



**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

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**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR	Federal		Non-Cash		Non-Cash
<i>Pass Through Grantor</i>	CFDA		Receipts	Expenditures	Expenditures
Program Title	Number	Receipts	Receipts	Expenditures	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<i>Passed Through Ohio Department of Education</i>					
Nutrition Cluster:					
School Breakfast Program	10.553	\$283,374	\$0	\$283,374	\$0
National School Lunch Program	10.555	941,862	0	941,862	0
Total Nutrition Cluster		<u>1,225,236</u>	<u>0</u>	<u>1,225,236</u>	<u>0</u>
Food Donation	10.550	0	167,307	0	167,307
Total U.S. Department of Agriculture		<u>1,225,236</u>	<u>167,307</u>	<u>1,225,236</u>	<u>167,307</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Readiness and Emergency Management	84.184	30,000	0	24,013	0
<i>Passed Through Ohio Department of Education</i>					
Special Education Cluster:					
Special Education_Grants to States	84.027	173,841	0	147,728	0
		(499,518)	0	0	0
		<u>1,870,505</u>	<u>0</u>	<u>1,319,816</u>	<u>0</u>
Total Special Education_Grants to States		<u>1,544,828</u>	<u>0</u>	<u>1,467,544</u>	<u>0</u>
Special Education_Preschool Grants	84.173	(14,750)	0	0	0
		<u>34,379</u>	<u>0</u>	<u>3,130</u>	<u>0</u>
Total Special_Preschool Grants		<u>19,629</u>	<u>0</u>	<u>3,130</u>	<u>0</u>
Total Special Education Cluster		<u>1,564,457</u>	<u>0</u>	<u>1,470,674</u>	<u>0</u>
Adult Education_State Grant Program	84.002	(150)	0	0	0
Title 1_Grants to Local Educational Agencies	84.010	190,342	0	162,816	0
		(99,184)	0	0	0
		<u>1,431,713</u>	<u>0</u>	<u>1,228,723</u>	<u>0</u>
		(4,277)	0	0	0
		<u>47,644</u>	<u>0</u>	<u>43,367</u>	<u>0</u>
Total Title 1 Grants to Local Educational Agencies		<u>1,566,238</u>	<u>0</u>	<u>1,434,906</u>	<u>0</u>
Vocational Education_Basic Grants to States	84.048	(2,103)	0	0	0
		50,306	0	50,931	0
		<u>57,598</u>	<u>0</u>	<u>53,957</u>	<u>0</u>
Total Vocational Education_Basic Grants to States		<u>105,801</u>	<u>0</u>	<u>104,888</u>	<u>0</u>
Safe and Drug-Free Schools and Communities_ State Grants	84.186	(7,202)	0	6,533	0
		<u>30,884</u>	<u>0</u>	<u>23,567</u>	<u>0</u>
Total Safe and Drug-Free Schools and Communities_State Grants		<u>23,682</u>	<u>0</u>	<u>30,100</u>	<u>0</u>
State Grants for Innovative Programs	84.298	(2,384)	0	0	0
		<u>11,164</u>	<u>0</u>	<u>9,331</u>	<u>0</u>
Total State Grants for Innovative Programs		<u>8,780</u>	<u>0</u>	<u>9,331</u>	<u>0</u>
Education Technology State Grants	84.318	(11,819)	0	0	0
		<u>27,764</u>	<u>0</u>	<u>23,884</u>	<u>0</u>
Total Education Technology State Grants		<u>15,945</u>	<u>0</u>	<u>23,884</u>	<u>0</u>
Reading Excellence Program	84.338	(204)	0	0	0
Improving Teacher Quality State Grants	84.367	(21)	0	0	0
		61,451	0	39,960	0
		(78,843)	0	0	0
		<u>379,211</u>	<u>0</u>	<u>330,896</u>	<u>0</u>
Total Improving Teacher Quality Program		<u>361,798</u>	<u>0</u>	<u>370,856</u>	<u>0</u>
Total U.S. Department of Education		<u>3,676,347</u>	<u>0</u>	<u>3,468,652</u>	<u>0</u>
Totals		<u>\$4,901,583</u>	<u>\$167,307</u>	<u>\$4,693,888</u>	<u>\$167,307</u>

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

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**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the District is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Title 1D Grants to Local Educational Agencies	84.010	\$43,367

NOTE C - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE D - FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE E - TRANSFERS BETWEEN COST CENTERS

In 2003, the grant periods were modified by ODE to agree with the fiscal year of school districts. The grant periods changed from a 27 month period ending on September 30 to a 12 month period ending on June 30. Transfers were made between the 2007 and 2008 grant years for the following grants:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Special Education_Grants to States	84.027	\$499,518
Special Education_Preschool Grants	84.173	14,750
Title I_Grants to Local Education Agencies	84.010	103,461
Safe and Drug-Free Schools and Communities_State Grants	84.186	7,202
State Grants for Innovative Programs	84.298	2,384
Education Technology State Grants	84.318	11,819
Improving Teacher Quality State Grants	84.367	78,843

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE F - REFUNDS

Due to the expiration of period of availability, the following grants were refunded to the Ohio Department of Education.

<u>Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA Number</u>	<u>Amount</u>
Adult Education_Grants to States	ABS1-2002	84.002	\$150
Vocational Education_Basic Grants to States	20C1-2002	84.048	2,103
Reading Excellence	RE-S1-01	84.338	204
Improving Teacher Quality State Grants	TRS1-2002	84.367	21



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lancaster City School District, Fairfield County, Ohio (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

We noted a certain matter that we reported to the District's management in a separate letter dated December 22, 2008.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 22, 2008.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 22, 2008



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Lancaster City School District, Fairfield County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008.

Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

Federal Awards Receipts and Expenditures Schedule

We have also audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Lancaster City School District, Fairfield County, Ohio as of and for the year ended June 30, 2008, and have issued our report thereon dated December 22, 2008. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Mary Taylor, CPA
Auditor of State

December 22, 2008

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster (CFDA #84.027 and #84.173) Nutrition Cluster (CFDA #10.553 and #10.555)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

Lancaster City School District, Ohio



Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2008

“A Community Focused on Student Achievement”

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Lancaster City School District, Ohio

Comprehensive Annual Financial Report
(CAFR)



For the Fiscal Year Ended June 30, 2008
Issued By: Treasurer's Office
Joanne C. Little, Interim Treasurer

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LANCASTER CITY SCHOOL DISTRICT, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
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LANCASTER CITY SCHOOL DISTRICT, OHIO
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LANCASTER CITY SCHOOL DISTRICT, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section



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Lancaster City Schools

Administrative Offices
345 East Mulberry Street
Lancaster, Ohio 43130-3166

Telephone: 740-687-7300 Fax: 740-687-7303

December 22, 2008

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, 2008. This CAFR includes an opinion from the Ohio Auditor of State's Office and conforms to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District.

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

This report will provide the taxpayers of the School District with comprehensive financial data in a format that enables them to gain a clear understanding of the School District's finances. Copies will be made available to the Fairfield County District Library, major taxpayers, financial rating services, and other interested parties. 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 and the Zane Square Festival as well as the Heritage Tour, an annual tour of the beautiful and historic buildings and homes in Lancaster.

The Lancaster City School District was organized in the mid 1850's and continues to operate in the picturesque and historical setting of the Lancaster area. Over the years, in order to meet the needs of a growing community, the School District has expanded many times, and particularly in the mid 1950's and 1960's. The School District educates students from kindergarten through grade twelve. During fiscal year 2008 the School District was comprised of a high school (serving 1,731 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, 2008, the citizens of Lancaster have an investment of \$7,558,424 net of depreciation in School District land, buildings, furniture and equipment, and vehicles.

Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide education services authorized by charter, and further mandated by State and Federal agencies. The School District operates under a locally elected Board of Education which consists of five members. The Board controls the School District's twelve instructional facilities staffed by 240 non-certified employees, 374 certificated personnel, and 24 administrative employees who provide services to 5,909 students.

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

THE REPORTING ENTITY

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

Component units are legally separate organizations for which the School District is financially accountable. Financial accountability exists if the School District appoints a voting majority of the component unit's governing board and (1) the School District is able to significantly influence the programs or services performed or provided; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated in some manner to finance the deficits of, or provide financial support to the organization, or the School District is obligated for the debt of the organization. The Component Unit columns of the financial statements represents the activity of the Lancaster-Fairfield Digital Academy and the Lancaster-Fairfield Community School.

The School District participates in the following jointly governed organizations: Metropolitan Educational Council, Coalition of Rural and Appalachian Schools, Central Ohio Special Education Regional Resource Center, Fairfield County Family, Adult, and Children First Council, and the Fairfield County Multi-System Youth Committee. Disclosure of the jointly governed organizations is presented in Note 20 to the Basic Financial Statements.

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Ohio School Plan, and the South Central Ohio Insurance Consortium, insurance purchasing pools. Information pertaining to these pools is presented in Note 21 to the Basic Financial Statements.

ASSESSING ECONOMIC CONDITION AND OUTLOOK

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

The City of Lancaster (City) has remained relatively stable for a number of years in population, but has changed more significantly within the past decade. In the 2000 census, the Lancaster community showed a population of 35,335 which is up from the 1990 census of 34,507. However, there are signs of increased growth activity, which if fully realized, could have a significant impact on the School District.

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

During late 2007 and early 2008, Lancaster has seen the largest retail expansion in over twenty years. Three large retailers constructed new buildings and opened for business at Ety Pointe. Those large retailers included Kohl's Department Store, Wal-Mart SuperCenter, and Menards Home Improvement Center. Giant Eagle began construction in April 2008. There was also the construction of a new strip mall and several new restaurants. Some of the larger restaurant chains that opened were Sonic America's Drive-In, Max and Erma's, Panera Bread, and the Spaghetti Shop.

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

Anchor Hocking has remained the largest manufacturing employer within the School District over the years. Anchor Hocking was sold in 2007. It was owned by Global Home Products which sold to Monomoy Capital Partners. Monomoy Capital Partners secured assistance from the Ohio Department of Development to finance a \$32 million capital investment. This expansion project is expected to add 150 new workers. Diamond Power, a metal fabrication factory, Mondi Packaging, a paper packaging manufacturer, both undertook recent building expansions. Fox Mechanical, Inc. completed a new facility and moved in April 2008. U.S. Corrugated announced in March 2008, that it will build a new 314,000 square foot facility. U.S. Corrugated is expected to provide 110 new jobs and is expected to be completed in late 2008.

Fairfield Medical Center (FMC) located in Lancaster, Ohio provides services in Fairfield County and the surrounding counties of Perry, Hocking, Vinton, Meigs, and Athens. The Medical Center provides full hospital services to the region with a 222 bed facility. FMC has over 250 doctors on staff and employs a total of 2,100 employees and has remained the City's largest employer over the years.

An Air of Expectancy. There continues to be an "air" of expectancy among the community in Lancaster. The growth in housing, in commerce, in industry, and in hospital/nursing homes has awakened the community to change.

Economically, we are still waiting for the re-structuring of the State of Ohio school financing structure so we will receive more funds from that source as indicated by the Ohio State Supreme Court decision dated December 2002.

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

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

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

There were a number of specific initiatives and accomplishments made during the fiscal year ended June 30, 2008. Some of those were as follows:

Human Resources

- Recruited and hired 42 certified teachers for the 2007/08 school year. This included 31 entry year teachers. Replaced over 20 new classified staff employees for the 2007/2008 school year.
- Coordinated and facilitated the internal transfers of over 60 staff members around the School District into new positions.
- Successfully organized and implemented a new Bureau of Criminal Investigation and FBI background system to meet the needs of House Bill 79 and House Bill 190.
- Implemented a new on-line application system called AppliTrack that creates a totally paperless application process for all applicants.

Instructional Services Department

- Highlighted and accentuated individual talents of faculty and staff through a grade level leadership model.
- Continual working with teacher and building leadership. The School District has developed new District-wide formative assessments which are devoid of any allegiance to copyright restrictions, are aligned to ODE standards and indicators, and are tightly aligned to the Optometry Admission Test and state diagnostic tests.

Maintenance Department

- Tallmadge’s playground was brought up to safety code.
- Continued annual planning for preventive maintenance and the setting up of summer projects in our buildings (floors, locker painting, ceiling repair work, cement work, etc.)
- Classes were attended for the renewal of asbestos, boiler, sprinkler and pesticide licenses by several staff. Crisis Management class was attended by the department supervisor and administrative assistant.
- Compliance of Jarod’s Law has begun throughout the School District and will be an ongoing process.

Special Education

- The entire special education department has continued to be re-designed, streamlined, and updated with the implementation of new procedures. This has included a new special education handbook which was provided to principals and special education teachers.
- Special education achievement Value Added scores revealed positive value added scores in almost every achievement area assessed by the Ohio Achievement Tests. This reveals students are making appropriate achievement gains, given their skills and abilities, regardless of whether or not they passed the achievement criteria established by the State department.
- Online IEP forms using Progress Book are being piloted, and the plan is to increase utilizing online IEPs in the future.
- Special education staff members have participated in highly qualified staff development opportunities including the topics of: Autism, Progress Book, IEP writing, alternate assessments, Response to Intervention, Bricker and Eckler Legal Updates, COSERRC Forums, behavioral strategies, No Child Left Behind, and special education policy and procedures.

Technology Department

- We are currently working with AT&T on a new phone project. The plan involves installing phones in each classroom in the School District. This is a safety initiative and a communications improvement.
- A study of our existing library card catalog software has been completed. The current software is being updated to provide more features for staff, students, and parents. The new features include book jacket preview, state standards' searches, and educator reviewed internet resources.
- A new fingerprint system was installed in the human resources department and a new check printing system was installed in the treasurer's office.
- Installed new computer labs at East, Medill, Sanderson, and Tarhe elementary buildings. Installed two new computer labs at General Sherman Junior High, 30 wireless computers at Thomas Ewing Junior High, and 30 wireless computers at the High School.

Transportation Department

- Instituted the Lancaster Police Department ride along program to catch stop arm violators.
- Received support from the Lancaster City Mayor, Law Director, Chief of Police, and Safety Director for support of our on board camera for collecting information for stop arm violations. Also received approval from the Department of Public Safety, State Highway Patrol, and the Ohio School Bus Construction Standards for the installation of this camera.
- Updated the bus recordings from analog to digital for better bus monitoring. Administrators now get email with the actual images from the bus to help with due process and discipline.
- We installed a lift for the maintenance vehicles which has enabled the transportation workers to do repairs like transmissions, fuel tank replacement, etc. Not outsourcing these jobs has saved thousands of dollars for the School District.

Treasurer's Department

- Received an unqualified opinion on the fiscal year 2007 audit with no schedule of findings of reportable conditions. Also received the Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year 2007, which is the 16th year receiving this award.
- Received the "Making Your Tax Dollars Count Award" from the Auditor of State.
- Automated the bank reconciliation process.
- The School District was released from fiscal caution by the Ohio Department of Education.
- Successful implementation of the EDGE program for the printing of checks and purchase orders.

Athletic Department

- The boy's soccer team was recognized by the Ohio Scholastic Soccer Coaches Association with the Team Academic Award. Requirements are that the team GPA must be above a 3.0 on a 4.0 scale. This is the third year in a row that the team has achieved this award.

- Allie White 2008 Girls Golf State Champion, First Team All-Ohio, participant in the 2008 Solheim Cup, International Competition USA v Europe, OCC Ohio Division Medalist.
- Samantha Swinehart fourth place in the 2008 Girls Golf State Tournament, First Team All-Ohio, and the OCC Ohio Division runner up.

Lancaster High School

- The Band of Gold received a Superior at the State Marching Band Finals held at Dublin Coffman High School in late October. Band students participated in District 15 Solo and Ensemble Contest and received 26 Superior and 12 Excellent Ratings.
- The Social Studies Department ranked 6th out of 21 in similar school districts in the Economically Disadvantaged Category. The Social Studies OGT test scores ranked 8th out of 21 in similar school districts.
- High School math scores rank 5th out of 19 similar districts.
- Two courses will offer dual enrollment for college credit (Algebra III and Calculus).
- Career Tech added two new programs for the 2008-2009 school year (Culinary Arts and Integrated Systems Technology).

General Sherman Junior High

- Installed nine projectors in classrooms and will have a mounted projector in every room by the beginning of the 2008/2009 school year.
- Purchased six sets of CPS units to assist with instant feedback in the classroom. This is a step towards integrating technology into the classroom.
- Purchased Study Island and managed to do 2,009,020 questions at a 79 percent passage rate. All of this was done before school, during study hall and after school.
- Parents now have access to Progress Book. Approximately 40 percent of the parents have used it.
- The Power of the Pen team had a strong year with a State qualifier.
- The Science Olympiad team had a great year with many regional qualifiers.

Thomas Ewing Jr. High School

- Our fall athletic teams represented our School District well by being competitive and winning championships, with our seventh grade football team ending their season undefeated.
- A new extra-curricular group was formed this year called the Green Team. The Green Team coordinates our Campus Clean-up events as well as oversees our recycling program. The group also planted its first tree on campus, hoping to make that an annual event.
- Sixty sixth graders began learning to play new instruments. Several of our seventh and eighth grade students placed at solo and ensemble contest this past winter.
- Winter boy's and girl's basketball fought hard with our eighth grade boys earning second place and the seventh grade boys winning their tournament. The junior high wrestling program placed second at the Pickerington Invitational and first at both the contests at Liberty Union and Chillicothe.
- The girl's track team became champions at Bloom-Carroll and the Lancaster City Meets and the boys earned runner up status at each contest.
- The goal of Student Council and Junior Teen Institute was community service. These groups lead our student body in charitable activities like the penny drive for Pennies for Patients, food drives for the Salvation Army and other local food pantries, and collections for Adopt-a-Family and Ronald McDonald Charities.

Cedar Heights Elementary

- The Parent Teacher Organization donated an air conditioner for the computer lab.
- Purchased a leap track lab through the 21st Century Grant. Students in the after school program benefit from intensive individualized instruction in math and reading.
- Our teachers in grades K-5 analyzed data to create grade level continuous improvement plans. Teachers are using these plans to drive instruction to better meet the needs of students in preparation to exceed State standards.

- Cedar Heights is in its second year of having a walking program and has walked over 5,000 miles.
- Cedar Heights was able to provide both a Kindergarten Academy and Extended Day Kindergarten Program. Nearly 40 Cedar Heights Kindergarten students benefited from having a full day kindergarten experience.

East Elementary

- East Elementary is the host school for a Kindergarten Academy. Students from East, Medill, and Sanderson elementary schools participated in an extended day kindergarten program.
- Eastside Center for Success, a before/after school program, has continued serving students K-5 with extra help for reading and math. Students have also participated in a variety of art, science, and music programs.
- The East Elementary boys and girls basketball teams won the Lancaster Bidly Basketball championships this year. This is the second consecutive championship for the boys.
- The East Elementary Parent Teacher Organization (PTO) purchased 30 new computers for an upgrade to our existing computer lab. The PTO also received first place in the River Valley Mall-Earning for Learning contest and won \$5,000.
- East Elementary third grade students had over 79 percent passage rate on the October version of the third grade OAT Reading test. This was the highest passage rate in the School District.

Medill Elementary

- Medill Elementary received an “Effective” rating from the Ohio Department of Education in the fall, for the fifth consecutive year.
- Medill Elementary continues to be nationally recognized as an Official Core Knowledge School, one of only two schools in the entire state of Ohio. We were recognized at the National Core Knowledge Conference in November, 2007, in Colorado, as one of only 83 schools recognized as an Official National Core Knowledge School.
- Medill students collected over \$1,200 in coins to help families that needed assistance during the holiday season. They also collected hundreds of toys and canned food items.
- Medill students have read 14,218 books from September until March, and have taken 3,345 Accelerated Reader quizzes.
- Medill has 72 percent of certified staff members holding Master’s Degrees. 71 percent of Medill staff members have over 15 years of experience and 14 percent have over 30 years of experience.

Sanderson Elementary

- Sanderson received an “Effective” rating from the Ohio Department of Education for the fourth year in a row.
- 90 percent of Sanderson teachers have a Master’s Degree and in most cases additional graduate hours.
- The Parent Teacher Organization provided half of the funding for the new computer lab to match the School District’s offer. Students have made wonderful use of this state-of-the-art lab.
- Sanderson students love to check out books from the library. By the end of April 2008, 15,962 books have been circulated and 4,480 Accelerated Reader quizzes have been taken.

South Elementary

- Third grade students at South scored well on the fall 2007 reading test. 77 percent of our students passed the reading test. Of those who passed, 47 percent scored advanced, 35 percent scored accelerated, and 18 percent scored proficient.
- To assist in decision making and long range planning, a leadership team at South Elementary was created. Representation comes from all segments of our staff. The leadership team meets regularly.
- South had 98 percent attendance at the Parent Teacher conferences.
- The South Elementary website was modified to be more useful to parents.

Tallmadge Elementary

- Delisa Winters, first grade teacher at Tallmadge, was honored by the Ohio School Boards Association as Outstanding Teacher of the Central Region. She is one of four teachers in the State of Ohio to receive this award.
- The Study Island software was purchased for grades second through fifth. This is a web based program designed to help a student master academic indicators in math and reading.
- The Second Step Program, a violence prevention/social skills curriculum for Preschool through the ninth grade began this year at Tallmadge. This program teaches skills to reduce impulsive and aggressive behavior in children and increase their level of social competence.
- Our “Kindergarten Buddy” program is in its second year. The mentoring program fosters positive social school behaviors in both the classroom and on the playground. Fifth graders provide our youngest students a good role model and in return learn to build personal connections and give back to their community.
- Our walking program for students promotes healthy habits. We walked over 1,500 miles by the spring quarter.

Chief Tarhe Elementary

- 99.8 percent of Tarhe parents participated in our parent teacher conferences.
- Tarhe earned the “Excellent” rating from the Ohio Department of Education. Tarhe was the only building in the School District to earn this rating this year. We earned a performance rating of 99.7 and met 10 out of 10 indicators.
- This is the second year that Tarhe Elementary has used the Study Island software and it is paying off in many ways. All of the lessons, quizzes, and activities are categorized by the Ohio State Academic Content Standards.

West Elementary

- Students have benefited from the Study Island software. Students have answered 44,014 questions for the first three quarters of the year. Students in grades 2-5 have answered 9,074 questions in reading and 25,716 questions in math.
- Students have taken accelerated reading tests and have earned 3,579 points for the first three quarters of the year.
- West School students collected 3,165 canned food and nonperishable items for the Lancaster-Fairfield Community Action Agency. The first graders made and sold cookies in order to donate \$340 to the Twig 7 group at the Fairfield Medical Center.

Food Service Department

- A new point of sale program was installed in all of the school buildings. This new software integrates perfectly with our existing software that processes meal benefits applications.
- New walk in freezers and coolers were installed for Thomas Ewing and Tallmadge buildings.
- All kitchen managers and all sub managers have completed an intensive certification in safety and sanitation with the health department.

Support Services

- Implemented the Public School Works work order system. This system has made the maintenance crew more efficient, accountable and timely.
- Strengthened our alliance with the local fire and police departments by asking for assessments of our school buildings.
- Developed half day training with all maintenance and custodial staff to inform them of Jarod’s law and how it would affect their buildings.
- The School District was awarded a Readiness and Emergency Management for Schools Grant of \$100,000. This will update the School District’s crisis plan, emergency procedures, and institute the incident command structure in how we address a crisis.
- Applied for the Exceptional Needs Program and was offered funding through the Ohio School Facilities Commission to address the current needs of the School District.

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 1.5 percent earned income tax initiative. This issue is expected to generate approximately \$8,698,676 annually according to the Ohio Department of Taxation. The School District has received the cash distribution of \$577,362 in fiscal year 2007 and \$7,024,330 in fiscal year 2008. Due to the approval of the 1.5 percent earned income tax levy, the School District chose not to renew the 3.9 mill emergency levy which concluded in August, 2007. This will result in a \$3.2 million decrease in local revenue.

The Board of Education Standing Finance Committee has reviewed the five year forecast so that the School District's Board of Education's directive to maintain a 30 day cash carryover has been met. The School District has reinstated some reductions but will most likely never return to the level of staffing prior to the budget cuts.

Over the last 10 years, the School District has experienced a decline in enrollment. This trend is not expected to change in the near future. This declining enrollment will always have an impact on future financial decisions. Open enrollment into other school districts and community schools continues to increase in student numbers, which impacts the State funding revenue.

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

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 labs and software
- Updating library books and reference materials
- Maintenance of building and grounds
- Purchasing new buses and other transportation equipment as needed
- Salaries and benefits are negotiated items within the union contracts
- Increasing career technical programs by two courses

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

FINANCIAL INFORMATION

Internal Controls. Management assumes full responsibility for the completeness and reliability of the information contained in this report. All disclosures necessary to enable the reader to acquire the maximum understanding of the School District's financial activity have been included. Management has established an internal control framework designed to compile sufficient reliable information for preparation of the School District financial statements, in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the School District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. The School District utilizes a fully automated accounting system as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable. Furthermore, as a recipient of federal and state financial assistance, the School District must ensure compliance with applicable laws and regulations that relate to these programs. These internal controls are subject to periodic evaluation by management.

Budget Process. The School District is required to have a balanced budget. The Board of Education adopts the School District budget annually in early January. The fiscal year begins on July 1 and ends on June 30. Budgets are controlled at the fund level for all funds, except agency funds which are not required to be budgeted. The Treasurer has been authorized to allocate the Board of Education's appropriations during the fiscal year among functions and objects within a fund for all funds. All disbursements and transfers of cash between funds require appropriation authority from the Board. All purchase order requests must be approved by the Treasurer; necessary appropriations are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation are rejected until additional funds are secured. The School District's current accounting system provides interim financial reports which detail year-to-date expenditures and encumbrances versus appropriations and are available for review prior to authorizing additional purchases.

Each administrator is currently furnished with reports showing the status of the accounts for which they are responsible. The reports detail monthly revenue and expenditure transactions.

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

Financial Condition. This is the sixth year the School District has prepared financial statements following GASB 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." GASB 34 created new basic financial statements for reporting the School District's financial activities as follows:

Government-Wide Financial Statements. These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by businesses.

Fund Financial Statements. These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented, in total, in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Budgetary Statement. This statement presents comparisons of actual information to the legally adopted budget for the general fund. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

Management's Discussion and Analysis. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The School District's MD&A can be found immediately following the Independent Accountant's Report.

CASH MANAGEMENT POLICIES AND PRACTICE

The School District operates a cash management program designed to provide safety, liquidity, and yield. Funds are invested or deposited in Ohio State Treasurer's Investment Pool (STAR Ohio) and demand deposit accounts. The total amount of interest earned for all funds was \$866,185 for the fiscal year ended June 30, 2008, \$752,554 being credited directly to the general fund. The cash management program is particularly successful because of access to daily balances which enables the School District to maintain minimum balance accounts and invest to the maximum extent.

A majority of the School District's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of the uninsured public funds on deposit. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions. The School District regularly reviews the market value of the pool to insure that adequate collateral is being provided.

The School District adopted an Investment Policy as set forth in the Ohio Revised Code that sets guidelines and limits the type of investments the School District may utilize and reinforces state statute investing procedures. Information regarding School District investments is found in note 6 of the notes to the basic financial statements.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

All School District employees are covered by either of the state-wide systems, School Employees Retirement System of Ohio (SERS) or State Teachers Retirement System of Ohio (STRS). The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. The School District's contribution requirements for pension and health care benefits were \$3,209,366 paid as the employer portion to STRS and \$1,076,942 paid as the employer portion to SERS. See Notes 13 and 14 to the Basic Financial Statements for complete details.

RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries; and natural disasters. The School District addressed these various types of risk by contracting with the Ohio School Plan for insurance coverage.

General liability insurance is maintained in the amount of \$4,000,000 for general aggregate. Other liability insurance includes \$2,000,000 for automotive liability with a \$500 deductible and \$1,000,000 for uninsured motorist liability with a \$500 deductible.

In addition, the School District maintains replacement cost insurance on buildings and contents in the amount of \$105,761,783 with a \$1,000 deductible. Boiler and machinery equipment is insured in the amount of \$100,000,000 with a \$1,000 deductible. Inland marine is insured for \$5,622,371 with a \$1,000 deductible.

The School District also purchases various other types of insurance which are listed in Note 11 to the Basic 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, 2008, are fairly presented in conformity with GAAP. The independent accountants' report is presented as the first component of the financial section of this report.

AWARDS AND ACKNOWLEDGMENTS

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lancaster City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. 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 sixteen years out of the last seventeen years. The School District did not submit a CAFR for the fiscal year ended June 30, 1995. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

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

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

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

Respectfully Submitted,



Joanne C. Little
Interim Treasurer
Lancaster City School District



Denise D. Callihan, Ph.D.
Superintendent
Lancaster City School District

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lancaster City School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



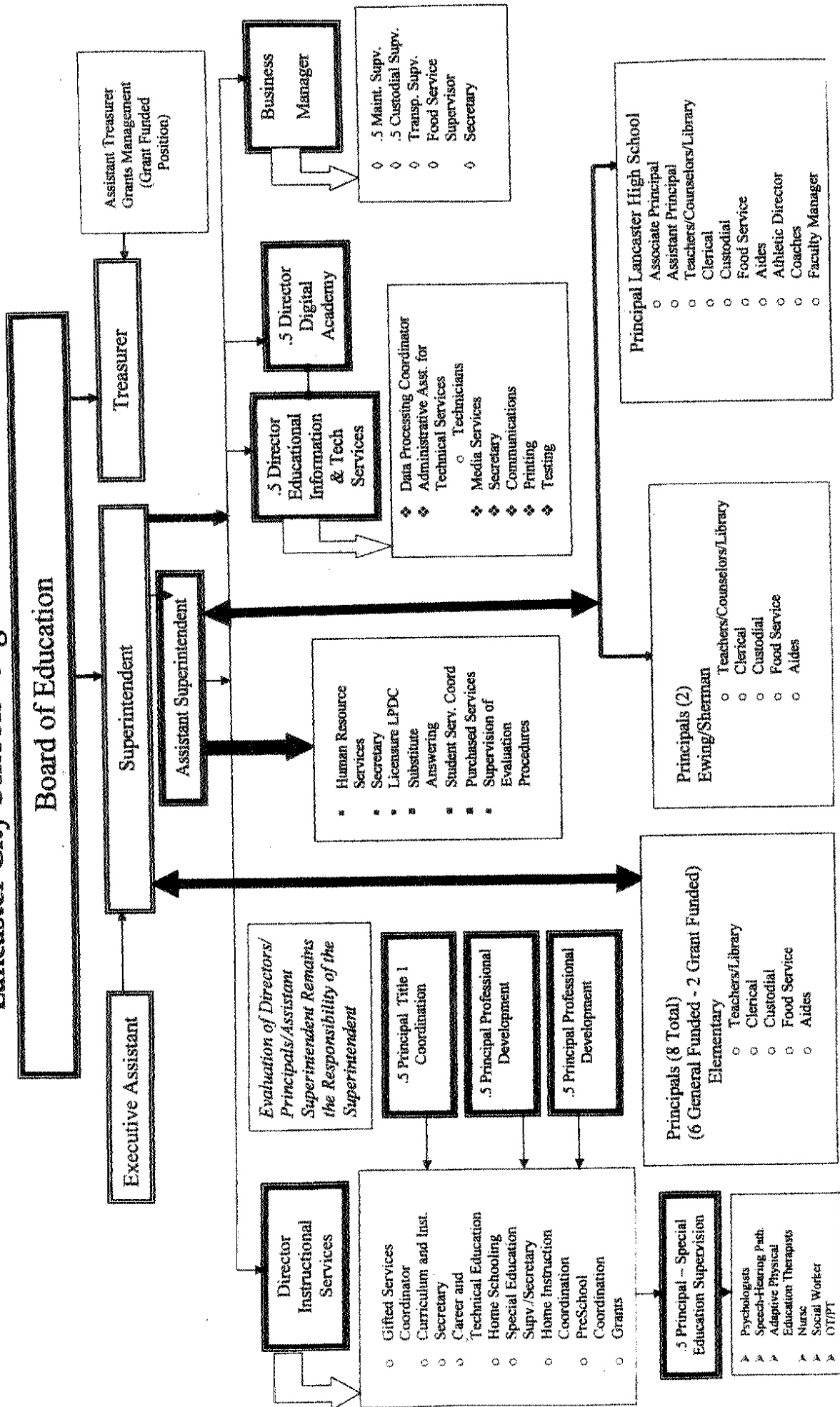
Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

Lancaster City Schools' Organizational Chart



LANCASTER CITY SCHOOL DISTRICT, OHIO

ORGANIZATIONAL CHART

(Continued)

CENTRAL OFFICE
ADMINISTRATORS

- Secretary
- Custodian

PRINCIPALS, ASSISTANT PRINCIPALS
VOCATIONAL DIRECTOR

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

TREASURER

- Payroll Clerk
- Assist. Payroll Clerk
- Account Clerk
- Secretary

SPECIAL EDUCATION

- School Psychologists
- Supervisors, Special
Education
- Coordinators, Special
Education
- Adaptive Physical
Education Teacher
- Nurses
- Secretary

DIRECTORS, SUPERVISORS
COORDINATORS

- Secretary

FOOD SERVICE
SUPERVISOR

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

MAINTENANCE/CUSTODIAL SUPERVISOR

- Journeyman
- Maintenance II
- Maintenance I
- Secretary
- Security Personnel

TRANSPORTATION SUPERVISOR

- Bus Driver
- Mechanic
- Wash Rack Attendant
- Secretary

LANCASTER CITY SCHOOL DISTRICT, OHIO

PRINCIPAL OFFICIALS

JUNE 30, 2008

BOARD OF EDUCATION

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

Treasurer

Stephen R. St. Clair, Treasurer

(Leave of absence October 13, 2008 to November 21, 2008, resigned on November 21, 2008).

Joanne C. Little, Interim Treasurer

(Began on October 13, 2008 through present)

Administration

Denise D. Callihan, Ph. D Superintendent
Rob Walker Assistant Superintendent
Jerry Rainey Director of Business
Steven Scott Director of Educational Information and Technology
Brad Molk Director of Instructional Services

Financial Section



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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lancaster City School District, Fairfield County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lancaster City School District, Fairfield County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 22, 2008

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
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, 2008. 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 2008 are as follows:

- Net assets of governmental activities increased \$15,034,786.
- General revenues accounted for \$54,100,020 in revenue or 82 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$11,896,657 or 18 percent of total revenues of \$65,996,677.
- Total assets of governmental activities increased \$13,567,319 or 29 percent. The primary items that impacted the change was a result of an increase in cash and cash equivalents of \$11,679,311, an increase in cash and cash equivalents with fiscal agents of \$2,526,567, an increase in income taxes receivable of \$2,236,259, offset by a decrease in taxes receivable of \$3,922,016. Capital assets increased by \$737,286 due mainly to the School District updating vehicles and making improvements to buildings.
- Total liabilities of governmental activities decreased from \$29,701,667 to \$28,234,200. Long-term liabilities such as intergovernmental payables and compensated absences make up 12 percent of the total liabilities.
- The School District had \$50,961,891 in expenses related to governmental activities; only \$11,896,657 of these expenses was offset by program specific charges for services, grants, contributions, and interest.
- The School District has two major funds, the general fund and the permanent improvement fund. The general fund had \$57,665,725 in revenues, \$45,896,169 in expenditures, and (\$7,570,476) in other financing sources (uses). The general fund's balance increased \$4,199,080. The permanent improvement fund had \$143,068 in revenues, \$36,772 in expenditures, and \$6,454,076 in other financing sources (uses). The permanent improvement fund's balance increased \$6,560,372 due mainly to the general fund transferring \$6,454,076 in to the permanent improvement fund.

Using this Annual Financial Report

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future

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spending. The fund financial statements look at the School District's most significant funds with all non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, extracurricular activities, intergovernmental, and interest and fiscal charges.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for multiple financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the permanent improvement fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

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

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2008 compared to 2007.

Table 1 - Net Assets

	Governmental Activities		
	2008	2007	Change
Assets			
Current and Other Assets	\$52,375,244	\$39,545,211	\$12,830,033
Capital Assets	7,558,424	6,821,138	737,286
Total Assets	59,933,668	46,366,349	13,567,319
Liabilities			
Long-Term Liabilities	3,412,238	3,780,290	(368,052)
Other Liabilities	24,821,962	25,921,377	(1,099,415)
Total Liabilities	28,234,200	29,701,667	(1,467,467)
Net Assets			
Invested in Capital Assets, Net of Debt	7,558,424	6,523,237	1,035,187
Restricted	2,021,016	1,090,839	930,177
Unrestricted	22,120,028	9,050,606	13,069,422
Total Net Assets	\$31,699,468	\$16,664,682	\$15,034,786

Total assets increased \$13,567,319. The majority of the increase in current and other assets was due mainly to an increase in cash and cash equivalents of \$11,679,311, an increase in cash and cash equivalents with fiscal agents of \$2,526,567, and an increase in income taxes receivable of \$2,236,259. The increases were offset by a decrease in taxes receivable of \$3,922,016. The increase in cash and cash equivalents was due mainly to the School District receiving a full year of income taxes revenues from the 1.5 percent earned income tax levy approved by voters in November, 2006 for a ten year period. During fiscal year 2007, the School District had only received the first distribution of the income tax levy monies on April 27, 2007 in the amount of \$577,362. During fiscal year 2008, the School District received a full year of income taxes actual cash monies totaling \$7,024,330. The increase in cash and cash equivalents with fiscal agents is due to the School District implementing a medical self insurance program during fiscal year 2008. In fiscal year 2007, the School District was self insured for the dental insurance program only. The decrease in property taxes receivable is due mainly to the decrease in tangible personal property assessed values. The decline in the economy has especially impacted Lancaster and several businesses within Lancaster School District's boundaries are struggling financially. Another factor is that the State of Ohio has enacted House Bill 66 which phases out the tangible personal property tax each year until it will be totally eliminated by 2009. Due to the property tax revenue losses from House Bill 66, the State of Ohio began a reimbursement program in May 2006 to help with the loss of tax revenue for five years. Another factor to the reduction in taxes receivable is due to the 3.9 mill emergency levy concluding in December 2007. The School District chose

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not to renew the emergency levy due to the approval of the earned income tax levy in November 2006. Capital assets increased by \$737,286 due mainly to the School District making land improvements, improvements to buildings, and updating vehicles. The School District had cut spending in the area of capital assets for the past several years due to budget reductions. During fiscal year 2008, the School District began to increase spending in the area of capital assets to make the needed land and building improvements and to replace outdated vehicles. The current year depreciation expenses of \$443,131 and net deletions of \$5,987 offset the capital asset additions of \$1,186,404.

Total liabilities decreased by \$1,467,467. The majority of the decrease in other liabilities was due to the decrease of \$2,730,427 in deferred revenue due mainly to the decrease in taxes receivable. Liabilities also decreased in the areas of contracts payable in the amount of \$81,910 and matured compensated absences payable in the amount of \$255,172. Liabilities were offset by increases in the following payables: accrued wages and benefits in the amount of \$301,262 due to the increase in staff, intergovernmental payable in the amount of \$420,508 due to the increase in staff, claims payable in the amount of \$541,412 due to the change of medical insurance from a traditional insurance through a shared risk pool to a medical self insurance program, and an increase in accounts and retainage payables in the amount of \$708,941. The decrease in long-term liabilities in the amount of \$368,052 was the result of the payoff of the capital leases in the amount of \$297,901, a net decrease in compensated absences in the amount of \$66,465, and a decrease in intergovernmental payable in the amount of \$3,686.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2008, and comparisons to fiscal year 2007.

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Table 2 - Changes in Net Assets

	Governmental Activities		
	2008	2007	Change
Revenues			
Program Revenues			
Charges for Services	\$2,531,574	\$2,984,052	(\$452,478)
Operating Grants, Contributions, and Interest	9,331,612	7,988,388	1,343,224
Capital Grants and Contributions	33,471	63,000	(29,529)
Total Program Revenues	<u>11,896,657</u>	<u>11,035,440</u>	<u>861,217</u>
General Revenue			
Property Taxes	22,331,810	25,474,906	(3,143,096)
Income Taxes	9,260,589	2,715,588	6,545,001
Grants and Entitlements	21,562,900	18,785,514	2,777,386
Gain on Sale of Capital Assets	2,166	6,400	(4,234)
Payment in Lieu of Taxes	92,612	145,802	(53,190)
Investment Earnings	849,581	486,989	362,592
Miscellaneous	362	1,771	(1,409)
Total General Revenues	<u>54,100,020</u>	<u>47,616,970</u>	<u>6,483,050</u>
Total Revenues	<u>65,996,677</u>	<u>58,652,410</u>	<u>7,344,267</u>
Program Expenses			
Instruction			
Regular	22,340,411	21,564,861	775,550
Special	6,376,028	5,918,643	457,385
Intergovernmental	43,367	41,599	1,768
Vocational	1,584,128	1,560,603	23,525
Adult/Continuing	150	2,734	(2,584)
Support Services			
Pupil	2,311,328	2,275,073	36,255
Instructional Staff	3,093,077	2,347,971	745,106
Board of Education	66,610	99,845	(33,235)
Administration	3,282,407	2,973,956	308,451
Fiscal	1,153,200	1,058,051	95,149
Business	439,019	335,644	103,375
Operation and Maintenance of Plant	4,111,162	3,419,108	692,054
Pupil Transportation	1,653,859	1,458,150	195,709
Central	456,405	194,775	261,630
Operation of Non-Instructional Services:			
Food Service Operations	2,258,702	1,886,036	372,666
Other	993,610	1,012,075	(18,465)
Extracurricular Activities	786,172	770,424	15,748
Interest and Fiscal Charges	12,256	18,612	(6,356)
Total Program Expenses	<u>50,961,891</u>	<u>46,938,160</u>	<u>4,023,731</u>
<i>Change in Net Assets</i>	<u>\$15,034,786</u>	<u>\$11,714,250</u>	<u>\$3,320,536</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 34 percent of revenues for governmental activities for the School District in fiscal year 2008. The State still has not fixed the funding system. The Governors Blue Ribbon Task Force created as a result of DeRolf IV is expected to make recommendations.

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In March 2004, the School District passed a three year Emergency Operating Levy. This generated \$3.2 million dollars per fiscal year over a 3 year period to allow the School District to provide current levels of opportunity. The emergency operating tax levy began collections in February, 2005 and ended in December 2007.

In November 2006, the voters in the School District passed the 1.5 percent earned income tax levy for a ten year period. The first distribution was received by the School District during fiscal year 2007. During fiscal year 2008, the School District recognized a full year of income tax revenues. Income taxes made up approximately 14 percent of revenues for governmental activities for the School District in fiscal year 2008.

The increase in program revenues of \$861,217 is due mainly to the new readiness and emergency management for schools grant of \$344,100 and in increase in special education grants of \$673,940. The primary reason for the decrease in charges for services was due to the decrease in the pay-to-participate fee from \$400 in fiscal year 2007 to \$100 in fiscal year 2008.

The increase in general revenues of \$6,483,050 was mainly due to the increase in income taxes of \$6,545,001 due to this being the first full year for tax levy collections. The increase in grants and entitlements of \$2,777,386 was due mainly to the increase in State reimbursements for the tangible tax loss due to House Bill 66. The increase in investment earnings of \$362,592 is due to the improvement in the School District monthly cash balance from fiscal year 2007 to fiscal year 2008. The decrease in property taxes was due mainly to the State of Ohio enacting House Bill 66 which phases out the tangible personal property tax each year until it will be totally eliminated by 2009. The decrease in property taxes revenue was also due to the 3.9 mill emergency levy ending in December 2007.

Instruction comprises approximately 60 percent of governmental program expenses, support services make up approximately 33 percent of the program expenses, operation of non-instructional services make up approximately 6 percent of program expenses, and the remaining 1 percent of program expenses is related to extracurricular activities and interest and fiscal charges of the School District.

As seen in table two, the School District increased expenses by approximately \$4 million. Due to the passage of the 1.5 percent earned income tax levy, the School District was able to bring back some needed staff members and reinstate some programs that were eliminated when budget reductions were made in fiscal year 2007. Even though the School District had an increase in expenses from fiscal year 2007 to fiscal year 2008, fiscal year 2008 expenses were still lower than fiscal years 2003-2006. Even though the School District saw a \$4 million increase in expenses during fiscal year 2008 compared to fiscal year 2007, there was a \$7 million increase in revenues which enabled the School District to see a \$3 million increase in net assets over fiscal year 2007.

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

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Table 3 - Governmental Activities

	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
Program Expenses				
Instruction:				
Regular	\$22,340,411	\$20,917,737	\$21,564,861	\$20,191,147
Special	6,376,028	3,078,101	5,918,643	3,093,689
Intergovernmental	43,367	(5,244)	41,599	(3,891)
Vocational	1,584,128	1,010,365	1,560,603	997,739
Adult/Continuing	150	150	2,734	2,734
Support Services:				
Pupil	2,311,328	1,674,401	2,275,073	1,892,130
Instructional Staff	3,093,077	1,726,340	2,347,971	1,159,255
Board of Education	66,610	66,610	99,845	99,845
Administration	3,282,407	3,102,728	2,973,956	2,646,945
Fiscal	1,153,200	1,153,200	1,058,051	938,376
Business	439,019	439,019	335,644	335,505
Operation and Maintenance of Plant	4,111,162	3,622,057	3,419,108	3,382,736
Pupil Transportation	1,653,859	1,481,911	1,458,150	1,240,541
Central	456,405	403,004	194,775	142,104
Operation of Non-Instructional Services:				
Food Service Operations	2,258,702	67,510	1,886,036	(168,536)
Other	993,610	(100,979)	1,012,075	(55,123)
Extracurricular Activities	786,172	416,068	770,424	(11,088)
Interest and Fiscal Charges	12,256	12,256	18,612	18,612
Totals	<u>\$50,961,891</u>	<u>\$39,065,234</u>	<u>\$46,938,160</u>	<u>\$35,902,720</u>

The above schedule clearly shows the dependence upon tax revenues and state subsidies for governmental activities. For 2008, only 23.3 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 76.7 percent is provided through taxes and entitlements.

The School District's Major Funds

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

General Fund - The general fund had total revenues of \$57,665,725, expenditures of \$45,896,169, and other financing sources (uses) of (\$7,570,476) which resulted in an increase in fund balance of \$4,199,080. In November, 2006 the School District voters approved a 1.5 percent earned income tax levy. During fiscal year 2008, the School District recognized a full year of income tax revenues; therefore, the School District was able to reinstate some programs cut during the fiscal year 2007 budget reductions. The general fund's beginning fund balance for fiscal year 2008 was \$5,809,471. After reinstating some of the previously eliminated programs, the School District was still able to increase the general fund balance by \$4,199,080 and ended the fiscal year with a general fund balance of \$10,008,551. Due to the passage of the 1.5 percent earned income tax, the School District announced that it will not seek renewal of the 3.9 mill emergency operating property tax which ended with the 2007 calendar year collections. Even though the general fund

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realized a significant increase in fund balance during fiscal year 2008 due mainly to the income tax levy revenues, the School District realizes that prudent financial planning for the future is still needed due to the 3.9 mill emergency operating levy ending in calendar year 2007 and the complete phase out of the tangible personal property which will occur in 2009. The School District will continue to be held harmless and be reimbursed from the State for three more years through the tangible personal property tax loss reimbursement program.

Permanent Improvement Fund – The permanent improvement fund had total revenues of \$143,068, expenditures of \$36,772, and other financing sources of \$6,454,076. This resulted in an increase in fund balance of \$6,560,372. The increase in fund balance was due to the general fund transferring \$6,454,076 into the permanent improvement fund for future expenditures. The School District's budgets have been very tight over the past few years and many needed updates and repairs were not addressed; therefore, the School District is planning to address these necessary capital asset improvements or replacements. The School District is constantly faced with the reality of aging buildings and the School District set aside money for the future needed improvements that the School District will be facing.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2008, the School District amended its general fund budget. The School District closely monitors its resources and uses and if necessary, modifies appropriations on a timely basis.

The general fund had original revenue budget estimates of \$50,876,376. The original budget estimates were increased to a final budget amount of \$55,020,552 for the fiscal year. Actual revenues were \$826,264 over final budgeted estimates. The main reasons for the increase in the original budget to the final budget was in the area of taxes revenue in the amount of \$2,049,409, income taxes revenue in the amount of \$1,063,026, and intergovernmental revenue in the amount of \$932,672. These areas were increased because more revenue was realized during the year than what was originally anticipated by the School District. Fiscal year 2008 was the first full year of collection for the income tax levy.

Original appropriations plus prior year encumbrances were \$51,555,096. The appropriations were reduced in the final budget to \$50,686,164. The reduction in appropriations was due to the School District reducing additional expenditures in fiscal year 2008 in order to increase the general fund balance.

The School District's ending unobligated fund balance was \$7,033,168 which improved from the beginning balance of \$3,545,566.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School District had \$7,558,424 invested in land, construction in progress, buildings, furniture and equipment, vehicles, and construction in progress. Table 4 shows fiscal year 2008 balances compared to 2007.

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Table 4 - Capital Assets at June 30, 2008
(Net of Depreciation)

	<u>Government Activities</u>	
	2008	2007
Land	\$523,846	\$523,846
Construction in Progress	331,387	270,510
Land Improvements	807,690	599,822
Buildings and Improvements	4,249,519	3,804,089
Furniture and Equipment	762,056	855,277
Vehicles	883,926	767,594
Totals	\$7,558,424	\$6,821,138

During fiscal year 2008, the School District began to update land and building improvements and replacing outdated vehicles. For the past few years, the School District was in financial difficulties and limited purchasing to items that were of necessary importance. During fiscal year 2008, the School District began to replace and update items that were put on hold over the past few years. The \$737,286 increase in capital assets, net of depreciation, was due to posting current year depreciation in the amount of \$443,131 and capital asset additions of \$1,186,404, and net deletions of \$5,987. See Note 10 for more detailed information of the School District's capital assets.

Debt

During fiscal year 2008, the School District made principal payments of \$297,901 which paid the capital lease in full.

Table 5 – Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	2008	2007
Capital Leases	\$0	\$297,901

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

Economic Factors

During fiscal year 2008, the School District was able to increase net assets by \$15,034,786. This was due mainly to the School District receiving a full year of income tax revenues from the passage of the 1.5 percent earned income tax levy. The School District will continue to be conservative in the area of expenses in the future. The School District continues to utilize a Board Finance Committee created during fiscal year 2005. This Committee's job is to monitor the School District's financial stability and to meet once a month and report to the Board of Education any recommendations. Based on these factors, the Board of Education and administration of the School District must 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 Joanne C. Little, Interim Treasurer, Lancaster City School District, 345 East Mulberry Street, Lancaster, Ohio 43130. Or E-Mail at J_LITTLE@LANCASTER.K12.OH.US.

BASIC FINANCIAL STATEMENTS

Lancaster City School District, Ohio

Statement of Net Assets

June 30, 2008

	Primary Government	Component Units	
	Governmental Activities	Lancaster-Fairfield Digital Academy	Lancaster-Fairfield Community School
Assets			
Cash and Cash Equivalents	\$21,788,826	\$441,789	\$54,454
Cash and Cash Equivalents with Fiscal Agents	2,906,039	0	0
Materials and Supplies Inventory	113,733	0	0
Inventory Held for Resale	21,731	0	0
Accounts Receivable	19,002	0	0
Accrued Interest Receivable	39,397	0	0
Income Taxes Receivable	4,374,485	0	0
Intergovernmental Receivable	1,581,460	57,369	52,540
Prepays	59,944	1,030	1,030
Capital Lease Receivable	31,250	0	0
Property Taxes Receivable	21,094,845	0	0
Payment in Lieu of Taxes Receivable	344,532	0	0
Nondepreciable Capital Assets	855,233	0	0
Depreciable Capital Assets, Net	6,703,191	88,786	3,854
<i>Total Assets</i>	<u>59,933,668</u>	<u>588,974</u>	<u>111,878</u>
Liabilities			
Accounts Payable	959,634	729	0
Accrued Salaries and Benefits Payable	4,352,461	0	0
Contracts Payable	127,231	0	0
Retainage Payable	24,182	0	0
Matured Compensated Absences Payable	47,036	0	0
Claims Payable	572,039	0	0
Intergovernmental Payable	1,861,301	3,996	0
Deferred Revenue	16,878,078	0	7,819
Long-Term Liabilities:			
Due Within One Year	494,372	0	0
Due In More Than One Year	2,917,866	0	0
<i>Total Liabilities</i>	<u>28,234,200</u>	<u>4,725</u>	<u>7,819</u>
Net Assets			
Invested in Capital Assets	7,558,424	88,786	3,854
Restricted for:			
Bus Purchase	12,260	0	0
District Managed Activities	109,486	0	0
Auxiliary Services	226,215	0	0
Readiness and Emergency Management	319,337	0	0
Special Education	1,058,473	0	0
Other Purposes	295,245	0	0
Unrestricted	22,120,028	495,463	100,205
<i>Total Net Assets</i>	<u>\$31,699,468</u>	<u>\$584,249</u>	<u>\$104,059</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$22,340,411	\$946,099	\$476,575	\$0
Special	6,376,028	120,876	3,177,051	0
Intergovernmental	43,367	0	48,611	0
Vocational	1,584,128	72,174	501,589	0
Adult/Continuing	150	0	0	0
Support Services:				
Pupil	2,311,328	0	636,927	0
Instructional Staff	3,093,077	2,044	1,364,693	0
Board of Education	66,610	0	0	0
Administration	3,282,407	16,472	163,207	0
Fiscal	1,153,200	0	0	0
Business	439,019	0	0	0
Operation and Maintenance of Plant	4,111,162	128,089	361,016	0
Pupil Transportation	1,653,859	13,733	124,744	33,471
Central	456,405	0	53,401	0
Operation of Non-Instructional Services:				
Food Service Operations	2,258,702	863,809	1,327,383	0
Other	993,610	0	1,094,589	0
Extracurricular Activities	786,172	368,278	1,826	0
Interest and Fiscal Charges	12,256	0	0	0
<i>Total Primary Government</i>	<u>\$50,961,891</u>	<u>\$2,531,574</u>	<u>\$9,331,612</u>	<u>\$33,471</u>
Component Units				
Lancaster-Fairfield Digital Academy	\$436,246	\$0	\$53,302	\$0
Lancaster-Fairfield Community School	476,411	0	49,554	0
<i>Total Component Units</i>	<u>\$912,657</u>	<u>\$0</u>	<u>\$102,856</u>	<u>\$0</u>

General Revenues

Property Taxes Levied for General Purposes
Income Taxes Levied for General Purposes
Grants and Entitlements not Restricted to Specific Programs
Gain on Sale of Capital Assets
Payment in Lieu of Taxes
Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets			
Primary	Component Units		
Government			
Governmental Activities	Lancaster-Fairfield Digital Academy	Lancaster-Fairfield Community School	
(\$20,917,737)	\$0		\$0
(3,078,101)	0		0
5,244	0		0
(1,010,365)	0		0
(150)	0		0
(1,674,401)	0		0
(1,726,340)	0		0
(66,610)	0		0
(3,102,728)	0		0
(1,153,200)	0		0
(439,019)	0		0
(3,622,057)	0		0
(1,481,911)	0		0
(403,004)	0		0
(67,510)	0		0
100,979	0		0
(416,068)	0		0
(12,256)	0		0
(39,065,234)	0		0
0	(382,944)		0
0	0		(426,857)
0	(382,944)		(426,857)
22,331,810	0		0
9,260,589	0		0
21,562,900	488,627		463,782
2,166	0		0
92,612	0		0
849,581	13,350		4,382
362	0		0
54,100,020	501,977		468,164
15,034,786	119,033		41,307
16,664,682	465,216		62,752
\$31,699,468	\$584,249		\$104,059

Lancaster City School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2008*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$9,630,288	\$7,855,297	\$2,914,503	\$20,400,088
Receivables:				
Property Taxes	21,094,845	0	0	21,094,845
Payment in Lieu of Taxes	344,532	0	0	344,532
Income Taxes	4,374,485	0	0	4,374,485
Accounts	5,848	0	12,401	18,249
Intergovernmental	241,997	0	1,339,463	1,581,460
Accrued Interest	26,501	0	0	26,501
Interfund	78,179	0	2,798	80,977
Capital Lease	0	31,250	0	31,250
Prepays	45,780	0	14,164	59,944
Inventory Held for Resale	0	0	21,731	21,731
Materials and Supplies Inventory	101,872	0	11,861	113,733
<i>Total Assets</i>	<u>\$35,944,327</u>	<u>\$7,886,547</u>	<u>\$4,316,921</u>	<u>\$48,147,795</u>
Liabilities				
Accounts Payable	\$904,792	\$0	\$54,842	\$959,634
Contracts Payable	127,231	0	0	127,231
Retainage Payable	24,182	0	0	24,182
Accrued Salaries and Benefits Payable	3,438,180	0	497,856	3,936,036
Intergovernmental Payable	1,623,468	0	237,833	1,861,301
Matured Compensated Absences Payable	47,036	0	0	47,036
Interfund Payable	2,798	0	78,179	80,977
Deferred Revenue	19,768,089	31,250	950,789	20,750,128
<i>Total Liabilities</i>	<u>25,935,776</u>	<u>31,250</u>	<u>1,819,499</u>	<u>27,786,525</u>
Fund Balances				
Reserved for Encumbrances	1,528,705	0	141,585	1,670,290
Reserved for Property Taxes	2,465,721	0	0	2,465,721
Reserved for Bus Purchase	12,260	0	0	12,260
Unreserved, Designated:				
Designated for Compensated Absences				
Special Revenue Fund	0	0	1,005,678	1,005,678
Unreserved, Undesignated, Reported in:				
General Fund	6,001,865	0	0	6,001,865
Special Revenue Funds	0	0	1,350,159	1,350,159
Capital Projects Funds	0	7,855,297	0	7,855,297
<i>Total Fund Balances</i>	<u>10,008,551</u>	<u>7,855,297</u>	<u>2,497,422</u>	<u>20,361,270</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$35,944,327</u>	<u>\$7,886,547</u>	<u>\$4,316,921</u>	<u>\$48,147,795</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2008*

Total Governmental Fund Balances		\$20,361,270
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,558,424
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	1,751,046	
Income Taxes	686,069	
Payment in Lieu of Taxes	344,532	
Capital Lease Receivable	31,250	
Grants	<u>1,059,153</u>	3,872,050
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		3,319,962
Long-term liabilities, including capital leases payable, and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Intergovernmental Payable	(2,563)	
Compensated Absences Payable	<u>(3,409,675)</u>	<u>(3,412,238)</u>
Net Assets of Governmental Activities		<u><u>\$31,699,468</u></u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$23,035,666	\$0	\$0	\$23,035,666
Payment in Lieu of Taxes	10,647	0	0	10,647
Income Taxes	9,211,573	0	0	9,211,573
Intergovernmental	23,488,012	0	6,629,506	30,117,518
Interest	752,554	0	21,679	774,233
Tuition and Fees	1,074,181	0	0	1,074,181
Charges for Services	0	0	854,438	854,438
Rent	5,179	110,155	515	115,849
Extracurricular Activities	87,551	1,663	400,892	490,106
Collection of a Capital Lease	0	31,250	0	31,250
Gifts and Donations	0	0	11,930	11,930
Miscellaneous	362	0	0	362
<i>Total Revenues</i>	<u>57,665,725</u>	<u>143,068</u>	<u>7,918,960</u>	<u>65,727,753</u>
Expenditures				
Current:				
Instruction:				
Regular	22,540,844	0	441,049	22,981,893
Special	4,933,090	0	1,681,121	6,614,211
Vocational	1,489,865	0	147,523	1,637,388
Adult/Continuing	0	0	150	150
Support Services:				
Pupils	1,897,134	0	556,138	2,453,272
Instructional Staff	1,985,056	0	1,249,845	3,234,901
Board of Education	66,610	0	0	66,610
Administration	3,347,040	0	107,310	3,454,350
Fiscal	1,184,332	0	0	1,184,332
Business	722,932	0	34	722,966
Operation and Maintenance of Plant	4,209,012	0	36,518	4,245,530
Pupil Transportation	1,749,542	0	20,746	1,770,288
Central	386,720	0	70,437	457,157
Operation of Non-Instructional Services:				
Food Service Operations	0	0	2,288,593	2,288,593
Other Non-Instructional Services	8,985	0	909,864	918,849
Extracurricular Activities	474,018	2,030	275,839	751,887
Capital Outlay	621,553	3,492	4,908	629,953
Intergovernmental	0	0	43,367	43,367
Debt Service:				
Principal Retirement	266,651	31,250	0	297,901
Interest and Fiscal Charges	12,785	0	0	12,785
<i>Total Expenditures</i>	<u>45,896,169</u>	<u>36,772</u>	<u>7,833,442</u>	<u>53,766,383</u>
<i>Excess of Revenues Over Expenditures</i>	<u>11,769,556</u>	<u>106,296</u>	<u>85,518</u>	<u>11,961,370</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	8,153	0	0	8,153
Transfers In	19,200	6,454,076	1,143,753	7,617,029
Transfers Out	(7,597,829)	0	(19,200)	(7,617,029)
<i>Total Other Financing Sources (Uses)</i>	<u>(7,570,476)</u>	<u>6,454,076</u>	<u>1,124,553</u>	<u>8,153</u>
<i>Net Change in Fund Balances</i>	4,199,080	6,560,372	1,210,071	11,969,523
<i>Fund Balances Beginning of Year</i>	5,809,471	1,294,925	1,287,351	8,391,747
<i>Fund Balances End of Year</i>	<u>\$10,008,551</u>	<u>\$7,855,297</u>	<u>\$2,497,422</u>	<u>\$20,361,270</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, 2008*

Net Change in Fund Balances - Total Governmental Funds		\$11,969,523
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	1,186,404	
Depreciation Expense	<u>(443,131)</u>	743,273
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and the loss on disposal of assets:		
Gain on disposal of capital assets due to a capital lease	2,166	
Proceeds from sale of capital assets	<u>(8,153)</u>	(5,987)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Capital Lease Payments Received	(31,250)	
Grants	783,608	
Delinquent Taxes	(703,856)	
Income Taxes	49,016	
Tuition and Charges from Other School Districts	(3,000)	
Payment in Lieu of Taxes	<u>81,965</u>	176,483
In the statement of activities interest is accrued on outstanding capital leases, whereas in governmental funds, interest is expended when due.		
		529
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		66,465
Repayment of capital leases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		297,901
Repayment of an intergovernmental payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		3,686
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>1,782,913</u>
<i>Change in Net Assets of Governmental Activities</i>		<u><u>\$15,034,786</u></u>
See accompanying notes to the basic financial statements		

Lancaster City School District, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$21,482,000	\$23,531,409	\$23,537,506	\$6,097
Payment in Lieu of Taxes	104,000	104,000	19,842	(84,158)
Income Taxes	6,028,182	7,091,208	7,024,330	(66,878)
Intergovernmental	21,576,696	22,509,368	23,348,140	838,772
Interest	450,000	450,000	735,551	285,551
Tuition and Fees	1,183,763	1,282,332	1,089,135	(193,197)
Rent	5,000	5,000	5,240	240
Extracurricular Activities	46,735	46,735	86,782	40,047
Miscellaneous	0	500	290	(210)
<i>Total Revenues</i>	<u>50,876,376</u>	<u>55,020,552</u>	<u>55,846,816</u>	<u>826,264</u>
Expenditures				
Current:				
Instruction:				
Regular	20,177,244	19,838,181	19,484,627	353,554
Special	5,328,781	5,093,200	4,838,237	254,963
Vocational	1,687,116	1,731,038	1,518,523	212,515
Adult/Continuing	83,250	83,250	0	83,250
Other	3,718,000	3,871,180	3,463,704	407,476
Support Services:				
Pupils	2,054,680	2,287,659	1,926,198	361,461
Instructional Staff	2,157,870	2,314,900	2,013,566	301,334
Board of Education	163,635	205,414	68,012	137,402
Administration	4,053,604	3,765,538	3,407,039	358,499
Fiscal	3,512,453	1,551,867	1,413,391	138,476
Business	1,088,383	1,500,128	1,275,306	224,822
Operation and Maintenance of Plant	4,409,561	4,512,173	4,371,314	140,859
Pupil Transportation	1,528,828	1,867,366	1,750,338	117,028
Central	319,503	592,984	529,944	63,040
Extracurricular Activities	559,312	604,702	469,803	134,899
Capital Outlay	712,876	866,584	859,086	7,498
<i>Total Expenditures</i>	<u>51,555,096</u>	<u>50,686,164</u>	<u>47,389,088</u>	<u>3,297,076</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(678,720)</u>	<u>4,334,388</u>	<u>8,457,728</u>	<u>4,123,340</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,000	5,000	5,969	969
Advances In	1,100,000	1,046,330	1,026,242	(20,088)
Advances Out	(1,100,000)	(899,265)	(853,905)	45,360
Transfers In	0	19,200	19,200	0
Transfers Out	(700,000)	(7,597,829)	(7,597,829)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(695,000)</u>	<u>(7,426,564)</u>	<u>(7,400,323)</u>	<u>26,241</u>
<i>Net Change in Fund Balance</i>	<u>(1,373,720)</u>	<u>(3,092,176)</u>	<u>1,057,405</u>	<u>4,149,581</u>
<i>Fund Balance Beginning of Year</i>	<u>3,545,566</u>	<u>3,545,566</u>	<u>3,545,566</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>2,430,197</u>	<u>2,430,197</u>	<u>2,430,197</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$4,602,043</u>	<u>\$2,883,587</u>	<u>\$7,033,168</u>	<u>\$4,149,581</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio

Statement of Fund Net Assets

Internal Service Fund

June 30, 2008

	Employee Benefits Self Insurance
Current Assets	
Cash and Cash Equivalents	\$1,388,738
Cash and Cash Equivalents with Fiscal Agents	2,906,039
Accounts Receivable	753
Accrued Interest Receivable	12,896
<i>Total Assets</i>	<u>4,308,426</u>
Current Liabilities	
Deferred Revenue	416,425
Claims Payable	572,039
<i>Total Liabilities</i>	<u>988,464</u>
Net Assets	
Unrestricted	<u><u>\$3,319,962</u></u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
*Statement of Revenues,
Expenses, and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2008*

	Employee Benefits Self Insurance
Operating Revenues	
Charges for Services	\$6,202,758
Operating Expenses	
Purchased Services	999,056
Claims	3,511,064
<i>Total Operating Expenses</i>	4,510,120
<i>Operating Income</i>	1,692,638
Non-Operating Revenue	
Interest	90,275
<i>Change in Net Assets</i>	1,782,913
<i>Net Assets Beginning of Year</i>	1,537,049
<i>Net Assets End of Year</i>	\$3,319,962

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, 2008

	Employee Benefits Self Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$6,209,072
Cash Payments to Vendors for Services	(999,056)
Cash Payments for Claims	(2,969,652)
Other Non-Operating Revenues	64,934
	2,305,298
<i>Net Cash Provided by Operating Activities</i>	2,305,298
Cash Flows from Noncapital Financing Activities	
Repayment of Advance	(10,745)
Cash Flows from Investing Activities:	
Interest	77,379
	2,371,932
<i>Net Increase in Cash and Cash Equivalents</i>	2,371,932
<i>Cash and Cash Equivalents Beginning of Year</i>	1,922,845
	\$4,294,777
Reconciliation of Operating Income to	
Net Cash Provided by Operating Activities:	
Operating Income	\$1,692,638
Adjustments to Reconcile	
Operating Income to Net	
Cash Provided by Operating Activities	
Other Non-Operating Revenues	64,934
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	34
Increase in Deferred Revenue	6,280
Increase in Claims Payable	541,412
	2,305,298
<i>Net Cash Provided by Operating Activities</i>	\$2,305,298

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2008

	Private Purpose	
	Trust	
	Endowment	Agency
Assets		
Cash and Cash Equivalents	\$43,240	\$93,163
<i>Total Assets</i>	<u>43,240</u>	<u>\$93,163</u>
Liabilities		
Due to Students	0	\$93,163
<i>Total Liabilities</i>	<u>0</u>	<u>\$93,163</u>
Net Assets		
Held in Trust for Scholarships	<u>43,240</u>	
<i>Total Net Assets</i>	<u>\$43,240</u>	

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2008

	Endowment
Additions	
Interest	\$1,677
Deductions	
Scholarships Awarded	1,350
<i>Change in Net Assets</i>	327
<i>Net Assets Beginning of Year</i>	42,913
<i>Net Assets End of Year</i>	\$43,240

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, 2008

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 240 non-certificated employees, 374 certificated personnel, and 24 administrative employees who provide services to 5,909 students and other community members.

Reporting Entity

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

The following activities are included within the reporting entity:

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes.

Discretely Presented Component Units. The component unit information on the Statement of Net Assets and the Statement of Activities identifies the financial data of the School District’s Component Units, Lancaster-Fairfield Digital Academy and Lancaster-Fairfield Community School. They are reported separately to emphasize that they are legally separate from the School District.

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

Lancaster City School District, Ohio
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District. The Board of Directors can consist of elected or appointed public officials, professional individuals from the public sector, community civic leaders, or parents of the students in which the LFDA serves. As of June 30, 2008, the Board of Directors only consisted of three members. The School District attempted to recruit new board members but was unsuccessful. The School District is able to impose its will on the LFDA. The School District can suspend the LFDA's operations for any of the following reasons: 1) The LFDA's failure to meet student performance requirements stated in its contract with the School District, 2) The LFDA's failure to meet generally accepted standards of fiscal management, 3) The LFDA's violation of any provisions of the contract with the School District or applicable state or federal law, and 4) Other good cause. Separately issued financial statements can be obtained from the Lancaster-Fairfield Digital Academy, 345 East Mulberry Street, Lancaster, Ohio 43130.

Lancaster-Fairfield Community School. Lancaster-Fairfield Community School (LFCS) is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The LFCS's mission, under a contractual agreement with the School District, is to utilize a holistic approach to the education of at-risk students, offering students a variety of programs that address the physical, social, emotional, and educational needs of the students. The LFCS feels it is necessary to assist at-risk youth in developing positive behaviors and attitudes and become successful learners. The LFCS serves students within the School District. The LFCS is operated under the direction of a five-member Board of Directors from the public sector appointed by the School District. The School District appoints the board and is able to impose its will on the LFCS.

The School District can suspend the LFCS's operations for any of the following reasons: 1) The LFCS's failure to meet student performance requirements stated in its contract with the School District, 2) The LFCS's failure to meet generally accepted standards of fiscal management, 3) The LFCS's violation of any provisions of the contract with the School District or applicable state or federal law, or 4) Other good cause. Separately issued financial statements can be obtained from the Lancaster-Fairfield Community School, 345 East Mulberry Street, Lancaster, Ohio 43130.

The School District participates in five jointly governed organizations and three pools. These organizations are the Metropolitan Educational Council, Coalition of Rural and Appalachian Schools, Central Ohio Special Education Regional Resource Center, Fairfield County Family, Adult, and Children First Council, Fairfield County Multi-System Youth Committee, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Ohio School Plan, and the South Central Ohio Insurance Consortium. These organizations are presented in Notes 20 and 21 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service fund unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

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

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

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

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

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

C. Measurement Focus

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

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

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

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

D. Basis of Accounting

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

Lancaster City School District, Ohio
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expenses versus expenditures.

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, income taxes, interest, tuition, grants, fees, and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

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.

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During fiscal year 2008, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2008.

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 2008 amounted to \$752,554, which includes \$230,166 assigned from other School District funds.

"Cash and Cash Equivalents with Fiscal Agent" represents monies on hand at the fiscal agent for insurance run-off claims from the prior self insurance program with Anthem that ended on October 31, 2006 and for medical and dental insurance cash balances for the self insurance program which began on July 1, 2007 with the South Central Ohio Insurance Consortium.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the fiscal year in which services are consumed.

G. Inventory

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

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District 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.

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated on the statement of net assets.

J. Compensated Absences

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

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

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

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

K. Accrued Liabilities and Long-term Obligations

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

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

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L. Internal Activity

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

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

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

M. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, and bus purchases. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for bus purchases represents an intergovernmental receivable for bus purchase funds.

N. Designation of Fund Balance

The School District has a designation of fund balance on the balance sheet for money set aside for the purpose of future payment of compensated absences.

O. Net Assets

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

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

P. Extraordinary and Special Items

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

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Q. Estimates

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

R. Budgetary Data

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

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

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

Some of the School District's funds are separate for budgeting purposes then they are combined on the GAAP basis. The Ohio reads, extended learning opportunities and reading excellence grants special revenue funds are budgeted individually on a cash basis but they are combined on a GAAP basis and presented as the reading improvement special revenue fund. The idea b, title I and poverty based assistance special revenue funds are budgeted individually on a cash basis but they are combined on a GAAP basis and presented as the special education special revenue fund. The vocational education career development and vocational education special revenue funds are budgeted individually on a cash basis but are combined on a GAAP basis and presented as the vocational education special revenue fund. The public school preschool and preschool handicapped 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 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether

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and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the SERS and the STRS post-employment healthcare plans in the amount of \$35,531 and \$94,741 respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

Note 4 – Accountability and Legal Compliance

A. Accountability

The community grants special revenue fund had a deficit fund balance as of June 30, 2008 of \$5,388. The deficit balance in the community grants special revenue fund is the result of the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Legal Compliance

The title I special revenue fund had final appropriations in excess of estimated resources for \$45 contrary to Section 5705.39, Revised Code:

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. Segregated accounts, unrecorded cash, and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
4. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

Lancaster City School District, Ohio
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5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	\$4,199,080
Net Adjustment for Revenue Accruals	(1,830,227)
Net Adjustment for Expenditure Accruals	1,100,842
Beginning:	
Segregated Accounts	9,592
Prepaid Items	48,681
Ending:	
Unrecorded Cash	(458)
Prepaid Items	(45,780)
Advances In	1,026,242
Advances Out	(853,905)
Adjustment for Encumbrances	<u>(2,596,662)</u>
Budget Basis	<u><u>\$1,057,405</u></u>

Note 6 - Deposits and Investments

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

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

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

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

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

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

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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, 2008, the School District's internal service fund had a balance of \$2,906,039 with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool (See Note 21). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$1,284,207 of the School District's bank balance of \$1,384,207 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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, 2008, the School District had the following investment.

	Fair Value	Maturity
STAROhio	\$20,959,800	Average 53.8 Days

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Interest Rate Risk

The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of two years. The Treasurer cannot make investments which he does not reasonably believe can be held until the maturity date.

Credit Risk

STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2008 represent the collection of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien on December 31, 2006, were levied after April 1, 2007, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of calendar year 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent for inventory. The tangible personal property tax is being phased out – the assessed percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. This year, however, this settlement was not made until July 2008.

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, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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Accrued property taxes receivable includes personal property and public utility taxes, and the late June personal property settlement which are measurable as of June 30, 2008 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 and the late settlement were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The June 30 personal property tax settlement that was not received until July, 2008, was in the amount of \$293,799 in the general fund. The amount available as an advance at June 30, 2008, was \$2,465,721 to the general fund.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections		2008 Effective Tax Rates (per \$1,000 of assessed valuation)
	Amount	Percent	Amount	Percent	
	Agricultural/ Residential	\$573,892,950	67%	\$628,950,440	
Commerical/Industrial and Public Utility Real	224,415,740	26%	258,287,400	28%	23.4234
Public Utility Personal	25,379,020	3%	22,601,540	2%	64.6000
Tangible Personal Property	30,990,035	4%	20,369,499	2%	64.6000
Total	\$854,677,745	100%	\$930,208,879	100%	

The School District's 3.9 mill emergency operating levy ended on December 31, 2007.

Note 8 - Income Tax

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

Note 9 - Receivables

Receivables at June 30, 2008, consisted of property taxes, income taxes, accounts (rent, student fees and tuition), intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Delinquent property taxes as of June 30, 2008 were \$1,751,046.

Lancaster City School District, Ohio
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A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
CAFS Reimbursement	\$108,364
Extracurricular Activities Dues and Tournament Proceeds	610
SF 3 and SF 14 Adjustments	117,581
Fuel Tax Reimbursement	2,355
Food Service Reimbursements	99
Administrative Fees Reimbursement	1,437
Bus Allowance	12,260
Local Grant	400
FEMA Grant	5,071
Delinquent Title I-D Grant	46,720
Tech Title II-D Grant	28
Drug Free Schools Grant	9,937
Innovative Title V Grant	9,412
Preschool Handicapped Grant	14,500
Public Preschool Grant	29,089
Carl Perkins Grant	57,736
Title II-A Grant	124,179
School Lunch Reimbursement	2,191
Title I Grant	280,734
Readiness and Emergency Management for Schools Grant	314,100
Idea B Grant	444,657
	<u>444,657</u>
Total	<u>\$1,581,460</u>

Payment in Lieu of Taxes

Anchor Hocking Consumer Glass Corporation The School District entered into a Tax Incentive Donation Agreement in 2003 with Anchor Hocking Consumer Glass Corporation (Anchor Hocking), for the purpose of expanding and renovating Anchor Hocking's existing manufacturing facility. Anchor Hocking's payment to the School District is due by June 15 of each fiscal year for the next ten years. Up to \$125,960 will be paid annually based on two circumstances.

1. \$55,990 in compensation will be paid for the property tax exemption granted to Anchor Hocking for their expansion and renovation project. For any year in which the amount of property taxes exempted is less than 100 percent of the compensation, the \$55,990 will be reduced by a proportionate amount.
2. \$69,970 is compensation for the inventory to be located in the modified Rickenbacker General Authority Foreign Trade Zone (Foreign Trade Zone). In the event the boundary of the Foreign Trade Zone is not modified and the inventory remains taxable, then no compensation shall be required for the inventory. Anchor Hocking is seeking a modification of the Foreign Trade Zone to incorporate a portion of its glass manufacturing facility which will result in an exemption for the value of inventory located within the Foreign Trade Zone.

The School District did not record a receivable for the future payments for fiscal years 2009-2013 due to the phase out of tangible personal property taxes. The contract between Anchor Hocking and the School District was based on tangible personal property taxes; therefore, the contract will be dissolved during fiscal year 2009. As of June 30, 2008, a receivable was reported by the School District in the general fund in the amount

Lancaster City School District, Ohio
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of \$251,920 for fiscal year payments of 2007 and 2008.

DK Manufacturing Lancaster, Inc. The School District entered into a ten year Enterprise Compensation Pilot Agreement (Agreement) in 2004. The purpose of the Agreement was for DK Manufacturing Lancaster, Inc. to purchase a new manufacturing facility and various machinery and equipment and inventory within the boundaries of the Enterprise Zone. The Agreement was amended in June 2007 and three payments were received during fiscal year 2008 for personal property tax years 2005 through 2007. The payments will vary each year due to the payments being based on a percentage of DK Manufacturing's yearly Enterprise Zone tax savings. A receivable for \$902 has been recorded at June 30, 2008 which represents the payment received during fiscal year 2009 for tax year 2008. Due to the phase out of tangible personal property, no additional receivables were recorded for tax years 2009 through 2014 because the contract between DK Manufacturing and the School District will be dissolved.

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. A receivable for \$91,710 has been recorded at June 30, 2008 which represents payment for remaining nine tax years of the Agreement.

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Nondepreciable Capital Assets				
Land	\$523,846	\$0	\$0	\$523,846
Construction in Progress	270,510	852,448	(791,571)	331,387
Total Capital Assets not being depreciated	<u>794,356</u>	<u>852,448</u>	<u>(791,571)</u>	<u>855,233</u>
Depreciable Capital Assets				
Land Improvements	1,069,191	247,373	0	1,316,564
Buildings and Improvements	16,771,081	544,198	0	17,315,279
Furniture and Equipment	5,002,195	66,483	(6,275)	5,062,403
Vehicles	2,466,857	267,473	(43,108)	2,691,222
Total at Historical Cost	<u>25,309,324</u>	<u>1,125,527</u>	<u>(49,383)</u>	<u>26,385,468</u>
Less Accumulated Depreciation				
Land Improvements	(469,369)	(39,505)	0	(508,874)
Buildings and Improvements	(12,966,992)	(98,768)	0	(13,065,760)
Furniture and Equipment	(4,146,918)	(153,717)	288	(4,300,347)
Vehicles	(1,699,263)	(151,141)	43,108	(1,807,296)
Total Accumulated Depreciation	<u>(19,282,542)</u>	<u>(443,131)</u>	<u>43,396</u>	<u>(19,682,277)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>6,026,782</u>	<u>682,396</u>	<u>(5,987)</u>	<u>6,703,191</u>
Governmental Activities Capital Assets, Net	<u>\$6,821,138</u>	<u>\$1,534,844</u>	<u>(\$797,558)</u>	<u>\$7,558,424</u>

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$121,098
Special	13,360
Vocational	10,539
Support Services:	
Pupil	5,452
Instructional Staff	9,573
Administration	7,535
Fiscal	2,179
Business	248
Operation and Maintenance	48,470
Pupil Transportation	151,028
Central	6,818
Extracurricular	34,285
Operation of Non-Instructional Services:	
Food Service Operations	23,296
Other	9,250
	<u> </u>
Total Depreciation Expense	<u><u>\$443,131</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 2008, 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 21)

The types and amounts of coverage provided are as follows:

Coverage	Amount	Deductible
Building and Personal Property - replacement cost	\$105,761,783	\$1,000
Boiler and Machinery	100,000,000	1,000
Flood	1,000,000	25,000
Earthquake	1,000,000	5%
Automobile Liability	2,000,000	500
Auto Medical Payments	5,000	0
Uninsured/Underinsured Motorists	1,000,000	500
Inland Marine	5,622,371	1,000
Educational General Liability Coverage:		
General Aggregate	4,000,000	0
Sexual Abuse Injury	2,000,000	0
Products/Completed Operations Aggregate	2,000,000	0

(continued)

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

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

B. Workers' Compensation

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 21). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

C. Medical and Dental

The School District provides a limited medical, surgical, prescription drug, and dental insurance program for its employees. The School District joined the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool (Note 21), on November 1, 2006. Prior to November 1, 2006, the School District was self insured for medical, surgical, prescription drug, and dental through Anthem. As of November 1, 2006, the School District's medical, surgical, and prescription drug was considered traditional premium insurance while dental was considered a self insured program. Beginning July 1, 2007, medical, surgical, prescription drug, and dental were all considered self insured programs due to the School District retaining the risk. Claims are paid by the School District to the SCOIC. SCOIC contracts with Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) for claims servicing. OME-RESA contracts with Employee Benefits Management Corporation to service the claims of SCOIC members. The internal service fund presented in the financial statements reflects the premiums paid into the self-insurance internal service fund by the same funds that pay the employees' salaries. The School District pays monthly medical premiums of up to \$1,461 for certified and classified employees for family coverage and up to \$582 for certified and classified employees for single coverage. The School District pays monthly dental premiums of up to \$62 for family and single coverage for certified and classified employees. The premiums paid into the internal service fund are used for claims, claim reserves, and administrative costs. The School District had shared risk pool coverage with OME-RESA which covered individual claims in excess of \$50,000 up to \$400,000 per employee per year for medical claims. The School District also had a stop loss coverage insurance policy through SCOIC which covered individual claims in excess of \$400,000 per employee per year for medical claims. The School District has no stop loss coverage for the dental claims.

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The claims liability of \$572,039 reported in the internal service fund at June 30, 2008, is based on an estimate provided by an actuary for medical and dental claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years, including medical, surgical, prescription drug, and dental are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Refunds	Claims Payments	Balance at End of Year
2007	\$890,622	\$2,139,503	\$58,499	\$3,057,997	\$30,627
2008	\$30,627	3,511,064	0	2,969,652	572,039

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 Medical Life in an amount of \$25,000 to \$75,000 depending upon the employee's position.

C. Deferred Compensation

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

Note 13 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$600,718, \$501,203, and \$589,992, respectively; 46 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

Lancaster City School District, Ohio
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The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006, were \$2,977,875, \$2,789,272, and \$3,218,619, respectively; 81 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$31,509 made by the School District and \$69,985 made by the plan members.

Note 14 - Postemployment Benefits

A. School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$431,784, \$277,737, 336,262 respectively; 37 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$44,440, \$34,082, and \$46,958 respectively; 47 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

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

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www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$231,491, \$214,559, \$249,381 respectively; 81 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Note 15 - Capitalized Leases

In fiscal year 2005, the School District entered into a lease obligation for the purchase and installation of modular buildings at the Tarhe Elementary School. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

During fiscal year 2008, the School District paid the modular lease in full. Principal payments for fiscal year 2008 totaled \$297,901 in the governmental funds. The equipment was originally capitalized in the amount of \$670,215.

Property under Capital Lease	\$670,215
Less: Accumulated Depreciation	<u>(51,112)</u>
Total June 30, 2008	<u><u>\$619,103</u></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 6/30/2007	Additions	Deductions	Principal Outstanding 6/30/2008	Due in One Year
Governmental Activities					
Capital Leases Payable	\$297,901	\$0	\$297,901	\$0	\$0
Intergovernmental Payable	6,249	0	3,686	2,563	2,563
Compensated Absences Payable	3,476,140	582,840	649,305	3,409,675	491,809
Total Governmental Activities Long-Term Obligations	<u><u>\$3,780,290</u></u>	<u><u>\$582,840</u></u>	<u><u>\$950,892</u></u>	<u><u>\$3,412,238</u></u>	<u><u>\$494,372</u></u>

Capital leases were paid from the general fund and the permanent improvement capital projects fund. Compensated absences will be paid from the general fund and the food service special revenue fund.

The School District owes special assessments to the City of Lancaster for sidewalk and street improvements in front of the School District office building. The School District also owes special assessments to Hunter’s Run Conservation District for sewer and water improvement services.

Lancaster City School District, Ohio
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The following table lists the special assessment payments required as of June 30, 2008.

Year	
2009	\$2,563

The School District's overall legal debt margin was \$81,681,853, with an unvoted debt margin of \$907,576 at June 30, 2008.

Note 17 – Capital Lease Receivable

School District-owned building and land are leased to the Fairfield County Juvenile Court. The lease has no interest and is for a period of five years. At the conclusion of the lease period, Fairfield County Juvenile Court may purchase the leased properties for \$1. The School District has classified this agreement as a capital lease. The lease payments to the School District are paid into the permanent improvement capital projects fund. On a full accrual basis, the amount of the receivable is recorded as revenue.

Year	
2009	\$31,250

Note 18 - Interfund Balances and Activity

Interfund balances at June 30, 2008 consist of the following individual interfund receivables and payables:

	Interfund Receivable	Interfund Payable
Major Fund:		
General	\$78,179	\$2,798
Other Governmental Funds:		
Food Service	950	0
Scholarship Memorial	49	0
Public School Support	0	103
Community Grants	0	22,122
Termination Benefits	1,799	0
Auxiliary Services	0	506
Vocational Educaion	0	51,839
Preschool	0	3,609
Total Other Governmental Funds	2,798	78,179
Total All Funds	\$80,977	\$80,977

The general fund made advances to other non-major governmental funds, in the amount of \$78,179 to subsidize negative cash balances. In addition, the general fund owed \$2,798 to the food service fund, the scholarship memorial, and termination benefits special revenue funds for their portion of interest earnings for June, 2008. The interfund payables are anticipated to be repaid within one year.

Interfund transfers during 2008, consisted of the general fund transferring \$1,000,000 to the termination benefits special revenue fund for the purpose of future compensated absences payments, \$143,753 to the reducing class size special revenue fund so that an outstanding advance could be repaid to the general fund, and \$6,454,076 to the permanent improvement capital projects fund for the purpose of future repairs and

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improvements. The public school preschool special revenue fund transferred \$19,200 to the general fund for the purpose of correcting an error in the recording of tuition payments from prior fiscal years.

Note 19 – Related Party Transactions

During fiscal year 2008, the School District received \$96,388 from the LFDA for rent and administrative services, the development of web delivered services, technology relating to those services and curricular design, and for reimbursements of miscellaneous services. As of June 30, 2007, \$3,109 was payable to the School District. As of June 30, 2008, LFDA owed nothing to the School District.

During fiscal year 2008, the School District received \$13,338 from the LFCS for teaching services and miscellaneous services. \$13,321 was payable to the School District as of June 30, 2007. As of June 30, 2008, LFCS owed nothing to the School District.

Note 20 - Jointly Governed Organizations

Metropolitan Educational Council - The Metropolitan Educational Council (MEC) is a jointly governed organization. The organization is composed of over one hundred seventy members which includes school districts, joint vocational schools, educational service centers, and libraries covering thirty-seven counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. MEC also provides a variety of services through its data processing center to thirty-five public schools, two educational service centers, seventy-eight charter/community schools, three State schools, one educational organization, and six private schools in the Ohio Counties of Fairfield, Franklin, Madison, Pickaway, and Union with the major emphasis being placed on fiscal services. MEC also provides services to the School District including pupil scheduling, attendance reporting, and grade reporting. The governing board of MEC is composed of the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County, and one representative from each county outside Franklin County. MEC is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for MEC. Financial statements for MEC can be obtained from the Metropolitan Educational Council, at 2100 Citygate Drive, Columbus, Ohio 43219. The School District's payments to MEC in fiscal year 2008 were \$110,876 for computer services and support.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members, one elected and one appointed member from each of the seven regions into which the 29 Appalachian counties are divided, and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member school districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2008, the School District's paid \$300 to the Coalition.

Central Ohio Special Education Regional Resource Center - The Central Ohio Special Education Regional Resource Center (COSERRC) is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in Central Ohio (which comprise sixty percent of the Board), two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Developmental Disabilities, and representatives of

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

universities. The School District participates in the following services of COSERRC: Identification and Program Development Project, Regional Educational Assessment Programming Project, Instructional Resource Center Project, Early Childhood Services Project, and the Ohio Resource Center for Low Incidence and Severely Handicapped Project. These services are to assist the School District in complying with mandates of Public Law 99-457 for educating children with disabilities. There is no financial commitment made by the districts involved in COSERRC. COSERRC is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for COSERRC. The School District made no payments to COSERRC during fiscal year 2008.

Fairfield County Family, Adult, and Children First Council - The Fairfield County Family, Adult and Children First Council is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Fairfield County Alcohol, Drug Addiction, and Mental Health Board, Health Commissioner of the Fairfield County Health Department, Health Commissioner of the City of Lancaster Health Department, Director of the Fairfield County Human Services, Director of the Children Services Department, Superintendent of the Fairfield County Mental Retardation and Development Disabilities, the Fairfield County Juvenile Court Judge, Superintendent of Lancaster City Schools, Superintendent of Fairfield County Board of Education, a representative of the City of Lancaster, Chair of the Fairfield County Commissioners, State Department of Youth Services Regional representative, representative from the County Head Start Agencies, a representative of the County's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986", and a least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. In fiscal year 2008, the School District made no contributions to the Council. Continued existence of the Council is not dependent on the School District's continued participation, no equity interest exists, and no debt is outstanding.

Fairfield County Multi-System Youth Committee - The Fairfield County Multi-System Youth Committee is a group of agencies that coordinate the provision of services to multi-need youth in the area. Members of the Committee include representatives of the Ohio Department of Youth Services, Fairfield County Board of MR/DD, Fairfield County Alcohol, Drug Addiction, and Mental Health Board, Fairfield County Child Protective Services, Fairfield County Juvenile Court, Fairfield County Help Me Grow, Lancaster-Fairfield Community Action Head Start, Berne Union Local Schools, Liberty Union-Thurston Local Schools, Fairfield Union Local Schools, Pickerington Local Schools, Bloom-Carroll Local Schools, Fairfield County Educational Service Center, Walnut Township Local Schools, Amanda-Clearcreek Local Schools, The Recovery Center, Mid-Ohio Psychological Services, New Horizons Youth and Family Center, and the Lancaster City Schools. The Committee received no additional monies from the School District during fiscal year 2008. Operations were paid from the previous existing balance that had accumulated from State and federal grants. No debt is currently outstanding. The Committee is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Committee.

Note 21 – Pools

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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

SCOIC contracts with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool, for medical, dental, and prescription drug coverage on a self-insured basis. The SCOIC members are considered self insured and pay a monthly premium to OME-RESA that is actuarially calculated based on the participants’ actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. An additional fee is paid for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. SCOIC members participate in the shared risk pool through OME-RESA for individual claims from \$50,000 to \$400,000. SCOIC members are then covered under stop loss coverage for claims over \$400,000. OME-RESA contracts with Employee Benefits Management Corporation to service the claims of SCOIC members. In the event that the School District would withdraw from SCOIC, the School District would be required to give a one hundred eighty day notice prior to the end of their three year contract, be responsible for all run-out claims, and would have no rights to share in any surplus funds of SCOIC. In the event SCOIC members would withdraw from OME-RESA, SCOIC members would be required to give a thirty day notice, be responsible for all run-out claims, and have no rights to share in any surplus funds of OME-RESA. To obtain financial information for the SCOIC, write to the fiscal agent, Liberty Union-Thurston Local School District, 600 Washington Street, Baltimore, Ohio 43105.

Note 22 - 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

B. Litigation

One lawsuit is pending against the School District. In the opinion of the School District's Legal Counsel, any potential liability would not have a material effect on the School District's financial condition.

Note 23 - Set asides

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside Reserve Balance as of June 30, 2007	(\$1,980,548)	\$0
Current Year Set-aside Requirement	902,425	902,425
Current Year Offsets	0	(6,475,286)
Qualifying Disbursements	<u>(877,443)</u>	<u>(3,446,973)</u>
Total	<u>(\$1,955,566)</u>	<u>(\$9,019,834)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$1,955,566)</u>	<u>\$0</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. The extra amount in the textbooks set-aside may be used to reduce the set-aside requirements of future years.

Note 24 – Contractual Commitments

<u>Vendor</u>	<u>Original Contract</u>	<u>Paid to Date</u>	<u>Amount Remaining</u>
Schorr Architects	\$67,873	\$52,023	\$15,850
Carl T. Johnson Incorporated	255,500	187,769	67,731
General Maintenance and Engineering	<u>196,893</u>	<u>91,595</u>	<u>105,298</u>
Total	<u>\$520,266</u>	<u>\$331,387</u>	<u>\$188,879</u>

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

A. Basis of Presentation

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

B. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, LFDA's and LFCS's deposits may not be returned. LFDA and LFCA do not have a deposit policy for custodial credit risk. At June 30, 2008, the bank balance of LFDA's deposits was \$442,697. \$100,000 of LFDA's bank balance was covered by federal depository insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$342,697 of LFDA's bank balance was uninsured and uncollateralized. At June 30, 2008, the bank balance of LFCS's deposits was \$59,324. All of LFCS's bank balance was covered by federal depository insurance. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

C. Capital Assets

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

The LFDA's capital assets consisted of computer equipment valued at \$222,895 with accumulated depreciation of \$134,109 and a remaining book value of \$88,786.

The LFCS's capital assets consisted of computer equipment valued at \$4,625 with accumulated depreciation of \$771 and a remaining book value of \$3,854.

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Lancaster City School District, Ohio

Combining and Individual Fund Financial Statements and Schedules

Lancaster City School District, Ohio

General Fund

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

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$21,482,000	\$23,531,409	\$23,537,506	\$6,097
Payment in Lieu of Taxes	104,000	104,000	19,842	(84,158)
Income Taxes	6,028,182	7,091,208	7,024,330	(66,878)
Intergovernmental	21,576,696	22,509,368	23,348,140	838,772
Interest	450,000	450,000	735,551	285,551
Tuition and Fees	1,183,763	1,282,332	1,089,135	(193,197)
Rent	5,000	5,000	5,240	240
Extracurricular Activities	46,735	46,735	86,782	40,047
Miscellaneous	0	500	290	(210)
<i>Total Revenues</i>	<u>50,876,376</u>	<u>55,020,552</u>	<u>55,846,816</u>	<u>826,264</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	13,546,700	13,268,396	13,268,396	0
Fringe Benefits	5,316,931	4,308,127	4,132,452	175,675
Purchased Services	62,891	56,950	45,526	11,424
Materials and Supplies	979,161	1,287,369	1,130,399	156,970
Capital Outlay - New	1,547	39,334	33,469	5,865
Capital Outlay - Replacement	270,014	878,005	874,385	3,620
Total Regular	<u>20,177,244</u>	<u>19,838,181</u>	<u>19,484,627</u>	<u>353,554</u>
Special:				
Salaries and Wages	3,540,362	3,544,266	3,483,656	60,610
Fringe Benefits	1,501,333	1,260,359	1,098,547	161,812
Purchased Services	255,445	255,745	253,595	2,150
Materials and Supplies	31,641	32,830	2,439	30,391
Total Special	<u>5,328,781</u>	<u>5,093,200</u>	<u>4,838,237</u>	<u>254,963</u>
Vocational:				
Salaries and Wages	1,124,926	1,127,700	1,127,223	477
Fringe Benefits	492,892	492,892	298,418	194,474
Purchased Services	5,805	6,205	5,176	1,029
Materials and Supplies	63,493	104,241	87,706	16,535
Total Vocational	<u>1,687,116</u>	<u>1,731,038</u>	<u>1,518,523</u>	<u>212,515</u>
Adult/Continuing:				
Fringe Benefits	83,250	83,250	0	83,250
Total Adult/Continuing	<u>83,250</u>	<u>83,250</u>	<u>0</u>	<u>83,250</u>
Other:				
Purchased Services	3,718,000	3,871,180	3,463,704	407,476
Total Instruction	<u>\$30,994,391</u>	<u>\$30,616,849</u>	<u>\$29,305,091</u>	<u>\$1,311,758</u>

(Continued)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund (Continued)
For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services:				
Pupils:				
Salaries and Wages	\$1,257,200	\$1,266,976	\$1,242,965	\$24,011
Fringe Benefits	231,522	527,722	363,940	163,782
Purchased Services	459,720	461,120	287,465	173,655
Materials and Supplies	106,238	30,077	30,064	13
Capital Outlay - New	0	1,764	1,764	0
Total Pupils	2,054,680	2,287,659	1,926,198	361,461
Instructional Staff:				
Salaries and Wages	1,001,519	1,057,300	1,052,809	4,491
Fringe Benefits	663,288	663,288	534,346	128,942
Purchased Services	260,074	294,877	164,638	130,239
Materials and Supplies	232,114	237,071	203,237	33,834
Capital Outlay - New	0	8,761	8,748	13
Capital Outlay - Replacement	0	52,728	48,913	3,815
Other	875	875	875	0
Total Instructional Staff	2,157,870	2,314,900	2,013,566	301,334
Board of Education:				
Salaries and Wages	0	6,000	2,935	3,065
Fringe Benefits	1,100	1,100	437	663
Purchased Services	0	31,450	24,731	6,719
Materials and Supplies	0	306	306	0
Other	162,535	166,558	39,603	126,955
Total Board of Education	163,635	205,414	68,012	137,402
Administration:				
Salaries and Wages	2,234,000	2,282,215	2,281,807	408
Fringe Benefits	903,364	917,364	685,486	231,878
Purchased Services	353,565	257,193	208,159	49,034
Materials and Supplies	10,076	11,192	7,185	4,007
Capital Outlay - New	7,246	5,562	4,966	596
Capital Outlay - Replacement	540,734	286,593	215,279	71,314
Other	4,619	5,419	4,157	1,262
Total Administration	4,053,604	3,765,538	3,407,039	358,499
Fiscal:				
Salaries and Wages	253,500	275,500	275,329	171
Fringe Benefits	89,372	98,572	98,536	36
Purchased Services	88,556	68,856	17,140	51,716
Materials and Supplies	181,581	21,345	7,037	14,308
Capital Outlay - New	15,468	15,705	15,705	0
Capital Outlay - Replacement	1,955,902	5,612	246	5,366
Interest and Fiscal Charges	12,868	12,868	12,855	13
Principal Retirement	145,746	266,651	266,651	0
Other	769,460	786,758	719,892	66,866
Total Fiscal	\$3,512,453	\$1,551,867	\$1,413,391	\$138,476

(Continued)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund (Continued)
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Business:				
Salaries and Wages	\$32,600	\$114,300	\$113,455	\$845
Fringe Benefits	21,703	30,620	30,419	201
Purchased Services	486,351	436,351	270,979	165,372
Materials and Supplies	98,857	98,857	43,917	54,940
Capital Outlay - New	448,872	820,000	816,536	3,464
Total Business	1,088,383	1,500,128	1,275,306	224,822
Operation and Maintenance of Plant:				
Salaries and Wages	1,695,683	1,784,278	1,783,371	907
Fringe Benefits	730,083	730,083	658,986	71,097
Purchased Services	1,646,923	1,434,513	1,398,007	36,506
Materials and Supplies	216,824	364,058	345,368	18,690
Capital Outlay - Replacement	120,048	199,241	185,582	13,659
Total Operation and Maintenance of Plant	4,409,561	4,512,173	4,371,314	140,859
Pupil Transportation:				
Salaries and Wages	738,100	838,300	838,143	157
Fringe Benefits	408,076	420,076	335,578	84,498
Purchased Services	23,500	74,263	62,292	11,971
Materials and Supplies	314,567	304,004	283,612	20,392
Capital Outlay - New	0	9,300	9,290	10
Capital Outlay - Replacement	44,585	221,423	221,423	0
Total Pupil Transportation	1,528,828	1,867,366	1,750,338	117,028
Central:				
Salaries and Wages	78,100	90,800	90,734	66
Fringe Benefits	55,018	55,018	29,826	25,192
Purchased Services	23,827	26,027	20,093	5,934
Materials and Supplies	29,850	24,761	22,873	1,888
Capital Outlay - New	0	10,170	10,170	0
Capital Outlay - Replacement	132,708	386,208	356,248	29,960
Total Central	319,503	592,984	529,944	63,040
Total Support Services	19,288,517	18,598,029	16,755,108	1,842,921
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	54,400	54,400	50,627	3,773
Fringe Benefits	9,750	9,750	6,033	3,717
Other	200	200	175	25
Total Academic and Subject Oriented Activities	\$64,350	\$64,350	\$56,835	\$7,515

(Continued)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund (Continued)
For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Occupation Oriented Activities:				
Salaries and Wages	\$1,000	\$1,000	\$961	\$39
Fringe Benefits	600	600	246	354
Total Occupation Oriented Activities	1,600	1,600	1,207	393
Sports Oriented Activities:				
Salaries and Wages	339,362	368,900	305,877	63,023
Fringe Benefits	64,700	65,500	37,895	27,605
Purchased Services	64,000	64,000	32,000	32,000
Total Sports Oriented Activities	468,062	498,400	375,772	122,628
School and Public Service Co-Curricular Activities:				
Salaries and Wages	16,200	29,448	29,205	243
Fringe Benefits	6,100	6,144	4,561	1,583
Materials and Supplies	3,000	4,760	2,223	2,537
Total School and Public Service Co-Curricular Activities	25,300	40,352	35,989	4,363
Total Extracurricular Activities	559,312	604,702	469,803	134,899
Capital Outlay:				
Other Facilities Acquisition and Construction Services: Capital Outlay - Replacement	712,876	866,584	859,086	7,498
<i>Total Expenditures</i>	<u>51,555,096</u>	<u>50,686,164</u>	<u>47,389,088</u>	<u>3,297,076</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(678,720)</u>	<u>4,334,388</u>	<u>8,457,728</u>	<u>4,123,340</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,000	5,000	5,969	969
Advances In	1,100,000	1,046,330	1,026,242	(20,088)
Advances Out	(1,100,000)	(899,265)	(853,905)	45,360
Operating Transfers In	0	19,200	19,200	0
Operating Transfers Out	(700,000)	(7,597,829)	(7,597,829)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(695,000)</u>	<u>(7,426,564)</u>	<u>(7,400,323)</u>	<u>26,241</u>
<i>Net Change in Fund Balance</i>	<u>(1,373,720)</u>	<u>(3,092,176)</u>	<u>1,057,405</u>	<u>4,149,581</u>
<i>Fund Balance Beginning of Year</i>	3,545,566	3,545,566	3,545,566	0
<i>Prior Year Encumbrances Appropriated</i>	2,430,197	2,430,197	2,430,197	0
<i>Fund Balance at End of Year</i>	<u>\$4,602,043</u>	<u>\$2,883,587</u>	<u>\$7,033,168</u>	<u>\$4,149,581</u>

Lancaster City School District, Ohio

Nonmajor Governmental Funds

Special Revenue Funds

The special revenue funds account for those financial resources that are restricted by legal, regulatory, or administrative action to finance particular functions or activities of the School District.

Capital Projects Funds

The capital projects funds are maintained to account for those financial resources received and used for the acquisition, construction, or improvement of major capital facilities. For fiscal year 2008, there were only two capital project funds. The permanent improvement capital project fund was considered a major fund and the computer network capital project fund was considered a nonmajor fund. The computer network capital project fund had no fiscal year-end balance sheet.

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Nonmajor Special Revenue Funds
Assets	
Cash and Cash Equivalents	\$2,914,503
Receivables:	
Accounts	12,401
Intergovernmental	1,339,463
Interfund	2,798
Prepays	14,164
Inventory Held for Resale	21,731
Materials and Supplies Inventory	11,861
<i>Total Assets</i>	\$4,316,921
Liabilities	
Accounts Payable	\$54,842
Accrued Salaries and Benefits Payable	497,856
Intergovernmental Payable	237,833
Interfund Payable	78,179
Deferred Revenue	950,789
<i>Total Liabilities</i>	1,819,499
Fund Balances	
Reserved for Encumbrances	141,585
Unreserved, Designated:	
Designated for Compensated Absences	1,005,678
Unreserved, Undesignated, Reported in:	
Special Revenue Funds	1,350,159
<i>Total Fund Balances</i>	2,497,422
<i>Total Liabilities and Fund Balances</i>	\$4,316,921

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, 2008*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental	\$6,629,506	\$0	\$6,629,506
Interest	21,679	0	21,679
Charges for Services	854,438	0	854,438
Rent	515	0	515
Extracurricular Activities	400,892	0	400,892
Gifts and Donations	11,930	0	11,930
<i>Total Revenues</i>	<u>7,918,960</u>	<u>0</u>	<u>7,918,960</u>
Expenditures			
Current:			
Instruction:			
Regular	441,049	0	441,049
Special	1,681,121	0	1,681,121
Vocational	147,523	0	147,523
Adult/Continuing	150	0	150
Support Services:			
Pupils	556,138	0	556,138
Instructional Staff	1,249,845	0	1,249,845
Administration	107,310	0	107,310
Business	34	0	34
Operation and Maintenance of Plant	36,518	0	36,518
Pupil Transportation	20,746	0	20,746
Central	70,437	0	70,437
Operation of Non-Instructional Services:			
Food Service Operations	2,288,593	0	2,288,593
Other Non-Instructional Services	909,864	0	909,864
Extracurricular Activities	275,839	0	275,839
Capital Outlay	500	4,408	4,908
Intergovernmental	43,367	0	43,367
<i>Total Expenditures</i>	<u>7,829,034</u>	<u>4,408</u>	<u>7,833,442</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	<u>89,926</u>	<u>(4,408)</u>	<u>85,518</u>
Other Financing Sources (Uses)			
Transfers In	1,143,753	0	1,143,753
Transfers Out	(19,200)	0	(19,200)
<i>Total Other Financing Sources (Uses)</i>	<u>1,124,553</u>	<u>0</u>	<u>1,124,553</u>
<i>Net Change in Fund Balances</i>	1,214,479	(4,408)	1,210,071
<i>Fund Balances Beginning of Year</i>	<u>1,282,943</u>	<u>4,408</u>	<u>1,287,351</u>
<i>Fund Balances End of Year</i>	<u>\$2,497,422</u>	<u>\$0</u>	<u>\$2,497,422</u>

Lancaster City School District, Ohio

Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes.

Food Service Fund – To account for the financial transactions related to the food service operations of the School District.

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

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

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

Termination Benefits Fund – To account for cash accumulated for paying termination benefits or for paying salaries when the number of pay periods exceeds the usual and customary for a year.

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

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

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

Educational Management Information Systems Fund - To account for hardware and software development, or other costs associated with the requirements of the management information system.

Data Communications Fund - To account for State revenues awarded to the School District to provide for data communication.

SchoolNet Professional Development Fund - To account for State funds awarded to the School District to provide for a limited number of staff professional development subsidies.

Summer School Intervention Fund - To account for State funds awarded to the School District to provide special summer school classes for students needing additional assistance.

Entry Year Grant Fund - To account for State funds awarded to the School District to be used to provide an entry year program for beginning teachers that hold two year provisional licenses and are teaching in their licensed field.

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

(Continued)

Lancaster City School District, Ohio

Nonmajor Special Revenue Funds (Continued)

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

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

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

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

Ohio CORE Grant Fund – To account for grant funds awarded to the School District from the State for the purpose of building teacher capacity, recruiting and retaining teachers in required disciplines such as math and science, and providing intervention services to students.

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

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

Federal Emergency Management Agency Fund – To account for grant funding for the purpose of reimbursing entities for local disaster and recovery expenses. During fiscal year 2008, the School District incurred large expenditures due to the blizzard in March, 2008 and were entitled to FEMA monies. There was no budgetary activity for this fund for fiscal year 2008.

Reading Improvement Fund – To account for funds awarded to the School District from State and Federal revenues for the purpose of promoting the improvement of reading. This fund is the consolidation of the following funds for GAAP reporting purposes: Ohio Reads, Extended Learning Opportunities, and Reading Excellence Grant.

Special Education Fund – To account for monies which are provided for the improvement of the educational and cultural status of disadvantaged pupils and to meet the special needs of educationally deprived children. This fund is the consolidation of the following funds for GAAP reporting purposes: Idea B, Title I, and Poverty Based Assistance.

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

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

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	Food Service	Scholarship Memorial	Public School Support	Community Grants	Termination Benefits	District Managed Student Activity
Assets						
Cash and Cash Equivalents	\$530,013	\$33,505	\$70,270	\$6,454	\$1,003,879	\$110,221
Receivables:						
Accounts	1,133	0	492	10,626	0	150
Intergovernmental	2,290	0	0	400	0	610
Interfund	950	49	0	0	1,799	0
Prepays	0	0	331	0	0	450
Inventory Held for Resale	21,731	0	0	0	0	0
Materials and Supplies Inventory	11,217	0	644	0	0	0
<i>Total Assets</i>	<u>\$567,334</u>	<u>\$33,554</u>	<u>\$71,737</u>	<u>\$17,480</u>	<u>\$1,005,678</u>	<u>\$111,431</u>
Liabilities						
Accounts Payable	\$1,162	\$0	\$160	\$746	\$0	\$1,614
Accrued Salaries and Benefits Payable	116,911	0	0	0	0	142
Intergovernmental Payable	81,570	0	0	0	0	189
Interfund Payable	0	0	103	22,122	0	0
Deferred Revenue	0	0	0	0	0	0
<i>Total Liabilities</i>	<u>199,643</u>	<u>0</u>	<u>263</u>	<u>22,868</u>	<u>0</u>	<u>1,945</u>
Fund Balances:						
Reserved for Encumbrances	984	0	7,367	0	0	32,415
Unreserved, Designated: Designated for Compensated Absences	0	0	0	0	1,005,678	0
Unreserved: Undesignated (Deficits)	366,707	33,554	64,107	(5,388)	0	77,071
<i>Total Fund Balances (Deficit)</i>	<u>367,691</u>	<u>33,554</u>	<u>71,474</u>	<u>(5,388)</u>	<u>1,005,678</u>	<u>109,486</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$567,334</u>	<u>\$33,554</u>	<u>\$71,737</u>	<u>\$17,480</u>	<u>\$1,005,678</u>	<u>\$111,431</u>

Auxiliary Services	Educational Management Information Systems	SchoolNet Professional Development	Title V	Drug Free Grant	Continuous Improvement	Reducing Class Size	Gifted Supplement Grant	Readiness and Emergency Management for Schools
\$286,484	\$33,113	\$1,930	\$521	\$115	\$3,500	\$10,300	\$11,156	\$5,987
0	0	0	0	0	0	0	0	0
0	0	0	9,412	9,937	28	124,179	0	314,100
0	0	0	0	0	0	0	0	0
12,659	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>\$299,143</u>	<u>\$33,113</u>	<u>\$1,930</u>	<u>\$9,933</u>	<u>\$10,052</u>	<u>\$3,528</u>	<u>\$134,479</u>	<u>\$11,156</u>	<u>\$320,087</u>
\$27,478	\$0	\$100	\$72	\$0	\$0	\$1,847	\$0	\$750
36,212	491	0	0	0	0	38,089	0	0
8,732	0	0	0	0	0	6,984	0	0
506	0	0	0	0	0	0	0	0
0	0	0	9,412	9,937	28	59,916	0	277,843
<u>72,928</u>	<u>491</u>	<u>100</u>	<u>9,484</u>	<u>9,937</u>	<u>28</u>	<u>106,836</u>	<u>0</u>	<u>278,593</u>
11,212	0	0	0	0	0	1,707	0	4,301
0	0	0	0	0	0	0	0	0
<u>215,003</u>	<u>32,622</u>	<u>1,830</u>	<u>449</u>	<u>115</u>	<u>3,500</u>	<u>25,936</u>	<u>11,156</u>	<u>37,193</u>
<u>226,215</u>	<u>32,622</u>	<u>1,830</u>	<u>449</u>	<u>115</u>	<u>3,500</u>	<u>27,643</u>	<u>11,156</u>	<u>41,494</u>
<u>\$299,143</u>	<u>\$33,113</u>	<u>\$1,930</u>	<u>\$9,933</u>	<u>\$10,052</u>	<u>\$3,528</u>	<u>\$134,479</u>	<u>\$11,156</u>	<u>\$320,087</u>

(Continued)

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2008

	Federal Emergency Management Agency	Special Education	Vocational Education	Preschool	Total Nonmajor Special Revenue Funds
Assets					
Cash and Cash Equivalents	\$0	\$729,994	\$55,479	\$21,582	\$2,914,503
Receivables:					
Accounts	0	0	0	0	12,401
Intergovernmental	5,071	772,111	57,736	43,589	1,339,463
Interfund	0	0	0	0	2,798
Prepays	0	0	724	0	14,164
Inventory Held for Resale	0	0	0	0	21,731
Materials and Supplies Inventory	0	0	0	0	11,861
<i>Total Assets</i>	<u>\$5,071</u>	<u>\$1,502,105</u>	<u>\$113,939</u>	<u>\$65,171</u>	<u>\$4,316,921</u>
Liabilities					
Accounts Payable	\$0	\$14,688	\$5,217	\$1,008	\$54,842
Accrued Salaries and Benefits Payable	0	292,107	0	13,904	497,856
Intergovernmental Payable	0	136,837	0	3,521	237,833
Interfund Payable	0	0	51,839	3,609	78,179
Deferred Revenue	0	555,720	23,433	14,500	950,789
<i>Total Liabilities</i>	<u>0</u>	<u>999,352</u>	<u>80,489</u>	<u>36,542</u>	<u>1,819,499</u>
Fund Balances:					
Reserved for Encumbrances	0	21,263	50,262	12,074	141,585
Unreserved, Designated:					
Designated for Compensated Absences	0	0	0	0	1,005,678
Unreserved:					
Undesignated (Deficits)	5,071	481,490	(16,812)	16,555	1,350,159
<i>Total Fund Balances (Deficit)</i>	<u>5,071</u>	<u>502,753</u>	<u>33,450</u>	<u>28,629</u>	<u>2,497,422</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,071</u>	<u>\$1,502,105</u>	<u>\$113,939</u>	<u>\$65,171</u>	<u>\$4,316,921</u>

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Lancaster City School District, Ohio
*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances*
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008

	Food Service	Scholarship Memorial	Public School Support	Community Grants
Revenues				
Intergovernmental	\$1,312,456	\$0	\$0	\$9,230
Interest	14,927	1,074	0	0
Charges for Services	854,438	0	0	0
Rent	0	0	515	0
Extracurricular Activities	0	0	77,772	44,056
Gifts and Donations	0	250	6,654	3,200
<i>Total Revenues</i>	<u>2,181,821</u>	<u>1,324</u>	<u>84,941</u>	<u>56,486</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	67,020	8,790
Special	0	0	0	300
Vocational	0	0	0	74,919
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	0	0	140	0
Instructional Staff	0	0	0	3,000
Administration	0	0	21,402	0
Business	0	0	34	0
Operation and Maintenance of Plant	0	0	1,188	0
Pupil Transportation	0	0	0	145
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	2,276,299	0	11,267	1,027
Other Non-Instructional Services	0	2,842	0	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	500
Intergovernmental	0	0	0	0
<i>Total Expenditures</i>	<u>2,276,299</u>	<u>2,842</u>	<u>101,051</u>	<u>88,681</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(94,478)</u>	<u>(1,518)</u>	<u>(16,110)</u>	<u>(32,195)</u>
Other Financing Sources (Uses)				
Transfer In	0	0	0	0
Transfer Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(94,478)</u>	<u>(1,518)</u>	<u>(16,110)</u>	<u>(32,195)</u>
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>462,169</u>	<u>35,072</u>	<u>87,584</u>	<u>26,807</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$367,691</u></u>	<u><u>\$33,554</u></u>	<u><u>\$71,474</u></u>	<u><u>(\$5,388)</u></u>

Termination Benefits	District Managed Student Activity	Auxiliary Services	Teacher Development	Educational Management Information Systems	Data Communications	SchoolNet Professional Development
\$0	\$0	\$1,011,583	\$0	\$20,401	\$33,000	\$2,970
5,678	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	279,064	0	0	0	0	0
0	1,826	0	0	0	0	0
<u>5,678</u>	<u>280,890</u>	<u>1,011,583</u>	<u>0</u>	<u>20,401</u>	<u>33,000</u>	<u>2,970</u>
0	0	0	0	0	0	0
0	380	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	21,216	49,221	0
0	0	0	0	0	0	0
0	0	831,736	64	491	0	0
0	275,839	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>276,219</u>	<u>831,736</u>	<u>64</u>	<u>21,707</u>	<u>49,221</u>	<u>1,140</u>
<u>5,678</u>	<u>4,671</u>	<u>179,847</u>	<u>(64)</u>	<u>(1,306)</u>	<u>(16,221)</u>	<u>1,830</u>
1,000,000	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
1,005,678	4,671	179,847	(64)	(1,306)	(16,221)	1,830
<u>0</u>	<u>104,815</u>	<u>46,368</u>	<u>64</u>	<u>33,928</u>	<u>16,221</u>	<u>0</u>
<u>\$1,005,678</u>	<u>\$109,486</u>	<u>\$226,215</u>	<u>\$0</u>	<u>\$32,622</u>	<u>\$0</u>	<u>\$1,830</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, 2008

	Summer School Intervention	Entry Year Grant	Adult Basic Education	Title V
Revenues				
Intergovernmental	\$0	\$32,800	\$0	\$7,666
Interest	0	0	0	0
Charges for Services	0	0	0	0
Rent	0	0	0	0
Extracurricular Activities	0	0	0	0
Gifts and Donations	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>32,800</u>	<u>0</u>	<u>7,666</u>
Expenditures				
Current:				
Instruction:				
Regular	2,586	0	0	0
Special	0	0	0	0
Vocational	0	0	0	0
Adult/Continuing	0	0	150	0
Support Services:				
Pupils	0	0	0	8,500
Instructional Staff	0	34,689	0	0
Administration	0	0	0	0
Business	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
Other Non-Instructional Services	0	0	0	903
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
Intergovernmental	0	0	0	0
<i>Total Expenditures</i>	<u>2,586</u>	<u>34,689</u>	<u>150</u>	<u>9,403</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,586)</u>	<u>(1,889)</u>	<u>(150)</u>	<u>(1,737)</u>
Other Financing Sources (Uses)				
Transfer In	0	0	0	0
Transfer Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,586)	(1,889)	(150)	(1,737)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>2,586</u>	<u>1,889</u>	<u>150</u>	<u>2,186</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$449</u>

Drug Free Grant	Continuous Improvement	Reducing Class Size	Ohio CORE Grant	Gifted Supplement Grant	Readiness and Emergency Management for Schools	Federal Emergency Management Agency	Reading Improvement
\$21,040	\$15,564	\$326,585	\$47,447	\$15,792	\$66,257	\$5,071	\$0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>21,040</u>	<u>15,564</u>	<u>326,585</u>	<u>47,447</u>	<u>15,792</u>	<u>66,257</u>	<u>5,071</u>	<u>0</u>
0	6,500	249,642	0	0	0	0	4,530
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
13,000	0	0	0	1,292	0	0	0
0	17,429	133,973	49,447	3,344	0	0	6,420
0	0	2,646	0	0	0	0	0
0	0	0	0	0	0	0	0
10,567	0	0	0	0	24,763	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>23,567</u>	<u>23,929</u>	<u>386,261</u>	<u>49,447</u>	<u>4,636</u>	<u>24,763</u>	<u>0</u>	<u>10,950</u>
<u>(2,527)</u>	<u>(8,365)</u>	<u>(59,676)</u>	<u>(2,000)</u>	<u>11,156</u>	<u>41,494</u>	<u>5,071</u>	<u>(10,950)</u>
0	0	143,753	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	143,753	0	0	0	0	0
<u>(2,527)</u>	<u>(8,365)</u>	<u>84,077</u>	<u>(2,000)</u>	<u>11,156</u>	<u>41,494</u>	<u>5,071</u>	<u>(10,950)</u>
<u>2,642</u>	<u>11,865</u>	<u>(56,434)</u>	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,950</u>
<u>\$115</u>	<u>\$3,500</u>	<u>\$27,643</u>	<u>\$0</u>	<u>\$11,156</u>	<u>\$41,494</u>	<u>\$5,071</u>	<u>\$0</u>

(Continued)

Lancaster City School District, Ohio
*Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances*
Nonmajor Special Revenue Funds (Continued)
For the Fiscal Year Ended June 30, 2008

	Special Education	Vocational Education	Preschool	Total Nonmajor Special Revenue Funds
Revenues				
Intergovernmental	\$3,405,723	\$104,816	\$191,105	\$6,629,506
Interest	0	0	0	21,679
Charges for Services	0	0	0	854,438
Rent	0	0	0	515
Extracurricular Activities	0	0	0	400,892
Gifts and Donations	0	0	0	11,930
<i>Total Revenues</i>	<u>3,405,723</u>	<u>104,816</u>	<u>191,105</u>	<u>7,918,960</u>
Expenditures				
Current:				
Instruction:				
Regular	1,458	0	100,523	441,049
Special	1,680,441	0	0	1,681,121
Vocational	0	72,604	0	147,523
Adult/Continuing	0	0	0	150
Support Services:				
Pupils	530,076	0	3,130	556,138
Instructional Staff	949,602	4,404	46,397	1,249,845
Administration	54,162	5,929	23,171	107,310
Business	0	0	0	34
Operation and Maintenance of Plant	0	0	0	36,518
Pupil Transportation	15,748	4,853	0	20,746
Central	0	0	0	70,437
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	2,288,593
Other Non-Instructional Services	73,828	0	0	909,864
Extracurricular Activities	0	0	0	275,839
Capital Outlay	0	0	0	500
Intergovernmental	43,367	0	0	43,367
<i>Total Expenditures</i>	<u>3,348,682</u>	<u>87,790</u>	<u>173,221</u>	<u>7,829,034</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>57,041</u>	<u>17,026</u>	<u>17,884</u>	<u>89,926</u>
Other Financing Sources (Uses)				
Transfer In	0	0	0	1,143,753
Transfer Out	0	0	(19,200)	(19,200)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(19,200)</u>	<u>1,124,553</u>
<i>Net Change in Fund Balance</i>	57,041	17,026	(1,316)	1,214,479
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>445,712</u>	<u>16,424</u>	<u>29,945</u>	<u>1,282,943</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$502,753</u>	<u>\$33,450</u>	<u>\$28,629</u>	<u>\$2,497,422</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, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,017,000	\$1,267,296	\$250,296
Interest	20,500	16,027	(4,473)
Charges for Services	866,875	854,020	(12,855)
<i>Total Revenues</i>	<u>1,904,375</u>	<u>2,137,343</u>	<u>232,968</u>
Expenditures			
Current:			
Non-Instructional Services:			
Food Service Operations:			
Salaries and Wages	710,500	710,286	214
Fringe Benefits	309,541	308,351	1,190
Purchased Services	4,546	921	3,625
Materials and Supplies	1,018,337	983,064	35,273
Capital Outlay - New	123,395	30,039	93,356
Capital Outlay - Replacement	10,000	5,270	4,730
Other	47,305	46,913	392
<i>Total Expenditures</i>	<u>2,223,624</u>	<u>2,084,844</u>	<u>138,780</u>
<i>Net Change in Fund Balance</i>	(319,249)	52,499	371,748
<i>Fund Balance Beginning of Year</i>	463,712	463,712	0
<i>Prior Year Encumbrances Appropriated</i>	12,094	12,094	0
<i>Fund Balance at End of Year</i>	<u>\$156,557</u>	<u>\$528,305</u>	<u>\$371,748</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, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$1,475	\$1,150	(\$325)
Gifts and Donations	750	250	(500)
<i>Total Revenues</i>	2,225	1,400	(825)
Expenditures			
Current:			
Non-Instructional Services:			
Community Services:			
Other	5,130	2,842	2,288
<i>Net Change in Fund Balance</i>	(2,905)	(1,442)	1,463
<i>Fund Balance Beginning of Year</i>	34,947	34,947	0
<i>Fund Balance at End of Year</i>	\$32,042	\$33,505	\$1,463

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, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Rent	\$2,100	\$515	(\$1,585)
Extracurricular Activities	95,855	77,779	(18,076)
Gifts and Donations	7,800	6,654	(1,146)
<i>Total Revenues</i>	<u>105,755</u>	<u>84,948</u>	<u>(20,807)</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	80	80	0
Purchased Services	8,927	4,473	4,454
Materials and Supplies	82,763	53,657	29,106
Capital Outlay - New	18,009	15,509	2,500
Capital Outlay - Replacement	3,646	1,191	2,455
Other	418	173	245
Total Instruction	<u>113,843</u>	<u>75,083</u>	<u>38,760</u>
Support Services:			
Pupils:			
Purchased Services	2,500	140	2,360
Materials and Supplies	100	0	100
Total Pupils	<u>2,600</u>	<u>140</u>	<u>2,460</u>
Instructional Staff:			
Purchased Services	300	0	300
Capital Outlay - New	1,400	0	1,400
Total Instructional Staff	<u>1,700</u>	<u>0</u>	<u>1,700</u>
Administration:			
Purchased Services	4,366	2,350	2,016
Materials and Supplies	2,974	113	2,861
Other	31,497	19,089	12,408
Total Administration	<u>38,837</u>	<u>21,552</u>	<u>17,285</u>
Business:			
Purchased Services	34	34	0
Operation and Maintenance of Plant:			
Purchased Services	1,883	1,188	695
Total Support Services	<u>45,054</u>	<u>22,914</u>	<u>22,140</u>
Non-Instructional Services:			
Food Service Operations:			
Materials and Supplies	24,272	11,388	12,884
Capital Outlay:			
Other Facilities Acquisition and Construction:			
Materials and Supplies	1,147	0	1,147
<i>Total Expenditures</i>	<u>\$184,316</u>	<u>\$109,385</u>	<u>\$74,931</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Public School Support Fund (Continued)
For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<i>Excess of Revenues Under Expenditures</i>	(\$78,561)	(\$24,437)	\$54,124
Other Financing Sources (Uses)			
Advances In	295	398	103
Advances Out	(295)	(295)	0
<i>Total Other Financing Sources (Uses)</i>	0	103	103
<i>Net Change in Fund Balance</i>	(78,561)	(24,334)	54,227
<i>Fund Balance Beginning of Year</i>	81,408	81,408	0
<i>Prior Year Encumbrances Appropriated</i>	5,669	5,669	0
<i>Fund Balance at End of Year</i>	\$8,516	\$62,743	\$54,227

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, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$22,494	\$14,187	(\$8,307)
Extracurricular Activities	102,000	44,218	(57,782)
Gifts and Donations	3,200	3,200	0
<i>Total Revenues</i>	<u>127,694</u>	<u>61,605</u>	<u>(66,089)</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	6,000	5,244	756
Fringe Benefits	928	806	122
Capital Outlay - New	2,830	2,740	90
Total Regular	<u>9,758</u>	<u>8,790</u>	<u>968</u>
Special:			
Purchased Services	300	300	0
Vocational:			
Purchased Services	99,525	61,652	37,873
Materials and Supplies	1,450	1,238	212
Capital Outlay - New	12,000	11,793	207
Other	2,151	2,151	0
Total Vocational	<u>115,126</u>	<u>76,834</u>	<u>38,292</u>
Total Instruction	<u>125,184</u>	<u>85,924</u>	<u>39,260</u>
Support Services:			
Pupils:			
Materials and Supplies	2,700	0	2,700
Instructional Staff:			
Purchased Services	3,000	3,000	0
Pupil Transportation:			
Purchased Services	150	0	150
Materials and Supplies	15,671	15,671	0
Total Pupil Transportation	<u>15,821</u>	<u>15,671</u>	<u>150</u>
Total Support Services	<u>21,521</u>	<u>18,671</u>	<u>2,850</u>
Non-Instructional Services:			
Food Service Operations:			
Materials and Supplies	1,184	1,027	157
Capital Outlay:			
Other Facilities Acquisition and Construction Services:			
Materials and Supplies	500	500	0
<i>Total Expenditures</i>	<u>148,389</u>	<u>106,122</u>	<u>42,267</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(\$20,695)</u>	<u>(\$44,517)</u>	<u>(\$23,822)</u>

(Continued)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Community Grants Fund (Continued)
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)			
Advances In	\$177,202	\$192,585	\$15,383
Advances Out	(183,939)	(177,201)	6,738
<i>Total Other Financing Sources (Uses)</i>	<u>(6,737)</u>	<u>15,384</u>	<u>22,121</u>
<i>Net Change in Fund Balance</i>	(27,432)	(29,133)	(1,701)
<i>Fund Balance Beginning of Year</i>	25,938	25,938	0
<i>Prior Year Encumbrances Appropriated</i>	<u>9,309</u>	<u>9,309</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$7,815</u>	<u>\$6,114</u>	<u>(\$1,701)</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, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$0	\$3,879	\$3,879
Expenditures			
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	0	3,879	3,879
Other Financing Sources			
Operating Transfers In	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,000,000	1,003,879	3,879
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,000,000</u></u>	<u><u>\$1,003,879</u></u>	<u><u>\$3,879</u></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, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$285,233	\$279,719	(\$5,514)
Gifts and Donations	1,826	1,826	0
<i>Total Revenues</i>	<u>287,059</u>	<u>281,545</u>	<u>(5,514)</u>
Expenditures			
Current:			
Instruction:			
Special:			
Other	905	900	5
Extracurricular Activities:			
Academic and Subject Oriented Activities:			
Purchased Services	21,374	6,154	15,220
Materials and Supplies	28,474	12,615	15,859
Capital Outlay - New	10,458	3,458	7,000
Other	24,969	8,784	16,185
Total Academic and Subject Oriented Activities	<u>85,275</u>	<u>31,011</u>	<u>54,264</u>
Sport Oriented Activities:			
Salaries and Wages	24,984	24,984	0
Fringe Benefits	4,613	4,613	0
Purchased Services	103,553	99,769	3,784
Materials and Supplies	118,522	111,386	7,136
Capital Outlay - New	3,655	3,655	0
Other	24,915	14,769	10,146
Total Sport Oriented Activities	<u>280,242</u>	<u>259,176</u>	<u>21,066</u>
School and Public Service Co-Curricular Activities:			
Salaries and Wages	750	500	250
Purchased Services	12,250	12,244	6
Materials and Supplies	6,089	6,012	77
Other	2,674	2,588	86
Total School and Public Service Co-Curricular Activities	<u>21,763</u>	<u>21,344</u>	<u>419</u>
Total Extracurricular Activities	<u>387,280</u>	<u>311,531</u>	<u>75,749</u>
<i>Total Expenditures</i>	<u>388,185</u>	<u>312,431</u>	<u>75,754</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(101,126)</u>	<u>(30,886)</u>	<u>70,240</u>
Other Financing Sources (Uses)			
Advances In	234	234	0
Advances Out	(741)	(488)	253
<i>Total Other Financing Sources (Uses)</i>	<u>(507)</u>	<u>(254)</u>	<u>253</u>
<i>Net Change in Fund Balance</i>	<u>(101,633)</u>	<u>(31,140)</u>	<u>70,493</u>
<i>Fund Balance Beginning of Year</i>	84,478	84,478	0
<i>Prior Year Encumbrances Appropriated</i>	23,004	23,004	0
<i>Fund Balance at End of Year</i>	<u>\$5,849</u>	<u>\$76,342</u>	<u>\$70,493</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, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,011,583	\$1,011,583	\$0
Expenditures			
Current:			
Non-Instructional Services:			
Community Services:			
Salaries and Wages	281,565	219,853	61,712
Fringe Benefits	113,792	76,091	37,701
Purchased Services	308,228	286,739	21,489
Materials and Supplies	281,295	170,086	111,209
Capital Outlay - New	71,910	57,889	14,021
Capital Outlay - Replacement	1,000	0	1,000
Other	40,463	40,463	0
<i>Total Expenditures</i>	<u>1,098,253</u>	<u>851,121</u>	<u>247,132</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(86,670)	160,462	247,132
Other Financing Uses			
Advances Out	(7)	(7)	0
<i>Net Change in Fund Balance</i>	(86,677)	160,455	247,132
<i>Fund Balance Beginning of Year</i>	52,932	52,932	0
<i>Prior Year Encumbrances Appropriated</i>	<u>33,745</u>	<u>33,745</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$247,132</u>	<u>\$247,132</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Teacher Development Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
<i>Total Revenues</i>	\$0	\$0	\$0
Expenditures			
Current:			
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	15,972	15,972	0
<i>Net Change in Fund Balance</i>	(15,972)	(15,972)	0
<i>Fund Balance Beginning of Year</i>	15,972	15,972	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)
Educational Management Information Systems Fund
For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$30,000	\$20,401	(\$9,599)
Expenditures			
Current:			
Support Services:			
Central:			
Salaries and Wages	21,216	21,216	0
<i>Net Change in Fund Balance</i>	8,784	(815)	(9,599)
<i>Fund Balance Beginning of Year</i>	33,928	33,928	0
<i>Fund Balance at End of Year</i>	<u>\$42,712</u>	<u>\$33,113</u>	<u>(\$9,599)</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Data Communications Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$33,000	\$33,000	\$0
Expenditures			
Current:			
Support Services:			
Central:			
Purchased Services	49,221	49,221	0
<i>Net Change in Fund Balance</i>	(16,221)	(16,221)	0
<i>Fund Balance Beginning of Year</i>	16,221	16,221	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
SchoolNet Professional Development Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,970	\$2,970	\$0
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	3,826	2,366	1,460
Materials and Supplies	370	0	370
<i>Total Expenditures</i>	<u>4,196</u>	<u>2,366</u>	<u>1,830</u>
<i>Net Change in Fund Balance</i>	(1,226)	604	1,830
<i>Fund Balance Beginning of Year</i>	<u>1,226</u>	<u>1,226</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$1,830</u></u>	<u><u>\$1,830</u></u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Summer School Intervention Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
<i>Total Revenues</i>	\$0	\$0	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	2,586	2,586	0
<i>Net Change in Fund Balance</i>	(2,586)	(2,586)	0
<i>Fund Balance Beginning of Year</i>	2,586	2,586	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)*
Entry Year Grant Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$32,800	\$32,800	\$0
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	32,800	32,800	0
Purchased Services	1,889	1,889	0
<i>Total Expenditures</i>	<u>34,689</u>	<u>34,689</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,889)	(1,889)	0
<i>Fund Balance Beginning of Year</i>	<u>1,889</u>	<u>1,889</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Adult Basic Education Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
<i>Total Revenues</i>	\$0	\$0	\$0
Expenditures			
Current:			
Instruction:			
Adult/Continuing:			
Purchased Services	150	150	0
<i>Net Change in Fund Balance</i>	(150)	(150)	0
<i>Fund Balance Beginning of Year</i>	150	150	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)*
Title V Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$18,192	\$8,780	(\$9,412)
Expenditures			
Current:			
Support Services:			
Pupils:			
Purchased Services	15,842	8,500	7,342
Non-Instructional Services:			
Community Services:			
Purchased Services	3,422	903	2,519
<i>Total Expenditures</i>	19,264	9,403	9,861
<i>Net Change in Fund Balance</i>	(1,072)	(623)	449
<i>Fund Balance Beginning of Year</i>	1,072	1,072	0
<i>Fund Balance at End of Year</i>	\$0	\$449	\$449

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Drug Free Grant Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$26,417	\$23,682	(\$2,735)
Expenditures			
Current:			
Support Services:			
Pupils:			
Purchased Services	19,544	19,533	11
Operation and Maintenance of Plant:			
Purchased Services	10,567	10,567	0
Total Support Services	30,111	30,100	11
Non-Instructional Services:			
Community Services:			
Purchased Services	2,839	0	2,839
<i>Total Expenditures</i>	32,950	30,100	2,850
<i>Net Change in Fund Balance</i>	(6,533)	(6,418)	115
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	6,533	6,533	0
<i>Fund Balance at End of Year</i>	\$0	\$115	\$115

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Continuous Improvement Fund
For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$16,150	\$15,945	(\$205)
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	6,500	6,500	0
Materials and Supplies	500	0	500
Total Instruction	7,000	6,500	500
Support Services:			
Instructional Staff:			
Purchased Services	8,324	6,949	1,375
Materials and Supplies	650	0	650
Capital Outlay - Replacement	11,260	10,480	780
Total Support Services	20,234	17,429	2,805
Non-Instructional Services:			
Community Services:			
Purchased Services	400	0	400
<i>Total Expenditures</i>	27,634	23,929	3,705
<i>Excess of Revenues Under Expenditures</i>	(11,484)	(7,984)	3,500
Other Financing Sources (Uses)			
Advances In	4,944	4,944	0
Advances Out	(4,944)	(4,944)	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0
<i>Net Change in Fund Balance</i>	(11,484)	(7,984)	3,500
<i>Fund Balance Beginning of Year</i>	11,484	11,484	0
<i>Fund Balance at End of Year</i>	\$0	\$3,500	\$3,500

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, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$483,246	\$361,819	(\$121,427)
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	188,655	161,893	26,762
Fringe Benefits	70,170	62,201	7,969
Purchased Services	50,053	10,460	39,593
Total Instruction	308,878	234,554	74,324
Support Services:			
Instructional Staff:			
Salaries and Wages	101,179	88,553	12,626
Fringe Benefits	38,515	21,325	17,190
Purchased Services	40,673	22,665	18,008
Materials and Supplies	6,101	4,946	1,155
Total Instructional Staff	186,468	137,489	48,979
Administration:			
Salaries and Wages	1,768	1,634	134
Fringe Benefits	755	755	0
Materials and Supplies	486	0	486
Capital Outlay - New	2,500	0	2,500
Total Administration	5,509	2,389	3,120
Total Support Services	191,977	139,878	52,099
Non-Instructional Services:			
Community Services:			
Purchased Services	1,750	0	1,750
Total Expenditures	502,605	374,432	128,173
Excess of Revenues Under Expenditures	(19,359)	(12,613)	6,746
Other Financing Sources (Uses)			
Advances In	6,575	6,575	0
Advances Out	(171,448)	(171,448)	0
Operating Transfers In	143,753	143,753	0
Total Other Financing Sources (Uses)	(21,120)	(21,120)	0
Net Change in Fund Balance	(40,479)	(33,733)	6,746
Fund Balance Beginning of Year	33,860	33,860	0
Prior Year Encumbrances Appropriated	6,619	6,619	0
Fund Balance at End of Year	\$0	\$6,746	\$6,746

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Ohio Core Grant Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$43,447	\$43,447	\$0
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	45,447	45,447	0
<i>Excess of Revenues Under Expenditures</i>	(2,000)	(2,000)	0
Other Financing Sources (Uses)			
Advances In	43,447	43,447	0
Advances Out	(43,447)	(43,447)	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0
<i>Net Change in Fund Balance</i>	(2,000)	(2,000)	0
<i>Fund Balance Beginning of Year</i>	2,000	2,000	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)*
Gifted Supplement Grant Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$15,792	\$15,792	\$0
Expenditures			
Current:			
Support Services:			
Pupils:			
Materials and Supplies	1,498	1,498	0
Instructional Staff:			
Salaries and Wages	344	344	0
Purchased Services	12,655	2,516	10,139
Materials and Supplies	3,000	1,983	1,017
Total Administration	15,999	4,843	11,156
<i>Total Expenditures</i>	17,497	6,341	11,156
<i>Net Change in Fund Balance</i>	(1,705)	9,451	11,156
<i>Fund Balance Beginning of Year</i>	261	261	0
<i>Prior Year Encumbrances Appropriated</i>	1,444	1,444	0
<i>Fund Balance at End of Year</i>	\$0	\$11,156	\$11,156

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Readiness and Emergency Management for Schools Fund
For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$100,000	\$30,000	(\$70,000)
Expenditures			
Current:			
Support Services:			
Administration:			
Salaries and Wages	3,000	0	3,000
Fringe Benefits	450	0	450
Total Administration	3,450	0	3,450
Business:			
Salaries and Wages	8,000	0	8,000
Fringe Benefits	1,200	0	1,200
Total Business	9,200	0	9,200
Operation and Maintenance of Plant:			
Salaries and Wages	1,130	0	1,130
Fringe Benefits	170	0	170
Purchased Services	40,500	27,016	13,484
Materials and Supplies	17,200	2,048	15,152
Capital Outlay - New	28,350	0	28,350
Total Operation and Maintenance of Plant	87,350	29,064	58,286
<i>Total Expenditures</i>	100,000	29,064	70,936
<i>Net Change in Fund Balance</i>	0	936	936
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$936	\$936

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Ohio Reads Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
<i>Total Revenues</i>	\$0	\$0	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	496	496	0
Purchased Services	4,034	4,034	0
Total Instruction	4,530	4,530	0
Support Services:			
Instructional Staff:			
Materials and Supplies	32	32	0
<i>Total Expenditures</i>	4,562	4,562	0
<i>Excess of Revenues Under Expenditures</i>	(4,562)	(4,562)	0
Other Financing Sources (Uses)			
Advances In	133	133	0
Advances Out	(264)	(264)	0
<i>Total Other Financing Sources (Uses)</i>	(131)	(131)	0
<i>Net Change in Fund Balance</i>	(4,693)	(4,693)	0
<i>Fund Balance Beginning of Year</i>	4,663	4,663	0
<i>Prior Year Encumbrances Appropriated</i>	30	30	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)
Extended Learning Opportunities Fund
For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<i>Total Revenues</i>	\$0	\$0	\$0
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	6,216	6,216	0
<i>Net Change in Fund Balance</i>	(6,216)	(6,216)	0
<i>Fund Balance Beginning of Year</i>	6,216	6,216	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)*
Reading Excellence Grant Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
<i>Total Revenues</i>	\$0	\$0	\$0
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	204	204	0
<i>Net Change in Fund Balance</i>	(204)	(204)	0
<i>Fund Balance Beginning of Year</i>	204	204	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, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,989,486	\$1,544,828	(\$444,658)
Expenditures			
Current:			
Instruction:			
Special:			
Salaries and Wages	170,184	118,833	51,351
Fringe Benefits	65,054	50,843	14,211
Purchased Services	5,000	0	5,000
Materials and Supplies	32,000	15,601	16,399
Capital Outlay - New	13,000	9,320	3,680
Total Instruction	285,238	194,597	90,641
Support Services:			
Pupils:			
Salaries and Wages	19,707	17,140	2,567
Fringe Benefits	4,902	4,301	601
Purchased Services	806,259	441,740	364,519
Materials and Supplies	3,000	2,648	352
Capital Outlay - New	1,000	815	185
Total Pupils	834,868	466,644	368,224
Instructional Staff:			
Salaries and Wages	524,077	448,759	75,318
Fringe Benefits	251,326	251,327	(1)
Materials and Supplies	1,250	1,199	51
Total Instructional Staff	776,653	701,285	75,368
Administration:			
Salaries and Wages	49,657	43,102	6,555
Fringe Benefits	17,954	10,039	7,915
Total Administration	67,611	53,141	14,470
Pupil Transportation:			
Salaries and Wages	27,468	17,141	10,327
Fringe Benefits	9,889	2,644	7,245
Purchased Services	16,738	738	16,000
Total Pupil Transportation	54,095	20,523	33,572
Total Support Services	1,733,227	1,241,593	491,634
Non-Instructional Services:			
Community Services:			
Salaries and Wages	66,851	50,442	16,409
Fringe Benefits	23,595	14,624	8,971
Total Non-Instructional Services	90,446	65,066	25,380
Total Expenditures	2,108,911	1,501,256	607,655
<i>Excess of Revenues Over (Under) Expenditures</i>	(\$119,425)	\$43,572	\$162,997

(Continued)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Idea B Fund (Continued)
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)			
Advances In	\$422,455	\$422,455	\$0
Advances Out	(422,455)	(422,455)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(119,425)	43,572	162,997
<i>Fund Balance Beginning of Year</i>	89,710	89,710	0
<i>Prior Year Encumbrances Appropriated</i>	<u>29,715</u>	<u>29,715</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$162,997</u>	<u>\$162,997</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, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,889,415	\$1,566,238	(\$323,177)
Expenditures			
Current:			
Instruction:			
Special:			
Salaries and Wages	908,084	781,819	126,265
Fringe Benefits	250,459	215,095	35,364
Purchased Services	12,192	11,595	597
Materials and Supplies	65,836	51,326	14,510
Capital Outlay - New	45,000	42,892	2,108
Total Instruction	1,281,571	1,102,727	178,844
Support Services:			
Pupils:			
Salaries and Wages	97,776	35,851	61,925
Fringe Benefits	43,590	12,749	30,841
Materials and Supplies	2,000	1,836	164
Total Pupils	143,366	50,436	92,930
Instructional Staff:			
Salaries and Wages	127,324	115,859	11,465
Fringe Benefits	128,559	51,748	76,811
Purchased Services	81,123	80,718	405
Materials and Supplies	16,052	2,350	13,702
Capital Outlay - New	15,020	0	15,020
Total Instructional Staff	368,078	250,675	117,403
Administration:			
Materials and Supplies	937	937	0
Total Support Services	512,381	302,048	210,333
Non-Instructional Services:			
Community Services:			
Salaries and Wages	3,122	2,114	1,008
Fringe Benefits	1,663	570	1,093
Total Non-Instructional Services	4,785	2,684	2,101
Intergovernmental:			
Other	85,810	43,367	42,443
<i>Total Expenditures</i>	1,884,547	1,450,826	433,721
<i>Excess of Revenues Over Expenditures</i>	4,868	115,412	110,544
Other Financing Sources (Uses)			
Advances In	91,948	91,948	0
Advances Out	(106,310)	(106,310)	0
<i>Total Other Financing Sources (Uses)</i>	(14,362)	(14,362)	0
<i>Net Change in Fund Balance</i>	(\$9,494)	\$101,050	\$110,544

(Continued)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Title I Fund (Continued)
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<i>Fund Balance Beginning of Year</i>	\$936	\$936	\$0
<i>Prior Year Encumbrances Appropriated</i>	8,513	8,513	0
<i>Fund Balance (Deficit) at End of Year</i>	(\$45)	\$110,499	\$110,544

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Poverty Based Assistance Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$400,000	\$670,400	\$270,400
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	12,256	12,247	9
Fringe Benefits	5,416	5,416	0
Total Regular	17,672	17,663	9
Special:			
Salaries and Wages	306,408	266,389	40,019
Fringe Benefits	102,610	88,354	14,256
Total Special	409,018	354,743	54,275
<i>Total Expenditures</i>	426,690	372,406	54,284
<i>Net Change in Fund Balance</i>	(26,690)	297,994	324,684
<i>Fund Balance Beginning of Year</i>	109,801	109,801	0
<i>Prior Year Encumbrances Appropriated</i>	8	8	0
<i>Fund Balance at End of Year</i>	\$83,119	\$407,803	\$324,684

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Vocational Education Career Development Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,000	\$2,000	\$0
Expenditures			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	1,670	1,670	0
Fringe Benefits	330	330	0
<i>Total Expenditures</i>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Vocational Education Fund
For the Fiscal Year Ended June 30, 2008*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$169,696	\$107,904	(\$61,792)
Expenditures			
Current:			
Instruction:			
Vocational:			
Purchased Services	9,593	8,044	1,549
Materials and Supplies	51,594	51,456	138
Capital Outlay - New	87,909	87,404	505
Total Instruction	149,096	146,904	2,192
Support Services:			
Instructional Staff:			
Salaries and Wages	2,400	0	2,400
Purchased Services	5,000	4,785	215
Total Instructional Staff	7,400	4,785	2,615
Administration:			
Purchased Services	5,929	5,929	0
Pupil Transportation:			
Purchased Services	10,000	4,853	5,147
Total Support Services	23,329	15,567	7,762
<i>Total Expenditures</i>	172,425	162,471	9,954
<i>Excess of Revenues Under Expenditures</i>	(2,729)	(54,567)	(51,838)
Other Financing Sources (Uses)			
Advances In	23,004	74,842	51,838
Advances Out	(75,903)	(75,903)	0
<i>Total Other Financing Sources (Uses)</i>	(52,899)	(1,061)	51,838
<i>Net Change in Fund Balance</i>	(55,628)	(55,628)	0
<i>Fund Balance Beginning of Year</i>	2,103	2,103	0
<i>Prior Year Encumbrances Appropriated</i>	53,525	53,525	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)*
Public School Preschool Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$216,007	\$166,034	(\$49,973)
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	67,051	57,959	9,092
Fringe Benefits	29,977	23,916	6,061
Purchased Services	10,146	10,146	0
Materials and Supplies	8,106	7,775	331
Capital Outlay - New	1,636	1,636	0
Total Instruction	116,916	101,432	15,484
Support Services:			
Instructional Staff:			
Salaries and Wages	20,862	18,018	2,844
Fringe Benefits	17,832	13,608	4,224
Purchased Services	16,918	13,619	3,299
Materials and Supplies	2,199	1,491	708
Total Instructional Staff	57,811	46,736	11,075
Administration:			
Salaries and Wages	10,000	10,000	0
Fringe Benefits	5,000	5,000	0
Purchased Services	405	405	0
Materials and Supplies	1,000	996	4
Capital Outlay - New	7,022	7,022	0
Total Administration	23,427	23,423	4
Total Support Services	81,238	70,159	11,079
<i>Total Expenditures</i>	198,154	171,591	26,563
<i>Excess of Revenues Over (Under) Expenditures</i>	17,853	(5,557)	(23,410)
Other Financing Sources (Uses)			
Advances In	0	3,609	3,609
Operating Transfers Out	(19,200)	(19,200)	0
<i>Total Other Financing Sources (Uses)</i>	(19,200)	(15,591)	3,609
<i>Net Change in Fund Balance</i>	(1,347)	(21,148)	(19,801)
<i>Fund Balance Beginning of Year</i>	13,220	13,220	0
<i>Prior Year Encumbrances Appropriated</i>	7,928	7,928	0
<i>Fund Balance at End of Year</i>	\$19,801	\$0	(\$19,801)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Preschool Handicapped Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$34,120	\$19,629	(\$14,491)
Expenditures			
Current:			
Support Services:			
Pupils:			
Purchased Services	37,991	15,000	22,991
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,871)	4,629	8,500
Other Financing Sources (Uses)			
Advances In	12,735	12,735	0
Advances Out	(12,735)	(12,735)	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0
<i>Net Change in Fund Balance</i>	(3,871)	4,629	8,500
<i>Fund Balance Beginning of Year</i>	875	875	0
<i>Prior Year Encumbrances Appropriated</i>	2,996	2,996	0
<i>Fund Balance at End of Year</i>	\$0	\$8,500	\$8,500

Lancaster City School District, Ohio

Capital Projects Funds

The capital projects funds account for the acquisitions, construction, or improvement of capital facilities.

Major Capital Projects Fund

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

Nonmajor Capital Projects Fund

Computer Network Fund – To account for State revenues awarded to the School District from SchoolNet Plus for the implementation of computer hardware throughout the School District. There was no balance sheet activity for this fund as of fiscal year end. There was a statement of revenues, expenditures, and changes in fund balance as of fiscal year end.

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, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Rent	\$97,386	\$143,839	\$46,453
Extracurricular Activities	9,000	2,273	(6,727)
<i>Total Revenues</i>	<u>106,386</u>	<u>146,112</u>	<u>39,726</u>
Expenditures			
Current:			
Support Services:			
Administration:			
Capital Outlay - New	54,880	4,842	50,038
Fiscal:			
Principal Retirement	31,250	31,250	0
Total Support Services	86,130	36,092	50,038
Extracurricular Activities:			
Sport Oriented Activities:			
Materials and Supplies	5,000	2,030	2,970
<i>Total Expenditures</i>	<u>91,130</u>	<u>38,122</u>	<u>53,008</u>
<i>Excess of Revenues Over Expenditures</i>	15,256	107,990	92,734
Other Financing Sources			
Operating Transfers In	250,000	6,454,076	6,204,076
<i>Net Change in Fund Balance</i>	265,256	6,562,066	6,296,810
<i>Fund Balance Beginning of Year</i>	1,288,351	1,288,351	0
<i>Prior Year Encumbrances Appropriated</i>	4,880	4,880	0
<i>Fund Balance at End of Year</i>	<u>\$1,558,487</u>	<u>\$7,855,297</u>	<u>\$6,296,810</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Computer Network Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
<i>Total Revenues</i>	\$0	\$0	\$0
Expenditures			
Current:			
Instruction:			
Regular:			
Capital Outlay - New	4,408	4,408	0
<i>Net Change in Fund Balance</i>	(4,408)	(4,408)	0
<i>Fund Balance Beginning of Year</i>	4,408	4,408	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

Lancaster City School District, Ohio

Internal Service Fund

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

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

Lancaster City School District, Ohio
Schedule of Revenues, Expenses, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Employee Benefits Self Insurance Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$8,422,148	\$6,209,072	(\$2,213,076)
Expenses			
Current:			
Support Services:			
Central:			
Purchased Services	2,817,000	2,184,035	632,965
Claims	5,398,994	4,168,927	1,230,067
<i>Total Expenses</i>	<u>8,215,994</u>	<u>6,352,962</u>	<u>1,863,032</u>
<i>Excess of Revenues Over (Under) Expenses</i>	206,154	(143,890)	(350,044)
Advances Out	<u>(21,490)</u>	<u>(10,745)</u>	<u>10,745</u>
<i>Net Change in Fund Balance</i>	184,664	(154,635)	(339,299)
<i>Fund Balance Beginning of Year</i>	1,537,627	1,537,627	0
<i>Prior Year Encumbrances Appropriated</i>	<u>5,746</u>	<u>5,746</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,728,037</u></u>	<u><u>\$1,388,738</u></u>	<u><u>(\$339,299)</u></u>

Lancaster City School District, Ohio

Fiduciary Funds

Private Purpose Trust Fund

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

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

Agency Fund

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

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

Lancaster City School District, Ohio
Schedule of Revenues, Expenses, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Endowment Fund
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$2,175	\$1,784	(\$391)
Expenses			
Current:			
Non-Instructional Services:			
Community Services:			
Other	1,350	1,350	0
<i>Net Change in Fund Balance</i>	825	434	(391)
<i>Fund Balance Beginning of Year</i>	42,729	42,729	0
<i>Fund Balance at End of Year</i>	<u>\$43,554</u>	<u>\$43,163</u>	<u>(\$391)</u>

Lancaster City School District, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2008

This fund accounts for those student activity programs which have student participation in the activity and have student involvement in the management of the programs.

	Balance 7/1/07	Additions	Reductions	Balance 6/30/08
Student Managed Activity				
Assets				
Cash and Cash Equivalents	\$90,300	\$92,177	\$89,314	\$93,163
Total Assets	<u>\$90,300</u>	<u>\$92,177</u>	<u>\$89,314</u>	<u>\$93,163</u>
Liabilities				
Due to Students	\$90,300	\$92,177	\$89,314	\$93,163
Total Liabilities	<u>\$90,300</u>	<u>\$92,177</u>	<u>\$89,314</u>	<u>\$93,163</u>

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Statistical Section



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Statistical Section

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

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that fiscal year.

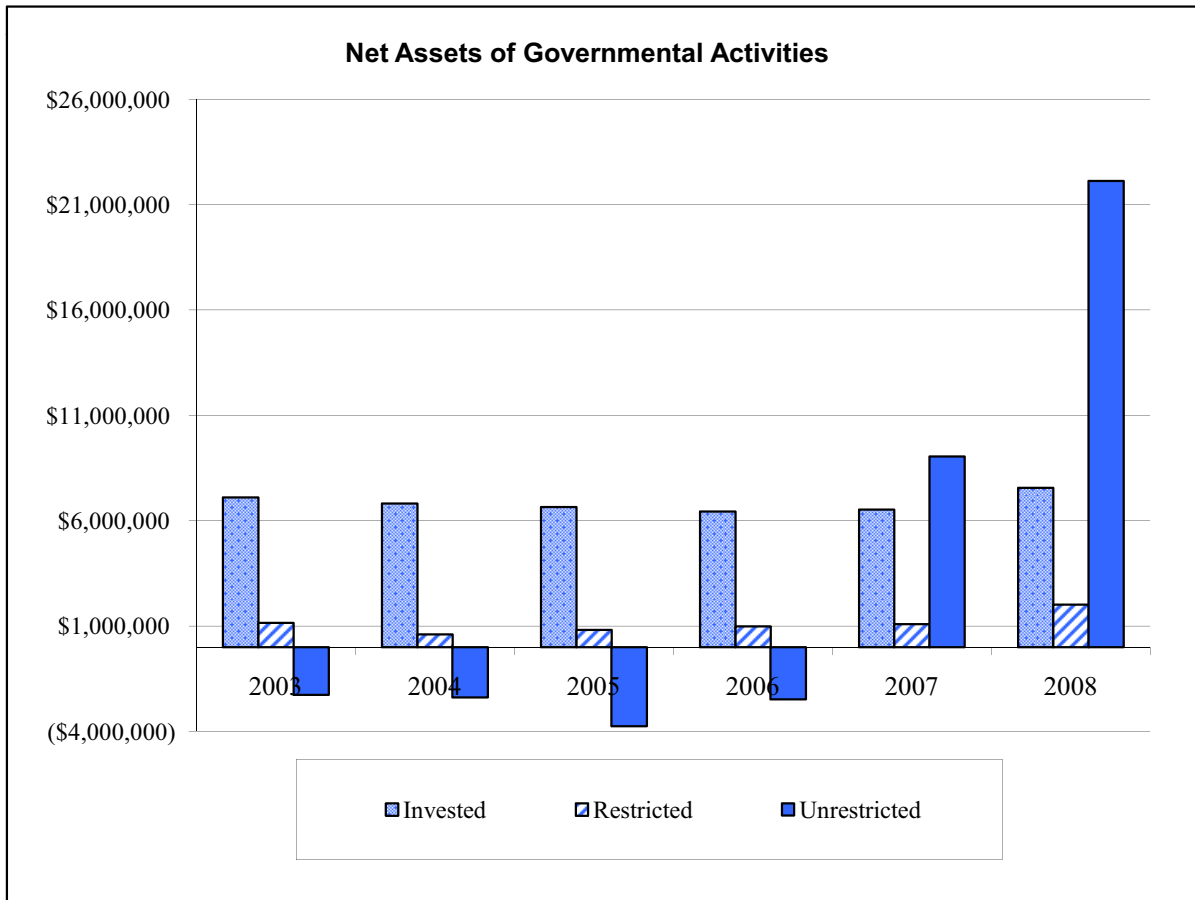
Lancaster City School District, Ohio

Net Assets by Component

Last Six Fiscal Years

(accrual basis of accounting)

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



<u>2007</u>	<u>2008</u>
\$6,523,237	\$7,558,424
4,408	0
21,262	12,260
26,807	0
104,815	109,486
46,368	226,215
0	319,337
653,524	1,058,473
233,655	295,245
<u>9,050,606</u>	<u>22,120,028</u>
<u>\$16,664,682</u>	<u>\$31,699,468</u>

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

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

TABLE 2

2007	2008
\$21,564,861	\$22,340,411
5,918,643	6,376,028
41,599	43,367
1,560,603	1,584,128
2,734	150
2,275,073	2,311,328
2,347,971	3,093,077
99,845	66,610
2,973,956	3,282,407
1,058,051	1,153,200
335,644	439,019
3,419,108	4,111,162
1,458,150	1,653,859
194,775	456,405
1,886,036	2,258,702
1,012,075	993,610
770,424	786,172
18,612	12,256
46,938,160	50,961,891
834,052	946,099
74,985	120,876
76,171	72,174
0	0
19,091	0
5,701	2,044
124,342	16,472
119,675	0
139	0
21,783	128,089
34,162	13,733
0	0
892,439	863,809
0	0
781,512	368,278
497,924	476,575
2,749,969	3,177,051
45,490	48,611
486,693	501,589
\$0	\$0

(Continued)

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

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

2007	2008
\$363,852	\$636,927
1,183,015	1,364,693
202,669	163,207
0	0
14,589	361,016
162,185	124,744
52,671	53,401
1,162,133	1,327,383
1,067,198	1,094,589
0	1,826
41,738	0
0	0
0	0
0	0
0	0
0	0
0	0
21,262	33,471
0	0
0	0
0	0
0	0
<u>11,035,440</u>	<u>11,896,657</u>
<u>(35,902,720)</u>	<u>(39,065,234)</u>
25,474,906	22,331,810
0	0
2,715,588	9,260,589
18,785,514	21,562,900
6,400	2,166
145,802	92,612
0	0
486,989	849,581
1,771	362
<u>47,616,970</u>	<u>54,100,020</u>
<u>\$11,714,250</u>	<u>\$15,034,786</u>

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

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

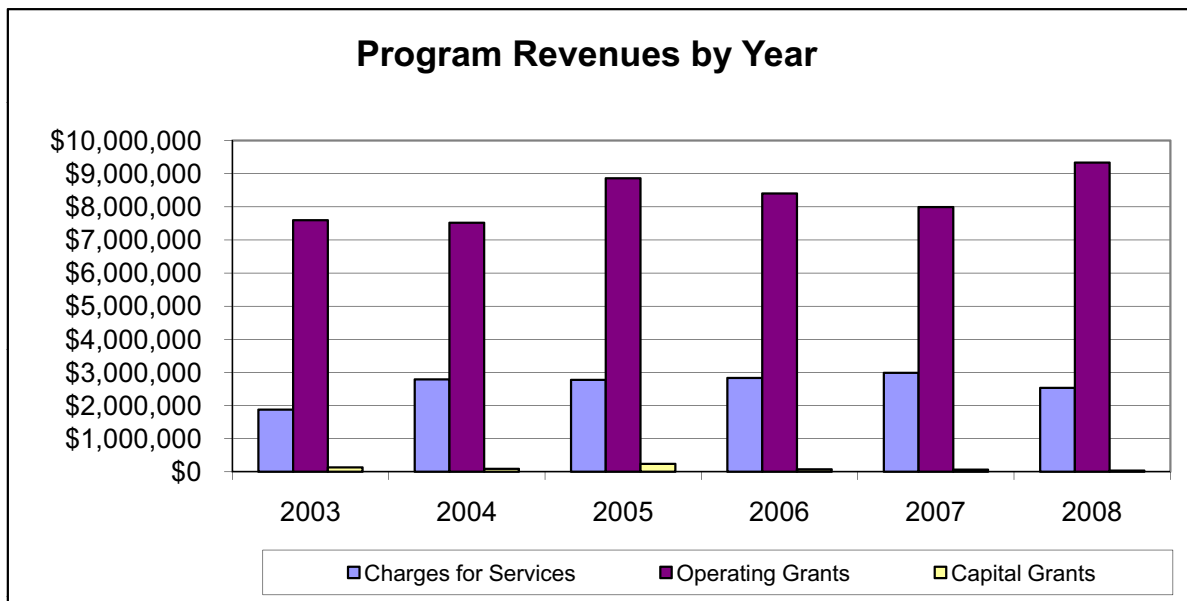


TABLE 3

<u>2007</u>	<u>2008</u>
\$1,373,714	\$1,422,674
2,824,954	3,297,927
45,490	48,611
562,864	573,763
0	0
382,943	636,927
1,188,716	1,366,737
327,011	179,679
119,675	0
139	0
36,372	489,105
217,609	171,948
52,671	53,401
2,054,572	2,191,192
1,067,198	1,094,589
781,512	370,104
<u>\$11,035,440</u>	<u>\$11,896,657</u>

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

	1999	2000	2001	2002
General Fund				
Reserved	\$1,986,117	\$2,511,782	\$1,340,150	\$2,381,532
Unreserved	3,921,526	5,711,687	4,208,126	3,241,026
<i>Total General Fund</i>	<u>5,907,643</u>	<u>8,223,469</u>	<u>5,548,276</u>	<u>5,622,558</u>
All Other Governmental Funds				
Reserved	138,808	133,056	236,858	130,972
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	437,813	827,745	821,278	985,551
Debt Service Funds	109	109	109	0
Capital Projects Funds	106,902	57,737	62,143	113,268
Total All Other Governmental Funds	<u>683,632</u>	<u>1,018,647</u>	<u>1,120,388</u>	<u>1,229,791</u>
<i>Total Governmental Funds</i>	<u><u>\$6,591,275</u></u>	<u><u>\$9,242,116</u></u>	<u><u>\$6,668,664</u></u>	<u><u>\$6,852,349</u></u>

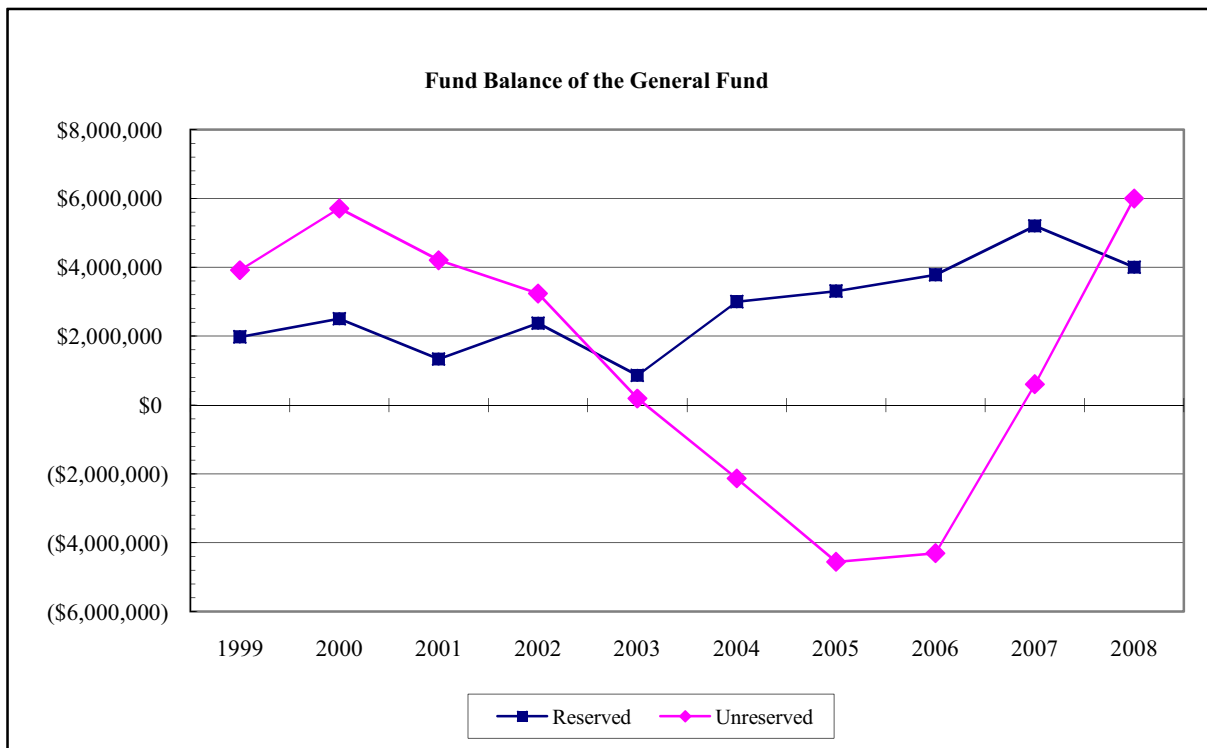


TABLE 4

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$867,525	\$3,007,298	\$3,313,699	\$3,786,420	\$5,203,373	\$4,006,686
<u>193,904</u>	<u>(2,128,740)</u>	<u>(4,551,424)</u>	<u>(4,300,295)</u>	<u>606,098</u>	<u>6,001,865</u>
<u>1,061,429</u>	<u>878,558</u>	<u>(1,237,725)</u>	<u>(513,875)</u>	<u>5,809,471</u>	<u>10,008,551</u>
164,067	779,040	155,045	166,614	146,744	141,585
1,092,823	537,412	761,788	751,503	1,139,729	2,355,837
0	0	0	0	0	0
<u>27,701</u>	<u>70,565</u>	<u>62,777</u>	<u>99,908</u>	<u>1,295,803</u>	<u>7,855,297</u>
<u>1,284,591</u>	<u>1,387,017</u>	<u>979,610</u>	<u>1,018,025</u>	<u>2,582,276</u>	<u>10,352,719</u>
<u>\$2,346,020</u>	<u>\$2,265,575</u>	<u>(\$258,115)</u>	<u>\$504,150</u>	<u>\$8,391,747</u>	<u>\$20,361,270</u>

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

	1999	2000	2001	2002
Revenues				
Property and Other Local Taxes	\$22,309,953	\$22,880,448	\$21,420,399	\$24,097,570
Payment in Lieu of Taxes	0	0	0	0
Income Taxes	0	0	0	0
Intergovernmental	19,363,558	20,737,568	22,674,205	24,288,530
Interest	597,386	744,711	731,221	286,234
Tuition and Fees	94,826	156,786	425,557	193,992
Charges for Services	879,953	938,908	984,127	1,006,774
Rent	53,716	59,729	57,572	47,174
Extracurricular Activities	361,600	481,944	452,737	485,505
Collection of a Capital Lease	0	0	0	0
Gifts and Donations	83,883	59,058	33,088	42,824
Miscellaneous	31,383	40,165	133,909	11,927
<i>Total Revenues</i>	<u>43,776,258</u>	<u>46,099,317</u>	<u>46,912,815</u>	<u>50,460,530</u>
Expenditures				
Current:				
Instruction:				
Regular	16,122,296	16,704,731	19,339,434	20,009,626
Special	4,673,335	5,115,493	5,862,557	6,112,948
Vocational	2,389,367	2,381,502	2,440,213	2,397,521
Adult/Continuing	102,012	121,124	124,947	120,258
Support Services:				
Pupil	1,993,378	2,161,050	2,523,983	2,523,150
Instructional Staff	2,777,247	3,064,786	3,447,949	3,505,426
Board of Education	38,986	41,759	47,894	47,721
Administration	3,100,613	3,610,832	3,916,432	4,054,941
Fiscal	916,556	865,504	1,034,096	1,054,799
Business	343,396	381,145	429,996	440,253
Operation and Maintenance of Plant	3,160,482	3,637,326	4,461,306	4,571,066
Pupil Transportation	1,379,784	1,669,853	1,911,574	1,399,292
Central	292,154	293,533	287,831	341,556
Food Service Operations	1,476,904	1,548,348	1,629,986	1,674,285
Other Operation of Non-Instructional Services	527,037	558,337	683,626	755,609
Extracurricular Activities	585,234	720,111	724,430	777,279
Refund of Property Taxes	97,398	0	0	0
Capital Outlay	1,086,743	267,213	177,941	41,883
Intergovernmental	0	0	0	0
Debt Service:				
Principal Retirement	371,923	474,945	397,014	403,789
Interest and Fiscal Charges	85,836	88,111	64,298	46,218
<i>Total Expenditures</i>	<u>41,520,681</u>	<u>43,705,703</u>	<u>49,505,507</u>	<u>50,277,620</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,255,577</u>	<u>2,393,614</u>	<u>(2,592,692)</u>	<u>182,910</u>
Other Financing Sources (Uses)				
Proceeds from Capital Lease	0	0	0	0
Inception of Capital Lease	0	253,933	13,420	0
Proceeds from Sale of Capital Assets	6,701	3,294	3,084	775
Transfers In	18,749	0	2,736	21,678
Transfers Out	(18,749)	0	0	(21,678)
<i>Total Other Financing Sources (Uses)</i>	<u>6,701</u>	<u>257,227</u>	<u>19,240</u>	<u>775</u>
<i>Net Change in Fund Balances</i>	<u>\$2,262,278</u>	<u>\$2,650,841</u>	<u>(\$2,573,452)</u>	<u>\$183,685</u>
Debt Service as a Percentage of				
Noncapital Expenditures	1.1%	1.3%	0.9%	0.9%

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

TABLE 5

2003	2004	2005	2006	2007	2008
\$22,004,173	\$26,193,494	\$24,761,939	\$25,313,325	\$24,768,901	\$23,035,666
0	0	125,960	125,960	135,155	10,647
0	0	0	0	2,078,535	9,211,573
25,231,059	24,869,090	26,657,356	26,669,605	26,717,228	30,117,518
136,860	34,362	107,287	196,327	508,134	774,233
416,691	1,247,066	1,137,971	1,226,418	1,105,606	1,074,181
981,339	1,035,095	1,019,233	980,965	870,220	854,438
41,065	46,021	45,133	74,120	103,658	115,849
347,088	441,474	593,050	563,292	955,325	490,106
0	0	75,000	31,250	31,250	31,250
22,624	60,215	15,483	8,961	11,261	11,930
59,048	2,463	6,501	3,291	1,571	362
49,239,947	53,929,280	54,544,913	55,193,514	57,286,844	65,727,753
20,406,948	21,702,565	22,884,399	22,658,842	22,392,940	22,981,893
6,739,309	6,912,976	6,592,407	6,157,372	6,216,613	6,614,211
2,619,656	2,509,676	2,623,904	2,536,614	1,754,073	1,637,388
159,410	173,621	164,390	102,241	2,734	150
2,923,946	2,885,720	2,989,764	2,706,996	2,329,934	2,453,272
3,674,010	3,715,540	3,544,051	3,301,758	2,525,438	3,234,901
65,570	91,626	212,283	103,737	99,845	66,610
4,510,229	4,423,127	4,407,639	4,207,039	3,104,556	3,454,350
1,091,579	1,208,117	1,096,604	1,267,801	1,070,821	1,184,332
417,660	358,663	423,449	425,682	356,339	722,966
4,899,378	4,720,221	4,576,132	4,198,430	3,608,794	4,245,530
1,874,916	1,551,434	1,815,791	1,785,624	1,398,858	1,770,288
311,849	333,707	255,997	210,151	209,654	457,157
1,836,175	2,160,999	2,129,614	2,126,103	1,950,649	2,288,593
891,124	826,751	1,080,378	1,052,134	1,074,427	918,849
861,546	792,984	828,721	793,025	759,714	751,887
0	0	0	0	0	0
95,620	66,363	700,601	8,159	350,046	629,953
0	0	596,240	641,663	41,599	43,367
343,687	345,000	128,450	133,894	139,755	297,901
23,664	7,849	30,163	24,719	18,858	12,785
53,746,276	54,786,939	57,080,977	54,441,984	49,405,647	53,766,383
(4,506,329)	(857,659)	(2,536,064)	751,530	7,881,197	11,961,370
0	700,000	0	0	0	0
0	0	0	0	0	0
0	77,214	12,374	10,735	6,400	8,153
0	0	90,787	66,629	1,126,192	7,617,029
0	0	(90,787)	(66,629)	(1,126,192)	(7,617,029)
0	777,214	12,374	10,735	6,400	8,153
(\$4,506,329)	(\$80,445)	(\$2,523,690)	\$762,265	\$7,887,597	\$11,969,523
0.7%	0.6%	0.3%	0.3%	0.3%	0.6%

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
1999	\$389,370,460	\$162,703,480	\$1,577,354,114	\$30,244,060	\$86,411,600
2000	397,969,660	167,714,870	1,616,241,514	27,709,700	79,170,571
2001	408,222,240	166,950,970	1,643,352,029	27,104,620	77,441,771
2002	477,525,090	200,543,840	1,937,339,800	23,959,830	95,839,320
2003	483,836,230	203,831,780	1,964,765,743	24,737,880	98,951,520
2004	493,495,330	207,018,380	2,001,467,743	24,990,810	99,963,240
2005	547,089,300	225,661,990	2,207,860,829	25,676,090	102,704,360
2006	561,512,210	222,642,280	2,240,441,400	25,354,560	101,418,240
2007	573,892,950	224,415,740	2,280,881,971	25,379,020	101,516,080
2008	628,950,440	258,287,400	2,534,965,257	22,601,540	90,406,160

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. The general business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

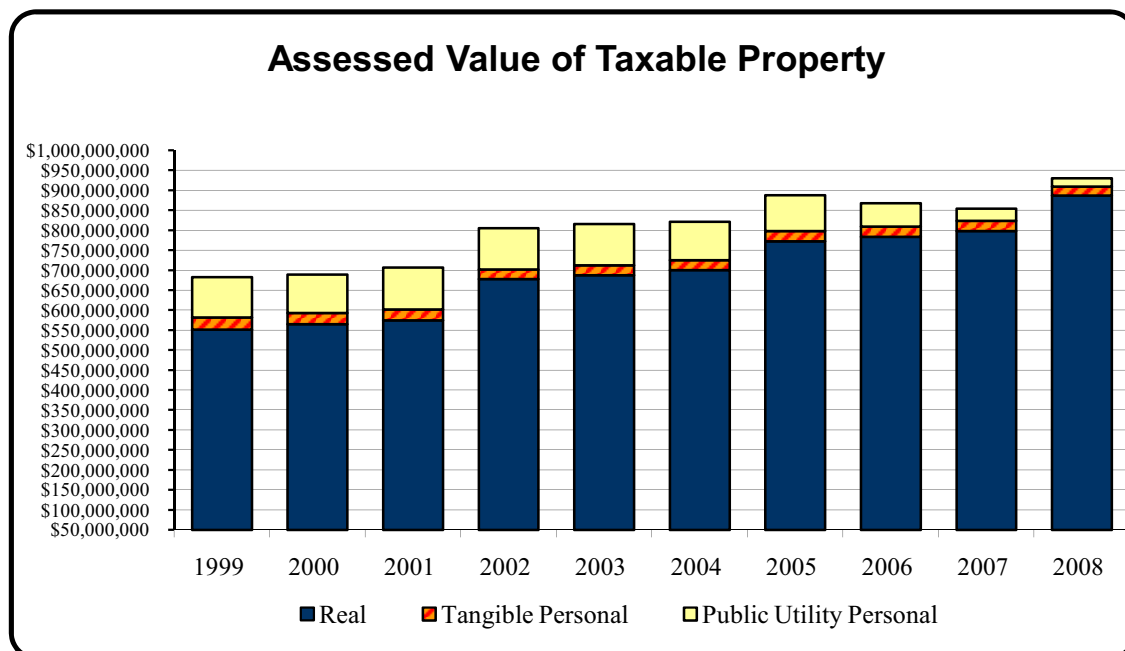
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by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

Values are shown net of exempt property.

Source: Fairfield County Auditor

TABLE 6

Tangible Personal Property					Weighted Average Tax Rate (Per \$1,000 of Assessed Value)
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$100,399,698	\$401,598,792	\$682,717,698	\$2,065,364,506	33%	\$36
96,227,521	384,910,084	689,621,751	2,080,322,170	33%	36
104,448,658	417,794,632	706,726,488	2,138,588,432	33%	36
103,443,261	413,773,044	805,472,021	2,446,952,164	33%	32
103,361,862	413,447,448	815,767,752	2,477,164,711	33%	32
96,326,426	385,305,704	821,830,946	2,486,736,687	33%	31
89,705,089	358,820,356	888,132,469	2,669,385,545	33%	33
59,005,601	314,696,539	868,514,651	2,656,556,179	33%	32
30,990,035	247,920,280	854,677,745	2,630,318,331	32%	30
20,369,499	325,911,984	930,208,879	2,951,283,401	32%	24



Lancaster City School District, Ohio

Property Tax Rates

(per \$1,000 of assessed value)

Last Ten Years

	Collection Year				
	1999	2000	2001	2002	2003
Unvoted Millage					
Operating	\$4.0000	\$4.0000	\$4.0000	\$4.0000	\$4.0000
Voted Millage - by levy					
1976 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural Real	7.6147	7.5851	7.5711	6.5600	6.5430
Commercial/Industrial and Public Utility Real	10.5238	10.4584	10.5783	8.9015	8.9311
General Business and Public Utility Personal	31.7000	31.7000	31.7000	31.7000	31.7000
1976 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural Real	0.2402	0.2393	0.2388	0.2069	0.2064
Commercial/Industrial and Public Utility Real	0.3320	0.3299	0.3337	0.2808	0.2817
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000	1.0000
1977 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural Real	2.4021	2.3928	2.3884	2.0694	2.0640
Commercial/Industrial and Public Utility Real	3.3198	3.2992	3.3370	2.8080	2.8174
General Business and Public Utility Personal	10.0000	10.0000	10.0000	10.0000	10.0000
1990 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural Real	6.4106	6.3857	6.3739	5.5227	5.5083
Commercial/Industrial and Public Utility Real	7.5835	7.5363	7.6227	6.4144	6.4357
General Business and Public Utility Personal	10.0000	10.0000	10.0000	10.0000	10.0000
1997 Operating - continuing					
Effective Millage Rates					
Residential/Agricultural Real	7.1360	7.1083	7.0951	6.1475	6.1316
Commercial/Industrial and Public Utility Real	7.1121	7.0679	7.1489	6.0157	6.0357
General Business and Public Utility Personal	7.9000	7.9000	7.9000	7.9000	7.9000
2004 Emergency (\$3,200,000) - three years					
Effective Millage Rates					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
Total voted millage by type of property					
Residential/Agricultural Real	23.8036	23.7112	23.6673	20.5065	20.4533
Commercial/Industrial and Public Utility Real	28.8712	28.6917	29.0206	24.4204	24.5016
General Business and Public Utility Personal	60.6000	60.6000	60.6000	60.6000	60.6000
Total millage by type of property					
Residential/Agricultural Real	27.8036	27.7112	27.6673	24.5065	24.4533
Commercial/Industrial and Public Utility Real	32.8712	32.6917	33.0206	28.4204	28.5016
General Business and Public Utility Personal	64.6000	64.6000	64.6000	64.6000	64.6000

TABLE 7

Collection Year				
2004	2005	2006	2007	2008
\$4.0000	\$4.0000	\$4.0000	\$4.0000	\$4.0000
6.5132	5.9843	5.9493	5.9339	5.4842
8.8796	8.1846	8.2710	8.2493	7.0800
31.7000	31.7000	31.7000	31.7000	31.7000
0.2055	0.1888	0.1877	0.1872	0.1730
0.2801	0.2582	0.2609	0.2602	0.2233
1.0000	1.0000	1.0000	1.0000	1.0000
2.0546	1.8878	1.8768	1.8719	1.7300
2.8012	2.5819	2.6092	2.6023	2.2335
10.0000	10.0000	10.0000	10.0000	10.0000
5.4832	5.0380	5.0085	4.9955	4.6170
6.3987	5.8978	5.9601	5.9444	5.1019
10.0000	10.0000	10.0000	10.0000	10.0000
6.1036	5.6080	5.5752	5.5608	5.1394
6.0010	5.5312	5.5896	5.5749	4.7847
7.9000	7.9000	7.9000	7.9000	7.9000
0.0000	3.8000	3.8000	3.9000	0.0000
0.0000	3.8000	3.8000	3.9000	0.0000
0.0000	3.8000	3.8000	3.9000	0.0000
20.3601	22.5069	22.3975	22.4493	17.1436
24.3606	26.2537	26.4908	26.5311	19.4234
60.6000	64.4000	64.4000	64.5000	60.6000
24.3601	26.5069	26.3975	26.4493	21.1436
28.3606	30.2537	30.4908	30.5311	23.4234
64.6000	68.4000	68.4000	68.5000	64.6000

(Continued)

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

	Collection Year				
	1999	2000	2001	2002	2003
Overlapping Rates by Taxing District					
Berne Township Millage					
Effective Millage Rates					
Residential/Agricultural Real	5.7072	5.7025	5.6904	5.1292	5.4038
Commercial/Industrial and Public Utility Real	5.9397	5.9353	5.9373	4.7059	5.1891
General Business and Public Utility Personal	7.7000	7.7000	7.7000	7.7000	7.7000
Greenfield Township Millage					
Effective Millage Rates					
Residential/Agricultural Real	5.3029	5.2658	9.2184	9.1032	9.0687
Commercial/Industrial and Public Utility Real	5.9892	5.9702	9.2548	7.8438	7.9794
General Business and Public Utility Personal	8.2000	8.2000	12.2000	12.2000	12.2000
Hocking Township Millage					
Effective Millage Rates					
Residential/Agricultural Real	3.5134	3.5121	3.5102	4.4673	4.4631
Commercial/Industrial and Public Utility Real	3.6884	3.6802	3.6802	3.8811	3.9576
General Business and Public Utility Personal	4.2000	4.2000	4.2000	4.7000	4.7000
Pleasant Township Millage					
Effective Millage Rates					
Residential/Agricultural Real	5.2911	5.2829	8.2498	7.5868	7.5717
Commercial/Industrial and Public Utility Real	6.0477	6.0421	8.7006	7.0945	7.1662
General Business and Public Utility Personal	6.6000	6.6000	9.1000	9.1000	9.1000
Lancaster City Millage					
Effective Millage Rates					
Residential/Agricultural Real	3.4000	3.4000	3.4000	3.4000	3.4000
Commercial/Industrial and Public Utility Real	3.4000	3.4000	3.4000	3.4000	3.4000
General Business and Public Utility Personal	3.4000	3.4000	3.4000	3.4000	3.4000
Fairfield County Library Millage					
Effective Millage Rates					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
Fairfield County Millage					
Effective Millage Rates					
Residential/Agricultural Real	5.2020	5.3466	5.3354	4.9725	4.9563
Commercial/Industrial and Public Utility Real	5.4911	5.5759	5.5517	4.9942	5.0232
General Business and Public Utility Personal	7.0500	7.0500	7.0500	7.0500	7.0500

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

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

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

Source: Ohio Department of Taxation

TABLE 7 (Continued)

Collection Year				
2004	2005	2006	2007	2008
5.3902	5.2176	5.2176	5.2152	4.9240
5.1941	4.9583	4.9907	5.0396	4.8374
7.7000	7.7000	7.7000	7.7000	7.7000
9.0381	10.2747	9.3594	9.4419	9.0053
7.9976	9.2526	8.5508	8.4878	7.5227
12.2000	13.1000	11.1000	11.2000	11.2000
4.4520	4.3241	4.3183	4.3169	4.1691
3.9462	3.8530	3.8556	3.8567	3.6172
4.7000	4.7000	4.7000	4.7000	4.7000
8.5851	8.1348	6.4962	8.4738	8.0196
8.0535	7.7194	6.3259	8.3159	8.0261
9.1000	9.1000	7.1000	9.1000	9.1000
3.4000	3.4000	3.4000	3.4000	3.4000
3.4000	3.4000	3.4000	3.4000	3.4000
3.4000	3.4000	3.4000	3.4000	3.4000
0.0000	0.4609	0.4574	0.4560	0.4213
0.0000	0.4630	0.4671	0.4658	0.4018
0.0000	0.5000	0.5000	0.5000	0.5000
4.9365	5.2683	7.0775	7.0615	6.7591
5.0446	5.4259	7.1446	7.0980	6.3881
7.0500	7.5500	7.5500	7.5500	7.5500

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

Calendar Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
1998	\$23,879,652	\$22,766,628	95.34%	\$297,118	\$23,063,746	96.58%
1999	24,589,901	23,523,365	95.66	574,441	24,097,806	98.00
2000	25,180,426	23,879,211	94.83	757,932	24,637,143	97.84
2001	25,547,953	23,792,001	93.13	602,742	24,394,743	95.49
2002	25,920,162	24,469,225	94.40	940,567	25,409,792	98.03
2003	26,069,511	23,956,609	91.90	688,650	24,645,259	94.54
2004	26,371,259	23,169,853	87.86	713,597	23,883,450	90.57
2005	28,377,780	25,871,050	91.17	646,429	26,517,479	93.44
2006	27,594,726	25,082,018	90.89	826,330	25,908,348	93.89
2007	27,227,411	25,099,143	92.18	869,522	25,968,665	95.38

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 2008 information cannot be presented because all collections have not been made by June 30, 2008.
- (3) The County does not identify delinquent tax collections by tax year.

TABLE 9

Lancaster City School District, Ohio
Principal Taxpayers
Real Estate Tax
2008 and 1999 (1)

Name of Taxpayer	2008	
	Assessed Value	Percent of Real Property Assessed Value
Glimcher River Valley Mall LLC	\$21,717,280	2.45%
NLVentures VI West Fair LLC	4,255,420	0.48
Lancaster Phase One Group PLL	4,248,620	0.48
Plaza SC Investors LLC	3,659,420	0.41
Huntington National Bank Trust	3,303,350	0.37
RP River Valley LLC	2,859,850	0.32
Island Capital	2,818,980	0.32
Riverview Medical Office	2,732,630	0.31
BP Lancaster LLC	2,434,550	0.27
Diamond Power International Incorporated	2,404,480	0.27
Totals	<u>\$50,434,580</u>	<u>5.68%</u>
Total Assessed Valuation	<u>\$887,237,840</u>	
Name of Taxpayer	1999	
	Assessed Value	Percent of Real Property Assessed Value
Glimcher River Valley Mall LLC	\$24,022,100	4.35%
Anchor Hocking Glass Corporation	5,794,710	1.05
Mount Carmel Health System	4,186,680	0.76
Lancaster Phase One Group PLL	3,383,510	0.61
Venture Properties, Incorporated	3,165,200	0.57
Fairfield Medical Center	2,684,110	0.49
Ralston Foods, Incorporated	2,599,910	0.47
Glimcher Centers LTD Partnership	2,367,360	0.43
Dominion Homes, Incorporated	1,981,200	0.36
T & R River Valley LTD Partnership	1,764,000	0.32
Totals	<u>\$51,948,780</u>	<u>9.41%</u>
Total Assessed Valuation	<u>\$552,073,940</u>	

(1) The amounts presented represent the assessed values upon which 2008 and 1999 collections were based.

Source: Fairfield County Auditor's Office

TABLE 10

Lancaster City School District, Ohio
Principal Taxpayers
Tangible Personal Property Tax
2008 and 1999 (1)

Name of Taxpayer	2008	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
McDermott, Incorporated	\$1,994,700	9.79%
RalCorp Holdings Incorporated (Ralston)	1,489,960	7.31
Ohio Bell	1,351,290	6.63
Anchor Acquisition	1,173,560	5.76
Crown Cork & Seal Company (USA)	1,091,000	5.36
Consolidated Graphics	706,070	3.47
Time Warner Cable	567,010	2.78
Mondi Packaging Akrosil, LLC	528,720	2.60
Lancaster Glass Company	442,230	2.17
Lowe's Home Centers	416,880	2.05
Total	<u>\$9,761,420</u>	<u>47.92%</u>
Total Assessed Valuation	<u>\$20,369,499</u>	
Name of Taxpayer	1999	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Anchor Hocking Glass Corporation	\$16,250,270	16.19%
McDermott, Inc.	7,118,550	7.09
RalCorp Holdings, Incorporated	6,773,050	6.75
Cyril Scott Company	3,974,970	3.96
International Paper Company	2,998,260	2.99
Lancaster Glass Corporation	2,077,210	2.07
Anchor Hocking Packaging	2,073,260	2.06
Anchor Hocking Corporation	1,540,574	1.53
Drew Shoe Company	1,509,200	1.50
Bailey Corporation	1,443,480	1.44
Total	<u>\$45,758,824</u>	<u>45.58%</u>
Total Assessed Valuation	<u>\$100,399,698</u>	

(1) The amounts presented represent the assessed values upon which 2008 and 1999 collections were based.

Source: Fairfield County Auditor's Office

Lancaster City School District, Ohio
Principal Taxpayers
Public Utilities Tax
2008 and 1999 (1)

Name of Taxpayer	2008	
	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$15,722,380	69.56%
Total Assessed Valuation	\$22,601,540	
Name of Taxpayer	1999	
	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$12,201,300	40.34%
Ohio Bell Telephone Company	7,122,020	23.55
Total	\$19,323,320	63.89%
Total Assessed Valuation	\$30,244,060	

(1) The amounts presented represent the assessed values upon which 2007 and 1999 collections were based.

Source: Fairfield County Auditor's Office

Lancaster City School District, Ohio

*Ratio of Outstanding Debt by Type
Last Ten Fiscal Years*

<u>Fiscal Year</u>	<u>Estimated Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Personal Income (3)</u>	<u>Energy Conservation Notes</u>	<u>Capital Leases</u>
1999 (b)	38,254	\$15,125	\$578,591,750	\$1,585,000	\$112,082
2000 (a)	38,983	17,648	687,971,984	1,295,000	181,070
2001	35,335	17,648	623,592,080	990,000	102,476
2002	35,600	17,648	628,268,800	675,000	13,687
2003	35,860	17,648	632,857,280	345,000	0
2004	36,120	17,648	637,445,760	0	700,000
2005	36,380	17,648	642,034,240	0	571,550
2006	36,380	17,648	642,034,240	0	437,656
2007	36,380	17,648	642,034,240	0	297,901
2008	36,375	17,648	641,946,000	0	0

Source:

(1) Lancaster City Community Development Department estimates. The fiscal year 2001 population is from the 2000 Federal Census.

(2) U.S. Census Bureau

(a) Fiscal Years 2000 through 2008, 2000 Federal Census

(b) Fiscal Year 1999, 1990 Federal Census

(3) Computation of per capita personal income multiplied by population

TABLE 12

<u>Total Debt Outstanding</u>	<u>Ratio of Total Debt to Personal Income</u>	<u>Total Debt Per Capita</u>
\$1,697,082	0.29%	\$44
1,476,070	0.21	38
1,092,476	0.18	31
688,687	0.11	19
345,000	0.05	10
700,000	0.11	19
571,550	0.09	16
437,656	0.07	12
297,901	0.04	8
0	0.00	0

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Lancaster City School District, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2008*

	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, 2008			
No debt outstanding	\$0	100.00%	\$0
Overlapping Debt:			
Payable from Property Taxes as of December 31, 2007:			
Greenfield Township General Obligation Bonds	1,710,000	20.73%	354,483
Pleasant Township General Obligation Installment Loan	20,000	61.98%	12,396
Pleasant Township General Obligation Notes	50,000	61.98%	30,990
Hocking Township OPWC Loan	75,661	75.00%	56,746
Fairfield County General Obligation Bonds	11,743,197	23.57%	2,767,872
Fairfield County Capital Leases	515,664	23.57%	121,542
City of Lancaster General Obligation			
Bond Anticipation Notes	7,107,775	100.00%	7,107,775
City of Lancaster General Obligation Bonds	3,660,000	100.00%	3,660,000
City of Lancaster State Infrastructure Bank Loan	1,155,949	100.00%	1,155,949
City of Lancaster Housing and Urban			
Development Loan	850,000	100.00%	850,000
City of Lancaster OPWC Loan	82,162	100.00%	82,162
City of Lancaster Capital Leases	859,143	100.00%	859,143
Payable from Other Sources as of December 31, 2007:			
Fairfield County Special Assessment Bonds	2,355,110	23.57%	555,099
Fairfield County General Obligation Bonds	6,967,974	23.57%	1,642,351
Fairfield County Long-Term Loan	1,052,220	23.57%	248,008
Fairfield County Capital Leases	178,286	23.57%	42,022
City of Lancaster Special Assessment Bonds	292,000	100.00%	292,000
Total Overlapping Debt	38,675,141		19,838,538
Total Direct and Overlapping Debt	\$38,675,141		\$19,838,538

Source: Fairfield County Auditor, School District records, City of Lancaster, and the townships of Greenfield, Hocking, Berne, and Pleasant. Berne Township had no debt outstanding as of December 31, 2007.

- (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 2008 collection year.

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

	1999	2000	2001	2002
Assessed Valuation (1)	<u>\$682,717,698</u>	<u>\$689,621,751</u>	<u>\$706,726,488</u>	<u>\$805,472,021</u>
Debt Limit - 9% of Assessed Value (2)	<u>\$61,444,593</u>	<u>\$62,065,958</u>	<u>\$63,605,384</u>	<u>\$72,492,482</u>
Amount of Debt Applicable to Debt Limit				
Energy Conservation Notes	1,585,000	1,295,000	990,000	675,000
Less Amount Available in Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>1,585,000</u>	<u>1,295,000</u>	<u>990,000</u>	<u>675,000</u>
Exemptions:				
Energy Conservation Notes	<u>(1,585,000)</u>	<u>(1,295,000)</u>	<u>(990,000)</u>	<u>(675,000)</u>
Totals	<u>(1,585,000)</u>	<u>(1,295,000)</u>	<u>(990,000)</u>	<u>(675,000)</u>
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal Debt Margin	<u>\$61,444,593</u>	<u>\$62,065,958</u>	<u>\$63,605,384</u>	<u>\$72,492,482</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limit - .10% of Assessed Value (1)	\$682,718	\$689,622	\$706,726	\$805,472
Amount of Debt Subject to Limit				
One year renewable note issued to partially fund the purchase of an office building	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$682,718</u>	<u>\$689,622</u>	<u>\$706,726</u>	<u>\$805,472</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: Fairfield County Auditor and School District Financial Records

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

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

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

TABLE 14

2003	2004	2005	2006	2007	2008
<u>\$815,767,752</u>	<u>\$821,830,946</u>	<u>\$888,132,469</u>	<u>\$804,825,190</u>	<u>\$819,793,750</u>	<u>\$907,576,140</u>
<u>\$73,419,098</u>	<u>\$73,964,785</u>	<u>\$79,931,922</u>	<u>\$72,434,267</u>	<u>\$73,781,438</u>	<u>\$81,681,853</u>
345,000	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>345,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(345,000)	0	0	0	0	0
<u>(345,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$73,419,098</u>	<u>\$73,964,785</u>	<u>\$79,931,922</u>	<u>\$72,434,267</u>	<u>\$73,781,438</u>	<u>\$81,681,853</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$815,768	\$821,831	\$888,132	\$804,825	\$819,794	\$907,576
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$815,768</u>	<u>\$821,831</u>	<u>\$888,132</u>	<u>\$804,825</u>	<u>\$819,794</u>	<u>\$907,576</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Fiscal Year	Population Lancaster City		Personal Income (2) (in thousands)	Per Capita Personal Income	Unemployment Rate Fairfield County
1999	38,254	(1)	\$578,591,750	\$15,125	3.00%
2000	38,983	(1)	687,971,984	17,648	3.00
2001	35,335	(2)	623,592,080	17,648	2.30
2002	35,600	(1)	628,268,800	17,648	3.00
2003	35,860	(1)	632,857,280	17,648	4.20
2004	36,120	(1)	637,445,760	17,648	4.50
2005	36,380	(1)	642,034,240	17,648	4.60
2006	36,380	(1)	642,034,240	17,648	4.70
2007	36,380	(1)	642,034,240	17,648	4.80
2008	36,375	(1)	641,946,000	17,648	5.00

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

(1) Population for fiscal years 1999-2000 and 2002-2008 is estimated by the City of Lancaster Community Development Department.

(2) U.S. Bureau of Census, Federal 2000 Census

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

Employer	Nature of Business	2007		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical-Hospital	2,100	1	11.67%
Anchor Hocking Corporation	Manufacturing-Glass	1,000	2	5.56
Fairfield County	County Government	825	3	4.58
Lancaster City School District	Education	601	4	3.34
City of Lancaster	City Government	477	5	2.65
Diamond Power	Metal Fabrication	450	6	2.50
Ralston Foods, Incorporated	Manufacturing-Food Products	385	7	2.14
Glasfloss	Fiberglass Manufacturer	300	8	1.67
Kroger Company	Grocer	290	9	1.61
Lancaster Bingo	Entertainment	280	10	1.56
Total		<u>6,708</u>		<u>37.28%</u>
Total Employment within the School District		<u>18,000</u>		
Employer	Nature of Activity	1998		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical-Hospital	1,750	1	8.84%
Anchor Hocking Corporation	Manufacturing-Glass	1,400	2	7.07
Lancaster City School District	Education	756	3	3.82
Fairfield County	County Government	671	4	3.39
City of Lancaster	City Government	454	5	2.29
Diamond Power	Metal Fabrication	412	6	2.08
Ralston Foods, Incorporated	Manufacturing-Food Products	385	7	1.94
Baily Corporation	Manufacturer	340	8	1.72
Lancaster Glass	Glass Manufacturer	300	9	1.52
Drew Shoe	Shoe Manufacturer	202	10	1.02
Total		<u>6,670</u>		<u>33.69%</u>
Total Employment within the City		<u>19,800</u>		

Source: Total employment is from the State of Ohio Work Force Informer

Company information is from the Lancaster City development records and the Fairfield County Chamber of Commerce

TABLE 17

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

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

Source: Lancaster City School District Personnel Records

Method: The figures include only the full-time employees

Information prior to 2003 is not available.

TABLE 18

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
1999	\$36,128,268	6,503	\$5,556	N/A	411	15.8	18.6
2000	37,857,302	6,421	5,896	6.12%	422	15.2	18.1
2001	41,878,907	6,230	6,722	14.01%	437	14.3	18.0
2002	43,458,788	6,175	7,038	4.70%	422	14.6	16.9
2003	46,701,810	6,197	7,536	7.08%	430	14.4	16.5
2004	46,842,238	6,107	7,670	1.78%	433	14.1	18.5
2005	47,909,510	5,988	8,001	4.31%	417	14.4	18.5
2006	46,289,707	6,044	7,659	-4.28%	401	15.1	18.6
2007	41,807,164	5,877	7,114	-7.12%	348	16.9	19.6
2008	45,896,169	5,909	7,767	9.19%	374	15.8	18.6

Source: School District Records.

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

	1999	2000	2001
Cedar Heights Elementary School			
Constructed in 1939, addition in 1973			
Total Building Square Footage	31,100	31,100	31,100
Enrollment Grades K-6 for 1999-2006 and K-5 for 2007-2008	452	497	485
Student Capacity	460	460	460
Instruction Classrooms	22	22	22
Teaching Stations	31	31	31
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
East Elementary School			
Constructed in 1939			
Total Building Square Footage	37,518	37,518	37,518
Enrollment Grades K-6 for 1999-2006 and K-5 for 2007-2008	420	427	393
Student Capacity	314	314	314
Instruction Classrooms	20	20	20
Teaching Stations	24	24	24
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
Medill Elementary School			
Constructed in 1960, addition in 1965, 1966, and 1973			
Total Building Square Footage	31,500	31,500	31,500
Enrollment Grades K-6 for 1999-2006 and K-5 for 2007-2008	428	444	420
Student Capacity	337	337	337
Instruction Classrooms	25	25	25
Teaching Stations	30	30	30
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
North Elementary School			
Constructed in 1917			
Last year building was in service was 2005			
Total Building Square Footage	43,760	43,760	43,760
Enrollment Grades K-6	352	357	328
Student Capacity	299	299	299
Instruction Classrooms	31	31	31
Teaching Stations	28	28	28
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A

TABLE 19

2002	2003	2004	2005	2006	2007	2008
31,100	31,100	31,100	31,100	31,100	31,100	31,100
443	446	463	456	471	377	386
460	460	460	460	460	460	460
22	22	22	22	22	22	22
31	31	31	31	31	31	31
N/A	1	1	1	1	1	1
N/A	28	31	30	26	19	24
N/A	15	15	15	18	15	15
37,518	37,518	37,518	37,518	37,518	37,518	37,518
379	366	343	315	423	383	368
314	314	314	314	314	314	314
20	20	20	20	20	20	20
24	24	24	24	24	24	24
N/A	1	1	1	1	1	1
N/A	25	23	20	26	22	24
N/A	13	14	14	19	15	17
31,500	31,500	31,500	31,500	31,500	31,500	31,500
435	403	392	339	339	305	317
337	337	337	337	337	337	337
25	25	25	25	25	25	25
30	30	30	30	30	30	30
N/A	1	1	1	1	1	1
N/A	22	23	21	19	16	19
N/A	17	17	17	14	15	14
43,760	43,760	43,760	43,760	closed	closed	closed
336	340	331	300	closed	closed	closed
299	299	299	299	closed	closed	closed
31	31	31	31	closed	closed	closed
28	28	28	28	closed	closed	closed
N/A	1	1	1	closed	closed	closed
N/A	26	25	20	closed	closed	closed
N/A	18	18	16	closed	closed	closed

(Continued)

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

	1999	2000	2001
Sanderson Elementary School			
Constructed in 1968, addition in 1973 and 1996			
Total Building Square Footage	31,233	31,233	31,233
Enrollment Grades K-6 for 1999-2006 and K-5 for 2007-2008	407	385	378
Student Capacity	308	308	308
Instruction Classrooms	20	20	20
Teaching Stations	24	24	24
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
South Elementary School			
Constructed in 1931			
Total Building Square Footage	29,055	29,055	29,055
Enrollment Grades K-6 for 1999-2006 and K-5 for 2007-2008	386	361	339
Student Capacity	149	149	149
Instruction Classrooms	17	17	17
Teaching Stations	21	21	21
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
Tallmadge Elementary School			
Constructed in 1956, addition in 1959, 1966, and 1973			
Total Building Square Footage	37,000	37,000	37,000
Enrollment Grades K-6 for 1999-2006 and K-5 for 2007-2008	480	450	453
Student Capacity	345	345	345
Instruction Classrooms	20	20	20
Teaching Stations	29	29	29
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
Tarhe Elementary School			
Constructed in 1968, addition in 1973			
Modular Classrooms - Constructed in 2004			
Total Building Square Footage	25,200	25,200	25,200
Total Modular Square Footage	-	-	-
Enrollment Grades K-6 for 1999-2006 and K-5 for 2007-2008	268	285	289
Student Capacity	328	328	328
Instruction Classrooms	12	12	12
Teaching Stations	17	17	17
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A

TABLE 19 (Continued)

2002	2003	2004	2005	2006	2007	2008
31,233	31,233	31,233	31,233	31,233	31,233	31,233
361	357	361	309	337	318	320
308	308	308	308	308	308	308
20	20	20	20	20	20	20
24	24	24	24	24	24	24
N/A	1	1	1	1	1	1
N/A	24	22	20	17	16	19
N/A	10	12	13	14	14	12
29,055	29,055	29,055	29,055	29,055	29,055	29,055
317	339	283	276	441	298	315
149	149	149	149	149	149	149
17	17	17	17	17	17	17
21	21	21	21	21	21	21
N/A	1	1	1	1	1	1
N/A	19	16	19	19	19	22
N/A	10	12	13	12	14	12
37,000	37,000	37,000	37,000	37,000	37,000	37,000
438	411	362	343	360	393	407
345	345	345	345	345	345	345
20	20	20	20	20	20	20
29	29	29	29	29	29	29
N/A	1	1	1	1	1	1
N/A	23	25	23	18	19	21
N/A	14	14	15	13	17	19
25,200	25,200	25,200	25,200	25,200	25,200	25,200
-	-	9,000	9,000	9,000	9,000	9,000
301	292	310	440	472	375	387
328	328	445	445	445	445	445
12	12	20	20	20	20	20
17	17	17	17	17	17	17
N/A	1	1	1	1	1	1
N/A	19	19	22	23	18	18
N/A	11	12	13	15	16	14

(Continued)

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

	1999	2000	2001
West Elementary School			
Constructed in 1928, addition in 1960			
Total Building Square Footage	46,404	46,404	46,404
Enrollment Grades K-6 for 1999-2006 and K-5 for 2007-2008	416	390	395
Student Capacity	428	428	428
Instruction Classrooms	24	24	24
Teaching Stations	28	28	28
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
General Sherman Junior High School			
Constructed in 1957, addition in 1973			
Total Building Square Footage	64,394	64,394	64,394
Enrollment Grades 7-8 for 1999-2006 and 6-8 for 2007-2008	535	502	443
Student Capacity	484	484	484
Instruction Classrooms	23	23	23
Teaching Stations	29	29	29
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
Thomas Ewing Junior High School			
Constructed in 1957			
Total Building Square Footage	63,308	63,308	63,308
Enrollment Grades 7-8 for 1999-2006 and 6-8 for 2007-2008	522	514	527
Student Capacity	493	493	493
Instruction Classrooms	27	27	27
Teaching Stations	34	34	34
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
Stanberry Freshman School			
Constructed in 1929, addition in 1965			
Total Building Square Footage	77,767	77,767	77,767
Enrollment Grade 9 for 1999-2006	486	501	480
Enrollment for Career Based Intervention Technology students 2007-2008	0	0	0
Student Capacity	509	509	509
Instruction Classrooms	28	28	28
Teaching Stations	32	32	32
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A

TABLE 19 (Continued)

2002	2003	2004	2005	2006	2007	2008
46,404	46,404	46,404	46,404	46,404	46,404	46,404
395	414	424	430	463	379	381
428	428	428	428	428	428	428
24	24	24	24	24	24	24
28	28	28	28	28	28	28
N/A	1	1	1	1	1	1
N/A	21	28	27	27	26	28
N/A	22	20	20	15	15	14
64,394	64,394	64,394	64,394	64,394	64,394	64,394
437	476	491	482	460	686	656
484	484	484	484	484	484	484
23	23	23	23	23	23	23
29	29	29	29	29	29	29
N/A	2	1	2	2	1	1
N/A	34	31	30	27	39	41
N/A	25	23	24	21	20	22
63,308	63,308	63,308	63,308	63,308	63,308	63,308
542	538	529	499	454	587	594
493	493	493	493	493	493	493
27	27	27	27	27	27	27
34	34	34	34	34	34	34
N/A	2	1	1	1	1	1
N/A	28	31	28	28	34	34
N/A	22	21	21	23	20	21
77,767	77,767	77,767	77,767	77,767	77,767	77,767
470	474	483	507	501	0	0
0	0	0	0	0	56	47
509	509	509	509	509	509	509
28	28	28	28	28	28	28
32	32	32	32	32	32	32
N/A	17	18	15	16	9	9
N/A	36	39	34	36	14	20
N/A	35	38	43	39	15	17

(Continued)

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

	1999	2000	2001
Lancaster High School			
Constructed in 1963			
Vocational classrooms constructed in 1965			
Total Building Square Footage	192,500	192,500	192,500
Enrollment Grades 10-12 for 1999-2006 and 9-12 for 2007-2008	1,351	1,308	1,300
Student Capacity	1,302	1,302	1,302
Instruction Classrooms	65	65	65
Teaching Stations	102	102	102
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A

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

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

Student Capacity is based on State standards of needed square footage per child

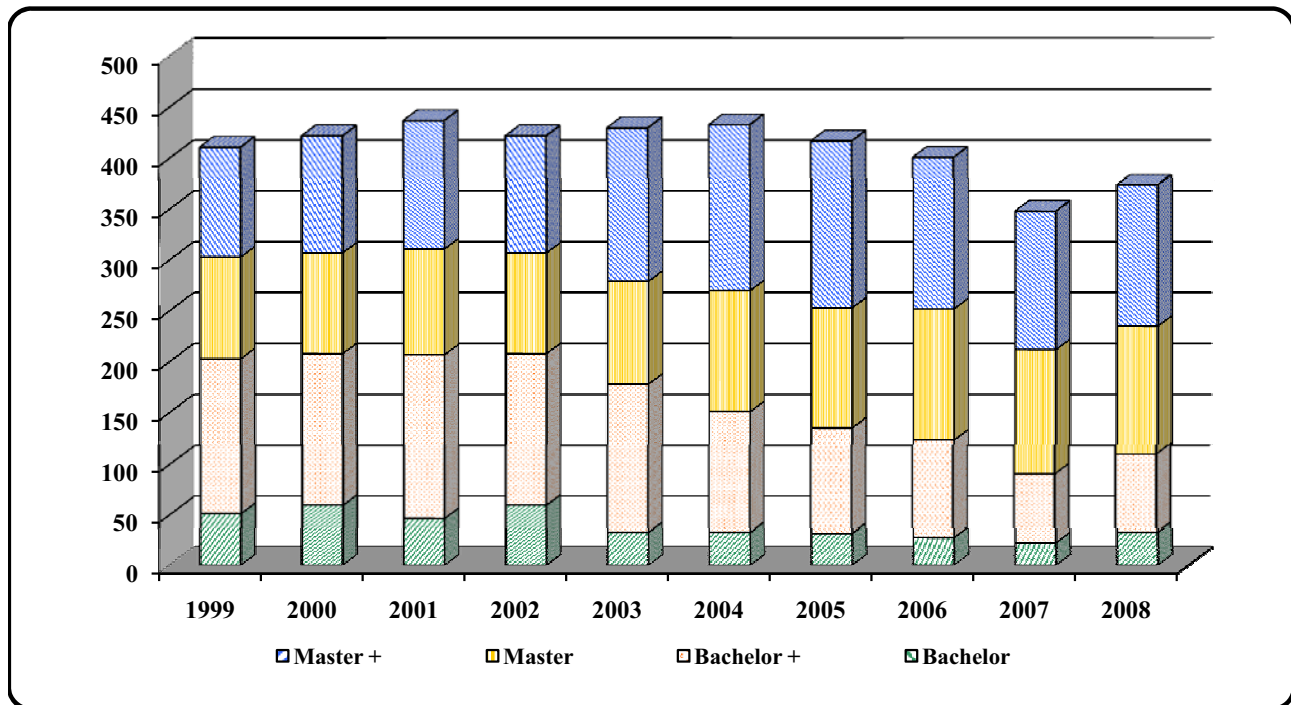
TABLE 19 (Continued)

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
192,500	192,500	192,500	192,500	192,500	192,500	192,500
1,321	1,341	1,335	1,292	1,323	1,720	1,731
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
N/A	3	3	4	4	5	5
N/A	125	120	123	135	106	104
N/A	56	55	44	52	53	63

TABLE 20

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

Degree	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Bachelor's Degree	51	59	46	59	32	32	31	27	22	32
Bachelor + 15	14	11	12	11	9	6	7	5	3	3
Bachelor + 30 (150 hours)	138	138	149	138	137	113	97	91	65	75
Master's Degree	100	99	104	99	101	119	118	129	122	125
Master's + 15	28	30	30	30	36	38	41	34	32	38
Master's + 30	63	67	75	67	86	90	86	81	77	74
Master's + 45	17	18	21	18	29	35	35	34	27	27
Ph. D.	0	0	0	0	0	0	2	0	0	0
Total	411	422	437	422	430	433	417	401	348	374



Source: Lancaster City School District Personnel Records.

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

Fiscal Year	Minimum Salary (1)	Maximum Salary (2)	Average Salary Comparable Districts (3)	Statewide Average Salary (4)
1999	\$25,812	\$53,137	N/A	N/A
2000	26,586	54,730	N/A	N/A
2001	27,782	57,193	\$43,029	\$42,995
2002	28,754	59,195	43,650	43,755
2003	29,904	61,562	45,103	45,645
2004	31,100	64,024	48,008	47,658
2005	32,344	66,585	47,188	49,436
2006	32,344	66,585	49,498	50,771
2007	32,344	66,585	51,972	53,534
2008	33,477	71,170	57,203	53,410

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

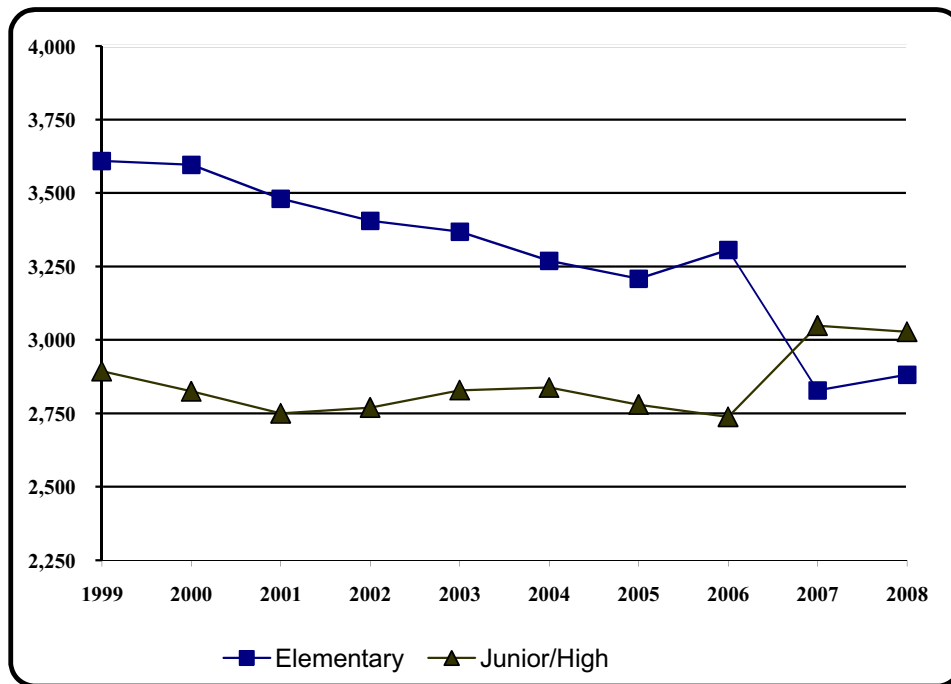
- (1) Starting teacher with no experience - per negotiated agreement.
- (2) Teacher with a Masters degree and more than 45 year's experience - per negotiated agreement.
- (3) Provided by the Ohio Department of Education.
- (4) Provided by the Ohio Department of Education.

N/A - The Ohio Department of Education started reporting these averages beginning in fiscal year 2001.

TABLE 22

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

Fiscal Year	Elementary Schools	Junior/High School	Total
1999	3,609	2,894	6,503
2000	3,596	2,825	6,421
2001	3,480	2,750	6,230
2002	3,405	2,770	6,175
2003	3,368	2,829	6,197
2004	3,269	2,838	6,107
2005	3,208	2,780	5,988
2006	3,306	2,738	6,044
2007 (a)	2,828	3,049	5,877
2008	2,881	3,028	5,909



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

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

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

Fiscal Year	Lancaster City Attendance Rate	State Average	Lancaster City Graduation Rate	State Average
1999	93.50%	93.50%	76.50%	79.70%
2000	94.10	93.60	79.70	81.00
2001	94.50	93.90	81.50	80.70
2002	94.50	94.30	79.40	81.20
2003	94.50	94.50	83.60	82.70
2004	94.40	94.50	88.00	84.30
2005	94.90	94.30	85.40	85.90
2006	94.60	94.10	85.50	86.20
2007	94.60	94.10	88.10	86.10
2008	94.50	94.20	91.70	86.90

Source: Ohio Department of Education Local Report Cards

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

Year	English	Math	Reading	Science	Composite
A.C.T. - Lancaster High School (Juniors and Seniors)					
1999	20.4	21.9	21.6	21.6	21.5
2000	20.3	21.7	21.6	22.0	21.5
2001	20.8	22.3	22.4	22.2	22.0
2002	20.2	21.7	21.4	21.4	21.4
2003	20.7	22.0	22.7	21.9	21.9
2004	20.5	21.7	22.5	22.1	21.9
2005	20.4	21.3	21.5	21.6	21.3
2006	20.7	21.3	21.6	21.7	21.4
2007	20.8	21.4	21.8	22.2	21.7
2008	21.7	22.3	23.1	22.7	22.6
A.C.T. - Ohio (Graduating Class)					
1999	20.8	21.1	21.9	21.4	21.4
2000	20.7	21.2	21.9	21.4	21.4
2001	20.7	21.1	21.8	21.5	21.4
2002	20.6	21.2	21.8	21.5	21.4
2003	20.6	21.1	21.8	21.4	21.4
2004	20.7	21.1	21.9	21.5	21.4
2005	20.7	21.2	21.9	21.5	21.4
2006	20.8	21.3	21.9	21.5	21.5
2007	21.0	21.3	22.0	21.6	21.6
2008	21.1	21.5	22.1	21.7	21.7
A.C.T. - U.S.A. (Graduating Class)					
1999	20.5	20.7	21.4	21.0	21.0
2000	20.5	20.7	21.4	21.0	21.0
2001	20.5	20.7	21.3	21.0	21.0
2002	20.2	20.6	21.1	20.8	20.8
2003	20.3	20.6	21.2	20.8	20.8
2004	20.4	20.7	21.3	20.9	20.9
2005	20.4	20.7	21.3	20.9	20.9
2006	20.6	20.8	21.4	20.9	21.1
2007	20.7	21.0	21.5	21.0	21.2
2008	20.6	21.0	21.4	20.8	21.1

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

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

Fiscal Year	Verbal Mean	Math Mean	Writing Mean
S.A.T. - Lancaster High School			
1999	524	559	n/a
2000	525	554	n/a
2001	530	539	n/a
2002	546	555	n/a
2003	535	546	n/a
2004	526	544	n/a
2005	509	525	n/a
2006	500	522	473
2007	513	528	494
2008	525	539	527
S.A.T. - Ohio			
1999	534	538	n/a
2000	533	539	n/a
2001	534	539	n/a
2002	533	540	n/a
2003	536	541	n/a
2004	538	542	n/a
2005	539	543	n/a
2006	535	544	521
2007	536	542	522
2008	534	544	521
S.A.T. - U.S.A.			
1999	505	511	n/a
2000	505	514	n/a
2001	506	514	n/a
2002	504	516	n/a
2003	507	519	n/a
2004	508	518	n/a
2005	508	520	n/a
2006	503	518	497
2007	502	515	494
2008	502	515	494

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

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

Lancaster City School District, Ohio
Students in Free or Reduced Price Lunch Program
June 30, 2008

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	149	38.60%	33	8.55%
East Elementary School	151	41.03	40	10.87
Medill Elementary School	87	27.44	36	11.36
Sanderson Elementary School	116	36.25	14	4.38
South Elementary School	195	61.90	15	4.76
Tallmadge Elementary School	152	37.35	41	10.07
Tarhe Elementary School	66	17.05	26	6.72
West Elementary School	209	54.86	41	10.76
General Sherman Junior High School	253	38.57	54	8.23
Thomas Ewing Junior High School	204	34.34	49	8.25
Lancaster High School	460	25.87	117	6.58

Source: School District Food Service Records at June 30, 2008



Mary Taylor, CPA
Auditor of State

LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 5, 2009