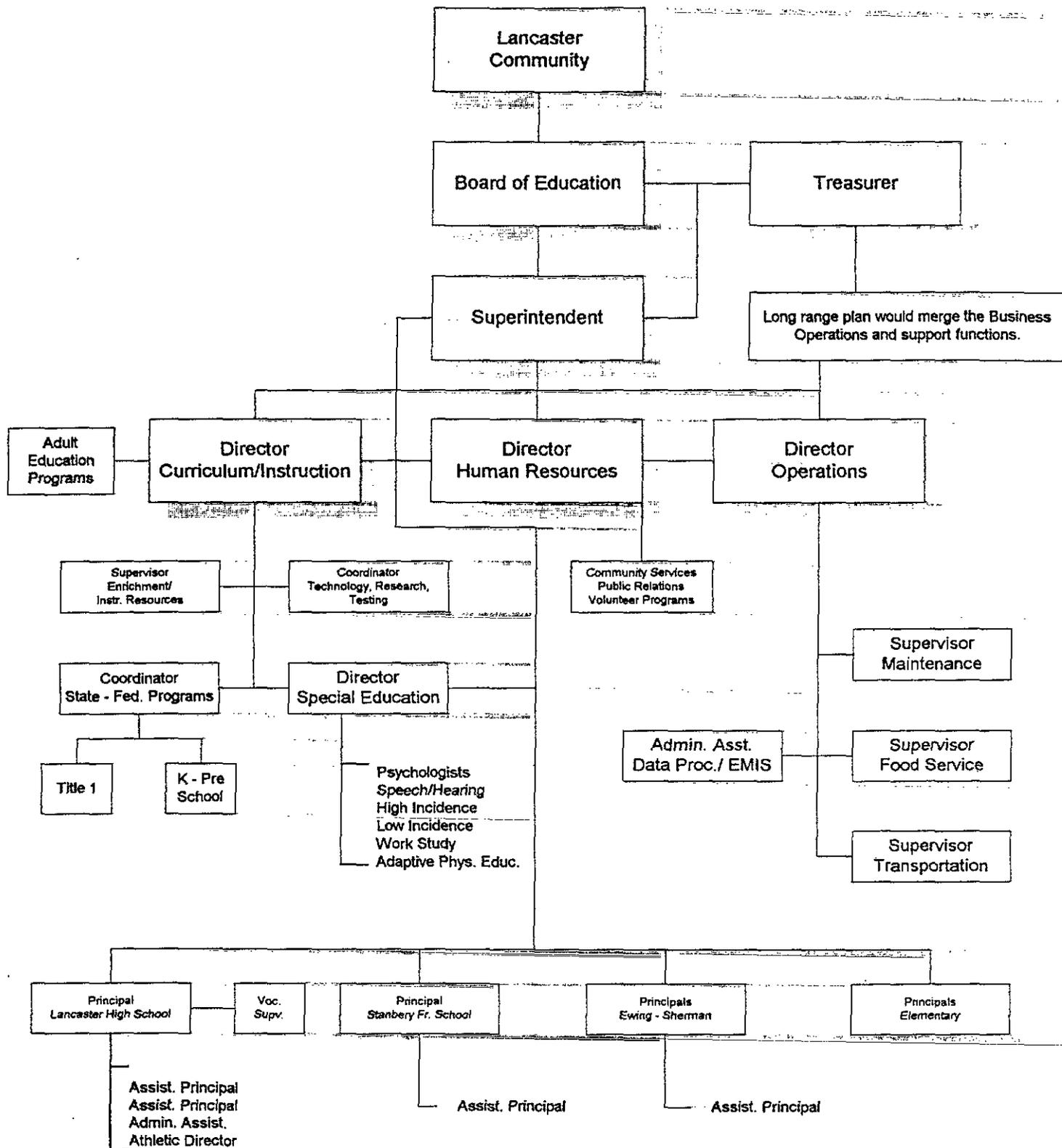
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Cary Brueck
President

Jeffrey L. Esall
Executive Director

Lancaster City Schools



**LANCASTER CITY SCHOOL DISTRICT, OHIO
ORGANIZATION CHART
(Continued)**

CENTRAL OFFICE
ADMINISTRATORS

- Secretary
- Custodian

PRINCIPALS, ASSISTANT PRINCIPALS
VOCATIONAL DIRECTOR

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

TREASURER

- Assistant Treasurer
- Payroll Clerk
- Account Clerk
- Secretary

DIRECTOR SPECIAL
EDUCATION

- School Psychologists
- Supervisors, Special Education
- Coordinators, Special Education
- Occupational Therapist
- Physical Therapist
- Adaptive Physical Education Teacher
- Nurses
- Secretaries
- Custodians

DIRECTORS, SUPERVISORS
COORDINATORS

- Secretary
- Custodian

FOOD SERVICE
DIRECTOR

- 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, 1999**

BOARD OF EDUCATION

Mr. David S. Smith President
Mr. Ron E. Burris Vice President
Mr. Rudy A. Touvell Member
Mr. James A. Russell Member
Dr. Robin L. Rhodes Member

Treasurer

C.R. Asher

Administration

Mr. Thomas B. Maher Superintendent
Mr. David Todd Director of Curriculum/ Instruction
Mrs. Linda Deeds Director of Human Resources
Dr. Jacalyn R. Osborne Director of Operations

Financial

Section





STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 East Gay Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying general purpose financial statements of the Lancaster City School District, Fairfield County, Ohio (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lancaster City School District, Fairfield County, Ohio, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

As described in Note 3, the District has implemented Governmental Accounting Standards Board Statement Number 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" as of July 1, 1998.

Lancaster City School District
Report of Independent Accounts
Page 2

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the introductory and statistical sections as listed in the Table of Contents and therefore express no opinion thereon.



JIM PETRO
Auditor of State

December 3, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

The following general purpose financial statements, along with the notes to the general purpose financial statements, present an overview of the School District's financial position at June 30, 1999, and the results of operations and cash flows of its proprietary and similar trust funds for the year then ended.

Lancaster City School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Cash and Cash Equivalents	\$8,173,669	\$591,490	\$109	\$138,421
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Cash and Cash Equivalents with Fiscal Agents	0	0	0	0
Receivables:				
Taxes	22,210,671	0	355,520	0
Accounts	2,864	2,330	0	0
Intergovernmental	318,327	339,182	0	0
Interfund	428,856	0	0	0
Due from Other Funds	2,100	340	0	0
Materials and Supplies Inventory	214,126	5,937	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	307,052	20,012	0	0
Restricted Assets:				
Cash and Cash Equivalents	508,843	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$32,166,508	\$959,291	\$355,629	\$138,421

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$205,771	\$414,865	\$141,453	\$0	\$0	\$9,665,778
0	133,143	0	0	0	133,143
0	108,096	0	0	0	108,096
0	0	0	0	0	22,566,191
459	927	277	0	0	6,857
87,213	0	0	0	0	744,722
0	0	0	0	0	428,856
0	0	0	0	0	2,440
8,913	0	0	0	0	228,976
81,123	0	0	0	0	81,123
12,303	14,276	0	0	0	353,643
0	0	0	0	0	508,843
32,522	0	0	33,077,635	0	33,110,157
0	0	0	0	12,145	12,145
0	0	0	0	5,121,891	5,121,891
<u>\$428,304</u>	<u>\$671,307</u>	<u>\$141,730</u>	<u>\$33,077,635</u>	<u>\$5,134,036</u>	<u>\$73,072,861</u>

(Continued)

Lancaster City School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1999
 (Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$98,707	\$38,840	\$0	\$5,028
Accrued Salaries and Benefits Payable	3,426,540	251,328	0	0
Intergovernmental Payable	705,650	40,317	0	0
Interfund Payable	0	128,760	0	0
Due to Other Funds	340	0	0	0
Due to Others	0	0	0	0
Due to Students	0	0	0	0
Deferred Revenue	21,786,601	0	343,484	0
Compensated Absences Payable	327,858	0	0	0
Retainage Payable	8,614	0	0	0
Claims Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
Total Liabilities	26,354,310	459,245	343,484	5,028
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
<u>Retained Earnings:</u>				
Unreserved (Deficit)	0	0	0	0
<u>Fund Balances:</u>				
Reserved for Encumbrances	737,077	100,281	0	26,491
Reserved for Budget Stabilization	508,843	0	0	0
Reserved for Property Taxes	740,197	0	12,036	0
Reserved for Inventory	214,126	5,937	0	0
Reserved for Endowment	0	0	0	0
<u>Unreserved:</u>				
Designated	121,329	0	0	0
Undesignated	3,490,626	393,828	109	106,902
Total Fund Equity (Deficit) and Other Credits	5,812,198	500,046	12,145	133,393
Total Liabilities, Fund Equity and Other Credits	\$32,166,508	\$959,291	\$355,629	\$138,421

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$0	\$0	\$581	\$0	\$0	\$143,156
107,474	0	0	0	0	3,785,342
81,923	0	0	0	277,776	1,105,666
0	300,000	96	0	0	428,856
0	0	2,100	0	0	2,440
0	0	9,211	0	0	9,211
0	0	69,467	0	0	69,467
58,449	265,438	0	0	0	22,453,972
68,850	0	0	0	3,159,178	3,555,886
0	0	0	0	0	8,614
0	516,763	0	0	0	516,763
0	0	0	0	112,082	112,082
0	0	0	0	1,585,000	1,585,000
<u>316,696</u>	<u>1,082,201</u>	<u>81,455</u>	<u>0</u>	<u>5,134,036</u>	<u>33,776,455</u>
0	0	0	33,077,635	0	33,077,635
111,608	(410,894)	0	0	0	(299,286)
0	0	0	0	0	863,849
0	0	0	0	0	508,843
0	0	0	0	0	752,233
0	0	0	0	0	220,063
0	0	37,345	0	0	37,345
0	0	0	0	0	121,329
0	0	22,930	0	0	4,014,395
<u>111,608</u>	<u>(410,894)</u>	<u>60,275</u>	<u>33,077,635</u>	<u>0</u>	<u>39,296,406</u>
<u>\$428,304</u>	<u>\$671,307</u>	<u>\$141,730</u>	<u>\$33,077,635</u>	<u>\$5,134,036</u>	<u>\$73,072,861</u>

Lancaster City School District, Ohio
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 1999

	Governmental Fund		
	General	Special Revenue	Debt Service
Revenues:			
Property Taxes	\$21,954,762	\$0	\$355,191
Intergovernmental	15,450,115	3,003,590	0
Interest	593,331	0	0
Tuition and Fees	75,846	18,980	0
Rent	53,696	20	0
Extracurricular Activities	130,573	231,027	0
Gifts and Donations	59,000	20,730	0
Miscellaneous	25,772	3,412	0
Total Revenues	38,343,095	3,277,759	355,191
Expenditures:			
Current:			
Instruction:			
Regular	15,598,933	194,178	0
Special	3,544,519	1,128,816	0
Vocational	2,267,254	72,164	0
Adult/Continuing	55,469	46,543	0
Other	263,732	0	0
Support Services:			
Pupils	1,794,659	198,719	0
Instructional Staff	2,221,071	551,386	0
Board of Education	38,986	0	0
Administration	2,938,618	161,995	0
Fiscal	868,931	24,440	0
Business	343,396	0	0
Operation and Maintenance of Plant	3,186,972	9,454	0
Pupil Transportation	1,357,535	22,249	0
Central	237,661	54,493	0
Operation of Non-Instructional Services	0	524,747	0
Extracurricular Activities	410,362	174,872	0
Refund of Property Taxes	97,398	0	0
Capital Outlay	798,387	7,080	0
Debt Service:			
Principal Retirement	96,923	0	275,000
Interest and Fiscal Charges	7,462	0	78,374
Total Expenditures	36,128,268	3,171,136	353,374
Excess of Revenues Over (Under) Expenditures	2,214,827	106,623	1,817
Other Financing Sources:			
Proceeds from Sale of Fixed Assets	6,701	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	2,221,528	106,623	1,817
Fund Balances at Beginning of Year - Restated (Note 3)	3,548,662	390,680	10,328
Residual Equity Transfer In	0	0	0
Residual Equity Transfer Out	0	0	0
Increase in Reserve for Inventory	42,008	2,743	0
Fund Balances at End of Year	\$5,812,198	\$500,046	\$12,145

See accompanying notes to the general purpose financial statements

Types Capital Projects	Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
\$0	\$0	\$22,309,953
293,920	0	18,747,625
711	1,016	595,058
0	0	94,826
0	0	53,716
0	0	361,600
3,365	788	83,883
0	0	29,184
297,996	1,804	42,275,845
55,304	0	15,848,415
0	0	4,673,335
0	0	2,339,418
0	0	102,012
0	0	263,732
0	0	1,993,378
4,690	100	2,777,247
0	0	38,986
0	0	3,100,613
23,185	0	916,556
0	0	343,396
6,064	0	3,202,490
0	0	1,379,784
0	0	292,154
0	2,290	527,037
0	0	585,234
0	0	97,398
281,276	0	1,086,743
0	0	371,923
0	0	85,836
370,519	2,390	40,025,687
(72,523)	(586)	2,250,158
0	0	6,701
(72,523)	(586)	2,256,859
205,916	22,471	4,178,057
18,749	0	18,749
(18,749)	0	(18,749)
0	0	44,751
\$133,393	\$21,885	\$6,479,667

Lancaster City School District, Ohio
 Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 1999

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Property Taxes	\$21,716,380	\$21,745,622	\$29,242
Intergovernmental	15,122,620	15,531,434	408,814
Interest	300,000	593,331	293,331
Tuition and Fees	228,200	265,922	37,722
Rent	55,000	54,262	(738)
Extracurricular Activities	116,000	128,597	12,597
Gifts and Donations	3,000	59,000	56,000
Compensation for Fire Loss	0	0	0
Miscellaneous	14,828	27,436	12,608
Total Revenues	37,556,028	38,405,604	849,576
Expenditures:			
Current:			
Instruction:			
Regular	16,600,004	15,555,872	1,044,132
Special	3,518,997	3,496,728	22,269
Vocational	2,368,891	2,261,893	106,998
Adult/Continuing	59,714	57,146	2,568
Other	304,508	301,233	3,275
Support Services:			
Pupils	2,026,128	1,863,880	162,248
Instructional Staff	2,240,949	2,191,699	49,250
Board of Education	67,492	41,334	26,158
Administration	3,091,678	3,064,662	27,016
Fiscal	929,294	882,618	46,676
Business	445,958	359,710	86,248
Operation and Maintenance of Plant	3,524,592	3,339,748	184,844
Pupil Transportation	1,449,322	1,425,255	24,067
Central	321,462	311,659	9,803
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	431,465	409,909	21,556
Capital Outlay	882,154	882,154	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	38,262,608	36,445,500	1,817,108
Excess of Revenues Over (Under) Expenditures	(706,580)	1,960,104	2,666,684
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	1,000	8,701	5,701
Advances In	19,972	82,150	62,178
Operating Transfer In	0	0	0
Advances Out	(439,000)	(428,760)	10,240
Operating Transfer Out	0	0	0
Total Other Financing Sources (Uses)	(418,028)	(339,909)	78,119
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,124,608)	1,620,195	2,744,803
Fund Balances at Beginning of Year	5,410,715	5,410,715	0
Prior Year Encumbrances Appropriated	828,332	828,332	0
Fund Balances at End of Year	\$5,114,439	\$7,859,242	\$2,744,803

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$353,374	\$353,374	\$0
3,292,994	2,696,055	(596,939)	0	0	0
0	0	0	0	0	0
5,600	18,483	12,883	0	0	0
2,100	20	(2,080)	0	0	0
434,420	233,119	(201,301)	0	0	0
24,419	20,730	(3,689)	0	0	0
0	0	0	0	0	0
0	3,412	3,412	0	0	0
3,759,533	2,971,819	(787,714)	353,374	353,374	0
346,264	226,974	119,290	0	0	0
1,512,890	1,130,998	381,892	0	0	0
76,122	72,237	3,885	0	0	0
71,449	52,558	18,891	0	0	0
0	0	0	0	0	0
260,051	240,215	19,836	0	0	0
648,578	557,577	91,001	0	0	0
0	0	0	0	0	0
200,911	160,827	40,084	0	0	0
50,772	25,694	25,078	0	0	0
200	0	200	0	0	0
11,219	9,454	1,765	0	0	0
22,249	22,249	0	0	0	0
132,788	67,606	65,182	0	0	0
615,105	545,540	69,565	0	0	0
435,606	179,090	256,516	0	0	0
8,505	7,080	1,425	0	0	0
0	0	0	275,000	275,000	0
0	0	0	78,374	78,374	0
4,392,709	3,298,099	1,094,610	353,374	353,374	0
(633,176)	(326,280)	306,896	0	0	0
0	0	0	0	0	0
0	128,760	128,760	0	0	0
10,500	0	(10,500)	0	0	0
(24,150)	(24,150)	0	0	0	0
0	0	0	0	0	0
(13,650)	104,610	118,260	0	0	0
(646,826)	(221,670)	425,156	0	0	0
511,896	511,896	0	109	109	0
163,092	163,092	0	0	0	0
\$28,162	\$453,318	\$425,156	\$109	\$109	\$0

(Continued)

Lancaster City School District, Ohio
Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Similar Trust Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$0	\$0	\$0
Intergovernmental	293,920	456,213	162,293
Interest	711	711	0
Tuition and Fees	0	0	0
Rent	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	10,000	3,365	(6,635)
Compensation for Fire Loss	95,316	95,316	0
Miscellaneous	0	0	0
Total Revenues	399,947	555,605	155,658
Expenditures:			
Current:			
Instruction:			
Regular	378,296	491,781	(113,485)
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	33,848	17,363	16,485
Board of Education	0	0	0
Administration	0	0	0
Fiscal	23,185	23,185	0
Business	0	0	0
Operation and Maintenance of Plant	32,121	16,064	16,057
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	10,000	1,280	8,720
Capital Outlay	37,011	32,920	4,091
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	514,461	582,593	(68,132)
Excess of Revenues Over (Under) Expenditures	(114,514)	(26,988)	87,526
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Operating Transfer In	18,749	18,749	0
Advances Out	(58,000)	(58,000)	0
Operating Transfer Out	(18,749)	(18,749)	0
Total Other Financing Sources (Uses)	(58,000)	(58,000)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(172,514)	(84,988)	87,526
Fund Balances at Beginning of Year	111,862	111,862	0
Prior Year Encumbrances Appropriated	80,029	80,029	0
Fund Balances at End of Year	\$19,377	\$106,903	\$87,526

See accompanying notes to the general purpose financial statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$22,069,754	\$22,098,996	\$29,242
0	0	0	18,709,534	18,683,702	(25,832)
1,200	1,016	(184)	301,911	595,058	293,147
0	0	0	233,800	284,405	50,605
0	0	0	57,100	54,282	(2,818)
0	0	0	550,420	361,716	(188,704)
1,600	788	(812)	39,019	83,883	44,864
0	0	0	95,316	95,316	0
200	0	(200)	15,028	30,848	15,820
3,000	1,804	(1,196)	42,071,882	42,288,206	216,324
0	0	0	17,324,564	16,274,627	1,049,937
0	0	0	5,031,887	4,627,726	404,161
0	0	0	2,445,013	2,334,130	110,883
0	0	0	131,163	109,704	21,459
0	0	0	304,508	301,233	3,275
0	0	0	2,286,179	2,104,095	182,084
0	100	(100)	2,923,375	2,766,739	156,636
0	0	0	67,492	41,334	26,158
0	0	0	3,292,589	3,225,489	67,100
0	0	0	1,003,251	931,497	71,754
0	0	0	446,158	359,710	86,448
0	0	0	3,567,932	3,365,266	202,666
0	0	0	1,471,571	1,447,504	24,067
0	0	0	454,250	379,265	74,985
4,000	2,290	1,710	619,105	547,830	71,275
0	0	0	877,071	590,279	286,792
0	0	0	927,670	922,154	5,516
0	0	0	275,000	275,000	0
0	0	0	78,374	78,374	0
4,000	2,390	1,610	43,527,152	40,681,956	2,845,196
(1,000)	(586)	414	(1,455,270)	1,606,250	3,061,520
0	0	0	1,000	6,701	5,701
0	0	0	19,972	210,910	190,938
0	0	0	29,249	18,749	(10,500)
0	0	0	(521,150)	(510,910)	10,240
0	0	0	(18,749)	(18,749)	0
0	0	0	(489,678)	(293,299)	196,379
(1,000)	(586)	414	(1,944,948)	1,312,951	3,257,899
22,471	22,471	0	6,057,053	6,057,053	0
0	0	0	1,071,453	1,071,453	0
\$21,471	\$21,885	\$414	\$5,183,558	\$8,441,457	\$3,257,899

Lancaster City School District, Ohio
Combined Statement of Revenues,
Expenses, and Changes in Retained Earnings/Fund Balance
All Proprietary Fund Types and Similar Trust Fund
For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	
Operating Revenues:				
Sales	\$879,953	\$0	\$0	\$879,953
Charges for Services	0	3,070,046	0	3,070,046
Interest	0	0	1,921	1,921
Contributions and Donations	0	0	200	200
Total Operating Revenues	879,953	3,070,046	2,121	3,952,120
Operating Expenses:				
Salaries	633,931	0	0	633,931
Fringe Benefits	244,786	0	0	244,786
Purchased Services	1,398	260,638	0	262,036
Claims	0	3,517,876	0	3,517,876
Materials and Supplies	55,227	0	0	55,227
Cost of Sales	594,042	0	0	594,042
Other Operating Expenses	3,120	0	3,500	6,620
Depreciation	7,241	0	0	7,241
Total Operating Expenses	1,539,745	3,778,514	3,500	5,321,759
Operating Loss	(659,792)	(708,468)	(1,379)	(1,369,639)
Non-Operating Revenues:				
Federal Donated Commodities	89,119	0	0	89,119
Operating Grants	526,814	0	0	526,814
Interest Income	2,328	0	0	2,328
Other Non-Operating Revenues	2,199	0	0	2,199
Total Non-Operating Revenues	620,460	0	0	620,460
Net Loss	(39,332)	(708,468)	(1,379)	(749,179)
Retained Earnings/Fund Balance at Beginning of Year- Restated (Note 3)	150,940	297,574	39,769	488,283
Retained Earnings (Deficit)/Fund Balance at End of Year	\$111,608	(\$410,894)	\$38,390	(\$260,896)

See accompanying notes to the general purpose financial statements

Lancaster City School District, Ohio
 Combined Statement of Revenues, Expenses, and Changes in
 Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 1999

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$1,037,354	\$881,992	(\$155,362)
Charges for Services	0	0	0
Interest	0	2,328	2,328
Contributions and Donations	0	0	0
Operating Grants	495,000	505,704	10,704
Other Non-Operating Revenues	4,000	2,199	(1,801)
Total Revenues	1,536,354	1,392,223	(144,131)
Expenses:			
Salaries	800,000	635,265	164,735
Fringe Benefits	306,827	249,742	57,085
Purchased Services	9,892	1,398	8,494
Materials and Supplies	607,314	558,804	48,510
Other Operating Expenses	3,120	3,120	0
Capital Outlay	22,000	17,453	4,547
Total Expenses	1,749,153	1,465,782	283,371
Excess of Revenues Under Expenses	(212,799)	(73,559)	139,240
Advances In	0	0	0
Excess of Revenues Over (Under) Expenses and Advances	(212,799)	(73,559)	139,240
Fund Equity at Beginning of Year	275,821	275,821	0
Prior Year Encumbrances Appropriated	972	972	0
Fund Equity at End of Year	\$63,994	\$203,234	\$139,240

(Continued)

Lancaster City School District, Ohio
 Combined Statement of Revenues, Expenses, and Changes in
 Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 1999
 (Continued)

	Internal Service Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Sales	\$0	\$0	\$0
Charges for Services	3,100,000	3,100,579	579
Interest	0	0	0
Contributions and Donations	0	0	0
Operating Grants	0	0	0
Other Non-Operating Revenues	0	0	0
Total Revenues	3,100,000	3,100,579	579
Expenses:			
Salaries	0	0	0
Fringe Benefits	150,000	94,365	55,635
Purchased Services	3,648,544	3,589,893	58,651
Materials and Supplies	0	0	0
Other Operating Expenses	0	0	0
Capital Outlay	0	0	0
Total Expenses	3,798,544	3,684,258	114,286
Excess of Revenues Under Expenses	(698,544)	(583,679)	114,865
Advances In	0	300,000	300,000
Excess of Revenues Over (Under) Expenses and Advances	(698,544)	(283,679)	414,865
Fund Equity at Beginning of Year	698,544	698,544	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	\$0	\$414,865	\$414,865

See accompanying notes to the general purpose financial statements

Non-Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,037,354	\$881,992	(\$155,362)
0	0	0	3,100,000	3,100,579	579
2,550	1,921	(629)	2,550	4,249	1,699
450	200	(250)	450	200	(250)
0	0	0	495,000	505,704	10,704
0	0	0	4,000	2,199	(1,801)
<u>3,000</u>	<u>2,121</u>	<u>(879)</u>	<u>4,639,354</u>	<u>4,494,923</u>	<u>(144,431)</u>
0	0	0	800,000	635,265	164,735
0	0	0	456,827	344,107	112,720
0	0	0	3,658,436	3,591,291	67,145
0	0	0	607,314	558,804	48,510
6,500	3,500	3,000	9,620	6,620	3,000
0	0	0	22,000	17,453	4,547
<u>6,500</u>	<u>3,500</u>	<u>3,000</u>	<u>5,554,197</u>	<u>5,153,540</u>	<u>400,657</u>
(3,500)	(1,379)	2,121	(914,843)	(658,617)	256,226
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>300,000</u>	<u>300,000</u>
(3,500)	(1,379)	2,121	(914,843)	(358,617)	556,226
39,769	39,769	0	1,014,134	1,014,134	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>972</u>	<u>972</u>	<u>0</u>
<u>\$36,269</u>	<u>\$38,390</u>	<u>\$2,121</u>	<u>\$100,263</u>	<u>\$656,489</u>	<u>\$556,226</u>

Lancaster City School District, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Fund
For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
Increase (Decrease) in <u>Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$881,992	\$0	\$0	\$881,992
Cash Received from Contributions	0	0	200	200
Cash Received from Quasi-External Operating Transactions with Other Funds	0	3,100,579	0	3,100,579
Cash Payments for Employee Services and Benefits	(885,007)	0	0	(885,007)
Cash Payments for Goods and Services	(560,327)	(255,046)	0	(815,373)
Cash Payments for Claims	0	(3,434,263)	0	(3,434,263)
Other Non-Operating Revenues	2,199	0	0	2,199
Other Operating Expenses	(3,120)	0	(3,500)	(6,620)
Net Cash Used for Operating Activities	(564,263)	(588,730)	(3,300)	(1,156,293)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition of Capital Assets	(14,790)	0	0	(14,790)
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Grants Received	505,704	0	0	505,704
Advances In	0	300,000	0	300,000
Net Cash Provided by Noncapital Financing Activities	505,704	300,000	0	805,704
<u>Cash Flows from Investing Activities:</u>				
Interest	2,328	0	1,921	4,249
Net Decrease in Cash and Cash Equivalents	(71,021)	(288,730)	(1,379)	(361,130)
Cash and Cash Equivalents Beginning of Year	276,792	944,834	39,769	1,261,395
Cash and Cash Equivalents End of Year	\$205,771	\$656,104	\$38,390	\$900,265

(Continued)

Lancaster City School District, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:				
Operating Loss	(\$659,792)	(\$708,468)	(\$1,379)	(\$1,369,639)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:				
Other Non-Operating Revenues	2,199	0	0	2,199
Interest	0	0	(1,921)	(1,921)
Donated Commodities Used During the Year	89,119	0	0	89,119
Depreciation Expense	7,241	0	0	7,241
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	755	(927)	0	(172)
Decrease in Due From Other Funds	1,284	0	0	1,284
Increase in Materials and Supplies Inventory	(730)	0	0	(730)
Decrease in Inventory Held for Resale	2,079	0	0	2,079
(Increase) Decrease in Prepays	(2,157)	5,592	0	3,435
Decrease in Accounts Payable	(128)	0	0	(128)
Increase in Accrued Salaries and Benefits Payable	1,626	0	0	1,626
Increase in Compensated Absences Payable	5,650	0	0	5,650
Decrease in Intergovernmental Payable	(11,409)	0	0	(11,409)
Increase in Deferred Revenue	0	31,460	0	31,460
Increase in Claims Payable	0	83,613	0	83,613
Net Cash Used for Operating Activities	<u>(\$564,283)</u>	<u>(\$588,730)</u>	<u>(\$3,300)</u>	<u>(\$1,156,293)</u>
Reconciliation of Non-Expendable Trust Fund Cash and Cash Equivalents				
Cash and Cash Equivalents - All Fiduciary Funds			\$141,453	
Cash and Cash Equivalents - Agency Funds and Expendable Trust Fund			<u>(103,063)</u>	
Cash and Cash Equivalents - Non-Expendable Trust Fund			<u>\$38,390</u>	

See accompanying notes to the general purpose financial statements

**NOTES TO THE
GENERAL PURPOSE FINANCIAL STATEMENTS**

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

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, Sections 2 and 3 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/or federal guidelines.

The Board controls the School District's thirteen instructional support facilities staffed by 288 non-certificated employees, 411 certificated personnel, and 31 administrative employees who provide services to 6,562 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 insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies 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.

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. The School District has no component units.

The following activities are included within the reporting entity:

Private Schools - William V. Fisher Catholic School, Saint Bernadette School, Faith Academy, Fairfield Community Christian School, 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. The activity of these State monies is reflected in a special revenue fund for financial reporting purposes.

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

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories: governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Proprietary Fund Types:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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.

Fiduciary Fund Types:

Fiduciary 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 governmental units, and/or other funds. The following are the School District's fiduciary fund types:

Expendable Trust Fund - This fund is accounted for in essentially the same manner as governmental funds.

Non-Expendable Trust Fund - This fund is accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved intact.

Agency Funds - These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and the non-expendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary and non-expendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue. Deferred revenue was also recognized for fiscal year 1999 excess costs billings which were measurable but not collected until after the available period.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the non-expendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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 tax budget, the certificate of estimated resources, and the appropriation 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 is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Fairfield County Budget Commission for rate determination.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. The budget figures contain some appropriation modifications made without Board of Education approval by June 30, 1999; however, the differences are immaterial to the financial statements. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District Treasurer is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District's records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the balance sheet.

During fiscal year 1999, investments were limited to STAR Ohio and repurchase agreements.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999. Non-participating investment contracts, such as repurchase agreements, are reported at cost.

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 1999 amounted to \$593,331, which includes \$90,516 assigned from other School District funds.

The School District has a segregated bank account for the self insurance internal service fund held separate from the School District's central bank account. This depository account is presented in the combined balance sheet as "cash and cash equivalents in segregated accounts" since it is not required to be deposited into the School District treasury.

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

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, 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 considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Receivables and Payables

Receivables and payables to be recorded on the School District's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of payables, collectibility.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, 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 expenditure is reported in the year in which services are consumed.

H. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to be set-aside to create a reserve for budget stabilization. See Note 21 for the calculation of the year end restricted asset balance and the corresponding fund balance reserve.

I. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred. The School District does not have any infrastructure.

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 capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of ten years.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

 General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

Non-Reimbursable Grants

 Special Revenue Funds

- Adult Basic Education
- Career Development
- Data Communications
- Gifted Education
- Goals 2000
- Auxiliary Services
- Education Management Information Systems
- Partnership 2000
- Title III
- Public School Preschool
- Preschool Handicapped
- Disadvantaged Pupil Impact Aid
- Teacher Development
- Title I
- Title VI
- Title VI-B
- Drug Free Schools
- Library Automation
- Vocational Education
- Consumer and Economic Education
- Reading Improvement
- Vocational Education Professional Development

 Capital Projects Funds

- SchoolNet
- SchoolNet Plus
- Textbooks and Instructional Materials

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reimbursable Grants

General Fund

Driver Education

Vocational Education Travel/Salary

Community Alternative Funding System

Special Revenue Funds

Telecommunications E-Rate

Proprietary Funds

National School Lunch Program

National School Breakfast Program

Government Donated Commodities

Grants and entitlements received in governmental funds amounted to forty-four percent of governmental fund revenue during the 1999 fiscal year.

K. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

L. 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 accumulated unused vacation time when earned for all employees with more than one year of service.

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 all employees with ten or more years of service.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than two months after fiscal year end are considered not to have used current available financial resources. Long-term notes, capital leases and the tax refund payable are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for endowments signifies the legal restrictions on the use of principal.

P. Designated Fund Balance

The School District has a fund balance designation on the balance sheet for additional money above the reserve for budget stabilization required by State statute.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Estimates

The preparation of the 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. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY

For fiscal year 1999, the School District has implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" for its deferred compensation plans through the Ohio Public Employees Deferred Compensation Board. On September 1, 1998, the Ohio Public Employees Deferred Compensation Board created a trust for the assets of the plan for which the School District has no fiduciary responsibility. Therefore, the balance of the Ohio Public Employees Deferred Compensation Board deferred compensation plan is no longer presented on the financial statements of the School District.

During fiscal year 1999, an enterprise fund was reclassified and combined with the general fund. The effect of this fund reclassification had the following effect on the excess of revenues over expenditures and net income as previously reported for the year ended June 30, 1998:

	<u>General</u>
Excess as previously reported	\$2,768,139
Reclassification of a Fund	(1,064)
Restated amount for the year ended June 30, 1998	<u>\$2,767,075</u>
	<u>Enterprise</u>
Net Income as previously reported	(\$17,452)
Reclassification of a Fund	1,064
Restated amount for the year ended June 30, 1998	<u>(\$16,388)</u>

The reclassification of a fund had the following effects on fund balance/retained earnings as it was previously reported as of June 30, 1998.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY

(continued)

	General
Retained Earnings as previously reported	\$3,526,852
Reclassification of a Fund	21,810
Restated Balances as of July 1, 1998	\$3,548,662
	Enterprise
Retained Earnings as previously reported	\$172,750
Reclassification of a Fund	(21,810)
Restated Balances as of July 1, 1998	\$150,940

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The following funds had a deficit fund balance as of June 30, 1999:

	Deficit Fund Balance
<u>Special Revenue Funds:</u>	
Consumer and Economic Education	(\$717)
Vocational Education	(2,933)
<u>Internal Service Fund:</u>	
Employee Benefits Self-Insurance	(410,894)

The deficits in the special revenue funds and internal service fund are the result of the recognition of payables in accordance with Generally Accepted Accounting Principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The School District is in the process of implementing an increase in premiums to the internal service fund.

B. Compliance

The Replacement Fund had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 1999.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE (continued)

Fund Type/Fund	Estimated Resources	Appropriations	Excess
Capital Projects Funds:			
Replacement	\$98,624	\$101,234	\$2,610

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Revised Code:

	<u>Excess</u>
<u>General Fund:</u>	
General Fund	
Instruction	
Special Instruction	
Capital Outlay - New	\$820
Support Services	
Business	
Capital Outlay - New	653
<u>Special Revenue Funds:</u>	
Title I Fund	
Support Services	
Instructional Staff	
Salaries	2,726
<u>Capital Projects Funds:</u>	
Computer Network Fund	
Instruction	
Regular Instruction	
Capital Outlay - New	160,513
<u>Expendable Trust Fund:</u>	
Scholarship Memorial Fund	
Support Services	
Instructional Staff	
Capital Outlay - New	100

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

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings 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 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Similar Trust Fund and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Proprietary Fund Types and Similar Trust Fund are 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 basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on bond anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Similar Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$2,221,528	\$106,623	\$1,817	(\$72,523)	(\$586)
Revenue Accruals	62,508	(305,939)	(1,817)	257,609	0
Expenditure Accruals	500,501	(21,298)	0	(180,556)	0
Prepaid Items	5,538	32,506	0	0	0
Transfer In	0	0	0	18,749	0
Transfer Out	0	0	0	(18,749)	0
Advances In	82,150	128,760	0	0	0
Advances Out	(428,760)	(24,150)	0	(58,000)	0
Encumbrances	(823,270)	(138,172)	0	(31,518)	0
Budget Basis	\$1,620,195	(\$221,670)	\$0	(\$84,988)	(\$586)

Net Loss/Excess of Revenues Under Expenses and Advances
All Proprietary Fund Types and Similar Trust Fund

	Enterprise	Internal Service	Non- Expendable Trust
GAAP Basis	(\$39,332)	(\$708,468)	(\$1,379)
Revenue Accrual	(19,071)	30,533	0
Segregated Cash	0	14,691	0
Cash with Fiscal Agents	0	(9,640)	0
Expense Accrual	(4,262)	83,613	0
Materials and Supplies Inventory	(730)	0	0
Inventory Held for Resale	2,079	0	0
Capital Outlay	(14,790)	0	0
Prepaid Items	(2,157)	5,592	0
Depreciation Expense	7,241	0	0
Advances In	0	300,000	0
Encumbrances	(2,537)	0	0
Budget Basis	(\$73,559)	(\$283,679)	(\$1,379)

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two 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 pass book accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either the two highest rating classification by at least two nationally recognized rating agencies.

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

Cash On Hand: At year end, the School District had \$1,800 in undeposited cash on hand which is included on the balance sheet of the School District as part of "cash and cash equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At fiscal year end, the carrying amount of the School District's deposits was (\$531,683) and the bank balance was \$138,232. Of the bank balance, \$101,349 was covered by federal depository insurance and \$36,883 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is unclassified investments since it is not evidenced by securities that exist in physical or book entry form.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

	Category 3	Carrying and Fair Value
Repurchase Agreement	\$743,574	\$743,574
STAR Ohio		10,094,073
Totals		\$10,837,647

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$10,415,860	\$0
Investments of the Cash Management Pool:		
Cash on Hand	(1,800)	0
Cash with Fiscal Agent	(108,096)	0
Repurchase Agreements	(743,574)	743,574
STAR Ohio	(10,094,073)	10,094,073
GASB Statement 3	(\$531,683)	\$10,837,647

At June 30, 1999, the School District's internal service fund had a cash balance of \$66,857 with Central Benefits and \$41,239 with Medical Mutual of Ohio, the third party administrators (See Note 10). The money is held by the third party administrators in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. To obtain financial information about Central Benefits, write to Central Benefits, Inc. 255 East Main Street, P.O. Box 16526, Columbus, Ohio 43216. To obtain financial information about Medical Mutual of Ohio, write to Medical Mutual of Ohio, Eastern Region, P.O. Box 5900, Cleveland, Ohio 44101-0900.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which fiscal year 1999 taxes were collected are:

	1998 Second-Half Collections		1999 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$489,202,190	79%	\$552,019,860	81%
Public Utility	30,177,900	5	30,298,140	4
Tangible Personal Property	101,329,802	16	100,399,698	15
Total Assessed Value	\$620,709,892	100%	\$682,717,698	100%
Tax rate per \$1,000 of assessed valuation	\$64.60		\$64.60	

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 7 - PROPERTY TAXES (continued)

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, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$740,197 in the general fund and \$12,036 in the bond retirement debt service fund.

NOTE 8 - RECEIVABLES

Receivables at June 30, 1999, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interfund, and intergovernmental grants. 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 fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Excess Costs	\$316,127
Driver's Education Reimbursement	2,200
Total General Fund	318,327
Special Revenue Funds	
Telecommunications E-Rate	2,984
Title VI-B	15,000
Vocational Education	16,198
Title I Reimbursement	305,000
Total Special Revenue Funds	339,182
Enterprise Funds	
National School Lunch	87,213
Total Intergovernmental Receivables	\$744,722

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 9 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$576,116
Less Accumulated Depreciation	<u>(543,594)</u>
Net Fixed Assets	<u>\$32,522</u>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land	\$730,330	\$0	\$0	\$730,330
Buildings	13,899,144	0	14,900	13,884,244
Furniture and Equipment	11,788,580	779,033	253,984	12,313,629
Vehicles	1,547,519	237,823	254,759	1,530,583
Textbooks and Library Books	4,191,782	469,393	150,000	4,511,175
Construction in Progress	0	107,674	0	107,674
Totals	<u>\$32,157,355</u>	<u>\$1,593,923</u>	<u>\$673,643</u>	<u>\$33,077,635</u>

NOTE 10 - RISK MANAGEMENT

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 1999, the School District contracted with Utica National Insurance Group for property insurance, including boiler and machinery insurance, and crime insurance and contracted with Nationwide Mutual Insurance Company for fleet and liability insurance. Coverages provided by insurance are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$72,424,400
Crime Insurance (\$100 deductible)-Premises	25,000
Crime Insurance (\$100 deductible)-Messenger	25,000
Automobile Liability (\$500 deductible for collision and Comprehensive)	2,000,000
Uninsured Motorists (No deductible)	1,000,000
General Liability Per Occurrence	2,000,000
General Liability Aggregate Limit	5,000,000
Musical Instruments (\$250 deductible)	803,038

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 10 - RISK MANAGEMENT (continued)

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from last year.

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

The School District provides a limited medical and dental insurance program for its employees. Premiums are paid directly to the third party administrator out of the School District's self-insurance internal service fund. Central Benefits, Inc. services all medical claims and Medical Mutual services all dental claims submitted by employees. The internal service fund presented in the financial statements reflects the premiums paid into the self-insurance internal service fund by the same funds that pay the employees' salaries. The School District pays monthly medical premiums of up to \$424 for certified and classified employees for family coverage and up to \$164 for certified and classified employees for single coverage. The School District pays monthly dental premiums of up to \$37.80 for family and single coverage for certified and classified employees. The premiums paid into the internal service fund are used for claims, claim reserves, and administrative costs. The School District has a stop loss coverage insurance policy which covers individual claims in excess of \$100,000 per employee per year for medical claims. The School District has no stop loss coverage for the dental claims.

The claims liability of \$516,763 reported in the internal service fund at June 30, 1999, is based on an estimate provided by the third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$264,631	\$3,026,039	\$2,857,520	\$433,150
1999	433,150	3,517,876	3,434,263	516,763

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$403,430, \$436,984 and \$431,691, respectively; 50.7 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$198,907 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$1,224,291, \$1,960,219 and \$2,182,690, respectively; 82.8 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$210,198 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$1,632,388 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$401,398.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

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

C. Deferred Compensation

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

The School District implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" for its deferred compensation plans through the Ohio Public Employees Deferred Compensation Board. On September 1, 1998 the Ohio Public Employees Deferred Compensation Board created a trust for the assets of the plan for which the School District has no fiduciary responsibility. Therefore, the balance of the Ohio Public Employees Deferred Compensation Board deferred compensation plan of \$159,485 is no longer presented on the financial statements of the School District.

NOTE 14 - CONTRACT OBLIGATION

As of June 30, 1999, the School District had contractual purchase commitments for one project. The amount for the project is as follows:

Contract	Fund	Purchase Commitment	Amounts Paid as of 6/30/99	Amounts Remaining on Contract
Strawser Paving Company, Inc.	General	\$142,554	\$71,513	\$71,041

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 15 - CAPITAL LEASES

The School District entered into capitalized leases for computers and cisco router equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the General Purpose Financial Statements for the governmental funds. The items acquired by lease have been capitalized in the general fixed assets account group in the amount of \$291,400, 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 general long-term obligations account group. Principal payments in 1999 totaled \$96,923.

Future minimum lease payments through 2001 are as follows:

<u>Year</u>	<u>Amount</u>
2000	\$104,386
2001	<u>10,563</u>
 Total	 114,949
Less: Amount Representing Interest	<u>(2,867)</u>
 Present Value of Net Minimum Lease Payments	 <u>\$112,082</u>

NOTE 16 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	Outstanding 6/30/98	Additions	Deductions	Outstanding 6/30/99
Energy Conservation Note 1993 - 4.55% Long-Term Note	\$1,860,000	\$0	\$275,000	\$1,585,000
Tax Refund	97,398	0	97,398	0
Pension Obligation	261,668	277,776	261,668	277,776
Capital Leases	209,005	0	96,923	112,082
Compensated Absences	3,015,790	284,178	140,790	3,159,178
 Total General Long-Term Obligations	 <u>\$5,443,861</u>	 <u>\$561,954</u>	 <u>\$871,779</u>	 <u>\$5,134,036</u>

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

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

The tax refund obligation paid off in fiscal year 1999 of \$97,398 was a long-term obligation for a repayment of taxes to Texas Eastern Transmission Corporation, a public utility company, for tax years 1992 through 1996. The amount was repaid from the general fund. No interest was associated with this repayment.

Compensated absences and the pension obligation, which represents the contractually required pension contribution paid outside the available period, will be paid from the fund from which the employees' salaries are paid. Capital lease obligations will be paid from the fund that maintains custody of the related asset.

The School District's overall legal debt margin was \$61,444,593 with an unvoted debt margin of \$682,718 at June 30, 1999.

Principal and interest requirements to retire the Energy Conservation Long-Term Note at June 30, 1999, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2000	\$290,000	\$65,520	\$355,520
2001	305,000	51,984	356,984
2002	315,000	37,879	352,879
2003	330,000	23,205	353,205
2004	345,000	7,849	352,849
Total	\$1,585,000	\$186,437	\$1,771,437

NOTE 17 - INTERFUND ACTIVITY

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 17 - INTERFUND ACTIVITY (continued)

Interfund Receivable/Payable

	<u>Receivable</u>	<u>Payable</u>
<u>General Fund</u>	<u>\$428,856</u>	<u>\$0</u>
<u>Special Revenue Funds:</u>		
Consumer and Economic Education	0	1,500
Special Education	0	90,000
Vocational Education	0	37,260
<u>Total Special Revenue Funds</u>	<u>0</u>	<u>128,760</u>
<u>Internal Service Fund:</u>		
Employee Benefits Self-Insurance	0	300,000
<u>Agency Fund:</u>		
Student Managed Activities	0	96
<u>Total All Funds</u>	<u>\$428,856</u>	<u>\$428,856</u>

Due from/Due to Other Funds

	<u>Receivable</u>	<u>Payable</u>
<u>General Fund</u>	<u>\$2,100</u>	<u>\$340</u>
<u>Special Revenue Fund:</u>		
Special Education	340	0
<u>Agency Fund:</u>		
Student Managed Activity	0	2,100
<u>Total All Funds</u>	<u>\$2,440</u>	<u>\$2,440</u>

NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Lancaster City School District as of and for the fiscal year ended June 30, 1999.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS (continued)

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$822,159	\$57,794	\$879,953
Depreciation Expense	7,241	0	7,241
Operating Loss	(654,745)	(5,047)	(659,792)
Donated Commodities	89,119	0	89,119
Operating Grants	526,814	0	526,814
Interest Income	2,328	0	2,328
Other Non-Operating Revenues	2,199	0	2,199
Net Loss	(34,285)	(5,047)	(39,332)
Fixed Asset Additions	14,790	0	14,790
Net Working Capital	76,127	64,299	140,426
Total Assets	364,005	64,299	428,304
Long-Term Liabilities Paid from Fund Revenues	61,340	0	61,340
Total Equity	47,309	64,299	111,608
Encumbrances Outstanding at June 30, 1999	1,672	865	2,537

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

A. Metropolitan Educational Council

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

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (continued)

board of education for each participating school district in Franklin County (18 school districts), and one representative from each county. MEC is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for MEC. Financial statements for MEC can be obtained from the Metropolitan Educational Council, at 1600 Channingway Boulevard Suite 604, Columbus, Ohio 43232. The School District's payments to MEC in fiscal year 1999 were \$43,216.

B. Fairfield County Council for Educational Collaboration

Fairfield County Council of Educational Collaboration (FCCEC) is a jointly governed organization operated by a Board which consists of superintendents, or a designated representative, from nine boards of education and the Ohio University-Lancaster Campus within Fairfield County. The purpose of the FCCEC is to bring together the public school systems and the public institutions for higher education in Fairfield County so that they can collectively devise and provide for enhanced educational opportunities for the students and citizens of our community. The areas of interest that may be addressed by the Council include, but are not limited to, student programming, school management issues, and other collaborative projects deemed appropriate by the governing body of the Council. The Council is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District made no contributions to FCCEC during fiscal year 1999.

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various inservice for school district administrative personnel; gathers of data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District paid a membership fee of \$300 in fiscal year 1999.

D. Central Ohio Special Education Regional Resource Center

The Central Ohio Special Education Regional Resource Center (COSERRC) is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in Central Ohio (which comprise sixty percent of the Board), two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Developmental Disabilities, representatives of universities, and student and persons with disabilities representations. The School District participates in the following services of COSERRC: Identification and Program Development Project, Regional Educational Assessment Programming Project, Instructional Resource Center Project, Early Childhood Services Project, and the Ohio Resource Center for Low Incidence and Severely

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (continued)

Handicapped Project. These services are to assist the School District in complying with mandates of Public Law 99-457 for educating children with disabilities. There is no financial commitment made by the districts involved in COSERRC. COSERRC is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for COSERRC. The School District made no contributions to COSERRC during fiscal year 1999.

E. Fairfield County Family, Adult and Children First Council

The Fairfield County Family, Adult and Children First Council is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Fairfield County Community Mental Health and Recovery Services Board, Health Commissioner of the Fairfield County Health Department, Health Commissioner of the City of Lancaster Health Department, Director of the Fairfield County Human Services, Director of the Children Services Department, Superintendent of the Fairfield County Mental Retardation and Development Disabilities, the Fairfield County Juvenile Court Judge, Superintendent of Lancaster City Schools, Superintendent of Fairfield County Board of Education, a representative of the City of Lancaster, Chair of the Fairfield County Commissioners, State Department of Youth Services Regional representative, representative from the County Head Start Agencies, a representative of the County's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986", and a least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. In fiscal year 1999, the School District made no contributions to the Council. Continued existence of the Council is not dependent on the School District's continued participation, no equity interest exists, and no debt is outstanding.

F. Teenage Pregnancy Program Board

The Teenage Pregnancy Program Board is a jointly governed organization created to plan and coordinate programming designed to reduce teen pregnancy in Fairfield County. The Board is composed of seventeen members. The Board consists of representatives from the following organizations: Fairfield County Juvenile Court, Fairfield County Children Services Board, Lancaster City Schools, Fairfield County Schools, Department of Human Services, Fairfield County Health Department, Fairfield County Community Action Program, four representatives from the Fairfield County Commissioners, four representatives from the nominating committee of the Teenage Pregnancy Program Board, and two young persons appointed by the Teen Advisory Board. In fiscal year 1999, the School District made no contributions to the Board. Continued existence of the Board is not dependent upon the School District's continued participation, no equity interest exists, and no debt is outstanding.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (continued)

G. Fairfield County Multi-System Youth Committee

The Fairfield County Multi-System Youth Committee is a group of agencies that coordinate the provision of services to multi-need youth in the area. Members of the Committee include representatives of the Fairfield County Youth Services, Fairfield County Board of MR/DD, Fairfield County Mental Health and Recovery Services Board, Fairfield County Children Services, Fairfield County Health Department, New Horizons, the local office of the Rehabilitation Services Commission, Fairfield County Drug and Alcohol Recovery Services, the Lancaster City Health Department, and the Lancaster City Board of Education. The Committee received no additional monies during fiscal year 1999. 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 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 21 - SET-ASIDES

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

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

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 21 - SET-ASIDES (continued)

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$230,172	\$230,172
Current Year Set-aside Requirement	557,342	557,342	278,671	1,393,355
Qualifying Disbursements	(1,259,346)	(1,969,809)	0	(3,229,155)
Totals	<u>(\$702,004)</u>	<u>(\$1,412,467)</u>	<u>\$508,843</u>	<u>(\$1,605,628)</u>
Cash Balance Carried Forward to FY 2000	<u>\$0</u>	<u>\$0</u>	<u>\$508,843</u>	<u>\$508,843</u>

Although the School District had additional qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTE 22 - YEAR 2000

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the School District's operations as early as 1999.

Lancaster City School District has completed an inventory of the computer systems and other equipment necessary to conducting School District operations and has identified such systems as financial reporting, payroll and employee benefits, and educational statistics reporting. The School District has thirteen school buildings with power, heating, and air-conditioning systems which have extensive efficiency utilization measures within the systems.

The School District uses the State of Ohio Uniform Accounting System software for its financial reporting; the State of Ohio Uniform Payroll System Software for its payroll and employee benefits; the State Education Management and Information System (EMIS) for its educational statistics reporting. The State is responsible for remediating these systems, and is solely responsible for any associated costs.

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" payments. The State is responsible for remediating these systems, and is solely responsible for any associated costs.

Property tax billing, collection, and remittance for the School District are handled by Fairfield County. The County is responsible for remediating this system, and is solely responsible for any associated costs.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 22 - YEAR 2000 (continued)

The School District utilizes third party administrator organizations to provide computer services (EDP processing), medical and dental claims processing, and deferred compensation. In addition, its banking institution provides financial transactions for the School District. The School District has obtained some reasonable assurances from these organizations or institutions that state they will be ready by calendar year end. These organizations or institutions are responsible for remediating these systems, and are solely responsible for any associated costs.

The American Electric Power Company (AEP) provides electricity to the School District. The School District has obtained information from AEP which states that all AEP electric service systems are Y2K ready. AEP is responsible for remediating this system, and is solely responsible for any associated costs.

The City of Lancaster provides utilities (gas, water, sewer, and sanitation) to the School District. The City is responsible for remediating these systems, and is solely responsible for any associated costs.

The School District has contacted Johnson Controls, Inc. regarding its heating and air-conditioning systems. The vendor has indicated "Johnson Controls conducted extensive testing on our products and has developed solutions for all year 2000 issues discovered. All current systems are year 2000 compliant with the software version available at the end of calendar year 1997. This includes Metasys (at version 9), SDC 8000, Facilitator, and the Companion product families." The School District utilizes the "Metasys Companion system which provides the ability to monitor and control HVAC equipment."

The School District has contacted the vendor Cerberus Pyrotronics regarding its Digital Fire Alarm System. The vendor has indicated "We have completed testing of all systems produced by Cerberus Pyrotronics which incorporate internal clocks. I am pleased to advise you that MXL, NCC Graphics, other graphics products, PXL and IXL will all operate correctly after the end of year 1999."

Because of the unprecedented nature of the year 2000 issue, its effects, and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the School District is or will be year 2000 ready, that the School District's remediation efforts will be successful in whole or in part, or that parties with whom the School District does business will be year 2000 ready.

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 23 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation

The School District is currently not a party to any material legal proceedings.

NOTE 24 - STATE FOUNDATION FUNDING

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 1999, the School District received \$12,597,899 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of this report, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**COMBINING, INDIVIDUAL FUND,
AND ACCOUNT GROUP FINANCIAL
STATEMENTS AND SCHEDULES**

GENERAL FUND

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

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$21,716,380	\$21,745,622	\$29,242
Intergovernmental	15,122,620	15,531,434	408,814
Interest	300,000	593,331	293,331
Tuition and Fees	228,200	265,922	37,722
Rent	55,000	54,262	(738)
Extracurricular Activities	116,000	128,597	12,597
Gifts and Donations	3,000	59,000	56,000
Miscellaneous	14,828	27,436	12,608
Total Revenues	37,556,028	38,405,604	849,576
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	12,037,125	11,402,769	634,356
Fringe Benefits	2,912,549	2,910,863	1,686
Purchased Services	134,906	84,987	49,919
Materials and Supplies	972,020	644,069	327,951
Capital Outlay - New	88,815	80,463	8,352
Capital Outlay - Replacement	448,589	426,721	21,868
Other	6,000	6,000	0
Total Regular	16,600,004	15,555,872	1,044,132
Special:			
Salaries and Wages	2,673,200	2,657,900	15,300
Fringe Benefits	786,946	784,198	2,748
Purchased Services	4,146	2,401	1,745
Materials and Supplies	39,450	36,650	2,800
Capital Outlay - New	6,409	7,229	(820)
Capital Outlay - Replacement	8,846	8,350	496
Total Special	3,518,997	3,496,728	22,269
Vocational:			
Salaries and Wages	1,723,000	1,674,586	48,414
Fringe Benefits	456,400	456,309	91
Purchased Services	14,000	13,117	883
Materials and Supplies	57,621	40,098	17,523
Capital Outlay - New	19,670	9,587	10,083
Capital Outlay - Replacement	98,200	68,196	30,004
Total Vocational	\$2,368,891	\$2,261,893	\$106,998

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Adult/Continuing:			
Salaries and Wages	\$48,885	\$47,875	\$1,010
Fringe Benefits	9,100	7,542	1,558
Materials and Supplies	1,729	1,729	0
Total Adult/Continuing	59,714	57,146	2,568
Other:			
Purchased Services	304,508	301,233	3,275
Total Other	304,508	301,233	3,275
Total Instruction	22,852,114	21,672,872	1,179,242
Support Services:			
Pupils:			
Salaries and Wages	1,128,000	1,058,504	69,496
Fringe Benefits	296,000	295,967	33
Purchased Services	444,426	419,929	24,497
Materials and Supplies	139,005	71,199	67,806
Capital Outlay - New	13,267	12,851	416
Capital Outlay - Replacement	5,430	5,430	0
Total Pupils	2,026,128	1,863,880	162,248
Instructional Staff:			
Salaries and Wages	1,388,000	1,379,384	8,616
Fringe Benefits	533,516	532,134	1,382
Purchased Services	71,876	56,603	15,273
Materials and Supplies	236,212	215,696	20,516
Capital Outlay - New	9,090	5,678	3,412
Capital Outlay - Replacement	1,210	1,203	7
Other	1,045	1,001	44
Total Instructional Staff	2,240,949	2,191,699	49,250
Board of Education:			
Salaries and Wages	3,000	3,000	0
Fringe Benefits	200	144	56
Materials and Supplies	800	488	312
Other	63,492	37,702	25,790
Total Board of Education	\$67,492	\$41,334	\$26,158

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Administration:			
Salaries and Wages	\$2,190,450	\$2,190,368	\$82
Fringe Benefits	574,199	573,787	412
Purchased Services	271,605	258,732	12,873
Materials and Supplies	25,707	19,951	5,756
Capital Outlay - New	1,317	1,271	46
Capital Outlay - Replacement	17,320	16,667	653
Other	11,080	3,886	7,194
Total Administration	3,091,678	3,064,662	27,016
Fiscal:			
Salaries and Wages	266,600	253,696	12,904
Fringe Benefits	83,400	70,265	13,135
Purchased Services	76,370	64,439	11,931
Materials and Supplies	11,235	11,217	18
Capital Outlay - New	2,000	1,595	405
Capital Outlay - Replacement	6,000	5,810	190
Other	483,689	475,596	8,093
Total Fiscal	929,294	882,618	46,676
Business:			
Salaries and Wages	98,600	97,062	1,538
Fringe Benefits	59,900	59,886	14
Purchased Services	179,354	143,045	36,309
Materials and Supplies	100,828	51,788	49,040
Capital Outlay - New	4,109	4,762	(653)
Other	3,167	3,167	0
Total Business	445,958	359,710	86,248
Operation and Maintenance of Plant:			
Salaries and Wages	1,414,000	1,411,085	2,915
Fringe Benefits	457,950	457,777	173
Purchased Services	1,232,611	1,104,254	128,357
Materials and Supplies	396,108	343,654	52,454
Capital Outlay - New	15,600	14,655	945
Capital Outlay - Replacement	8,323	8,323	0
Total Operation and Maintenance of Plant	\$3,524,592	\$3,339,748	\$184,844

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Pupil Transportation:			
Salaries and Wages	\$708,500	\$703,640	\$4,860
Fringe Benefits	247,400	246,605	795
Purchased Services	96,439	84,150	12,289
Materials and Supplies	117,200	112,098	5,102
Capital Outlay - Replacement	279,783	278,762	1,021
Total Pupil Transportation	1,449,322	1,425,255	24,067
Central:			
Salaries and Wages	57,000	52,477	4,523
Fringe Benefits	21,876	21,582	294
Purchased Services	138,710	134,450	4,260
Materials and Supplies	20,200	19,763	437
Capital Outlay - New	39,850	39,681	169
Capital Outlay - Replacement	43,737	43,617	120
Other	89	89	0
Total Central	321,462	311,659	9,803
Total Support Services	14,096,875	13,480,565	616,310
Extracurricular Activities:			
Academic and Subject Oriented Activities:			
Salaries and Wages	43,070	41,410	1,660
Fringe Benefits	6,050	6,000	50
Purchased Services	900	425	475
Materials and Supplies	482	461	21
Other	9,000	7,966	1,034
Total Academic and Subject Oriented Activities	59,502	56,262	3,240
Occupational Oriented Activities:			
Salaries and Wages	3,000	1,981	1,019
Fringe Benefits	900	304	596
Total Occupational Oriented Activities	\$3,900	\$2,285	\$1,615

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Sports Oriented Activities:			
Salaries and Wages	\$279,800	\$276,720	\$3,080
Fringe Benefits	45,000	44,035	965
Total Sports Oriented Activities	324,800	320,755	4,045
School and Public Service Co-Curricular Activities:			
Salaries and Wages	\$33,152	\$24,674	\$8,478
Fringe Benefits	6,400	3,185	3,215
Purchased Services	450	265	185
Materials and Supplies	3,261	2,483	778
Total School and Public Service Co-Curricular Activities	43,263	30,607	12,656
Total Extracurricular Activities	431,465	409,909	21,556
Capital Outlay:			
Other Facilities Acquisition and Construction Services:			
Capital Outlay - Replacement	882,154	882,154	0
Total Other Facilities Acquisition and Construction Services	882,154	882,154	0
Total Capital Outlay	882,154	882,154	0
Total Expenditures	38,262,608	36,445,500	1,817,108
Excess of Revenues Over (Under) Expenditures	(706,580)	1,960,104	2,666,684
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	1,000	6,701	5,701
Advances In	19,972	82,150	62,178
Advances Out	(439,000)	(428,760)	10,240
Total Other Financing Sources (Uses)	(418,028)	(339,909)	78,119
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(\$1,124,608)	\$1,620,195	\$2,744,803

(Continued)

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 General Fund
 For the Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fund Balance at Beginning of Year	\$5,410,715	\$5,410,715	\$0
Prior Year Encumbrances Appropriated	<u>828,332</u>	<u>828,332</u>	<u>0</u>
Fund Balance at End of Year	<u>\$5,114,439</u>	<u>\$7,859,242</u>	<u>\$2,744,803</u>

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditure for specified purposes. The following are descriptions of each Special Revenue Fund:

Public School Support

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

Community Grants

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

School Improvement Models

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

District Managed Student Activity

To account for student activity programs which have student participation in the activity but do not have student management of programs.

Auxiliary Services

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

Consumer and Economic Education

To account for State revenues awarded the School District to provide for consumer education projects.

Teacher Development

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

Gifted Education

To account for State revenues awarded the School District to provide assistance in developing research and demonstration projects for gifted programs.

(Continued)

SPECIAL REVENUE FUNDS
(continued)

Education Management Information Systems

To account for hardware and software development, or other costs associated with the requirements of the management information system.

Data Communications

To account for State revenues awarded the School District to provide for data communication.

Adult Basic Education

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

Title III

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

Title VI

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

Drug Free Grant

To account for federal revenues which support the implementation of programs for drug abuse education and prevention.

Telecommunications E-Rate

To account for monies received from the Federal Government to the School District to offset services received and charged from the local telecommunication service provider.

Reading Improvement Grant

To account for funds awarded to the School District from State revenues for the purpose of promoting the improvement of reading.

Special Education

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

(Continued)

SPECIAL REVENUE FUNDS
(continued)

Vocational Education

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

Preschool

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

Library Automation

To account for funds awarded to the School District to support library automation products and services.

Goals 2000

To account for the monies awarded to the School District to support planning for strengthened family and school partnerships and to reduce the percentage of high school students with one or more ninth grade proficiency tests to pass. For GAAP reporting purposes this fund is the combination of North Partnership 2000 and Goals 2000.

Lancaster City School District, Ohio
Combining Balance Sheet
All Special Revenue Funds
June 30, 1999

	Public School Support	Community Grants	School Improvement Models	District Managed Student Activity
Assets:				
Cash and Cash Equivalents	\$59,099	\$7,878	\$30,881	\$100,514
Receivables:				
Accounts	0	0	0	1,320
Intergovernmental	0	0	0	0
Due from Other Funds	0	0	0	0
Materials and Supplies Inventory	5,937	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$65,036	\$7,878	\$30,881	\$101,834
Liabilities:				
Accounts Payable	\$1,030	\$0	\$1,364	\$2,283
Accrued Salaries and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	0	32	0
Interfund Payable	0	0	0	0
Total Liabilities	1,030	0	1,396	2,283
Fund Equity:				
Fund Balances:				
Reserved for Encumbrances	13,864	266	3,956	3,120
Reserved for Inventory	5,937	0	0	0
Unreserved:				
Undesignated (Deficits)	44,205	7,612	25,529	96,431
Total Fund Equity (Deficits)	64,006	7,878	29,485	99,551
Total Liabilities and Fund Equity	\$65,036	\$7,878	\$30,881	\$101,834

Auxiliary Services	Consumer and Economic Education	Teacher Development	Gifted Education	Educational Management Information Systems	Data Communications
\$67,557	\$783	\$7,431	\$2,720	\$27,043	\$37,384
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,824	0	0	0	0	5,066
<u>\$69,381</u>	<u>\$783</u>	<u>\$7,431</u>	<u>\$2,720</u>	<u>\$27,043</u>	<u>\$42,450</u>
\$2,430	\$0	\$0	\$861	\$0	\$0
28,535	0	0	0	346	0
4,402	0	0	0	0	0
0	1,500	0	0	0	0
<u>35,367</u>	<u>1,500</u>	<u>0</u>	<u>861</u>	<u>346</u>	<u>0</u>
17,538	743	0	1,788	0	0
0	0	0	0	0	0
16,476	(1,460)	7,431	71	26,697	42,450
34,014	(717)	7,431	1,859	26,697	42,450
<u>\$69,381</u>	<u>\$783</u>	<u>\$7,431</u>	<u>\$2,720</u>	<u>\$27,043</u>	<u>\$42,450</u>

(Continued)

Lancaster City School District, Ohio
 Combining Balance Sheet
 All Special Revenue Funds
 June 30, 1999
 (Continued)

	Adult Basic Education	Title III	Title VI	Drug Free Grant	Telecom- munications E-Rate
Assets:					
Cash and Cash Equivalents	\$7,523	\$27,400	\$340	\$3,228	\$28,162
Receivables:					
Accounts	0	0	0	0	0
Intergovernmental	0	0	0	0	2,984
Due from Other Funds	0	0	0	0	0
Materials and Supplies Inventory	0	0	0	0	0
Prepaid Items	120	0	0	0	0
Total Assets	\$7,643	\$27,400	\$340	\$3,228	\$31,146
Liabilities:					
Accounts Payable	\$147	\$3,081	\$0	\$1,325	\$0
Accrued Salaries and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	1,467	0	0	0	0
Interfund Payable	0	0	0	0	0
Total Liabilities	1,614	3,081	0	1,325	0
Fund Equity:					
Fund Balances:					
Reserved for Encumbrances	2,040	1,756	300	987	0
Reserved for Inventory	0	0	0	0	0
Unreserved:					
Undesignated (Deficits)	3,989	22,563	40	916	31,146
Total Fund Equity (Deficits)	6,029	24,319	340	1,903	31,146
Total Liabilities and Fund Equity	\$7,643	\$27,400	\$340	\$3,228	\$31,146

Reading Improvement Grant	Special Education	Vocational Education	Preschool	Library Automation	Totals
\$31,235	\$56,766	\$21,404	\$74,135	\$7	\$591,490
0	0	0	1,010	0	2,330
0	320,000	16,198	0	0	339,182
0	340	0	0	0	340
0	0	0	0	0	5,937
0	11,259	0	1,743	0	20,012
<u>\$31,235</u>	<u>\$388,365</u>	<u>\$37,602</u>	<u>\$76,888</u>	<u>\$7</u>	<u>\$959,291</u>
\$19,916	\$120	\$2,698	\$3,585	\$0	\$38,840
0	203,805	338	18,304	0	251,328
0	31,545	239	2,632	0	40,317
0	90,000	37,260	0	0	128,760
<u>19,916</u>	<u>325,470</u>	<u>40,535</u>	<u>24,521</u>	<u>0</u>	<u>459,245</u>
10,894	30,972	9,127	2,930	0	100,281
0	0	0	0	0	5,937
425	31,923	(12,060)	49,437	7	393,828
<u>11,319</u>	<u>62,895</u>	<u>(2,933)</u>	<u>52,367</u>	<u>7</u>	<u>500,046</u>
<u>\$31,235</u>	<u>\$388,365</u>	<u>\$37,602</u>	<u>\$76,888</u>	<u>\$7</u>	<u>\$959,291</u>

Lancaster City School District, Ohio
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Special Revenue Funds
For the Fiscal Year Ended June 30, 1999

	Public School Support	Community Grants	School Improvement Models	District Managed Student Activity	Auxiliary Services
Revenues:					
Intergovernmental	\$0	\$0	\$100,000	\$0	\$388,320
Tuition and Fees	36	0	0	0	0
Rent	20	0	0	0	0
Extracurricular Activities	55,117	0	0	175,910	0
Gifts and Donations	8,350	12,380	0	0	0
Miscellaneous	0	0	0	3,412	0
Total Revenues	63,523	12,380	100,000	179,322	388,320
Expenditures:					
Current:					
Instruction:					
Regular	29,751	4,072	27,078	0	0
Special	0	0	0	0	0
Vocational	0	0	0	0	0
Adult/Continuing	0	0	0	0	0
Support Services:					
Pupils	2,708	0	0	0	0
Instructional Staff	0	157	84,502	0	0
Administration	17,153	0	0	0	0
Fiscal	0	0	0	0	0
Operation and Maintenance of Plant	4,591	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	7,844	1,716	0	0	472,731
Extracurricular Activities	679	0	0	174,193	0
Capital Outlay	0	7,080	0	0	0
Total Expenditures	62,726	13,025	111,580	174,193	472,731
Excess of Revenues Over (Under) Expenditures	797	(645)	(11,580)	5,129	(84,411)
Fund Balances (Deficit) at Beginning of Year	60,466	8,523	41,065	94,422	118,425
Increase in Reserve for Inventory	2,743	0	0	0	0
Fund Balances (Deficits) at End of Year	\$64,006	\$7,878	\$29,485	\$99,551	\$34,014

Consumer and Economic Education	Teacher Development	Gifted Education	Educational Management Information Systems	Data Communications	Adult Basic Education
\$12,000	\$30,602	\$7,500	\$18,135	\$15,489	\$71,908
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
12,000	30,602	7,500	18,135	15,489	71,908
0	0	0	0	0	0
0	0	7,420	0	0	0
0	0	0	0	0	0
0	0	0	0	0	46,543
0	0	2,399	0	0	6,439
18,686	22,254	0	0	0	25,669
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	40,394	5,066	0
0	3,139	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
18,686	25,393	9,819	40,394	5,066	78,651
(6,686)	5,209	(2,319)	(22,259)	10,423	(6,743)
5,969	2,222	4,178	48,956	32,027	12,772
0	0	0	0	0	0
(\$717)	\$7,431	\$1,859	\$26,697	\$42,450	\$6,029

(Continued)

Lancaster City School District, Ohio
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Special Revenue Funds
 For the Fiscal Year Ended June 30, 1999
 (Continued)

	Title III	Title VI	Drug Free Grant	Telecom- munications E-Rate
Revenues:				
Intergovernmental	\$40,311	\$33,539	\$38,624	\$31,146
Tuition and Fees	0	0	0	0
Rent	0	0	0	0
Extracurricular Activities	0	0	0	0
Gifts and Donations	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	40,311	33,539	38,624	31,146
Expenditures:				
Current:				
Instruction:				
Regular	9,879	0	0	0
Special	0	29,540	0	0
Vocational	0	0	0	0
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	0	0	0	0
Instructional Staff	31,806	0	0	0
Administration	0	0	34,022	0
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	0	5,470	4,565	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
Total Expenditures	41,685	35,010	38,587	0
Excess of Revenues Over (Under) Expenditures	(1,374)	(1,471)	37	31,146
Fund Balances (Deficit) at Beginning of Year	25,693	1,811	1,866	0
Increase in Reserve for Inventory	0	0	0	0
Fund Balances (Deficits) at End of Year	\$24,319	\$340	\$1,903	\$31,146

Reading Improvement Grant	Special Education	Vocational Education	Preschool	Library Automation	Goals 2000	Totals
\$50,000	\$1,840,820	\$148,311	\$176,885	\$0	\$0	\$3,003,590
0	682	0	18,262	0	0	18,980
0	0	0	0	0	0	20
0	0	0	0	0	0	231,027
0	0	0	0	0	0	20,730
0	0	0	0	0	0	3,412
<u>50,000</u>	<u>1,841,502</u>	<u>148,311</u>	<u>195,147</u>	<u>0</u>	<u>0</u>	<u>3,277,759</u>
27,410	0	0	82,489	0	13,499	194,178
0	1,091,858	0	0	0	0	1,128,816
0	0	72,164	0	0	0	72,164
0	0	0	0	0	0	46,543
0	130,629	33,164	23,380	0	0	198,719
11,271	280,429	34,780	40,963	469	400	551,386
0	90,881	4,794	15,145	0	0	161,995
0	24,440	0	0	0	0	24,440
0	0	0	4,863	0	0	9,454
0	0	0	22,249	0	0	22,249
0	0	7,876	1,157	0	0	54,493
0	29,282	0	0	0	0	524,747
0	0	0	0	0	0	174,872
0	0	0	0	0	0	7,080
<u>38,681</u>	<u>1,647,517</u>	<u>152,778</u>	<u>190,246</u>	<u>469</u>	<u>13,899</u>	<u>3,171,136</u>
11,319	193,985	(4,467)	4,901	(469)	(13,899)	106,623
0	(131,090)	1,534	47,466	476	13,899	390,680
0	0	0	0	0	0	2,743
<u>\$11,319</u>	<u>\$62,895</u>	<u>(\$2,933)</u>	<u>\$52,367</u>	<u>\$7</u>	<u>\$0</u>	<u>\$500,046</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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tuition and Fees	\$5,600	\$36	(\$5,564)
Rent	2,100	20	(2,080)
Extracurricular Activities	103,620	55,117	(48,503)
Gifts and Donations	12,000	8,350	(3,650)
Total Revenues	123,320	63,523	(59,797)
Expenditures:			
Current:			
Instruction:			
Regular:			
Purchased Services	27,179	16,246	10,933
Materials and Supplies	65,761	27,102	38,659
Capital Outlay - New	5,900	1,748	4,152
Capital Outlay - Replacement	3,600	0	3,600
Other	968	768	200
Total Regular	103,408	45,864	57,544
Support Services:			
Pupils:			
Purchased Services	5,540	2,280	3,260
Materials and Supplies	100	0	100
Capital Outlay - Replacement	1,000	527	473
Total Pupils	6,640	2,807	3,833
Instructional Staff:			
Purchased Services	575	0	575
Materials and Supplies	2,850	0	2,850
Total Instructional Staff	3,425	0	3,425
Administration:			
Purchased Services	9,485	5,625	3,860
Materials and Supplies	9,493	5,733	3,760
Capital Outlay - New	6,021	2,230	3,791
Capital Outlay - Replacement	1,500	0	1,500
Other	11,161	4,827	6,334
Total Administration	37,660	18,415	19,245
Business:			
Purchased Services	200	0	200
Total Business	\$200	\$0	\$200

(Continued)

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, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operation and Maintenance of Plant:			
Purchased Services	\$1,300	\$0	\$1,300
Capital Outlay - Replacement	5,025	4,591	434
Total Operation and Maintenance of Plant	6,325	4,591	1,734
Total Support Services	54,250	25,813	28,437
Operation of Non-Instructional Services:			
Food Service Operations:			
Purchased Services	200	0	200
Materials and Supplies	25,701	9,232	16,469
Total Food Service Operations	25,901	9,232	16,669
Community Services:			
Materials and Supplies	379	0	379
Total Community Services	379	0	379
Total Operation of Non-Instructional Services	26,280	9,232	17,048
Extracurricular Activities:			
Academic and Subject Oriented Activities:			
Materials and Supplies	1,200	0	1,200
Total Academic and Subject Oriented Activities	1,200	0	1,200
School and Public Service Co-Curricular Activities:			
Other	1,000	679	321
Total School and Public Service Co-Curricular Activities	1,000	679	321
Total Extracurricular Activities	2,200	679	1,521
Capital Outlay:			
Other Facilities Acquisition and Construction Services:			
Materials and Supplies	\$148	\$0	\$148

(Continued)

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, 1999
 (Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Total Other Facilities Acquisition and Construction Services	\$148	\$0	\$148
Total Capital Outlay	148	0	148
Total Expenditures	186,286	81,588	104,698
Excess of Revenues Under Expenditures	(62,966)	(18,065)	44,901
Fund Balance at Beginning of Year	55,031	55,031	0
Prior Year Encumbrances Appropriated	7,935	7,935	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$44,901</u>	<u>\$44,901</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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Gifts and Donations	\$12,419	\$12,380	(\$39)
Expenditures:			
Current:			
Instruction:			
Regular:			
Materials and Supplies	6,000	2,997	3,003
Other	1,346	1,346	0
Total Regular	7,346	4,343	3,003
Support Services:			
Instructional Staff:			
Purchased Services	1,000	0	1,000
Materials and Supplies	657	157	500
Total Instructional Staff	1,657	157	1,500
Operation of Non-Instructional Services:			
Community Services:			
Other	3,581	1,716	1,865
Total Community Services	3,581	1,716	1,865
Capital Outlay:			
Architecture and Engineering			
Services:			
Purchased Services	8,357	7,080	1,277
Total Capital Outlay	8,357	7,080	1,277
Total Expenditures	20,941	13,296	7,645
Excess of Revenues Under Expenditures	(8,522)	(916)	7,606
Fund Balance at Beginning of Year	8,522	8,522	0
Fund Balance at End of Year	\$0	\$7,606	\$7,606

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 School Improvement Models Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$100,000	\$100,000	\$0
Expenditures:			
Current:			
Instruction:			
Regular:			
Salaries and Wages	755	755	0
Purchased Services	5,690	5,690	0
Materials and Supplies	24,290	22,865	1,425
Capital Outlay - New	1,723	1,183	540
Total Regular	32,458	30,493	1,965
Support Services:			
Instructional Staff:			
Salaries and Wages	27,090	15,693	11,397
Fringe Benefits	3,428	2,464	964
Purchased Services	29,325	19,788	9,537
Materials and Supplies	38,052	36,796	1,256
Capital Outlay - New	10,871	10,429	442
Total Instructional Staff	108,766	85,170	23,596
Total Expenditures	141,224	115,663	25,561
Excess of Revenues Under Expenditures	(41,224)	(15,663)	25,561
Fund Balance at Beginning of Year	26,842	26,842	0
Prior Year Encumbrances Appropriated	14,382	14,382	0
Fund Balance at End of Year	\$0	\$25,561	\$25,561

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Extracurricular Activities	\$330,800	\$178,002	(\$152,798)
Miscellaneous	0	3,412	3,412
Total Revenues	330,800	181,414	(149,386)
Expenditures:			
Current:			
Extracurricular Activities:			
Academic and Subject Oriented Activities:			
Purchased Services	123,532	12,900	110,632
Materials and Supplies	31,246	7,284	23,962
Capital Outlay - New	19,600	0	19,600
Capital Outlay - Replacement	15,739	786	14,953
Other	19,262	419	18,843
Total Academic and Subject Oriented Activities	209,379	21,389	187,990
Sports Oriented Activities:			
Salaries and Wages	13,400	12,845	555
Purchased Services	67,285	53,954	13,331
Materials and Supplies	99,764	71,227	28,537
Capital Outlay - Replacement	429	0	429
Other	20,896	8,416	12,480
Total Sports Oriented Activities	201,774	146,442	55,332
School and Public Service Co-Curricular Activities:			
Purchased Services	9,100	9,008	92
Materials and Supplies	11,153	1,572	9,581
Other	2,000	0	2,000
Total School and Public Service Co-Curricular Activities	22,253	10,580	11,673
Total Extracurricular Activities	\$433,406	\$178,411	\$254,995

(Continued)

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, 1999
 (Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Total Expenditures	\$433,406	\$178,411	\$254,995
Excess of Revenues Over (Under) Expenditures	(102,606)	3,003	105,609
<u>Other Financing Sources:</u>			
Operating Transfer In	10,500	0	(10,500)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(92,106)	3,003	95,109
Fund Balance at Beginning of Year	71,735	71,735	0
Prior Year Encumbrances Appropriated	20,371	20,371	0
Fund Balance at End of Year	\$0	\$95,109	\$95,109

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$388,320	\$388,320	\$0
Expenditures:			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	191,730	166,124	25,606
Fringe Benefits	49,896	43,602	6,294
Purchased Services	10,874	10,346	528
Materials and Supplies	214,329	205,614	8,715
Capital Outlay - New	23,507	18,637	4,870
Capital Outlay - Replacement	5,412	5,408	4
Other	44,381	42,809	1,572
Total Community Services	540,129	492,540	47,589
Total Expenditures	540,129	492,540	47,589
Excess of Revenues Under Expenditures	(151,809)	(104,220)	47,589
Fund Balance at Beginning of Year	89,045	89,045	0
Prior Year Encumbrances Appropriated	62,764	62,764	0
Fund Balance at End of Year	\$0	\$47,589	\$47,589

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Consumer and Economic Education Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$13,800	\$12,000	(\$1,800)
<u>Expenditures:</u>			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	1,430	1,095	335
Materials and Supplies	18,339	18,334	5
Total Instructional Staff	19,769	19,429	340
Total Expenditures	19,769	19,429	340
Excess of Revenues Under Expenditures	(5,969)	(7,429)	(1,460)
<u>Other Financing Sources:</u>			
Advances In	0	1,500	1,500
Excess of Revenues and Other Financing Sources Under Expenditures	(5,969)	(5,929)	40
Fund Balance at Beginning of Year	4,814	4,814	0
Prior Year Encumbrances Appropriated	1,155	1,155	0
Fund Balance at End of Year	\$0	\$40	\$40

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Teacher Development Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$30,602	\$30,602	\$0
Expenditures:			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	20,852	16,943	3,909
Materials and Supplies	6,680	3,678	3,002
Capital Outlay - New	6,863	6,343	520
Total Instructional Staff	34,395	26,964	7,431
Operation of Non-Instructional Services:			
Community Services:			
Other	3,139	3,139	0
Total Community Services	3,139	3,139	0
Total Expenditures	37,534	30,103	7,431
Excess of Revenues Over (Under) Expenditures	(6,932)	499	7,431
Fund Balance at Beginning of Year	213	213	0
Prior Year Encumbrances Appropriated	6,719	6,719	0
Fund Balance at End of Year	\$0	\$7,431	\$7,431

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Gifted Education Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$7,500	\$7,500	\$0
Expenditures:			
Current:			
Instruction:			
Special:			
Salaries and Wages	970	970	0
Materials and Supplies	8,080	8,010	70
Total Special	9,050	8,980	70
Support Services:			
Pupils			
Purchased Services	1,611	1,611	0
Materials and Supplies	1,017	1,017	0
Total Pupils	2,628	2,628	0
Total Expenditures	11,678	11,608	70
Excess of Revenues Under Expenditures	(4,178)	(4,108)	70
Fund Balance at Beginning of Year	3,231	3,231	0
Prior Year Encumbrances Appropriated	947	947	0
Fund Balance at End of Year	\$0	\$70	\$70

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Educational Management Information Systems Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$18,335	\$18,135	(\$200)
Expenditures:			
Current:			
Support Services:			
Central:			
Salaries and Wages	16,996	13,831	3,165
Purchased Services	8,718	0	8,718
Materials and Supplies	8,792	0	8,792
Capital Outlay - New	32,784	26,217	6,567
Total Central	67,290	40,048	27,242
Total Expenditures	67,290	40,048	27,242
Excess of Revenues Under Expenditures	(48,955)	(21,913)	27,042
Fund Balance at Beginning of Year	48,955	48,955	0
Fund Balance at End of Year	\$0	\$27,042	\$27,042

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$15,489	\$15,489	\$0
Expenditures:			
Current:			
Support Services:			
Central:			
Purchased Services	37,043	10,132	26,911
Capital Outlay - New	10,474	0	10,474
Total Central	47,517	10,132	37,385
Total Expenditures	47,517	10,132	37,385
Excess of Revenues Over (Under) Expenditures	(32,028)	5,357	37,385
Fund Balance at Beginning of Year	32,028	32,028	0
Fund Balance at End of Year	\$0	\$37,385	\$37,385

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Adult Basic Education Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$99,171	\$71,908	(\$27,263)
<u>Expenditures:</u>			
Current:			
Instruction:			
Adult/Continuing:			
Salaries and Wages	53,437	38,211	15,226
Fringe Benefits	8,762	5,840	2,922
Materials and Supplies	9,250	8,507	743
Total Adult/Continuing	71,449	52,558	18,891
Support Services:			
Pupils:			
Salaries and Wages	7,104	5,342	1,762
Fringe Benefits	1,089	758	331
Purchased Services	1,644	1,354	290
Other	250	0	250
Total Pupils	10,087	7,454	2,633
Instructional Staff:			
Salaries and Wages	26,483	20,895	5,588
Fringe Benefits	4,673	3,145	1,528
Purchased Services	4,502	3,944	558
Materials and Supplies	675	654	21
Other	250	150	100
Total Instructional Staff	36,583	28,788	7,795
Fiscal:			
Other	4,681	1,254	3,427
Total Fiscal	4,681	1,254	3,427
Total Support Services	\$51,351	\$37,496	\$13,855

(Continued)

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Adult Basic Education Fund
 For the Fiscal Year Ended June 30, 1999
 (Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Total Expenditures	\$122,800	\$90,054	\$32,746
Excess of Revenues Under Expenditures	(23,629)	(18,146)	5,483
Fund Balance at Beginning of Year	23,383	23,383	0
Prior Year Encumbrances Appropriated	246	246	0
Fund Balance at End of Year	\$0	\$5,483	\$5,483

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Title III Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$55,611	\$55,611	\$0
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	900	24	876
Fringe Benefits	200	0	200
Purchased Services	7,500	2,776	4,724
Materials and Supplies	4,318	1,564	2,754
Capital Outlay - New	20,000	6,941	13,059
Total Regular Instruction	32,918	11,305	21,613
Support Services:			
Instructional Staff:			
Purchased Services	9,114	8,526	588
Materials and Supplies	9,331	8,969	362
Capital Outlay - New	10,028	10,028	0
Other	4,613	4,613	0
Total Instructional Staff	33,086	32,136	950
Total Expenditures	66,004	43,441	22,563
Excess of Revenues Over (Under) Expenditures	(10,393)	12,170	22,563
<u>Other Financing Uses:</u>			
Advances Out	(6,000)	(6,000)	0
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(16,393)	6,170	22,563
Fund Balance at Beginning of Year	9,407	9,407	0
Prior Year Encumbrances Appropriated	6,986	6,986	0
Fund Balance at End of Year	\$0	\$22,563	\$22,563

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Title VI Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$33,539	\$33,539	\$0
Expenditures:			
Current:			
Instruction:			
Special:			
Salaries and Wages	29,532	29,532	0
Other	7	7	0
Total Special	29,539	29,539	0
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	300	300	0
Materials and Supplies	5,511	5,470	41
Total Community Services	5,811	5,770	41
Total Expenditures	35,350	35,309	41
Excess of Revenues Under Expenditures	(1,811)	(1,770)	41
Fund Balance at Beginning of Year	1,759	1,759	0
Prior Year Encumbrances Appropriated	52	52	0
Fund Balance at End of Year	\$0	\$41	\$41

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Drug Free Grant Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$38,624	\$38,624	\$0
Expenditures:			
Current:			
Support Services:			
Administration:			
Purchased Services	34,017	34,017	0
Other	5	5	0
Total Administration	34,022	34,022	0
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	1,830	1,208	622
Materials and Supplies	4,638	4,344	294
Total Community Services	6,468	5,552	916
Total Expenditures	40,490	39,574	916
Excess of Revenues Under Expenditures	(1,866)	(950)	916
Fund Balance at Beginning of Year	1,234	1,234	0
Prior Year Encumbrances Appropriated	632	632	0
Fund Balance at End of Year	\$0	\$916	\$916

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Telecommunications E-Rate Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$28,162	\$28,162	\$0
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess of Revenues Over Expenditures	28,162	28,162	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$28,162	\$28,162	\$0

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Reading Improvement Grant Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$50,000	\$50,000	\$0
Expenditures:			
Current:			
Instruction:			
Regular:			
Materials and Supplies	38,239	37,779	460
Capital Outlay - New	490	470	20
Total Regular	38,729	38,249	480
Support Services:			
Instructional Staff:			
Purchased Services	11,271	11,271	0
Total Instructional Staff	11,271	11,271	0
Total Expenditures	50,000	49,520	480
Excess of Revenues Over Expenditures	0	480	480
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$480	\$480

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Title VI-B Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$257,382	\$238,073	(\$19,309)
Expenditures:			
Current:			
Instruction:			
Special:			
Materials and Supplies	7,331	4,932	2,399
Total Special	7,331	4,932	2,399
Support Services:			
Pupils:			
Salaries and Wages	10,273	8,821	1,452
Fringe Benefits	1,758	1,724	34
Purchased Services	158,719	157,530	1,189
Capital Outlay - New	1,656	1,656	0
Total Pupils	172,406	169,731	2,675
Instructional Staff:			
Salaries and Wages	33,292	29,055	4,237
Fringe Benefits	27,973	23,069	4,904
Capital Outlay - New	6,734	6,734	0
Total Instructional Staff	67,999	58,858	9,141
Administration:			
Salaries and Wages	4,200	2,287	1,913
Fringe Benefits	2,740	1,056	1,684
Materials and Supplies	763	763	0
Capital Outlay - New	4,611	4,611	0
Total Administration	12,314	8,717	3,597
Fiscal:			
Other	3,840	3,840	0
Total Fiscal	3,840	3,840	0
Total Support Services	\$256,559	\$241,146	\$15,413

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Title VI-B Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	\$4,100	\$3,219	\$881
Fringe Benefits	900	768	132
Purchased Services	2,000	1,453	547
Total Community Services	7,000	5,440	1,560
Total Expenditures	270,890	251,518	19,372
Excess of Revenues Under Expenditures	(13,508)	(13,445)	63
Fund Balance at Beginning of Year	4,704	4,704	0
Prior Year Encumbrances Appropriated	8,804	8,804	0
Fund Balance at End of Year	\$0	\$63	\$63

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$1,364,118	\$902,271	(\$461,847)
Tuition and Fees	0	682	682
Total Revenues	1,364,118	902,953	(461,165)
Expenditures:			
Current:			
Instruction:			
Special:			
Salaries and Wages	817,853	547,609	270,244
Fringe Benefits	172,515	124,802	47,713
Purchased Services	3,000	140	2,860
Materials and Supplies	37,460	26,035	11,425
Total Special	1,030,828	698,586	332,242
Support Services:			
Instructional Staff:			
Salaries and Wages	150,172	152,898	(2,726)
Fringe Benefits	60,752	59,883	869
Purchased Services	12,509	2,853	9,656
Materials and Supplies	13,954	1,373	12,581
Capital Outlay - New	5,195	0	5,195
Total Instructional Staff	242,582	217,007	25,575
Administration:			
Salaries and Wages	67,134	58,230	8,904
Fringe Benefits	20,122	16,018	4,104
Purchased Services	2,969	2,934	35
Materials and Supplies	4,236	2,137	2,099
Total Administration	94,461	79,319	15,142
Fiscal:			
Other	41,509	20,600	20,909
Total Fiscal	41,509	20,600	20,909
Total Support Services	\$378,552	\$316,926	\$61,626

(Continued)

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, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	\$17,709	\$17,482	\$227
Fringe Benefits	4,988	4,669	319
Total Community Services	<u>22,697</u>	<u>22,151</u>	<u>546</u>
Total Expenditures	<u>1,432,077</u>	<u>1,037,663</u>	<u>394,414</u>
Excess of Revenues Under Expenditures	(67,959)	(134,710)	(66,751)
<u>Other Financing Sources:</u>			
Advances In	<u>0</u>	<u>90,000</u>	<u>90,000</u>
Excess of Revenues and Other Financing Sources Under Expenditures	(67,959)	(44,710)	23,249
Fund Balance at Beginning of Year	46,567	46,567	0
Prior Year Encumbrances Appropriated	<u>21,392</u>	<u>21,392</u>	<u>0</u>
Fund Balance at End of Year	<u>\$0</u>	<u>\$23,249</u>	<u>\$23,249</u>

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Disadvantaged Pupil Impact Aid Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$427,565	\$382,722	(\$44,843)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and Wages	382,577	341,194	41,383
Fringe Benefits	53,565	47,767	5,798
Total Special	436,142	388,961	47,181
Total Expenditures	436,142	388,961	47,181
Excess of Revenues Under Expenditures	(8,577)	(6,239)	2,338
Fund Balance at Beginning of Year	8,577	8,577	0
Fund Balance at End of Year	\$0	\$2,338	\$2,338

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Career Development Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$31,287	\$27,182	(\$4,105)
Expenditures:			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	8,203	6,896	1,307
Fringe Benefits	1,348	1,005	343
Purchased Services	3,200	3,025	175
Materials and Supplies	17,517	17,413	104
Total Instructional Staff	30,268	28,339	1,929
Total Expenditures	30,268	28,339	1,929
Excess of Revenues Over (Under) Expenditures	1,019	(1,157)	(2,176)
Other Financing Sources (Uses):			
Advances In	0	4,105	4,105
Advances Out	(4,048)	(4,048)	0
Total Other Financing Sources (Uses)	(4,048)	57	4,105
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(3,029)	(1,100)	1,929
Fund Balance at Beginning of Year	802	802	0
Prior Year Encumbrances Appropriated	2,227	2,227	0
Fund Balance at End of Year	\$0	\$1,929	\$1,929

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Vocational Education Professional Development Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$46,383	\$23,228	(\$23,155)
<u>Expenditures:</u>			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	46,383	46,383	0
Total Vocational	46,383	46,383	0
Total Expenditures	46,383	46,383	0
Excess of Revenues Under Expenditures	0	(23,155)	(23,155)
<u>Other Financing Sources:</u>			
Advances In	0	23,155	23,155
Excess of Revenues and Other Financing Sources Over Expenditures	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$110,221	\$95,804	(\$14,417)
Expenditures:			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	13,121	13,121	0
Fringe Benefits	2,199	2,199	0
Materials and Supplies	4,062	1,635	2,427
Capital Outlay - New	10,357	8,899	1,458
Total Vocational	29,739	25,854	3,885
Support Services:			
Pupils:			
Salaries and Wages	33,136	33,136	0
Materials and Supplies	2,000	28	1,972
Capital Outlay - New	2,000	0	2,000
Total Pupils	37,136	33,164	3,972
Instructional Staff:			
Salaries and Wages	2,750	30	2,720
Fringe Benefits	750	0	750
Purchased Services	8,395	8,220	175
Total Instructional Staff	11,895	8,250	3,645
Administration:			
Salaries and Wages	3,846	3,846	0
Fringe Benefits	960	948	12
Total Administration	4,806	4,794	12
Central:			
Purchased Services	16,494	15,939	555
Total Central	16,494	15,939	555
Total Support Services	\$70,331	\$62,147	\$8,184

(Continued)

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, 1999
 (Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Total Expenditures	\$100,070	\$88,001	\$12,069
Excess of Revenues Over Expenditures	10,151	7,803	(2,348)
<u>Other Financing Sources (Uses):</u>			
Advances In	0	10,000	10,000
Advances Out	(14,102)	(14,102)	0
Total Other Financing Sources (Uses)	(14,102)	(4,102)	10,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,951)	3,701	7,652
Fund Balance at Beginning of Year	40	40	0
Prior Year Encumbrances Appropriated	3,911	3,911	0
Fund Balance at End of Year	\$0	\$7,652	\$7,652

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$161,168	\$161,168	\$0
Tuition and Fees	0	17,765	17,765
Total Revenues	161,168	178,933	17,765
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
<u>Regular:</u>			
Salaries and Wages	64,489	55,698	8,791
Fringe Benefits	17,002	14,985	2,017
Purchased Services	12,000	2,012	9,988
Materials and Supplies	19,172	5,294	13,878
Capital Outlay - New	5,242	5,231	11
Total Regular	117,905	83,220	34,685
<u>Support Services:</u>			
<u>Pupils:</u>			
Salaries and Wages	4,138	3,442	696
Fringe Benefits	1,436	1,272	164
Purchased Services	4,176	4,176	0
Materials and Supplies	4,811	4,791	20
Total Pupils	14,561	13,681	880
<u>Instructional Staff:</u>			
Salaries and Wages	28,782	24,680	4,102
Fringe Benefits	13,495	12,211	1,284
Purchased Services	951	951	0
Total Instructional Staff	43,228	37,842	5,386
<u>Administration:</u>			
Salaries and Wages	11,248	9,624	1,624
Fringe Benefits	4,782	4,318	464
Materials and Supplies	1,110	1,110	0
Capital Outlay - New	508	508	0
Total Administration	\$17,648	\$15,560	\$2,088

(Continued)

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, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operation and Maintenance of Plant:			
Purchased Services	\$4,894	\$4,863	\$31
Total Operation and Maintenance of Plant	4,894	4,863	31
Pupil Transportation:			
Purchased Services	22,249	22,249	0
Total Pupil Transportation	22,249	22,249	0
Central:			
Purchased Services	1,329	1,329	0
Materials and Supplies	158	158	0
Total Central	1,487	1,487	0
Total Support Services	104,067	95,682	8,385
Total Expenditures	221,972	178,902	43,070
Excess of Revenues Over (Under) Expenditures	(60,804)	31	60,835
Fund Balance at Beginning of Year	59,304	59,304	0
Prior Year Encumbrances Appropriated	1,500	1,500	0
Fund Balance at End of Year	\$0	\$60,835	\$60,835

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Preschool Handicapped Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$15,717	\$15,717	\$0
Expenditures:			
Current:			
Support Services:			
Pupils			
Salaries and Wages	10,749	7,906	2,843
Fringe Benefits	198	198	0
Purchased Services	3,000	0	3,000
Other	2,646	2,646	0
Total Pupils	16,593	10,750	5,843
Instructional Staff:			
Salaries and Wages	2,667	2,386	281
Fringe Benefits	111	111	0
Total Instructional Staff	2,778	2,497	281
Fiscal:			
Other	742	0	742
Total Fiscal	742	0	742
Total Support Services	20,113	13,247	6,866
Total Expenditures	20,113	13,247	6,866
Excess of Revenues Over (Under) Expenditures	(4,396)	2,470	6,866
Fund Balance at Beginning of Year	2,752	2,752	0
Prior Year Encumbrances Appropriated	1,644	1,644	0
Fund Balance at End of Year	\$0	\$6,866	\$6,866

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Library Automation Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Current:			
Support Services:			
Instructional Staff:			
Capital Outlay - New	476	469	7
Total Instructional Staff	476	469	7
Total Expenditures	476	469	7
Excess of Revenues Under Expenditures	(476)	(469)	7
Fund Balance at Beginning of Year	476	476	0
Fund Balance at End of Year	\$0	\$7	\$7

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
North Partnership 2000 Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Total Revenues	\$0	\$0	\$0
Expenditures:			
Current:			
Support Services:			
Instructional Staff:			
Materials and Supplies	400	400	0
Total Instructional Staff	400	400	0
Total Expenditures	400	400	0
Excess of Revenues Under Expenditures	(400)	(400)	0
Fund Balance at Beginning of Year	400	400	0
Fund Balance at End of Year	\$0	\$0	\$0

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Goals 2000 Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	543	543	0
Fringe Benefits	76	76	0
Purchased Services	6,154	6,154	0
Other	6,727	6,727	0
Total Regular	13,500	13,500	0
Total Expenditures	13,500	13,500	0
Excess of Revenues Under Expenditures	(13,500)	(13,500)	0
Fund Balance at Beginning of Year	12,075	12,075	0
Prior Year Encumbrances Appropriated	1,425	1,425	0
Fund Balance at End of Year	\$0	\$0	\$0

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Since there is only one Debt Service Fund and the level of budgetary control is not greater than that presented in the Combined Financial Statements, no additional statements are presented here.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The following are descriptions of each Capital Projects Fund:

Permanent Improvement

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

Replacement

To account for monies used in the rebuilding, restoration, or improvement of property which has been totally or partially destroyed due to any cause.

Computer Network

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

Textbooks and Instructional Materials

To account for State revenues awarded the School District to provide assistance in purchasing textbooks, instructional software, and other instructional materials.

Lancaster City School District, Ohio
Combining Balance Sheet
All Capital Projects Funds
June 30, 1999

	Permanent Improvement	Computer Network	Textbooks and Instructional Materials	Totals
Assets:				
Cash and Cash Equivalents	\$30,244	\$52,621	\$55,556	\$138,421
Total Assets	\$30,244	\$52,621	\$55,556	\$138,421
Liabilities:				
Accounts Payable	\$3,375	\$666	\$987	\$5,028
Total Liabilities	3,375	666	987	5,028
Fund Equity:				
Fund Balances:				
Reserved for Encumbrances	1,316	17,416	7,759	26,491
Unreserved: Undesignated	25,553	34,539	46,810	106,902
Total Fund Equity	26,869	51,955	54,569	133,393
Total Liabilities and Fund Equity	\$30,244	\$52,621	\$55,556	\$138,421

Lancaster City School District, Ohio
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Capital Projects Funds
For the Fiscal Year Ended June 30, 1999

	Permanent Improvement	Replacement	Computer Network	Textbooks and Instructional Materials	Totals
Revenues:					
Intergovernmental	\$0	\$0	\$203,077	\$90,843	\$293,920
Interest	0	711	0	0	711
Gifts and Donations	3,365	0	0	0	3,365
Total Revenues	3,365	711	203,077	90,843	297,996
Expenditures:					
Current:					
Instruction:					
Regular	0	0	55,304	0	55,304
Support Services:					
Instructional Staff	0	0	4,690	0	4,690
Fiscal	0	23,185	0	0	23,185
Operation and Maintenance					
of Plant	0	0	6,064	0	6,064
Capital Outlay	7,076	24,278	149,302	100,620	281,276
Total Expenditures	7,076	47,463	215,360	100,620	370,519
Excess of Revenues Under Expenditures	(3,711)	(46,752)	(12,283)	(9,777)	(72,523)
Fund Balances at Beginning of Year	11,831	65,501	64,238	64,346	205,916
Residual Equity Transfer In	18,749	0	0	0	18,749
Residual Equity Transfer Out	0	(18,749)	0	0	(18,749)
Fund Balances at End of Year	\$26,869	\$0	\$51,955	\$54,569	\$133,393

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, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Gifts and Donations	\$10,000	\$3,365	(\$6,635)
Expenditures:			
Current:			
Extracurricular Activities:			
Sports Oriented Activities:			
Capital Outlay - New	10,000	1,280	8,720
Total Sports Oriented Activities	10,000	1,280	8,720
Capital Outlay:			
Building Acquisition and Construction Services:			
Capital Outlay - New	8,593	7,112	1,481
Total Building Acquisition and Construction Services	8,593	7,112	1,481
Total Expenditures	18,593	8,392	10,201
Excess of Revenues Under Expenditures	(8,593)	(5,027)	3,566
Other Financing Sources:			
Operating Transfer In	18,749	18,749	0
Excess of Revenues and Other Financing Sources Over Expenditures	10,156	13,722	3,566
Fund Balance at Beginning of Year	11,831	11,831	0
Fund Balance at End of Year	\$21,987	\$25,553	\$3,566

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Replacement Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$711	\$711	\$0
Compensation for Fire Loss	95,316	95,316	0
Total Revenues	96,027	96,027	0
Expenditures:			
Current:			
Support Services:			
Fiscal:			
Purchased Services	23,185	23,185	0
Total Fiscal	23,185	23,185	0
Total Support Services	23,185	23,185	0
Capital Outlay:			
Building Acquisition and Construction Services:			
Capital Outlay - Replacement	23,832	23,832	0
Total Building Acquisition and Construction Services:	23,832	23,832	0
Other Facilities Acquisition and Construction Services:			
Other	4,586	1,976	2,610
Total Other Facilities Acquisition and Construction Services	4,586	1,976	2,610
Total Capital Outlay	28,418	25,808	2,610
Total Expenditures	51,603	48,993	2,610
Excess of Revenues Over Expenditures	\$44,424	\$47,034	\$2,610

(Continued)

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Replacement Fund
 For the Fiscal Year Ended June 30, 1999
 (Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Other Financing Uses:</u>			
Advances Out	(\$58,000)	(\$58,000)	\$0
Operating Transfer Out	(18,749)	(18,749)	0
Total Other Financing Uses	(76,749)	(76,749)	0
Excess of Revenues Under Expenditures and Other Financing Uses	(32,325)	(29,715)	2,610
Fund Balance at Beginning of Year	2,597	2,597	0
Prior Year Encumbrances Appropriated	27,118	27,118	0
Fund Deficit at End of Year	<u>(\$2,610)</u>	<u>\$0</u>	<u>\$2,610</u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Computer Network Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$203,077	\$365,370	\$162,293
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	61,814	61,598	216
Capital Outlay - New	151,326	311,839	(160,513)
Total Regular	213,140	373,437	(160,297)
Support Services:			
Instructional Staff:			
Salaries and Wages	16,385	9,195	7,190
Purchased Services	9,106	149	8,957
Materials and Supplies	4,538	4,206	332
Capital Outlay - New	3,819	3,813	6
Total Instructional Staff	33,848	17,363	16,485
Operation and Maintenance of Plant:			
Purchased Services	20,000	10,000	10,000
Materials and Supplies	12,121	6,064	6,057
Total Operation and Maintenance of Plant	32,121	16,064	16,057
Total Support Services	65,969	33,427	32,542
Total Expenditures	279,109	406,864	(127,755)
Excess of Revenues Under Expenditures	(76,032)	(41,494)	34,538
Fund Balance at Beginning of Year	61,783	61,783	0
Prior Year Encumbrances Appropriated	14,249	14,249	0
Fund Balance at End of Year	\$0	\$34,538	\$34,538

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Textbooks and Instructional Materials Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$90,843	\$90,843	\$0
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	131,042	103,577	27,465
Capital Outlay - New	34,114	14,767	19,347
Total Regular	165,156	118,344	46,812
Total Expenditures	165,156	118,344	46,812
Excess of Revenues Under Expenditures	(74,313)	(27,501)	46,812
Fund Balance at Beginning of Year	35,651	35,651	0
Prior Year Encumbrances Appropriated	38,662	38,662	0
Fund Balance at End of Year	\$0	\$46,812	\$46,812

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the board of education is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the board of education has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes. The following are descriptions of each Enterprise Fund:

Food Service

To account for all revenues and expenses related to the provision of food service for the School District.

Uniform School Supplies

To account for the purchase by students of necessary supplies, materials or other school related items in addition to those items provided for general instruction.

Lancaster City School District, Ohio
Combining Balance Sheet
All Enterprise Funds
June 30, 1999

	Food Service	Uniform School Supplies	Totals
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$145,553	\$60,218	\$205,771
Accounts Receivable	203	256	459
Intergovernmental Receivable	87,213	0	87,213
Materials and Supplies Inventory	8,913	0	8,913
Inventory Held for Resale	77,298	3,825	81,123
Prepaid Items	12,303	0	12,303
Total Current Assets	331,483	64,299	395,782
Furniture and Equipment	576,116	0	576,116
Less: Accumulated Depreciation	(543,594)	0	(543,594)
Total Furniture and Equipment	32,522	0	32,522
Total Assets	\$364,005	\$64,299	\$428,304
Liabilities:			
Current Liabilities:			
Accrued Salaries and Benefits Payable	\$107,474	\$0	\$107,474
Intergovernmental Payable	81,923	0	81,923
Deferred Revenue	58,449	0	58,449
Compensated Absences Payable	7,510	0	7,510
Total Current Liabilities	255,356	0	255,356
Long-Term Liabilities:			
Compensated Absences Payable (Net of Current Portion)	61,340	0	61,340
Total Long-Term Liabilities	61,340	0	61,340
Total Liabilities	316,696	0	316,696
Fund Equity:			
Retained Earnings:			
Unreserved	47,309	64,299	111,608
Total Liabilities and Fund Equity	\$364,005	\$64,299	\$428,304

Lancaster City School District, Ohio
 Combining Statement of Revenues,
 Expenses, and Changes in Retained Earnings
 All Enterprise Funds
 For the Fiscal Year Ended June 30, 1999

	Food Service	Uniform School Supplies	Total
Revenues:			
Sales	\$822,159	\$57,794	\$879,953
Expenses:			
Salaries	633,931	0	633,931
Fringe Benefits	244,786	0	244,786
Purchased Services	1,398	0	1,398
Materials and Supplies	55,227	0	55,227
Cost of Sales	531,201	62,841	594,042
Other	3,120	0	3,120
Depreciation	7,241	0	7,241
Total Expenses	1,476,904	62,841	1,539,745
Operating Loss	(654,745)	(5,047)	(659,792)
Non-Operating Revenues:			
Federal Donated Commodities	89,119	0	89,119
Operating Grants	526,814	0	526,814
Interest Income	2,328	0	2,328
Other Non-Operating Revenues	2,199	0	2,199
Total Non-Operating Revenues	620,460	0	620,460
Net Loss	(34,285)	(5,047)	(39,332)
Retained Earnings at End of Year	81,594	69,346	150,940
Retained Earnings at End of Year	\$47,309	\$64,299	\$111,608

Lancaster City School District, Ohio
Schedule of Revenues, Expenses, and Changes
in Fund Equity - Budget and Actual (Budget Basis)
Food Service Fund
For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$951,000	\$824,454	(\$126,546)
Interest	0	2,328	2,328
Operating Grants	495,000	505,704	10,704
Other	4,000	2,199	(1,801)
Total Revenues	1,450,000	1,334,685	(115,315)
Expenses:			
Salaries:			
Food Service Operations	800,000	635,265	164,735
Total Salaries	800,000	635,265	164,735
Fringe Benefits:			
Food Service Operations	306,827	249,742	57,085
Total Fringe Benefits	306,827	249,742	57,085
Purchased Services:			
Operation and Maintenance of Plant	7,880	0	7,880
Food Service Operations	2,012	1,398	614
Total Purchased Services	9,892	1,398	8,494
Materials and Supplies:			
Food Service Operations	520,266	495,931	24,335
Total Materials and Supplies	520,266	495,931	24,335
Capital Outlay - New:			
Food Service Operations	1,000	580	420
Total Capital Outlay - New	1,000	580	420
Capital Outlay - Replacement:			
Food Service Operations	21,000	16,873	4,127
Total Capital Outlay - Replacement	\$21,000	\$16,873	\$4,127

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenses, and Changes
in Fund Equity - Budget and Actual (Budget Basis)
Food Service Fund
For the Fiscal Year Ended June 30, 1999
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Other:			
Food Service Operations	\$3,120	\$3,120	\$0
Total Other	3,120	3,120	0
Total Expenses	1,662,105	1,402,909	259,196
Excess of Revenues Under Expenses	(212,105)	(68,224)	143,881
Fund Equity at Beginning of Year	211,827	211,827	0
Prior Year Encumbrances Appropriated	278	278	0
Fund Equity at End of Year	<u>\$0</u>	<u>\$143,881</u>	<u>\$143,881</u>

Lancaster City School District, Ohio
 Schedule of Revenues, Expenses, and Changes
 in Fund Equity - Budget and Actual (Budget Basis)
 Uniform School Supplies Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$86,354	\$57,538	(\$28,816)
Expenses:			
Materials and Supplies:			
Regular Instruction	52,048	36,115	15,933
Vocational Instruction	35,000	26,758	8,242
Total Materials and Supplies	87,048	62,873	24,175
Total Expenses	87,048	62,873	24,175
Excess of Revenues Under Expenses	(694)	(5,335)	(4,641)
Fund Equity at Beginning of Year	63,994	63,994	0
Prior Year Encumbrances Appropriated	694	694	0
Fund Equity at End of Year	\$63,994	\$59,353	(\$4,641)

Lancaster City School District, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Fiscal Year Ended June 30, 1999

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Totals</u>
Increase (Decrease) in <u>Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$824,454	\$57,538	\$881,992
Cash Payments for Employee Services and Benefits	(885,007)	0	(885,007)
Cash Payments for Goods and Services	(498,320)	(62,007)	(560,327)
Other Non-Operating Revenues	2,199	0	2,199
Other Operating Expenses	(3,120)	0	(3,120)
 Net Cash Used for Operating Activities	 (559,794)	 (4,469)	 (564,263)
 <u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	(14,790)	0	(14,790)
 <u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	505,704	0	505,704
 <u>Cash Flows from Investing Activities:</u>			
Interest	2,328	0	2,328
 Net Decrease in Cash and Cash Equivalents	 (66,552)	 (4,469)	 (71,021)
 Cash and Cash Equivalents at Beginning of Year	 212,105	 64,687	 276,792
 Cash and Cash Equivalents at End of Year	 \$145,553	 \$60,218	 \$205,771

(Continued)

Lancaster City School District, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Fiscal Year Ended June 30, 1999
(Continued)

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Totals</u>
Reconciliation of Operating Loss to Net Cash Used <u>for Operating Activities:</u>			
Operating Loss	(\$654,745)	(\$5,047)	(\$659,792)
Adjustments to Reconcile Operating Loss to Net Cash <u>Used for Operating Activities:</u>			
Other Non-Operating Revenues	2,199	0	2,199
Donated Commodities Used During the Year	89,119	0	89,119
Depreciation Expense	7,241	0	7,241
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	1,011	(256)	755
Decrease in Due From Other Funds	1,284	0	1,284
Increase in Materials and Supplies Inventory	(730)	0	(730)
Decrease in Inventory Held for Resale	1,245	834	2,079
Increase in Prepaids	(2,157)	0	(2,157)
Decrease in Accounts Payable	(128)	0	(128)
Increase in Accrued Salaries and Benefits Payable	1,626	0	1,626
Increase in Compensated Absences Payable	5,650	0	5,650
Decrease in Intergovernmental Payable	(11,409)	0	(11,409)
Net Cash Used for Operating Activities	<u>(\$559,794)</u>	<u>(\$4,469)</u>	<u>(\$564,263)</u>

INTERNAL SERVICE FUND

The Internal Service Fund accounts for the financing of services provided by one department or agency to another department or agency of the School District on a cost-reimbursement basis. The *Employee Benefits Self-Insurance Fund* accounts for monies received from other funds as payment for providing health and dental insurance. The Employee Benefits Self-Insurance Fund reimburses employees who have paid providers, and makes payments for claims and administration.

Since there is only one Internal Service Fund and the level of budgetary control is not greater than that presented in the Combined Financial Statements, no additional statements are presented here.

FIDUCIARY FUNDS

Fiduciary 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.

Expendable Trust Fund

Scholarship Memorial

To account for monies held by the School District in a trustee capacity for individuals, private organizations and/or other funds which are designated for specific purposes.

Non-Expendable Trust Fund

Endowment

To account for monies which have been set aside by individuals for specific purposes in a trust capacity.

Agency Funds

Student Managed Activity

To account for those student activity programs which have student participation in the activity and have student involvement in the management of the program.

Deferred Compensation

To account for funds collected from employees who choose to have a portion of their earnings deferred to a future time under a plan agreement.

Employees Section 125 Payroll Plan

To account for monies received from Employee Benefits Section 125 Payroll Plans which allows for pre-taxed benefits for premium deductions and other set-asides for insurance purposes.

Payroll

To account for the accumulation of monies used to pay employee salaries.

Lancaster City School District, Ohio

Combining Balance Sheet
All Trust and Agency Funds
June 30, 1999

	Expendable Trust Scholarship Memorial	Non- Expendable Trust Endowment	All Agency Funds	Totals
Assets:				
Cash and Cash Equivalents	\$21,885	\$38,390	\$81,178	\$141,453
Accounts Receivable	0	0	277	277
Total Assets	\$21,885	\$38,390	\$81,455	\$141,730
Liabilities:				
Accounts Payable	\$0	\$0	\$581	\$581
Interfund Payable	0	0	96	96
Due to Other Funds	0	0	2,100	2,100
Due to Others	0	0	9,211	9,211
Due to Students	0	0	69,467	69,467
Total Liabilities	0	0	81,455	81,455
Fund Equity:				
Fund Balance:				
Reserved for Endowment	0	37,345	0	37,345
Unreserved: Undesignated	21,885	1,045	0	22,930
Total Fund Equity	21,885	38,390	0	60,275
Total Liabilities and Fund Equity	\$21,885	\$38,390	\$81,455	\$141,730

Lancaster City School District, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 1999

	Balance 7/1/98	Additions	Reductions	Balance 6/30/99
Student Managed Activity				
<u>Assets:</u>				
Cash and Cash Equivalents	\$61,764	\$130,733	\$120,530	\$71,967
Accounts Receivable	134	277	134	277
Total Assets	\$61,898	\$131,010	\$120,664	\$72,244
<u>Liabilities:</u>				
Accounts Payable	\$4,125	\$581	\$4,125	\$581
Intergovernmental Payable	450	0	450	0
Interfund Payable	124	96	124	96
Due to Other Funds	0	2,100	0	2,100
Due to Students	57,199	128,233	115,965	69,467
Total Liabilities	\$61,898	\$131,010	\$120,664	\$72,244
<u>Deferred Compensation</u>				
<u>Assets:</u>				
Funds on Deposit with Deferred Compensation Board	\$113,063	\$942	\$114,005	\$0
Total Assets	\$113,063	\$942	\$114,005	\$0
<u>Liabilities:</u>				
Deferred Compensation Payable	\$113,063	\$942	\$114,005	\$0
Total Liabilities	\$113,063	\$942	\$114,005	\$0
<u>Employees Section</u>				
<u>125 Payroll Plan</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$0	\$23,327	\$14,116	\$9,211
Total Assets	\$0	\$23,327	\$14,116	\$9,211
<u>Liabilities:</u>				
Due to Others	\$0	\$23,327	\$14,116	\$9,211
Total Liabilities	\$0	\$23,327	\$14,116	\$9,211

(Continued)

Lancaster City School District, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 1999
(Continued)

	Balance 7/1/98	Additions	Reductions	Balance 6/30/99
Payroll				
Assets:				
Cash and Cash Equivalents	\$138	\$25,570,292	\$25,570,430	\$0
Total Assets	\$138	\$25,570,292	\$25,570,430	\$0
Liabilities:				
Due to Others	\$138	\$25,570,292	\$25,570,430	\$0
Total Liabilities	\$138	\$25,570,292	\$25,570,430	\$0
 Total - All Agency Funds				
Assets:				
Cash and Cash Equivalents	\$61,902	\$25,724,352	\$25,705,076	\$81,178
Accounts Receivable	134	277	134	277
Funds on Deposit with Deferred Compensation Board	113,063	942	114,005	0
Total Assets	\$175,099	\$25,725,571	\$25,819,215	\$81,455
Liabilities:				
Accounts Payable	\$4,125	\$581	\$4,125	\$581
Intergovernmental Payable	450	0	450	0
Interfund Payable	124	96	124	96
Due to Other Funds	0	2,100	0	2,100
Due to Others	138	25,593,619	25,584,546	9,211
Due to Students	57,199	128,233	115,965	69,467
Deferred Compensation Payable	113,063	942	114,005	0
Total Liabilities	\$175,099	\$25,725,571	\$25,819,215	\$81,455

GENERAL FIXED ASSETS ACCOUNT GROUP

This account group is used to account for all land, buildings, furniture and equipment, vehicles and textbooks and library books not used in the operations of the Proprietary Funds. The majority of the School District's assets are reflected in the General Fixed Assets Account Group.

Lancaster City School District, Ohio
 Schedule of Changes in General Fixed Assets
 by Function
 For the Fiscal Year Ended June 30, 1999

	General Fixed Assets 7/1/98	Additions	Deductions	General Fixed Assets 6/30/99
Instruction	\$21,973,931	\$1,028,828	\$351,429	\$22,651,330
Support Services:				
Pupils	101,004	0	0	101,004
Instructional Staff	2,515,172	106,291	0	2,621,463
Administration	1,686,490	28,280	0	1,714,770
Operation and Maintenance of Plant	3,044,262	220,946	67,455	3,197,753
Pupil Transportation	1,647,332	209,578	254,759	1,602,151
Central	93,474	0	0	93,474
Capital Outlay:				
Building Acquisition & Construction	1,095,690	0	0	1,095,690
Total General Fixed Assets	\$32,157,355	\$1,593,923	\$673,643	\$33,077,635

Lancaster City School District, Ohio
 Schedule of General Fixed Assets by Function
 June 30, 1999

	Total	Land	Buildings	Furniture and Equipment	Vehicles	Textbooks and Library Books	Construction in Progress
Instruction	\$22,651,330	\$506,019	\$10,203,983	\$9,609,569	\$0	\$2,224,085	\$107,674
Support Services:							
Pupils	101,004	0	60,000	39,033	1,971	0	0
Instructional Staff	2,621,463	0	118,000	216,373	0	2,287,090	0
Administration	1,714,770	42,320	164,400	1,508,050	0	0	0
Operation of Maintenance of Plant	3,197,753	147,780	2,192,971	798,627	58,375	0	0
Pupil Transportation	1,602,151	34,211	49,200	48,503	1,470,237	0	0
Central	93,474	0	0	93,474	0	0	0
Capital Outlay:							
Building Acquisition & Construction	1,095,690	0	1,095,690	0	0	0	0
Total General Fixed Assets	\$33,077,635	\$730,330	\$13,884,244	\$12,313,629	\$1,530,583	\$4,511,175	\$107,674

Lancaster City School District, Ohio
Schedule of General Fixed Assets by Source
June 30, 1999

General Fixed Assets:	
Land	\$730,330
Buildings	13,884,244
Furniture and Equipment	12,313,629
Vehicles	1,530,583
Textbooks and Library Books	4,511,175
Construction in Progress	<u>107,674</u>
Total	<u>\$33,077,635</u>

Investments in General Fixed Assets from:

General Fund	\$9,205,862
Special Revenue Funds	781,255
Capital Projects Funds	1,800,431
Expendable Trust Fund	2,070
Donations	247,893
Acquisitions Prior to July 1, 1990	<u>21,040,124</u>
Total	<u>\$33,077,635</u>

Statistical

Section



LANCASTER CITY SCHOOLS

TABLE 1

Lancaster City School District, Ohio
General Fund Expenditures by Function
Last Ten Fiscal Years (1)

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Current:										
Instruction:										
Regular	\$15,598,933	\$14,341,958	\$13,360,808	\$15,170,934	\$14,913,783	\$14,128,759	\$13,627,979	\$13,065,406	\$11,977,576	\$11,351,428
Special	3,544,519	3,191,336	3,050,528	3,074,511	2,871,651	2,658,398	2,494,376	2,248,898	1,892,522	1,556,425
Vocational	2,267,254	2,147,313	2,067,348	2,089,360	2,115,463	1,963,243	1,840,374	1,737,125	1,706,113	1,460,590
Adult/Continuing	55,469	58,899	51,409	41,587	41,317	31,468	28,461	28,096	0	72,419
Other	263,732	152,632	124,455	143,685	93,622	115,846	125,807	108,788	67,662	0
Support Services:										
Pupil	1,794,659	1,462,295	1,453,073	1,456,155	1,430,948	1,288,926	1,198,308	1,180,686	1,088,300	1,005,895
Instructional Staff	2,221,071	1,569,884	1,509,075	1,600,755	1,659,275	1,827,514	1,650,227	1,522,011	1,395,987	1,285,570
Board of Education	38,986	36,180	30,943	47,498	60,821	49,412	49,384	40,910	36,887	28,283
Administration	2,938,618	2,766,342	2,651,472	3,085,059	2,918,580	2,573,741	2,353,919	2,221,468	2,110,372	2,017,648
Fiscal	868,931	848,768	705,532	758,055	743,373	731,796	692,176	647,566	541,850	509,729
Business	343,396	363,777	298,072	284,098	299,988	166,544	194,686	161,644	130,781	121,446
Operation & Maintenance										
of Plant	3,186,972	3,054,801	2,963,566	3,137,718	3,290,558	3,548,311	3,057,046	2,998,830	2,613,752	2,380,542
Pupil Transportation	1,357,535	1,314,338	1,014,336	947,826	1,198,153	1,051,646	949,361	898,692	912,781	702,796
Central	237,661	262,999	92,722	96,679	259,165	188,556	187,610	128,244	113,613	103,549
Non-Instructional Services	0	0	0	0	0	0	0	0	1,824	0
Extracurricular Activities	410,362	360,083	96,475	366,580	399,985	342,915	299,809	265,812	209,950	206,132
Refund of Taxes	97,398	97,399	57,856	0	0	0	0	0	0	0
Capital Outlay	798,387	0	0	12,879	365,794	354,498	651,772	565,194	161,381	0
Intergovernmental	0	0	0	278	0	20	0	1,830	57	0
Debt Service	104,385	93,823	1,472,437	0	0	0	0	0	3,641	0
Miscellaneous	0	0	0	0	0	0	0	0	0	4,054
Total	\$36,128,268	\$32,122,827	\$31,000,107	\$32,313,657	\$32,660,476	\$31,021,593	\$29,401,295	\$27,821,200	\$24,965,049	\$22,806,506

Source: School District Financial Records

(1) 1991 through 1999 are reported on GAAP Basis; all other on Cash Basis

TABLE 3

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

Year	Current Tax Levy	Current Tax Collections	Percent Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections to Current Tax Levies	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Current Tax Levy
1998	\$15,468,012	\$14,993,066	96.9%	\$275,746	\$15,268,812	98.7%	\$661,207	4.3%
1997	11,749,971	11,106,187	94.5%	261,706	11,367,893	96.7%	508,011	4.3%
1996	11,843,909	11,540,805	97.4%	235,696	11,776,501	99.4%	432,252	3.6%
1995	11,146,743	10,789,029	96.8%	278,112	11,067,141	99.3%	411,815	3.7%
1994	11,036,660	10,799,381	97.9%	292,317	11,091,698	100.5%	412,045	3.7%
1993	11,006,072	10,591,323	96.2%	418,810	11,010,133	100.0%	562,673	5.1%
1992	10,794,553	10,473,145	97.0%	344,741	10,817,886	100.2%	493,324	4.6%
1991	10,591,722	10,227,263	96.6%	204,899	10,432,162	98.5%	482,244	4.6%
1990	11,869,101	11,340,939	95.6%	195,964	11,536,903	97.2%	586,512	4.9%
1989	10,625,685	10,346,450	97.4%	168,255	10,514,705	99.0%	410,486	3.9%

Source: Fairfield County Auditor

(1) Presented on calendar year basis because that is the manner that information is maintained by the County Auditor.

(2) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and deletions which are brought on in one lump sum.

TABLE 4

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

Year	Agricultural, Residential, Commercial and Industrial Real Estate		Public Utility Real and Personal		Tangible Personal		Total		Ratio
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	
1989	\$552,019,860	\$1,577,199,600	\$30,298,140	\$34,429,700	\$100,399,698	\$401,598,700	\$682,717,698	\$2,013,228,000	34%
1988	489,202,190	1,397,720,542	30,177,900	34,298,068	101,329,802	405,319,208	620,709,892	1,837,332,818	34%
1987	478,148,440	1,331,138,400	30,794,250	35,048,101	95,374,490	381,497,960	604,317,180	1,752,684,501	34%
1986	467,615,310	1,336,043,700	31,464,720	35,880,500	85,449,242	341,796,900	584,529,272	1,713,721,100	34%
1985	358,421,040	1,024,060,114	32,161,080	36,671,800	83,869,025	335,476,100	474,451,145	1,396,208,014	34%
1984	355,615,480	1,016,615,657	31,396,410	35,842,589	82,028,471	328,113,884	469,240,361	1,380,572,130	34%
1983	351,448,260	1,003,880,142	31,268,490	35,687,606	80,087,148	320,348,592	462,803,898	1,359,916,340	34%
1982	339,088,070	965,965,914	31,421,390	35,862,116	78,658,768	302,533,723	448,168,228	1,304,361,753	34%
1981	334,739,890	966,399,890	29,210,780	33,339,084	80,343,718	286,941,850	444,294,388	1,276,680,624	35%
1980	327,005,740	934,302,110	25,575,780	29,190,357	68,398,984	235,858,566	420,980,504	1,199,351,033	35%

Source: Fairfield County Auditor

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

Real Estate is assessed at 35 percent of actual value.

Public Utility real is assessed at 35 percent of actual value.

Public Utility personal is assessed at 88 percent of actual value.

Tangible personal is assessed at 25 percent of actual value since 1984.

TABLE 5

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

Year	Lancaster City School District		Total School	Berne Twp Levy (1)	Greenfield Twp Levy (1)	Hocking Twp Levy (1)	Pleasant Twp Levy (1)	Lancaster City Levy	Fairfield County Levy	Total Levy (2)
	General Operation	Bonded/Indebtedness								
1999	\$64.60	(3)	\$64.60	\$7.70	\$8.20	\$4.20	\$6.60	\$3.40	\$7.05	\$75.05
1998	64.60	0.00	64.60	7.70	8.20	4.20	6.60	3.40	7.05	75.05
1997	56.70	0.00	56.70	7.70	8.20	4.20	6.60	3.40	7.05	67.15
1996	56.70	0.00	56.70	7.70	8.20	4.20	5.10	3.40	7.05	67.15
1995	56.70	0.00	56.70	7.70	8.20	4.20	5.10	3.40	7.05	67.15
1994	56.70	0.00	56.70	7.70	6.20	4.20	4.60	3.40	8.55	68.65
1993	56.70	0.00	56.70	7.70	6.20	4.20	4.60	3.40	8.55	68.65
1992	56.70	0.00	56.70	7.70	6.20	4.20	4.60	3.40	8.55	68.65
1991	56.70	0.00	56.70	7.70	6.20	4.20	4.60	3.40	8.55	68.65
1990	46.70	0.00	46.70	6.20	6.20	4.20	4.60	3.40	8.55	58.65

Source: Fairfield County Auditor

(1) Included in the Lancaster City School District attendance areas are portions of Berne, Greenfield, Hocking, and Pleasant Townships.

(2) Based on the School District, City, and County Levies. Those living in the portions of the townships included in the city school district would have a total rate slightly different.

(3) Due to specific Ohio Legislation, the "effective" rate of tax for the School District is 27.803 mills for agricultural/residential property and 32.871 mills for industrial/commercial property for 1999.

TABLE 6

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

<u>Year</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value (2)</u>	<u>Population (3)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
1999	\$0	\$682,717,698	38,254	N/A	\$0.00
1998	0	620,709,892	38,254	N/A	0.00
1997	0	604,317,180	36,900	N/A	0.00
1996	0	584,529,272	36,900	N/A	0.00
1995	0	474,451,145	36,900	N/A	0.00
1994	0	469,240,361	35,570	N/A	0.00
1993	0	462,803,898	35,570	N/A	0.00
1992	0	448,168,228	35,015	N/A	0.00
1991	0	444,294,388	34,710	N/A	0.00
1990	0	420,980,504	34,507	N/A	0.00

(1) Includes all general obligation bonded debt.

(2) Source: Fairfield County Auditor

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

TABLE 7

Lancaster City School District, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 1998

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
School District	\$0	N/A	\$0
City of Lancaster	1,793,414	100.00%	1,793,414
Fairfield County	2,605,000	28.94%	753,887

Source: Fairfield County Auditor

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

TABLE 8

Lancaster City School District, Ohio
Computation of Legal Debt Margin (1)
 June 30, 1999

Assessed Value	<u>\$682,717,698</u>
Debt Limit - 9% of Assessed Value	61,444,593
Amount of Debt Applicable to Debt Limit: Net Bonded Debt (2)	<u>0</u>
Overall Debt Margin	<u>\$61,444,593</u>
Bonded Debt Limit - .10% of Assessed Value	\$682,718
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u>\$682,718</u>
Additional Limit for Unvoted Energy Conservation Long-Term Notes:	
Debt Limit - .9% of Assessed Value	\$6,144,459
Energy Conservation Long-Term Notes	<u>1,585,000</u>
Additional Unvoted Debt Margin	<u>\$4,559,459</u>

Source: Fairfield County Auditor and School District Financial Records.

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

TABLE 9

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures (1)</u>	<u>Ratio of Debt Service to General Fund Expenditures (Percentage)</u>
1999	\$0	\$0	\$0	\$36,128,268	N/A
1998	0	0	0	32,122,827	N/A
1997	0	0	0	31,000,107	N/A
1996	0	0	0	32,313,657	N/A
1995	0	0	0	32,660,476	N/A
1994	0	0	0	31,021,593	N/A
1993	0	0	0	29,401,295	N/A
1992	0	0	0	27,821,200	N/A
1991	0	0	0	24,965,049	N/A
1990	0	0	0	22,806,506	N/A

Source: School District Financial Records

(1) 1991 through 1999 are reported on GAAP Basis; all other on Cash Basis

TABLE 10

Lancaster City School District, Ohio
Demographic Statistics
Last Ten Years

Year	Population Lancaster City		Per Capital Income Fairfield County	Median Age Fairfield County	Unemployment Rate Fairfield County %
1998	38,254	(1)	\$27,260	35.21	3.0
1997	36,900	(1)	25,415	34.97	3.2
1996	36,900	(1)	23,709	34.71	4.1
1995	36,900	(1)	22,130	34.40	3.8
1994	35,570	(1)	20,681	34.08	5.3
1993	35,570	(1)	19,361	33.79	6.0
1992	35,015	(1)	18,149	34.35	6.6
1991	34,710	(1)	16,877	34.08	6.3
1990	34,507		15,697	32.95	6.1
1989	36,480	(1)	14,609	32.69	6.4

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

(1) Population from 1989, 1991-1998 is estimated.

TABLE 11

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

Year	Assessed Property Value (1)	Residential Construction (2)		Commercial Construction (2)		Average Monthly Bank Deposits (3) In Thousands
		Number of Units	Construction Value	Number of Units	Construction Value	
1999	\$682,717,698	176	\$23,901,412	3	\$1,290,000	N/A
1998	620,709,892	165	20,187,790	54	6,004,000	\$190,113
1997	604,317,180	117	14,114,049	47	18,869,600	172,771
1996	584,529,272	97	11,161,223	14	4,916,116	163,183
1995	474,451,145	52	4,831,339	17	16,973,867	149,434
1994	469,240,361	362	10,673,730	61	2,701,956	108,995
1993	462,803,898	18	1,554,000	20	4,430,685	114,237
1992	448,168,228	19	1,300,700	20	17,819,000	85,960
1991	444,294,388	38	1,776,529	14	6,280,486	90,208
1990	420,980,504	22	1,225,940	25	5,994,200	75,567

(1) Source: Fairfield County Auditor
Assessed Property Values shown for Lancaster City School District

(2) Source: City of Lancaster Engineering Department

(3) Figures reflect totals for Fairfield County.
Source: Department of Data Services, Federal Reserve Bank of Cleveland

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

TABLE 12

Lancaster City School District, Ohio
Principal Taxpayers
Real Estate Tax (Including Public Utility, Personal, and Real)
December 31, 1998

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value	Nature of Business
Glimcher Holdings	\$21,641,520	3.72	Property
Ohio Power Company	11,695,870	2.00	Electric
Ohio Bell Telephone	7,289,310	1.25	Telephone
Anchor Hocking Glass Corporation	5,812,170	1.00	Glass
Lancaster Phase One Group	3,048,200	0.52	Property
Ralston Foods	2,586,950	0.44	Food
Glimcher Centers LTD Partnership	2,277,180	0.39	Retail
T & R River Valley LTD Partnership	1,764,000	0.30	Retail
Babcock	1,633,160	0.28	Electronics
Dominion Homes, Inc.	1,619,060	0.28	Property

Source: Fairfield County Auditor

(1) Assessed values are for the 1999 collection year (\$582,318,000).

TABLE 13

Lancaster City School District, Ohio
Principal Taxpayers
Tangible Personal Property Tax (Excluding Public Utility)
December 31, 1998

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value	Nature of Business
Anchor Hocking Glass Corporation	\$16,250,270	16.18	Glass
McDermott, Inc.	7,118,550	7.10	Electronics
RalCorp Holdings Inc. (Ralston)	6,773,050	6.74	Foods
Cyril Scott Company	3,974,970	3.96	Paper
International Paper Company	2,998,260	2.98	Paper
Lancaster Glass Corporation	2,077,210	2.07	Glass
Anchor Hocking Packaging	2,073,260	2.07	Glass
Anchor Hocking Corporation	1,540,574	1.53	Glass
Drew Shoe Corporation	1,509,200	1.50	Shoes
Bailey Corporation (Premix)	1,443,480	1.44	Plastics

Source: Fairfield County Auditor

(1) Assessed values are for the 1999 collection year (\$100,399,698).

TABLE 14

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

<u>Year</u>	<u>General Fund Expenditures (1)</u>	<u>Average Daily Membership</u>	<u>Per Pupil Cost</u>
1999	\$36,128,268	6562	\$5,506
1998	32,122,827	6542	4,910
1997	31,000,107	6532	4,746
1996	32,313,657	6615	4,885
1995	32,660,476	6530	5,002
1994	31,021,593	6551	4,735
1993	29,401,295	6561	4,481
1992	27,821,200	6574	4,232
1991	24,965,049	6402	3,900
1990	22,806,506	6498	3,510

Source: School District Financial Records

(1) 1991 through 1999 are reported on a GAAP basis;
all other years are on a cash basis.

TABLE 15

Lancaster City School District, Ohio
Teacher Education and Experience
June 30, 1999

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	51	12.41%
Bachelor + 15	14	3.41%
Bachelor + 30 (150 hours)	138	33.58%
Master's Degree	100	24.33%
Master's + 15	28	6.81%
Master's +30	63	15.33%
Master's + 45	17	4.13%
Total	411 *	100.00%

<u>Years of Experience in District</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0-5	87	21.17%
6-10	68	16.54%
11 and over	256	62.29%
Total	411 *	100.00%

* Full-time equivalent teaching staff

Source: Lancaster City School District Personnel Records

TABLE 16

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

Year	English	Math	Reading	Science	Composite
A.C.T. - Lancaster High School (Juniors and Seniors)					
1995	20.9	21.8	22.2	21.8	21.8
1996	20.7	21.9	22.1	21.6	21.7
1997	20.9	22.0	22.1	21.7	21.8
1998	20.6	22.1	22.4	22.1	21.9
1999	20.4	21.9	21.6	21.6	21.5
A.C.T. - Ohio (Graduating Class)					
1995	20.6	20.6	21.7	21.3	21.2
1996	20.8	20.7	21.9	21.5	21.3
1997	20.6	21.0	21.8	21.4	21.3
1998	20.7	21.2	21.8	21.5	21.4
1999	20.8	21.1	21.9	21.4	21.4
A.C.T. - U.S.A. (Graduating Class)					
1995	20.2	20.2	21.3	21.0	20.8
1996	20.3	20.2	21.3	21.1	20.9
1997	20.3	20.6	21.3	21.1	21.0
1998	20.4	20.8	21.4	21.1	21.0
1999	20.5	20.7	21.4	21.0	21.0

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

(Continued)

TABLE 16
(continued)

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

	<u>Year</u>	<u>Verb Mean</u>	<u>Math Mean</u>
S.A.T. - Lancaster High School			
	1995	549	571
	1996	536	559
	1997	526	551
	1998	524	547
	1999	524	559
S.A.T. - Ohio			
	1995	536	535
	1996	536	535
	1997	535	536
	1998	536	540
	1999	534	538
S.A.T. - U.S.A.			
	1995	504	506
	1996	505	508
	1997	505	511
	1998	505	512
	1999	505	511

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

TABLE 17

Lancaster City School District, Ohio
A Return to the Community
Fiscal Year 1999

Local Tax Receipts (cash basis)

Residential/Agricultural	\$9,886,576
Commercial/Industrial	4,128,510
Public Utility	1,953,766
Tangible Personal	<u>6,130,144</u>
Total Local Tax Receipts	\$22,098,996

Local Payroll

Total Payroll Fiscal 1999	\$25,570,292
Total Staff (Including Part-time)	730
Staff Living Locally (in Fairfield County)	649
Percentage of Staff Living Locally	88.9%
Local Payroll (25,570,292 x 88.9%)	22,731,990

Locally Purchased Supplies/Services

The Lancaster City Schools Purchased
Supplies and Services from Approximately 261 Local
Individuals and Businesses during Fiscal 1999

Amount Spent Locally for Purchase of Supplies and Services	<u>1,555,757</u>
---	------------------

Total Expenditures of Funds Locally	<u>\$24,287,747</u>
-------------------------------------	---------------------

Total Expenditures of ALL Governmental Funds	<u>\$40,023,297</u>
--	---------------------

Source: School District Records

Lancaster City School District, Ohio
Fiscal 1999 Highlights

1. An after school tutoring program was successfully launched at West Elementary School where students needing assistance with their homework and remediation of basic skills meet regularly with adult volunteers to provide that assistance. Seventy adult volunteers provided their services during the past year.
2. The School District's first comprehensive safety plan was implemented for the 1998-1999 fiscal year, a culmination of a year long process of evaluating the safety of Lancaster City Schools. Community members, staff members, and administrators worked together developing the plan.
3. The Lancaster High School Percussion Ensemble performed for the National Association of Elementary School Principals Convention in March, 1999, in San Francisco, California and received excellent reviews.
4. All of the pre-school programs within the Lancaster City Schools have now received accreditation through the National Association for the Education of Young Children. (NAEYC)
5. Lancaster's Assistant Treasurer Cathy Kerns was named the National Educational Office Professional of the year, and received her national award in Wichita, Kansas, in July.
6. The Lancaster High School Golden Gales Tennis Association contributed a total of \$58,000 to the development of five new tennis courts at Lancaster High School.
7. The Lancaster City Schools worked with the architectural and engineering firm of Marr, Knapp and Crawfis Associates, Inc., specialists in school facilities planning and design, to undertake a comprehensive review of the School District's current facilities and to assess the immediate and long-term building needs of the School District.
8. Travis Cupp, Hank Leitnaker, and Brad Lifer received the highest possible award in the Future Farmers of America (FFA) known as the American FFA Degree. This is awarded to only the top three per cent of the students in the Nation.
9. Sixteen teachers who retired were recognized at a social at the end of the fiscal year. All staff who have taught for twenty years in the School District were also recognized.
10. "Core Knowledge" is being added to the curriculum as the various textbook areas are being revised. Core Knowledge is a recognized sequential curriculum addition running through grade eight.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 25, 2000**