



Dave Yost • Auditor of State

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

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**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
<i>Passed Through Ohio Department of Education:</i>			
Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 178,063	\$ 178,063
School Breakfast Program	10.553	469,532	469,532
National School Lunch Program	10.555	<u>1,424,322</u>	<u>1,424,322</u>
Total Nutrition Cluster		<u>2,071,917</u>	<u>2,071,917</u>
Total U.S. Department of Agriculture		<u>2,071,917</u>	<u>2,071,917</u>
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education_Grants to States Program	84.027	1,300,497	1,350,951
Special Education_Preschool Grants Program	84.173	<u>13,012</u>	<u>14,692</u>
Total Special Education Cluster		<u>1,313,509</u>	<u>1,365,643</u>
Title I Grants to Local Educational Agencies Program	84.010	1,934,568	1,965,447
Career and Technical Education_Basic Grants to States Program	84.048	109,757	113,381
Improving Teacher Quality State Grants Program	84.367	373,184	391,631
ARRA Race to the Top	84.395	<u>15,605</u>	<u>22,921</u>
Total U.S. Department of Education		<u>3,746,623</u>	<u>3,859,023</u>
Totals		<u>\$ 5,818,540</u>	<u>\$ 5,930,940</u>

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

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D – BWC REBATE PROGRAM

Ohio's workers' compensation system serves as an insurance program for both employers and employees alike. For those who contribute premiums, the Ohio Bureau of Workers' Compensation (BWC) covers the payment of compensation and medical costs related to industrial accidents and diseases. The BWC invested contributions over a three-year period which generated a greater than anticipated return. In September 2014, the Ohio BWC Board of Directors authorized a \$1 billion rebate for more than 187,800 public and private entities paying into Ohio's workers' compensation system. Each employer's rebate reflected 60% of what they were billed during the last policy period (2012 calendar year for public-taxing districts). Using policy year 2012 as the base year for calculation, the School District allocated its BWC rebate back to all funds, including Federal funds, providing the source of initial premium payments to BWC. The subsequent expenditure of the rebate attributable to Federal programs is reflected on the School District's Schedule of Federal Awards Receipts and Expenditures.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lancaster City School District, Fairfield County, Ohio, (the School District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 11, 2015, wherein we noted the School District adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

December 11, 2015



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Lancaster City School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Lancaster City School District's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Lancaster City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affects each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedule of Federal Awards Expenditures Required by OMB Circular A-133

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lancaster City School District (the School District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our unmodified report thereon dated December 11, 2015. Our opinion also explained that the School District adopted *Governmental Accounting Standard No. 68* and 71 during the year. We conducted our audit to opine on the School District's' basic financial statements.

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

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

Dave Yost
Auditor of State
Columbus, Ohio

December 11, 2015

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**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified.
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No.
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No.
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No.
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No.
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No.
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified.
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No.
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster: CFDA #84.027 Special Education Grants to States Program CFDA #84.173 Special Education Preschool Grants Program CFDA #84.367 Improving Teacher Quality State Grants Program
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes.

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Lancaster City School District, Ohio

“Lancaster City Schools, the Place to Be for Learning, Caring, Succeeding”



**Tallmadge Elementary School Kick-Off Celebration
October 1, 2015**

Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2015

Lancaster City School District, Ohio

Comprehensive Annual Financial Report
(CAFR)



For the Fiscal Year Ended June 30, 2015
Issued By: Treasurer's Office

Julie Taylor, Treasurer

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LANCASTER CITY SCHOOL DISTRICT, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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Introductory Section



**Lancaster
Gales**



December 11, 2015

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Lancaster City School District (School District) for the fiscal year ended June 30, 2015. This CAFR includes an opinion from the Ohio Auditor of State's Office and conforms to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School District.

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

This report will provide the taxpayers of the School District with comprehensive financial data in a format that will enable them to gain a clear understanding of the School District's finances. Copies will be made available to the Fairfield County District Library and/or can be printed from the School District's website. We are proud to be one of two school districts in Fairfield County that issues a CAFR. We intend to continue financial reporting improvements based on management experience and reader input. Comments on the report are respectfully requested.

PROFILE OF THE GOVERNMENT

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

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

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

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

The Lancaster City School District was organized in the mid 1850's and continues to operate in the picturesque and historical setting of the Lancaster area. Over the years, in order to meet the needs of a growing community, the School District has expanded many times, and particularly in the mid 1950's and 1960's. The School District educates students from preschool through grade twelve. During fiscal year 2015, the School District was comprised of a high school (serving 1,757 students in grades 9-12), a former freshman school currently used for career based intervention technology students and administration, two junior high schools (serving grades 6-8) appropriately named General Sherman Junior High and Thomas Ewing Junior High, and eight elementary schools. As of June 30, 2015, the citizens of Lancaster have an investment of \$56,466,670 net of depreciation in School District land, construction in progress, buildings, furniture and equipment, and vehicles.

Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide education services authorized by charter, and further mandated by State and Federal agencies. The School District operates under a locally elected Board of Education which consists of five members. The Board of Education controls the School District's twelve instructional facilities staffed by 275 non-certified employees, 411 certificated personnel, and 34 administrative employees who provide services to 6,245 students.

The School District provides a wide range of educational and support services as mandated by State statute or public desires. These include regular and vocational instruction, special instructional programs, student guidance services, extracurricular activities, and food service operations.

THE REPORTING ENTITY

The School District's reporting entity is comprised of the primary government and other organizations which are included to ensure that the financial statements are not misleading. The reporting entity has been defined in accordance with the principles established by the Governmental Accounting Standards Board (GASB) in Statement Number 14, "The Financial Reporting Entity", in GASB Statement Number 39, "Determining Whether Certain Organizations are Component Units", and in GASB Statement Number 61, "The Financial Reporting Entity: Omnibus".

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

The School District participates in the following jointly governed organizations: Licking Area Computer Association, Metropolitan Educational Technology Association, Coalition of Rural and Appalachian Schools, State Support Team Region 11, and the Fairfield County Multi-System Youth Committee. Disclosure of the jointly governed organizations is presented in Note 18 to the Basic Financial Statements.

The School District participates in the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program, the Ohio School Plan, and the South Central Ohio Insurance Consortium, insurance purchasing pools. Information pertaining to these pools is presented in Note 19 to the Basic Financial Statements.

INTERNAL CONTROLS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the management's discussion and analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A as they are designed to complement each other. The School District's MD&A can be found immediately following the independent auditor's report.

BUDGETARY CONTROLS

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

ASSESSING ECONOMIC CONDITION AND OUTLOOK

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

The City of Lancaster's population had remained relatively stable for a number of years, but has changed more significantly within the past decade. The City of Lancaster Community Development Department estimated the population of Lancaster for 2014 to be 38,854 as compared to the calendar year 2010 census of 37,243, the calendar year 2000 census of 35,335, and the calendar year 1990 census of 34,507. These signs of increased growth activity, which if fully realized, could have a significant impact on the School District.

Development/Commercial/Industrial: The Fairfield 33 Development Alliance, a public/private non-profit organization formed in 2007, has strategically marketed the Route 33 Corridor to help bring in \$224.5 million in investments with 32 projects and the creation of 2,254 jobs since its inception. With the completion of the U.S. Route 33 Bypass, Lancaster is in a good position to expect additional successful economic growth. This “interstate look-alike” highway with a divided four-lane cross-section in a limited-access right-of-way has lessened traffic on Memorial Drive, and thus alleviated the traffic congestion on the City of Lancaster’s major commercial corridor. This has attracted customers to shop at the numerous businesses along this corridor, and attract new businesses both domestically and internationally.

Retail expansion continues. Big Sandy Furniture Store opened its \$6 million, 50,000 square foot store in April 2014. Cinemark Holdings, Inc. opened a new 10 screen all-digital movie theater in August 2014 at the River Valley Mall. Aldi Foods built a new facility that opened December 2014, and Five Guys Hamburgers opened in October 2014.

A \$5.4 million Main Street resurfacing project was completed in calendar year 2014. Four new restaurants also opened downtown during 2014: Ale House 1890, Table 1, The Well, and Diamond Jim’s Pizza Downtown.

The City of Lancaster plans to invest approximately \$7 million in renovations in an existing building in Downtown Lancaster to house Municipal Court operations. This project is expected to be completed in calendar year 2016.

During calendar year 2014, Fairfield County began the planning and design of the new public safety facility which will be located on Wheeling Street. Construction of the 384 bed public safety facility, estimated to cost between \$30-\$35 million, is expected to be completed late 2016 or early 2017. The facility will house minimum, medium, and maximum security inmates and will allow for an additional expansion of up to 250 beds.

Fairfield Homes, Incorporated, began construction of Park Lane Apartments, a \$2.8 million 26-unit high-end garden-style apartment complex with attached garages in September 2014. The apartments will become available in December 2015.

The School District joined with the Ohio Facility Construction Commission to construct five new elementary buildings to replace the existing eight elementary buildings. The project is estimated at a total cost of \$90 million. Three of the five new elementary buildings were completed prior to the opening of school in August 2015. The remaining two new elementary schools will be completed in 2017.

Lancaster is a hub for medical services in Fairfield and other surrounding counties. Fairfield Medical Center (FMC) provides full hospital services to the region with a 222 bed facility and smaller outpatient clinics throughout the City of Lancaster. FMC has over 400 doctors on staff and employs a total of 1,864 employees and has remained the City of Lancaster’s largest employer over the years. In June 2015, FMC completed its \$38 million facility plan that includes 11 operating rooms, a new surgery wing, advanced technology, family-friendly support areas, and 36 new private patient rooms.

The Ohio University Lancaster campus is situated on 113 acres on the northern edge of Lancaster and serves students from throughout central Ohio. A variety of associate's and bachelor's degree programs can be completed on the Lancaster Campus. Lancaster/Pickerington Campus set a fall 2013 enrollment record of nearly 2,600 students.

Industrially, the infrastructure built by the City of Lancaster has begun to produce new manufacturing. SRI Ohio, a Canadian glass bottle decorating company, added an additional 60,000 square feet in 2013 and purchased multimillion-dollar machinery as part of their expansion in 2015. The company announced its third expansion in five years with the purchase of a 120,000 square foot building. Martin

Partitions Inc. is in the process of constructing a new 30,000 square foot facility. The Lancaster Port Authority completed a brownfield redevelopment project that will create a small business center on the east side of Lancaster. The Lancaster Port Authority also announced it will build a 50,300 square foot “spec” building to attract new industry. Lastly, a 106 acre industrial site on South Ewing Street is in the process of becoming an AEP Certified Site for large industrial projects.

One of the largest pipelines ever constructed in the United States made its way through Fairfield County and was completed in 2010. The REX Rocky Express Pipeline stretching nearly 1,700 miles from Colorado is a 42 inch diameter pipeline delivering approximately 1.6 billion cubic feet of natural gas per day to the Midwest and Eastern United States. The School District is benefiting from this project through property-tax collections. Enterprise Liquids constructed a pipeline for shale liquids along a similar path as the REX Rocky Express Pipeline; however, the pipeline is now carrying tax-exempt derivatives. As a result, the School District will not receive tax dollars from the estimated \$13 million in increased valuation in tax year 2015.

Summary: While there are challenges in the operation of a community and in its schools, there are also some advantages. There is a spirit of cooperation between the City, the County, the school districts, and the Ohio University branch to improve the quality of life in Lancaster. Other advantages are the location of Lancaster, favorable taxation rates, excellent city services, an excellent public school system, and the optimism of its leaders and its citizens.

MAJOR INITIATIVES/ACCOMPLISHMENTS

For the Year: The setting and reaching of either individual or “corporate” goals is a common method of striving for excellence in the Lancaster City School District and occurs in all areas of our school community. Our mission: “Lancaster City Schools, the Place to Be for Learning, Caring, Succeeding.”

There has been a significant push within the last few years to restructure our curricular programs, to replace all of our textbooks, and to bring the School District into the computer age. Large portions of the appropriations are going to new computer equipment and to the training of staff. In fiscal year 2013, ipads were ordered for every high school student to use during the school day.

There were a number of specific initiatives and accomplishments made during the fiscal year ended June 30, 2015. Some of those were as follows:

Human Resources

- Successfully implemented a Beginning Principal Mentoring Program for Lancaster City Schools and Fairfield County.
- Completed the Resident Educator program with our first group of new teachers. The passage rate on the Resident Educator Summative Assessment (RESA) was 10 percent higher than the State average.

Instructional Services Department

- Prepared teachers and students to complete State on-line assessments, which marked the first time State testing was completed on-line.
- Many Career Tech courses were revised to include the New Learning Standards. Courses include Automotive, Family and Consumer Science, Agriculture Science, Agriculture Business, Construction Tech, and Career Based Intervention.

Custodial/Maintenance Department

- Completed the following upgrades to Lancaster High School: New roof installed over the north end of the building, expanded the parking area at the front office, a new ceiling was installed in the north end of the building, and the cafeteria area was remodeled.

Student Services

- Awarded a five star rating in Ohio's Step Up to Quality for the Preschool program for the second year. The School District's preschool is still the only preschool in Fairfield County to be awarded this high achievement in early education.
- Positive Behavioral Support Systems were implemented in all Lancaster City School's buildings. This program provides supports for students and promotes a positive and caring culture within each building.

Technology Department

- Upgraded the computer network infrastructure increasing bandwidth capacity from 100 MB to 1,000 MB in all secondary classrooms.
- Installed new network wiring in the secondary schools and existing elementary schools to provide for more capacity and to provide a better quality of service to data and voice networks.

Transportation Department

- As a team, drivers and staff pulled together to make the first phase of the redistricting project successful. This involved the rerouting of 2,700 students to the three new elementary schools for school year 2015-2016.
- Placed an animal picture on each Elementary Bus so each student rider kindergarten through fifth grade could identify their bus easier after school.

Business Manager

- Worked to successfully open three new elementary buildings for school year 2015-2016 including overseeing the moving process.

Treasurer's Department

- Received an unmodified opinion on the Fiscal Year 2014 audit with no citations or recommendations noted.
- Received notice that Lancaster City Schools Comprehensive Annual Financial Report (CAFR) for Fiscal Year ending June 30, 2014 qualified for a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. The School District has prepared a CAFR each year since fiscal year 1991, with exception for fiscal year ended June 30, 1995.
- Received notice that Lancaster City Schools Popular Annual Financial Report (PAFR) for Fiscal Year ending June 30, 2014 qualified for the Award of Outstanding Achievement in Popular Annual Financial Reporting. This colorful easy to read document is a useful tool in educating the public and staff on what revenues and expenditures the School District receives. The School District has prepared a PAFR each year since Fiscal Year 2008.

Food Service Department

- Successfully completed an intensive analysis of menus, nutritional compliance and State reporting accounts.
- Continued to maintain positive account balance resulting in State approval to waive the meal price increase.

Athletic Department

- Volleyball – Sectional Champions and District Runners-up
- Girls Bowling – Ohio Capital Conference Champions
- Boys Indoor Track and Field – Nic Curtiss placed sixth in the State weight throw and eighth in the shot put
- Swimming – Olivia Schmelzer placed sixth in the State 50 freestyle
- Wrestling – Ohio Capital Conference Champions and Regional Team Champions. State placers - Eric Deluse placed eighth, Coleton Chase placed seventh, and Tanner Miller placed eighth.

- Boys Outdoor Track and Field had two State placers - Christian Herrold placed third place in the shot put and Nic Curtiss placed eighth in the shot put
- Girls Outdoor Track and Field - Hope Purcell placed second in the State high jump
- Boys Baseball – Sectional Champions
- Girls Softball – Sectional Champions and District Runners-up

Lancaster High School

- The latest Ohio Report Card information reflected that Lancaster High School had a four year graduation rate of 93.8 percent and an amazing five year graduation rate of 96.2 percent.
- Lancaster High School students earned over 1,850 semester hours of college credit through dual enrollment/College Credit Plus programs.

General Sherman Junior High

- General Sherman’s Power of the Pen team sent seven writers to the State competition which finished tenth in the State of Ohio; by far the highest finish for a General Sherman Power of the Pen team.
- General Sherman students collected over 1,000 food items for local food pantries to earn their Pool Days at the end of the school year. This was the first year Pool Days were tied to a community service project due to the new State testing.

Thomas Ewing Jr. High School

- Trained over 690 students in Hands Only CPR in partnership with FMC-Snyder Cardiovascular Institute.
- Thomas Ewing Student Council provided 11 Thomas Ewing families with Thanksgiving meals and 10 Thomas Ewing families with Christmas presents.

Cedar Heights Elementary

- Cedar Height first graders participated in Kohl's Cares Safety for All Seasons program. Each child learned bicycle safety and received a free helmet.
- Two fifth grade students received awards from the Sons of the American Revolution. They were chosen based on the following criteria: leadership, scholarship, character, strong support of the objectives of Cedar Heights, and performance significantly above expectations.

East Elementary

- East Elementary carried out the following community service projects: collected supplies for Blue Star Mothers to create goodie bags for soldiers in the military, supported 40 families during the Thanksgiving and Christmas season with food boxes and gifts, collected over 1,000 canned food items to help support the Lancaster-Fairfield Community Action Agency, and donated \$1,000 for water relief in Cambodia.
- Celebrated the school’s 75th Anniversary as 600 alumni and guests visited the building in the final year at East Elementary.

Medill Elementary

- Medill students, parents, teachers, and friends as well as local businesses made financial donations to purchase a handicapped van for a 5th grade student’s family.
- Kindergarten through third grade Early Literacy Measure for Medill was one of two schools in the School District to receive a rating of a “B”.

Sanderson Elementary

- Sanderson Students donated \$2,274 to charities including the American Heart Association and the Leukemia and Lymphoma Society. The lesson of giving back to our community was imbedded in our classroom learning and was often organized by our student council.

- Sanderson Elementary implemented the Shark Attitude Award. Students were acknowledged for: **S**ynergizing with others, being **H**onest, Academic **A**chievement, showing **R**espect, and using **K**nowledgeable gained at Sanderson. Students were recognized at monthly PTO meetings with a certificate and a Shark Attitude Shirt.

South Elementary

- Staff and students fulfilled all requirements to earn the designation of a “Heart Safe School” as certified by the Fairfield Medical Center and the Snider Cardiovascular Institute.
- Ohio State University’s Language and Reading Research Consortium program paired participating kindergarten and first grade teachers with researchers to learn more about early literacy.

Tallmadge Elementary

- Tallmadge Preschool was awarded the Five Star Step up to Quality rating by the Step Up To Quality (SUTQ) a five-star quality rating and improvement system administered by the Ohio Department of Education and the Ohio Department of Job and Family Services.
- Tallmadge elementary received a technology grant to provide technology opportunities for students before, during, and after school. Students learned key technology skills in the area of digital communication.

Chief Tarhe Elementary

- Tarhe Elementary earned the 2015 Ohio Association of Elementary School Administrators Hall of Fame School Award.
- Used Heart Safe School Accreditation learned in fiscal year 2014 during a potential emergency.

West Elementary

- Students gave back to the community by raising funds for the National Heart Association with Jump Rope for Your Heart and collected can goods for local food pantries.
- Students were fed on the weekends due to two new projects: Blessings in a Backpack provided families with a backpack of food every weekend and Peanut Butter and Joy sent 80 kids home at the end of the month with bread, peanut butter, and other food items to assist families in making it through to the first of the month.

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

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

LONG-TERM FINANCIAL PLANNING

In the November, 2006 general election, the School District electorate approved a 10 year 1.5 percent earned income tax initiative. This issue was expected to generate approximately \$8,698,676 annually according to the Ohio Department of Taxation. The School District began receiving full year collections in fiscal year 2008 in the amount of \$9,260,589. The income tax earnings have continued to rise. The School District received \$11,076,920 in fiscal year 2015. In the November, 2015 general election, the School District electorate renewed the 1.5 percent earned income tax for a continuing period of time. With the passage of this continuing revenue stream, the School District has the fiscal stability to finance

and build two new middle school buildings in partnership with the Ohio Facilities Construction Commission without asking for additional taxpayer dollars.

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

While the School District experienced a decline in enrollment after the reduction in 2005, it has rebounded. The School District realized a large increase in enrollment for 2014 (up 193 students from 2013) as well as a smaller increase for 2015 (up an additional 27 students from 2014). However, the School District continues to lose students through open enrollment to other school districts, which impacts the State funding revenue. On the other hand, students attending community schools have decreased due to the closure of the School District's sponsored community schools, the Lancaster Digital Academy as of June 30, 2013 and the Lancaster-Fairfield Community School as of June 30, 2014.

Through the Ohio Facilities Construction Commission, the School District began to receive the approximately \$28 million in State money to construct five new elementary buildings to replace the existing eight elementary buildings in fiscal years 2013, 2014, and 2015. Three of the five new elementary schools opened in August 2015. The remaining two elementary buildings are in the construction phase. The total project is estimated at \$90 million. Voters approved a 4.1 mill bond issue on March 6, 2012. The School Facilities Construction and Improvement Bonds were sold on August 21, 2012.

There are needs in the School District that have been allocated in the current five year forecast. These include: purchasing of new textbooks, updating computer hardware and software, updating library books and reference materials, maintenance of building and grounds, and salaries and benefits are negotiated items within the union contracts.

The School District, in the past, has met these challenges and it is hoped, will continue to meet the challenges in the future for its students. After all, WE ARE THE PLACE TO BE FOR LEARNING, CARING, and SUCCEEDING.

FINANCIAL INFORMATION

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

Budgetary appropriations may not exceed estimated resources, with a balanced budget maintained in each fund. The budget may be amended or supplemented at any time during the year upon formal action of the Board of Education. Transfers of cash between funds require the Board of Education's authorization. The basis of accounting and various funds the School District utilizes are fully described in Note 2 to the Basic Financial Statements. Additional information on the School District's budgetary accounting can also be found in Notes 2 and 5.

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

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

INDEPENDENT AUDIT

In compliance with State statute, the basic financial statements have been audited by the Ohio Auditor of State's Office. The independent auditor concluded that the School District's financial statements for the year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

AWARDS AND ACKNOWLEDGMENTS

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lancaster City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, with contents conforming to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Lancaster City School District has received a Certificate of Achievement for twenty-two years out of the last twenty-three years. The School District did not submit a CAFR for the fiscal year ended June 30, 1995. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

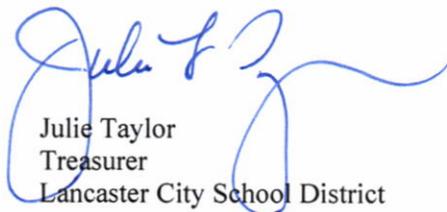
In addition, the School District received the Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from GFOA for the year ended June 30, 2014. The PAFR is a condensed, more user-friendly financial report intended to provide highlights of the District's financial condition. This was the seventh year the School District produced a PAFR and received the award.

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

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

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

Respectfully Submitted,



Julie Taylor
Treasurer
Lancaster City School District



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Lancaster City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

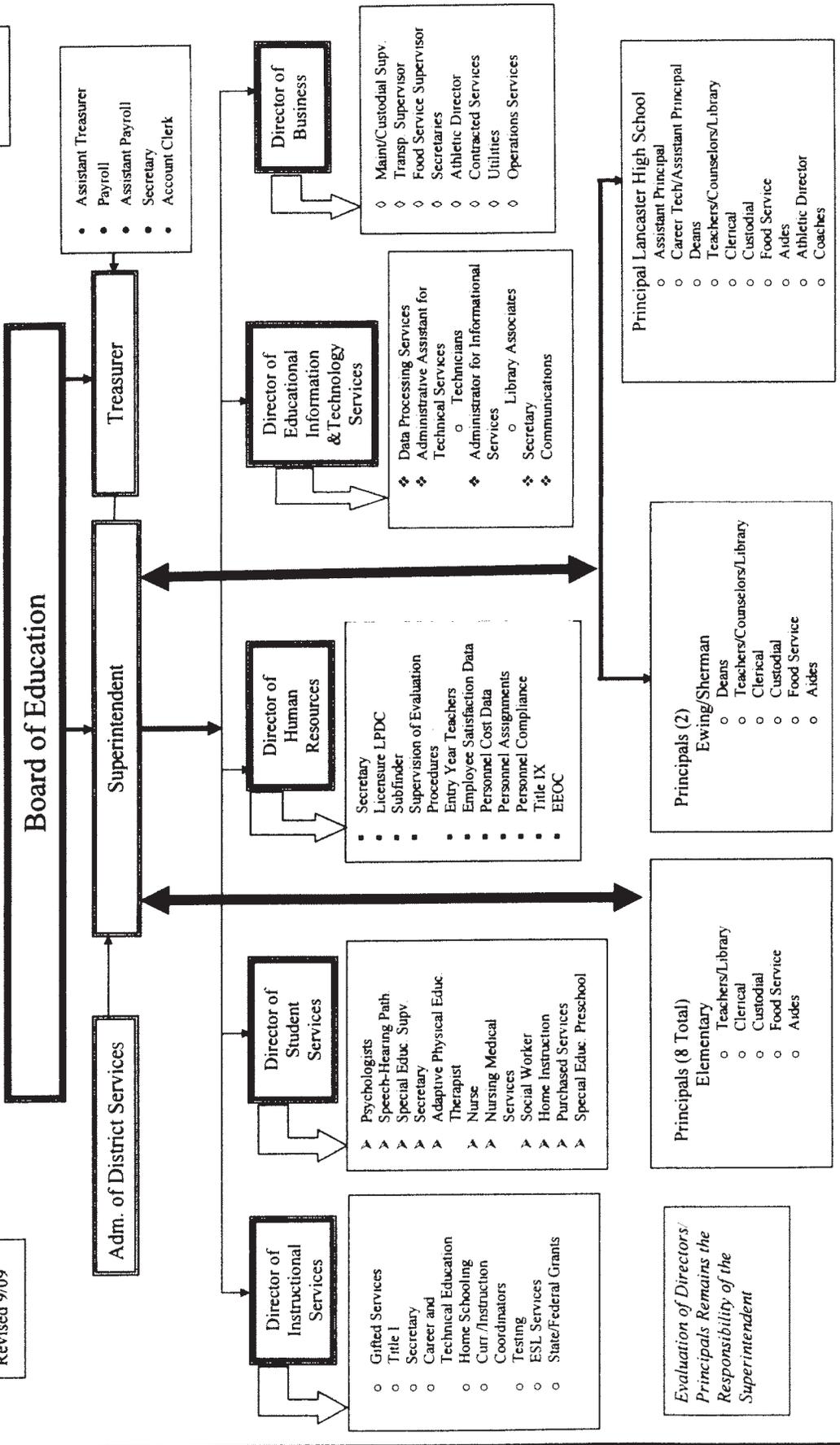
June 30, 2014

Executive Director/CEO

Lancaster City Schools' Organizational Chart

Revised 9/09

File: CCA



LANCASTER CITY SCHOOL DISTRICT, OHIO

ORGANIZATIONAL CHART

(Continued)

CENTRAL OFFICE
ADMINISTRATORS

- Office Manager
- Administrative Assistant
for Data Processing
Services
- Administer of Director
Services
- Administrative Assistant
of Technology

PRINCIPALS, ASSISTANT PRINCIPALS
VOCATIONAL DIRECTOR

- Teachers
- Guidance Counselors
- Deans
- Media
- Tutors
- Secretaries
- Educational Assistants
- Technology Technicians

TREASURER

- Assist. Treasurer
- Payroll Clerk
- Assist. Payroll Clerk
- Account Clerk
- Office Manager

SPECIAL EDUCATION

- School Psychologists
- Supervisors, Special
Education
- Coordinators, Special
Education
- Adaptive Physical
Education Teacher
- Associate Educators
- Secretary
- Office Manager

DIRECTORS, SUPERVISORS
COORDINATORS

- Office Manager

FOOD SERVICE
SUPERVISOR

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

MAINTENANCE/CUSTODIAL SUPERVISOR

- Journeyman/Apprentice
- Secretary
- Custodians
- Maintenance Staff
- Courier

TRANSPORTATION SUPERVISOR

- Bus Driver
- Mechanic
- Secretary
- Bus Aide

LANCASTER CITY SCHOOL DISTRICT, OHIO
PRINCIPAL OFFICIALS
JUNE 30, 2015

BOARD OF EDUCATION

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

Treasurer

Julie Taylor, Treasurer

Administration

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

Financial Section



**Lancaster
Gales**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lancaster City School District, Fairfield County, Ohio (the School District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lancaster City School District, Fairfield County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the School District adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 11, 2015

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Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

As management of the Lancaster City School District (the School District), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the notes to the basic financial statements.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- Net position of governmental activities increased \$7,280,221.
- General revenues accounted for \$61,330,360 in revenue or 79 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$15,848,190 or 21 percent of total revenues of \$77,178,550.
- Total assets of governmental activities increased \$6,815,377. Current and other assets decreased in the amount of \$29,211,623 due to a decrease in intergovernmental receivables in the amount of \$11,004,252. As a result of the School District receiving \$11,099,750 in revenues from the Ohio Facilities Construction Commission during fiscal year 2015 the outstanding receivable decreased at the end of fiscal year 2015. Cash and cash equivalents, cash and cash equivalents with fiscal agents, cash and cash equivalents with escrow agents, and investments also reflect a net decrease in the amount of \$17,967,454. The decrease in current and other assets was offset by an increase in capital assets in the amount of \$36,027,000 mainly due to the construction of the five new elementary buildings through the Ohio Facilities Construction Commission project.
- Total liabilities of governmental activities decreased \$12,631,634. Long-term liabilities decreased in the amount of \$14,970,478 due to principal payments and bond premium amortization during fiscal year 2015 in the amount of \$993,072 on outstanding bonds, notes, and capital leases payable, decreases in compensated absences in the amount of \$70,273, and decreases in net pension liability in the amount of \$14,128,344. These were offset by the inception of a capital lease in the amount of \$221,211. Other liabilities increased in the amount of \$2,338,844 due mainly to an increase in contracts payable in the amount of \$688,811, an increase in accrued salaries and benefits payable in the amount of \$1,311,499, and an increase in retainage payable in the amount of \$520,440.
- The School District had \$69,898,329 in expenses related to governmental activities; only \$15,848,190 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues in the amount of \$61,330,360 were adequate to provide for these activities.
- The School District has two major funds, the general fund and the classroom facilities fund. The general fund had \$64,339,981 in revenues, \$57,181,378 in expenditures, and (\$1,640,432) in other financing sources (uses). The general fund's balance increased \$5,518,171. The classroom facilities fund had \$11,241,832 in revenues and expenditures in the amount of \$32,311,090. The classroom facilities fund's balance decreased \$21,069,258.

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's most significant funds with all non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for multiple financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the classroom facilities fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual

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accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

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

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

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2015 compared to 2014.

Table 1 - Net Position

	Governmental Activities		
	2015	2014	Change
Assets			
Current and Other Assets	\$137,482,142	\$166,693,765	(\$29,211,623)
Capital Assets	56,466,670	20,439,670	36,027,000
Total Assets	<u>193,948,812</u>	<u>187,133,435</u>	<u>6,815,377</u>
Deferred Outflows of Resources			
Pension	<u>5,576,441</u>	<u>4,440,596</u>	<u>1,135,845</u>
Liabilities			
Current and Other Liabilities	13,146,632	10,807,788	2,338,844
Long-Term Liabilities:			
Due Within One Year	991,391	952,397	38,994
Pension	74,996,444	89,124,788	(14,128,344)
Other Amounts Due In More Than One Year	<u>65,833,747</u>	<u>66,714,875</u>	<u>(881,128)</u>
Total Liabilities	<u>154,968,214</u>	<u>167,599,848</u>	<u>(12,631,634)</u>
Deferred Inflows of Resources			
Property Taxes	20,870,050	21,146,715	(276,665)
Pension	13,579,300	0	13,579,300
Total Deferred Inflows of Resources	<u>34,449,350</u>	<u>21,146,715</u>	<u>13,302,635</u>
Net Position			
Net Investment in Capital Assets	25,740,188	16,476,059	9,264,129
Restricted	17,605,508	25,971,112	(8,365,604)
Unrestricted (Deficits)	<u>(33,238,007)</u>	<u>(39,619,703)</u>	<u>6,381,696</u>
Total Net Position	<u>\$10,107,689</u>	<u>\$2,827,468</u>	<u>\$7,280,221</u>

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During fiscal year 2015, the School District adopted GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all governmental financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

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As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$87,511,660 to \$2,827,468.

Total assets increased \$6,815,377. Current and other assets decreased in the amount of \$29,211,623 due to a decrease in intergovernmental receivables in the amount of \$11,004,252. The School District received \$11,099,750 in revenues from the Ohio Facilities Construction Commission during fiscal year 2015 which decreased the total outstanding receivable at the end of fiscal year 2015. Cash and cash equivalents, cash and cash equivalents with fiscal agents, cash and cash equivalents with escrow agents, and investments reflect a net decrease in the amount of \$17,967,454. This decrease in the area of cash and investments is mainly due to a decrease in the amount of Ohio Facilities Construction Commission monies on hand as of fiscal year-end. The decrease in current and other assets was offset by an increase in capital assets in the amount of \$36,027,000 due primarily to the construction of the five new elementary buildings through the Ohio Facilities Construction Commission project. The capital assets additions for fiscal year 2015 were offset by current year depreciation expenses in the amount of \$1,023,612.

Total liabilities decreased by \$12,631,634. Long-term liabilities decreased in the amount of \$14,970,478 due to principal payments and bond premium amortization during fiscal year 2015 in the amount of \$993,072 on outstanding bonds, notes, and capital leases payables decreases in compensated absences in the amount of \$70,273, and decreases in net pension liability in the amount of \$14,128,344. These were offset by the inception of a capital lease in the amount of \$221,211. Other liabilities increased in the amount of \$2,338,844 due mainly to an increase in accrued salaries and benefits payable in the amount of \$1,311,499, an increase in contracts payable in the amount of \$688,811, and an increase in retainage payable in the amount of \$520,440. Contracts and retainage payable increased due to the Ohio Facilities Construction Commission project due to an increase in construction activity of the five new elementary school buildings. Accrued salaries and benefits payable increased during fiscal year 2015 due to an increase of 16 new staff positions.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2015, and comparisons to fiscal year 2014.

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Table 2 - Changes in Net Position

	Governmental Activities		
	2015	2014	Change
Revenues			
Program Revenues			
Charges for Services	\$2,443,248	\$2,541,300	(\$98,052)
Operating Grants, Contributions, and Interest	13,387,806	11,043,318	2,344,488
Capital Grants and Contributions	17,136	3,703	13,433
Total Program Revenues	<u>15,848,190</u>	<u>13,588,321</u>	<u>2,259,869</u>
General Revenue			
Property Taxes	24,034,247	25,358,372	(1,324,125)
Income Taxes	11,076,920	10,977,817	99,103
Grants and Entitlements	25,245,049	23,270,370	1,974,679
Gain on Sale of Capital Assets	1,715	24,884	(23,169)
Payment in Lieu of Taxes	130,635	119,261	11,374
Unrestricted Contributions	1,148	5,358	(4,210)
Investment Earnings	523,283	575,118	(51,835)
Miscellaneous	317,363	119,890	197,473
Total General Revenues	<u>61,330,360</u>	<u>60,451,070</u>	<u>879,290</u>
Total Revenues	<u>77,178,550</u>	<u>74,039,391</u>	<u>3,139,159</u>
Program Expenses			
Instruction			
Regular	29,708,171	29,848,634	(140,463)
Special	9,651,160	10,217,253	(566,093)
Vocational	1,923,408	1,974,580	(51,172)
Student Intervention Services	260,881	174,512	86,369
Support Services			
Pupil	3,865,507	3,597,290	268,217
Instructional Staff	2,816,972	2,279,993	536,979
Board of Education	92,128	67,899	24,229
Administration	4,297,909	4,315,917	(18,008)
Fiscal	1,502,900	1,518,643	(15,743)
Business	290,761	302,839	(12,078)
Operation and Maintenance of Plant	4,938,089	6,567,218	(1,629,129)
Pupil Transportation	2,016,563	1,982,221	34,342
Central	1,011,934	1,147,639	(135,705)
Operation of Non-Instructional Services:			
Food Service Operations	2,709,448	2,579,805	129,643
Other	991,078	1,004,579	(13,501)
Extracurricular Activities	1,293,274	1,280,481	12,793
Interest and Fiscal Charges	2,528,146	2,557,104	(28,958)
Total Program Expenses	<u>69,898,329</u>	<u>71,416,607</u>	<u>(1,518,278)</u>
<i>Change in Net Position</i>	7,280,221	2,622,784	4,657,437
Net Position Beginning of Year	2,827,468	N/A	
Net Position End of Year	<u>\$10,107,689</u>	<u>\$2,827,468</u>	<u>\$7,280,221</u>

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The information necessary to restate fiscal year 2014 beginning balances and fiscal year 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, fiscal year 2014 functional expenses still include pension expense of \$4,440,596 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, fiscal year 2015 statements report pension expense of \$3,184,068. Consequently, in order to compare fiscal year 2015 total program expenses to fiscal year 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$69,898,329
Pension expense under GASB 68	(3,184,068)
2015 contractually required contribution	<u>4,868,957</u>
Adjusted 2015 program expenses	71,583,218
Total 2014 program expenses under GASB 27	<u>71,416,607</u>
Increase in program expenses not related to pension	<u><u>\$166,611</u></u>

The DeRolf IV Ohio Supreme Court decision has not eliminated the dependence on property taxes. The fundamental reliance on property taxes is still inherent with public schools in Ohio. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decrease as the real property valuation increases thus generating about the same revenue. Property taxes made up approximately 31 percent of revenues for governmental activities for the School District in fiscal year 2015. The State still has not fixed the funding system. In November 2006, the voters in the School District passed the 1.5 percent earned income tax levy for a ten year period. The first distribution was received by the School District during fiscal year 2007. Income taxes made up approximately 14 percent of revenues for governmental activities for the School District in fiscal year 2015.

Program revenues increased by 17 percent and general revenues increased by 1 percent from fiscal year 2014 as compared to fiscal year 2015. Operating grants, contributions, and interest increased during fiscal year 2015 in the amount of \$2,344,488 due mainly to the School District receiving Straight A funding for the first time during fiscal year 2015 in the amount of \$1,827,988 and due to receiving \$359,311 in additional special education foundation funding over fiscal year 2014. General revenues increased by \$879,290 mainly due to the increase in grants and entitlements revenue in the amount of \$1,974,679 which was offset by a decrease in property taxes in the amount of \$1,324,125. The increase in grants and entitlements was due mainly to the School District receiving additional monies through the State foundation due to an increase in the number of students during fiscal year 2015 over fiscal year 2014 and changes in the State's foundation School District allocations. The decrease in property taxes was due to a slight decrease in the assessed valuations from fiscal year 2014 to 2015.

Instruction comprises approximately 59 percent of governmental program expenses, support services make up approximately 30 percent of the program expenses, operation of non-instructional services make up approximately 5 percent of program expenses, extracurricular activities make up approximately 2 percent, and the remaining 4 percent of program expenses is related to interest and fiscal charges of the School District.

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The statement of activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3 - Governmental Activities

	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
Program Expenses				
Instruction:				
Regular	\$29,708,171	\$26,996,152	\$29,848,634	\$28,451,328
Special	9,651,160	3,496,463	10,217,253	4,215,831
Vocational	1,923,408	1,323,131	1,974,580	1,529,847
Student Intervention Services	260,881	113,732	174,512	68,288
Support Services:				
Pupil	3,865,507	3,600,709	3,597,290	3,370,607
Instructional Staff	2,816,972	2,053,164	2,279,993	2,033,548
Board of Education	92,128	92,128	67,899	67,899
Administration	4,297,909	3,796,889	4,315,917	3,779,983
Fiscal	1,502,900	1,118,643	1,518,643	1,110,104
Business	290,761	290,761	302,839	302,839
Operation and Maintenance of Plant	4,938,089	4,764,606	6,567,218	6,456,802
Pupil Transportation	2,016,563	1,827,186	1,982,221	1,805,816
Central	1,011,934	1,011,934	1,147,639	1,147,639
Operation of Non-Instructional Services:				
Food Service Operations	2,709,448	101,083	2,579,805	(82,558)
Other	991,078	4,221	1,004,579	51,755
Extracurricular Activities	1,293,274	931,191	1,280,481	961,454
Interest and Fiscal Charges	2,528,146	2,528,146	2,557,104	2,557,104
Totals	<u>\$69,898,329</u>	<u>\$54,050,139</u>	<u>\$71,416,607</u>	<u>\$57,828,286</u>

The prior schedule clearly shows the dependence upon tax revenues and state subsidies for governmental activities. For 2015, only 23 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services, grants, contributions, and interest. The remaining 77 percent is provided through taxes and entitlements.

The School District's Major Funds

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

General Fund - The general fund had total revenues of \$64,339,981, expenditures of \$57,181,378, and other financing sources (uses) of (\$1,640,432) which resulted in an increase in fund balance of \$5,518,171. In November 2006, the School District voters approved a 1.5 percent earned income tax levy, and during fiscal year 2015, the School District recognized its eighth full year of income tax revenues. The general fund's beginning fund balance for fiscal year 2015 was \$35,747,685. Revenues increased \$1,941,112 from fiscal year 2014 to 2015. The increase in revenues was mainly due to an increase in intergovernmental revenue in

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the amount of \$2,906,589 which was offset by a decrease in property taxes revenue in the amount of \$1,221,715. The increase in intergovernmental revenue was due to increases in the State foundation funding received by the School District during fiscal year 2015 as the result of an increase in student enrollment of 27 students and increases in State foundation funding allocations approved by the State. The decrease in property taxes revenue was primarily due to a slight decrease in assessed values from fiscal year 2014 to fiscal year 2015. Expenditures only decreased by \$250,950 from fiscal year 2014 to 2015. Other financing uses increased during fiscal year 2015 in the area of transfers out in the amount of \$1,843,826. The general fund transferred \$45,000 to the community grants special revenue fund and \$1,840,000 to the permanent improvement capital projects fund during fiscal year 2015. The School District realizes that prudent financial planning for the future is still needed.

Classroom Facilities Fund – The classroom facilities fund had total revenues of \$11,241,832 and expenditures of \$32,311,090. Ending fund balance was \$38,957,959. Fiscal year 2013 was the first year for the classroom facilities fund. During fiscal year 2015, the School District spent funds on architectural services, site preparation, and construction for the Ohio Facilities Construction Commission project.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. During the course of fiscal year 2015, the School District amended its general fund budget. The School District closely monitors its resources and uses and if necessary, modifies appropriations on a timely basis. The general fund had an original revenue budget estimate including other financing sources of \$61,000,000. The final revenue budget estimate including other financing sources was \$63,850,000. The majority of the increases in budgeted revenues were in the areas of property taxes, income taxes, and intergovernmental revenues. Actual revenues including other financing sources were close to the final budgeted revenue with actual revenues exceeding final budgeted estimates by \$48,659, the majority of the difference was in intergovernmental revenues. Original appropriations including other financing uses plus prior year encumbrances were \$57,026,878. The appropriations were increased to a final budget amount of \$61,077,508. The increases in appropriations from the original budget to the final budget are reflected in the various functions and the majority of this increase is reflected in transfers out. The general fund transferred \$45,000 to the community grants special revenue fund, \$1,840,000 to the permanent improvement capital projects fund, and \$777,000 to the termination benefits fund. The termination benefits fund is combined with the general fund for GAAP reporting purposes but shown as a special revenue fund on a budgetary reporting basis. Actual expenditures including other financing uses were under final appropriations by \$969,754. The School District's ending unobligated fund balance was \$40,093,128 and reflected an increase from the beginning balance of \$34,576,743.

Debt Administration and Capital Assets

Debt At June 30, 2015, the School District had \$62,161,873 outstanding in school facilities construction and improvement general obligation bonds series 2012 (including premiums), with \$195,000 due within in one year. The bonds were issued for the purpose of constructing five new elementary buildings. The outstanding bonds are scheduled to mature in fiscal year 2050. The School District also had \$1,215,000 outstanding in energy conservation long-term notes series 2013, with \$400,000 being due within one year. The outstanding notes will mature in fiscal year 2018. The School District had \$459,478 outstanding in capital leases payable for copier equipment and ipads. See Notes 15 and 16 for more detailed information of the School District's outstanding debt. The net pension liability under GASB 68 is also reported as a long-term obligation that has been previously disclosed within the management's discussion and analysis.

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Capital Assets At the end of fiscal year 2015, the School District had \$56,466,670 invested in land, construction in progress, land improvements, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2015 compared to 2014.

Table 4 - Capital Assets at June 30, 2015
(Net of Depreciation)

	<u>Government Activities</u>	
	2015	2014
Land	\$1,511,579	\$1,511,579
Construction in Progress	29,117,694	8,215,320
Land Improvements	1,574,824	1,435,990
Buildings and Improvements	20,896,781	6,167,666
Furniture and Equipment	1,738,704	1,602,968
Vehicles	1,627,088	1,506,147
Totals	\$56,466,670	\$20,439,670

The majority of the change in capital assets during fiscal year 2015 is reflected in construction in progress and buildings and improvements. During fiscal year 2015, the School District continued to incur construction expenses for the Ohio Facilities Construction Commission project in which five new elementary buildings will be constructed. See Note 10 for more information about the School District's capital assets.

Economic Factors

During fiscal year 2015, the School District's net position increased by \$7,280,221. The primary reason for this increase is due to the Ohio Facilities Construction Commission project and the values the project is adding to the School District's capital assets. The School District received its eighth year of income tax revenues from the passage of the 1.5 percent earned income tax levy. On November 3, 2015, voters approved the renewal 1.5 percent earned income tax levy for a continuing period of time. With the passage of this continuing revenue stream, the School District has the fiscal stability to finance and build two new middle school buildings in partnership with the Ohio Facilities Construction Commission without asking for additional taxpayer dollars. The School District will continue to be conservative in the area of expenses in the future. The School District continues to utilize a Board Finance Committee created during fiscal year 2005. This Committee's job is to monitor the School District's financial stability and to meet once a month and report to the Board of Education any finance related recommendations. In March 2010, the Board passed a resolution to maintain a cash reserve balance of 12 percent of operating expenses which is necessary in the interest of sound fiscal management and affirm that tax levies shall be pursued, and/or the School District's finances otherwise managed to ensure the cash reserve. The Board of Education and administration of the School District must continue to maintain careful financial planning and prudent fiscal management in order to preserve the opportunities our students have come accustomed to.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information you may contact Julie Taylor, Treasurer, Lancaster City School District, 345 East Mulberry Street, Lancaster, Ohio 43130. Or E-Mail at J.TAYLOR@LANCASTER.K12.OH.US.

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Statement of Net Position

June 30, 2015

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$65,616,386
Cash and Cash Equivalents with Fiscal Agents	3,429,815
Cash and Cash Equivalents with Escrow Agents	420,058
Investments	33,963,047
Materials and Supplies Inventory	226,861
Inventory Held for Resale	38,927
Accounts Receivable	43,508
Accrued Interest Receivable	97,582
Income Taxes Receivable	3,952,793
External Party Receivable	5,774
Intergovernmental Receivable	4,130,749
Prepays	117,471
Property Taxes Receivable	25,319,647
Payment in Lieu of Taxes Receivable	119,524
Nondepreciable Capital Assets	30,629,273
Depreciable Capital Assets, Net	25,837,397
<i>Total Assets</i>	193,948,812
Deferred Outflows of Resources	
Pension	5,576,441
Liabilities	
Accounts Payable	483,260
Accrued Interest Payable	637,923
Accrued Salaries and Benefits Payable	5,724,392
Contracts Payable	2,888,055
Retainage Payable	657,470
Matured Compensated Absences Payable	440,324
Claims Payable	938,400
Intergovernmental Payable	1,376,808
Long-Term Liabilities:	
Due Within One Year	991,391
Due In More Than One Year	
Net Pension Liability (See Note 13)	74,996,444
Other Amounts Due in More Than One Year	65,833,747
<i>Total Liabilities</i>	154,968,214
Deferred Inflows of Resources	
Property Taxes	20,870,050
Pension	13,579,300
<i>Total Deferred Inflows of Resources</i>	34,449,350
Net Position	
Net Investment in Capital Assets	25,740,188
Restricted for:	
Classroom Facilities Construction	12,273,013
Capital Projects	1,168,539
Debt Service	851,463
Classroom Facilities Maintenance	1,232,636
District Managed Student Activities	175,593
Auxiliary Services	47,067
IDEA - B	145,107
Title I	172,927
Food Service	1,212,855
Other Purposes	326,308
Unrestricted (Deficit)	(33,238,007)
<i>Total Net Position</i>	\$10,107,689

See accompanying notes to the basic financial statements

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Statement of Activities
For the Fiscal Year Ended June 30, 2015

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$29,708,171	\$988,590	\$1,723,429	\$0
Special	9,651,160	209,001	5,945,696	0
Vocational	1,923,408	103,288	496,989	0
Student Intervention Services	260,881	0	147,149	0
Support Services:				
Pupil	3,865,507	6,387	258,411	0
Instructional Staff	2,816,972	238	763,570	0
Board of Education	92,128	0	0	0
Administration	4,297,909	17,276	482,832	912
Fiscal	1,502,900	0	384,257	0
Business	290,761	0	0	0
Operation and Maintenance of Plant	4,938,089	103,105	70,378	0
Pupil Transportation	2,016,563	20,560	168,817	0
Central	1,011,934	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	2,709,448	533,732	2,074,633	0
Other	991,078	115,456	871,401	0
Extracurricular Activities	1,293,274	345,615	244	16,224
Interest and Fiscal Charges	2,528,146	0	0	0
<i>Totals</i>	<u>\$69,898,329</u>	<u>\$2,443,248</u>	<u>\$13,387,806</u>	<u>\$17,136</u>

General Revenues

Property Taxes Levied for General Purposes
 General Purpose
 Debt Service
 Classroom Facilities Maintenance
Income Taxes Levied for General Purposes
Grants and Entitlements not Restricted to Specific Programs
Gain on Sale of Capital Assets
Payment in Lieu of Taxes
Unrestricted Contributions
Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year - Restated (Note 3)

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense)
Revenue and Changes
in Net Position

Governmental
Activities

(\$26,996,152)
(3,496,463)
(1,323,131)
(113,732)

(3,600,709)
(2,053,164)
(92,128)
(3,796,889)
(1,118,643)
(290,761)
(4,764,606)
(1,827,186)
(1,011,934)

(101,083)
(4,221)
(931,191)
(2,528,146)

(54,050,139)

20,985,094
2,612,314
436,839
11,076,920
25,245,049
1,715
130,635
1,148
523,283
317,363

61,330,360

7,280,221

2,827,468

\$10,107,689

Lancaster City School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2015

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$42,858,012	\$12,778,479	\$9,167,286	\$64,803,777
Cash and Cash Equivalents with Escrow Agents	0	369,097	50,961	420,058
Investments	0	29,012,333	4,950,714	33,963,047
Receivables:				
Property Taxes	22,112,523	0	3,207,124	25,319,647
Payment in Lieu of Taxes	119,524	0	0	119,524
Income Taxes	3,952,793	0	0	3,952,793
Accounts	30,563	0	12,945	43,508
Intergovernmental	78,746	2,670,098	1,381,905	4,130,749
Accrued Interest	80,162	13,037	4,383	97,582
Interfund	15,682	0	0	15,682
External Party Receivable	5,774	0	0	5,774
Prepays	72,233	0	45,238	117,471
Inventory Held for Resale	0	0	38,927	38,927
Materials and Supplies Inventory	213,401	0	13,460	226,861
<i>Total Assets</i>	<u>\$69,539,413</u>	<u>\$44,843,044</u>	<u>\$18,872,943</u>	<u>\$133,255,400</u>
Liabilities				
Accounts Payable	\$312,898	\$12,479	\$157,883	\$483,260
Contracts Payable	107,298	2,606,372	174,385	2,888,055
Retainage Payable	0	583,099	74,371	657,470
Accrued Salaries and Benefits Payable	5,122,849	0	601,543	5,724,392
Intergovernmental Payable	1,112,199	0	262,107	1,374,306
Matured Compensated Absences Payable	440,324	0	0	440,324
Interfund Payable	0	0	15,682	15,682
<i>Total Liabilities</i>	<u>7,095,568</u>	<u>3,201,950</u>	<u>1,285,971</u>	<u>11,583,489</u>
Deferred Inflows of Resources				
Property Taxes	18,257,642	0	2,612,408	20,870,050
Unavailable Revenue	2,920,347	2,683,135	978,638	6,582,120
<i>Total Deferred Inflows of Resources</i>	<u>21,177,989</u>	<u>2,683,135</u>	<u>3,591,046</u>	<u>27,452,170</u>
Fund Balances				
Nonspendable	285,634	0	58,698	344,332
Restricted	0	38,957,959	8,731,470	47,689,429
Committed	873,019	0	671,378	1,544,397
Assigned	1,676,847	0	4,641,314	6,318,161
Unassigned (Deficit)	38,430,356	0	(106,934)	38,323,422
<i>Total Fund Balances</i>	<u>41,265,856</u>	<u>38,957,959</u>	<u>13,995,926</u>	<u>94,219,741</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$69,539,413</u>	<u>\$44,843,044</u>	<u>\$18,872,943</u>	<u>\$133,255,400</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2015*

Total Governmental Fund Balances \$94,219,741

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 56,466,670

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources - unavailable revenue in the funds:

Property Taxes	2,308,647	
Income Taxes	720,665	
Payment in Lieu of Taxes	119,524	
Accrued Interest	88,941	
Grants	<u>3,344,343</u>	6,582,120

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 3,301,522

Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. (637,923)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds Payable	(58,835,000)	
Premium on Bonds Issued	(3,326,873)	
Long-Term Notes Payable	(1,215,000)	
Capital Leases Payable	(459,478)	
Compensated Absences Payable	<u>(2,988,787)</u>	(66,825,138)

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:

Deferred Outflows - Pension	5,576,441	
Net Pension Liability	(74,996,444)	
Deferred Inflows - Pension	<u>(13,579,300)</u>	<u>(82,999,303)</u>

Net Position of Governmental Activities \$10,107,689

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$21,181,017	\$0	\$3,078,429	\$24,259,446
Payment in Lieu of Taxes	133,404	0	0	133,404
Income Taxes	11,159,854	0	0	11,159,854
Intergovernmental	29,744,666	11,099,750	8,823,338	49,667,754
Interest	329,765	131,301	28,480	489,546
Tuition and Fees	1,226,792	0	27,878	1,254,670
Charges for Services	0	0	533,732	533,732
Rent	104,292	0	0	104,292
Extracurricular Activities	154,910	0	395,644	550,554
Gifts and Donations	16,532	0	33,360	49,892
Miscellaneous	288,749	10,781	17,833	317,363
<i>Total Revenues</i>	<u>64,339,981</u>	<u>11,241,832</u>	<u>12,938,694</u>	<u>88,520,507</u>
Expenditures				
Current:				
Instruction:				
Regular	27,544,526	0	1,441,085	28,985,611
Special	7,161,483	0	2,543,595	9,705,078
Vocational	1,712,261	0	193,029	1,905,290
Student Intervention Services	83,342	0	165,348	248,690
Support Services:				
Pupils	3,462,670	0	235,695	3,698,365
Instructional Staff	1,962,093	0	767,232	2,729,325
Board of Education	92,245	0	0	92,245
Administration	3,950,457	0	349,165	4,299,622
Fiscal	1,431,583	0	65,904	1,497,487
Business	282,327	0	0	282,327
Operation and Maintenance of Plant	4,735,253	0	59,844	4,795,097
Pupil Transportation	2,124,675	0	4,143	2,128,818
Central	1,011,765	0	0	1,011,765
Operation of Non-Instructional Services:				
Food Service Operations	15,197	0	2,640,253	2,655,450
Other Non-Instructional Services	73,717	0	947,401	1,021,118
Extracurricular Activities	994,864	0	236,195	1,231,059
Capital Outlay	198,000	32,311,090	4,530,980	37,040,070
Debt Service:				
Principal Retirement	326,641	0	570,000	896,641
Interest and Fiscal Charges	18,279	0	2,609,703	2,627,982
<i>Total Expenditures</i>	<u>57,181,378</u>	<u>32,311,090</u>	<u>17,359,572</u>	<u>106,852,040</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,158,603</u>	<u>(21,069,258)</u>	<u>(4,420,878)</u>	<u>(18,331,533)</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	221,211	0	0	221,211
Proceeds from Sale of Capital Assets	23,357	0	1,527	24,884
Transfers In	0	0	2,310,590	2,310,590
Transfers Out	(1,885,000)	0	(425,590)	(2,310,590)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,640,432)</u>	<u>0</u>	<u>1,886,527</u>	<u>246,095</u>
<i>Net Change in Fund Balances</i>	5,518,171	(21,069,258)	(2,534,351)	(18,085,438)
<i>Fund Balances Beginning of Year</i>	35,747,685	60,027,217	16,530,277	112,305,179
<i>Fund Balances End of Year</i>	<u>\$41,265,856</u>	<u>\$38,957,959</u>	<u>\$13,995,926</u>	<u>\$94,219,741</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015*

Net Change in Fund Balances - Total Governmental Funds		(\$18,085,438)
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	37,057,781	
Capital Contributions	16,000	
Depreciation Expense	(1,023,612)	36,050,169
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and the gain on disposal of assets:		
Gain on disposal of capital assets	1,715	
Proceeds from sale of capital assets	(24,884)	(23,169)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Grants and Ohio School Facilities Revenue	(11,091,652)	
Delinquent Taxes	(225,199)	
Income Taxes	(82,934)	
Interest	41,364	
Payment in Lieu of Taxes	(2,769)	(11,361,190)
Inception of capital leases are reported as other financing sources in the governmental funds, but the inception increases long-term liabilities on the statement of activities.		
		(221,211)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences Payable		70,273
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. The amortization of premiums and discounts are reported on the statement of activities.		
Premium Amortization	96,431	
Accrued Interest Payable	3,405	99,836
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds Payable	175,000	
Long-Term Energy Conservation Notes	395,000	
Capital Leases Payable	326,641	896,641
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(1,830,579)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		4,868,957
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(3,184,068)
<i>Change in Net Position of Governmental Activities</i>		\$7,280,221

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$20,027,000	\$20,863,423	\$20,863,423	\$0
Payment in Lieu of Taxes	136,061	126,061	133,404	7,343
Income Taxes	11,000,000	11,130,896	11,130,896	0
Intergovernmental	27,907,324	29,665,597	29,769,727	104,130
Interest	241,500	256,500	285,745	29,245
Tuition and Fees	1,285,901	1,307,901	1,229,376	(78,525)
Rent	110,000	110,000	104,812	(5,188)
Extracurricular Activities	95,000	95,000	90,697	(4,303)
Gifts and Donations	5,000	5,000	1,148	(3,852)
Miscellaneous	170,214	265,122	266,074	952
<i>Total Revenues</i>	<u>60,978,000</u>	<u>63,825,500</u>	<u>63,875,302</u>	<u>49,802</u>
Expenditures				
Current:				
Instruction:				
Regular	22,522,157	22,983,776	22,830,484	153,292
Special	6,513,954	7,203,908	7,128,469	75,439
Vocational	1,648,112	1,695,795	1,684,586	11,209
Student Intervention Services	57,384	66,216	54,973	11,243
Other	5,361,435	4,665,073	4,647,874	17,199
Support Services:				
Pupils	3,344,554	3,426,088	3,377,190	48,898
Instructional Staff	2,112,191	2,115,740	2,051,012	64,728
Board of Education	246,338	192,767	178,040	14,727
Administration	3,791,691	3,865,639	3,805,855	59,784
Fiscal	1,414,777	1,579,181	1,508,240	70,941
Business	457,027	437,761	348,200	89,561
Operation and Maintenance of Plant	5,082,851	5,281,678	5,180,292	101,386
Pupil Transportation	1,698,044	2,158,664	2,144,552	14,112
Central	1,124,151	1,212,237	1,160,965	51,272
Operation of Non-Instructional Services	4,176	2,000	2,000	0
Extracurricular Activities	967,923	1,014,718	1,001,728	12,990
Capital Outlay	530,113	336,384	335,315	1,069
<i>Total Expenditures</i>	<u>56,876,878</u>	<u>58,237,625</u>	<u>57,439,775</u>	<u>797,850</u>
<i>Excess of Revenues Over Expenditures</i>	<u>4,101,122</u>	<u>5,587,875</u>	<u>6,435,527</u>	<u>847,652</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	22,000	24,500	23,357	(1,143)
Advances Out	(100,000)	(100,000)	(5,979)	94,021
Transfers Out	(50,000)	(2,739,883)	(2,662,000)	77,883
<i>Total Other Financing Sources (Uses)</i>	<u>(128,000)</u>	<u>(2,815,383)</u>	<u>(2,644,622)</u>	<u>170,761</u>
<i>Net Change in Fund Balance</i>	3,973,122	2,772,492	3,790,905	1,018,413
<i>Fund Balance Beginning of Year</i>	34,576,743	34,576,743	34,576,743	0
<i>Prior Year Encumbrances Appropriated</i>	1,725,480	1,725,480	1,725,480	0
<i>Fund Balance End of Year</i>	<u>\$40,275,345</u>	<u>\$39,074,715</u>	<u>\$40,093,128</u>	<u>\$1,018,413</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Fund Net Position
Internal Service Fund
June 30, 2015

	Employee Benefits Self Insurance
Current Assets	
Cash and Cash Equivalents	\$812,609
Cash and Cash Equivalents with Fiscal Agents	3,429,815
<i>Total Assets</i>	4,242,424
Current Liabilities	
Intergovernmental Payable	2,502
Claims Payable	938,400
<i>Total Liabilities</i>	940,902
Net Position	
Unrestricted	\$3,301,522

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
*Statement of Revenues,
Expenses, and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2015*

	Employee Benefits Self Insurance
Operating Revenues	
Charges for Services	\$9,130,712
Operating Expenses	
Purchased Services	1,829,754
Claims	9,133,055
<i>Total Operating Expenses</i>	10,962,809
<i>Operating Loss</i>	(1,832,097)
Non-Operating Revenue	
Interest	1,518
<i>Change in Net Position</i>	(1,830,579)
<i>Net Position Beginning of Year</i>	5,132,101
<i>Net Position End of Year</i>	\$3,301,522

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2015

	Employee Benefits Self Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$9,130,712
Cash Payments to Vendors for Services	(1,827,252)
Cash Payments for Claims	(8,886,555)
<i>Net Cash Used for Operating Activities</i>	<i>(1,583,095)</i>
Cash Flows from Investing Activities:	
Interest	1,518
<i>Net Decrease in Cash and Cash Equivalents</i>	<i>(1,581,577)</i>
<i>Cash and Cash Equivalents Beginning of Year</i>	<i>5,824,001</i>
<i>Cash and Cash Equivalents End of Year</i>	<i>\$4,242,424</i>
Reconciliation of Operating Loss to	
Net Cash Used for Operating Activities:	
Operating Loss	(\$1,832,097)
Adjustments to Reconcile Operating Loss	
to Net Cash Used for Operating Activities	
Changes in Assets and Liabilities:	
Increase in Intergovernmental Payable	2,502
Increase in Claims Payable	246,500
<i>Net Cash Used for Operating Activities</i>	<i>(\$1,583,095)</i>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2015

	Private Purpose	
	Trust	
	Endowment	Agency
Assets		
Cash and Cash Equivalents	\$40,277	\$135,372
Accrued Interest Receivable	68	0
<i>Total Assets</i>	<u>40,345</u>	<u>\$135,372</u>
Liabilities		
Intergovernmental Payable	0	\$70
Due to Others	0	146
External Party Payable	0	5,774
Due to Students	0	129,382
<i>Total Liabilities</i>	<u>0</u>	<u>\$135,372</u>
Net Position		
Held in Trust for Scholarships	<u>\$40,345</u>	

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2015

	Endowment
Additions	
Interest	\$249
Deductions	
Scholarships Awarded	150
<i>Change in Net Position</i>	99
<i>Net Position Beginning of Year</i>	40,246
<i>Net Position End of Year</i>	\$40,345
See accompanying notes to the basic financial statements	

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 1 - Description of the School District and Reporting Entity

Lancaster City School District (the "School District"), created in the 1850's, is organized under Article VI, Section 2 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The Board controls the School District's twelve instructional facilities staffed by 275 non-certificated employees, 411 certificated personnel, and 34 administrative employees who provide services to 6,245 students and other community members.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, agencies and offices that are not legally separate from the School District. For Lancaster City School District, this includes general operations, food service, and student related activities of the School District.

The following activities are included within the reporting entity:

Private Schools - William V. Fisher Catholic School, Saint Bernadette School, Faith Academy, Fairfield Christian Academy, Seventh Day Adventist School, and Saint Mary's School are private schools operated within the School District boundaries. Current State legislation provides funding to these private schools. These monies are received and disbursed on behalf of the private schools by the Treasurer of the School District, as directed by the private schools. This activity is presented in a special revenue fund.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District has no component units.

The School District participates in five jointly governed organizations and three pools. These organizations are the Licking Area Computer Association, Metropolitan Educational Technology Association, Coalition of Rural and Appalachian Schools, State Support Team Region 11, Fairfield County Multi-System Youth Committee, the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program, the Ohio School Plan, and the South Central Ohio Insurance Consortium. These organizations are presented in Notes 18 and 19 to the basic financial statements.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

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

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental financial statements is on major funds. The School District's major funds are presented in separate columns. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

deferred inflows of resources is reported as fund balance. The following is a description of the School District's major governmental funds:

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

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

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

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounted for the operation of the School District's self-insurance program for employee medical, surgical, prescription drug, and dental claims.

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust which accounts for a college scholarship program for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for student activities and tournament activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (revenues) and decreases (expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred inflow of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, payment in lieu of taxes, income taxes, grants, entitlements, and donations. Revenue from income taxes is recognized in the period in which the income is earned. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, payment in lieu of taxes, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, interest, tuition, grants, fees, and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 13.

Lancaster City School District, Ohio
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In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 13)

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

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

E. Cash and Cash Equivalents

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

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

During fiscal year 2015, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), United States treasury notes, federal agency securities, nonnegotiable certificates of deposit, and commercial paper.

Except for nonparticipating investment contracts, the School District reports investments at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit are reported at cost. The School District's nonnegotiable certificates of deposit are shown as cash equivalents because they are purchased from the cash management pool.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for on June 30, 2015.

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 2015 amounted to \$329,765, which includes \$54,436 assigned from other School District funds.

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

“Cash and Cash Equivalents with Escrow Agents” represents monies held in interest bearing accounts that are in the name of various contractors which consist of retainage on construction contracts for the Ohio Facilities Construction Commission projects.

The School District is responsible for two interest bearing accounts that are in contractors’ names and consist of retainage on contracts. The balances in these accounts are presented as “Cash and Cash Equivalents with Escrow Agents” and represents deposits.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the fiscal year in which services are consumed.

G. Inventory

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

H. Capital Assets

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

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

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

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

Lancaster City School District, Ohio
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I. Interfund Balances

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

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for vacation time when earned.

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

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

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

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

L. Accrued Liabilities and Long-term Obligations

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

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

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

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

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

N. Bond Premium

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

O. Fund Balance Reserves

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

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

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

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

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School District's Board of Education. Those committed amounts cannot be used for any other purpose unless the School

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

District's Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District's Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District's Board of Education or a School District official delegated that authority by resolution or by State Statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District's Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2016's appropriated budget.

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

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

P. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for scholarships, preschool services, non-public schools, community involvement, and state and federal grants restricted to expenditures for specified purposes.

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no extraordinary and special items for fiscal year 2015.

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

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

S. Budgetary Data

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

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Some of the School District's funds are separate for budgeting purposes then they are combined on the GAAP basis. The public school support and termination benefits special revenue funds are budgeted individually on a cash basis but are combined with the general fund on a GAAP basis. The preschool tuition, public school preschool, and preschool special education special revenue funds are budgeted individually on a cash basis but they are combined on a GAAP basis and presented as the preschool special revenue fund.

Note 3 – Changes in Accounting Principles

For fiscal year 2015, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions," and Statement No. 71, "Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." GASB Statement No. 68 establishes standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

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Net Position June 30, 2014	\$87,511,660
Adjustments:	
Net Pension Liability	(89,124,788)
Deferred Outflow - Payments Subsequent to Measurement Date	4,440,596
Restated Net Position June 30, 2014	\$2,827,468

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Note 4 – Accountability

The following funds had deficit fund balances as of June 30, 2015:

	<u>Deficit Fund Balances</u>
<u>Special Revenue Funds:</u>	
Title I	(\$59,522)
Reducing Class Size	(7,567)
Straight A Grant	(4,491)

The deficits in the special revenue funds were a result of the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances - budget and actual (budget basis) for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Fair market value adjustments, prepaid items, and negative cash interfund advances are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
4. Encumbrances are treated as expenditures (budget basis) rather than as committed or assigned fund balance (GAAP basis).
5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Budgetary revenues and expenditures of the public school support fund and termination benefits fund are reclassified to the general fund for GAAP Reporting.

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

Net Change in Fund Balance	
GAAP Basis	\$5,518,171
Net Adjustment for Revenue Accruals	(287,728)
Net Adjustment for Expenditure Accruals	334,530
Beginning:	
Negative cash interfund advances	(59,858)
Fair Value of Investments	(41,174)
Prepaid Items	84,205
Ending:	
Negative cash interfund advances	6,322
Fair Value of Investments	(7,316)
Prepaid Items	(72,233)
To reclassify excess of revenues and other sources of financial resources under expenditures and other uses of financial resources into financial statement fund types	(22,700)
Advances Out	(5,979)
Adjustment for Encumbrances	(1,655,335)
Budget Basis	\$3,790,905

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal

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Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

At June 30, 2015, the School District's internal service fund had a balance of \$3,429,815 with fiscal agents. \$75,000 was with the Jefferson Health Plan (formally known as Ohio Mid Eastern Regional Education Service Agency Health Benefits Program (OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool (See Note 19). \$3,354,815 was with the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool (See Note 19). The balances were held by Jefferson Health Plan and SCOIC in pooled accounts which are representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan, Treasurer, Jefferson County ESC, 2023 Sunset Blvd. Steubenville, Ohio 43952. Disclosures for SCOIC as a whole may be obtained from the fiscal agent, Liberty Union-Thurston Local School District, 1108 South Main Street, Baltimore, Ohio 43105-9700.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, none of the School District's bank balance of \$30,336,633 was exposed to custodial credit risk.

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

Investments As of June 30, 2015, the School District had the following investments:

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	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$185	Average 53 Days
General Electric Capital Corporation Commercial Paper	2,999,670	7/27/15
US Bank Commercial Paper	830,000	7/27/15
PNC Commercial Paper	2,995,980	11/20/15
General Electric Capital Corporation Commercial Paper	2,396,784	11/20/15
Toyota Motor Credit Commercial Paper	5,148,092	11/20/15
JP Morgan Chase Commercial Paper	4,993,150	11/23/15
United States Treasury Note	1,503,984	10/15/16
Federal Farm Credit Bank Notes	2,515,526	7/30/15
Federal Farm Credit Bank Notes	1,400,007	11/5/15
Federal Farm Credit Bank Notes	2,300,920	12/17/15
Federal National Mortgage Association Notes	2,598,599	3/30/16
Federal National Mortgage Association Notes	2,499,538	3/28/17
Federal National Mortgage Association Notes	1,929,564	8/28/17
Federal National Mortgage Association Notes	2,937,749	2/8/18
Federal National Mortgage Association Notes	2,590,505	10/29/18
Federal National Mortgage Association Notes	3,888,217	5/27/20
Federal Home Loan Mortgage Notes	1,871,333	9/4/15
Federal Home Loan Mortgage Notes	1,155,799	3/15/16
Federal Home Loan Mortgage Notes	1,754,382	11/25/16
Federal Home Loan Mortgage Notes	2,535,961	9/29/17
Federal Home Loan Mortgage Notes	3,624,699	11/27/17
Federal Home Loan Bank Notes	600,040	10/9/15
Federal Home Loan Bank Notes	4,672,671	2/19/16
Federal Home Loan Bank Notes	2,304,843	6/24/16
Federal Home Loan Bank Notes	1,514,826	5/24/17
Federal Home Loan Bank Notes	1,757,840	3/29/18
Federal Home Loan Bank Notes	2,287,231	4/30/18
Federal Home Loan Bank Notes	2,580,927	8/15/18
Total	<u>\$70,189,022</u>	

Interest Rate Risk The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years except for commercial paper and bankers' acceptances which will be limited to 180 days. The Treasurer cannot make investments which she does not reasonably believe can be held until the maturity date.

Credit Risk STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The General Electric Capital Corporation and Toyota Motor Credit Commercial Papers are rated P-1/A-1+ by Moody's and Standard and Poor's. The US Bank, PNC, and JP Morgan Chase Commercial Paper are rated P-1/A-1 by Moody's and Standard and Poor's. The United States Treasury Notes, Federal Farm Credit Bank Notes, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Notes, and Federal Home Loan Bank Notes, all carried a rating by Moody's of Aaa and a rating by Standard and Poor's of AA+. The School District has no investment policy that addresses credit risk.

Lancaster City School District, Ohio
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Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The General Electric Capital Corporation, US Bank, PNC, Toyota Motor Credit, and JP Morgan Chase Commercial Papers are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty’s trust department agent but not in the School District’s name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The School District places no limit on the amount it may invest in any one issuer. The following is the School District’s allocation as of June 30, 2015:

Investment Issuer	Percentage of Investments
Commercial Paper	27.59
United States Treasury Notes	2.14
Federal Farm Credit Bank Notes	8.86
Federal National Mortgage Association Notes	23.43
Federal Home Loan Mortgage Notes	15.59
Federal Home Loan Bank Notes	22.39

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property (used in business) located in the School District. Real property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Public utility real property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Fairfield County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows or resources for property taxes.

The amount available as an advance at June 30, 2015, was \$2,140,950. \$1,846,358 was available to the general fund, \$39,810 was available to the classroom facilities maintenance special revenue fund, and \$254,782 was available to the bond retirement debt service fund. The amount available as an advance at June 30, 2014, was \$1,528,764 in the general fund, \$33,449 was available to the classroom facilities maintenance special revenue fund, and \$214,072 was available to the bond retirement debt service fund.

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

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second- Half Collections		2015 First- Half Collections		2015 Effective Tax Rates (per \$1,000 of assessed valuation)
	Amount	Percent	Amount	Percent	
Agricultural/ Residential	\$614,184,870	68%	\$617,354,180	68%	\$25.6312
Commerical/Industrial and Public Utility Real	252,145,190	27%	246,263,980	27%	29.2673
Public Utility Personal	48,977,450	5%	48,501,740	5%	68.3000
Total	\$915,307,510	100%	\$912,119,900	100%	
Tax rate per \$1,000 of assessed valuation	\$68.30		\$68.30		

Note 8 - Income Tax

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

On November 3, 2015, voters approved a renewal levy of the 1.5 percent earned income tax. See Note 25 for more information.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 9 - Receivables

Receivables at June 30, 2015, consisted of property taxes, income taxes, accounts (rent, student fees and tuition), intergovernmental grants, payment in lieu of taxes, interfund, external party, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Delinquent property taxes as of June 30, 2015 were \$2,308,647.

A summary of principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities	
State Foundation Statement Adjustments	\$15,332
Medicaid Reimbursement	41,561
Early Childhood Grant	7,157
Miscellaneous Charges and Reimbursements	21,853
Straight A Grant	287,934
Carl Perkins Secondary Grant	15,979
Delinquent Title I-D Grant	46,332
Title II-A Grant	79,715
Race To the Top	5,283
Title I Grant	437,759
Idea, Part B Grant	289,885
Classroom Facilities	2,670,098
School Lunch and Breakfast Program	211,861
Total	\$4,130,749

Payment in Lieu of Taxes

Windsor Equity The School District entered into a ten year Enterprise Zone Agreement (Agreement) in 2004. The purpose of the Agreement was for Windsor Equity to construct a 45,000 square foot state of the art medical office building within the boundaries of the Enterprise Zone. The Agreement was amended in June 2007 and the first payment was received in September 2007 per the Agreement for the first year. Payments after the first year will be based on a percentage of Windsor Equity's yearly Enterprise Zone tax savings. During fiscal year 2015, the School District received \$14,484 which represents fiscal year 2015 payment in lieu of taxes. As of June 30, 2015, a receivable for \$14,484 has been recorded which represents the payment anticipated for fiscal year 2016.

Ety Pointe Centre The School District entered into a ten year Tax Increment Financing Agreement (TIF) in 2006. The purpose of the TIF was for the construction of Ety Pointe Centre, a shopping center, and public infrastructure improvements. The School District began receiving payments in fiscal year 2010. During fiscal year 2015, a payment in the amount of \$112,820 was received. As of June 30, 2015, a receivable for \$98,940 has been recorded which represents the payment anticipated for fiscal year 2016.

Lancaster City School District, Ohio
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For the Fiscal Year Ended June 30, 2015

Fairfield Metropolitan Housing Authority The School District receives payment in lieu of taxes each year from Fairfield Metropolitan Housing Authority (Metro Housing). Due to Ohio Revised Code Section 3735.35, Metro Housing must remit payment in lieu of taxes to the county treasurer. These payments must be distributed to the taxing subdivisions levying taxes in the subdivisions in which the Metro Housing property is located. During fiscal year 2015, a payment in the amount of \$6,100 was received. As of June 30, 2015, a receivable for \$6,100 has been recorded which represents the payment anticipated for fiscal year 2016.

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Nondepreciable Capital Assets				
Land	\$1,511,579	\$0	\$0	\$1,511,579
Construction in Progress	8,215,320	36,294,206	(15,391,832)	29,117,694
Total Capital Assets not being depreciated	<u>9,726,899</u>	<u>36,294,206</u>	<u>(15,391,832)</u>	<u>30,629,273</u>
Depreciable Capital Assets				
Land Improvements	2,556,984	265,788	0	2,822,772
Buildings and Improvements	20,182,579	14,985,689	0	35,168,268
Furniture and Equipment	7,075,995	560,794	(923,977)	6,712,812
Vehicles	3,774,466	359,136	(189,567)	3,944,035
Total at Historical Cost	<u>33,590,024</u>	<u>16,171,407</u>	<u>(1,113,544)</u>	<u>48,647,887</u>
Less Accumulated Depreciation				
Land Improvements	(1,120,994)	(126,954)	0	(1,247,948)
Buildings and Improvements	(14,014,913)	(256,574)	0	(14,271,487)
Furniture and Equipment	(5,473,027)	(401,889)	900,808	(4,974,108)
Vehicles	(2,268,319)	(238,195)	189,567	(2,316,947)
Total Accumulated Depreciation	<u>(22,877,253)</u>	<u>(1,023,612)</u>	<u>1,090,375</u>	<u>(22,810,490)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>10,712,771</u>	<u>15,147,795</u>	<u>(23,169)</u>	<u>25,837,397</u>
Governmental Activities Capital Assets, Net	<u>\$20,439,670</u>	<u>\$51,442,001</u>	<u>(\$15,415,001)</u>	<u>\$56,466,670</u>

As of June 30, 2015, the Mount Pleasant Elementary School building was 95 percent complete and moved from construction in progress to the areas of buildings and improvements and furniture and equipment. During fiscal year 2015, there were no students in the building.

During fiscal year 2015, the School District received the donation of a shelter house located by the high school football field and tennis courts valued at \$16,000 from the Fairfield County Foundation.

Lancaster City School District, Ohio
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For the Fiscal Year Ended June 30, 2015

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$284,708
Special	121,150
Vocational	48,407
Student Intervention Services	2,315
Support Services:	
Pupil	28,551
Instructional Staff	16,493
Administration	36,529
Fiscal	5,535
Business	2,315
Operation and Maintenance of Plant	106,942
Pupil Transportation	232,753
Central	19,389
Extracurricular Activities	64,985
Operation of Non-Instructional Services:	
Food Service Operations	47,043
Other	6,497
Total Depreciation Expense	<u><u>\$1,023,612</u></u>

Note 11 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool, for insurance coverage. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP. (See Note 19)

Lancaster City School District, Ohio
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The types and amounts of coverage provided are as follows:

Coverage	Amount	Deductible
Building and Personal Property - replacement cost	\$168,539,981	\$1,000
Boiler and Machinery	100,000,000	1,000
Flood	1,000,000	25,000
Earthquake	1,000,000	25,000
Automobile Liability	2,000,000	500
Auto Medical Payments	5,000	0
Uninsured/Underinsured Motorists	1,000,000	500
Educational General Liability Coverage:		
General Aggregate	4,000,000	0
Sexual Abuse Injury	2,000,000	0
Products/Completed Operations Aggregate	2,000,000	0
Personal and Advertising Injury	2,000,000	0
Fiduciary Liability for Each Fiduciary Claim	2,000,000	2,500
Fiduciary Liability Aggregate Limit	4,000,000	2,500
Employer's Liability for Each Accident	2,000,000	0
Educational Liability for Errors and Omissions Injury Limit	2,000,000	2,500
Educational Liability for Errors and Omissions Injury Aggregate	4,000,000	2,500
Employment Practices Injury Limit	2,000,000	2,500
Employment Practices Injury Aggregate Limit	4,000,000	2,500

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

B. Workers' Compensation

The School District participates in the workers' compensation program provided by the State of Ohio. The School District participates in the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program (Program), an insurance purchasing pool (Note 19). The Program is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for participants. The participating school districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can either receive a premium refund or assessment. Employers will pay experience or based rated premiums under the same terms as if they were not in a retro group. The total premium for the entire group is the standard premium of the group. The standard premium serves as the benchmark that is adjusted up and down retroactively. In order to allocate the savings derived by formation of the Program, the Program's executive committee annually calculates the group-retrospective premium based on developed incurred claim losses for the whole group. The new premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, a refund will be distributed to the employers of the group. If the retrospective premium is higher, an assessment will be charged to each participant.

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

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

C. Medical and Dental

The School District provides a medical, prescription drug, and dental insurance program for its employees. The School District joined the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool (Note 19), on November 1, 2006. As of November 1, 2006, the School District's medical, prescription drug, and dental were all considered self insured programs due to the School District retaining the risk. Claims are paid by the School District to the SCOIC. SCOIC contracted with Jefferson Health Plan, formally known as the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), for all claims servicing until June 1, 2013. Jefferson Health Plan contracted with Employee Benefits Management Corporation to service the claims of SCOIC members. On June 1, 2013, SCOIC contracted directly with Employee Benefits Management Corporation for claims servicing of claims up to \$100,000. The School District had shared risk pool coverage with the Jefferson Health Plan which covered individual claims in excess of \$100,000 up to \$500,000 per employee per year for medical and prescription claims. The School District also had a stop loss coverage insurance policy through Jefferson Health Plan which covered individual claims in excess of \$500,000 per employee per year for medical and prescription claims. The School District has no stop loss coverage for the dental claims. The maximum dental benefit per covered person is \$1,500 per calendar year. The premiums paid into the internal service fund are used for claims, claim reserves, and administrative costs. The internal service fund presented in the financial statements reflects the premiums paid into the self-insurance internal service fund by the same funds that pay the employees' salaries. The School District pays monthly medical premiums of up to \$2,013 for certified and classified employees for family coverage and up to \$801 for certified and classified employees for single coverage of which the employees are responsible for 20 percent of the medical premium. The School District pays monthly dental premiums of up to \$75 for family and single coverage for certified and classified employees.

The claims liability of \$938,400 reported in the internal service fund at June 30, 2015, is based on an estimate provided by an actuary for medical and dental claims. The full amount of claims payable is presented as current liabilities because it is expected to be paid within the following fiscal year. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years, including medical, surgical, prescription drug, and dental are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2014	\$801,700	\$6,927,482	\$7,037,282	\$691,900
2015	691,900	9,133,055	8,886,555	938,400

Note 12 - Employee Benefits

A. Compensated Absences

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

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

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through American United Life Insurance Company an amount of \$50,000 to \$75,000 depending upon the employee's position.

C. Deferred Compensation

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

Note 13 - Defined Benefit Pension Plans

A. Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$1,069,189 for fiscal year 2015. Of this amount \$171,264 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

Lancaster City School District, Ohio
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New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$3,799,768 for fiscal year 2015. Of this amount \$395,222 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$13,009,408	\$61,987,036	\$74,996,444
Proportion of the Net Pension Liability	0.257055%	0.25484464%	
Pension Expense	\$777,717	\$2,406,351	\$3,184,068

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$110,724	\$596,760	\$707,484
School District contributions subsequent to the measurement date	1,069,189	3,799,768	4,868,957
Total Deferred Outflows of Resources	\$1,179,913	\$4,396,528	\$5,576,441
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$2,111,463	\$11,467,837	\$13,579,300

\$4,868,957 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	(\$499,905)	(\$2,717,769)	(\$3,217,674)
2017	(499,905)	(2,717,769)	(3,217,674)
2018	(499,905)	(2,717,769)	(3,217,674)
2019	(501,024)	(2,717,770)	(3,218,794)
Total	(\$2,000,739)	(\$10,871,077)	(\$12,871,816)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Lancaster City School District, Ohio
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Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$18,560,558	\$13,009,408	\$8,340,410

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

Lancaster City School District, Ohio
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Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$88,741,200	\$61,987,036	\$39,362,016

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System / State Teachers Retirement System. As of June 30, 2015, one member of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

A. School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$130,048.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013, were \$230,428, \$159,768, and \$149,735, respectively. For fiscal year 2015, 26.89 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$302,040, and \$252,009, respectively. The full amount has been contributed for fiscal years 2014 and 2013.

Note 15 – Capital Leases – Lessee Disclosure

In prior fiscal years, the School District entered into capital leases for copier and ipad equipment. During fiscal year 2015, the School District completed the prior fiscal year's copier equipment lease then entered into a new lease for copier equipment. These leases meet the criteria of a capital lease which is when a lease transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements. The new copier equipment acquired by lease has been capitalized in the government-wide statements in the amount of \$221,211 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide statements. During fiscal year 2013, the School District entered into a capital lease for the purchase of Apple iPads and Apps Volume Vouchers from Apple Incorporated. The Apple iPads and Apps Volume Vouchers acquired by lease in the amount of \$1,036,010 have not been capitalized but a capital leases payable has been recorded in the government-wide statements. The capitalized leased assets

Lancaster City School District, Ohio
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are reflected net of accumulated depreciation in the amount of \$196,949 for equipment. Principal payments toward all capital leases during 2015 totaled \$326,641.

The agreement provides for minimum annual lease payments as follows:

Year	Principal	Interest	Total
2016	\$36,166	\$26,734	\$62,900
2017	303,729	27,427	331,156
2018	46,934	15,966	62,900
2019	53,471	9,429	62,900
2020	19,178	1,789	20,967
Total	<u>\$459,478</u>	<u>\$81,345</u>	<u>\$540,823</u>

Note 16 - Long Term Obligations

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

	Principal Outstanding 6/30/2014	Additions	Deductions	Principal Outstanding 6/30/2015	Due in One Year
Governmental Activities					
School Facilities Construction and Improvement General Obligation Bonds Series 2012					
Serial Bonds 1.50% - 4.00%	\$10,050,000	\$0	\$175,000	\$9,875,000	\$195,000
Term Bonds 3.75% - 5.00%	48,960,000	0	0	48,960,000	0
Bond Premium	3,423,304	0	96,431	3,326,873	0
Energy Conservation Long-Term Notes, Series 2013 1.90%					
	1,610,000	0	395,000	1,215,000	400,000
Total Bonds and Notes	<u>64,043,304</u>	<u>0</u>	<u>666,431</u>	<u>63,376,873</u>	<u>595,000</u>
Net Pension Liability:					
STRS	73,838,552		11,851,516	61,987,036	0
SERS	15,286,236		2,276,828	13,009,408	0
Total Net Pension Liability	<u>89,124,788</u>	<u>0</u>	<u>14,128,344</u>	<u>74,996,444</u>	<u>0</u>
Capital Leases Payable	564,908	221,211	326,641	459,478	36,166
Compensated Absences Payable	3,059,060	704,597	774,870	2,988,787	360,225
Total Governmental Activities Long-Term Obligations	<u>\$156,792,060</u>	<u>\$925,808</u>	<u>\$15,896,286</u>	<u>\$141,821,582</u>	<u>\$991,391</u>

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

The term bonds due October 1, 2027, 2037, 2042, 2042, 2049, and 2049 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 in the years and in the respective principal amounts as follows:

Calendar Year	Issue						
	\$ 2,505,000	\$ 1,000,000	\$ 7,650,000	\$ 6,800,000	\$ 5,500,000	\$ 20,505,000	\$ 5,000,000
2025	\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2026	875,000	-	-	-	-	-	-
2033	-	175,000	1,350,000	-	-	-	-
2034	-	185,000	1,400,000	-	-	-	-
2035	-	200,000	1,550,000	-	-	-	-
2036	-	215,000	1,650,000	-	-	-	-
2038	-	-	-	1,220,000	985,000	-	-
2039	-	-	-	1,285,000	1,030,000	-	-
2040	-	-	-	1,345,000	1,090,000	-	-
2041	-	-	-	1,440,000	1,165,000	-	-
2043	-	-	-	-	-	2,330,000	565,000
2044	-	-	-	-	-	2,600,000	635,000
2045	-	-	-	-	-	2,755,000	670,000
2046	-	-	-	-	-	2,910,000	715,000
2047	-	-	-	-	-	3,125,000	760,000
2048	-	-	-	-	-	3,300,000	805,000
Total mandatory sinking fund payments	1,575,000	775,000	5,950,000	5,290,000	4,270,000	17,020,000	4,150,000
Amount due at stated maturity	930,000	225,000	1,700,000	1,510,000	1,230,000	3,485,000	850,000
Total	\$ 2,505,000	\$ 1,000,000	\$ 7,650,000	\$ 6,800,000	\$ 5,500,000	\$ 20,505,000	\$ 5,000,000
Stated Maturity	10/1/2027	10/1/2037	10/1/2037	10/1/2042	10/1/2042	10/1/2049	10/1/2049

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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Principal and interest requirements to retire the School Facilities Construction and Improvement General Obligation Bonds outstanding at June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$195,000	\$2,574,438
2017	215,000	2,569,363
2018	270,000	2,565,188
2019	295,000	2,560,213
2020	320,000	2,554,063
2021-2025	2,735,000	12,521,313
2026-2030	4,580,000	11,818,851
2031-2035	6,880,000	10,776,194
2036-2040	10,060,000	8,858,281
2041-2045	13,910,000	6,400,821
2046-2050	19,375,000	2,477,175
Total	\$58,835,000	\$65,675,900

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

Principal and interest requirements to retire the Energy Conservation Long-Term Notes outstanding at June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$400,000	\$23,085
2017	405,000	15,485
2018	410,000	7,790
Total	\$1,215,000	\$46,360

Capital leases payable will be paid from the general fund.

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

The School District's overall legal debt margin was \$24,483,636, with an unvoted debt margin of \$912,120 at June 30, 2015.

The School District pays obligations related to employee compensation from the fund benefitting from their service. For additional information related to the net pension liability, see Note 13.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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Note 17 - Interfund Balances and Activity

Interfund balances at June 30, 2015 consist of the following individual interfund receivables and payables:

	Interfund Receivable	Interfund Payable
Major Fund:		
General	\$15,682	\$0
Other Governmental Funds:		
IDEA - B	0	3,381
Reducing Class Size	0	1,334
Race to the Top	0	3,683
Straight A Grant	0	2,296
Vocational Educaion	0	4,988
Total Other Governmental Funds	0	15,682
Total All Funds	\$15,682	\$15,682

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

Interfund transfers during 2015, consisted of the general fund transferring \$45,000 to the community grants special revenue fund other governmental fund and \$1,840,000 to the permanent improvement capital projects fund. The permanent improvement capital projects fund transferred \$425,590 to the bond retirement debt service fund, both funds are considered other governmental funds. The transfers were for the purpose of paying expenses out of the fund from which it was required to be paid.

Note 18 - Jointly Governed Organizations

Licking Area Computer Association – The School District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services over thirty entities within the boundaries of Licking, Muskingum, Fairfield, Perry, Knox, Medina, and Franklin Counties. These entities consist of public school districts, private schools, and educational service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating school districts. The continued existence of LACA is not dependent on the School District’s continued participation and no equity interest exists.

The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association’s capital assets. The School District’s total payments to LACA for fiscal year 2015 were \$234,207. Financial statements for LACA can be obtained from their fiscal agent the Career and Technology Education Center of Licking County, 150 South Quentin Road, Newark, OH 43055.

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Metropolitan Educational Technology Association – The School District participates in the Metropolitan Educational Technology Association (META), a jointly governed organization created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and non-members innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent’s designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. The School District paid \$44,961 to META during fiscal year 2015 for services. Financial information can be obtained from Scott Armstrong, CFO, 100 Executive Drive, Marion, Ohio 43302.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 130 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members, one elected and one appointed member from each of the seven regions into which the 35 Appalachian counties are divided, and three from Ohio University College of Education. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member school districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2015, the School District paid \$325 to the Coalition for membership fees.

State Support Team Region 11 - The School District participates in the State Support Team Region 11 (SSTR11) a jointly governed organization operated by a Regional Advisory Council that is composed of entities within Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, and Union counties. The purpose of SSTR11 is to provide professional development and technical assistance services to school districts, community schools, career centers, educational service centers, information technology centers, board of developmental disabilities, chartered nonpublic schools, and colleges and universities within the region by supporting State and district initiatives. The SSTR11 is governed by an advisory council, which is the advisory body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops recommendations to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the SSTR11, the superintendent of each educational service center within the region, the superintendent of the region’s largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The Advisory Council exercises total control over the operations of SSTR11 including budgeting, appropriating, contracting, and designating management. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the State Support Team – Region 11, 2080 Citygate Drive, Columbus, Ohio 43219. The School District made no payments to SSTR11 during fiscal year 2015.

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For the Fiscal Year Ended June 30, 2015

Fairfield County Multi-System Youth Committee - The Fairfield County Multi-System Youth Committee is a group of agencies that coordinate the provision of services to multi-need youth in the area. Members of the Committee include representatives of the Fairfield County Youth Services, Fairfield County Board of Developmental Disabilities, Fairfield County Alcohol, Drug Addiction, and Mental Health Board, Fairfield County Children Services, Fairfield Department of Health, New Horizons, the local office of Rehabilitation Services Commission, Fairfield County Drug and Alcohol Recovery Services, and the Lancaster City Schools. The Committee received no additional monies from the School District during fiscal year 2015. 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. The Fairfield County Multi-System Youth Committee is located at 108 West Main Street Suite B, Lancaster, Ohio 43130.

Note 19 – Pools

Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program - The Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program (Program) is a shared risk pool among school districts in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the Ohio School Board Association (OSBA) Executive Committee that consists of seven members as follows: the president of OSBA, Immediate Past President of OSBA, and five representatives elected from the participating school districts.

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

The School District began participating in the program effective January 1, 2011. The School District paid \$17,165 in enrollment fees to the Program as of June 30, 2015 and \$282,588 in workers' compensation premiums.

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

Lancaster City School District, Ohio
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For the Fiscal Year Ended June 30, 2015

South Central Ohio Insurance Consortium - The School District is a member of the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool. The SCOIC's primary purpose and object is establishing and carrying out a cost effective cooperative health program for its member organizations. The governing board consists of the superintendent or other designee appointed by each of the members of the SCOIC. Members include the following school districts and governmental entities: Amanda Clearcreek Local School District, Berne Union Local School District, Bloom-Carroll Local School District, Canal Winchester Local School District, City of Lancaster, Fairfield County Educational Service Center, Fairfield Union Local School District, Lancaster City School District, Liberty Union-Thurston Local School District, Miami Trace Local School District, Logan-Hocking School District, Zane Trace Local School District, New Lexington City School District, Hocking Valley Community Hospital, Fayette County Medical Hospital, and Washington Court House City Schools. The Liberty Union-Thurston Local School District serves as the fiscal agent for the SCOIC.

SCOIC contracted with the Jefferson Health Plan, formally known as the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool, for medical, dental, and prescription drug coverage on a self-insured basis. Prior to June 1, 2013, SCOIC members were considered self insured and paid a monthly premium to the Jefferson Health Plan that was actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. An additional fee was paid for participation in the internal pool that was based on the claims of the internal pool in aggregate and was not based on individual claims experience. In the event of a deficiency in the internal pool, participants were charged a higher rate for participation, and in the event of a surplus, the internal pool paid dividends to the participants. The School District, member of SCOIC, participated in the shared risk pool through Jefferson Health Plan for individual claims from \$100,000 to \$500,000. SCOIC members were then covered under stop loss coverage for claims over \$500,000 through the Jefferson Health Plan. Jefferson Health Plan contracted with Employee Benefits Management Corporation to service the claims of SCOIC members.

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

In the event that the School District would withdraw from SCOIC, the School District would be required to give a one hundred eighty day notice prior to the end of their three year contract, be responsible for all run-out claims, and would have no rights to share in any surplus funds of SCOIC. To obtain financial information for the SCOIC, write to the fiscal agent, Liberty Union-Thurston Local School District, 1108 South Main Street, Baltimore, Ohio 43105-9700.

Note 20 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2015, if applicable, cannot be determined at this time.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

B. Litigation

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

C. School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 foundation funding for the School District, therefore, any financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or a liability of the School District.

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 acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

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

	<u>Capital Improvements</u>
Set-aside Balance as of June 30, 2014	\$0
Current Year Set-aside Requirement	1,041,365
Current Year Offsets	(3,031,359)
Qualifying Disbursements	<u>(1,650,330)</u>
Total	<u><u>(\$3,640,324)</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 22 – Significant Commitments

A. Encumbrances

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

Governmental Funds:	
General Fund	\$ 1,655,335
Classroom Facilities Fund	36,489,437
Nonmajor Governmental Funds	2,626,669
Total Governmental Funds	40,771,441
Private Purpose Trust Fund:	
Endowment Fund	650
Internal Service Fund:	
Employee Benefits Self Insurance	2,500
Total	\$40,774,591

B. Contractual Commitments

Vendor	Original Contract	Paid to Date	Amount Remaining
Schorr Architects	\$4,598,261	\$3,753,231	\$845,030
Summit Construction Company, Incorporated	14,803,944	364,803	14,439,141
Continental Office	1,474,154	511,690	962,464
Zimmerman School Equipment	900,041	269,816	630,225
Environmental Demolition	179,900	135,835	44,065
Four Seasons Environmental, Incorporated	175,841	125,728	50,113
Lend Lease Construction, Incorporated	786,979	703,917	83,062
Monarch Construction Company	11,403,087	10,772,090	630,997
Professional Service Industries	20,000	2,799	17,201
Stockmeister Enterprises, Incorporated	10,932,840	10,348,595	584,245
Turner Construction Company	13,245,998	11,902,229	1,343,769
Total	\$58,521,045	\$38,890,733	\$19,630,312

Note 23 – Fund Balances

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Fund Balances	General	Classroom Facilities	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Prepays	\$72,233	\$0	\$45,238	\$117,471
Materials and Supplies Inventory	213,401	0	13,460	226,861
<i>Total Nonspendable</i>	<u>285,634</u>	<u>0</u>	<u>58,698</u>	<u>344,332</u>
<u>Restricted for:</u>				
Food Service Operations	0	0	1,310,890	1,310,890
Student Achievements	0	0	26,264	26,264
Department Clubs	0	0	175,593	175,593
Auxiliary Services	0	0	46,937	46,937
Teacher Development	0	0	1	1
Classroom Facilities Maintenance	0	0	1,186,463	1,186,463
Vocational Education	0	0	5,528	5,528
Bond Retirement	0	0	1,227,845	1,227,845
Capital Improvements	0	38,957,959	4,751,949	43,709,908
<i>Total Restricted</i>	<u>0</u>	<u>38,957,959</u>	<u>8,731,470</u>	<u>47,689,429</u>
<u>Committed to:</u>				
Scholarships	0	0	27,092	27,092
Preschool	0	0	72,570	72,570
Termination Benefits	560,344	0	0	560,344
Purchases on Order	312,675	0	571,716	884,391
<i>Total Committed</i>	<u>873,019</u>	<u>0</u>	<u>671,378</u>	<u>1,544,397</u>
<u>Assigned to:</u>				
Capital Improvements	0	0	4,641,314	4,641,314
Public School Support	109,410	0	0	109,410
Assigned to Subsequent Year's				
Appropriations	725,655	0	0	725,655
Purchases on Order	841,782	0	0	841,782
<i>Total Assigned</i>	<u>1,676,847</u>	<u>0</u>	<u>4,641,314</u>	<u>6,318,161</u>
Unassigned (Deficit):	38,430,356	0	(106,934)	38,323,422
<i>Total Fund Balances</i>	<u>\$41,265,856</u>	<u>\$38,957,959</u>	<u>\$13,995,926</u>	<u>\$94,219,741</u>

On March 22, 2010, the Board of Education approved a resolution to maintain a cash reserve balance of twelve percent of operating expenses for the purpose of sound fiscal management. This minimum cash balance is required for the first two years of the rolling five year forecast period. If the Treasurer finds that the twelve percent cash reserve is not met within those first two years of the five year forecast, the Treasurer and Superintendent will advise the Board of Education in order to allow the Board of Education to consider steps to be taken to meet the reserve. The minimum cash reserve balance as of June 30, 2015 was \$7,016,105 which was based on the May, 2015 five year forecast. The School District's general fund cash balances were adequate for the minimum cash reserve balance; therefore, no action was needed by the Board of Education for fiscal year 2015. This twelve percent cash reserve balance is reported as unassigned in the general fund.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 24 – Change in Reporting Entity

Lancaster City School District served as the sponsor school district for the Lancaster-Fairfield Community School (LFCS). In prior fiscal years, the LFCS was reported as a discretely presented component unit of the Lancaster City School District based upon the criteria set forth in GASB Statements 14, 39, and 61. During fiscal year 2014, Lancaster City School District approved the closure of LFCS as of June 30, 2014; therefore, due to the closure, the School District will no longer present any financial information for the LFCS.

Note 25 – Subsequent Events

On November 3, 2015, the School District electorate renewed the 1.5 percent earned income tax for a continuing period. With the passage of this continuing revenue stream, the School District has the fiscal stability to finance and build two new middle school buildings in partnership with the Ohio Facilities Construction Commission without asking for additional taxpayer dollars.

Enterprise Liquids constructed a pipeline for shale liquids along a similar path as the REX Rocky Express Pipeline; however, the pipeline is now carrying tax-exempt derivatives. As a result, the School District will not receive tax dollars from the estimated \$13 million in increased valuation in tax year 2015.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

Lancaster City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School District's Proportion of the Net Pension Liability	0.257055%	0.257055%
School District's Proportionate Share of the Net Pension Liability	\$13,009,408	\$15,286,236
School District's Covered-Employee Payroll	\$7,603,214	\$6,771,366
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	171.10%	225.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

Lancaster City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School District's Proportion of the Net Pension Liability	0.25484464%	0.25484464%
School District's Proportionate Share of the Net Pension Liability	\$61,987,036	\$73,838,552
School District's Covered-Employee Payroll	\$26,052,229	\$25,200,900
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	237.93%	293.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

Lancaster City School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	(3) 2013	2012
Contractually Required Contribution	\$1,069,189	\$1,053,806	\$937,157	\$1,052,590
Contributions in Relation to the Contractually Required Contribution	<u>(1,069,189)</u>	<u>(1,053,806)</u>	<u>(937,157)</u>	<u>(1,052,590)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$8,112,207	\$7,603,214	\$6,771,366	\$7,825,945
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

Notes to the Required Supplementary Information:

- (1) The School District experienced a large decrease in enrollment due to financial issues which resulted in a reduction in employees.
- (2) The School District passed an income tax levy in November, 2006 and began to receive a full year of income tax collections in fiscal year 2008 as a result, the School District was able to fill vacant positions that had not been filled in fiscal year 2007.
- (3) The School District experienced a large number of retirements at the end of fiscal year 2012. In fiscal year 2013, the School District replaced the higher paid employees with employees at the lower end of the pay scale.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>(2) 2008</u>	<u>(1) 2007</u>	<u>2006</u>
\$844,817	\$1,205,519	\$742,181	\$644,001	\$501,203	\$589,992
<u>(844,817)</u>	<u>(1,205,519)</u>	<u>(742,181)</u>	<u>(644,001)</u>	<u>(501,203)</u>	<u>(589,992)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,720,898	\$8,903,388	\$7,542,486	\$6,558,057	\$4,692,912	\$5,576,484
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

Lancaster City School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	(3) 2013	2012
Contractually Required Contribution	\$3,799,768	\$3,386,790	\$3,276,117	\$3,633,504
Contributions in Relation to the Contractually Required Contribution	<u>(3,799,768)</u>	<u>(3,386,790)</u>	<u>(3,276,117)</u>	<u>(3,633,504)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$27,141,200	\$26,052,229	\$25,200,900	\$27,950,031
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

Notes to the Required Supplementary Information:

- (1) The School District experienced a large drop in enrollment due to financial issues which resulted in a reduction in employees.
- (2) The School District passed an income tax levy in November, 2006, and began to receive a full year of income tax collections in fiscal year 2008 as a result, School District was able to fill vacant positions that were not filled in fiscal year 2007.
- (3) The School District experienced a large number of retirements at the end of fiscal year 2012. In fiscal year 2013, the School District replaced the higher paid employees with employees at the lower end of the pay scale.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>(2) 2008</u>	<u>(1) 2007</u>	<u>2006</u>
\$3,375,202	\$3,436,197	\$3,204,220	\$3,009,384	\$2,810,730	\$3,241,958
<u>(3,375,202)</u>	<u>(3,436,197)</u>	<u>(3,204,220)</u>	<u>(3,009,384)</u>	<u>(2,810,730)</u>	<u>(3,241,958)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$25,963,092	\$26,432,285	\$24,647,846	\$23,149,108	\$21,621,000	\$24,938,138
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Lancaster City School District, Ohio

Combining and Individual Fund Financial Statements and Schedules

Lancaster City School District, Ohio

Nonmajor Governmental Fund Types

Special Revenue Funds

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

Debt Service Fund

Debt service funds are used to account for and report financial resources that are restricted to expenditure for principal and interest on general obligation debt. For fiscal year 2015, there was only one debt service fund, bond retirement, which is considered a nonmajor fund.

Capital Projects Funds

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

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and Cash Equivalents	\$2,875,053	\$973,063	\$5,319,170	\$9,167,286
Cash and Cash Equivalents with Escrow Agent	0	0	50,961	50,961
Investments	0	0	4,950,714	4,950,714
Receivables:				
Property Taxes	439,173	2,767,951	0	3,207,124
Accounts	12,945	0	0	12,945
Intergovernmental	1,381,905	0	0	1,381,905
Accrued interest	2,394	0	1,989	4,383
Prepays	45,238	0	0	45,238
Inventory Held for Resale	38,927	0	0	38,927
Materials and Supplies Inventory	13,460	0	0	13,460
<i>Total Assets</i>	<u>\$4,809,095</u>	<u>\$3,741,014</u>	<u>\$10,322,834</u>	<u>\$18,872,943</u>
Liabilities				
Accounts Payable	\$50,773	\$0	\$107,110	\$157,883
Contracts Payable	0	0	174,385	174,385
Retainage Payable	0	0	74,371	74,371
Accrued Salaries and Benefits Payable	601,543	0	0	601,543
Intergovernmental Payable	262,107	0	0	262,107
Interfund Payable	15,682	0	0	15,682
<i>Total Liabilities</i>	<u>930,105</u>	<u>0</u>	<u>355,866</u>	<u>1,285,971</u>
Deferred Inflows of Resources				
Property Taxes	353,190	2,259,218	0	2,612,408
Unavailable Revenue	722,698	253,951	1,989	978,638
<i>Total Deferred Inflows of Resources</i>	<u>1,075,888</u>	<u>2,513,169</u>	<u>1,989</u>	<u>3,591,046</u>
Fund Balances				
Nonspendable	58,698	0	0	58,698
Restricted	2,751,676	1,227,845	4,751,949	8,731,470
Committed	99,662	0	571,716	671,378
Assigned	0	0	4,641,314	4,641,314
Unassigned (Deficit)	(106,934)	0	0	(106,934)
<i>Total Fund Balances</i>	<u>2,803,102</u>	<u>1,227,845</u>	<u>9,964,979</u>	<u>13,995,926</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$4,809,095</u>	<u>\$3,741,014</u>	<u>\$10,322,834</u>	<u>\$18,872,943</u>

Lancaster City School District, Ohio
*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$416,004	\$2,662,425	\$0	\$3,078,429
Intergovernmental	8,491,008	332,330	0	8,823,338
Interest	7,685	0	20,795	28,480
Tuition and Fees	27,878	0	0	27,878
Charges for Services	533,732	0	0	533,732
Extracurricular Activities	395,644	0	0	395,644
Gifts and Donations	32,224	0	1,136	33,360
Miscellaneous	16,940	0	893	17,833
<i>Total Revenues</i>	<u>9,921,115</u>	<u>2,994,755</u>	<u>22,824</u>	<u>12,938,694</u>
Expenditures				
Current:				
Instruction:				
Regular	1,441,085	0	0	1,441,085
Special	2,543,595	0	0	2,543,595
Vocational	193,029	0	0	193,029
Student Intervention Services	165,348	0	0	165,348
Support Services:				
Pupils	235,695	0	0	235,695
Instructional Staff	767,232	0	0	767,232
Administration	338,252	0	10,913	349,165
Fiscal	8,997	56,907	0	65,904
Operation and Maintenance of Plant	59,844	0	0	59,844
Pupil Transportation	4,143	0	0	4,143
Operation of Non-Instructional Services:				
Food Service Operations	2,640,253	0	0	2,640,253
Other Non-Instructional Services	947,401	0	0	947,401
Extracurricular Activities	233,522	0	2,673	236,195
Capital Outlay	27,000	0	4,503,980	4,530,980
Debt Service:				
Principal	0	570,000	0	570,000
Interest and Fiscal Charges	0	2,609,703	0	2,609,703
<i>Total Expenditures</i>	<u>9,605,396</u>	<u>3,236,610</u>	<u>4,517,566</u>	<u>17,359,572</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	<u>315,719</u>	<u>(241,855)</u>	<u>(4,494,742)</u>	<u>(4,420,878)</u>
Other Financing Sources (Use)				
Proceeds from Sale of Capital Assets	1,527	0	0	1,527
Transfers In	45,000	425,590	1,840,000	2,310,590
Transfers Out	0	0	(425,590)	(425,590)
<i>Total Other Financing Sources (Use)</i>	<u>46,527</u>	<u>425,590</u>	<u>1,414,410</u>	<u>1,886,527</u>
<i>Net Change in Fund Balances</i>	362,246	183,735	(3,080,332)	(2,534,351)
<i>Fund Balances Beginning of Year</i>	<u>2,440,856</u>	<u>1,044,110</u>	<u>13,045,311</u>	<u>16,530,277</u>
<i>Fund Balances End of Year</i>	<u>\$2,803,102</u>	<u>\$1,227,845</u>	<u>\$9,964,979</u>	<u>\$13,995,926</u>

Lancaster City School District, Ohio

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

Miscellaneous State Grants Fund – To account for miscellaneous grants from the State for security related programs and early literacy programs.

Straight A Grant Fund – To account for State grant funding for professional development and the purchase of technology and educational programs to be used in the classroom.

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

(Continued)

Lancaster City School District, Ohio

Nonmajor Special Revenue Funds (Continued)

Preschool Fund – To account for and report committed tuition monies and restricted Federal and State revenues awarded to the School District for the improvement and expansion of services provided for preschool children and handicapped preschool children. This fund includes the preschool tuition, public school preschool, and preschool special education funds for GAAP reporting purposes.

Public School Support Fund - To account for and report specific local revenue sources (other than taxes) generated by individual school buildings. Expenditures include field trips, assemblies, materials and other items to supplement co-curricular and extra-curricular programs. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

Termination Benefits Fund – To account for and report cash committed for paying termination benefits or for paying salaries when the number of pay periods exceeds the usual and customary for a year. This fund is included with the general fund for GAAP reporting as it does not have a restricted revenue source. This fund was established by fund transfers from the general fund.

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	Food Service	Scholarship Memorial	Community Grants	Classroom Facilities Maintenance	District Managed Student Activity	Auxiliary Services
Assets						
Cash and Cash Equivalents	\$1,311,873	\$27,090	\$19,767	\$1,146,653	\$176,712	\$81,449
Receivables:						
Property Taxes	0	0	0	439,173	0	0
Accounts	635	0	12,215	0	95	0
Intergovernmental	211,861	0	0	0	0	0
Accrued Interest	2,211	46	0	0	0	137
Prepays	0	0	0	0	0	0
Inventory Held for Resale	38,927	0	0	0	0	0
Materials and Supplies Inventory	13,460	0	0	0	0	0
<i>Total Assets</i>	<u>\$1,578,967</u>	<u>\$27,136</u>	<u>\$31,982</u>	<u>\$1,585,826</u>	<u>\$176,807</u>	<u>\$81,586</u>
Liabilities						
Accounts Payable	\$0	\$0	\$0	\$0	\$1,214	\$15,475
Accrued Salaries and Benefits Payable	149,393	0	1,759	0	0	16,277
Intergovernmental Payable	103,118	0	3,959	0	0	2,767
Interfund Payable	0	0	0	0	0	0
<i>Total Liabilities</i>	<u>252,511</u>	<u>0</u>	<u>5,718</u>	<u>0</u>	<u>1,214</u>	<u>34,519</u>
Deferred Inflows of Resources						
Property Taxes	0	0	0	353,190	0	0
Unavailable Revenue	2,106	44	0	46,173	0	130
<i>Total Deferred Inflows of Resources</i>	<u>2,106</u>	<u>44</u>	<u>0</u>	<u>399,363</u>	<u>0</u>	<u>130</u>
Fund Balances:						
Nonspendable	13,460	0	0	0	0	0
Restricted	1,310,890	0	26,264	1,186,463	175,593	46,937
Committed	0	27,092	0	0	0	0
Unassigned (Deficits)	0	0	0	0	0	0
<i>Total Fund Balances (Deficits)</i>	<u>1,324,350</u>	<u>27,092</u>	<u>26,264</u>	<u>1,186,463</u>	<u>175,593</u>	<u>46,937</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$1,578,967</u>	<u>\$27,136</u>	<u>\$31,982</u>	<u>\$1,585,826</u>	<u>\$176,807</u>	<u>\$81,586</u>

IDEA - B	Title I	Reducing Class Size	Race To The Top	Straight A Grant	Vocational Education	Preschool	Total Nonmajor Special Revenue Funds
\$12,704	\$15,853	\$0	\$0	\$5,935	\$0	\$77,017	\$2,875,053
0	0	0	0	0	0	0	439,173
0	0	0	0	0	0	0	12,945
289,885	484,091	79,715	5,283	287,934	15,979	7,157	1,381,905
0	0	0	0	0	0	0	2,394
39,200	6,038	0	0	0	0	0	45,238
0	0	0	0	0	0	0	38,927
0	0	0	0	0	0	0	13,460
<u>\$341,789</u>	<u>\$505,982</u>	<u>\$79,715</u>	<u>\$5,283</u>	<u>\$293,869</u>	<u>\$15,979</u>	<u>\$84,174</u>	<u>\$4,809,095</u>
\$9,064	\$0	\$9,483	\$1,599	\$8,001	\$5,463	\$474	\$50,773
146,581	233,467	44,407	0	6,044	0	3,615	601,543
37,656	99,588	7,358	0	4,319	0	3,342	262,107
3,381	0	1,334	3,683	2,296	4,988	0	15,682
<u>196,682</u>	<u>333,055</u>	<u>62,582</u>	<u>5,282</u>	<u>20,660</u>	<u>10,451</u>	<u>7,431</u>	<u>930,105</u>
0	0	0	0	0	0	0	353,190
134,294	232,449	24,700	0	277,700	0	5,102	722,698
<u>134,294</u>	<u>232,449</u>	<u>24,700</u>	<u>0</u>	<u>277,700</u>	<u>0</u>	<u>5,102</u>	<u>1,075,888</u>
39,200	6,038	0	0	0	0	0	58,698
0	0	0	1	0	5,528	0	2,751,676
0	0	0	0	0	0	72,570	99,662
<u>(28,387)</u>	<u>(65,560)</u>	<u>(7,567)</u>	<u>0</u>	<u>(4,491)</u>	<u>0</u>	<u>(929)</u>	<u>(106,934)</u>
<u>10,813</u>	<u>(59,522)</u>	<u>(7,567)</u>	<u>1</u>	<u>(4,491)</u>	<u>5,528</u>	<u>71,641</u>	<u>2,803,102</u>
<u>\$341,789</u>	<u>\$505,982</u>	<u>\$79,715</u>	<u>\$5,283</u>	<u>\$293,869</u>	<u>\$15,979</u>	<u>\$84,174</u>	<u>\$4,809,095</u>

Lancaster City School District, Ohio
*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances*
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2015

	Food Service	Scholarship Memorial	Community Grants	Classroom Facilities Maintenance
Revenues				
Property Taxes	\$0	\$0	\$0	\$416,004
Intergovernmental	2,066,820	0	0	51,927
Interest	6,444	138	0	0
Tuition and Fees	0	0	0	0
Charges for Services	533,732	0	0	0
Extracurricular Activities	0	0	91,930	0
Gifts and Donations	0	801	0	0
Miscellaneous	15,626	0	240	0
<i>Total Revenues</i>	<u>2,622,622</u>	<u>939</u>	<u>92,170</u>	<u>467,931</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	16,107	0
Special	0	0	972	0
Vocational	0	0	94,652	0
Student Intervention Services	0	0	0	0
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Fiscal	0	0	0	8,997
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	2,640,253	0	0	0
Other Non-Instructional Services	0	1,424	1,553	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	16,000	0
<i>Total Expenditures</i>	<u>2,640,253</u>	<u>1,424</u>	<u>129,284</u>	<u>8,997</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(17,631)</u>	<u>(485)</u>	<u>(37,114)</u>	<u>458,934</u>
Other Financing Sources				
Proceeds from Sale of Capital Assets	1,527	0	0	0
Transfer In	0	0	45,000	0
<i>Total Other Financing Sources</i>	<u>1,527</u>	<u>0</u>	<u>45,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(16,104)</u>	<u>(485)</u>	<u>7,886</u>	<u>458,934</u>
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>1,340,454</u>	<u>27,577</u>	<u>18,378</u>	<u>727,529</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>\$1,324,350</u>	<u>\$27,092</u>	<u>\$26,264</u>	<u>\$1,186,463</u>

District Managed Student Activity	Auxiliary Services	Data Communications	IDEA - B	Title I	Reducing Class Size	Race To The Top
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	771,564	21,600	1,386,088	1,972,298	428,199	19,930
0	1,103	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
303,714	0	0	0	0	0	0
31,423	0	0	0	0	0	0
1,074	0	0	0	0	0	0
<u>336,211</u>	<u>772,667</u>	<u>21,600</u>	<u>1,386,088</u>	<u>1,972,298</u>	<u>428,199</u>	<u>19,930</u>
0	0	0	0	196,137	128,523	0
0	0	0	783,748	1,668,806	7,883	0
0	0	0	0	0	0	0
0	0	0	153,021	7,734	0	0
0	0	0	133,300	74,329	0	0
0	0	21,600	14,282	58,581	266,512	22,787
0	0	0	264,619	3,403	16,404	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
80,708	801,767	0	49,556	3,868	8,525	0
233,522	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>314,230</u>	<u>801,767</u>	<u>21,600</u>	<u>1,398,526</u>	<u>2,012,858</u>	<u>427,847</u>	<u>22,787</u>
<u>21,981</u>	<u>(29,100)</u>	<u>0</u>	<u>(12,438)</u>	<u>(40,560)</u>	<u>352</u>	<u>(2,857)</u>
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0
<u>21,981</u>	<u>(29,100)</u>	<u>0</u>	<u>(12,438)</u>	<u>(40,560)</u>	<u>352</u>	<u>(2,857)</u>
<u>153,612</u>	<u>76,037</u>	<u>0</u>	<u>23,251</u>	<u>(18,962)</u>	<u>(7,919)</u>	<u>2,858</u>
<u>\$175,593</u>	<u>\$46,937</u>	<u>\$0</u>	<u>\$10,813</u>	<u>(\$59,522)</u>	<u>(\$7,567)</u>	<u>\$1</u>

(Continued)

Lancaster City School District, Ohio
*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances*
Nonmajor Special Revenue Funds (Continued)
For the Fiscal Year Ended June 30, 2015

	Miscellaneous State Grants	Straight A Grant	Vocational Education	Preschool
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Intergovernmental	11,000	1,547,441	112,651	101,490
Interest	0	0	0	0
Tuition and Fees	0	0	0	27,878
Charges for Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Gifts and Donations	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>11,000</u>	<u>1,547,441</u>	<u>112,651</u>	<u>129,368</u>
Expenditures				
Current:				
Instruction:				
Regular	0	1,100,318	0	0
Special	0	0	0	82,186
Vocational	0	0	98,377	0
Student Intervention Services	0	4,593	0	0
Support Services:				
Pupils	0	0	0	28,066
Instructional Staff	0	373,034	8,322	2,114
Administration	0	14,143	0	39,683
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	59,844	0	0
Pupil Transportation	0	0	3,049	1,094
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
Other Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Capital Outlay	11,000	0	0	0
<i>Total Expenditures</i>	<u>11,000</u>	<u>1,551,932</u>	<u>109,748</u>	<u>153,143</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>(4,491)</u>	<u>2,903</u>	<u>(23,775)</u>
Other Financing Sources				
Proceeds from Sale of Capital Assets	0	0	0	0
Transfer In	0	0	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(4,491)	2,903	(23,775)
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>2,625</u>	<u>95,416</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>\$0</u>	<u>(\$4,491)</u>	<u>\$5,528</u>	<u>\$71,641</u>

<u> <u>Total Nonmajor Special Revenue Funds</u> </u>
\$416,004
8,491,008
7,685
27,878
533,732
395,644
32,224
16,940
<u>9,921,115</u>
1,441,085
2,543,595
193,029
165,348
235,695
767,232
338,252
8,997
59,844
4,143
2,640,253
947,401
233,522
27,000
<u>9,605,396</u>
315,719
1,527
<u>45,000</u>
46,527
<u>362,246</u>
2,440,856
<u><u>\$2,803,102</u></u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Food Service Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,337,000	\$1,934,711	(\$402,289)
Interest	4,180	6,597	2,417
Charges for Services	670,560	533,732	(136,828)
Miscellaneous	9,000	14,991	5,991
<i>Total Revenues</i>	<u>3,020,740</u>	<u>2,490,031</u>	<u>(530,709)</u>
Expenditures			
Current:			
Support Services:			
Central	930	0	930
Non-Instructional Services:			
Food Service Operations	2,988,779	2,474,662	514,117
<i>Total Expenditures</i>	<u>2,989,709</u>	<u>2,474,662</u>	<u>515,047</u>
<i>Excess of Revenues Over Expenditures</i>	31,031	15,369	(15,662)
Other Financing Sources			
Proceeds from Sale of Capital Assets	0	1,527	1,527
<i>Net Change in Fund Balance</i>	31,031	16,896	(14,135)
<i>Fund Balance Beginning of Year</i>	1,212,117	1,212,117	0
<i>Prior Year Encumbrances Appropriated</i>	20,041	20,041	0
<i>Fund Balance at End of Year</i>	<u>\$1,263,189</u>	<u>\$1,249,054</u>	<u>(\$14,135)</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Scholarship Memorial Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$850	\$142	(\$708)
Gifts and Donations	0	801	801
<i>Total Revenues</i>	850	943	93
Expenditures			
Current:			
Non-Instructional Services:			
Community Services	3,511	1,499	2,012
<i>Net Change in Fund Balance</i>	(2,661)	(556)	2,105
<i>Fund Balance Beginning of Year</i>	26,500	26,500	0
<i>Prior Year Encumbrances Appropriated</i>	1,071	1,071	0
<i>Fund Balance at End of Year</i>	\$24,910	\$27,015	\$2,105

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, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$81,605	\$91,930	\$10,325
Expenditures			
Current:			
Instruction:			
Regular	27,574	16,107	11,467
Special	1,175	972	203
Vocational	98,074	92,128	5,946
Operation of Non-Instructional Services			
Other	1,630	1,553	77
Capital Outlay	16,868	16,000	868
<i>Total Expenditures</i>	145,321	126,760	18,561
<i>Excess of Revenues Under Expenditures</i>	(63,716)	(34,830)	28,886
Other Financing Sources			
Operating Transfers In	54,419	45,000	(9,419)
<i>Net Change in Fund Balance</i>	(9,297)	10,170	19,467
<i>Fund Balance Beginning of Year</i>	9,297	9,297	0
<i>Prior Year Encumbrances Appropriated</i>	300	300	0
<i>Fund Balance at End of Year</i>	\$300	\$19,767	\$19,467

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property Taxes	\$420,000	\$409,643	(\$10,357)
Intergovernmental	50,000	51,927	1,927
<i>Total Revenues</i>	470,000	461,570	(8,430)
Expenditures			
Current:			
Support Services:			
Fiscal	50,000	8,997	41,003
<i>Net Change in Fund Balance</i>	420,000	452,573	32,573
<i>Fund Balance Beginning of Year</i>	694,080	694,080	0
<i>Fund Balance at End of Year</i>	<u>\$1,114,080</u>	<u>\$1,146,653</u>	<u>\$32,573</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
District Managed Student Activity Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$312,162	\$303,644	(\$8,518)
Gifts and Donations	26,332	31,574	5,242
Miscellaneous	2,299	1,074	(1,225)
<i>Total Revenues</i>	<u>340,793</u>	<u>336,292</u>	<u>(4,501)</u>
Expenditures			
Current:			
Support Services:			
Central	3,000	0	3,000
Non-Instructional Services:			
Other	121,067	93,117	27,950
Extracurricular Activities	289,784	255,096	34,688
<i>Total Expenditures</i>	<u>413,851</u>	<u>348,213</u>	<u>65,638</u>
<i>Net Change in Fund Balance</i>	(73,058)	(11,921)	61,137
<i>Fund Balance Beginning of Year</i>	141,954	141,954	0
<i>Prior Year Encumbrances Appropriated</i>	35,814	35,814	0
<i>Fund Balance at End of Year</i>	<u>\$104,710</u>	<u>\$165,847</u>	<u>\$61,137</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$820,971	\$771,564	(\$49,407)
Interest	420	1,120	700
<i>Total Revenues</i>	821,391	772,684	(48,707)
Expenditures			
Current:			
Non-Instructional Services:			
Community Services	888,546	861,837	26,709
<i>Net Change in Fund Balance</i>	(67,155)	(89,153)	(21,998)
<i>Fund Balance Beginning of Year</i>	65,781	65,781	0
<i>Prior Year Encumbrances Appropriated</i>	46,669	46,669	0
<i>Fund Balance at End of Year</i>	\$45,295	\$23,297	(\$21,998)

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, 2015

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

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
IDEA - B Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,590,383	\$1,300,497	(\$289,886)
Expenditures			
Current:			
Instruction:			
Special	890,312	769,325	120,987
Student Intervention Services	169,018	143,929	25,089
Support Services:			
Pupils	172,779	148,699	24,080
Instructional Staff	37,902	14,828	23,074
Administration	317,040	263,851	53,189
Non-Instructional Services:			
Community Services	66,488	40,036	26,452
<i>Total Expenditures</i>	<u>1,653,539</u>	<u>1,380,668</u>	<u>272,871</u>
<i>Net Change in Fund Balance</i>	(63,156)	(80,171)	(17,015)
<i>Fund Balance Beginning of Year</i>	51,871	51,871	0
<i>Prior Year Encumbrances Appropriated</i>	11,286	11,286	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$1</u>	<u>(\$17,014)</u>	<u>(\$17,015)</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Title I Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,418,660	\$1,934,568	(\$484,092)
Expenditures			
Current:			
Instruction:			
Regular	170,515	166,651	3,864
Special	1,899,658	1,621,599	278,059
Student Intervention Services	106,027	0	106,027
Other	84,378	69,851	14,527
Support Services:			
Pupils	83,033	74,441	8,592
Instructional Staff	111,181	64,213	46,968
Administration	4,932	4,932	0
Non-Instructional Services:			
Community Services	5,668	3,838	1,830
<i>Total Expenditures</i>	<u>2,465,392</u>	<u>2,005,525</u>	<u>459,867</u>
<i>Net Change in Fund Balance</i>	(46,732)	(70,957)	(24,225)
<i>Fund Balance Beginning of Year</i>	1,035	1,035	0
<i>Prior Year Encumbrances Appropriated</i>	45,698	45,698	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$1</u>	<u>(\$24,224)</u>	<u>(\$24,225)</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Reducing Class Size Fund
For the Fiscal Year Ended June 30, 2015*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$452,900	\$373,184	(\$79,716)
Expenditures			
Current:			
Instruction:			
Regular	145,016	124,994	20,022
Support Services:			
Instructional Staff	299,591	261,349	38,242
Administration	16,477	16,477	0
Non-Instructional Services:			
Community Services	8,928	8,764	164
<i>Total Expenditures</i>	<u>470,012</u>	<u>411,584</u>	<u>58,428</u>
<i>Net Change in Fund Balance</i>	(17,112)	(38,400)	(21,288)
<i>Fund Balance (Deficit) Beginning of Year</i>	(9,625)	(9,625)	0
<i>Prior Year Encumbrances Appropriated</i>	<u>26,738</u>	<u>26,738</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$1</u>	<u>(\$21,287)</u>	<u>(\$21,288)</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Race to the Top Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$26,500	\$15,604	(\$10,896)
Expenditures			
Current:			
Support Services:			
Instructional Staff	30,039	24,585	5,454
<i>Excess of Revenues Under Expenditures</i>	(3,539)	(8,981)	(5,442)
Other Financing Sources			
Advances In	0	3,683	3,683
<i>Net Change in Fund Balance</i>	(3,539)	(5,298)	(1,759)
<i>Fund Balance Beginning of Year</i>	1,194	1,194	0
<i>Prior Year Encumbrances Appropriated</i>	2,439	2,439	0
<i>Fund Balance (Deficit) at End of Year</i>	\$94	(\$1,665)	(\$1,759)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$83,631	\$69,494	(\$14,137)
Expenditures			
Current:			
Instruction:			
Regular	136	0	136
Support Services:			
Capital Outlay	25,000	11,000	14,000
<i>Total Expenditures</i>	<u>25,136</u>	<u>11,000</u>	<u>14,136</u>
<i>Net Change in Fund Balance</i>	58,495	58,494	(1)
<i>Fund Balance (Deficit) Beginning of Year</i>	(58,630)	(58,630)	0
<i>Prior Year Encumbrances Appropriated</i>	136	136	0
<i>Fund Balance at End of Year</i>	<u>\$1</u>	<u>\$0</u>	<u>(\$1)</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Straight A Grant Fund
For the Fiscal Year Ended June 30, 2015*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,827,988	\$1,540,054	(\$287,934)
Expenditures			
Current:			
Instruction:			
Regular	1,266,731	1,100,318	166,413
Support Services:			
Instructional Staff	476,155	373,111	103,044
Administration	17,852	14,143	3,709
Operation and Maintenance of Plant	66,250	59,844	6,406
Pupil Transportation	1,000	0	1,000
<i>Total Expenditures</i>	<u>1,827,988</u>	<u>1,547,416</u>	<u>280,572</u>
<i>Excess of Revenues Under Expenditures</i>	0	(7,362)	(7,362)
Other Financing Sources			
Advances In	0	2,296	2,296
<i>Net Change in Fund Balance</i>	0	(5,066)	(5,066)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	0	0	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>(\$5,066)</u>	<u>(\$5,066)</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Vocational Education Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$131,303	\$109,756	(\$21,547)
Expenditures			
Current:			
Instruction:			
Vocational	117,377	114,359	3,018
Support Services:			
Instructional Staff	8,895	8,662	233
Administration	148	148	0
Pupil Transportation	3,519	3,819	(300)
<i>Total Expenditures</i>	<u>129,939</u>	<u>126,988</u>	<u>2,951</u>
<i>Net Change in Fund Balance</i>	1,364	(17,232)	(18,596)
<i>Fund Balance (Deficit) Beginning of Year</i>	(14,382)	(14,382)	0
<i>Prior Year Encumbrances Appropriated</i>	<u>13,018</u>	<u>13,018</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>\$0</u></u>	<u><u>(\$18,596)</u></u>	<u><u>(\$18,596)</u></u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Preschool Tuition Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Tuition and Fees	\$27,000	\$28,196	\$1,196
Expenditures			
Current:			
Instruction:			
Special	27,850	12,148	15,702
Support Services:			
Pupils	25,000	12,000	13,000
Instructional Staff	2,924	448	2,476
Administration	46,083	32,015	14,068
<i>Total Expenditures</i>	101,857	56,611	45,246
<i>Net Change in Fund Balance</i>	(74,857)	(28,415)	46,442
<i>Fund Balance Beginning of Year</i>	93,176	93,176	0
<i>Prior Year Encumbrances Appropriated</i>	4,356	4,356	0
<i>Fund Balance at End of Year</i>	\$22,675	\$69,117	\$46,442

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, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$108,900	\$86,798	(\$22,102)
Expenditures			
Current:			
Instruction:			
Special	107,041	80,364	26,677
Support Services:			
Pupils	10,000	10,000	0
Administration	1,695	1,651	44
<i>Total Expenditures</i>	<u>118,736</u>	<u>92,015</u>	<u>26,721</u>
<i>Net Change in Fund Balance</i>	(9,836)	(5,217)	4,619
<i>Fund Balance Beginning of Year</i>	<u>9,836</u>	<u>9,836</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$4,619</u></u>	<u><u>\$4,619</u></u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Preschool Special Education Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$20,169	\$13,012	(\$7,157)
Expenditures			
Current:			
Instruction:			
Special	4,185	1,184	3,001
Support Services:			
Pupils	7,109	6,000	1,109
Instructional Staff	2,000	2,000	0
Administration	5,300	5,391	(91)
Pupil Transportation	1,200	1,200	0
<i>Total Expenditures</i>	19,794	15,775	4,019
<i>Net Change in Fund Balance</i>	375	(2,763)	(3,138)
<i>Fund Balance (Deficit) Beginning of Year</i>	(375)	(375)	0
<i>Fund Balance (Deficit) at End of Year</i>	\$0	(\$3,138)	(\$3,138)

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, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Rent	\$2,000	\$1,177	(\$823)
Extracurricular Activities	69,940	58,629	(11,311)
Gifts and Donations	8,060	15,384	7,324
<i>Total Revenues</i>	<u>80,000</u>	<u>75,190</u>	<u>(4,810)</u>
Expenditures			
Current:			
Instruction:			
Regular	7,929	2,653	5,276
Vocational	300	0	300
Non-Instructional Services:			
Other	105,478	75,524	29,954
Extracurricular Activities	928	620	308
<i>Total Expenditures</i>	<u>114,635</u>	<u>78,797</u>	<u>35,838</u>
<i>Net Change in Fund Balance</i>	(34,635)	(3,607)	31,028
<i>Fund Balance Beginning of Year</i>	107,561	107,561	0
<i>Prior Year Encumbrances Appropriated</i>	2,573	2,573	0
<i>Fund Balance at End of Year</i>	<u>\$75,499</u>	<u>\$106,527</u>	<u>\$31,028</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Termination Benefits Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
<i>Total Revenues</i>	\$0	\$0	\$0
Expenditures			
Current:			
Instruction:			
Regular	168,500	123,462	45,038
Special	9,000	7,927	1,073
Support Services:			
Instructional Staff	21,000	11,744	9,256
Administration	151,500	139,179	12,321
Operation and Maintenance of Plant	10,000	9,368	632
Pupil Transportation	13,000	10,281	2,719
Operation of Non-Instructional Services:			
Food Service	12,000	10,368	1,632
<i>Total Expenditures</i>	385,000	312,329	72,671
<i>Excess of Revenues Under Expenditures</i>	(385,000)	(312,329)	72,671
Other Financing Sources			
Transfers In	465,000	777,000	312,000
<i>Net Change in Fund Balance</i>	80,000	464,671	384,671
<i>Fund Balance Beginning of Year</i>	535,997	535,997	0
<i>Fund Balance at End of Year</i>	\$615,997	\$1,000,668	\$384,671

Lancaster City School District, Ohio

Nonmajor Debt Service Fund

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

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

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Bond Retirement Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property Taxes	\$2,520,000	\$2,621,715	\$101,715
Intergovernmental	320,000	332,330	12,330
<i>Total Revenues</i>	<u>2,840,000</u>	<u>2,954,045</u>	<u>114,045</u>
Expenditures			
Current:			
Support Services:			
Fiscal	75,297	56,907	18,390
Debt Service:			
Principal	570,000	570,000	0
Interest	2,609,703	2,609,703	0
<i>Total Expenditures</i>	<u>3,255,000</u>	<u>3,236,610</u>	<u>18,390</u>
<i>Excess of Revenues Under Expenditures</i>	(415,000)	(282,565)	132,435
Other Financing Sources			
Transfer In	560,000	425,590	(134,410)
<i>Net Change in Fund Balance</i>	145,000	143,025	(1,975)
<i>Fund Balance Beginning of Year</i>	<u>830,038</u>	<u>830,038</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$975,038</u>	<u>\$973,063</u>	<u>(\$1,975)</u>

Lancaster City School District, Ohio

Capital Projects Funds

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

Major Capital Projects Fund

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

Nonmajor Capital Projects Funds

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

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

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Classroom Facilities Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$13,065,188	\$11,099,750	(\$1,965,438)
Interest	277,000	131,662	(145,338)
Miscellaneous	0	10,781	10,781
<i>Total Revenues</i>	13,342,188	11,242,193	(2,099,995)
Expenditures			
Capital Outlay	75,436,983	68,066,695	7,370,288
<i>Net Change in Fund Balance</i>	(62,094,795)	(56,824,502)	5,270,293
<i>Fund Balance Beginning of Year</i>	25,157,812	25,157,812	0
<i>Prior Year Encumbrances Appropriated</i>	36,936,983	36,936,983	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$5,270,293</u>	<u>\$5,270,293</u>

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2015

	Permanent Improvement	Elementary Building Projects	Total Nonmajor Capital Projects Funds
Assets			
Cash and Cash Equivalents	\$5,319,170	\$0	\$5,319,170
Cash and Cash Equivalents with Escrow Agents	0	50,961	50,961
Investments	0	4,950,714	4,950,714
Accrued Interest Receivable	0	1,989	1,989
<i>Total Assets</i>	<u>\$5,319,170</u>	<u>\$5,003,664</u>	<u>\$10,322,834</u>
Liabilities			
Accounts Payable	\$105,140	\$1,970	\$107,110
Contracts Payable	1,000	173,385	174,385
Retainage Payable	0	74,371	74,371
<i>Total Liabilities</i>	<u>106,140</u>	<u>249,726</u>	<u>355,866</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	1,989	1,989
Fund Balances			
Restricted	0	4,751,949	4,751,949
Committed	571,716	0	571,716
Assigned	4,641,314	0	4,641,314
<i>Total Fund Balances</i>	<u>5,213,030</u>	<u>4,751,949</u>	<u>9,964,979</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$5,319,170</u>	<u>\$5,003,664</u>	<u>\$10,322,834</u>

Lancaster City School District, Ohio
*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances*
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2015

	Permanent Improvement	Elementary Building Projects	Total Nonmajor Capital Projects Funds
Revenues			
Interest	\$0	\$20,795	\$20,795
Gifts and Donations	1,136	0	1,136
Miscellaneous	893	0	893
<i>Total Revenues</i>	<u>2,029</u>	<u>20,795</u>	<u>22,824</u>
Expenditures			
Current:			
Support Services:			
Administration	10,913	0	10,913
Extracurricular Activities	2,673	0	2,673
Capital Outlay	987,051	3,516,929	4,503,980
<i>Total Expenditures</i>	<u>1,000,637</u>	<u>3,516,929</u>	<u>4,517,566</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(998,608)</u>	<u>(3,496,134)</u>	<u>(4,494,742)</u>
Other Financing Sources (Uses)			
Transfers In	1,840,000	0	1,840,000
Transfers Out	(425,590)	0	(425,590)
<i>Total Other Financing Sources (Uses)</i>	<u>1,414,410</u>	<u>0</u>	<u>1,414,410</u>
<i>Net Change in Fund Balances</i>	415,802	(3,496,134)	(3,080,332)
<i>Fund Balances Beginning of Year</i>	<u>4,797,228</u>	<u>8,248,083</u>	<u>13,045,311</u>
<i>Fund Balances End of Year</i>	<u>\$5,213,030</u>	<u>\$4,751,949</u>	<u>\$9,964,979</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Gifts and Donations	\$4,000	\$1,136	(\$2,864)
Miscellaneous	500	893	393
<i>Total Revenues</i>	<u>4,500</u>	<u>2,029</u>	<u>(2,471)</u>
Expenditures			
Current:			
Support Services:			
Administration	30,000	21,826	8,174
Pupil Transportation	186,617	0	186,617
Extracurricular Activities	3,000	2,673	327
Capital Outlay	<u>2,317,559</u>	<u>1,558,766</u>	<u>758,793</u>
<i>Total Expenditures</i>	<u>2,537,176</u>	<u>1,583,265</u>	<u>953,911</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,532,676)</u>	<u>(1,581,236)</u>	<u>951,440</u>
Other Financing Sources (Uses)			
Transfers In	1,840,000	1,840,000	0
Transfers Out	<u>(426,000)</u>	<u>(425,590)</u>	<u>410</u>
<i>Total Other Financing Sources (Uses)</i>	<u>1,414,000</u>	<u>1,414,410</u>	<u>410</u>
<i>Net Change in Fund Balance</i>	(1,118,676)	(166,826)	951,850
<i>Fund Balance Beginning of Year</i>	4,729,052	4,729,052	0
<i>Prior Year Encumbrances Appropriated</i>	<u>68,176</u>	<u>68,176</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$3,678,552</u></u>	<u><u>\$4,630,402</u></u>	<u><u>\$951,850</u></u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Elementary Building Projects Fund
For the Fiscal Year Ended June 30, 2015*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$16,500	\$19,838	\$3,338
Expenditures			
Capital Outlay	7,739,921	5,232,959	2,506,962
<i>Net Change in Fund Balance</i>	(7,723,421)	(5,213,121)	2,510,300
<i>Fund Balance Beginning of Year</i>	4,815,513	4,815,513	0
<i>Prior Year Encumbrances Appropriated</i>	3,659,921	3,659,921	0
<i>Fund Balance at End of Year</i>	<u>\$752,013</u>	<u>\$3,262,313</u>	<u>\$2,510,300</u>

Lancaster City School District, Ohio

Internal Service Fund

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

The Employee Benefits Self Insurance Fund – This fund accounts for the operation of the School District’s self-insurance program for employee medical, surgical, prescription drug, and dental claims.

Lancaster City School District, Ohio
*Schedule of Revenues, Expenses, and Changes
in Fund Equity - Budget and Actual (Budget Basis)
Employee Benefits Self Insurance Fund
For the Fiscal Year Ended June 30, 2015*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$9,000,000	\$9,130,712	\$130,712
Expenses			
Current:			
Support Services:			
Central:			
Purchased Services	344,574	337,074	7,500
Claims	9,155,426	8,886,555	268,871
<i>Total Expenses</i>	<u>9,500,000</u>	<u>9,223,629</u>	<u>276,371</u>
<i>Net Change in Fund Balance</i>	(500,000)	(92,917)	407,083
<i>Fund Equity Beginning of Year</i>	<u>903,026</u>	<u>903,026</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$403,026</u></u>	<u><u>\$810,109</u></u>	<u><u>\$407,083</u></u>

Lancaster City School District, Ohio

Fiduciary Funds

Private Purpose Trust Fund

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

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

Agency Funds

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

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

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

Lancaster City School District, Ohio
*Schedule of Revenues, Expenses, and Changes
in Fund Equity - Budget and Actual (Budget Basis)
Endowment Fund
For the Fiscal Year Ended June 30, 2015*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$200	\$213	\$13
Expenses			
Current:			
Non-Instructional Services:			
Community Services	2,300	800	1,500
<i>Net Change in Fund Balance</i>	(2,100)	(587)	1,513
<i>Fund Equity Beginning of Year</i>	39,914	39,914	0
<i>Prior Year Encumbrances Appropriated</i>	300	300	0
<i>Fund Equity at End of Year</i>	<u>\$38,114</u>	<u>\$39,627</u>	<u>\$1,513</u>

Lancaster City School District, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2015

	Balance 7/1/14	Additions	Reductions	Balance 6/30/15
Student Managed Activity				
Assets				
Cash and Cash Equivalents	\$118,173	\$139,267	\$122,284	\$135,156
Liabilities				
External Party Payable	\$337	\$5,774	\$337	\$5,774
Due to Students	117,836	133,493	121,947	129,382
Total Liabilities	\$118,173	\$139,267	\$122,284	\$135,156
Tournament Account				
Assets				
Cash and Cash Equivalents	\$9,207	\$27,403	\$36,394	\$216
Liabilities				
Intergovernmental Payable	\$0	\$70	\$0	\$70
Due to Others	9,207	27,333	36,394	146
Total Liabilities	\$9,207	\$27,403	\$36,394	\$216
Total - All Agency Funds				
Assets				
Cash and Cash Equivalents	\$127,380	\$166,670	\$158,678	\$135,372
Liabilities				
Intergovernmental Payable	\$0	\$70	\$0	\$70
Due to Others	9,207	27,333	36,394	146
External Party Payable	337	5,774	337	5,774
Due to Students	117,836	133,493	121,947	129,382
Total Liabilities	\$127,380	\$166,670	\$158,678	\$135,372

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**Statistical
Section**



**Lancaster
Gales**

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Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	S2-S13
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source, property tax.	S14-S23
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S24-S29
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	S30-S31
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S32-S48

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	2006	2007	2008	2009
Net Investment in Capital Assets	\$6,433,483	\$6,523,237	\$7,558,424	\$8,736,629
Restricted for:				
Classroom Facilities Construction	0	0	0	0
Capital Projects	195,158	4,408	0	0
Debt Service	0	0	0	0
Classroom Facilities Maintenance	0	0	0	0
Bus Purchase	0	21,262	12,260	40,693
Public School Support	95,215	26,807	0	27,005
District Managed Student Activities	99,577	104,815	109,486	79,896
Auxiliary Services	53,297	46,368	226,215	79,041
Readiness and Emergency Management	0	0	319,337	0
Special Education	390,130	653,524	1,058,473	937,719
IDEA - B (1)	0	0	0	153,941
Title I (1)	0	0	0	127,580
Education Jobs	0	0	0	0
Food Service (2)	0	0	0	0
Other Purposes	158,011	233,655	295,245	190,796
Unrestricted (Deficits)	(2,474,439)	9,050,606	22,120,028	26,469,952
Total Net Position	\$4,950,432	\$16,664,682	\$31,699,468	\$36,843,252

- (1) - prior to 2009 these amounts were combined with special education.
- (2) - prior to 2010 these amounts were combined with Unrestricted.
- (3) - implemented GASB 68 in fiscal year 2015 and restated net position in fiscal year 2014

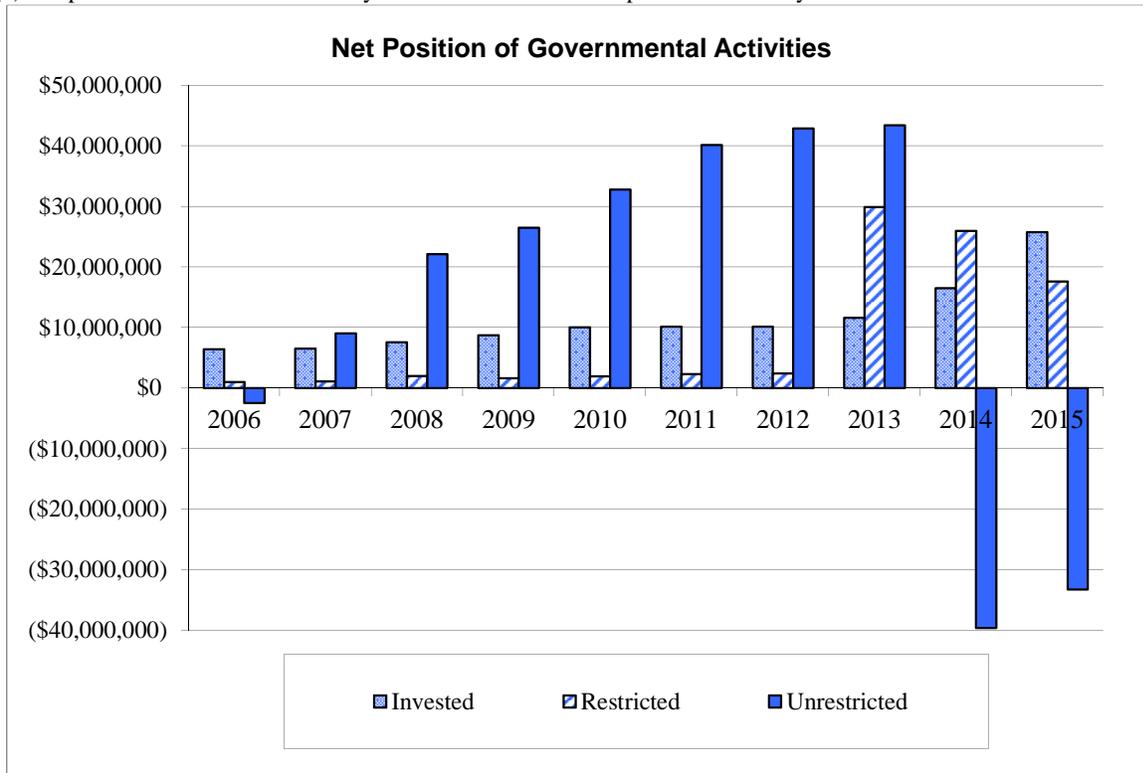


TABLE 1

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (3)</u>	<u>2015 (3)</u>
\$10,037,560	\$10,143,839	\$10,124,925	\$11,590,278	\$16,476,059	\$25,740,188
0	0	0	25,597,562	22,362,386	12,273,013
0	0	0	0	9,781	1,168,539
0	0	0	1,326,932	716,983	851,463
0	0	0	286,129	752,867	1,232,636
0	0	0	0	0	0
20,732	0	0	0	0	0
103,900	139,017	154,599	170,742	153,612	175,593
129,432	90,185	177,517	68,165	76,104	47,067
0	0	0	0	0	0
0	0	0	0	0	0
460,456	516,083	829,513	732,038	317,303	145,107
594,882	218,108	145,829	458,680	216,280	172,927
0	453,316	0	0	0	0
392,252	634,988	832,212	1,046,964	1,214,943	1,212,855
235,660	247,945	274,036	211,330	150,853	326,308
32,773,653	40,162,876	42,864,021	43,400,056	(39,619,703)	(33,238,007)
<u>\$44,748,527</u>	<u>\$52,606,357</u>	<u>\$55,402,652</u>	<u>\$84,888,876</u>	<u>\$2,827,468</u>	<u>\$10,107,689</u>

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

	2006	2007	2008	2009
Expenses				
Regular Instruction	\$22,550,491	\$21,564,861	\$22,340,411	\$25,382,476
Special Instruction	5,993,895	5,918,643	6,376,028	6,916,927
Intergovernmental	641,663	41,599	43,367	0
Vocational Instruction	2,533,090	1,560,603	1,584,128	1,876,125
Adult/Continuing Instruction	102,241	2,734	150	0
Student Intervention Services	0	0	0	195,280
Pupil Support Services	2,655,701	2,275,073	2,311,328	2,888,413
Instructional Staff Support Services	3,312,136	2,347,971	3,093,077	3,297,921
Board of Education Support Services	103,737	99,845	66,610	126,111
Administration Support Services	4,235,498	2,973,956	3,282,407	4,297,134
Fiscal Support Services	1,249,249	1,058,051	1,153,200	1,798,715
Business Support Services	422,329	335,644	439,019	480,900
Operation and Maintenance of				
Plant Support Services	4,184,164	3,419,108	4,111,162	4,659,595
Pupil Transportation Support Services	1,760,638	1,458,150	1,653,859	1,740,238
Central Support Services	219,509	194,775	456,405	81,009
Food Service Operations	2,138,195	1,886,036	2,258,702	2,387,214
Other Operation of Non-				
Instructional Services	1,045,611	1,012,075	993,610	1,384,954
Extracurricular Activities	826,654	770,424	786,172	1,081,703
Interest and Fiscal Charges	24,482	18,612	12,256	0
<i>Total Expenses</i>	<u>53,999,283</u>	<u>46,938,160</u>	<u>50,961,891</u>	<u>58,594,715</u>
Program Revenues				
Charges for Services				
Regular Instruction	752,303	834,052	946,099	874,820
Special Instruction	157,139	74,985	120,876	161,007
Vocational Instruction	166,838	76,171	72,174	172,544
Adult/Continuing Instruction	34,471	0	0	0
Pupil Support Services	9,593	19,091	0	0
Instructional Staff Support Services	20,708	5,701	2,044	0
Administration Support Services	92,514	124,342	16,472	23,638
Fiscal Support Services	146,783	119,675	0	0
Business Support Services	0	139	0	0
Operation and Maintenance of				
Plant Support Services	22,500	21,783	128,089	4,866
Pupil Transportation Support Services	44,342	34,162	13,733	11,117
Food Service Operations	1,000,143	892,439	863,809	834,293
Other Operation of Non-				
Instructional Services	0	0	0	160,415
Extracurricular Activities	382,453	781,512	368,278	341,229
Operating Grants, Contributions, and Interest				
Regular Instruction	371,620	497,924	476,575	547,746
Special Instruction	2,668,530	2,749,969	2,506,651	3,110,062
Intergovernmental	642,866	45,490	48,611	0
Vocational Instruction	460,027	486,693	501,589	499,120
Student Intervention Services	\$0	\$0	\$0	\$0

TABLE 2

2010	2011	2012	2013	2014	2015
\$25,015,206	\$25,267,226	\$27,582,357	\$27,890,107	\$29,848,634	\$29,708,171
6,505,593	6,774,046	6,734,872	7,794,149	10,217,253	9,651,160
0	0	0	0	0	0
2,045,360	1,988,929	1,861,495	1,758,521	1,974,580	1,923,408
0	0	0	0	0	0
174,393	387,025	89,895	3,174	174,512	260,881
3,439,429	3,803,695	3,816,291	3,282,144	3,597,290	3,865,507
3,817,462	4,536,035	4,143,502	4,068,497	2,279,993	2,816,972
100,093	138,662	159,360	192,292	67,899	92,128
3,507,018	3,989,703	4,363,280	4,466,574	4,315,917	4,297,909
1,162,607	1,225,020	1,223,058	1,338,643	1,518,643	1,502,900
344,051	301,490	276,541	297,066	302,839	290,761
4,473,972	4,732,028	4,858,140	6,118,563	6,567,218	4,938,089
1,819,850	1,814,524	1,898,371	1,888,965	1,982,221	2,016,563
1,016,939	1,028,761	897,022	930,175	1,147,639	1,011,934
2,391,647	2,442,927	2,604,226	2,595,416	2,579,805	2,709,448
1,045,247	1,053,992	1,051,937	1,205,901	1,004,579	991,078
1,184,055	1,198,641	1,236,389	1,260,333	1,280,481	1,293,274
42,918	48,045	37,373	2,222,824	2,557,104	2,528,146
58,085,840	60,730,749	62,834,109	67,313,344	71,416,607	69,898,329
794,725	859,936	938,378	749,921	867,120	988,590
160,980	125,123	108,523	258,463	300,429	209,001
56,766	30,488	48,254	52,492	78,097	103,288
0	0	0	0	0	0
246	16,692	28,577	24,898	6,302	6,387
0	0	46	0	0	238
8,744	6,426	1,767	115,824	120,294	17,276
0	0	0	0	0	0
0	0	0	0	0	0
104,254	125,290	129,251	131,918	110,416	103,105
14,839	29,448	17,179	19,743	20,545	20,560
773,689	759,368	737,163	652,895	573,579	533,732
					115,456
130,705	182,492	170,080	195,446	146,532	0
354,660	334,411	338,384	329,327	317,986	345,615
407,940	333,142	942,726	639,781	530,186	1,723,429
3,607,752	2,353,432	3,426,182	4,041,995	5,700,993	5,945,696
0	0	0	0	0	0
891,240	504,251	532,314	492,743	366,636	496,989
\$744	\$74,459	\$0	\$0	\$106,224	\$147,149

(Continued)

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

(continued)	2006	2007	2008	2009
Operating Grants, Contributions, and Interest				
Adult/Continuing Instruction	\$146,586	\$0	\$0	\$0
Pupil Support Services	578,048	363,852	636,927	373,081
Instructional Staff Support Services	1,229,490	1,183,015	1,364,693	1,121,538
Administration Support Services	268,558	202,669	163,207	229,436
Fiscal Support Services	754	0	0	0
Operation and Maintenance of				
Plant Support Services	22,204	14,589	361,016	26,452
Pupil Transportation Support Services	117,443	162,185	124,744	111,984
Central Support Services	56,388	52,671	53,401	51,063
Food Service Operations	1,220,339	1,162,133	1,327,383	1,544,922
Other Operation of Non-				
Instructional Services	1,027,770	1,067,198	1,094,589	1,083,287
Extracurricular Activities	0	0	1,826	5,485
Capital Grants and Contributions				
Regular Instruction	0	41,738	0	0
Special Instruction	0	0	0	0
Vocational Instruction	2,307	0	0	0
Pupil Support Services	0	0	0	0
Instructional Staff Support Services	0	0	0	0
Administration Support Services	4,213	0	0	0
Fiscal Support Services	0	0	0	0
Business Support Services	0	0	0	0
Operation and Maintenance of				
Plant Support Services	0	0	0	0
Pupil Transportation Support Services	63,966	21,262	33,471	28,433
Central Support Services	0	0	0	0
Food Service Operations	0	0	0	0
Other Operation of Non-				
Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Total Program Revenues	11,710,896	11,035,440	11,226,257	11,316,538
Net Expense	(42,288,387)	(35,902,720)	(39,735,634)	(47,278,177)
General Revenues				
Property Taxes Levied for:				
General Purposes	25,211,639	25,474,906	22,331,810	19,160,191
Debt Service	0	0	0	0
Classroom Facilities Maintenance	0	0	0	0
Income Taxes Levied for General Purposes	0	2,715,588	9,260,589	9,623,513
Grants and Entitlements not				
Restricted to Specific Programs	18,000,132	18,785,514	22,233,300	23,121,048
Gain on Sale of Capital Assets	0	6,400	2,166	6,300
Payment in Lieu of Taxes	125,960	145,802	92,612	0
Unrestricted Contributions	0	0	0	1,000
Investment Earnings	181,572	486,989	849,581	454,476
Miscellaneous	3,291	1,771	362	55,433
Total General Revenues	43,522,594	47,616,970	54,770,420	52,421,961
Change in Net Position	\$1,234,207	\$11,714,250	\$15,034,786	\$5,143,784

TABLE 2 (continued)

2010	2011	2012	2013	2014	2015
\$0	\$0	\$0	\$0	\$0	\$0
506,868	1,277,950	570,319	209,826	220,381	258,411
875,508	1,687,199	1,498,589	1,050,092	246,445	763,570
193,400	261,143	308,105	338,369	415,640	482,832
0	0	0	214,574	408,539	384,257
5,185	0	0	26,989	0	70,378
114,502	130,493	112,226	153,141	152,160	168,817
190,905	35,523	24,737	21,600	0	0
1,812,966	1,881,023	2,015,424	2,096,846	2,088,784	2,074,633
1,001,083	933,483	991,955	910,871	806,292	871,401
0	0	0	1,896	1,038	244
14,800	5,695	0	157,417	0	0
0	0	0	48,280	0	0
0	0	0	11,943	0	0
0	0	0	23,248	0	0
0	0	0	55,420	0	0
0	0	0	30,403	0	912
0	0	0	3,570	0	0
0	0	0	1,785	0	0
0	0	0	31,578	0	0
0	0	0	31,112	3,700	0
0	0	0	2,975	0	0
0	0	0	31,578	0	0
0	0	0	1,785	0	0
8,806	672	1,056	6,887	3	16,224
12,031,307	11,948,139	12,941,235	13,167,631	13,588,321	15,848,190
(46,054,533)	(48,782,610)	(49,892,874)	(54,145,713)	(57,828,286)	(54,050,139)
18,019,554	20,337,720	19,355,151	20,265,836	21,853,496	20,985,094
0	0	0	1,798,935	3,081,621	2,612,314
0	0	0	264,526	423,255	436,839
9,779,684	10,074,785	10,297,991	10,447,432	10,977,817	11,076,920
25,370,579	25,647,701	22,571,044	50,183,166	23,270,370	25,245,049
21,819	11,898	6,324	23,138	24,884	1,715
240,995	53,200	99,473	168,385	119,261	130,635
3,932	2,747	15,130	6,403	5,358	1,148
426,821	355,164	279,429	188,017	575,118	523,283
96,424	157,225	64,627	286,099	119,890	317,363
53,959,808	56,640,440	52,689,169	83,631,937	60,451,070	61,330,360
\$7,905,275	\$7,857,830	\$2,796,295	\$29,486,224	\$2,622,784	\$7,280,221

Lancaster City School District, Ohio

Program Revenues by Function

Last Ten Fiscal Years

(accrual basis of accounting)

<i>Function</i>	2006	2007	2008	2009
Regular Instruction	\$1,123,923	\$1,373,714	\$1,422,674	\$1,422,566
Special Instruction	2,825,669	2,824,954	2,627,527	3,271,069
Intergovernmental	642,866	45,490	48,611	0
Vocational Instruction	629,172	562,864	573,763	671,664
Adult/Continuing Instruction	181,057	0	0	0
Student Intervention Services	0	0	0	0
Pupil Support Services	587,641	382,943	636,927	373,081
Instructional Staff Support Services	1,250,198	1,188,716	1,366,737	1,121,538
Administration Support Services	365,285	327,011	179,679	253,074
Fiscal Support Services	147,537	119,675	0	0
Business Support Services	0	139	0	0
Operation and Maintenance of Plant Support Services	44,704	36,372	489,105	31,318
Pupil Transportation Support Services	225,751	217,609	171,948	151,534
Central Support Services	56,388	52,671	53,401	51,063
Food Service Operations	2,220,482	2,054,572	2,191,192	2,379,215
Other Operation of Non-Instructional Services	1,027,770	1,067,198	1,094,589	1,243,702
Extracurricular Activities	382,453	781,512	370,104	346,714
Total Program Revenues	\$11,710,896	\$11,035,440	\$11,226,257	\$11,316,538

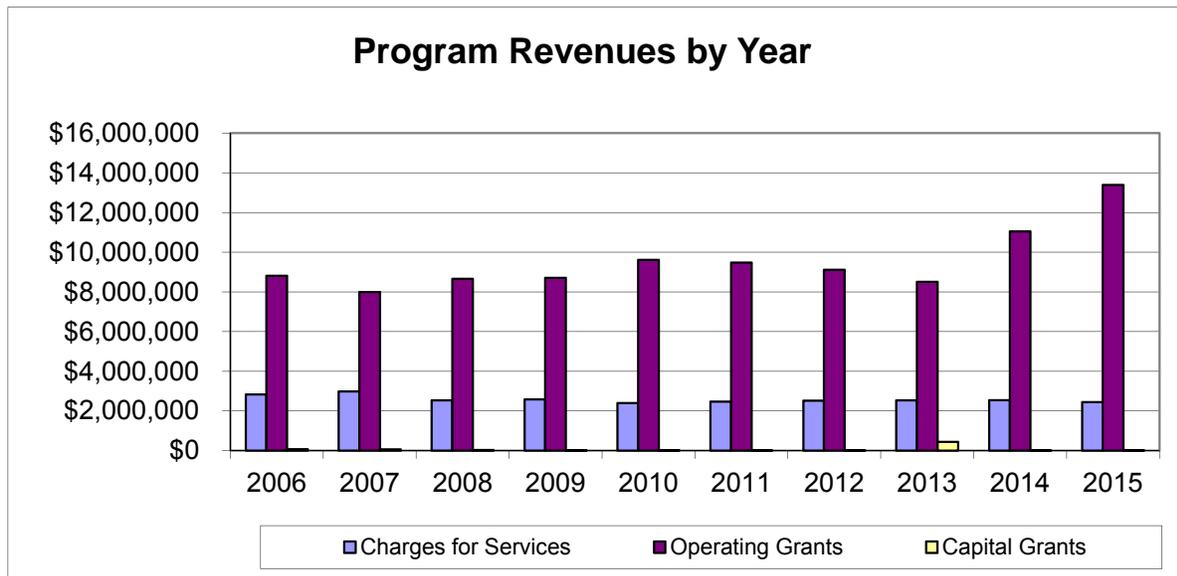


TABLE 3

2010	2011	2012	2013	2014	2015
\$1,217,465	\$1,198,773	\$1,881,104	\$1,547,119	\$1,397,306	\$2,712,019
3,768,732	2,478,555	3,534,705	4,348,738	6,001,422	6,154,697
0	0	0	0	0	0
948,006	534,739	580,568	557,178	444,733	600,277
0	0	0	0	0	0
744	74,459	0	0	106,224	147,149
507,114	1,294,642	598,896	257,972	226,683	264,798
875,508	1,687,199	1,498,635	1,105,512	246,445	763,808
202,144	267,569	309,872	484,596	535,934	501,020
0	0	0	218,144	408,539	384,257
0	0	0	1,785	0	0
109,439	125,290	129,251	190,485	110,416	173,483
129,341	159,941	129,405	203,996	176,405	189,377
190,905	35,523	24,737	24,575	0	0
2,586,655	2,640,391	2,752,587	2,781,319	2,662,363	2,608,365
1,131,788	1,115,975	1,162,035	1,108,102	952,824	986,857
363,466	335,083	339,440	338,110	319,027	362,083
<u>\$12,031,307</u>	<u>\$11,948,139</u>	<u>\$12,941,235</u>	<u>\$13,167,631</u>	<u>\$13,588,321</u>	<u>\$15,848,190</u>

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

	2006	2007	2008	2009
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	3,786,420	5,203,373	4,006,686	3,683,265
Unreserved (Deficit)	(4,300,295)	606,098	6,001,865	9,747,000
Total General Fund (Deficit)	(513,875)	5,809,471	10,008,551	13,430,265
Classroom Facilities				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Total Classroom Facilities	0	0	0	0
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned (Deficits)	0	0	0	0
Reserved	166,614	146,744	141,585	573,455
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	751,503	1,139,729	2,355,837	1,496,164
Capital Projects Funds	99,908	1,295,803	7,855,297	7,970,676
Total All Other Governmental Funds	1,018,025	2,582,276	10,352,719	10,040,295
Total Governmental Funds	\$504,150	\$8,391,747	\$20,361,270	\$23,470,560

Note: The School District implemented Governmental Accounting Standards Board Statement No. 54 in 2011 and restated 2010.

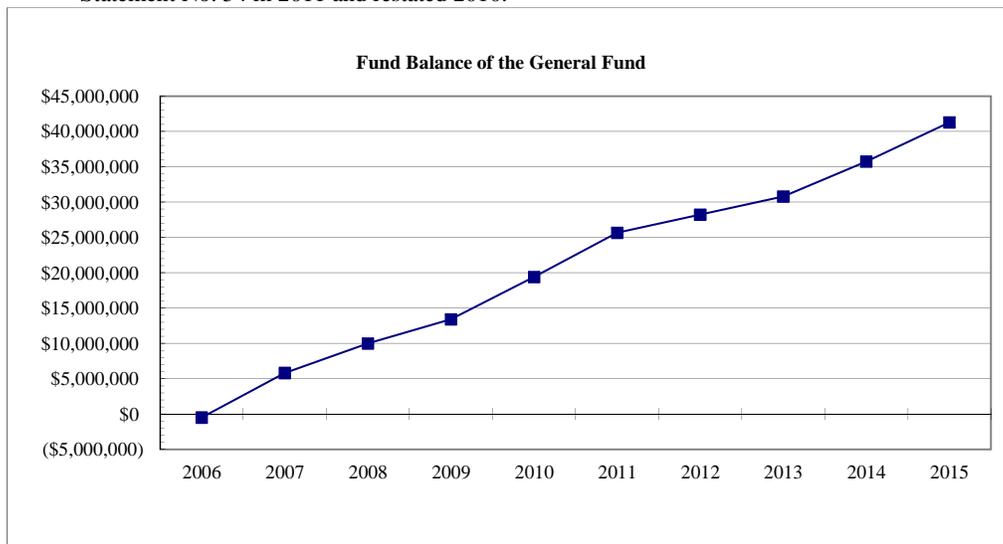


TABLE 4

2010	2011	2012	2013	2014	2015
\$152,939	\$149,498	\$192,201	\$233,871	\$272,265	\$285,634
1,366,227	1,084,681	1,487,757	1,537,138	959,770	873,019
1,257,839	2,055,469	2,663,482	1,574,861	791,069	1,676,847
16,627,287	22,375,936	23,888,980	27,454,346	33,724,581	38,430,356
0	0	0	0	0	0
0	0	0	0	0	0
19,404,292	25,665,584	28,232,420	30,800,216	35,747,685	41,265,856
0	0	0	0	6,553	0
0	0	0	56,238,658	60,020,664	38,957,959
0	0	0	56,238,658	60,027,217	38,957,959
90,606	125,512	19,740	134,727	139,998	58,698
1,037,033	904,870	1,274,814	14,010,684	11,595,365	8,731,470
114,663	133,335	129,304	141,911	124,935	671,378
7,972,597	7,972,317	7,437,921	6,585,818	4,797,228	4,641,314
(747)	(153,074)	(165,668)	(53,785)	(127,249)	(106,934)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
9,214,152	8,982,960	8,696,111	20,819,355	16,530,277	13,995,926
\$28,618,444	\$34,648,544	\$36,928,531	\$107,858,229	\$112,305,179	\$94,219,741

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

	2006	2007	2008	2009
Revenues				
Property and Other Local Taxes	\$25,313,325	\$24,768,901	\$23,035,666	\$18,912,036
Payment in Lieu of Taxes	125,960	135,155	10,647	11,092
Income Taxes	0	2,078,535	9,211,573	9,569,688
Intergovernmental	26,669,605	26,717,228	30,117,518	31,931,545
Interest	196,327	508,134	774,233	409,591
Tuition and Fees	1,226,418	1,105,606	1,074,181	1,088,516
Charges for Services	980,965	870,220	854,438	834,293
Rent	74,120	103,658	115,849	122,366
Extracurricular Activities	563,292	955,325	490,106	538,754
Collection of a Capital Lease	31,250	31,250	31,250	31,250
Gifts and Donations	8,961	11,261	11,930	13,741
Miscellaneous	3,291	1,571	362	55,433
<i>Total Revenues</i>	<u>55,193,514</u>	<u>57,286,844</u>	<u>65,727,753</u>	<u>63,518,305</u>
Expenditures				
Current:				
Instruction:				
Regular	22,658,842	22,392,940	22,981,893	25,878,642
Special	6,157,372	6,216,613	6,614,211	7,054,730
Vocational	2,536,614	1,754,073	1,637,388	1,889,406
Adult/Continuing	102,241	2,734	150	0
Student Intervention Services	0	0	0	195,280
Support Services:				
Pupil	2,706,996	2,329,934	2,453,272	2,874,685
Instructional Staff	3,301,758	2,525,438	3,234,901	3,384,896
Board of Education	103,737	99,845	66,610	126,111
Administration	4,207,039	3,104,556	3,454,350	4,003,138
Fiscal	1,267,801	1,070,821	1,184,332	1,778,785
Business	425,682	356,339	722,966	955,566
Operation and Maintenance of Plant	4,198,430	3,608,794	4,245,530	4,784,494
Pupil Transportation	1,785,624	1,398,858	1,770,288	1,654,664
Central	210,151	209,654	457,157	415,395
Food Service Operations	2,126,103	1,950,649	2,288,593	2,385,640
Other Operation of Non-Instructional Services	1,052,134	1,074,427	918,849	1,405,157
Extracurricular Activities	793,025	759,714	751,887	1,004,894
Capital Outlay	8,159	350,046	629,953	623,832
Intergovernmental	641,663	41,599	43,367	0
Debt Service:				
Principal Retirement	133,894	139,755	297,901	0
Interest and Fiscal Charges	24,719	18,858	12,785	0
Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>54,441,984</u>	<u>49,405,647</u>	<u>53,766,383</u>	<u>60,415,315</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>751,530</u>	<u>7,881,197</u>	<u>11,961,370</u>	<u>3,102,990</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	0	0	0	0
Proceeds from Sale of Capital Assets	10,735	6,400	8,153	6,300
General Obligation Bonds Issued	0	0	0	0
Energy Conservation Notes Issued	0	0	0	0
Premium on Bonds Issued	0	0	0	0
Transfers In	66,629	1,126,192	7,617,029	28,376
Transfers Out	(66,629)	(1,126,192)	(7,617,029)	(28,376)
<i>Total Other Financing Sources (Uses)</i>	<u>10,735</u>	<u>6,400</u>	<u>8,153</u>	<u>6,300</u>
<i>Net Change in Fund Balances</i>	<u>\$762,265</u>	<u>\$7,887,597</u>	<u>\$11,969,523</u>	<u>\$3,109,290</u>
Debt Service as a Percentage of Noncapital Expenditures	0.3%	0.3%	0.6%	0.0%

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

TABLE 5

2010	2011	2012	2013	2014	2015
\$18,767,854	\$19,451,956	\$18,670,963	\$22,154,415	\$25,820,261	\$24,259,446
166,498	104,608	90,883	122,423	156,129	133,404
9,858,713	9,992,256	10,274,903	10,468,860	10,919,272	11,159,854
35,034,320	34,494,059	32,914,732	37,282,526	44,252,133	49,667,754
342,864	195,117	201,627	162,021	578,441	489,546
993,082	1,046,528	1,082,139	1,168,376	1,334,027	1,254,670
773,689	759,368	737,163	652,895	573,579	533,732
104,774	126,770	130,816	133,272	111,739	104,292
528,063	537,008	567,484	576,384	521,955	550,554
0	0	0	0	0	0
71,277	47,028	88,646	77,331	67,971	49,892
96,424	157,225	64,627	281,799	124,190	317,363
66,737,558	66,911,923	64,823,983	73,080,302	84,459,697	88,520,507
26,486,501	25,053,553	27,325,710	27,812,378	29,012,986	28,985,611
6,683,180	6,727,679	6,782,966	7,772,205	9,826,230	9,705,078
2,340,419	2,017,770	1,796,053	1,780,656	1,845,123	1,905,290
0	0	0	0	0	0
183,208	385,243	88,813	2,058	173,296	248,690
3,563,711	3,775,301	3,777,464	3,289,153	3,508,400	3,698,365
3,959,734	4,475,848	4,072,815	3,994,307	2,309,927	2,729,325
100,093	138,662	159,360	192,292	67,899	92,245
3,827,631	3,961,818	4,153,291	4,368,763	4,328,975	4,299,622
1,187,136	1,220,695	1,211,820	1,327,490	1,500,199	1,497,487
366,104	297,106	272,601	294,612	293,807	282,327
4,737,066	4,656,043	4,679,532	4,882,727	4,778,122	4,795,097
2,042,037	1,809,713	2,030,856	1,971,460	2,112,092	2,128,818
1,113,133	1,044,765	883,231	935,544	1,060,086	1,011,765
2,460,290	2,392,623	2,560,151	2,535,560	2,499,862	2,655,450
1,102,192	1,105,593	1,057,043	1,224,423	977,668	1,021,118
1,181,301	1,146,649	1,177,767	1,192,661	1,213,735	1,231,059
897,077	500,396	350,693	3,016,136	9,384,545	37,040,070
0	0	0	0	0	0
95,273	136,219	147,514	159,762	2,479,580	896,641
42,918	48,045	36,725	1,618,796	2,665,099	2,627,982
0	0	0	833,000	0	0
62,369,004	60,893,721	62,564,405	69,203,983	80,037,631	106,852,040
4,368,554	6,018,202	2,259,578	3,876,319	4,422,066	(18,331,533)
757,246	11,898	20,409	1,036,010	0	221,211
22,084	0	0	39,418	24,884	24,884
0	0	0	60,410,000	0	0
0	0	0	2,000,000	0	0
0	0	0	3,567,951	0	0
19,007	14,427	14,081	52,683,081	470,230	2,310,590
(19,007)	(14,427)	(14,081)	(52,683,081)	(470,230)	(2,310,590)
779,330	11,898	20,409	67,053,379	24,884	246,095
\$5,147,884	\$6,030,100	\$2,279,987	\$70,929,698	\$4,446,950	(\$18,085,438)
0.2%	0.3%	0.3%	2.7%	7.2%	5.1%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
2006	\$561,512,210	\$222,642,280	\$2,240,441,400	\$25,354,560	\$101,418,240
2007	573,892,950	224,415,740	2,280,881,971	25,379,020	101,516,080
2008	628,950,440	258,287,400	2,534,965,257	22,601,540	90,406,160
2009	633,678,410	256,949,890	2,544,652,286	23,299,690	93,198,760
2010	634,841,800	245,888,380	2,516,371,943	24,843,910	99,375,640
2011	615,749,980	240,753,390	2,447,152,486	44,246,800	176,987,200
2012	616,978,730	245,316,740	2,463,701,343	44,756,650	179,026,600
2013	618,293,410	247,941,310	2,474,956,343	48,644,050	194,576,200
2014	614,184,870	252,145,190	2,475,228,743	48,977,450	195,909,800
2015	617,354,180	246,263,980	2,467,480,457	48,501,740	194,006,960

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property tax was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax was phased out beginning in 2006. Both types of general business tangible personal property were assessed at 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010).

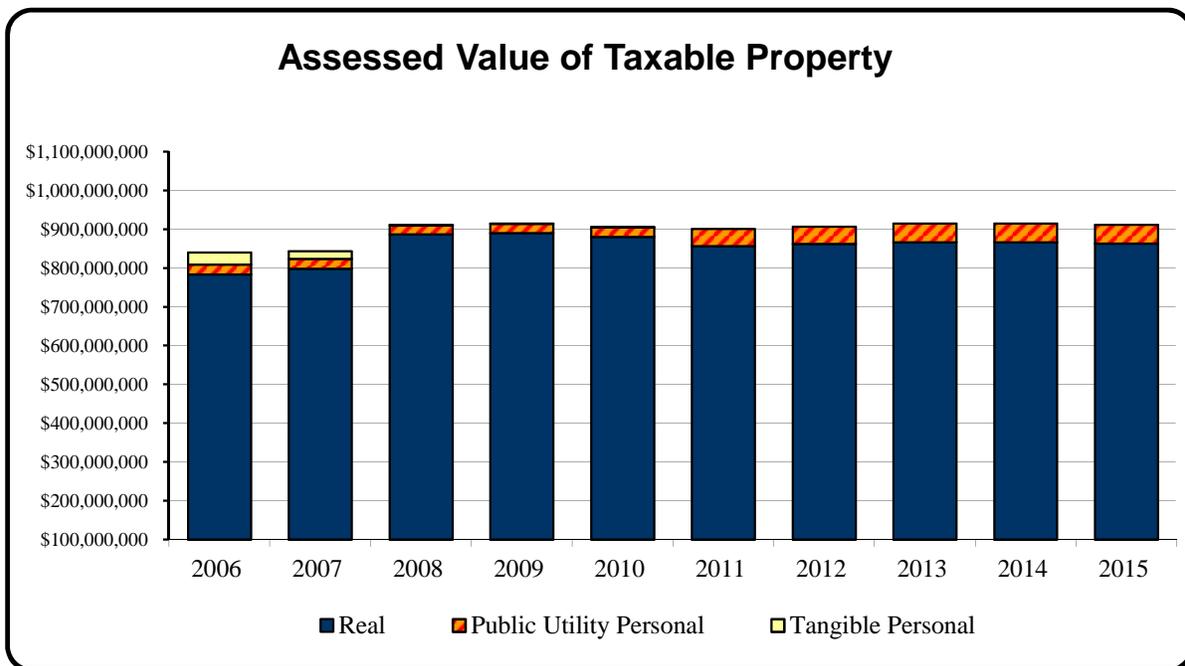
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by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

Values are shown net of exempt property.

Source: Fairfield County Auditor

TABLE 6

Tangible Personal Property						
General Business		Total			Full Tax Rate Per \$1,000 of Assessed Valuation	Weighted Average Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio		
\$30,990,035	\$165,280,187	\$840,499,085	\$2,507,139,827	34%	\$68.4000	\$30.2975
20,369,499	162,955,992	844,057,209	2,545,354,043	33%	68.5000	29.8137
1,761,970	28,191,520	911,601,350	2,653,562,937	34%	64.6000	22.9501
1,316,970	13,169,700	915,244,960	2,651,020,746	35%	64.6000	23.1593
644,470	12,889,400	906,218,560	2,628,636,983	34%	64.6000	23.4320
0	0	900,750,170	2,624,139,686	34%	64.6000	24.7674
0	0	907,052,120	2,642,727,943	34%	64.6000	24.6920
0	0	914,878,770	2,669,532,543	34%	68.7000	28.8821
0	0	915,307,510	2,671,138,543	34%	68.3000	28.6960
0	0	912,119,900	2,661,487,417	34%	68.3000	28.8818



Lancaster City School District, Ohio

Property Tax Rates

(per \$1,000 of assessed value)

Last Ten Years

	Collection Year			
	2006	2007	2008	2009
Unvoted Millage				
Operating	\$4.0000	\$4.0000	\$4.0000	\$4.0000
Voted Millage - by levy				
1976 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	6.1370	6.1211	5.6572	5.6540
Commercial/Industrial and Public Utility Real	8.5319	8.5095	7.3033	7.5895
General Business and Public Utility Personal	32.7000	32.7000	32.7000	32.7000
1977 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	1.8768	1.8719	1.7300	1.7291
Commercial/Industrial and Public Utility Real	2.6092	2.6023	2.2335	2.3210
General Business and Public Utility Personal	10.0000	10.0000	10.0000	10.0000
1990 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	5.0085	4.9955	4.6170	4.6143
Commercial/Industrial and Public Utility Real	5.9601	5.9444	5.1019	5.3017
General Business and Public Utility Personal	10.0000	10.0000	10.0000	10.0000
1997 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	5.5752	5.5608	5.1394	5.1364
Commercial/Industrial and Public Utility Real	5.5896	5.5749	4.7847	4.9722
General Business and Public Utility Personal	7.9000	7.9000	7.9000	7.9000
2004 Emergency (\$3,200,000) - three years				
Effective Millage Rates				
Residential/Agricultural Real	3.8000	3.9000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	3.8000	3.9000	0.0000	0.0000
General Business and Public Utility Personal	3.8000	3.9000	0.0000	0.0000
2012 Permanent Improvement - continuing				
Effective Millage Rates				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
2012 Bond Retirement - 37 years (\$61,550,000)				
Effective Millage Rates				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
Total voted millage by type of property				
Residential/Agricultural Real	22.3975	22.4493	17.1436	17.1338
Commercial/Industrial and Public Utility Real	26.4908	26.5311	19.4234	20.1844
General Business and Public Utility Personal	64.4000	64.5000	60.6000	60.6000
Total millage by type of property				
Residential/Agricultural Real	26.3975	26.4493	21.1436	21.1338
Commercial/Industrial and Public Utility Real	30.4908	30.5311	23.4234	24.1844
General Business and Public Utility Personal	68.4000	68.5000	64.6000	64.6000
Total Direct Rate for the School District	68.4000	68.5000	64.6000	64.6000
Total Weighted Average Tax Rate	\$30.2975	\$29.8137	\$22.9510	\$23.1593

TABLE 7

Collection Year					
2010	2011	2012	2013	2014	2015
\$4.0000	\$4.0000	\$4.0000	\$4.0000	\$4.0000	\$4.0000
5.6613	5.8620	5.8670	5.8675	5.9082	5.9171
7.9116	7.9446	7.7974	7.6915	7.8340	8.1095
32.7000	32.7000	32.7000	32.7000	32.7000	32.7000
1.7313	1.7926	1.7942	1.7946	1.8068	1.8095
2.4195	2.4295	2.3845	2.3522	2.3957	2.4800
10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
4.6203	4.7840	4.7881	4.7892	4.8218	4.8291
5.5267	5.5497	5.4469	5.3730	5.4725	5.6650
10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
5.1431	5.3253	5.3299	5.3310	5.3674	5.3755
5.1832	5.2047	5.1083	5.0390	5.1323	5.3128
7.9000	7.9000	7.9000	7.9000	7.9000	7.9000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.5000	0.5000	0.5000
0.0000	0.0000	0.0000	0.4932	0.5000	0.5000
0.0000	0.0000	0.0000	0.5000	0.5000	0.5000
0.0000	0.0000	0.0000	3.6000	3.2000	3.2000
0.0000	0.0000	0.0000	3.6000	3.2000	3.2000
0.0000	0.0000	0.0000	3.6000	3.2000	3.2000
17.1559	17.7639	17.7792	21.8823	21.6042	21.6312
21.0409	21.1285	20.7371	24.5489	24.5345	25.2673
60.6000	60.6000	60.6000	64.7000	64.3000	64.3000
21.1559	21.7639	21.7792	25.8823	25.6042	25.6312
25.0409	25.1285	24.7371	28.5489	28.5345	29.2673
64.6000	64.6000	64.6000	68.7000	68.3000	68.3000
64.6000	64.6000	64.6000	68.7000	68.3000	68.3000
\$23.4320	\$24.7674	\$24.6920	\$28.8821	\$28.6960	\$28.8818

(Continued)

Lancaster City School District, Ohio

Property Tax Rates

(per \$1,000 of assessed value)

Last Ten Years

	Collection Year			
	2006	2007	2008	2009
Overlapping Rates by Taxing District				
Berne Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	5.2176	5.2152	4.9240	4.9221
Commercial/Industrial and Public Utility Real	4.9907	5.0396	4.8374	4.8806
General Business and Public Utility Personal	7.7000	7.7000	7.7000	7.7000
Greenfield Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	9.3594	9.4419	9.0053	8.9260
Commercial/Industrial and Public Utility Real	8.5508	8.4878	7.5227	8.0183
General Business and Public Utility Personal	11.1000	11.2000	11.2000	11.2000
Hocking Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	4.3183	4.3169	4.1691	4.1693
Commercial/Industrial and Public Utility Real	3.8556	3.8567	3.6172	3.6521
General Business and Public Utility Personal	4.7000	4.7000	4.7000	4.7000
Pleasant Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	6.4962	8.4738	8.0196	8.0180
Commercial/Industrial and Public Utility Real	6.3259	8.3159	8.0261	8.2611
General Business and Public Utility Personal	7.1000	9.1000	9.1000	9.1000
Lancaster City Millage				
Effective Millage Rates				
Residential/Agricultural Real	3.4000	3.4000	3.4000	3.4000
Commercial/Industrial and Public Utility Real	3.4000	3.4000	3.4000	3.4000
General Business and Public Utility Personal	3.4000	3.4000	3.4000	3.4000
Fairfield County Library Millage				
Effective Millage Rates				
Residential/Agricultural Real	0.4574	0.4560	0.4213	0.4205
Commercial/Industrial and Public Utility Real	0.4671	0.4658	0.4018	0.4178
General Business and Public Utility Personal	0.5000	0.5000	0.5000	0.5000
Fairfield County Historic Parks Millage				
Effective Millage Rates				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
Fairfield County Millage				
Effective Millage Rates				
Residential/Agricultural Real	7.0775	7.0615	6.7591	6.7525
Commercial/Industrial and Public Utility Real	7.1446	7.0980	6.3881	6.5699
General Business and Public Utility Personal	7.5500	7.5500	7.5500	7.5500

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

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

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

Source: Ohio Department of Taxation, Fairfield County Auditor

TABLE 7 (continued)

Collection Year					
2010	2011	2012	2013	2014	2015
4.9293	4.9746	4.9748	4.9726	6.2286	6.2286
4.8806	4.8881	4.7892	4.7893	6.3343	6.3343
7.7000	7.7000	7.7000	7.7000	9.1000	9.1000
8.9220	8.9684	8.9731	8.9624	8.6591	8.6591
8.0334	8.0367	8.1221	8.1129	7.7885	7.7885
11.2000	11.1000	11.1000	11.1000	11.1000	11.1000
4.1671	4.1922	4.1902	4.1891	4.0665	4.0665
3.6490	3.6483	3.6478	3.8439	3.8051	3.8051
4.7000	4.7000	4.7000	4.7000	4.7000	4.7000
8.0224	8.1202	8.1227	8.1278	7.8841	7.8841
8.2668	8.3185	8.3185	8.2385	8.1975	8.1975
9.1000	9.1000	9.1000	9.1000	9.1000	9.1000
3.4000	3.4000	3.4000	3.4000	6.4000	6.4000
3.4000	3.4000	3.4000	3.4000	6.4000	6.4000
3.4000	3.4000	3.4000	3.4000	6.4000	6.4000
0.4207	0.4264	0.4265	0.4267	0.4079	0.4079
0.4322	0.4411	0.4364	0.4317	0.4343	0.4343
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
0.0000	0.0000	0.4000	0.4000	0.3938	0.3938
0.0000	0.0000	0.4000	0.3971	0.3950	0.3950
0.0000	0.0000	0.4000	0.4000	0.4000	0.4000
7.8337	7.9332	7.9357	7.9407	7.8574	7.8574
7.7745	7.8328	7.8343	7.7965	7.7684	7.7684
8.5500	8.5500	8.5500	8.5500	8.5500	8.5500

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

Calendar Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
2005	\$28,377,780	\$25,871,050	91.17%	\$646,429	\$26,517,479	93.44%
2006	27,594,726	25,082,018	90.89	826,330	25,908,348	93.89
2007	27,227,411	25,099,143	92.18	869,522	25,968,665	95.38
2008	20,669,036	19,599,961	94.83	685,407	20,285,368	98.14
2009	20,757,277	19,922,423	95.98	613,451	20,535,874	98.93
2010	20,615,080	19,811,679	96.10	607,392	20,419,071	99.05
2011	23,271,990	21,510,168	92.43	654,463	22,164,631	95.24
2012	26,434,836	25,455,153	96.29	987,323	26,442,476	100.03
2013	26,228,405	25,354,221	96.67	865,761	26,219,982	99.97
2014	26,411,292	25,522,809	96.64	761,578	26,284,387	99.52

Source: Fairfield County Auditor's Office

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2015 information cannot be presented because all collections have not been made by June 30, 2015.
- (3) The County does not identify delinquent tax collections by tax year.

Note: The School District receives taxes from Fairfield County. Fairfield County's current reporting system does not track delinquency tax collections by tax year. Outstanding delinquencies are tracked in that total by the date the parcel is first certified delinquent. Penalties and interest are applied to the total outstanding delinquent balance. The presentation will be updated as new information becomes available.

TABLE 9

Lancaster City School District, Ohio
Principal Taxpayers
Real Estate Tax
2015 and 2006 (1)

Name of Taxpayer	2015	
	Assessed Value	Percent of Real Property Assessed Value
RVM Glimcher, LLC	\$18,557,770	2.15%
Lancaster Midtown LLC	7,190,600	0.83
DFG Lancaster LLC	4,492,660	0.52
CANAM PO LP	4,333,680	0.50
Lancaster Phase One Group	3,544,580	0.41
USPG Portfolio Four LLC	3,235,910	0.38
Riverview MOB LLC	2,905,000	0.34
Winlan LLC	2,616,260	0.30
Cole GE Lancaster Ohio LLC	2,603,400	0.30
Lancaster Retirement LLC	2,564,390	0.30
Totals	<u>\$52,044,250</u>	<u>6.03%</u>
Total Assessed Valuation	<u>\$863,618,160</u>	
Name of Taxpayer	2006	
	Assessed Value	Percent of Real Property Assessed Value
Glimcher River Valley Mall LLC	\$20,792,840	2.65%
Anchor Hocking Glass Corporation	5,310,700	0.68
Lancaster Phase One Group PLL	4,381,100	0.56
Plaza SC Investors LLC	3,607,780	0.46
Lowe's Home Centers Incorporated	3,000,980	0.38
RP River Valley LLC	2,859,850	0.37
Riverview Medical Office	2,781,950	0.36
BP Lancaster LLC	2,590,000	0.33
Spires Group Incorporated	2,406,430	0.30
Willaim R. Roth Lancaster LLC	2,294,570	0.29
Totals	<u>\$50,026,200</u>	<u>6.38%</u>
Total Assessed Valuation	<u>\$784,154,490</u>	

(1) The amounts presented represent the assessed values upon which 2015 and 2006 collections were based.

Source: Fairfield County Auditor's Office

TABLE 10

Lancaster City School District, Ohio
Principal Taxpayers
Tangible Personal Property Tax
2010 and 2006 (1)

Name of Taxpayer	2010	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Ohio Bell	\$449,620	69.76%
Cincinnati SMSA Limited Partnership	65,400	10.15
New Par	53,730	8.34
T-Mobile Central, LLC	22,180	3.44
TWC Digital Phone, LLC	16,550	2.57
Ameritech Advanced Data Services of Ohio Incorporated	12,540	1.95
Sprintcom Incorporated	8,820	1.37
CSM Wireless, LLC	5,200	0.81
Sprint Nextel Corporation	4,580	0.71
Dieca Communications Incorporated	3,180	0.49
Total	\$641,800	99.59%
Total Assessed Valuation	\$644,470	
	2006	
Name of Taxpayer	Assessed Value	Percent of Tangible Personal Property Assessed Value
McDermott, Inc.	\$3,345,450	10.80%
Anchor Hocking Consumer Glass Company	3,236,234	10.44
RalCorp Holdings, Incorporated	3,167,870	10.22
Crown Cork & Seal Company	2,294,140	7.40
Cyril Scott Company	2,058,850	6.64
Lancaster Glass Corporation	1,192,890	3.85
Mondi Packaging Akrosil LLC	1,126,980	3.64
Bob Boyd Ford Incorporated	887,690	2.87
Lowes Home Centers Incorporated	858,240	2.77
Dysart Corporation	825,530	2.66
Total	\$18,993,874	61.29%
Total Assessed Valuation	\$30,990,035	

(1) The amounts presented represent the assessed values upon which 2006 and 2010 collections were based. 2010 was the final year of collection for tangible personal property taxes.

Source: Fairfield County Auditor's Office

Lancaster City School District, Ohio*Principal Taxpayers**Public Utilities Tax**2015 and 2006 (1)*

Name of Taxpayer	2015	
	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$21,875,370	45.10%
Rockies Express Pipeline, LLC	17,885,250	36.88
Total	\$39,760,620	81.98%
Total Assessed Valuation	\$48,501,740	

Name of Taxpayer	2006	
	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$14,092,920	55.58%
Ohio Bell Telephone Company	3,976,220	15.68
Total	\$18,069,140	71.26%
Total Assessed Valuation	\$25,354,560	

(1) The amounts presented represent the assessed values upon which 2015 and 2006 collections were based.

Source: Fairfield County Auditor's Office

Lancaster City School District, Ohio
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Estimated Population (1)	Per Capita Income (2)	Personal Income (3)	School Facilities Construction Bonds	Capital Leases
2006	36,380	\$30,358	\$1,104,424,040	\$0	\$437,656
2007	36,380	30,912	1,124,578,560	0	297,901
2008	36,375	32,045	1,165,636,875	0	0
2009	36,608	32,834	1,201,987,072	0	0
2010	37,680	32,160	1,211,788,800	0	661,973
2011	37,243	32,609	1,214,456,987	0	525,754
2012	38,780	33,569	1,301,805,820	0	378,240
2013	38,880	35,929	1,396,919,520	63,929,735	1,254,488
2014	39,359	37,282	1,467,382,238	62,433,304	564,908
2015	38,854	37,282	1,448,554,828	62,161,873	459,478

Source:

- (1) Lancaster City Community Development Department estimates as reported in the City of Lancaster Comprehensive Annual Financial Report presented on a calendar year.
- (2) U.S. Census Bureau presented on a calendar year. The 2015 figure is not available at this time so the 2014 figure was used for 2015.
- (3) Computation of per capita personal income multiplied by population presented on a calendar year.

TABLE 12

<u>Energy Conservation Notes</u>	<u>Total Debt Outstanding</u>	<u>Ratio of Total Debt to Personal Income</u>	<u>Total Debt Per Capita</u>
\$0	\$437,656	0.04%	\$12
0	297,901	0.03	8
0	0	0.00	0
0	0	0.00	0
0	661,973	0.05	18
0	525,754	0.04	14
0	378,240	0.03	10
2,000,000	67,184,223	4.81	1,728
1,610,000	64,608,212	4.40	1,642
1,215,000	63,836,351	4.41	1,643

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

Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property (2)	General Obligation Bonded Debt (3)	Ratio of Bonded Debt to Estimated Actual Value	Bonded Debt per Capita
2006	36,380	\$2,507,139,827	\$0	0.00%	\$0
2007	36,380	2,545,354,043	0	0.00%	0
2008	36,375	2,653,562,937	0	0.00%	0
2009	36,608	2,651,020,746	0	0.00%	0
2010	37,680	2,628,636,983	0	0.00%	0
2011	37,243	2,624,139,686	0	0.00%	0
2012	38,780	2,642,727,943	0	0.00%	0
2013	38,880	2,669,532,543	63,929,735	2.39%	1,644
2014	39,359	2,671,138,543	62,433,304	2.34%	1,586
2015	38,854	2,661,487,417	62,161,873	2.34%	1,600

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

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

(3) Although the bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal; therefore, these resources are not reflected as a deduction from general obligation bonded debt.

Lancaster City School District, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities*
June 30, 2015

	Debt Attributable to Governmental Activities	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
Direct Debt			
Lancaster City School District as of June 30, 2015			
General Obligation Bonds	\$62,161,873	100.00%	\$62,161,873
Energy Conservation Notes	1,215,000	100.00%	1,215,000
Capital Leases	459,478	100.00%	459,478
	<u>63,836,351</u>		<u>63,836,351</u>
Total Direct Debt			
	<u>63,836,351</u>		<u>63,836,351</u>
Overlapping Debt:			
Payable from Property Taxes as of December 31, 2014:			
Greenfield Township General Obligation Bonds	1,330,000	20.77%	276,241
Hocking Township Firehouse Note	406,541	73.90%	300,434
Hocking Township OPWC Loan	15,929	73.90%	11,772
Fairfield County General Obligation Bonds	13,216,200	26.86%	3,549,871
Fairfield County Capital Leases	720,688	26.86%	193,577
City of Lancaster General Obligation			
Bond Anticipation Notes	1,517,891	100.00%	1,517,891
City of Lancaster General Obligation Bonds	13,177,942	100.00%	13,177,942
City of Lancaster State Infrastructure Bank Loan	159,592	100.00%	159,592
City of Lancaster Housing and Urban			
Development Loan	220,000	100.00%	220,000
City of Lancaster OPWC Loan	39,560	100.00%	39,560
City of Lancaster Installment Loans	1,378,506	100.00%	1,378,506
City of Lancaster Capital Leases	447,016	100.00%	447,016
Payable from Other Sources as of December 31, 2014:			
Fairfield County Special Assessment Bonds	969,180	26.86%	260,322
Fairfield County General Obligation Bonds	535,181	26.86%	143,750
Fairfield County Capital Leases	59,080	26.86%	15,869
City of Lancaster Ohio Water Development Authority Loan	346,088	100.00%	346,088
City of Lancaster Special Assessment Bonds	171,000	100.00%	171,000
	<u>34,710,394</u>		<u>22,209,430</u>
Total Overlapping Debt			
	<u>34,710,394</u>		<u>22,209,430</u>
Total Direct and Overlapping Debt			
	<u>\$98,546,745</u>		<u>\$86,045,781</u>

Source: Fairfield County Auditor, School District records, City of Lancaster, and the townships of Greenfield, Hocking, and Berne. Berne and Pleasant Townships had no debt outstanding as of December 31, 2013.

- (1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government. The valuations used were for the 2015 collection year.

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

	2006	2007	2008	2009
Assessed Valuation (1)	\$804,825,190	\$819,793,750	\$907,576,140	\$913,911,550
Debt Limit - 9% of Assessed Value (2)	\$72,434,267	\$73,781,438	\$81,681,853	\$82,252,040
Amount of Debt Applicable to Debt Limit				
General Obligation Bonds for School Facilities				
Construction	0	0	0	0
Energy Conservation Notes	0	0	0	0
Less Amount Available in Debt Service	0	0	0	0
Totals	0	0	0	0
Exemptions:				
Energy Conservation Notes	0	0	0	0
Totals	0	0	0	0
Amount of Debt Subject to Limit	0	0	0	0
Legal Debt Margin	\$72,434,267	\$73,781,438	\$81,681,853	\$82,252,040
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limit - .10% of Assessed Value (1)	\$804,825	\$819,794	\$907,576	\$913,912
Amount of Debt Subject to Limit	0	0	0	0
Unvoted Legal Debt Margin	\$804,825	\$819,794	\$907,576	\$913,912
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%
Additional Limit for Unvoted Energy Conservation Long-Term Notes				
Debt Limit - .9% of Assessed Value (1)	\$7,243,427	\$7,378,144	\$8,168,185	\$8,225,204
Amount of Debt Subject to Limit				
Energy Conservation Long-Term Notes	0	0	0	0
Unvoted Legal Debt Margin	\$7,243,427	\$7,378,144	\$8,168,185	\$8,225,204
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: Fairfield County Auditor and School District Financial Records

(1) In 2006, HB 530 changed the assessed valuation utilized in the legal debt margin calculation to exclude general business tangible personal property as well as railroad and telephone tangible property.

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

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

TABLE 15

2010	2011	2012	2013	2014	2015
<u>\$905,516,300</u>	<u>\$900,696,670</u>	<u>\$907,052,120</u>	<u>\$914,878,770</u>	<u>\$915,307,510</u>	<u>\$912,119,900</u>
<u>\$81,496,467</u>	<u>\$81,062,700</u>	<u>\$81,634,691</u>	<u>\$82,339,089</u>	<u>\$82,377,676</u>	<u>\$82,090,791</u>
0	0	0	60,410,000	59,010,000	58,835,000
0	0	0	2,000,000	1,610,000	1,215,000
0	0	0	(1,752,329)	(1,044,110)	(1,227,845)
<u>0</u>	<u>0</u>	<u>0</u>	<u>60,657,671</u>	<u>59,575,890</u>	<u>58,822,155</u>
0	0	0	(2,000,000)	(1,610,000)	(1,215,000)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,000,000)</u>	<u>(1,610,000)</u>	<u>(1,215,000)</u>
0	0	0	58,657,671	57,965,890	57,607,155
<u>\$81,496,467</u>	<u>\$81,062,700</u>	<u>\$81,634,691</u>	<u>\$23,681,418</u>	<u>\$24,411,786</u>	<u>\$24,483,636</u>
100.00%	100.00%	100.00%	28.76%	29.63%	29.83%
\$905,516	\$900,697	\$907,052	\$914,879	\$915,308	\$912,120
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$905,516</u>	<u>\$900,697</u>	<u>\$907,052</u>	<u>\$914,879</u>	<u>\$915,308</u>	<u>\$912,120</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$8,149,647	\$8,106,270	\$8,163,469	\$8,233,909	\$8,237,768	\$8,209,079
0	0	0	(2,000,000)	(1,610,000)	(1,215,000)
<u>\$8,149,647</u>	<u>\$8,106,270</u>	<u>\$8,163,469</u>	<u>\$6,233,909</u>	<u>\$6,627,768</u>	<u>\$6,994,079</u>
100.00%	100.00%	100.00%	75.71%	80.46%	85.20%

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

Calendar Year	Population Lancaster City (1)	Personal Income (2)	Per Capita Personal Income (2)	Unemployment Rate Fairfield County
2005	36,380	\$1,104,424,040	\$30,358	5.30%
2006	36,380	1,124,578,560	30,912	4.80
2007	36,375	1,165,636,875	32,045	5.00
2008	36,608	1,201,987,072	32,834	5.60
2009	37,680	1,211,788,800	32,160	8.50
2010	37,243	1,214,456,987	32,609	8.80
2011	38,780	1,301,805,820	33,569	7.70
2012	38,880	1,396,919,520	35,929	6.30
2013	39,359	1,467,382,238	37,282	6.40
2014 (3)	38,854	1,448,554,828	37,282	5.00

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

(1) Population is estimated by the City of Lancaster Community Development Department as reported in the City of Lancaster Comprehensive Annual Financial Report.

(2) Per Capita Income is available by County only (Fairfield County), Personal Income is a calculation.

(3) Calendar year 2014 is the latest information available.

TABLE 17

Lancaster City School District, Ohio

Principal Employers

Current Year and Nine Years Ago

Employer	Nature of Business	Calendar Year 2014		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical-Hospital	1,864	1	10.90%
Anchor Hocking Corporation	Manufacturing-Glass	900	2	5.26%
Fairfield County	County Government	787	3	4.60%
Lancaster City School District (1)	Education	720	4	4.21%
City of Lancaster	City Government	430	5	2.51%
Ralston Foods, Incorporated	Manufacturing-Food Products	341	6	1.99%
Kroger Company	Food	262	8	1.53%
Diamond Power	Manufacturing-Commercial Eletronics	240	7	1.40%
Crestview	Medical Services	212	9	1.24%
Fairfield Homes	Construction	194	10	1.13%
Total		5,950		34.80%
Total Employment within the School District		17,100		

Employer	Nature of Activity	Calendar Year 2005		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical-Hospital	2,300	1	13.29%
Anchor Hocking Corporation	Manufacturing-Glass	974	2	5.63
Fairfield County	County Government	782	3	4.52
Lancaster City School District (1)	Education	687	4	3.97
Kroger	Grocery Store	502	5	2.90
City of Lancaster	City Government	446	6	2.58
Diamond Power	Manufacturing-Commercial Eletronics	410	7	2.37
Ralston Foods, Incorporated	Manufacturing-Food Products	350	8	2.02
Crestview	Nursing Care	285	9	1.65
Cyril Scott Corporation	Printing Services	265	10	1.53
Total		7,001		40.46%
Total Employment within the School District		17,300		

Source: Total employment is from the State of Ohio Work Force Informer and provided on a calendar year basis. Company information is from the Lancaster City development records and the Fairfield County Chamber of Commerce Government information is from Fairfield County payroll office, Lancaster City Schools payroll department, and the City of Lancaster's Mayor Office and provided on a calendar year basis.

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

TABLE 18

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Regular Instruction										
Certified Employees	259	226	240	258	267	262	266	263	262	267
Special Instruction										
Classified Employees (1)	22	17	18	0	0	0	0	0	66	62
Certified Employees	78	77	71	82	81	81	82	90	91	91
Vocational Instruction										
Classified Employees (1)	0	0	0	0	0	0	1	1	1	1
Certified Employees	30	19	19	19	21	20	17	17	17	17
Student Intervention Services										
Certified Employees	0	0	0	0	3	2	0	0	3	3
Pupil Support Services										
Classified Employees (1)	4	5	4	15	14	18	15	14	15	27
Certified Employees	21	20	31	19	21	21	22	22	22	26
Instructional Staff										
Classified Employees	47	47	55	61	77	87	63	59	16	16
Certified Employees	11	4	5	4	3	5	5	5	3	4
Administrators	2	2	2	1	1	1	1	1	1	1
Administration										
Classified Employees	28	19	20	23	23	23	21	23	20	19
Administrators	23	17	20	22	21	21	21	23	24	24
Fiscal										
Classified Employees	6	4	4	4	4	4	4	4	4	4
Administrators	1	1	1	2	2	2	2	2	2	2
Business										
Classified Employees	3	1	1	1	1	2	1	1	2	2
Administrators	0	0	1	1	1	1	1	1	1	1
Operation and Maintenance of Plant										
Classified Employees	52	47	49	50	55	52	50	50	47	47
Administrators	2	1	1	1	1	1	1	1	1	1
Pupil Transportation										
Classified Employees	39	40	39	37	39	45	38	42	41	39
Administrators	1	1	1	1	1	1	1	1	1	1
Central										
Classified Employees	1	1	1	1	3	3	4	4	6	6
Administrators	1	1	1	1	2	2	1	1	2	2
Food Service Program										
Classified Employees	50	46	47	51	52	52	52	52	51	51
Administrators	1	1	1	1	1	1	1	1	1	1
Non-Instructional Services										
Classified Employees	3	2	2	2	0	1	1	1	0	0
Certified Employees	2	2	4	2	1	2	2	2	2	3
Extracurricular Activities										
Classified Employees (2)	0	0	0	2	2	2	2	2	1	1
Administrators (2)	0	0	0	1	1	1	1	1	1	1
Totals	687	601	638	662	698	713	676	684	704	720

- (1) During fiscal year 2009, classified employees were reclassified from special instruction to pupil support services. During fiscal year 2014, classified employees were reclassified back to special instruction.
- (2) During fiscal year 2009, classified and administrators were reclassified from instructional staff to extracurricular activities.

Source: Lancaster City School District Personnel Records

Method: The figures include only the full-time employees

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

Fiscal Year	General Fund Expenditures	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	State Average Pupil/Teacher Ratio
2006	\$46,289,707	6,044	\$7,659	N/A	401	15.1	18.6
2007	41,807,164	5,877	7,114	-7.12%	348	16.9	19.6
2008	45,896,169	5,909	7,767	9.19%	374	15.8	18.6
2009	49,927,913	6,007	8,312	7.01%	389	15.4	N/A
2010	51,812,526	6,134	8,447	1.63%	402	15.3	N/A
2011	49,985,256	6,028	8,292	-1.83%	398	15.1	N/A
2012	53,239,374	6,083	8,752	5.55%	394	15.4	N/A
2013	56,206,708	6,025	9,329	6.59%	399	15.1	N/A
2014	57,432,328	6,218	9,236	-0.99%	400	15.5	N/A
2015	57,181,378	6,245	9,156	-0.87%	411	15.2	N/A

N/A - Information for 2009-2015 is not available. The Ohio Department of Education ceased providing the State Average Pupil/Teacher Ratio after fiscal year 2008.

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

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

	2006	2007	2008
Cedar Heights Elementary School			
Constructed in 1939, addition in 1973			
Total Building Square Footage	31,100	31,100	31,100
Enrollment Grades K-6 for 2006 and K-5 for 2007-2015	471	377	386
Student Capacity	460	460	460
Instruction Classrooms	22	22	22
Teaching Stations	31	31	31
Administrators	1	1	1
Certified Staff	26	19	24
Classified Staff	11	7	7
East Elementary School			
Constructed in 1939			
Total Building Square Footage	37,518	37,518	37,518
Enrollment Grades K-6 for 2006 and K-5 for 2007-2015	423	383	368
Student Capacity	314	314	314
Instruction Classrooms	20	20	20
Teaching Stations	24	24	24
Administrators	1	1	1
Certified Staff	26	22	24
Classified Staff	11	11	12
Medill Elementary School			
Constructed in 1960, addition in 1965, 1966, and 1973			
Total Building Square Footage	31,500	31,500	31,500
Enrollment Grades K-6 for 2006 and K-5 for 2007-2015	339	305	317
Student Capacity	337	337	337
Instruction Classrooms	25	25	25
Teaching Stations	30	30	30
Administrators	1	1	1
Certified Staff	19	16	19
Classified Staff	13	9	9
Sanderson Elementary School			
Constructed in 1968, addition in 1973 and 1996			
Total Building Square Footage	31,233	31,233	31,233
Enrollment Grades K-6 for 2006 and K-5 for 2007-2015	337	318	320
Student Capacity	308	308	308
Instruction Classrooms	20	20	20
Teaching Stations	24	24	24
Administrators	1	1	1
Certified Staff	17	16	19
Classified Staff	12	7	7

TABLE 20

2009	2010	2011	2012	2013	2014	2015
31,100	31,100	31,100	31,100	31,100	31,100	31,100
369	361	383	374	381	389	380
460	460	460	460	460	460	460
22	22	22	22	22	22	22
31	31	31	31	31	31	31
1	1	1	1	2	2	2
25	24	26	24	24	26	27
7	11	16	10	9	13	13
37,518	37,518	37,518	37,518	37,518	37,518	37,518
370	386	412	381	378	385	363
314	314	314	314	314	314	314
20	20	20	20	20	20	20
24	24	24	24	24	24	24
1	1	1	1	2	1	1
22	22	21	21	21	22	23
12	16	14	12	10	11	13
31,500	31,500	31,500	31,500	31,500	31,500	31,500
333	381	368	368	353	353	413
337	337	337	337	337	337	337
25	25	25	25	25	25	25
30	30	30	30	30	30	30
1	1	1	1	1	1	1
19	22	22	24	25	25	25
12	13	14	11	10	15	15
31,233	31,233	31,233	31,233	31,233	31,233	31,233
326	320	300	306	323	324	295
308	308	308	308	308	308	308
20	20	20	20	20	20	20
24	24	24	24	24	24	24
1	1	1	1	1	1	1
19	18	16	19	20	19	20
7	14	10	9	9	12	13

(Continued)

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

	2006	2007	2008
South Elementary School			
Constructed in 1931			
Total Building Square Footage	29,055	29,055	29,055
Enrollment Grades K-6 for 2006 and K-5 for 2007-2015	441	298	315
Student Capacity	149	149	149
Instruction Classrooms	17	17	17
Teaching Stations	21	21	21
Administrators	1	1	1
Certified Staff	19	19	22
Classified Staff	11	6	7
Tallmadge Elementary School			
Constructed in 1956, addition in 1959, 1966, and 1973			
Total Building Square Footage	37,000	37,000	37,000
Enrollment Grades K-6 for 2006 and K-5 for 2007-2015	360	393	407
Student Capacity	345	345	345
Instruction Classrooms	20	20	20
Teaching Stations	29	29	29
Administrators	1	1	1
Certified Staff	18	19	21
Classified Staff	13	12	13
Tarhe Elementary School			
Constructed in 1968, addition in 1973			
Modular Classrooms - Constructed in 2004			
Total Building Square Footage	25,200	25,200	25,200
Total Modular Square Footage	9,000	9,000	9,000
Enrollment Grades K-6 for 2006 and K-5 for 2007-2015	472	375	387
Student Capacity	445	445	445
Instruction Classrooms	20	20	20
Teaching Stations	17	17	17
Administrators	1	1	1
Certified Staff	23	18	18
Classified Staff	12	8	8
West Elementary School			
Constructed in 1928, addition in 1960			
Total Building Square Footage	46,404	46,404	46,404
Enrollment Grades K-6 for 2006 and K-5 for 2007-2015	463	379	381
Student Capacity	428	428	428
Instruction Classrooms	24	24	24
Teaching Stations	28	28	28
Administrators	1	1	1
Certified Staff	27	26	28
Classified Staff	12	9	9

TABLE 20 (Continued)

2009	2010	2011	2012	2013	2014	2015
29,055	29,055	29,055	29,055	29,055	29,055	29,055
333	320	284	296	282	304	330
149	149	149	149	149	149	149
17	17	17	17	17	17	17
21	21	21	21	21	21	21
1	1	1	1	1	2	2
20	21	21	22	22	24	21
6	12	14	11	11	13	11
37,000	37,000	37,000	37,000	37,000	37,000	37,000
421	437	445	466	432	409	449
345	345	345	345	345	345	345
20	20	20	20	20	20	20
29	29	29	29	29	29	29
1	1	1	1	2	3	3
18	24	22	26	28	28	25
13	13	12	13	15	14	16
25,200	25,200	25,200	25,200	25,200	25,200	25,200
9,000	9,000	9,000	9,000	9,000	9,000	9,000
406	442	433	447	435	433	418
445	445	445	445	445	445	445
20	20	20	20	20	20	20
17	17	17	17	17	17	17
1	1	1	1	1	2	2
19	23	23	25	26	24	26
8	8	11	9	8	11	9
46,404	46,404	46,404	46,404	46,404	46,404	46,404
414	436	436	441	434	478	459
428	428	428	428	428	428	428
24	24	24	24	24	24	24
28	28	28	28	28	28	28
1	1	1	1	2	2	2
31	27	32	32	32	33	32
14	17	19	18	16	18	18

(Continued)

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

	2006	2007	2008
General Sherman Junior High School			
Constructed in 1957, addition in 1973			
Modular Classrooms - Constructed in 2010			
Total Building Square Footage	64,394	64,394	64,394
Total Modular Square Footage	0	0	0
Enrollment Grades 7-8 for 2006 and 6-8 for 2007-2015	460	686	656
Student Capacity	484	484	484
Instruction Classrooms	23	23	23
Teaching Stations	29	29	29
Administrators	2	1	1
Certified Staff	27	39	41
Classified Staff	16	20	19
Thomas Ewing Junior High School			
Constructed in 1957			
Modular Classrooms - Constructed in 2010 and 2012			
Total Building Square Footage	63,308	63,308	63,308
Total Modular Square Footage	0	0	0
Enrollment Grades 7-8 for 2006 and 6-8 for 2007-2015	454	587	594
Student Capacity	493	493	493
Instruction Classrooms	27	27	27
Teaching Stations	34	34	34
Administrators	1	1	1
Certified Staff	28	34	34
Classified Staff	16	20	21
Stanbery School and Administration Center			
Constructed in 1929, addition in 1965			
Total Building Square Footage	77,767	77,767	77,767
Enrollment Grade 9 for 2006	501	0	0
Enrollment for Career Based Intervention			
Technology Students 2007-2015	0	56	47
Student Capacity	509	509	509
Instruction Classrooms	28	28	28
Teaching Stations	32	32	32
Administrators	16	9	9
Certified Staff	36	14	20
Classified Staff	31	15	17

TABLE 20 (Continued)

2009	2010	2011	2012	2013	2014	2015
64,394	64,394	64,394	64,394	64,394	64,394	64,394
0	9,000	9,000	9,000	9,000	9,000	9,000
691	701	653	676	707	729	695
484	484	484	484	484	484	484
23	23	23	23	23	23	23
29	29	29	29	29	29	29
1	1	1	2	2	2	2
43	39	41	42	40	40	40
21	20	21	17	16	18	18
63,308	63,308	63,308	63,308	63,308	63,308	63,308
0	9,000	9,000	18,000	18,000	18,000	18,000
625	681	707	709	700	709	686
493	493	493	493	493	493	493
27	27	27	27	27	27	27
34	34	34	34	34	34	34
1	1	1	2	3	3	3
34	40	42	39	41	39	43
21	20	14	16	16	16	19
77,767	77,767	77,767	77,767	77,767	77,767	77,767
0	0	0	0	0	0	0
191	260	250	203	205	194	241
509	509	509	509	509	509	509
28	28	28	28	28	28	28
32	32	32	32	32	32	32
11	11	11	12	9	9	9
37	34	26	16	14	22	27
19	19	33	22	18	20	21

(Continued)

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

	2006	2007	2008
Lancaster High School			
Constructed in 1963			
Vocational classrooms constructed in 1965			
Total Building Square Footage	192,500	192,500	192,500
Enrollment Grades 10-12 for 2006 and 9-12 for 2007-2015	1,323	1,720	1,731
Student Capacity	1,302	1,302	1,302
Instruction Classrooms	65	65	65
Teaching Stations	102	102	102
Administrators	4	5	5
Certified Staff	135	106	104
Classified Staff	47	53	61
Maintenance and Transportation Building			
Constructed in 1997			
Total Building Square Footage	25,000	25,000	25,000
Classified Staff	50	52	50

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

Student enrollment is based on the October count for Educational Management Information System for fiscal years 2006 through 2014 while student enrollment for fiscal year 2015 is based on the final year-end count.

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

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

The Mount Pleasant Elementary school building was added to capital assets during fiscal year 2015. The building was 95 percent complete as of June 30, 2015, and there were no students in the building during fiscal year 2015.

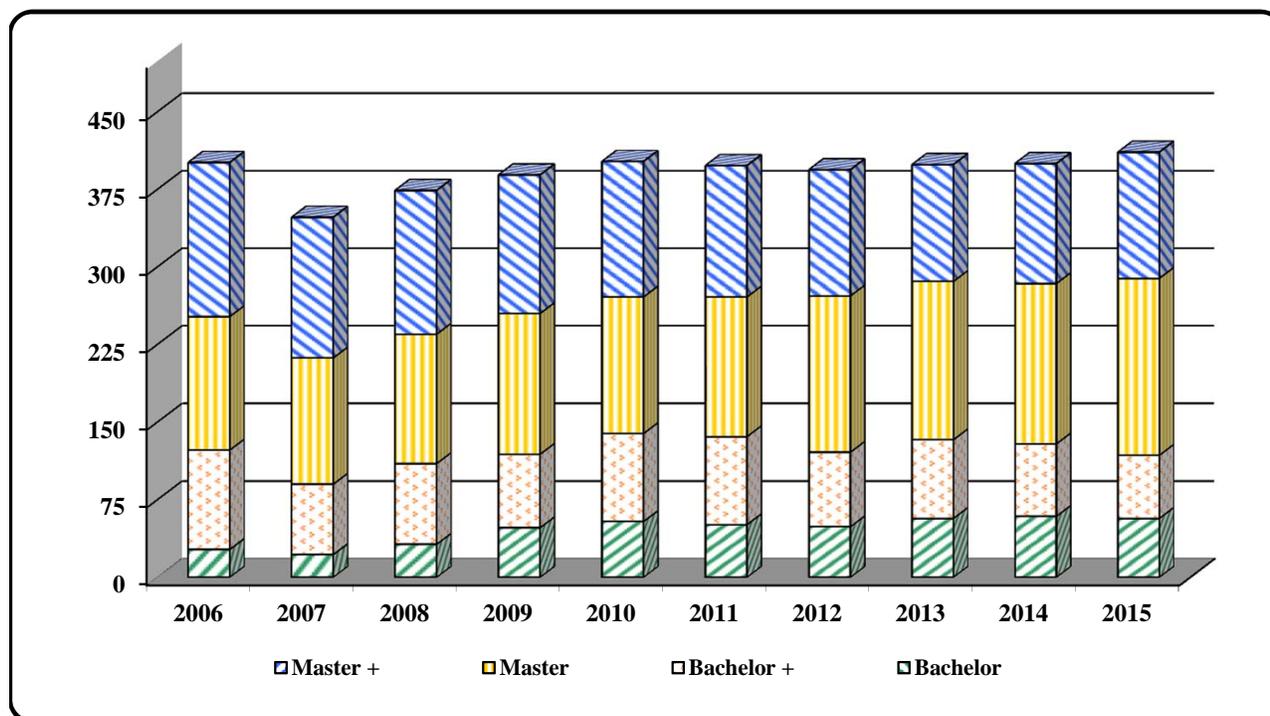
TABLE 20 (Continued)

2009	2010	2011	2012	2013	2014	2015
192,500	192,500	192,500	192,500	192,500	192,500	192,500
1,528	1,409	1,357	1,416	1,395	1,511	1,516
1,302	1,302	1,302	1,302	1,302	1,302	1,302
65	65	65	65	65	65	65
102	102	102	102	102	102	102
4	5	5	6	6	6	6
102	108	106	104	106	98	102
52	50	51	50	53	52	49
25,000	25,000	25,000	25,000	25,000	25,000	25,000
56	57	60	54	62	57	60

TABLE 21

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

Degree	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Bachelor's Degree	27	22	32	48	54	51	49	57	59	57
Bachelor + 15	5	3	3	2	4	6	10	14	15	12
Bachelor + 30 (150 hours)	91	65	75	69	81	79	62	62	55	49
Master's Degree	129	122	125	136	132	135	151	153	155	171
Master's + 15	34	32	38	36	35	34	31	35	40	40
Master's + 30	81	77	74	74	68	63	60	52	55	56
Master's + 45	34	27	27	24	28	30	31	26	21	26
Total	401	348	374	389	402	398	394	399	400	411



Source: Lancaster City School District Personnel Records.

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

Fiscal Year	Minimum Salary (1)	Maximum Salary (2)	Average Salary for the School Districts (3)	Average Salary Comparable Districts (3)	Statewide Average Salary (3)
2006	\$32,344	\$66,585	\$51,568	\$49,498	\$50,771
2007	32,344	66,585	52,356	51,972	53,534
2008	33,477	71,170	52,274	57,203	53,410
2009	33,477	71,170	53,344	57,586	54,656
2010	33,477	71,170	55,748	59,461	55,958
2011	35,609	78,099	55,716	60,783	56,715
2012	35,609	78,099	55,920	56,026	58,120
2013	35,609	78,099	55,703	59,539	56,307
2014	36,499	80,052	56,657	59,253	55,916
2015	37,137	81,452	N/A	N/A	N/A

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

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

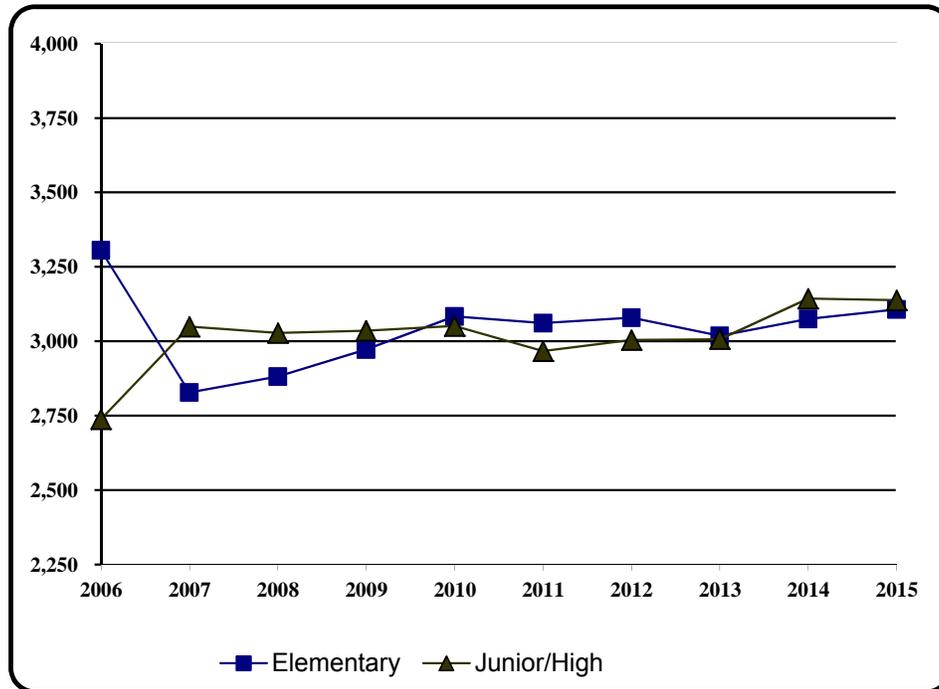
(2) Teacher with a Masters degree and more than 45 year's experience - per negotiated agreement.

(3) Provided by the Ohio Department of Education.

N/A means the information was not available at the time this report was prepared.

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

Fiscal Year	Elementary Schools	Junior/High School	Total
2006	3,306	2,738	6,044
2007 (a)	2,828	3,049	5,877
2008	2,881	3,028	5,909
2009	2,972	3,035	6,007
2010	3,083	3,051	6,134
2011	3,061	2,967	6,028
2012	3,079	3,004	6,083
2013	3,018	3,007	6,025
2014	3,075	3,143	6,218
2015	3,107	3,138	6,245



Source: School District Records - October counts that was submitted to the Educational Management Information System for fiscal year 2006 through 2014 while fiscal year 2015 was based on the year-end count.

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

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

Fiscal Year	Lancaster City Attendance Rate	State Average	Lancaster City Graduation Rate	State Average
2006	94.60%	94.10%	85.50%	86.20%
2007	94.60	94.10	88.10	86.10
2008	94.50	94.20	91.70	86.90
2009	94.20	94.30	92.20	84.60
2010	94.60	94.30	90.80	83.00
2011	94.90	94.50	87.60	84.30
2012	95.10	94.50	88.50	84.40
2013	94.70	94.20	91.60	82.20
2014	95.90	94.30	92.50	N/A
2015	N/A	N/A	N/A	N/A

Source: Ohio Department of Education Local Report Cards

N/A means not available at the time this report was prepared

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

Year	English	Math	Reading	Science	Composite
A.C.T. - Lancaster High School (Juniors and Seniors)					
2006	20.7	21.3	21.6	21.7	21.4
2007	20.8	21.4	21.8	22.2	21.7
2008	21.7	22.3	23.1	22.7	22.6
2009	21.0	21.4	22.3	22.0	21.8
2010	21.3	22.3	22.6	22.4	22.2
2011	21.1	21.9	22.7	22.2	22.1
2012	21.8	21.9	22.5	22.2	22.2
2013	20.6	21.5	22.2	22.0	21.7
2014	21.1	21.3	22.4	22.3	21.9
2015	21.6	22.2	22.7	22.8	22.4
A.C.T. - Ohio (Graduating Class)					
2006	20.8	21.3	21.9	21.5	21.5
2007	21.0	21.3	22.0	21.6	21.6
2008	21.1	21.5	22.1	21.7	21.7
2009	21.1	21.4	22.2	21.7	21.7
2010	21.2	21.5	22.1	21.8	21.8
2011	21.1	21.5	22.1	21.8	21.8
2012	21.1	21.5	22.1	21.8	21.8
2013	21.2	21.5	22.2	21.8	21.8
2014	21.4	21.7	22.4	22.0	22.0
2015	21.4	21.7	22.5	22.1	22.0
A.C.T. - U.S.A. (Graduating Class)					
2006	20.6	20.8	21.4	20.9	20.9
2007	20.7	21.0	21.5	21.0	21.1
2008	20.6	21.0	21.4	20.8	21.2
2009	20.6	21.0	21.4	20.9	21.1
2010	20.5	21.0	21.3	20.9	21.1
2011	20.6	21.1	21.3	20.9	21.1
2012	20.5	21.1	21.3	20.9	21.1
2013	20.2	20.9	21.1	20.7	20.9
2014	20.3	20.9	21.3	20.8	21.0
2015	20.4	20.8	21.4	20.9	21.0

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

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

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

Fiscal Year	Critical Reading	Math Mean	Writing Mean
S.A.T. - Lancaster High School			
2006	500	522	473
2007	513	528	494
2008	525	539	527
2009	527	544	522
2010	556	569	536
2011	536	534	522
2012 (1)	n/a	n/a	n/a
2013 (1)	n/a	n/a	n/a
2014 (1)	n/a	n/a	n/a
2015 (1)	n/a	n/a	n/a
S.A.T. - Ohio			
2006	535	544	521
2007	536	542	522
2008	534	544	521
2009	537	546	523
2010	538	548	522
2011	539	545	522
2012 (1)	n/a	n/a	n/a
2013 (1)	n/a	n/a	n/a
2014 (1)	n/a	n/a	n/a
2015 (1)	n/a	n/a	n/a
S.A.T. - U.S.A.			
2006	503	518	497
2007	502	515	494
2008	502	515	494
2009	501	515	493
2010	501	516	492
2011	497	514	489
2012 (1)	n/a	n/a	n/a
2013 (1)	n/a	n/a	n/a
2014 (1)	n/a	n/a	n/a
2015 (1)	n/a	n/a	n/a

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

(1) The information for 2012 through 2015 is not available because the School District didn't have enough students test so The College Board will not process a report.

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

Lancaster City School District, Ohio
Students in Free or Reduced Price Lunch Program
June 30, 2015

School	Students Receiving Free Lunch	Percentage of Students Receiving Free Lunch	Students Receiving Reduced Lunch	Percentage of Students Receiving Reduced Lunch
Cedar Heights Elementary School	263	69.21%	24	6.32%
East Elementary School	203	55.92	20	5.51
Medill Elementary School	163	39.47	27	6.54
Sanderson Elementary School	179	60.68	11	3.73
South Elementary School	243	73.64	19	5.76
Tallmadge Elementary School	260	67.91	25	5.57
Tarhe Elementary School	128	30.62	17	4.07
West Elementary School	318	69.28	33	7.19
General Sherman Junior High School	337	48.49	46	6.62
Thomas Ewing Junior High School	342	49.85	31	4.43
Lancaster High School	785	44.68	102	5.81

Source: School District Food Service Records at June 30, 2015



Dave Yost • Auditor of State

LANCASTER CITY SCHOOL DISTRICT

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 29, 2015**