



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, 2010**

FEDERAL GRANTOR	Federal		
<i>Pass Through Grantor</i>	CFDA		
Program Title	Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
<i>Passed Through Ohio Department of Education:</i>			
Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 100,281	\$ 100,281
School Breakfast Program	10.553	376,742	376,742
National School Lunch Program	10.555	1,044,764	1,044,764
Total Nutrition Cluster		<u>1,521,787</u>	<u>1,521,787</u>
ARRA - Cafeteria Equipment Assistance	10.579	29,925	29,925
Total U.S. Department of Agriculture		<u>1,551,712</u>	<u>1,551,712</u>
<u>U.S. DEPARTMENT OF HUMAN SERVICES:</u>			
<i>Passed Through Ohio Department of Education:</i>			
Maternal and Child Health Federal Consolidated Program	93.110	100	100
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Fund for the Improvement of Education Program	84.215	339,356	346,726
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education_Grants to States Program	84.027	1,403,143	1,218,471
ARRA - Special Education_Grants to States Program	84.391	520,054	522,346
Special Education_Preschool Grants Program	84.173	35,489	17,164
ARRA - Special Education_Preschool Grants Program	84.392	2,589	400
Total Special Education Cluster		<u>1,961,275</u>	<u>1,758,381</u>
Title I Cluster:			
Title I Grants to Local Educational Agencies Program	84.010	1,810,282	1,540,282
ARRA - Title I Grants to Local Educational Agencies	84.389	228,108	231,716
Total Title I Grants Cluster		<u>2,038,390</u>	<u>1,771,998</u>
Career and Technical Education_Basic Grants to States Program	84.048	165,053	149,768
Safe and Drug-Free Schools and Communities State Grants Program	84.186	54,589	24,290
State Grants for Innovative Programs	84.298	9,862	637
Education Technology State Grants Program	84.318	22,008	9,983
Improving Teacher Quality State Grants Program	84.367	457,115	355,127
Javitis Gifted and Talented Students Education Grant Program	84.206	1,000	1,000
ARRA -State Fiscal Stabilization Fund	84.394	1,240,828	1,130,001
Total U.S. Department of Education		<u>6,289,476</u>	<u>5,547,911</u>
Totals		<u>\$7,841,288</u>	<u>\$7,099,723</u>

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

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



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 East Mulberry Street
Lancaster, Ohio 43130

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and the remaining fund information of Lancaster City School District, Fairfield County, Ohio (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 02, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We intend this report solely for the information and use of the Financial Review 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 2, 2010



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Lancaster City School District, Fairfield County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2010. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2010.

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 opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

Federal Awards Receipts and Expenditures Schedule

We have also audited the financial statements of the governmental activities, the aggregate discretely-presented component units, each major fund and the aggregate remaining fund information of Lancaster City School District, (the District) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 2, 2010. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. This information is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated November 2, 2010.

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



Mary Taylor, CPA
Auditor of State

November 2, 2010

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grant Cluster (CFDA #84.010 & #84.389); Special Education Cluster (CFDA #'s 84.027, 84.391, 84.173, 84.392) State Fiscal Stabilization Fund (CFDA # 84.394)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on November 23, 2009.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



Mary Taylor, CPA
Auditor of State

November 2, 2010

Lancaster City School District, Ohio

“A Community Focused on
Student Achievement”



Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2010

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Lancaster City School District, Ohio

Comprehensive Annual Financial Report
(CAFR)



For the Fiscal Year Ended June 30, 2010
Issued By: Treasurer's Office
Julie Taylor, Treasurer

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



**Lancaster
Gales**

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November 2, 2010

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, 2010. This CAFR includes an opinion from the Ohio Auditor of State's Office and conforms to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District.

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

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

Management's Discussion and Analysis (MD&A) immediately follows the independent accountants' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

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

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

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

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

The Lancaster City School District was organized in the mid 1850's and continues to operate in the picturesque and historical setting of the Lancaster area. Over the years, in order to meet the needs of a growing community, the School District has expanded many times, and particularly in the mid 1950's and 1960's. The School District educates students from kindergarten through grade twelve. During fiscal year 2010 the School District was comprised of a high school (serving 1,669 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, 2010, the citizens of Lancaster have an investment of \$10,699,533 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 270 non-certified employees, 402 certificated personnel, and 26 administrative employees who provide services to 6,134 students.

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

THE REPORTING ENTITY

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

Component units are legally separate organizations for which the School District is financially accountable. Financial accountability exists if the School District appoints a voting majority of the component unit's governing board and (1) the School District is able to significantly influence the programs or services performed or provided; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated in some manner to finance the deficits of, or provide financial support to the organization, or the School District is obligated for the debt of the organization. The Component Unit columns of the financial statements represent the activity of the Lancaster-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, State Support Team Region 11, Fairfield County Family, Adult, and Children First Council, and the Fairfield County Multi-System Youth Committee. Disclosure of the jointly governed organizations is presented in Note 18 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 19 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 reflected a population of 35,335 which was 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 anticipate 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 that will shop at the numerous businesses along this corridor, and attract new businesses to the corridor.

During late 2007 and early 2009, Lancaster has realized the largest retail expansion in over twenty years. Four large retailers constructed new buildings and opened for business at Ety Pointe Center. Those large retailers included Kohl's Department Store, Wal-Mart SuperCenter, Giant Eagle, and Menards Home Improvement Center. Some of the larger restaurant chains that opened included Sonic America's Drive-In, Max and Erma's, Panera Bread, Scrambler Maries, and the Spaghetti Shop. Lancaster has added over one million square feet of retail in the past two years and is continuing to grow that sector of its economy with projects such as Dick's Sporting Goods, Golden Corral, and others currently under construction.

Lancaster is a hub for Medical services in Fairfield and surrounding counties. Fairfield Medical Center (FMC) provides full hospital services to the region with a 222 bed facility and smaller outpatient clinics throughout the City. With the recent \$26 million expansion, the Fairfield Medical Center continues to be a catalyst for economic stimulus for the entire community. FMC has over 400 doctors on staff and employs a total of 2,000 employees and has remained the City's largest employer over the years.

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

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

Anchor Hocking has remained the largest manufacturing employer within the School District over the years. Anchor Hocking was sold in 2007 to Monomoy Capital Partners. Monomoy Capital Partners secured assistance from the Ohio Department of Development to finance a \$32 million capital investment. This expansion project is expected to add 150 new workers. Diamond Power, a metal fabrication factory, and 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 built a new 314,000 square foot facility which opened in 2008.

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 the School District will receive more funds from that source as indicated by the Ohio State Supreme Court decision dated December 2002. HB1, the State budget bill passed July 2009, proposes many changes to school funding but the full effect is not known at this time, especially with the current economic conditions.

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

MAJOR INITIATIVES/ACCOMPLISHMENTS

For the Year: The setting and reaching of either individual or “corporate” goals is a common method of striving for excellence in the Lancaster City School District and occurs in all areas of our school community. 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, 2010. Some of those were as follows:

Human Resources

- Coordinated the hiring of 12 educational aides to serve as instructional assistants in elementary schools with federal ARRA funds.
- Developed a comprehensive on-line compliance training program for staff to eliminate the need for staff meetings to be used for compliance training.
- Coordinated the interfacing of the SubFinder substitute system with the School District’s A-site so that absence information can be reported directly into the payroll system.

Instructional Services Department

- Joined the State Professional Development Group for continued state support, completing stages 1-3.
- Implemented new language arts textbooks for grades K-12 that were adopted in 2009.
- Adopted new social studies textbooks and offered professional development on how to effectively implement the new texts.

Custodial/Maintenance Department

- Old lighting is being replaced with T-5 lighting to save energy. The gymnasium at Lancaster High School has already been completed along with the Cedar Heights gymnasium.
- Due to the ongoing erosion at Fetters Run, the Maintenance Department worked with the Fairfield Soil and Water Conservation District, Natural Resources Conservation Service, and the Ohio Department of Natural Resources to restore and stabilize the Fetters Run Stream corridor in the vicinity of Thomas Ewing Junior High School and Fulton Field.
- Refurbished Lancaster High Schools Senior Court for the beginning of the 2010 school year.

Student Services

- The Special Leadership Team produced a School District transition plan for our students.
- Special education teachers and the Student Services Department drafted the first Teacher Protocol, a manual to unify teacher practices across the District in meeting special education policies and procedures.
- Enhanced collaboration between the Curriculum Department and Student Services Department to align professional development and resources with the District's CCIP in order to meet the needs of all students.

Technology Department

- Successfully piloted Gagggle.Net in all schools moving forward with utilizing 21st century tools, including student e-mail, blogs, wikis and digital lockers.
- Installed thin client computer labs in the junior high schools, adding 30 new computing stations for student use in each junior high.
- Successfully launched a School District Facebook page with over 1500 fans.

Transportation Department

- Surpassed efficiency target from the Ohio Department of Education which positively affects the School District funding we receive per the newly passed state legislation.
- Added GPS capability to a portion of the bus fleet which has proven to be a very useful tool for efficiency and safety.
- Traveled over 400,000 miles and transported over 2,500 students each day with only one minor cited violation/accident.

Treasurer's Department

- Received an unqualified opinion on the Fiscal Year 2009 audit with no citations and/or recommendations noted.
- Received the following awards: Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year 2009 for the 18th consecutive year, and the "Making Your Tax Dollars Count Award" from the Auditor of State. Also received an award for the first annual Popular Annual Financial Report for Fiscal Year 2008 which is a colorful easy to read document to educate the public and staff on District revenues and expenditures.
- Implemented a cash reserve resolution approved by the Board of Education to set a 12 percent cash reserve for operating funds for two years going forward in the five year forecast.
- Revised investment policy, expanded interim depositories, and implemented a safekeeping service agreement for the purchase of agency securities so the District can maximize interest earnings.

Food Service Department

- Was commended for meeting the required levels of nutrients, the variety of fresh fruit and vegetable offerings and for total compliance in all areas of service and procedures by the state department when our 5 year review was conducted.
- Increased participation in breakfast by 5 percent and lunch by 2½ percent.
- Reorganized the Wellness Committee, developing strategies to encourage staff and community involvement in the development of healthy habits.

Business Office/Support Services

- Worked with Transportation to use and set up a website with GovDeals.com, a portal to sell miscellaneous items not needed by the School District. The School District has currently received in excess of \$38,000 for unused items.
- Signed a new agreement with Xerox to receive new copiers equipped with OMR test grading software, imaging software, copy, print, scan and scan to email. The new agreement saves \$4,123 per month.
- Due to higher enrollment at the junior highs and kindergarten at Tarhe, added two modular classroom units at each of the three buildings.

Athletic Department

- Football team had its 9th consecutive winning season, qualified for the State Playoffs for the 9th time in school history, and were OCC Ohio Division Co-Champs.
- Five wrestlers qualified for the District Tournament, the most in recent history and the team won the Tiffin Columbian Wendy's Classic Tournament.
- Merwyn Bowdish, athletic director, was voted Central District Athletic Director of the Year and was inducted into the Ohio Interscholastic Athletic Administrators Association Hall of Fame. Jack Greathouse, high school principal, was named into the Ohio Basketball Coach Hall of Fame.

Lancaster High School

- The current events program received the National first place award in the National Current Events league.
- The cast and crew of the fall performance "Arsenic and Old Lace" have received an invitation to perform the entire play as a Featured Full-Length Show at the Ohio Thespian State Conference, one of the highest honors a high school drama department can obtain.
- The broadcasting program placed first in the "48 hour Film Festival."
- All math courses have a complete pacing guide, quarterly assessment, literacy plan and vocabulary bank.

General Sherman Junior High

- Received an excellent rating on the state report card by the Ohio Department of Education.
- Sherry Jones was named Ohio Council of Teachers of Mathematics Outstanding Teacher.
- Students sold over \$11,000 in chocolate sales to help fund their pool day incentive for answering over 200,000 Study Island questions per grade level.

Thomas Ewing Jr. High School

- The Science Olympiad Team finished in the top 8 places at the Philo Invitational in various areas of study and the top 6 places at the Grandview Heights Regional.
- Power of the Pen students received Best in Round, 3rd, 5th and 7th place winners.
- The Green Team raised recycling awareness in the building. Thomas Ewing is the School District's lowest consumer of new paper and has recycled close to 11,000 pounds of paper this year saving over 226 cubic feet of landfill space.

Cedar Heights Elementary

- Was a finalist for the 2010 Panasonic National School Change Award. Each year 60-100 schools are nominated for this national award.
- Implemented a sensory room to provide sensory integration activities and the equipment necessary to meet the needs of special needs students.
- Successfully implemented a School District adopted reading program.

East Elementary

- Added technology upgrades to every classroom in the building including: classroom projectors, magnetic and interactive whiteboards, classroom performance systems (CPS units), Mobi tablet devices, Mimio systems and iPod hardware/iTunes software to help keep students and staff up to date with the latest teaching tools.
- Successfully implemented an After School Enrichment program, The Whiz Kids Club, teaching students in grades 3-5 Smart Board technology, development of Notebook activities and using iPod technology.
- Awarded an Ohio Historical Marker for being located on the original Zane's Trace road.

Medill Elementary

- Received an “effective” rating from the Ohio Department of Education for the 7th consecutive year.
- Nationally recognized as an Office Core Knowledge School, one of only two schools in the state of Ohio.
- Staff and students attained the highest attendance levels in the School District.

Sanderson Elementary

- Received an “effective” rating by the Ohio Department of Education.
- Students checked 18,297 books out of the library and have taken 6,020 AR quizzes, both numbers are significant increases over last year.
- Student Council was re-established this year and accomplished several service projects: charity fund raisers, a food drive, mitten/glove collection, etc. They also organized monthly School Spirit Days.

South Elementary

- In addition to the partnership with Big Brothers and Big Sisters of Fairfield County that included an adult lunch buddy program, young mentors from Lancaster High School joined in to serve as lunch buddies with students. Mentors give up their lunch hour to meet with students once a week.
- Each classroom now has a Mimeo to allow teachers and students to use their white boards interactively with computer programs and CDs.
- 100% of South parents met with teachers this year for parent-teacher conferences in November.

Tallmadge Elementary

- Completed a long term goal to put a 400 meter walking trail in for students, staff and public use around the Tallmadge grounds.
- Adopted and implemented a new reading/language arts curriculum series, as well as piloted the new social studies curriculum materials.
- Participated as a main site for the Feed Ohio summer lunch program, feeding nearly 50 men, women and children each day from 11:30 – 12:30.

Chief Tarhe Elementary

- A 3rd grade student won overall 9th place out of 1,881 students in Fairfield County for her poster selected as an honorable mention for the “Recycling Poster Billboard Contest.”
- Several students were awarded for their outstanding penmanship by the Zaner-Bloser textbook company.
- Two additional classrooms were added to Tarhe this past summer to help accommodate their growing population.

West Elementary

- On a daily basis fifth graders take on important leadership roles such as: making morning announcements, raising the flag, serving on Safety Patrol before and after school, recycling paper, and cleaning up school property.
- A fourth grader won the Save the Cannon Coloring Contest and a third grader won the Lancaster City Fire Prevention Poster Contest.
- Each nine weeks, homeroom teachers recognize a student in the following five categories: Academic Excellence, Best Effort, Student of the Nine Weeks, Most Improved, and GALES Attitude. These students enjoy a root beer float or chocolate sundae with the principal.

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

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

LONG-TERM FINANCIAL PLANNING

In the November, 2006 general election, the School District electorate approved a 1.5 percent earned income tax initiative. This issue was expected to generate approximately \$8,698,676 annually according to the Ohio Department of Taxation. The School District has received the cash distribution of \$577,362 in fiscal year 2007, \$7,024,330 in fiscal year 2008, \$10,238,850 in fiscal year 2009, and \$9,848,566 in fiscal year 2010. Due to the approval of the 1.5 percent earned income tax levy, the School District chose not to renew the 3.9 mill emergency levy which concluded in August, 2007.

The Board of Education's Standing Finance Committee has reviewed the five year forecast so that the School District's Board of Education's directive to maintain a 12 percent operating cash carryover has been met two years out in the School District's five year forecast. The School District has reinstated some reductions but will most likely never return to the level of staffing prior to the budget cuts.

Historically over the last 10 years, the School District has experienced a decline in enrollment; however, the School District has seen some increase in enrollment over the last several fiscal years. Students continue to enroll at community schools and other schools which impacts the State funding revenue.

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

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

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

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

FINANCIAL INFORMATION

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

Budgetary appropriations may not exceed estimated resources, with a balanced budget maintained in each fund. The budget may be amended or supplemented at any time during the year upon formal action of the Board of Education. Transfers of cash between funds require the Board of Education's authorization. The basis of accounting and various funds the School District utilizes are fully described in Note 2 to the Basic Financial Statements. Additional information on the School District's budgetary accounting can also be found in Notes 2 and 4.

The Treasurer manages the investments of the School District by adhering to the Investment and Depository Policy as authorized by the School District's Investment Policy and in keeping with ORC Section 135.35. The policy details the objectives and allowable rules for the safekeeping of School District funds. More information about investments is available in Note 5 to the Basic Financial Statements.

The School District's capital assets policy is designed to provide accountability and control over the school's capital assets and to assist buildings and departments in gathering and maintaining information needed for the preparation of the financial statements. More information about capital assets is available in Note 2 and 9 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, 2010, 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, 2009. 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 eighteen years out of the last nineteen years. The School District did not submit a CAFR for the fiscal year ended June 30, 1995. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

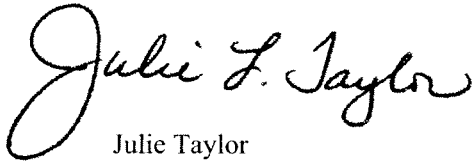
In addition, the District received the Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from GFOA for the year ended June 30, 2009. The PAFR is a condensed, more user-friendly financial report intended to provide highlights of the School District's financial condition. This was the second year the School District produced a PAFR and received the award.

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

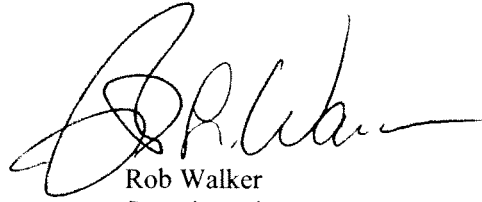
The accomplishment of this report would not have been possible without the assistance, support, and efforts of the staff of the Treasurer's office, Superintendent's office, and various administrators and employees of the School District. A special thank you is extended to State Auditor Mary Taylor's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



Julie Taylor
Treasurer
Lancaster City School District



Rob Walker
Superintendent
Lancaster City School District

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lancaster City School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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.



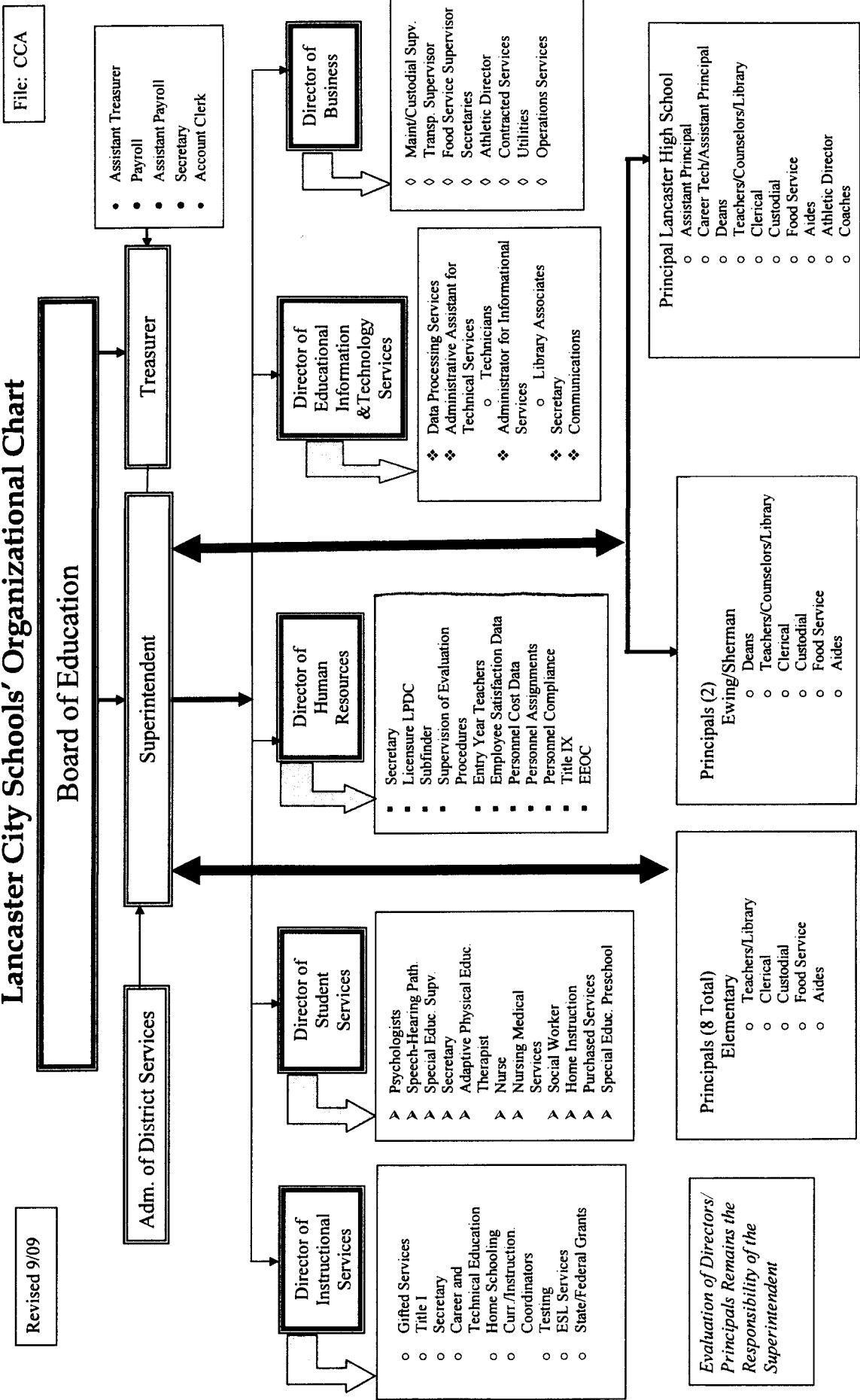
A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "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

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

SPECIAL EDUCATION

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

DIRECTORS, SUPERVISORS
COORDINATORS

- Secretary

FOOD SERVICE
SUPERVISOR

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

MAINTENANCE/CUSTODIAL SUPERVISOR

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

TRANSPORTATION SUPERVISOR

- Bus Driver
- Mechanic
- Wash Rack Attendant
- Secretary

LANCASTER CITY SCHOOL DISTRICT, OHIO

PRINCIPAL OFFICIALS

JUNE 30, 2010

BOARD OF EDUCATION

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

Treasurer

Julie Taylor, Treasurer

Administration

Denise D. Callihan, Ph. D (retired on September 30, 2009). Superintendent
Rob Walker (began October 1, 2009 through present). Superintendent
Rob Walker (until September 30, 2009) Assistant Superintendent
Jerry Rainey. Director of Business
Steven Scott (retired on August 31, 2009). Director of Educational Information and Technology
Kevin Snyder (began September 21, 2009) Director of Educational Information and Technology
Brad Molk (retired January 1, 2010). Director of Instructional Services
Jenny O’Hare (began January 4, 2010) Director of Instructional Services

Financial Section



**Lancaster
Gales**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and the remaining fund information of Lancaster City School District, Fairfield County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate discretely presented component units and the remaining fund information of Lancaster City School District, Fairfield County, Ohio, as of June 30, 2010, 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 November 2, 2010, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 2, 2010

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
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, 2010. 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 2010 are as follows:

- Net assets of governmental activities increased \$7,905,275.
- General revenues accounted for \$53,959,808 in revenue or 82 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$12,031,307 or 18 percent of total revenues of \$65,991,115.
- Total assets of governmental activities increased \$6,701,897 or 10 percent. The primary items that impacted the change was an increase in cash and cash equivalents in the amount of \$3,326,874, an increase in cash and cash equivalents with fiscal agents in the amount of \$1,764,129, an increase in intergovernmental receivables in the amount of \$366,487, and an increase in capital assets in the amount of \$1,962,904. The increases were offset by a decrease in property taxes receivable in the amount of \$693,574.
- Total liabilities of governmental activities decreased from \$29,824,897 to \$28,621,519. The majority of the decrease was in other liabilities due to a decrease in the amount of \$1,119,704 in accounts payable, a decrease in the amount of \$469,797 in contracts payable, and a decrease in the amount of \$207,478 in deferred revenue. The decrease in liabilities was offset by increases in accrued wages and benefits payable in the amount of \$234,333 and increases in intergovernmental payable in the amount of \$287,405. Long-term liabilities such as intergovernmental payables and compensated absences make up 13 percent of the total liabilities.
- The School District had \$58,085,840 in expenses related to governmental activities; only \$12,031,307 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues in the amount of \$53,959,808 were adequate to provide for these activities.
- The School District has two major funds, the general fund and the permanent improvement fund. The general fund had \$55,922,730 in revenues, \$51,812,526 in expenditures, and \$760,323 in other financing sources (uses). The general fund's balance increased \$4,870,527. The permanent improvement fund had \$1,921 in revenues and no expenditures. The permanent improvement fund's balance increased \$1,921.

Using this Annual Financial Report

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

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

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

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" 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.

Lancaster City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

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

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

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2010 compared to 2009.

Table 1 - Net Assets

	Governmental Activities		
	2010	2009	Change
Assets			
Current and Other Assets	\$62,670,513	\$57,931,520	\$4,738,993
Capital Assets	10,699,533	8,736,629	1,962,904
Total Assets	73,370,046	66,668,149	6,701,897
Liabilities			
Long-Term Liabilities	3,613,752	3,469,321	144,431
Other Liabilities	25,007,767	26,355,576	(1,347,809)
Total Liabilities	28,621,519	29,824,897	(1,203,378)
Net Assets			
Invested in Capital Assets, Net of Debt	10,037,560	8,736,629	1,300,931
Restricted	1,545,062	1,636,671	(91,609)
Unrestricted	33,165,905	26,469,952	6,695,953
Total Net Assets	\$44,748,527	\$36,843,252	\$7,905,275

Total assets increased \$6,701,897. The majority of the increase in current and other assets was due mainly to an increase in cash and cash equivalents in the amount of \$3,326,874, an increase in cash and cash equivalents with fiscal agents in the amount of \$1,764,129, an increase in intergovernmental receivables in the amount of \$366,487, and an increase in capital assets in the amount of \$1,962,904. The increases were offset by a decrease in property taxes receivable in the amount of \$693,574. The increase in cash and cash equivalents was due mainly to the increase in grants and entitlements due to the House Bill 1 PATHway to Student Success (PASS) evidence-based funding model implemented during fiscal year 2010 and due to the increase in student enrollment of 2 percent. The increase in cash and cash equivalents with fiscal agents is due to the School District paying more into the self insurance program than was needed for the self insurance program expenses. The decrease in property taxes receivable is due mainly to the decrease in tangible personal property assessed values. The State of Ohio enacted House Bill 66 which phased out the general business and railroad tangible personal property tax each year until it was totally eliminated in 2009. The assessment rates on telephone and telecommunications property will be eliminated by 2011. 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. Capital assets increased by \$1,962,904 due mainly to the School District making land improvements, improvements to buildings, and updating equipment and vehicles. The School District had reduced spending in the area of capital assets prior to the passage of the

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income tax levy. During fiscal year 2009 and 2010, the School District began to increase spending in the area of capital assets to make much needed improvements and necessary replacements. The current year depreciation expenses of \$646,825 offset capital asset additions of \$2,609,994.

Total liabilities decreased by \$1,203,378. The majority of the decrease was in other liabilities. Accounts payable decreased in the amount of \$1,119,704, contracts payable decreased in the amount of \$469,797, and deferred revenue decreased in the amount of \$207,478. The decrease in accounts payable and contracts payable were the result of the School District making necessary improvements, installing new modulars, and updating equipment and textbooks in fiscal year 2009 that did not reoccur in fiscal year 2010. The decrease in deferred revenue was due to the decrease in taxes receivable. The decrease in other liabilities was offset by increases in accrued wages and benefits payable in the amount of \$234,333 and increases in intergovernmental payable in the amount of \$287,405. The increase in accrued salaries and benefits payable and intergovernmental payable was the result of an increase in the number of staff and an increase in salaries for employees. The increase in long-term liabilities in the amount of \$144,431 was mostly due to new capital leases for copier equipment. The outstanding balance for the copier equipment at fiscal year-end was \$661,973. Compensated absences payable decreased from fiscal year 2009 to fiscal year 2010 in the amount of \$515,414. This large decrease in compensated absences is due to the retirement of employees with larger leave balances during fiscal year 2010.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2010, and comparisons to fiscal year 2009.

Table 2 - Changes in Net Assets

	Governmental Activities		
	2010	2009	Change
Revenues			
Program Revenues			
Charges for Services	\$2,399,608	\$2,583,929	(\$184,321)
Operating Grants, Contributions, and Interest	9,608,093	8,704,176	903,917
Capital Grants and Contributions	23,606	28,433	(4,827)
Total Program Revenues	12,031,307	11,316,538	714,769
General Revenue			
Property Taxes	18,019,554	19,160,191	(1,140,637)
Income Taxes	9,779,684	9,623,513	156,171
Grants and Entitlements	25,370,579	23,121,048	2,249,531
Gain on Sale of Capital Assets	21,819	6,300	15,519
Payment in Lieu of Taxes	240,995	0	240,995
Unrestricted Contributions	3,932	1,000	2,932
Investment Earnings	426,821	454,476	(27,655)
Miscellaneous	96,424	55,433	40,991
Total General Revenues	53,959,808	52,421,961	1,537,847
Total Revenues	\$65,991,115	\$63,738,499	\$2,252,616

(Continued)

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Table 2 - Changes in Net Assets (Continued)

	Governmental Activities		
	2010	2009	Change
Program Expenses			
Instruction			
Regular	\$25,015,206	\$25,382,476	(\$367,270)
Special	6,505,593	6,916,927	(411,334)
Vocational	2,045,360	1,876,125	169,235
Student Intervention Services	174,393	195,280	(20,887)
Support Services			
Pupil	3,439,429	2,888,413	551,016
Instructional Staff	3,817,462	3,297,921	519,541
Board of Education	100,093	126,111	(26,018)
Administration	3,507,018	4,297,134	(790,116)
Fiscal	1,162,607	1,798,715	(636,108)
Business	344,051	480,900	(136,849)
Operation and Maintenance of Plant	4,473,972	4,659,595	(185,623)
Pupil Transportation	1,819,850	1,740,238	79,612
Central	1,016,939	81,009	935,930
Operation of Non-Instructional Services:			
Food Service Operations	2,391,647	2,387,214	4,433
Other	1,045,247	1,384,954	(339,707)
Extracurricular Activities	1,184,055	1,081,703	102,352
Interest and Fiscal Charges	42,918	0	42,918
Total Program Expenses	58,085,840	58,594,715	(508,875)
<i>Change in Net Assets</i>	<i>\$7,905,275</i>	<i>\$5,143,784</i>	<i>\$2,761,491</i>

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 27 percent of revenues for governmental activities for the School District in fiscal year 2010. The State still has not fixed the funding system. The Governors Blue Ribbon Task Force created as a result of DeRolf IV is expected to make recommendations.

In November 2006, the voters in the School District passed the 1.5 percent earned income tax levy for a ten year period. The first distribution was received by the School District during fiscal year 2007. During fiscal years 2008-2010, the School District recognized a full year of income tax revenues. Income taxes made up approximately 15 percent of revenues for governmental activities for the School District in fiscal year 2010.

Program revenues increased by 6 percent and general revenues increased by 3 percent from fiscal year 2009 to 2010. General revenues increased by \$1.5 million mainly due to the increase in grants and entitlements in the amount of \$2.3 million which were offset by a decrease in property taxes in the amount of \$1.1 million. The decrease in property taxes was due mainly to the State of Ohio enacting House Bill 66 which phased out the general business and railroad tangible personal property tax each year until it was totally eliminated in 2009. The assessment rates on telephone and telecommunications property will be eliminated by 2011. The increase in grants and entitlements was due mainly to the increase in the tangible personal property tax loss reimbursement, the 2 percent increase in student enrollment, and the implementation of House Bill 1

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PATHway to Student Success (PASS), the evidence-based funding model, which resulted in an increase in foundation revenues. Investment earnings decreased by \$27,655 due to the decrease in interest rates.

Instruction comprises approximately 58 percent of governmental program expenses, support services make up approximately 34 percent of the program expenses, operation of non-instructional services make up approximately 6 percent of program expenses, and the remaining 2 percent of program expenses is related to extracurricular activities of the School District.

As reflected in table two, the School District's expenses decreased by approximately \$1 million. The School District understands the importance of being financially stable in today's economy; therefore, the School District's Board has been monitoring expenses each year and has taken an overall conservative spending approach.

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

Table 3 - Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2009	2009
Program Expenses				
Instruction:				
Regular	\$25,015,206	\$23,797,741	\$25,382,476	\$23,959,910
Special	6,505,593	2,736,861	6,916,927	3,645,858
Vocational	2,045,360	1,097,354	1,876,125	1,204,461
Student Intervention Services	174,393	173,649	195,280	195,280
Support Services:				
Pupil	3,439,429	2,932,315	2,888,413	2,515,332
Instructional Staff	3,817,462	2,941,954	3,297,921	2,176,383
Board of Education	100,093	100,093	126,111	126,111
Administration	3,507,018	3,304,874	4,297,134	4,044,060
Fiscal	1,162,607	1,162,607	1,798,715	1,798,715
Business	344,051	344,051	480,900	480,900
Operation and Maintenance of Plant	4,473,972	4,364,533	4,659,595	4,628,277
Pupil Transportation	1,819,850	1,690,509	1,740,238	1,588,704
Central	1,016,939	826,034	81,009	29,946
Operation of Non-Instructional Services:				
Food Service Operations	2,391,647	(195,008)	2,387,214	7,999
Other	1,045,247	(86,541)	1,384,954	141,252
Extracurricular Activities	1,184,055	820,589	1,081,703	734,989
Interest and Fiscal Charges	42,918	42,918	0	0
Totals	\$58,085,840	\$46,054,533	\$58,594,715	\$47,278,177

The above schedule clearly shows the dependence upon tax revenues and state subsidies for governmental activities. For 2010, only 21 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 79 percent is provided through taxes and entitlements.

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The School District's Major Funds

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

General Fund - The general fund had total revenues of \$55,922,730, expenditures of \$51,812,526, and other financing sources (uses) of \$760,323 which resulted in an increase in fund balance of \$4,870,527. In November 2006, the School District voters approved a 1.5 percent earned income tax levy. During fiscal year 2010, the School District recognized its third 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 2010 was \$13,430,265. After reinstating some of the previously eliminated programs, the School District was still able to increase the general fund balance by \$4,870,527 and ended the fiscal year with a general fund balance of \$18,300,792. Revenues increased in the amount of \$2,551,027 from fiscal year 2009 to 2010. The main increase in revenues was due to the increase in intergovernmental revenues in the amount of \$2,288,887. The main increase in intergovernmental revenues was due to a \$1.2 million increase in foundation revenues and a \$0.9 million increase in tangible personal property tax loss reimbursements and homestead and rollback received from the State. The increase in intergovernmental revenues was due to the State eliminating the poverty based assistance fund and flowing those program monies into the general fund in fiscal year 2010 and due to an increase in student enrollment of 2 percent. The increase in tangible personal property tax loss reimbursements was due to the State phasing out additional tangible personal property tax monies which increased the exemption reimbursement from the State. The School District will continue to be reimbursed from the State for three more years through the tangible personal property tax loss reimbursement program. Property taxes and income taxes remained fairly consistent with a slight decrease in the amount of \$144,182 and a slight increase in the amount of \$289,025, respectively. Even though the general fund realized a significant increase in fund balance during fiscal year 2010 expenditures increased by \$1,884,613. This increase in expenditures for fiscal year 2010 was due mainly to the State flowing the poverty based assistance program expenditures through the general fund beginning in fiscal year 2010 and the reinstatement of previously eliminated programs that were cut during fiscal year 2007 budget reductions. The School District realizes that prudent financial planning for the future is still needed.

Permanent Improvement Fund – The permanent improvement fund had total revenues of \$1,921 and no expenditures. This resulted in an increase in fund balance of \$1,921. The School District is planning to address necessary capital asset improvements or replacements in the near future from this fund. The School District is constantly faced with the reality of aging buildings and the School District set aside money for the future needed improvements that the School District will be facing.

General Fund Budgeting Highlights

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

During the course of fiscal year 2010, 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.

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The general fund had original revenue budget estimates of \$54,727,471. The original budget estimates were increased to a final budget amount of \$55,987,972 for the fiscal year. Actual revenues were \$170,528 under the final budgeted estimates. The main reason for the \$1.3 million increase in the final budget to the original budget was in the area of property taxes, income taxes, and intergovernmental revenues in the amount of \$655,239, \$400,000, and \$370,000, respectively. These areas were increased because more revenue was realized during the year than what was originally anticipated by the School District. Fiscal year 2010 was the third full year of collection for the income tax levy. The School District originally used a conservative budgeting approach for estimating property tax and income tax revenues due to the decline in the economy.

Original appropriations plus prior year encumbrances were \$57,876,629. The appropriations were decreased to the final budget of \$56,857,801. Actual expenditures were under appropriations by \$3,444,181 due to the School District monitoring their spending during 2010.

The School District's ending unobligated fund balance was \$17,949,564 which improved from the beginning balance of \$11,204,236.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the School District had \$10,699,533 invested in land, buildings, furniture and equipment, vehicles, and construction in progress. Table 4 shows fiscal year 2010 compared to 2009.

Table 4 - Capital Assets at June 30, 2010
(Net of Depreciation)

	<u>Government Activities</u>	
	<u>2010</u>	<u>2009</u>
Land	\$523,846	\$523,846
Construction in Progress	50,284	549,876
Land Improvements	1,701,807	1,111,533
Buildings and Improvements	5,261,954	4,595,072
Furniture and Equipment	2,174,959	1,121,252
Vehicles	986,683	835,050
Totals	<u>\$10,699,533</u>	<u>\$8,736,629</u>

Beginning in fiscal year 2008, the School District began to update land and building improvements and replacing outdated equipment and vehicles. Prior to the passage of the income tax levy, the School District faced financial difficulties which limited purchasing to items that were deemed to be necessary. During fiscal years 2008 through 2010, the School District began to replace and update items that were put on hold in prior years. The \$1,962,904 increase in capital assets, net of depreciation, was due to posting current year depreciation in the amount of \$646,825 and capital asset additions of \$2,609,994. See Note 9 for more detailed information of the School District's capital assets.

Debt

During fiscal year 2010, the School District acquired copier equipment through a capital lease with a value of \$757,246. During fiscal year 2010, \$95,273 of the outstanding debt was repaid leaving a remaining balance of \$661,973. There was no outstanding debt as of fiscal year end 2009. See note 15 for more detailed information of the School District's outstanding debt.

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Economic Factors

During fiscal year 2010, the School District was able to increase net assets by \$7,905,275. This was due mainly to the School District receiving its third year of income tax revenues from the passage of the 1.5 percent earned income tax levy. The School District will continue to be conservative in the area of expenses in the future. The School District continues to utilize a Board Finance Committee created during fiscal year 2005. This Committee's job is to monitor the School District's financial stability and to meet once a month and report to the Board of Education any finance related recommendations. In March 2010, The Board passed a resolution to maintain a cash reserve balance of 12 percent of operating expenses which is necessary in the interest of sound fiscal management and affirm that tax levies shall be pursued, and/or the School District' finances otherwise managed to ensure the cash reserve. The Board of Education and administration of the School District must continue to maintain careful financial planning and prudent fiscal management in order to preserve the opportunities our students have come accustomed to.

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

Lancaster City School District, Ohio

Statement of Net Assets

June 30, 2010

	Primary Government	Component Units	
	Governmental Activities	Lancaster-Fairfield Digital Academy	Lancaster-Fairfield Community School
Assets			
Cash and Cash Equivalents	\$31,350,921	\$546,288	\$72,546
Cash and Cash Equivalents with Fiscal Agents	5,558,975	0	0
Cash and Cash Equivalents in Segregated Accounts	654	0	0
Materials and Supplies Inventory	156,581	0	0
Inventory Held for Resale	58,259	0	0
Accounts Receivable	54,993	1,140	1,672
Accrued Interest Receivable	16,617	0	0
Income Taxes Receivable	3,690,266	0	0
Due from Component Unit	43	0	0
External Party Receivable	133	0	0
Intergovernmental Receivable	2,014,448	95,548	55,180
Prepays	28,705	0	655
Property Taxes Receivable	19,583,901	0	0
Payment in Lieu of Taxes Receivable	156,017	0	0
Nondepreciable Capital Assets	574,130	0	0
Depreciable Capital Assets, Net	10,125,403	38,531	1,850
<i>Total Assets</i>	<u>73,370,046</u>	<u>681,507</u>	<u>131,903</u>
Liabilities			
Accounts Payable	269,898	3,463	332
Accrued Salaries and Benefits Payable	4,995,729	0	0
Contracts Payable	2,223	0	0
Matured Capital Leases Payable	10,469	92	0
Matured Interest Payable	4,316	41	0
Matured Compensated Absences Payable	344,492	0	0
Retirement Incentive Payable	3,500	0	0
Due to Primary Government	0	0	43
Claims Payable	715,206	0	0
Intergovernmental Payable	1,972,965	48,237	64,685
Deferred Revenue	16,688,969	0	0
Long-Term Liabilities:			
Due Within One Year	548,199	1,153	0
Due In More Than One Year	3,065,553	4,841	0
<i>Total Liabilities</i>	<u>28,621,519</u>	<u>57,827</u>	<u>65,060</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	10,037,560	32,537	1,850
Restricted for:			
Public School Support	20,732	0	0
District Managed Activities	103,900	0	0
Auxiliary Services	129,432	0	0
Title VI-B Services	460,456	0	0
Title I Services	594,882	0	0
Other Purposes	235,660	0	0
Unrestricted	33,165,905	591,143	64,993
<i>Total Net Assets</i>	<u>\$44,748,527</u>	<u>\$623,680</u>	<u>\$66,843</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$25,015,206	\$794,725	\$407,940	\$14,800
Special	6,505,593	160,980	3,607,752	0
Vocational	2,045,360	56,766	891,240	0
Student Intervention Services	174,393	0	744	0
Support Services:				
Pupil	3,439,429	246	506,868	0
Instructional Staff	3,817,462	0	875,508	0
Board of Education	100,093	0	0	0
Administration	3,507,018	8,744	193,400	0
Fiscal	1,162,607	0	0	0
Business	344,051	0	0	0
Operation and Maintenance of Plant	4,473,972	104,254	5,185	0
Pupil Transportation	1,819,850	14,839	114,502	0
Central	1,016,939	0	190,905	0
Operation of Non-Instructional Services:				
Food Service Operations	2,391,647	773,689	1,812,966	0
Other	1,045,247	130,705	1,001,083	0
Extracurricular Activities	1,184,055	354,660	0	8,806
Interest and Fiscal Charges	42,918	0	0	0
<i>Total Primary Government</i>	<u>\$58,085,840</u>	<u>\$2,399,608</u>	<u>\$9,608,093</u>	<u>\$23,606</u>
Component Units				
Lancaster-Fairfield Digital Academy	\$589,702	\$0	\$495,663	\$0
Lancaster-Fairfield Community School	376,373	0	261,065	0
<i>Total Component Units</i>	<u>\$966,075</u>	<u>\$0</u>	<u>\$756,728</u>	<u>\$0</u>

General Revenues

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

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government	Component Units	
Governmental Activities	Lancaster-Fairfield Digital Academy	Lancaster-Fairfield Community School
(\$23,797,741)	\$0	\$0
(2,736,861)	0	0
(1,097,354)	0	0
(173,649)	0	0
(2,932,315)	0	0
(2,941,954)	0	0
(100,093)	0	0
(3,304,874)	0	0
(1,162,607)	0	0
(344,051)	0	0
(4,364,533)	0	0
(1,690,509)	0	0
(826,034)	0	0
195,008	0	0
86,541	0	0
(820,589)	0	0
(42,918)	0	0
(46,054,533)	0	0
0	(94,039)	0
0	0	(115,308)
0	(94,039)	(115,308)
18,019,554	0	0
9,779,684	0	0
25,370,579	115,415	33,202
21,819	0	0
240,995	0	0
3,932		
426,821	2,100	107
96,424	1,855	5,680
53,959,808	119,370	38,989
7,905,275	25,331	(76,319)
36,843,252	598,349	143,162
\$44,748,527	\$623,680	\$66,843

Lancaster City School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2010*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$19,677,955	\$7,972,597	\$2,434,079	\$30,084,631
Cash and Cash Equivalents in Segregated Accounts	654	0	0	654
Receivables:				
Property Taxes	19,583,901	0	0	19,583,901
Payment in Lieu of Taxes	156,017	0	0	156,017
Income Taxes	3,690,266	0	0	3,690,266
Accounts	19,117	0	11,919	31,036
Due from Component Unit	43	0	0	43
Intergovernmental	136,101	0	1,878,347	2,014,448
Accrued Interest	16,617	0	0	16,617
Interfund	169,003	0	124	169,127
External Party Receivable	133	0	0	133
Prepays	13,289	0	15,416	28,705
Inventory Held for Resale	0	0	58,259	58,259
Materials and Supplies Inventory	139,650	0	16,931	156,581
<i>Total Assets</i>	<u>\$43,602,746</u>	<u>\$7,972,597</u>	<u>\$4,415,075</u>	<u>\$55,990,418</u>
Liabilities				
Accounts Payable	\$195,543	\$0	\$74,355	\$269,898
Contracts Payable	2,223	0	0	2,223
Accrued Salaries and Benefits Payable	4,423,385	0	572,344	4,995,729
Intergovernmental Payable	1,557,004	0	415,961	1,972,965
Matured Compensated Absences Payable	319,176	0	25,316	344,492
Interfund Payable	0	0	169,127	169,127
Retirement Incentive Payable	3,500	0	0	3,500
Matured Capital Leases Payable	10,469	0	0	10,469
Matured Interest Payable	4,316	0	0	4,316
Deferred Revenue	18,786,338	0	812,917	19,599,255
<i>Total Liabilities</i>	<u>25,301,954</u>	<u>0</u>	<u>2,070,020</u>	<u>27,371,974</u>
Fund Balances				
Reserved for Encumbrances	1,520,566	0	298,938	1,819,504
Reserved for Property Taxes	1,644,031	0	0	1,644,031
Unreserved, Designated:				
Designated for Compensated Absences				
Special Revenue Fund	0	0	1,003,879	1,003,879
Unreserved, Undesignated, Reported in:				
General Fund	15,136,195	0	0	15,136,195
Special Revenue Funds	0	0	1,042,238	1,042,238
Capital Projects Fund	0	7,972,597	0	7,972,597
<i>Total Fund Balances</i>	<u>18,300,792</u>	<u>7,972,597</u>	<u>2,345,055</u>	<u>28,618,444</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$43,602,746</u>	<u>\$7,972,597</u>	<u>\$4,415,075</u>	<u>\$55,990,418</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, 2010*

Total Governmental Fund Balances		\$28,618,444
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		10,699,533
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	1,250,901	
Income Taxes	660,865	
Payment in Lieu of Taxes	179,915	
Accrued Interest	5,688	
Grants	<u>812,917</u>	2,910,286
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		6,134,016
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases Payable	(661,973)	
Intergovernmental Payable	(8,348)	
Compensated Absences Payable	<u>(2,943,431)</u>	<u>(3,613,752)</u>
Net Assets of Governmental Activities		<u><u>\$44,748,527</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, 2010

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$18,767,854	\$0	\$0	\$18,767,854
Payment in Lieu of Taxes	166,498	0	0	166,498
Income Taxes	9,858,713	0	0	9,858,713
Intergovernmental	25,545,723	0	9,488,597	35,034,320
Interest	334,388	0	8,476	342,864
Tuition and Fees	958,120	0	34,962	993,082
Charges for Services	0	0	773,689	773,689
Rent	104,254	0	520	104,774
Extracurricular Activities	87,250	989	439,824	528,063
Gifts and Donations	3,932	932	66,413	71,277
Miscellaneous	95,998	0	426	96,424
<i>Total Revenues</i>	<u>55,922,730</u>	<u>1,921</u>	<u>10,812,907</u>	<u>66,737,558</u>
Expenditures				
Current:				
Instruction:				
Regular	25,247,984	0	1,238,517	26,486,501
Special	5,101,516	0	1,581,664	6,683,180
Vocational	2,148,528	0	191,891	2,340,419
Student Intervention Services	0	0	183,208	183,208
Support Services:				
Pupils	2,614,936	0	948,775	3,563,711
Instructional Staff	2,779,926	0	1,179,808	3,959,734
Board of Education	100,093	0	0	100,093
Administration	3,655,416	0	172,215	3,827,631
Fiscal	1,187,136	0	0	1,187,136
Business	366,104	0	0	366,104
Operation and Maintenance of Plant	3,850,902	0	886,164	4,737,066
Pupil Transportation	1,960,745	0	81,292	2,042,037
Central	857,349	0	255,784	1,113,133
Operation of Non-Instructional Services:				
Food Service Operations	205	0	2,460,085	2,460,290
Other Non-Instructional Services	0	0	1,102,192	1,102,192
Extracurricular Activities	932,690	0	248,611	1,181,301
Capital Outlay	870,805	0	26,272	897,077
Debt Service:				
Principal Retirement	95,273	0	0	95,273
Interest and Fiscal Charges	42,918	0	0	42,918
<i>Total Expenditures</i>	<u>51,812,526</u>	<u>0</u>	<u>10,556,478</u>	<u>62,369,004</u>
<i>Excess of Revenues Over Expenditures</i>	<u>4,110,204</u>	<u>1,921</u>	<u>256,429</u>	<u>4,368,554</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	757,246	0	0	757,246
Proceeds from Sale of Capital Assets	22,084	0	0	22,084
Transfers In	0	0	19,007	19,007
Transfers Out	(19,007)	0	0	(19,007)
<i>Total Other Financing Sources (Uses)</i>	<u>760,323</u>	<u>0</u>	<u>19,007</u>	<u>779,330</u>
<i>Net Change in Fund Balances</i>	4,870,527	1,921	275,436	5,147,884
<i>Fund Balances Beginning of Year</i>	<u>13,430,265</u>	<u>7,970,676</u>	<u>2,069,619</u>	<u>23,470,560</u>
<i>Fund Balances End of Year</i>	<u>\$18,300,792</u>	<u>\$7,972,597</u>	<u>\$2,345,055</u>	<u>\$28,618,444</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, 2010*

Net Change in Fund Balances - Total Governmental Funds	\$5,147,884
<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	2,587,320
Capital Contributions	22,674
Depreciation Expense	<u>(646,825)</u>
	1,963,169
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and the loss on disposal of assets:	
Gain on disposal of capital assets	21,819
Proceeds from sale of capital assets	<u>(22,084)</u>
	(265)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Interest	(6,263)
Grants	(152,508)
Delinquent Taxes	(748,300)
Income Taxes	(79,029)
Payment in Lieu of Taxes	<u>98,395</u>
	(887,705)
Inception of capital leases are reported as other financing sources in the governmental funds, but the inception increases long-term liabilities on the statement of activities.	
	(757,246)
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	515,414
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.	
	95,273
Repayment of an intergovernmental payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount is reflected net.	
	2,128
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>1,826,623</u>
<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$7,905,275</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, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$18,195,787	\$18,851,026	\$18,505,650	(\$345,376)
Payment in Lieu of Taxes	170,000	170,000	166,498	(3,502)
Income Taxes	9,275,000	9,675,000	9,848,566	173,566
Intergovernmental	25,199,710	25,569,710	25,674,992	105,282
Interest	315,000	315,000	350,652	35,652
Tuition and Fees	1,130,000	1,145,000	972,767	(172,233)
Rent	100,000	100,000	84,969	(15,031)
Extracurricular Activities	95,000	96,001	87,062	(8,939)
Gifts and Donations	0	5,000	3,932	(1,068)
Miscellaneous	246,974	61,235	122,356	61,121
<i>Total Revenues</i>	<u>54,727,471</u>	<u>55,987,972</u>	<u>55,817,444</u>	<u>(170,528)</u>
Expenditures				
Current:				
Instruction:				
Regular	23,371,967	22,324,215	21,588,023	736,192
Special	5,425,729	5,432,287	5,194,070	238,217
Vocational	2,230,792	2,172,328	2,152,278	20,050
Student Intervention Services	6,000	6,000	0	6,000
Other	3,625,000	3,648,750	3,694,628	(45,878)
Support Services:				
Pupils	2,649,653	2,659,139	2,631,726	27,413
Instructional Staff	3,086,113	3,150,250	2,854,600	295,650
Board of Education	165,577	171,559	107,218	64,341
Administration	3,746,216	3,772,990	3,701,963	71,027
Fiscal	2,239,241	2,008,174	1,190,161	818,013
Business	544,166	540,738	457,555	83,183
Operation and Maintenance of Plant	4,572,474	4,648,613	4,254,535	394,078
Pupil Transportation	2,027,300	2,027,385	2,018,142	9,243
Central	936,560	1,008,355	878,073	130,282
Operation of Non-Instructional Services	2,000	2,000	2,000	0
Extracurricular Activities	777,189	793,262	893,499	(100,237)
Capital Outlay	2,470,652	2,491,756	1,795,149	696,607
<i>Total Expenditures</i>	<u>57,876,629</u>	<u>56,857,801</u>	<u>53,413,620</u>	<u>3,444,181</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,149,158)</u>	<u>(869,829)</u>	<u>2,403,824</u>	<u>3,273,653</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,000	5,000	22,084	17,084
Advances In	711,096	711,096	711,096	0
Advances Out	(250,000)	(250,000)	(169,003)	80,997
Transfers In	0	10,000	0	(10,000)
Transfers Out	(219,007)	(219,007)	(19,007)	200,000
<i>Total Other Financing Sources (Uses)</i>	<u>247,089</u>	<u>257,089</u>	<u>545,170</u>	<u>288,081</u>
<i>Net Change in Fund Balance</i>	<u>(2,902,069)</u>	<u>(612,740)</u>	<u>2,948,994</u>	<u>3,561,734</u>
<i>Fund Balance Beginning of Year</i>	11,204,236	11,204,236	11,204,236	0
<i>Prior Year Encumbrances Appropriated</i>	<u>3,796,334</u>	<u>3,796,334</u>	<u>3,796,334</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$12,098,501</u>	<u>\$14,387,830</u>	<u>\$17,949,564</u>	<u>\$3,561,734</u>

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio

Statement of Fund Net Assets

Internal Service Fund

June 30, 2010

	Employee Benefits Self Insurance
Current Assets	
Cash and Cash Equivalents	\$1,266,290
Cash and Cash Equivalents with Fiscal Agents	5,558,975
Accounts Receivable	23,957
<i>Total Assets</i>	<u>6,849,222</u>
Current Liabilities	
Claims Payable	715,206
<i>Total Liabilities</i>	<u>715,206</u>
Net Assets	
Unrestricted	<u><u>\$6,134,016</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, 2010*

	Employee Benefits Self Insurance
Operating Revenues	
Charges for Services	\$7,225,119
Operating Expenses	
Purchased Services	1,436,625
Claims	4,058,640
<i>Total Operating Expenses</i>	5,495,265
<i>Operating Income</i>	1,729,854
Non-Operating Revenue	
Interest	96,769
<i>Change in Net Assets</i>	1,826,623
<i>Net Assets Beginning of Year</i>	4,307,393
<i>Net Assets End of Year</i>	\$6,134,016

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, 2010

	Employee Benefits Self Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$7,225,119
Cash Payments to Vendors for Services	(1,460,582)
Cash Payments for Claims	(4,134,247)
<i>Net Cash Provided by Operating Activities</i>	1,630,290
Cash Flows from Investing Activities:	
Interest	96,769
<i>Net Increase in Cash and Cash Equivalents</i>	1,727,059
<i>Cash and Cash Equivalents Beginning of Year</i>	5,098,206
<i>Cash and Cash Equivalents End of Year</i>	\$6,825,265
 Reconciliation of Operating Income to	
Net Cash Provided by Operating Activities:	
Operating Income	\$1,729,854
 Adjustments to Reconcile	
Operating Income to Net	
Cash Provided by Operating Activities	
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(23,957)
Decrease in Claims Payable	(75,607)
<i>Net Cash Provided by Operating Activities</i>	\$1,630,290

See accompanying notes to the basic financial statements

Lancaster City School District, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Private Purpose	
	Trust	
	Endowment	Agency
Assets		
Cash and Cash Equivalents	\$43,937	\$106,475
<i>Total Assets</i>	<u>43,937</u>	<u>\$106,475</u>
Liabilities		
External Party Payable	0	\$133
Due to Students	0	106,342
<i>Total Liabilities</i>	<u>0</u>	<u>\$106,475</u>
Net Assets		
Held in Trust for Scholarships	<u>43,937</u>	
<i>Total Net Assets</i>	<u>\$43,937</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, 2010

	Endowment
Additions	
Interest	\$415
Deductions	0
<i>Change in Net Assets</i>	415
<i>Net Assets Beginning of Year</i>	43,522
<i>Net Assets End of Year</i>	\$43,937

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, 2010

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 270 non-certificated employees, 402 certificated personnel, and 26 administrative employees who provide services to 6,134 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
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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. 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, 111 South Broad Street, Lancaster, Ohio 43130.

Lancaster-Fairfield Community School. Lancaster-Fairfield Community School (LFCS) is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The LFCS's mission, under a contractual agreement with the School District, is to utilize a holistic approach to the education of at-risk students, offering students a variety of programs that address the physical, social, emotional, and educational needs of the students. The LFCS feels it is necessary to assist at-risk youth in developing positive behaviors and attitudes and become successful learners. The LFCS serves students within the School District. The LFCS is operated under the direction of a five-member Board of Directors from the public sector appointed by the School District. The School District appoints the board and is able to impose its will on the LFCS. The School District can suspend the LFCS's operations for any of the following reasons: 1) The LFCS's failure to meet student performance requirements stated in its contract with the School District, 2) The LFCS's failure to meet generally accepted standards of fiscal management, 3) The LFCS's violation of any provisions of the contract with the School District or applicable state or federal law, or 4) Other good cause. Separately issued financial statements can be obtained from the Lancaster-Fairfield Community School, 345 East Mulberry Street, Lancaster, Ohio 43130.

The School District participates in five jointly governed organizations and three pools. These organizations are the Metropolitan Educational Council, Coalition of Rural and Appalachian Schools, State Support Team Region 11, Fairfield County Family, Adult, and Children First Council, Fairfield County Multi-System Youth Committee, the Ohio 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 18 and 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 of capital facilities other than those financed by proprietary funds.

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

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

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

C. Measurement Focus

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

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

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

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

D. Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. Revenue from income taxes is recognized in the period in which the income is earned. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). 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, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

E. Cash and Cash Equivalents

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

During 2010, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), nonparticipating certificates of deposit, federal agency securities, and commercial paper.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2010.

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 2010 amounted to \$334,388, which includes \$132,494 assigned from other School District funds.

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

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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

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

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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

K. Accrued Liabilities and Long-term Obligations

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

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

L. Internal Activity

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

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

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

M. Fund Balance Reserves

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 balance reserves have been established for encumbrances and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

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, 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

P. Extraordinary and Special Items

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

Q. Estimates

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

R. Budgetary Data

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

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

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

The termination benefits special revenue fund was not budgeted because the School District did not anticipate any financial activity within this fund and none occurred.

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 3 – Changes in Accounting Principles

For fiscal year 2010, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 51, “Accounting and Financial Reporting for Intangible Assets,” Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”, Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,” and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies.”

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the School District’s financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the School District’s financial statements.

Note 4 - 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).

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

3. Unrecorded cash, segregated accounts, fair market value adjustments, and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
4. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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	\$4,870,527
Net Adjustment for Revenue Accruals	(103,451)
Net Adjustment for Expenditure Accruals	(641,988)
Beginning:	
Prepaid Items	24,147
Ending:	
Segregated Accounts	(654)
Unrecorded Cash	(196)
Fair Value of Investments	(985)
Prepaid Items	(13,289)
Advances In	711,096
Advances Out	(169,003)
Adjustment for Encumbrances	<u>(1,727,210)</u>
Budget Basis	<u><u>\$2,948,994</u></u>

Note 5 - 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

At June 30, 2010, the School District's internal service fund had a balance of \$5,558,975 with fiscal agents. \$4,885,435 was with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool (See Note 19). \$673,540 was with the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool (See Note 19). The balances were held by OME-RESA and SCOIC in pooled accounts which are representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952. Disclosures for SCOIC as a whole may be obtained from the fiscal agent, Liberty Union-Thurston Local School District, 600 Washington Street, Baltimore, Ohio 43105.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, all of the School District's bank balance of \$20,998,206 was covered by the Federal Deposit Insurance Corporation.

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

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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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, 2010, the School District had the following investments:

	Fair Value	Maturity
STAROhio	\$184	Average 56 Days
GE Capital Corp. Commercial Paper	1,498,150	10/20/2010
GE Capital Corp. Commercial Paper	1,497,355	11/16/2010
GE Capital Corp. Commercial Paper	1,496,897	11/30/2010
Federal Farm Credit Bank Notes	1,001,400	12/2/2013
Federal Home Loan Bank Notes	999,690	5/16/2011
Federal Home Loan Bank Notes	1,500,000	11/10/2011
Federal Home Loan Bank Notes	1,001,910	1/26/2012
Federal Home Loan Bank Notes	1,000,000	4/30/2012
Federal Home Loan Bank Notes	999,530	6/15/2012
Total	\$10,995,116	

Interest Rate Risk

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

Credit Risk

STAR Ohio carries a rating of AAAM by Standard and Poor’s. The GE Capital Corporation Commercial Paper is rated A1+/P1 by Moody’s and Standard and Poor’s. The Federal Farm Credit Bank Notes and Federal Home Loan Bank Notes all carried a rating by Moody’s of Aaa. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The GE Capital Corporation Commercial Paper is exposed to custodial credit risk in that it is uninsured, unregistered, and held by the counterparty’s trust department agent but not in the School District’s name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk

Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The School District places no limit on the amount it may invest in any one issuer. The following is the School District’s allocation as of June 30, 2010:

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Investment Issuer	Percentage of Investments
GE Capital Corp. Commercial Paper	40.86
Federal Farm Credit Bank Notes	9.11
Federal Home Loan Bank Notes	50.03

Note 6 - 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 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, 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 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, 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 2010 (other than public utility property) represents the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Fairfield County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2010, and for which there was 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 and are reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

The amount available as an advance at June 30, 2010, was \$1,644,031 to the general fund. The amount available as an advance at June 30, 2009, was \$1,374,248 in the general fund.

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second-Half Collections		2010 First-Half Collections		2010 Effective Tax Rates (per \$1,000 of assessed valuation)
	Amount	Percent	Amount	Percent	
	Agricultural/ Residential	\$633,678,410	69%	\$634,841,800	
Commerical/Industrial and Public Utility Real	256,949,890	28%	245,888,380	27%	25.0409
Public Utility Personal	23,299,690	3%	24,843,910	3%	64.6000
Tangible Personal Property	1,761,970	0%	1,316,970	0%	64.6000
Total	\$915,689,960	100%	\$906,891,060	100%	

Note 7 - 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 8 - Receivables

Receivables at June 30, 2010, 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, 2010 were \$1,250,901.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Miscellaneous Refunds	\$1,467
Ohio Arts Council	1,600
Motor Vehicle Fuel Tax	2,091
Carl Perkins Grant	2,253
Food Service Catering	2,695
Tech Title II-D Grant	5,307
Public School Preschool Grant	13,062
Rent	21,753
Preschool Special Education Grant	22,229
City of Lancaster Income Tax Share	23,898
Counseling Grant	30,984
Medicaid Reimbursement	38,650
PASS Adjustment	49,529
Delinquent Title I-D Grant	63,488
Title II-A Grant	97,740
Auxiliary Funds	103,350
State Lunch Reimbursement Program	217,401
Idea, Part B Grant	561,453
Title I Grant	755,498
Total	<u>\$2,014,448</u>

Payment in Lieu of Taxes

Windsor Equity The School District entered into a ten year Enterprise Zone Agreement (Agreement) in 2004. The purpose of the Agreement was for Windsor Equity to construct a 45,000 square foot state of the art medical office building within the boundaries of the Enterprise Zone. The Agreement was amended in June 2007 and the first payment was received in September 2007 per the Agreement for the first year. Payments after the first year will be based on a percentage of Windsor Equity’s yearly Enterprise Zone tax savings. During fiscal year 2010, a payment for \$10,481 was received for tax year 2009 and \$11,110 for tax year 2010. As of June 30, 2010, a receivable for \$11,110 has been recorded which represents the payment anticipated for fiscal year 2011.

Ety Pointe Centre The School District entered into a ten year Tax Increment Financing Agreement (TIF) in 2006. The purpose of the TIF was for the construction of Ety Pointe Centre, a shopping center, and public infrastructure improvements. The School District began receiving payments in fiscal year 2010. During fiscal year 2010, a payment for \$130,883 was received. As of June 30, 2010, a receivable for \$130,883 has been recorded which represents the payment anticipated for fiscal year 2011.

Fairfield Metropolitan Housing Authority The School District receives payment in lieu of taxes each year from Fairfield Metropolitan Housing Authority (Metro Housing). Due to Ohio Revised Code 3735.35, Metro Housing must remit payment in lieu of taxes to the county treasurer. These payments must be distributed to the taxing subdivisions levying taxes in the subdivisions in which the Metro Housing property is located. During fiscal year 2010, a payment for \$14,024 was received. As of June 30, 2010, a receivable for \$14,024 has been recorded which represents the payment anticipated for fiscal year 2011.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Nondepreciable Capital Assets				
Land	\$523,846	\$0	\$0	\$523,846
Construction in Progress	549,876	808,114	(1,307,706)	50,284
Total Capital Assets not being depreciated	<u>1,073,722</u>	<u>808,114</u>	<u>(1,307,706)</u>	<u>574,130</u>
Depreciable Capital Assets				
Land Improvements	1,675,193	682,577	0	2,357,770
Buildings and Improvements	17,815,050	840,784	0	18,655,834
Furniture and Equipment	5,550,842	1,227,257	(49,555)	6,728,544
Vehicles	2,718,019	358,968	(159,823)	2,917,164
Total at Historical Cost	<u>27,759,104</u>	<u>3,109,586</u>	<u>(209,378)</u>	<u>30,659,312</u>
Less Accumulated Depreciation				
Land Improvements	(563,660)	(92,303)	0	(655,963)
Buildings and Improvements	(13,219,978)	(173,902)	0	(13,393,880)
Furniture and Equipment	(4,429,590)	(173,285)	49,290	(4,553,585)
Vehicles	(1,882,969)	(207,335)	159,823	(1,930,481)
Total Accumulated Depreciation	<u>(20,096,197)</u>	<u>(646,825)</u>	<u>209,113</u>	<u>(20,533,909)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>7,662,907</u>	<u>2,462,761</u>	<u>(265)</u>	<u>10,125,403</u>
Governmental Activities Capital Assets, Net	<u>\$8,736,629</u>	<u>\$3,270,875</u>	<u>(\$1,307,971)</u>	<u>\$10,699,533</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$157,412
Special	30,231
Vocational	29,338
Student Intervention	1,033
Support Services:	
Pupil	13,170
Instructional Staff	30,396
Administration	17,734
Fiscal	3,550
Business	689
Operation and Maintenance	72,175
Pupil Transportation	206,540
Central	4,306
Extracurricular	45,760
Operation of Non-Instructional Services:	
Food Service Operations	33,183
Other	1,308
Total Depreciation Expense	<u>\$646,825</u>

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 10 - 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 2010, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool, for insurance coverage. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP. (See Note 19)

The types and amounts of coverage provided are as follows:

Coverage	Amount	Deductible
Building and Personal Property - replacement cost	\$114,354,882	\$1,000
Boiler and Machinery	100,000,000	1,000
Flood	1,000,000	25,000
Earthquake	1,000,000	5%
Automobile Liability	2,000,000	500
Auto Medical Payments	5,000	0
Uninsured/Underinsured Motorists	1,000,000	500
Educational General Liability Coverage:		
General Aggregate	4,000,000	0
Sexual Abuse Injury	2,000,000	0
Products/Completed Operations Aggregate	2,000,000	0
Personal and Advertising Injury	2,000,000	0
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 2010, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). 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 Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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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 19), 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 \$1,580 for certified and classified employees for family coverage and up to \$629 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 \$500,000 per employee per year for medical claims. The School District also had a stop loss coverage insurance policy through OME-RESA which covered individual claims in excess of \$500,000 per employee per year for medical claims. The School District has no stop loss coverage for the dental claims.

The claims liability of \$715,206 reported in the internal service fund at June 30, 2010, 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	Claims Payments	Balance at End of Year
2009	\$572,039	\$4,796,225	\$4,577,451	\$790,813
2010	790,813	4,058,640	4,134,247	715,206

Note 11 - 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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through American International Group, Inc. (AIG) an amount of \$25,000 to \$75,000 depending upon the employee's position.

C. Deferred Compensation

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

Note 12 - 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 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 2010, 12.78 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, 2010, 2009, and 2008, were \$1,137,853, \$685,612, and \$600,718, respectively; 43 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
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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, 2010, 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 2009, 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.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008, were \$3,202,933, \$3,165,345, and \$2,977,875, respectively; 81 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$147,547 made by the School District and \$105,391 made by the plan members.

Note 13 - 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.

Lancaster City School District, Ohio
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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 2010, .46 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 2010, 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, 2010, 2009, and 2008 were \$7,904, \$446,010, \$431,784 respectively; 100 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$58,149, \$59,983, and \$44,440 respectively; 34 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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 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 2010, STRS Ohio allocated employer contributions equal to 1 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, 2010, 2009, and 2008 were \$257,729, \$243,488, \$231,491 respectively; 81 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Note 14 – Capital Leases – Lessee Disclosure

During fiscal year 2010, the School District entered into several new capital leases for copier equipment. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements.

Lancaster City School District, Ohio
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The copier equipment acquired by lease has been capitalized in the government-wide statements in the amount of \$757,246 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide statements. The capitalized leased assets are reflected net of accumulated depreciation in the amount of \$725,694 for equipment. Principal payments toward all capital leases during 2010 totaled \$95,273.

The agreement provides for minimum annual lease payments as follows:

Year	Principal	Interest	Total
2011	\$136,213	\$48,033	\$184,246
2012	147,520	36,726	184,246
2013	159,765	24,490	184,255
2014	173,023	11,223	184,246
2015	45,452	611	46,063
Total	<u>\$661,973</u>	<u>\$121,083</u>	<u>\$783,056</u>

Note 15 - Long Term Obligations

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

	Principal Outstanding 6/30/2009	Additions	Deductions	Principal Outstanding 6/30/2010	Due in One Year
Governmental Activities					
Capital Leases Payable	\$0	\$757,246	\$95,273	\$661,973	\$136,213
Intergovernmental Payable	10,476	0	2,128	8,348	2,128
Compensated Absences Payable	3,458,845	287,842	803,256	2,943,431	409,858
Total Governmental Activities					
Long-Term Obligations	<u>\$3,469,321</u>	<u>\$1,045,088</u>	<u>\$900,657</u>	<u>\$3,613,752</u>	<u>\$548,199</u>

Capital leases payable will be paid from the general fund.

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

The School District owes special assessments to the City of Lancaster for sidewalk and street improvements in front of the School District office building.

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The following table lists the special assessment payments required as of June 30, 2010.

Year	
2011	\$2,128
2012	2,128
2013	2,128
2012	1,964
Total	\$8,348

The School District's overall legal debt margin was \$81,496,467, with an unvoted debt margin of \$905,516 at June 30, 2010.

Note 16 - Interfund Balances and Activity

Interfund balances at June 30, 2010 consist of the following individual interfund receivables and payables:

	Interfund Receivable	Interfund Payable
Major Fund:		
General	\$169,003	\$0
Other Governmental Funds:		
Community Grants	0	1,600
Auxiliary Services	0	2,985
IDEA, Part B	124	93,774
Title I	0	37,082
Counseling Grant	0	30,391
Vocational Educaion	0	3,295
Total Other Governmental Funds	124	169,127
Total All Funds	\$169,127	\$169,127

The interfund receivables/payables are due to lags between the dates interfund goods and services are provided, transactions recorded in the accounting system, and payments between funds are made. The general fund made advances to other non-major governmental funds, in the amount of \$169,003 to subsidize negative cash balances. The interfund payables are anticipated to be repaid within one year.

Interfund transfers during 2010, consisted of the general fund transferring \$19,007 to the public school support special revenue fund for the purpose of correcting an error in the recording of tuition payments from prior fiscal years.

Note 17 – Related Party Transactions

During fiscal year 2010, the School District received \$86,452 from the Lancaster-Fairfield Digital Academy (LFDA) for rent, fiscal and administrative services, the development of web delivered services, technology relating to those services and curricular design, and for reimbursements of miscellaneous services. As of June 30, 2009, \$20,188 was owed from LFDA to the School District. As of June 30, 2010, nothing was payable to the School District.

Lancaster City School District, Ohio
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During fiscal year 2010, the School District received \$26 from the Lancaster-Fairfield Community School for advertising and postage reimbursement which was shown as a payable at June 30, 2009. As of June 30, 2010, \$43 was payable to the School District for advertising and postage.

Note 18 - 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 2010 were \$128,743 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 2010, the School District's paid \$300 to the Coalition for membership fees and \$60 for seminar fees.

State Support Team Region 11 - The School District participates in the State Support Team Region 11 (SSTR11) a jointly governed organization operated by a Regional Advisory Council that is composed of entities within Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, and Union counties. The purpose of SSTR11 is to provide professional development and technical assistance services to school districts, community schools, career centers, educational service centers, information technology centers, board of developmental disabilities, chartered nonpublic schools, and colleges and universities within the region by supporting State and district initiatives. The SSTR11 is governed by an advisory council, which is the advisory body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops recommendations to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the SSTR11, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a

Lancaster City School District, Ohio
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two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the State Support Team – Region 11, 2080 Citygate Drive, Columbus, Ohio 43219. The School District made no payments to SSTR11 during fiscal year 2010.

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 at 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 2010, the School District made no contributions to the Council. Continued existence of the Council is not dependent on the School District’s continued participation, no equity interest exists, and no debt is outstanding.

Fairfield County Multi-System Youth Committee - The Fairfield County Multi-System Youth Committee is a group of agencies that coordinate the provision of services to multi-need youth in the area. Members of the Committee include representatives of the Fairfield County Youth Services, Fairfield County Board of Developmental Disabilities, Fairfield County Alcohol, Drug Addiction, and Mental Health Board, Fairfield County Children Services, Fairfield Department of Health, New Horizons, the local office of Rehabilitation Services Commission, Fairfield County Drug and Alcohol Recovery Services, and the Lancaster City Schools. The Committee received no additional monies from the School District during fiscal year 2010. 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 19 – 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.

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

SCOIC contracts with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool, for medical, dental, and prescription drug coverage on a self-insured basis. The SCOIC members are considered self insured and pay a monthly premium to OME-RESA that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. An additional fee is paid for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. SCOIC members participate in the shared risk pool through OME-RESA for individual claims from \$50,000 to \$500,000. SCOIC members are then covered under stop loss coverage for claims over \$500,000. OME-RESA contracts with Employee Benefits Management Corporation to service the claims of SCOIC members. In the event that the School District would withdraw from SCOIC, the School District would be required to give a one hundred eighty day notice prior to the end of their three year contract, be responsible for all run-out claims, and would have no rights to share in any surplus funds of SCOIC. In the event SCOIC members would withdraw from OME-RESA, SCOIC members would be required to give a thirty day notice, be responsible for all run-out claims, and have no rights to share in any surplus funds of OME-RESA. To obtain financial information for the SCOIC, write to the fiscal agent, Liberty Union-Thurston Local School District, 600 Washington Street, Baltimore, Ohio 43105.

Note 20 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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, 2010.

The School District has been approved for \$2,607,144 of Federal Stimulus dollars as part of The American Recovery and Reinvestment Act of 2009. These allocations are primarily to fund special education and early childhood programs. The allocations became available during fiscal year 2010 and will be used for programs through fiscal year 2011.

The School District has been approved for \$947,996 of Federal Education Jobs Fund program dollars as part of Public Law No. 111-226, signed by President Obama on August 10, 2010. This program provides assistance to save or create education jobs. The allocation will be available to fund fiscal year 2011.

B. Litigation

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

Note 21 - Set asides

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

The 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.

	Textbooks	Capital Improvements
Set-aside Balance as of June 30, 2009	(\$3,634,499)	\$0
Current Year Set-aside Requirement	1,008,545	1,008,545
Qualifying Disbursements	(3,461,433)	(2,574,819)
Total	(\$6,087,387)	(\$1,566,274)
Set-aside Balance Carried Forward to Future Fiscal Years	(\$6,087,387)	\$0

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

Note 22 – Contractual Commitments

Vendor	Original Contract	Paid to Date	Amount Remaining
Henry Brothers Masonry	\$24,600	\$16,600	\$8,000
Schorr Architects	43,326	33,684	9,642
Total	\$67,926	\$50,284	\$17,642

Lancaster City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 23 – 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 promulgated by the Governmental Accounting Standards Board. Under this method of accounting, revenues and expenses are identified within specific periods of time and are recorded as incurred, along with acquired assets, without regard to the date of receipt or the payment of cash.

B. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, LFDA's and LFCS's deposits may not be returned. LFDA and LFCS do not have a deposit policy for custodial credit risk. At June 30, 2010, the bank balance of LFDA's deposits was \$546,288. All of LFDA's bank balance was covered by federal depository insurance. At June 30, 2010, the bank balance of LFCS's deposits was \$72,546. 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 \$180,267 with accumulated depreciation of \$141,736 and a remaining book value of \$38,531.

The LFCS's capital assets consisted of computer equipment valued at \$3,700 with accumulated depreciation of \$1,850 and a remaining book value of \$1,850.

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$18,195,787	\$18,851,026	\$18,505,650	(\$345,376)
Payment in Lieu of Taxes	170,000	170,000	166,498	(3,502)
Income Taxes	9,275,000	9,675,000	9,848,566	173,566
Intergovernmental	25,199,710	25,569,710	25,674,992	105,282
Interest	315,000	315,000	350,652	35,652
Tuition and Fees	1,130,000	1,145,000	972,767	(172,233)
Rent	100,000	100,000	84,969	(15,031)
Extracurricular Activities	95,000	96,001	87,062	(8,939)
Gifts and Donations	0	5,000	3,932	(1,068)
Miscellaneous	246,974	61,235	122,356	61,121
Total Revenues	54,727,471	55,987,972	55,817,444	(170,528)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	14,635,241	14,566,593	14,385,131	181,462
Fringe Benefits	4,531,922	4,564,220	4,673,375	(109,155)
Purchased Services	227,993	228,125	218,798	9,327
Materials and Supplies	3,937,811	2,924,505	2,271,682	652,823
Capital Outlay - New	2,000	1,275	0	1,275
Capital Outlay - Replacement	15,000	16,655	16,655	0
Other	22,000	22,842	22,382	460
Total Regular	23,371,967	22,324,215	21,588,023	736,192
Special:				
Salaries and Wages	3,524,513	3,524,827	3,312,862	211,965
Fringe Benefits	1,092,000	1,091,812	1,066,982	24,830
Purchased Services	793,073	796,502	795,138	1,364
Materials and Supplies	16,143	19,146	19,088	58
Total Special	5,425,729	5,432,287	5,194,070	238,217
Vocational:				
Salaries and Wages	1,185,189	1,185,189	1,176,556	8,633
Fringe Benefits	409,626	418,670	407,918	10,752
Purchased Services	25,000	25,445	25,443	2
Materials and Supplies	431,192	438,911	438,248	663
Capital Outlay - New	179,785	103,973	103,973	0
Other	0	140	140	0
Total Vocational	2,230,792	2,172,328	2,152,278	20,050
Student Intervention Services:				
Salaries and Wages	5,197	5,197	0	5,197
Fringe Benefits	803	803	0	803
Total Student Intervention Services	6,000	6,000	0	6,000
Other:				
Purchased Services	3,625,000	3,648,750	3,694,628	(45,878)
Total Instruction	\$34,659,488	\$33,583,580	\$32,628,999	\$954,581

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, 2010*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services:				
Pupils:				
Salaries and Wages	\$1,578,545	\$1,551,554	\$1,621,755	(\$70,201)
Fringe Benefits	579,950	592,246	601,013	(8,767)
Purchased Services	205,208	232,049	265,034	(32,985)
Materials and Supplies	285,950	283,290	143,924	139,366
Total Pupils	2,649,653	2,659,139	2,631,726	27,413
Instructional Staff:				
Salaries and Wages	1,355,904	1,348,012	1,228,555	119,457
Fringe Benefits	736,111	758,118	716,651	41,467
Purchased Services	328,650	358,052	228,794	129,258
Materials and Supplies	665,448	684,443	679,050	5,393
Other	0	1,625	1,550	75
Total Instructional Staff	3,086,113	3,150,250	2,854,600	295,650
Board of Education:				
Salaries and Wages	8,000	8,000	5,440	2,560
Fringe Benefits	1,325	1,315	891	424
Purchased Services	117,857	121,207	61,956	59,251
Materials and Supplies	0	201	201	0
Other	38,395	40,836	38,730	2,106
Total Board of Education	165,577	171,559	107,218	64,341
Administration:				
Salaries and Wages	2,696,777	2,700,659	2,679,340	21,319
Fringe Benefits	961,216	971,525	948,228	23,297
Purchased Services	53,273	63,163	48,959	14,204
Materials and Supplies	29,950	32,643	23,738	8,905
Other	5,000	5,000	1,698	3,302
Total Administration	3,746,216	3,772,990	3,701,963	71,027
Fiscal:				
Salaries and Wages	350,677	350,677	345,344	5,333
Fringe Benefits	131,534	142,419	140,326	2,093
Purchased Services	99,695	99,364	81,906	17,458
Materials and Supplies	8,250	9,500	8,568	932
Other	1,649,085	1,406,214	614,017	792,197
Total Fiscal	2,239,241	2,008,174	1,190,161	818,013
Business:				
Salaries and Wages	143,611	143,611	136,353	7,258
Fringe Benefits	44,561	44,421	45,376	(955)
Purchased Services	236,543	225,599	170,873	54,726
Materials and Supplies	112,451	114,728	99,574	15,154
Capital Outlay - New	7,000	12,279	5,279	7,000
Other	0	100	100	0
Total Business	\$544,166	\$540,738	\$457,555	\$83,183

(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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operation and Maintenance of Plant:				
Salaries and Wages	\$2,059,069	\$2,109,315	\$1,993,036	\$116,279
Fringe Benefits	824,069	827,594	820,299	7,295
Purchased Services	993,648	1,045,155	772,261	272,894
Materials and Supplies	655,688	621,162	623,552	(2,390)
Capital Outlay - Replacement	40,000	45,387	45,387	0
Total Operation and Maintenance of Plant	4,572,474	4,648,613	4,254,535	394,078
Pupil Transportation:				
Salaries and Wages	917,643	917,643	927,052	(9,409)
Fringe Benefits	365,661	373,366	392,239	(18,873)
Purchased Services	101,061	102,236	78,202	24,034
Materials and Supplies	328,030	343,528	333,232	10,296
Capital Outlay - New	314,905	290,612	287,417	3,195
Total Pupil Transportation	2,027,300	2,027,385	2,018,142	9,243
Central:				
Salaries and Wages	209,471	280,309	274,013	6,296
Fringe Benefits	85,525	77,999	78,595	(596)
Purchased Services	391,564	385,569	262,486	123,083
Materials and Supplies	120,000	128,224	128,075	149
Capital Outlay - New	130,000	134,904	134,904	0
Other	0	1,350	0	1,350
Total Central	936,560	1,008,355	878,073	130,282
Total Support Services	19,967,300	19,987,203	18,093,973	1,893,230
Operation of Non-Instructional Services:				
Food Service Operations:				
Fringe Benefits	2,000	2,000	2,000	0
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	68,000	69,490	70,947	(1,457)
Fringe Benefits	10,508	12,848	12,434	414
Purchased Services	0	584	309	275
Materials and Supplies	3,000	2,918	2,292	626
Other	2,500	2,790	2,491	299
Total Academic and Subject Oriented Activities	84,008	88,630	88,473	157
Occupation Oriented Activities:				
Salaries and Wages	1,300	2,712	2,488	224
Fringe Benefits	420	589	435	154
Total Occupation Oriented Activities	\$1,720	\$3,301	\$2,923	\$378

(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, 2010*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Sports Oriented Activities:				
Salaries and Wages	\$540,421	\$540,421	\$618,863	(\$78,442)
Fringe Benefits	107,711	108,753	134,470	(25,717)
Purchased Services	900	2,305	2,705	(400)
Materials and Supplies	0	500	491	9
Total Sports Oriented Activities	649,032	651,979	756,529	(104,550)
School and Public Service				
Co-Curricular Activities:				
Salaries and Wages	35,118	41,192	38,523	2,669
Fringe Benefits	7,061	7,910	7,051	859
Purchased Services	250	250	0	250
Total School and Public Service Co-Curricular Activities	42,429	49,352	45,574	3,778
Total Extracurricular Activities	777,189	793,262	893,499	(100,237)
Capital Outlay:				
Architecture and Engineering Services:				
Purchased Services	95,700	95,700	82,911	12,789
Building Improvement Services:				
Purchased Services	1,620,627	1,684,260	1,020,112	664,148
Other Facilities Acquisition and Construction Services:				
Capital Outlay - New	350,000	325,500	325,500	0
Capital Outlay - Replacement	404,325	386,296	366,626	19,670
Total Other Facilities Acquisition and Construction Services	754,325	711,796	692,126	19,670
Total Capital Outlay	2,470,652	2,491,756	1,795,149	696,607
Total Expenditures	57,876,629	56,857,801	53,413,620	3,444,181
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(3,149,158)</i>	<i>(869,829)</i>	<i>2,403,824</i>	<i>3,273,653</i>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,000	5,000	22,084	17,084
Advances In	711,096	711,096	711,096	0
Advances Out	(250,000)	(250,000)	(169,003)	80,997
Operating Transfers In	0	10,000	0	(10,000)
Operating Transfers Out	(219,007)	(219,007)	(19,007)	200,000
Total Other Financing Sources (Uses)	247,089	257,089	545,170	288,081
Net Change in Fund Balance	(2,902,069)	(612,740)	2,948,994	3,561,734
Fund Balance Beginning of Year	11,204,236	11,204,236	11,204,236	0
Prior Year Encumbrances Appropriated	3,796,334	3,796,334	3,796,334	0
Fund Balance at End of Year	\$12,098,501	\$14,387,830	\$17,949,564	\$3,561,734

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 Fund

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 2010, there was only one capital project, permanent improvement, which was considered a major fund.

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Nonmajor Special Revenue Funds
Assets	
Cash and Cash Equivalents	\$2,434,079
Receivables:	
Accounts	11,919
Intergovernmental	1,878,347
Interfund	124
Prepays	15,416
Inventory Held for Resale	58,259
Materials and Supplies Inventory	16,931
<i>Total Assets</i>	\$4,415,075
Liabilities	
Accounts Payable	\$74,355
Accrued Salaries and Benefits Payable	572,344
Intergovernmental Payable	415,961
Matured Compensated Absences Payable	25,316
Interfund Payable	169,127
Deferred Revenue	812,917
<i>Total Liabilities</i>	2,070,020
Fund Balances	
Reserved for Encumbrances	298,938
Unreserved, Designated:	
Designated for Compensated Absences	1,003,879
Unreserved, Undesignated, Reported in:	
Special Revenue Funds	1,042,238
<i>Total Fund Balances</i>	2,345,055
<i>Total Liabilities and Fund Balances</i>	\$4,415,075

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, 2010*

	Nonmajor Special Revenue Funds
Revenues	
Intergovernmental	\$9,488,597
Interest	8,476
Tuition and Fees	34,962
Charges for Services	773,689
Rent	520
Extracurricular Activities	439,824
Gifts and Donations	66,413
Miscellaneous	426
<i>Total Revenues</i>	10,812,907
Expenditures	
Current:	
Instruction:	
Regular	1,238,517
Special	1,581,664
Vocational	191,891
Student Intervention Services	183,208
Support Services:	
Pupils	948,775
Instructional Staff	1,179,808
Administration	172,215
Operation and Maintenance of Plant	886,164
Pupil Transportation	81,292
Central	255,784
Operation of Non-Instructional Services:	
Food Service Operations	2,460,085
Other Non-Instructional Services	1,102,192
Extracurricular Activities	248,611
Capital Outlay	26,272
<i>Total Expenditures</i>	10,556,478
<i>Excess of Revenues Over Expenditures</i>	256,429
Other Financing Sources	
Transfers In	19,007
<i>Net Change in Fund Balances</i>	275,436
<i>Fund Balances Beginning of Year</i>	2,069,619
<i>Fund Balances End of Year</i>	\$2,345,055

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. In fiscal year 2010, this fund had no activity or budget; therefore, there is no budgetary schedule presented.

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.

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.

Poverty Based Assistance Fund - To account for monies appropriated for poverty based assistance as part of the State foundation system. These monies can be used for academic intervention, all-day kindergarten, class-size reduction, Limited English Proficient students, professional development, dropout prevention, and community outreach.

IDEA, Part B Fund – To account for monies to assist in the education of children with disabilities.

Title I Fund – to account for monies that help provide financial assistance to State and Local educational agencies to meet the special needs of educationally deprived children.

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.

(Continued)

Lancaster City School District, Ohio

Nonmajor Special Revenue Funds (Continued)

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

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

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.

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

Educational Stabilization Fund – To account for monies was part of the American Recovery and Reinvestment Act of 2009. This was intended to provide money to school districts to prevent layoffs and cutbacks, with flexibility to use the funds for school modernization and repairs.

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 Preschool Tuition, Public School Preschool, and Preschool Special Education funds for GAAP reporting purposes.

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

	Food Service	Scholarship Memorial	Public School Support	Community Grants	Termination Benefits	District Managed Student Activity
Assets						
Cash and Cash Equivalents	\$479,989	\$30,730	\$99,190	\$20,688	\$1,003,879	\$104,015
Receivables:						
Accounts	493	0	801	10,620	0	5
Intergovernmental	220,096	0	0	1,600	0	0
Interfund	0	0	0	0	0	0
Prepays	65	0	0	0	0	400
Inventory Held for Resale	58,259	0	0	0	0	0
Materials and Supplies Inventory	16,931	0	0	0	0	0
<i>Total Assets</i>	<u>\$775,833</u>	<u>\$30,730</u>	<u>\$99,991</u>	<u>\$32,908</u>	<u>\$1,003,879</u>	<u>\$104,420</u>
Liabilities						
Accounts Payable	\$100	\$0	\$370	\$1,600	\$0	\$382
Accrued Salaries and Benefits Payable	145,186	0	0	7,410	0	0
Intergovernmental Payable	140,778	0	0	1,566	0	138
Matured Compensated Absences Payable	0	0	0	0	0	0
Interfund Payable	0	0	0	1,600	0	0
Deferred Revenue	0	0	0	0	0	0
<i>Total Liabilities</i>	<u>286,064</u>	<u>0</u>	<u>370</u>	<u>12,176</u>	<u>0</u>	<u>520</u>
Fund Balances:						
Reserved for Encumbrances	15,578	1,250	5,754	4,179	0	10,982
Unreserved, Designated:						
Designated for Compensated Absences	0	0	0	0	1,003,879	0
Unreserved:						
Undesignated (Deficits)	474,191	29,480	93,867	16,553	0	92,918
<i>Total Fund Balances</i>	<u>489,769</u>	<u>30,730</u>	<u>99,621</u>	<u>20,732</u>	<u>1,003,879</u>	<u>103,900</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$775,833</u>	<u>\$30,730</u>	<u>\$99,991</u>	<u>\$32,908</u>	<u>\$1,003,879</u>	<u>\$104,420</u>

Auxiliary Services	IDEA, Part B	Title I	Drug Free Grant	Counseling Grant	Reducing Class Size	Title II-D	Educational Stabilization
\$92,080	\$198,984	\$151,880	\$159	\$8,351	\$24,214	\$1,724	\$110,827
0	0	0	0	0	0	0	0
104,637	561,453	818,986	0	30,984	97,740	5,307	0
0	124	0	0	0	0	0	0
14,429	55	467	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$211,146</u>	<u>\$760,616</u>	<u>\$971,333</u>	<u>\$159</u>	<u>\$39,335</u>	<u>\$121,954</u>	<u>\$7,031</u>	<u>\$110,827</u>
\$46	\$7,241	\$0	\$0	\$3,177	\$0	\$0	\$61,152
39,194	127,021	203,933	0	433	35,163	0	0
14,173	72,124	135,436	0	86	10,185	0	30,034
25,316	0	0	0	0	0	0	0
2,985	93,774	37,082	0	30,391	0	0	0
0	329,551	413,167	0	4,626	33,260	4,769	0
<u>81,714</u>	<u>629,711</u>	<u>789,618</u>	<u>0</u>	<u>38,713</u>	<u>78,608</u>	<u>4,769</u>	<u>91,186</u>
5,613	165,710	50,981	0	5,174	12,368	0	1,892
0	0	0	0	0	0	0	0
<u>123,819</u>	<u>(34,805)</u>	<u>130,734</u>	<u>159</u>	<u>(4,552)</u>	<u>30,978</u>	<u>2,262</u>	<u>17,749</u>
<u>129,432</u>	<u>130,905</u>	<u>181,715</u>	<u>159</u>	<u>622</u>	<u>43,346</u>	<u>2,262</u>	<u>19,641</u>
<u>\$211,146</u>	<u>\$760,616</u>	<u>\$971,333</u>	<u>\$159</u>	<u>\$39,335</u>	<u>\$121,954</u>	<u>\$7,031</u>	<u>\$110,827</u>

(Continued)

Lancaster City School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2010

	Vocational Education	Preschool	Total Nonmajor Special Revenue Funds
Assets			
Cash and Cash Equivalents	\$9,833	\$97,536	\$2,434,079
Receivables:			
Accounts	0	0	11,919
Intergovernmental	2,253	35,291	1,878,347
Interfund	0	0	124
Prepays	0	0	15,416
Inventory Held for Resale	0	0	58,259
Materials and Supplies Inventory	0	0	16,931
<i>Total Assets</i>	<u>\$12,086</u>	<u>\$132,827</u>	<u>\$4,415,075</u>
Liabilities			
Accounts Payable	\$234	\$53	\$74,355
Accrued Salaries and Benefits Payable	262	13,742	572,344
Intergovernmental Payable	886	10,555	415,961
Matured Compensated Absences Payable	0	0	25,316
Interfund Payable	3,295	0	169,127
Deferred Revenue	2,253	25,291	812,917
<i>Total Liabilities</i>	<u>6,930</u>	<u>49,641</u>	<u>2,070,020</u>
Fund Balances:			
Reserved for Encumbrances	9,426	10,031	298,938
Unreserved, Designated:			
Designated for Compensated Absences	0	0	1,003,879
Unreserved:			
Undesignated (Deficits)	(4,270)	73,155	1,042,238
<i>Total Fund Balances</i>	<u>5,156</u>	<u>83,186</u>	<u>2,345,055</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$12,086</u>	<u>\$132,827</u>	<u>\$4,415,075</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, 2010

	Food Service	Scholarship Memorial	Public School Support	Community Grants
Revenues				
Intergovernmental	\$1,808,107	\$0	\$0	\$14,650
Interest	4,859	306	0	0
Tuition and Fees	0	0	0	0
Charges for Services	773,689	0	0	0
Rent	0	0	520	0
Extracurricular Activities	0	0	102,714	49,708
Gifts and Donations	0	500	6,602	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>2,586,655</u>	<u>806</u>	<u>109,836</u>	<u>64,358</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	420	3,071
Special	0	0	0	0
Vocational	0	0	0	59,675
Student Intervention Services	0	0	0	0
Support Services:				
Pupils	0	0	0	270
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	2,460,085	0	0	0
Other Non-Instructional Services	0	1,683	101,821	7,415
Extracurricular Activities	0	0	312	200
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>2,460,085</u>	<u>1,683</u>	<u>102,553</u>	<u>70,631</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>126,570</u>	<u>(877)</u>	<u>7,283</u>	<u>(6,273)</u>
Other Financing Sources				
Transfer In	0	0	19,007	0
<i>Net Change in Fund Balance</i>	126,570	(877)	26,290	(6,273)
<i>Fund Balances (Deficits) at Beginning of Year</i>				
	<u>363,199</u>	<u>31,607</u>	<u>73,331</u>	<u>27,005</u>
<i>Fund Balances at End of Year</i>	<u>\$489,769</u>	<u>\$30,730</u>	<u>\$99,621</u>	<u>\$20,732</u>

Termination Benefits	District Managed Student Activity	Auxiliary Services	Educational Management Information Systems	Data Communications	Poverty Based Assistance	IDEA, Part B
\$0	\$0	\$922,938	\$11,470	\$25,150	\$0	\$2,058,169
0	0	1,510	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	287,402	0	0	0	0	0
0	59,311	0	0	0	0	0
0	382	44	0	0	0	0
0	347,095	924,492	11,470	25,150	0	2,058,169
0	0	0	0	0	880,422	0
0	0	0	0	0	0	302,163
0	0	0	0	0	0	0
0	0	0	0	0	45,989	136,907
0	0	0	0	0	138	488,936
0	0	0	0	0	0	506,719
0	0	0	0	0	0	116,274
0	0	0	0	0	0	0
0	0	0	0	0	501	76,942
0	0	0	10,253	25,150	0	0
0	0	0	0	0	0	0
0	74,992	873,989	0	0	0	33,156
0	248,099	0	0	0	0	0
0	0	0	0	0	10,669	15,603
0	323,091	873,989	10,253	25,150	937,719	1,676,700
0	24,004	50,503	1,217	0	(937,719)	381,469
0	0	0	0	0	0	0
0	24,004	50,503	1,217	0	(937,719)	381,469
1,003,879	79,896	78,929	(1,217)	0	937,719	(250,564)
\$1,003,879	\$103,900	\$129,432	\$0	\$0	\$0	\$130,905

(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, 2010

	Title I	Title V	Drug Free Grant	Counseling Grant
Revenues				
Intergovernmental	\$2,292,619	\$636	\$24,449	\$351,168
Interest	0	0	0	0
Tuition and Fees	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
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>2,292,619</u>	<u>636</u>	<u>24,449</u>	<u>351,168</u>
Expenditures				
Current:				
Instruction:				
Regular	96,981	0	0	0
Special	1,190,987	0	0	0
Vocational	0	0	0	0
Student Intervention Services	0	0	0	0
Support Services:				
Pupils	96,387	0	14,500	337,685
Instructional Staff	452,244	0	450	0
Administration	0	0	0	12,441
Operation and Maintenance of Plant	0	636	5,607	0
Pupil Transportation	0	0	0	0
Central	1,514	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
Other Non-Instructional Services	1,896	0	3,733	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>1,840,009</u>	<u>636</u>	<u>24,290</u>	<u>350,126</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>452,610</u>	<u>0</u>	<u>159</u>	<u>1,042</u>
Other Financing Sources				
Transfer In	0	0	0	0
<i>Net Change in Fund Balance</i>	452,610	0	159	1,042
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>(270,895)</u>	<u>0</u>	<u>0</u>	<u>(420)</u>
<i>Fund Balances at End of Year</i>	<u>\$181,715</u>	<u>\$0</u>	<u>\$159</u>	<u>\$622</u>

Reducing Class Size	Title II-D	Educational Stabilization	Vocational Education	Preschool	Total Nonmajor Special Revenue Funds
\$443,821	\$12,245	\$1,239,028	\$158,106	\$126,041	\$9,488,597
0	0	1,801	0	0	8,476
0	0	0	0	34,962	34,962
0	0	0	0	0	773,689
0	0	0	0	0	520
0	0	0	0	0	439,824
0	0	0	0	0	66,413
0	0	0	0	0	426
<u>443,821</u>	<u>12,245</u>	<u>1,240,829</u>	<u>158,106</u>	<u>161,003</u>	<u>10,812,907</u>
159,369	6,500	91,754	0	0	1,238,517
0	0	30,646	0	57,868	1,581,664
0	0	0	132,216	0	191,891
0	0	0	0	312	183,208
0	0	0	0	10,859	948,775
169,215	3,483	0	8,508	39,189	1,179,808
19,991	0	0	7,786	15,723	172,215
0	0	879,921	0	0	886,164
0	0	0	3,760	89	81,292
0	0	218,867	0	0	255,784
0	0	0	0	0	2,460,085
2,088	1,419	0	0	0	1,102,192
0	0	0	0	0	248,611
0	0	0	0	0	26,272
<u>350,663</u>	<u>11,402</u>	<u>1,221,188</u>	<u>152,270</u>	<u>124,040</u>	<u>10,556,478</u>
<u>93,158</u>	<u>843</u>	<u>19,641</u>	<u>5,836</u>	<u>36,963</u>	<u>256,429</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,007</u>
93,158	843	19,641	5,836	36,963	275,436
(49,812)	1,419	0	(680)	46,223	2,069,619
<u>\$43,346</u>	<u>\$2,262</u>	<u>\$19,641</u>	<u>\$5,156</u>	<u>\$83,186</u>	<u>\$2,345,055</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, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,521,060	\$1,492,205	(\$28,855)
Interest	8,000	4,859	(3,141)
Charges for Services	814,375	773,468	(40,907)
Miscellaneous	0	9,506	9,506
<i>Total Revenues</i>	<u>2,343,435</u>	<u>2,280,038</u>	<u>(63,397)</u>
Expenditures			
Current:			
Non-Instructional Services:			
Food Service Operations:			
Salaries and Wages	826,823	813,704	13,119
Fringe Benefits	328,812	320,085	8,727
Purchased Services	15,800	9,972	5,828
Materials and Supplies	1,340,500	1,171,648	168,852
Capital Outlay - New	138,425	45,420	93,005
Capital Outlay - Replacement	10,000	0	10,000
Other	18,780	15,678	3,102
<i>Total Expenditures</i>	<u>2,679,140</u>	<u>2,376,507</u>	<u>302,633</u>
<i>Net Change in Fund Balance</i>	(335,705)	(96,469)	239,236
<i>Fund Balance Beginning of Year</i>	558,330	558,330	0
<i>Prior Year Encumbrances Appropriated</i>	2,450	2,450	0
<i>Fund Balance at End of Year</i>	<u>\$225,075</u>	<u>\$464,311</u>	<u>\$239,236</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, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$500	\$323	(\$177)
Gifts and Donations	1,500	500	(1,000)
<i>Total Revenues</i>	<u>2,000</u>	<u>823</u>	<u>(1,177)</u>
Expenditures			
Current:			
Support Services:			
Instructional Staff:			
Capital Outlay - New	5,000	0	5,000
Non-Instructional Services:			
Community Services:			
Other	4,040	3,173	867
<i>Total Expenditures</i>	<u>9,040</u>	<u>3,173</u>	<u>5,867</u>
<i>Net Change in Fund Balance</i>	(7,040)	(2,350)	4,690
<i>Fund Balance Beginning of Year</i>	30,230	30,230	0
<i>Prior Year Encumbrances Appropriated</i>	1,600	1,600	0
<i>Fund Balance at End of Year</i>	<u>\$24,790</u>	<u>\$29,480</u>	<u>\$4,690</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Public School Support Fund
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Rent	\$0	\$520	\$520
Extracurricular Activities	101,218	104,582	3,364
Gifts and Donations	9,775	6,602	(3,173)
<i>Total Revenues</i>	<u>110,993</u>	<u>111,704</u>	<u>711</u>
Expenditures			
Current:			
Non-Instructional Services:			
Other:			
Salaries and Wages	2,251	2,251	0
Fringe Benefits	348	344	4
Other	138,011	106,142	31,869
Total Non-Instructional Services:	<u>140,610</u>	<u>108,737</u>	<u>31,873</u>
Extracurricular Activities:			
School and Public Service Co-Curricular Activities:			
Salaries and Wages	270	270	0
Fringe Benefits	42	42	0
Total Extracurricular Activities	<u>312</u>	<u>312</u>	<u>0</u>
<i>Total Expenditures</i>	<u>140,922</u>	<u>109,049</u>	<u>31,873</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(29,929)	2,655	32,584
Other Financing Sources			
Operating Transfers In	19,007	19,007	0
<i>Net Change in Fund Balance</i>	(10,922)	21,662	32,584
<i>Fund Balance Beginning of Year</i>	65,110	65,110	0
<i>Prior Year Encumbrances Appropriated</i>	6,664	6,664	0
<i>Fund Balance at End of Year</i>	<u>\$60,852</u>	<u>\$93,436</u>	<u>\$32,584</u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Community Grants Fund
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$14,650	\$13,050	(\$1,600)
Extracurricular Activities	46,491	49,692	3,201
<i>Total Revenues</i>	<u>61,141</u>	<u>62,742</u>	<u>1,601</u>
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	1,600	1,600	0
Materials and Supplies	5,692	5,650	42
Total Regular	<u>7,292</u>	<u>7,250</u>	<u>42</u>
Vocational:			
Salaries and Wages	39,082	33,236	5,846
Fringe Benefits	17,073	17,073	0
Purchased Services	1,500	363	1,137
Materials and Supplies	116	27	89
Total Vocational	<u>57,771</u>	<u>50,699</u>	<u>7,072</u>
Total Instruction	65,063	57,949	7,114
Support Services:			
Pupils:			
Materials and Supplies	3,852	270	3,582
Operation of Non-Instructional Services:			
Other:			
Other	7,415	7,415	0
Extracurricular Activities:			
Sport Oriented Activities:			
Purchased Services	200	200	0
<i>Total Expenditures</i>	<u>76,530</u>	<u>65,834</u>	<u>10,696</u>
<i>Excess of Revenues Under Expenditures</i>	(15,389)	(3,092)	12,297
Other Financing Sources			
Advances In	1,600	1,600	0
<i>Net Change in Fund Balance</i>	(13,789)	(1,492)	12,297
<i>Fund Balance Beginning of Year</i>	16,401	16,401	0
<i>Fund Balance at End of Year</i>	<u>\$2,612</u>	<u>\$14,909</u>	<u>\$12,297</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, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Extracurricular Activities	\$307,896	\$287,946	(\$19,950)
Gifts and Donations	34,564	59,311	24,747
Miscellaneous	298	382	84
<i>Total Revenues</i>	<u>342,758</u>	<u>347,639</u>	<u>4,881</u>
Expenditures			
Current:			
Support Services:			
Central:			
Other	1,500	0	1,500
Non-Instructional Services:			
Other:			
Salaries and Wages	300	300	0
Fringe Benefits	46	46	0
Other	149,768	74,631	75,137
Total Non-Instructional Services	<u>150,114</u>	<u>74,977</u>	<u>75,137</u>
Extracurricular Activities:			
Sport Oriented Activities:			
Salaries and Wages	25,857	24,775	1,082
Fringe Benefits	3,916	3,807	109
Purchased Services	95,056	86,993	8,063
Materials and Supplies	110,420	109,671	749
Capital Outlay - New	8,500	8,500	0
Other	33,329	31,985	1,344
Total Extracurricular Activities	<u>277,078</u>	<u>265,731</u>	<u>11,347</u>
<i>Total Expenditures</i>	<u>428,692</u>	<u>340,708</u>	<u>87,984</u>
<i>Net Change in Fund Balance</i>	(85,934)	6,931	92,865
<i>Fund Balance Beginning of Year</i>	65,723	65,723	0
<i>Prior Year Encumbrances Appropriated</i>	20,236	20,236	0
<i>Fund Balance at End of Year</i>	<u>\$25</u>	<u>\$92,890</u>	<u>\$92,865</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, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$819,587	\$819,587	\$0
Interest	1,478	1,649	171
Miscellaneous	44	44	0
<i>Total Revenues</i>	<u>821,109</u>	<u>821,280</u>	<u>171</u>
Expenditures			
Current:			
Non-Instructional Services:			
Community Services:			
Salaries and Wages	287,481	264,350	23,131
Fringe Benefits	103,949	97,471	6,478
Purchased Services	282,083	278,231	3,852
Materials and Supplies	264,314	214,847	49,467
Capital Outlay - New	107,910	107,573	337
Other	38,844	38,844	0
<i>Total Expenditures</i>	<u>1,084,581</u>	<u>1,001,316</u>	<u>83,265</u>
<i>Excess of Revenues Under Expenditures</i>	(263,472)	(180,036)	83,436
Other Financing Sources			
Advances In	0	2,985	2,985
<i>Net Change in Fund Balance</i>	(263,472)	(177,051)	86,421
<i>Fund Balance Beginning of Year</i>	54,100	54,100	0
<i>Prior Year Encumbrances Appropriated</i>	209,372	209,372	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$86,421</u>	<u>\$86,421</u>

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, 2010*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$11,470	\$11,470	\$0
Expenditures			
Current:			
Support Services:			
Central:			
Salaries and Wages	11,470	11,470	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Data Communications Fund
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$25,150	\$25,150	\$0
Expenditures			
Current:			
Support Services:			
Central:			
Purchased Services	25,150	25,150	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Poverty Based Assistance Fund
For the Fiscal Year Ended June 30, 2010

	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	887,154	887,154	0
Fringe Benefits	265,091	265,091	0
Materials and Supplies	1,134	1,134	0
Total Regular	1,153,379	1,153,379	0
Student Intervention Services:			
Salaries and Wages	56,424	56,424	0
Fringe Benefits	9,221	9,221	0
Total Student Intervention Services	65,645	65,645	0
Total Instruction	1,219,024	1,219,024	0
Support Services:			
Pupils:			
Salaries and Wages	558	558	0
Fringe Benefits	86	86	0
Total Pupils	644	644	0
Pupil Transportation:			
Salaries and Wages	2,080	2,080	0
Fringe Benefits	310	310	0
Total Pupil Transportation	2,390	2,390	0
Total Support Services	3,034	3,034	0
Capital Outlay:			
Facilities Acquisition and Construction Services:			
Site Acquisition Services:			
Materials and Supplies	120,499	120,499	0
<i>Total Expenditures</i>	1,342,557	1,342,557	0
<i>Net Change in Fund Balance</i>	(1,342,557)	(1,342,557)	0
<i>Fund Balance Beginning of Year</i>	904,600	904,600	0
<i>Prior Year Encumbrances Appropriated</i>	437,957	437,957	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, Part B Fund
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,560,467	\$1,923,197	(\$637,270)
Expenditures			
Current:			
Instruction:			
Special:			
Salaries and Wages	272,877	171,251	101,626
Fringe Benefits	85,738	47,577	38,161
Materials and Supplies	153,912	152,643	1,269
Total Special	512,527	371,471	141,056
Student Intervention Services:			
Salaries and Wages	142,248	74,715	67,533
Fringe Benefits	85,085	30,889	54,196
Total Student Intervention Services	227,333	105,604	121,729
Total Instruction	739,860	477,075	262,785
Support Services:			
Pupils:			
Salaries and Wages	23,634	19,524	4,110
Fringe Benefits	3,662	3,025	637
Purchased Services	663,743	516,920	146,823
Materials and Supplies	12,500	12,500	0
Total Pupils	703,539	551,969	151,570
Instructional Staff:			
Salaries and Wages	463,247	357,096	106,151
Fringe Benefits	286,700	200,254	86,446
Purchased Services	17,300	17,300	0
Materials and Supplies	4,599	4,599	0
Total Instructional Staff	771,846	579,249	192,597
Administration:			
Salaries and Wages	33,749	29,189	4,560
Fringe Benefits	14,735	9,458	5,277
Purchased Services	94,000	77,696	16,304
Materials and Supplies	2,000	2,000	0
Total Administration	144,484	118,343	26,141
Pupil Transportation:			
Purchased Services	14,000	14,000	0
Capital Outlay - New	70,000	69,776	224
Total Pupil Transportation	84,000	83,776	224
Total Support Services	\$1,703,869	\$1,333,337	\$370,532

(Continued)

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
IDEA, Part B Fund (Continued)
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Non-Instructional Services:			
Community Services:			
Salaries and Wages	\$23,284	\$23,284	\$0
Fringe Benefits	10,023	10,023	0
Purchased Services	30,036	50	29,986
Total Non-Instructional Services	<u>63,343</u>	<u>33,357</u>	<u>29,986</u>
Capital Outlay:			
Facilities Acquisition and Construction Services:			
Capital Outlay - New	70,000	70,000	0
<i>Total Expenditures</i>	<u>2,577,072</u>	<u>1,913,769</u>	<u>663,303</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(16,605)</u>	<u>9,428</u>	<u>26,033</u>
Other Financing Sources (Uses)			
Advances In	93,774	93,774	0
Advances Out	<u>(164,049)</u>	<u>(164,049)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(70,275)</u>	<u>(70,275)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(86,880)</u>	<u>(60,847)</u>	<u>26,033</u>
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	86,880	86,880	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$26,033</u>	<u>\$26,033</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, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$2,855,736	\$2,038,395	(\$817,341)
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	181,517	121,490	60,027
Special:			
Salaries and Wages	1,047,617	883,264	164,353
Fringe Benefits	338,905	247,525	91,380
Purchased Services	1,125	1,125	0
Materials and Supplies	79,065	76,500	2,565
Capital Outlay - New	5,400	0	5,400
Total Special	1,472,112	1,208,414	263,698
Total Instruction	1,653,629	1,329,904	323,725
Support Services:			
Pupils:			
Salaries and Wages	39,215	33,182	6,033
Fringe Benefits	13,639	11,667	1,972
Purchased Services	54,723	41,480	13,243
Materials and Supplies	945	937	8
Total Pupils	108,522	87,266	21,256
Instructional Staff:			
Salaries and Wages	334,449	169,876	164,573
Fringe Benefits	294,009	76,064	217,945
Purchased Services	297,361	188,895	108,466
Materials and Supplies	22,915	13,036	9,879
Total Instructional Staff	948,734	447,871	500,863
Central:			
Salaries and Wages	10,000	1,312	8,688
Fringe Benefits	4,627	202	4,425
Total Central	14,627	1,514	13,113
Total Support Services	1,071,883	536,651	535,232
Non-Instructional Services:			
Community Services:			
Salaries and Wages	8,582	8,228	354
Fringe Benefits	2,397	2,314	83
Purchased Services	1,473	0	1,473
Materials and Supplies	620	0	620
Total Non-Instructional Services	13,072	10,542	2,530
<i>Total Expenditures</i>	2,738,584	1,877,097	861,487
<i>Excess of Revenues Over Expenditures</i>	\$117,152	\$161,298	\$44,146

(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, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)			
Advances In	\$37,082	\$37,082	\$0
Advances Out	(313,978)	(313,978)	0
<i>Total Other Financing Sources (Uses)</i>	(276,896)	(276,896)	0
<i>Net Change in Fund Balance</i>	(159,744)	(115,598)	44,146
<i>Fund Balance Beginning of Year</i>	2,638	2,638	0
<i>Prior Year Encumbrances Appropriated</i>	159,745	159,745	0
<i>Fund Balance at End of Year</i>	\$2,639	\$46,785	\$44,146

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, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$9,862	\$9,862	\$0
Expenditures			
Current:			
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	637	637	0
<i>Excess of Revenues Over Expenditures</i>	9,225	9,225	0
Other Financing Uses			
Advances Out	(9,225)	(9,225)	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Drug Free Grant Fund
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$54,589	\$54,588	(\$1)
Expenditures			
Current:			
Support Services:			
Pupils:			
Purchased Services	14,500	14,500	0
Instructional Staff:			
Purchased Services	500	450	50
Operation and Maintenance of Plant:			
Purchased Services	5,607	5,607	0
Total Support Services	20,607	20,557	50
Non-Instructional Services:			
Community Services:			
Purchased Services	2,283	2,277	6
Materials and Supplies	1,560	1,456	104
Total Non-Instructional Services	3,843	3,733	110
<i>Total Expenditures</i>	24,450	24,290	160
<i>Excess of Revenues Over Expenditures</i>	30,139	30,298	159
Other Financing Uses			
Advances Out	(31,835)	(31,835)	0
<i>Net Change in Fund Balance</i>	(1,696)	(1,537)	159
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	1,696	1,696	0
<i>Fund Balance at End of Year</i>	\$0	\$159	\$159

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Counseling Grant Fund
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$346,040	\$339,356	(\$6,684)
Expenditures			
Current:			
Support Services:			
Pupils:			
Purchased Services	336,092	335,693	399
Materials and Supplies	7,478	7,462	16
Total Pupils	343,570	343,155	415
Administration:			
Salaries and Wages	13,842	11,922	1,920
<i>Total Expenditures</i>	357,412	355,077	2,335
<i>Excess of Revenues Under Expenditures</i>	(11,372)	(15,721)	(4,349)
Other Financing Sources (Uses)			
Advances In	25,918	30,267	4,349
Advances Out	(28,161)	(28,161)	0
<i>Total Other Financing Sources (Uses)</i>	(2,243)	2,106	4,349
<i>Net Change in Fund Balance</i>	(13,615)	(13,615)	0
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	13,615	13,615	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)
Reducing Class Size Fund
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$554,856	\$457,115	(\$97,741)
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	146,789	128,617	18,172
Fringe Benefits	51,008	46,208	4,800
Total Instruction	197,797	174,825	22,972
Support Services:			
Instructional Staff:			
Salaries and Wages	179,132	119,800	59,332
Fringe Benefits	30,664	21,266	9,398
Purchased Services	27,041	9,379	17,662
Materials and Supplies	12,169	11,953	216
Total Instructional Staff	249,006	162,398	86,608
Administration:			
Salaries and Wages	17,417	17,417	0
Fringe Benefits	2,757	2,750	7
Total Administration	20,174	20,167	7
Total Support Services	269,180	182,565	86,615
Non-Instructional Services:			
Community Services:			
Purchased Services	10,105	10,105	0
<i>Total Expenditures</i>	477,082	367,495	109,587
<i>Excess of Revenues Over Expenditures</i>	77,774	89,620	11,846
Other Financing Uses			
Advances Out	(77,774)	(77,774)	0
<i>Net Change in Fund Balance</i>	0	11,846	11,846
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$11,846	\$11,846

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Title II-D Fund
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$27,316	\$22,008	(\$5,308)
Expenditures			
Current:			
Instruction:			
Regular:			
Purchased Services	6,616	6,500	116
Materials and Supplies	435	0	435
Total Instruction	7,051	6,500	551
Support Services:			
Instructional Staff:			
Salaries and Wages	5,095	3,007	2,088
Fringe Benefits	938	476	462
Purchased Services	3,884	0	3,884
Total Support Services	9,917	3,483	6,434
Non-Instructional Services:			
Community Services:			
Materials and Supplies	47	0	47
<i>Total Expenditures</i>	17,015	9,983	7,032
<i>Excess of Revenues Over Expenditures</i>	10,301	12,025	1,724
Other Financing Uses			
Advances Out	(10,301)	(10,301)	0
<i>Net Change in Fund Balance</i>	0	1,724	1,724
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$1,724	\$1,724

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Educational Stabilization Fund
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$1,240,729	\$1,239,028	(\$1,701)
Interest	0	1,801	1,801
<i>Total Revenues</i>	<u>1,240,729</u>	<u>1,240,829</u>	<u>100</u>
Expenditures			
Current:			
Instruction:			
Other:			
Purchased Services	108,423	91,754	16,669
Support Services:			
Operation and Maintenance of Plant:			
Purchased Services	913,590	878,193	35,397
Central:			
Purchased Services	216,313	216,313	0
Other	2,403	2,403	0
Total Central	<u>218,716</u>	<u>218,716</u>	<u>0</u>
Total Support Services	<u>1,132,306</u>	<u>1,096,909</u>	<u>35,397</u>
<i>Total Expenditures</i>	<u>1,240,729</u>	<u>1,188,663</u>	<u>52,066</u>
<i>Net Change in Fund Balance</i>	0	52,166	52,166
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$52,166</u>	<u>\$52,166</u>

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Vocational Education Career Development Fund
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$3,600	\$1,980	(\$1,620)
Expenditures			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	3,119	1,560	1,559
Fringe Benefits	481	240	241
<i>Total Expenditures</i>	<u>3,600</u>	<u>1,800</u>	<u>1,800</u>
<i>Net Change in Fund Balance</i>	0	180	180
<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>\$180</u></u>	<u><u>\$180</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, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$175,798	\$165,052	(\$10,746)
Expenditures			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	4,798	160	4,638
Fringe Benefits	768	26	742
Purchased Services	10,000	9,725	275
Materials and Supplies	92,619	92,417	202
Capital Outlay - New	36,895	36,895	0
Total Instruction	145,080	139,223	5,857
Support Services:			
Instructional Staff:			
Salaries and Wages	2,069	1,748	321
Fringe Benefits	331	297	34
Purchased Services	6,605	6,605	0
Total Instructional Staff	9,005	8,650	355
Administration:			
Purchased Services	7,786	7,786	0
Pupil Transportation:			
Purchased Services	5,000	3,760	1,240
Total Support Services	21,791	20,196	1,595
<i>Total Expenditures</i>	166,871	159,419	7,452
<i>Excess of Revenues Over Expenditures</i>	8,927	5,633	(3,294)
Other Financing Sources (Uses)			
Advances In	0	3,295	3,295
Advances Out	(47,796)	(47,797)	(1)
<i>Total Other Financing Sources (Uses)</i>	(47,796)	(44,502)	3,294
<i>Net Change in Fund Balance</i>	(38,869)	(38,869)	0
<i>Fund Balance Beginning of Year</i>	352	352	0
<i>Prior Year Encumbrances Appropriated</i>	38,517	38,517	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)*
Preschool Tuition Fund
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Tuition and Fees	\$35,000	\$34,962	(\$38)
Expenditures			
Current:			
Instruction:			
Special:			
Purchased Services	6,155	1,481	4,674
Materials and Supplies	11,650	11,560	90
Capital Outlay - New	6,000	1,800	4,200
Total Instruction	23,805	14,841	8,964
Support Services:			
Administration:			
Salaries and Wages	34,150	1,924	32,226
Fringe Benefits	297	297	0
Total Support Services	34,447	2,221	32,226
<i>Total Expenditures</i>	58,252	17,062	41,190
<i>Net Change in Fund Balance</i>	(23,252)	17,900	41,152
<i>Fund Balance Beginning of Year</i>	60,577	60,577	0
<i>Fund Balance at End of Year</i>	\$37,325	\$78,477	\$41,152

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, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$138,400	\$115,872	(\$22,528)
Expenditures			
Current:			
Instruction:			
Regular:			
Salaries and Wages	9,536	9,536	0
Fringe Benefits	2,438	2,438	0
Materials and Supplies	3,536	3,536	0
Total Regular	15,510	15,510	0
Special:			
Salaries and Wages	35,603	28,242	7,361
Fringe Benefits	17,549	10,008	7,541
Materials and Supplies	2,093	2,093	0
Total Special	55,245	40,343	14,902
Total Instruction	70,755	55,853	14,902
Support Services:			
Instructional Staff:			
Salaries and Wages	23,094	19,081	4,013
Fringe Benefits	17,365	14,760	2,605
Purchased Services	2,500	2,500	0
Total Instructional Staff	42,959	36,341	6,618
Administration:			
Salaries and Wages	13,336	11,667	1,669
Fringe Benefits	6,402	4,291	2,111
Total Administration	19,738	15,958	3,780
Total Support Services	62,697	52,299	10,398
<i>Total Expenditures</i>	133,452	108,152	25,300
<i>Excess of Revenues Over Expenditures</i>	4,948	7,720	2,772
Other Financing Uses			
Advances Out	(8,657)	(8,657)	0
<i>Net Change in Fund Balance</i>	(3,709)	(937)	2,772
<i>Fund Balance Beginning of Year</i>	1,372	1,372	0
<i>Prior Year Encumbrances Appropriated</i>	2,337	2,337	0
<i>Fund Balance at End of Year</i>	\$0	\$2,772	\$2,772

Lancaster City School District, Ohio
*Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Preschool Special Education Fund
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$85,125	\$38,078	(\$47,047)
Expenditures			
Current:			
Instruction:			
Special:			
Materials and Supplies	3,624	3,624	0
Student Intervention Services:			
Salaries and Wages	28,886	270	28,616
Fringe Benefits	15,000	42	14,958
Total Student Intervention Services	43,886	312	43,574
Total Instruction	47,510	3,936	43,574
Support Services:			
Pupils:			
Purchased Services	13,445	13,445	0
Instructional Staff:			
Salaries and Wages	73	73	0
Purchased Services	3,377	3,377	0
Total Instructional Staff	3,450	3,450	0
Pupil Transportation:			
Materials and Supplies	5,750	89	5,661
Total Support Services	22,645	16,984	5,661
<i>Total Expenditures</i>	70,155	20,920	49,235
<i>Excess of Revenues Over Expenditures</i>	14,970	17,158	2,188
Other Financing Uses			
Advances Out	(19,319)	(19,319)	0
<i>Net Change in Fund Balance</i>	(4,349)	(2,161)	2,188
<i>Fund Balance Beginning of Year</i>	1,475	1,475	0
<i>Prior Year Encumbrances Appropriated</i>	2,874	2,874	0
<i>Fund Balance at End of Year</i>	\$0	\$2,188	\$2,188

Lancaster City School District, Ohio

Capital Projects Fund

The capital projects fund accounts for the acquisition, 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

There were no nonmajor capital projects funds for fiscal year 2010.

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, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Rent	\$5,000	\$44	(\$4,956)
Extracurricular Activities	120,800	989	(119,811)
Gifts and Donations	124,200	932	(123,268)
<i>Total Revenues</i>	250,000	1,965	(248,035)
Expenditures			
Current:			
Extracurricular Activities:			
Sport Oriented Activities:			
Capital Outlay - New	20,000	0	20,000
<i>Net Change in Fund Balance</i>	230,000	1,965	(228,035)
<i>Fund Balance Beginning of Year</i>	7,970,632	7,970,632	0
<i>Fund Balance at End of Year</i>	\$8,200,632	\$7,972,597	(\$228,035)

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 Equity - Budget and Actual (Budget Basis)
Employee Benefits Self Insurance Fund
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Charges for Services	\$7,225,000	\$7,225,119	\$119
Expenses			
Current:			
Support Services:			
Central:			
Purchased Services	2,480,000	2,454,035	25,965
Claims	4,826,000	4,808,154	17,846
<i>Total Expenses</i>	<u>7,306,000</u>	<u>7,262,189</u>	<u>43,811</u>
<i>Net Change in Fund Balance</i>	(81,000)	(37,070)	43,930
<i>Fund Equity Beginning of Year</i>	<u>1,303,360</u>	<u>1,303,360</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$1,222,360</u></u>	<u><u>\$1,266,290</u></u>	<u><u>\$43,930</u></u>

Lancaster City School District, Ohio

Fiduciary Funds

Private Purpose Trust Fund

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

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

Agency Fund

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

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

Lancaster City School District, Ohio
Schedule of Revenues, Expenses, and Changes
in Fund Equity - Budget and Actual (Budget Basis)
Endowment Fund
For the Fiscal Year Ended June 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$2,000	\$456	(\$1,544)
Expenses			
Current:			
Non-Instructional Services:			
Community Services:			
Other	3,000	1,000	2,000
<i>Net Change in Fund Balance</i>	(1,000)	(544)	456
<i>Fund Equity Beginning of Year</i>	43,481	43,481	0
<i>Fund Equity at End of Year</i>	\$42,481	\$42,937	\$456

Lancaster City School District, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2010

	Balance 7/1/09	Additions	Reductions	Balance 6/30/10
Student Managed Activity				
Assets				
Cash and Cash Equivalents	\$89,869	\$110,967	\$94,361	\$106,475
Total Assets	<u>\$89,869</u>	<u>\$110,967</u>	<u>\$94,361</u>	<u>\$106,475</u>
Liabilities				
External Party Payable	\$0	\$133	\$0	\$133
Due to Students	89,869	110,834	94,361	106,342
Total Liabilities	<u>\$89,869</u>	<u>\$110,967</u>	<u>\$94,361</u>	<u>\$106,475</u>

**Statistical
Section**



**Lancaster
Gales**

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Statistical Section

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

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

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

Lancaster City School District, Ohio
Net Assets by Component
Last Eight 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
Title VI-B Services (1)	0	0	0	0
Title I Services (1)	0	0	0	0
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>

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

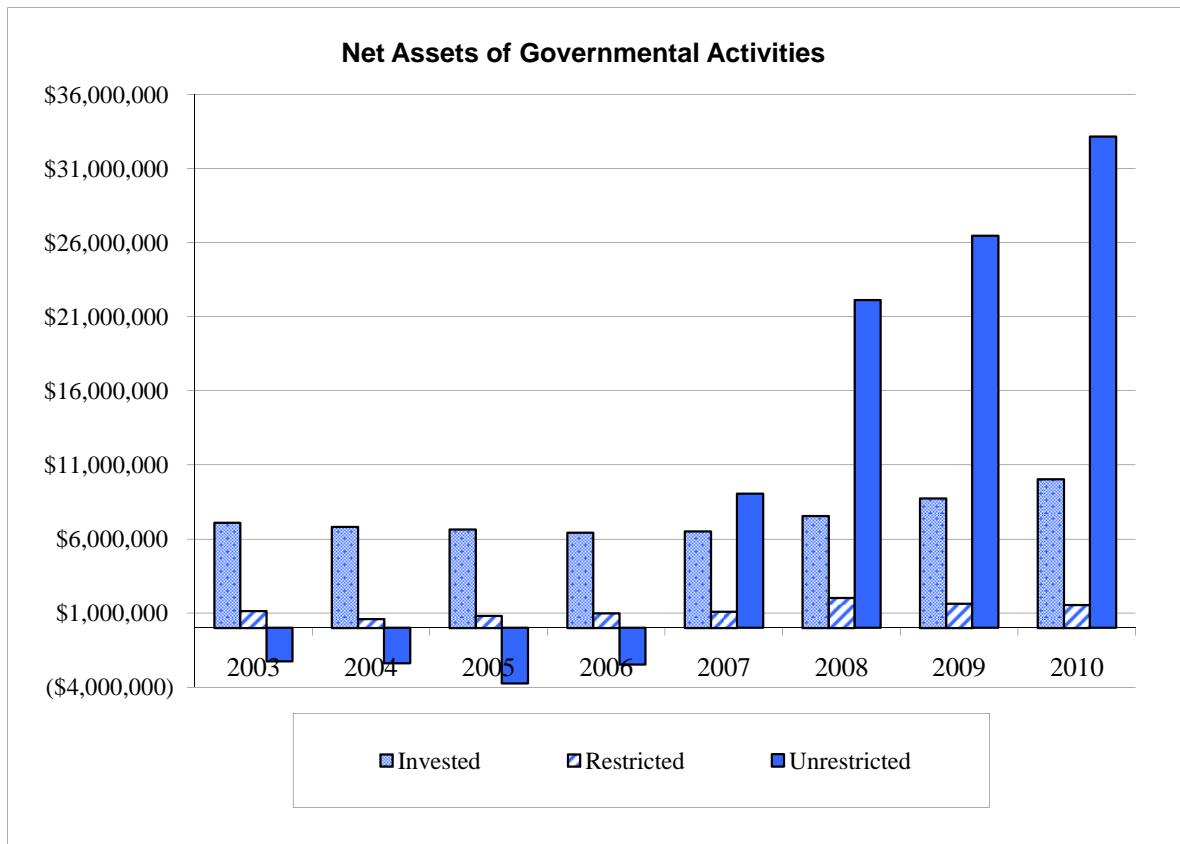


TABLE 1

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$6,523,237	\$7,558,424	\$8,736,629	\$10,037,560
4,408	0	0	0
21,262	12,260	40,693	0
26,807	0	27,005	20,732
104,815	109,486	79,896	103,900
46,368	226,215	79,041	129,432
0	319,337	0	0
653,524	1,058,473	937,719	0
0	0	153,941	460,456
0	0	127,580	594,882
233,655	295,245	190,796	235,660
<u>9,050,606</u>	<u>22,120,028</u>	<u>26,469,952</u>	<u>33,165,905</u>
<u>\$16,664,682</u>	<u>\$31,699,468</u>	<u>\$36,843,252</u>	<u>\$44,748,527</u>

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

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

TABLE 2

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

(Continued)

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

	2003	2004	2005	2006
Operating Grants, Contributions, and Interest (continued)				
Student Intervention Services	\$0	\$0	\$0	\$0
Adult/Continuing Instruction	179,238	102,782	97,979	146,586
Pupil Support Services	573,246	487,360	602,591	578,048
Instructional Staff Support Services	746,006	959,421	1,213,813	1,229,490
Administration Support Services	182,758	296,331	285,810	268,558
Fiscal Support Services	21,894	11,015	0	754
Operation and Maintenance of				
Plant Support Services	4,892	0	0	22,204
Pupil Transportation Support Services	38,474	111,606	118,576	117,443
Central Support Services	72,780	68,581	60,771	56,388
Food Service Operations	935,332	1,054,921	1,130,831	1,220,339
Other Operation of Non-				
Instructional Services	809,418	922,316	974,976	1,027,770
Extracurricular Activities	6,119	7,784	0	0
Capital Grants and Contributions				
Regular Instruction	13,080	14,758	68,925	0
Special Instruction	0	10,952	0	0
Vocational Instruction	14,852	28,076	43,620	2,307
Pupil Support Services	0	944	0	0
Instructional Staff Support Services	0	3,627	0	0
Administration Support Services	0	2,037	0	4,213
Operation and Maintenance of				
Plant Support Services	0	2,832	0	0
Pupil Transportation Support Services	102,235	19,290	122,375	63,966
Central Support Services	0	99	0	0
Food Service Operations	0	2,683	0	0
Other Operation of Non-				
Instructional Services	0	99	0	0
Extracurricular Activities	0	1,565	2,452	0
<i>Total Program Revenues</i>	<u>9,597,352</u>	<u>10,390,715</u>	<u>11,868,065</u>	<u>11,710,896</u>
Net Expense	<u>(42,603,628)</u>	<u>(44,478,843)</u>	<u>(44,379,392)</u>	<u>(42,288,387)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes	22,443,608	25,445,572	25,245,138	25,211,639
Debt Service	337,107	348,086	0	0
Income Taxes Levied for				
General Purposes	0	0	0	0
Grants and Entitlements not				
Restricted to Specific Programs	17,575,519	17,426,697	17,400,697	18,000,132
Gain on Sale of Capital Assets	0	4,610	192,757	0
Payment in Lieu of Taxes	0	251,920	125,960	125,960
Unrestricted Contributions	0	1,193	0	0
Investment Earnings	136,182	36,063	96,361	181,572
Miscellaneous	59,048	4,542	4,422	3,291
<i>Total General Revenues</i>	<u>40,551,464</u>	<u>43,518,683</u>	<u>43,065,335</u>	<u>43,522,594</u>
<i>Change in Net Assets</i>	<u>(\$2,052,164)</u>	<u>(\$960,160)</u>	<u>(\$1,314,057)</u>	<u>\$1,234,207</u>

TABLE 2 (continued)

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

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

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

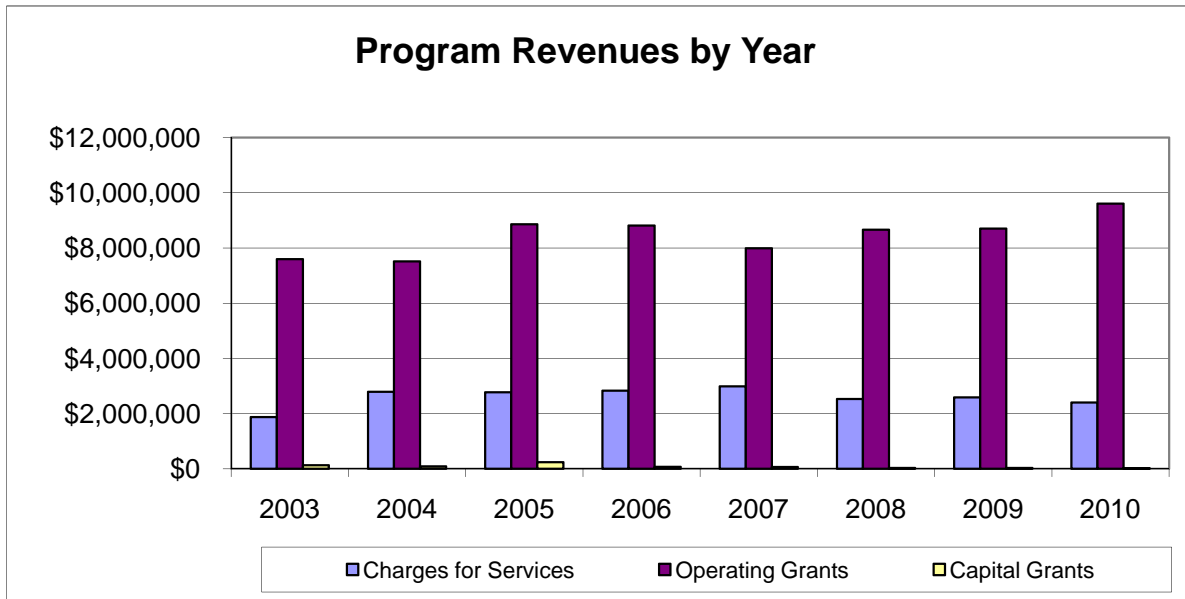


TABLE 3

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

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

	2001	2002	2003	2004
General Fund				
Reserved	\$1,340,150	\$2,381,532	\$867,525	\$3,007,298
Unreserved	4,208,126	3,241,026	193,904	(2,128,740)
Total General Fund (Deficits)	5,548,276	5,622,558	1,061,429	878,558
All Other Governmental Funds				
Reserved	236,858	130,972	164,067	779,040
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	821,278	985,551	1,092,823	537,412
Debt Service Funds	109	0	0	0
Capital Projects Funds	62,143	113,268	27,701	70,565
Total All Other Governmental Funds	1,120,388	1,229,791	1,284,591	1,387,017
Total Governmental Funds (Deficit)	\$6,668,664	\$6,852,349	\$2,346,020	\$2,265,575

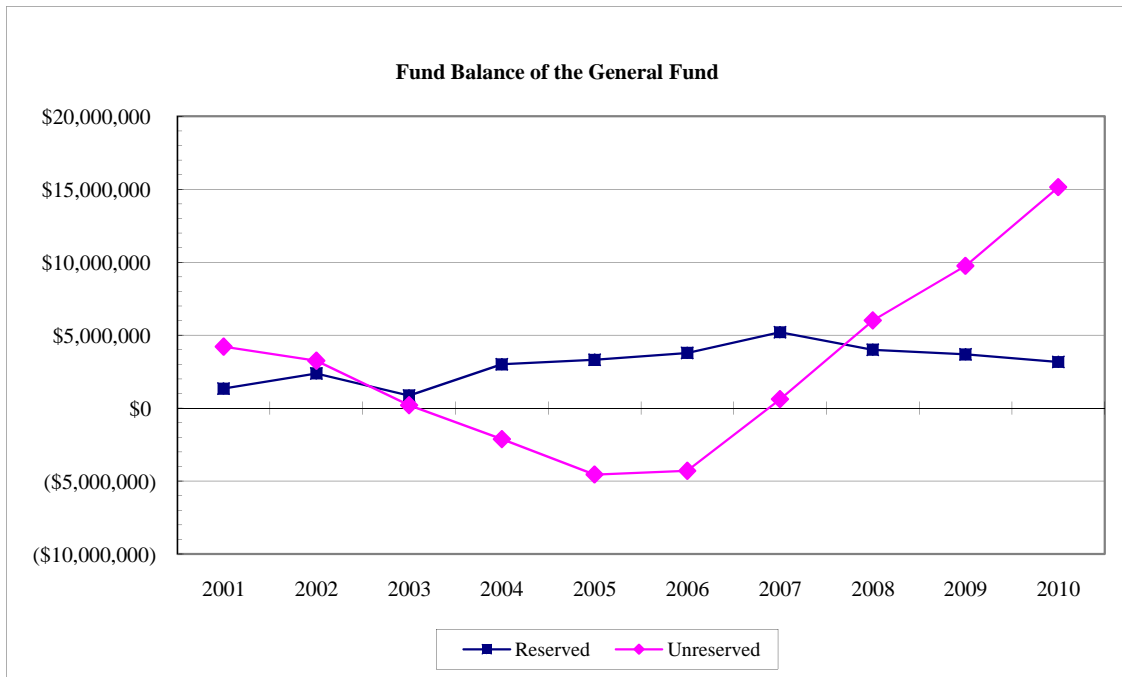


TABLE 4

2005	2006	2007	2008	2009	2010
\$3,313,699	\$3,786,420	\$5,203,373	\$4,006,686	\$3,683,265	\$3,164,597
(4,551,424)	(4,300,295)	606,098	6,001,865	9,747,000	15,136,195
(1,237,725)	(513,875)	5,809,471	10,008,551	13,430,265	18,300,792
155,045	166,614	146,744	141,585	573,455	298,938
761,788	751,503	1,139,729	2,355,837	1,496,164	2,046,117
0	0	0	0	0	0
62,777	99,908	1,295,803	7,855,297	7,970,676	7,972,597
979,610	1,018,025	2,582,276	10,352,719	10,040,295	10,317,652
(\$258,115)	\$504,150	\$8,391,747	\$20,361,270	\$23,470,560	\$28,618,444

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

	2001	2002	2003	2004
Revenues				
Property and Other Local Taxes	\$21,420,399	\$24,097,570	\$22,004,173	\$26,193,494
Payment in Lieu of Taxes	0	0	0	0
Income Taxes	0	0	0	0
Intergovernmental	22,674,205	24,288,530	25,231,059	24,869,090
Interest	731,221	286,234	136,860	34,362
Tuition and Fees	425,557	193,992	416,691	1,247,066
Charges for Services	984,127	1,006,774	981,339	1,035,095
Rent	57,572	47,174	41,065	46,021
Extracurricular Activities	452,737	485,505	347,088	441,474
Collection of a Capital Lease	0	0	0	0
Gifts and Donations	33,088	42,824	22,624	60,215
Miscellaneous	133,909	11,927	59,048	2,463
<i>Total Revenues</i>	<u>46,912,815</u>	<u>50,460,530</u>	<u>49,239,947</u>	<u>53,929,280</u>
Expenditures				
Current:				
Instruction:				
Regular	19,339,434	20,009,626	20,406,948	21,702,565
Special	5,862,557	6,112,948	6,739,309	6,912,976
Vocational	2,440,213	2,397,521	2,619,656	2,509,676
Adult/Continuing	124,947	120,258	159,410	173,621
Student Intervention Services	0	0	0	0
Support Services:				
Pupil	2,523,983	2,523,150	2,923,946	2,885,720
Instructional Staff	3,447,949	3,505,426	3,674,010	3,715,540
Board of Education	47,894	47,721	65,570	91,626
Administration	3,916,432	4,054,941	4,510,229	4,423,127
Fiscal	1,034,096	1,054,799	1,091,579	1,208,117
Business	429,996	440,253	417,660	358,663
Operation and Maintenance of Plant	4,461,306	4,571,066	4,899,378	4,720,221
Pupil Transportation	1,911,574	1,399,292	1,874,916	1,551,434
Central	287,831	341,556	311,849	333,707
Food Service Operations	1,629,986	1,674,285	1,836,175	2,160,999
Other Operation of Non-Instructional Services	683,626	755,609	891,124	826,751
Extracurricular Activities	724,430	777,279	861,546	792,984
Capital Outlay	177,941	41,883	95,620	66,363
Intergovernmental	0	0	0	0
Debt Service:				
Principal Retirement	397,014	403,789	343,687	345,000
Interest and Fiscal Charges	64,298	46,218	23,664	7,849
<i>Total Expenditures</i>	<u>49,505,507</u>	<u>50,277,620</u>	<u>53,746,276</u>	<u>54,786,939</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,592,692)</u>	<u>182,910</u>	<u>(4,506,329)</u>	<u>(857,659)</u>
Other Financing Sources (Uses)				
Proceeds from Capital Lease	0	0	0	700,000
Inception of Capital Lease	13,420	0	0	0
Proceeds from Sale of Capital Assets	3,084	775	0	77,214
Transfers In	2,736	21,678	0	0
Transfers Out	0	(21,678)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>19,240</u>	<u>775</u>	<u>0</u>	<u>777,214</u>
<i>Net Change in Fund Balances</i>	<u>(\$2,573,452)</u>	<u>\$183,685</u>	<u>(\$4,506,329)</u>	<u>(\$80,445)</u>
Debt Service as a Percentage of				
Noncapital Expenditures	0.9%	0.9%	0.7%	0.6%

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

TABLE 5

2005	2006	2007	2008	2009	2010
\$24,761,939	\$25,313,325	\$24,768,901	\$23,035,666	\$18,912,036	\$18,767,854
125,960	125,960	135,155	10,647	11,092	166,498
0	0	2,078,535	9,211,573	9,569,688	9,858,713
26,657,356	26,669,605	26,717,228	30,117,518	31,931,545	35,034,320
107,287	196,327	508,134	774,233	409,591	342,864
1,137,971	1,226,418	1,105,606	1,074,181	1,088,516	993,082
1,019,233	980,965	870,220	854,438	834,293	773,689
45,133	74,120	103,658	115,849	122,366	104,774
593,050	563,292	955,325	490,106	538,754	528,063
75,000	31,250	31,250	31,250	31,250	0
15,483	8,961	11,261	11,930	13,741	71,277
6,501	3,291	1,571	362	55,433	96,424
54,544,913	55,193,514	57,286,844	65,727,753	63,518,305	66,737,558
22,884,399	22,658,842	22,392,940	22,981,893	25,878,642	26,486,501
6,592,407	6,157,372	6,216,613	6,614,211	7,054,730	6,683,180
2,623,904	2,536,614	1,754,073	1,637,388	1,889,406	2,340,419
164,390	102,241	2,734	150	0	0
0	0	0	0	195,280	183,208
2,989,764	2,706,996	2,329,934	2,453,272	2,874,685	3,563,711
3,544,051	3,301,758	2,525,438	3,234,901	3,384,896	3,959,734
212,283	103,737	99,845	66,610	126,111	100,093
4,407,639	4,207,039	3,104,556	3,454,350	4,003,138	3,827,631
1,096,604	1,267,801	1,070,821	1,184,332	1,778,785	1,187,136
423,449	425,682	356,339	722,966	955,566	366,104
4,576,132	4,198,430	3,608,794	4,245,530	4,784,494	4,737,066
1,815,791	1,785,624	1,398,858	1,770,288	1,654,664	2,042,037
255,997	210,151	209,654	457,157	415,395	1,113,133
2,129,614	2,126,103	1,950,649	2,288,593	2,385,640	2,460,290
1,080,378	1,052,134	1,074,427	918,849	1,405,157	1,102,192
828,721	793,025	759,714	751,887	1,004,894	1,181,301
700,601	8,159	350,046	629,953	623,832	897,077
596,240	641,663	41,599	43,367	0	0
128,450	133,894	139,755	297,901	0	95,273
30,163	24,719	18,858	12,785	0	42,918
57,080,977	54,441,984	49,405,647	53,766,383	60,415,315	62,369,004
(2,536,064)	751,530	7,881,197	11,961,370	3,102,990	4,368,554
0	0	0	0	0	0
0	0	0	0	0	757,246
12,374	10,735	6,400	8,153	6,300	22,084
90,787	66,629	1,126,192	7,617,029	28,376	19,007
(90,787)	(66,629)	(1,126,192)	(7,617,029)	(28,376)	(19,007)
12,374	10,735	6,400	8,153	6,300	779,330
(\$2,523,690)	\$762,265	\$7,887,597	\$11,969,523	\$3,109,290	\$5,147,884
0.3%	0.3%	0.3%	0.6%	0.0%	0.2%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU	Actual Value	Assessed Value	Estimated Actual Value
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
2009	633,678,410	256,949,890	2,544,652,286	23,299,690	93,198,760
2010	634,841,800	245,888,380	2,516,371,943	24,843,910	99,375,640

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

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

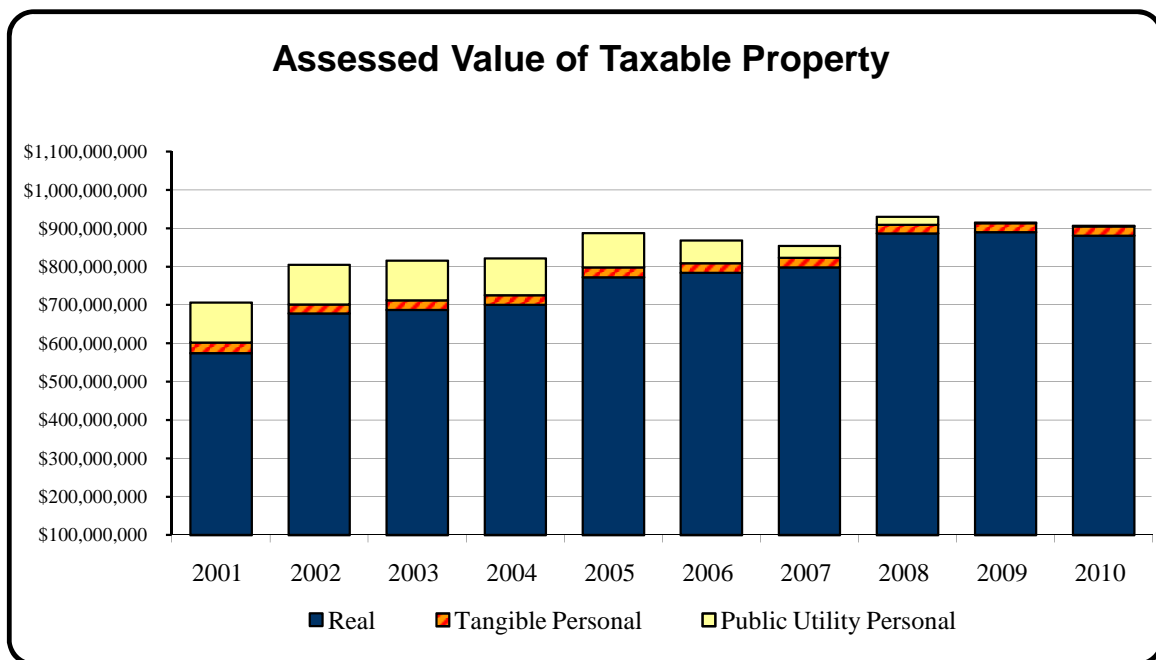
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by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

Values are shown net of exempt property.

Source: Fairfield County Auditor

TABLE 6

Tangible Personal Property		Total			Weighted Average Tax Rate (Per \$1,000 of Assessed Value)
General Business					
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$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
1,761,970	17,619,700	915,689,960	2,655,470,746	34%	23
1,316,970	13,169,700	906,891,060	2,628,917,283	34%	23



Lancaster City School District, Ohio

Property Tax Rates

(per \$1,000 of assessed value)

Last Ten Years

	Collection Year				
	2001	2002	2003	2004	2005
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	7.5711	6.5600	6.5430	6.5132	5.9843
Commercial/Industrial and Public Utility Real	10.5783	8.9015	8.9311	8.8796	8.1846
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	0.2388	0.2069	0.2064	0.2055	0.1888
Commercial/Industrial and Public Utility Real	0.3337	0.2808	0.2817	0.2801	0.2582
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	2.3884	2.0694	2.0640	2.0546	1.8878
Commercial/Industrial and Public Utility Real	3.3370	2.8080	2.8174	2.8012	2.5819
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	6.3739	5.5227	5.5083	5.4832	5.0380
Commercial/Industrial and Public Utility Real	7.6227	6.4144	6.4357	6.3987	5.8978
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	7.0951	6.1475	6.1316	6.1036	5.6080
Commercial/Industrial and Public Utility Real	7.1489	6.0157	6.0357	6.0010	5.5312
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	3.8000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	3.8000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	3.8000
Total voted millage by type of property					
Residential/Agricultural Real	23.6673	20.5065	20.4533	20.3601	22.5069
Commercial/Industrial and Public Utility Real	29.0206	24.4204	24.5016	24.3606	26.2537
General Business and Public Utility Personal	60.6000	60.6000	60.6000	60.6000	64.4000
Total millage by type of property					
Residential/Agricultural Real	27.6673	24.5065	24.4533	24.3601	26.5069
Commercial/Industrial and Public Utility Real	33.0206	28.4204	28.5016	28.3606	30.2537
General Business and Public Utility Personal	64.6000	64.6000	64.6000	64.6000	68.4000

TABLE 7

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

(Continued)

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

	Collection Year				
	2001	2002	2003	2004	2005
Overlapping Rates by Taxing District					
Berne Township Millage					
Effective Millage Rates					
Residential/Agricultural Real	5.6904	5.1292	5.4038	5.3902	5.2176
Commercial/Industrial and Public Utility Real	5.9373	4.7059	5.1891	5.1941	4.9583
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	9.2184	9.1032	9.0687	9.0381	10.2747
Commercial/Industrial and Public Utility Real	9.2548	7.8438	7.9794	7.9976	9.2526
General Business and Public Utility Personal	12.2000	12.2000	12.2000	12.2000	13.1000
Hocking Township Millage					
Effective Millage Rates					
Residential/Agricultural Real	3.5102	4.4673	4.4631	4.4520	4.3241
Commercial/Industrial and Public Utility Real	3.6802	3.8811	3.9576	3.9462	3.8530
General Business and Public Utility Personal	4.2000	4.7000	4.7000	4.7000	4.7000
Pleasant Township Millage					
Effective Millage Rates					
Residential/Agricultural Real	8.2498	7.5868	7.5717	8.5851	8.1348
Commercial/Industrial and Public Utility Real	8.7006	7.0945	7.1662	8.0535	7.7194
General Business and Public Utility Personal	9.1000	9.1000	9.1000	9.1000	9.1000
Lancaster City Millage					
Effective Millage Rates					
Residential/Agricultural Real	3.4000	3.4000	3.4000	3.4000	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	0.4609
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.4630
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.5000
Fairfield County Millage					
Effective Millage Rates					
Residential/Agricultural Real	5.3354	4.9725	4.9563	4.9365	5.2683
Commercial/Industrial and Public Utility Real	5.5517	4.9942	5.0232	5.0446	5.4259
General Business and Public Utility Personal	7.0500	7.0500	7.0500	7.0500	7.5500

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

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

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

Source: Ohio Department of Taxation

TABLE 7 (Continued)

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

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

Calendar Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
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
2008	20,669,036	19,599,961	94.83	685,407	20,285,368	98.14
2009	20,757,277	19,922,423	95.98	613,451	20,535,874	98.93

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 2010 information cannot be presented because all collections have not been made by June 30, 2010.
- (3) The County does not identify delinquent tax collections by tax year.

TABLE 10

Lancaster City School District, Ohio
Principal Taxpayers
Tangible Personal Property Tax
2010 and 2001 (1)

Name of Taxpayer	2010	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Ohio Bell	\$449,620	34.14%
Cincinnati SMSA Limited Partnership	65,400	4.97
New Par	53,730	4.08
T-Mobile Central, LLC	22,180	1.68
TWC Digital Phone, LLC	16,550	1.26
Ameritech Advanced Data Services of Ohio Incorporated	12,540	0.95
Sprintcom Incorporated	8,820	0.67
CSM Wireless, LLC	5,200	0.39
Sprint Nextel Corporation	4,580	0.35
Dieca Communications Incorporated	3,180	0.24
Total	<u>\$641,800</u>	<u>48.73%</u>
Total Assessed Valuation	<u>\$1,316,970</u>	
Name of Taxpayer	2001	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Anchor Hocking Glass Corporation	\$17,359,260	16.62%
RalCorp Holdings, Incorporated	6,855,190	6.56
McDermott, Inc.	5,201,710	4.98
Cyril Scott Company	4,253,660	4.07
International Paper Company	3,507,170	3.36
Scotts Miracle Gro	2,344,820	2.25
Anchor Hocking Packaging	2,299,760	2.20
Lancaster Glass Corporation	1,956,900	1.87
Anchor Hocking Corporation	1,819,500	1.74
Lowes Home Centers Incorporated	1,722,050	1.65
Total	<u>\$47,320,020</u>	<u>45.30%</u>
Total Assessed Valuation	<u>\$104,448,658</u>	

(1) The amounts presented represent the assessed values upon which 2001 and 2010 collections were based.

Source: Fairfield County Auditor's Office

Lancaster City School District, Ohio
Principal Taxpayers
Public Utilities Tax
2010 and 2001 (1)

Name of Taxpayer	2010	
	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$17,081,720	68.76%
Total Assessed Valuation	\$24,843,910	
	2001	
Name of Taxpayer	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$14,848,810	54.78%
Ohio Bell Telephone Company	5,176,530	19.10
Total	\$20,025,340	73.88%
Total Assessed Valuation	\$27,104,620	

(1) The amounts presented represent the assessed values upon which 2010 and 2001 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>
2001	35,335	\$28,088	\$992,489,480	\$990,000	\$102,476
2002	35,600	28,626	1,019,085,600	675,000	13,687
2003	35,860	28,946	1,038,003,560	345,000	0
2004	36,120	29,393	1,061,675,160	0	700,000
2005	36,380	30,383	1,105,333,540	0	571,550
2006	36,380	30,358	1,104,424,040	0	437,656
2007	36,380	30,912	1,124,578,560	0	297,901
2008	36,375	32,045	1,165,636,875	0	0
2009	36,608	32,834	1,201,987,072	0	0
2010	37,680	32,834	1,237,185,120	0	661,973

Source:

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

(2) U.S. Census Bureau

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

TABLE 12

<u>Total Debt Outstanding</u>	<u>Ratio of Total Debt to Personal Income</u>	<u>Total Debt Per Capita</u>
\$1,092,476	0.11%	\$31
688,687	0.07	19
345,000	0.03	10
700,000	0.07	19
571,550	0.05	16
437,656	0.04	12
297,901	0.03	8
0	0.00	0
0	0.00	0
661,973	0.05	18

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Lancaster City School District, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2010*

	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, 2010			
Capital Leases	\$661,973	100.00%	\$661,973
Overlapping Debt:			
Payable from Property Taxes as of December 31, 2009:			
Greenfield Township General Obligation Bonds	1,640,000	20.20%	331,280
Pleasant Township General Obligation Notes	10,000	61.30%	6,130
Hocking Township OPWC Loan	55,751	75.00%	41,813
Fairfield County General Obligation Bonds	15,428,118	23.14%	3,570,067
Fairfield County Capital Leases	224,821	23.14%	52,024
City of Lancaster General Obligation Bond Anticipation Notes	4,524,351	100.00%	4,524,351
City of Lancaster General Obligation Bonds	3,335,000	100.00%	3,335,000
City of Lancaster State Infrastructure Bank Loan	910,707	100.00%	910,707
City of Lancaster Housing and Urban Development Loan	670,000	100.00%	670,000
City of Lancaster OPWC Loan	69,990	100.00%	69,990
City of Lancaster Capital Leases	750,733	100.00%	750,733
Payable from Other Sources as of December 31, 2009:			
Fairfield County Special Assessment Bonds	1,788,039	23.14%	413,752
Fairfield County General Obligation Bonds	1,150,931	23.14%	266,325
Fairfield County Long-Term Loan	2,074,528	23.14%	480,046
Fairfield County Capital Leases	71,195	23.14%	16,475
City of Lancaster Special Assessment Bonds	261,500	100.00%	261,500
Total Overlapping Debt	32,965,664		15,700,192
Total Direct and Overlapping Debt	\$33,627,637		\$16,362,165

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, 2009.

- (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 2010 collection year.

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

	2001	2002	2003	2004
Assessed Valuation (1)	\$706,726,488	\$805,472,021	\$815,767,752	\$821,830,946
Debt Limit - 9% of Assessed Value (2)	\$63,605,384	\$72,492,482	\$73,419,098	\$73,964,785
Amount of Debt Applicable to Debt Limit				
Energy Conservation Notes	990,000	675,000	345,000	0
Less Amount Available in Debt Service	0	0	0	0
Totals	990,000	675,000	345,000	0
Exemptions:				
Energy Conservation Notes	(990,000)	(675,000)	(345,000)	0
Totals	(990,000)	(675,000)	(345,000)	0
Amount of Debt Subject to Limit	0	0	0	0
Legal Debt Margin	\$63,605,384	\$72,492,482	\$73,419,098	\$73,964,785
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)	\$706,726	\$805,472	\$815,768	\$821,831
Amount of Debt Subject to Limit				
One year renewable note issued to partially fund the purchase of an office building	0	0	0	0
Unvoted Legal Debt Margin	\$706,726	\$805,472	\$815,768	\$821,831
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

2005	2006	2007	2008	2009	2010
<u>\$888,132,469</u>	<u>\$804,825,190</u>	<u>\$819,793,750</u>	<u>\$907,576,140</u>	<u>\$913,911,550</u>	<u>\$905,516,300</u>
<u>\$79,931,922</u>	<u>\$72,434,267</u>	<u>\$73,781,438</u>	<u>\$81,681,853</u>	<u>\$82,252,040</u>	<u>\$81,496,467</u>
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>\$79,931,922</u>	<u>\$72,434,267</u>	<u>\$73,781,438</u>	<u>\$81,681,853</u>	<u>\$82,252,040</u>	<u>\$81,496,467</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$888,132	\$804,825	\$819,794	\$907,576	\$913,912	\$905,516
0	0	0	0	0	0
<u>\$888,132</u>	<u>\$804,825</u>	<u>\$819,794</u>	<u>\$907,576</u>	<u>\$913,912</u>	<u>\$905,516</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
2001	35,335	(2)	\$992,489,480	\$28,088	2.60%
2002	35,600	(1)	1,019,085,600	28,626	2.80
2003	35,860	(1)	1,038,003,560	28,946	4.50
2004	36,120	(1)	1,061,675,160	29,393	4.70
2005	36,380	(1)	1,105,333,540	30,383	5.30
2006	36,380	(1)	1,104,424,040	30,358	5.30
2007	36,380	(1)	1,124,578,560	30,912	4.80
2008	36,375	(1)	1,165,636,875	32,045	5.00
2009	36,608	(1)	1,201,987,072	32,834	5.60
2010	37,680	(1)	1,237,185,120	32,834	8.50

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

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

(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	2009		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical-Hospital	1,708	1	9.65%
Anchor Hocking Corporation	Manufacturing-Glass	1,248	2	7.05
Fairfield County	County Government	804	3	4.54
Lancaster City School District	Education	698	4	3.95
City of Lancaster	City Government	435	5	2.46
Ralston Foods, Incorporated	Manufacturing-Food Products	404	6	2.28
Walmart	Food	376	7	2.12
Diamond Power	Metal Fabrication	364	8	2.06
Kroger Company	Grocer	326	9	1.84
Crestview Manor Nursing Home	Nursing Care	245	10	1.38
Total		<u>6,608</u>		<u>37.33%</u>
Total Employment within the School District		<u>17,700</u>		
Employer	Nature of Activity	2000		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical-Hospital	1,522	1	9.07%
Anchor Hocking Corporation	Manufacturing-Glass	1,283	2	7.64
Fairfield County	County Government	769	3	4.58
Lancaster City School District	Education	717	4	4.27
Diamond Power	Metal Fabrication	388	5	2.31
Ralston Foods, Incorporated	Manufacturing-Food Products	366	6	2.18
City of Lancaster	City Government	352	7	2.10
Glassfloss	Industrial	264	8	1.57
Lancaster Glass	Glass Manufacturer	255	9	1.52
Crestview	Nursing Care	255	10	1.52
Total		<u>6,171</u>		<u>36.76%</u>
Total Employment within the City		<u>16,783</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 Eight Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010
Regular Instruction								
Certified Employees	260	265	259	259	226	240	258	267
Special Instruction								
Classified Employees (1)	35	33	28	22	17	18	0	0
Certified Employees	84	84	82	78	77	71	82	81
Vocational Instruction								
Certified Employees	35	34	33	30	19	19	19	21
Student Intervention Services								
Certified Employees	0	0	0	0	0	0	0	3
Pupil Support Services								
Classified Employees (1)	5	5	5	4	5	4	15	14
Certified Employees	25	24	24	21	20	31	19	21
Instructional Staff								
Classified Employees	44	48	46	47	47	55	61	77
Certified Employees	16	15	14	11	4	5	4	3
Administrators	2	2	2	2	2	2	1	1
Administration								
Classified Employees	30	30	30	28	19	20	23	23
Certified Employees	7	8	3	0	0	4	5	5
Administrators	24	23	23	23	17	16	17	16
Fiscal								
Classified Employees	4	4	7	6	4	4	4	4
Administrators	1	1	1	1	1	1	2	2
Business								
Classified Employees	4	4	3	3	1	1	1	1
Administrators	0	0	0	0	0	1	1	1
Operation and Maintenance of Plant								
Classified Employees	57	56	55	52	47	49	50	55
Administrators	2	2	2	2	1	1	1	1
Pupil Transportation								
Classified Employees	36	38	39	39	40	39	37	39
Administrators	1	1	1	1	1	1	1	1
Central								
Classified Employees	1	1	0	1	1	1	1	3
Administrators	1	1	1	1	1	1	1	2
Food Service Program								
Classified Employees	50	50	53	50	46	47	51	52
Administrators	2	2	1	1	1	1	1	1
Non-Instructional Services								
Classified Employees	2	2	2	3	2	2	2	0
Certified Employees	3	3	2	2	2	4	2	1
Extracurricular Activities								
Classified Employees (2)	0	0	0	0	0	0	2	2
Administrators (2)	0	0	0	0	0	0	1	1
Totals	<u>731</u>	<u>736</u>	<u>716</u>	<u>687</u>	<u>601</u>	<u>638</u>	<u>662</u>	<u>698</u>

(1) During fiscal year 2009, classified employees were reclassified from special instruction to pupil support services.

(2) During fiscal year 2009, classified and administrators were reclassified from instructional staff to extracurricular activities.

Source: Lancaster City School District Personnel Records

Method: The figures include only the full-time employees

Information prior to 2003 is not available.

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

Fiscal Year	General Fund Expenditures	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	State Average Pupil/Teacher Ratio
2001	\$41,878,907	6,230	\$6,722	N/A	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
2009	49,927,913	6,007	8,312	7.01%	389	15.4	n/a
2010	51,812,526	6,134	8,447	1.63%	402	15.3	n/a

N/A - Information for 2009-2010 is not available.

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

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

	2001	2002	2003
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 2001-2006 and K-5 for 2007-2010	485	443	446
Student Capacity	460	460	460
Instruction Classrooms	22	22	22
Teaching Stations	31	31	31
Administrators	N/A	N/A	1
Certified Staff	N/A	N/A	28
Classified Staff	N/A	N/A	15
East Elementary School			
Constructed in 1939			
Total Building Square Footage	37,518	37,518	37,518
Enrollment Grades K-6 for 2001-2006 and K-5 for 2007-2010	393	379	366
Student Capacity	314	314	314
Instruction Classrooms	20	20	20
Teaching Stations	24	24	24
Administrators	N/A	N/A	1
Certified Staff	N/A	N/A	25
Classified Staff	N/A	N/A	13
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 2001-2006 and K-5 for 2007-2010	420	435	403
Student Capacity	337	337	337
Instruction Classrooms	25	25	25
Teaching Stations	30	30	30
Administrators	N/A	N/A	1
Certified Staff	N/A	N/A	22
Classified Staff	N/A	N/A	17
North Elementary School			
Constructed in 1917			
Last year building was in service was 2005			
Total Building Square Footage	43,760	43,760	43,760
Enrollment Grades K-6	328	336	340
Student Capacity	299	299	299
Instruction Classrooms	31	31	31
Teaching Stations	28	28	28
Administrators	N/A	N/A	1
Certified Staff	N/A	N/A	26
Classified Staff	N/A	N/A	18

TABLE 19

2004	2005	2006	2007	2008	2009	2010
31,100	31,100	31,100	31,100	31,100	31,100	31,100
463	456	471	377	386	369	361
460	460	460	460	460	460	460
22	22	22	22	22	22	22
31	31	31	31	31	31	31
1	1	1	1	1	1	1
31	30	26	19	24	25	24
15	15	18	15	15	12	14
37,518	37,518	37,518	37,518	37,518	37,518	37,518
343	315	423	383	368	370	386
314	314	314	314	314	314	314
20	20	20	20	20	20	20
24	24	24	24	24	24	24
1	1	1	1	1	1	1
23	20	26	22	24	22	22
14	14	19	15	17	16	17
31,500	31,500	31,500	31,500	31,500	31,500	31,500
392	339	339	305	317	333	381
337	337	337	337	337	337	337
25	25	25	25	25	25	25
30	30	30	30	30	30	30
1	1	1	1	1	1	1
23	21	19	16	19	19	22
17	17	14	15	14	15	17
43,760	43,760	closed	closed	closed	closed	closed
331	300	closed	closed	closed	closed	closed
299	299	closed	closed	closed	closed	closed
31	31	closed	closed	closed	closed	closed
28	28	closed	closed	closed	closed	closed
1	1	closed	closed	closed	closed	closed
25	20	closed	closed	closed	closed	closed
18	16	closed	closed	closed	closed	closed

(Continued)

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

	2001	2002	2003
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 2001-2006 and K-5 for 2007-2010	378	361	357
Student Capacity	308	308	308
Instruction Classrooms	20	20	20
Teaching Stations	24	24	24
Administrators	N/A	N/A	1
Certified Staff	N/A	N/A	24
Classified Staff	N/A	N/A	10
South Elementary School			
Constructed in 1931			
Total Building Square Footage	29,055	29,055	29,055
Enrollment Grades K-6 for 2001-2006 and K-5 for 2007-2010	339	317	339
Student Capacity	149	149	149
Instruction Classrooms	17	17	17
Teaching Stations	21	21	21
Administrators	N/A	N/A	1
Certified Staff	N/A	N/A	19
Classified Staff	N/A	N/A	10
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 2001-2006 and K-5 for 2007-2010	453	438	411
Student Capacity	345	345	345
Instruction Classrooms	20	20	20
Teaching Stations	29	29	29
Administrators	N/A	N/A	1
Certified Staff	N/A	N/A	23
Classified Staff	N/A	N/A	14
Tarhe Elementary School			
Constructed in 1968, addition in 1973			
Modular Classrooms - Constructed in 2004			
Total Building Square Footage	25,200	25,200	25,200
Total Modular Square Footage	-	-	-
Enrollment Grades K-6 for 2001-2006 and K-5 for 2007-2010	289	301	292
Student Capacity	328	328	328
Instruction Classrooms	12	12	12
Teaching Stations	17	17	17
Administrators	N/A	N/A	1
Certified Staff	N/A	N/A	19
Classified Staff	N/A	N/A	11

TABLE 19 (Continued)

2004	2005	2006	2007	2008	2009	2010
31,233	31,233	31,233	31,233	31,233	31,233	31,233
361	309	337	318	320	326	320
308	308	308	308	308	308	308
20	20	20	20	20	20	20
24	24	24	24	24	24	24
1	1	1	1	1	1	1
22	20	17	16	19	19	18
12	13	14	14	12	12	18
29,055	29,055	29,055	29,055	29,055	29,055	29,055
283	276	441	298	315	333	320
149	149	149	149	149	149	149
17	17	17	17	17	17	17
21	21	21	21	21	21	21
1	1	1	1	1	1	1
16	19	19	19	22	20	21
12	13	12	14	12	11	17
37,000	37,000	37,000	37,000	37,000	37,000	37,000
362	343	360	393	407	421	437
345	345	345	345	345	345	345
20	20	20	20	20	20	20
29	29	29	29	29	29	29
1	1	1	1	1	1	1
25	23	18	19	21	18	24
14	15	13	17	19	18	17
25,200	25,200	25,200	25,200	25,200	25,200	25,200
9,000	9,000	9,000	9,000	9,000	9,000	9,000
310	440	472	375	387	406	442
445	445	445	445	445	445	445
20	20	20	20	20	20	20
17	17	17	17	17	17	17
1	1	1	1	1	1	1
19	22	23	18	18	19	23
12	13	15	16	14	12	13

(Continued)

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

	2001	2002	2003
West Elementary School			
Constructed in 1928, addition in 1960			
Total Building Square Footage	46,404	46,404	46,404
Enrollment Grades K-6 for 2001-2006 and K-5 for 2007-2010	395	395	414
Student Capacity	428	428	428
Instruction Classrooms	24	24	24
Teaching Stations	28	28	28
Administrators	N/A	N/A	1
Certified Staff	N/A	N/A	21
Classified Staff	N/A	N/A	22
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 2001-2006 and 6-8 for 2007-2010	443	437	476
Student Capacity	484	484	484
Instruction Classrooms	23	23	23
Teaching Stations	29	29	29
Administrators	N/A	N/A	2
Certified Staff	N/A	N/A	34
Classified Staff	N/A	N/A	25
Thomas Ewing Junior High School			
Constructed in 1957			
Total Building Square Footage	63,308	63,308	63,308
Enrollment Grades 7-8 for 2001-2006 and 6-8 for 2007-2010	527	542	538
Student Capacity	493	493	493
Instruction Classrooms	27	27	27
Teaching Stations	34	34	34
Administrators	N/A	N/A	2
Certified Staff	N/A	N/A	28
Classified Staff	N/A	N/A	22
Stanbery Freshman School			
Constructed in 1929, addition in 1965			
Total Building Square Footage	77,767	77,767	77,767
Enrollment Grade 9 for 2001-2006	480	470	474
Enrollment for Career Based Intervention			
Technology students 2007-2010	0	0	0
Student Capacity	509	509	509
Instruction Classrooms	28	28	28
Teaching Stations	32	32	32
Administrators	N/A	N/A	17
Certified Staff	N/A	N/A	36
Classified Staff	N/A	N/A	35

TABLE 19 (Continued)

2004	2005	2006	2007	2008	2009	2010
46,404	46,404	46,404	46,404	46,404	46,404	46,404
424	430	463	379	381	414	436
428	428	428	428	428	428	428
24	24	24	24	24	24	24
28	28	28	28	28	28	28
1	1	1	1	1	1	1
28	27	27	26	28	31	27
20	20	15	15	14	16	21
64,394	64,394	64,394	64,394	64,394	64,394	64,394
491	482	460	686	656	691	701
484	484	484	484	484	484	484
23	23	23	23	23	23	23
29	29	29	29	29	29	29
1	2	2	1	1	1	1
31	30	27	39	41	43	39
23	24	21	20	22	27	24
63,308	63,308	63,308	63,308	63,308	63,308	63,308
529	499	454	587	594	625	681
493	493	493	493	493	493	493
27	27	27	27	27	27	27
34	34	34	34	34	34	34
1	1	1	1	1	1	1
31	28	28	34	34	34	40
21	21	23	20	21	26	25
77,767	77,767	77,767	77,767	77,767	77,767	77,767
483	507	501	0	0	0	0
0	0	0	56	47	191	260
509	509	509	509	509	509	509
28	28	28	28	28	28	28
32	32	32	32	32	32	32
18	15	16	9	9	11	11
39	34	36	14	20	37	34
38	43	39	15	17	18	26

(Continued)

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

	2001	2002	2003
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 2001-2006 and 9-12 for 2007-2010	1,300	1,321	1,341
Student Capacity	1,302	1,302	1,302
Instruction Classrooms	65	65	65
Teaching Stations	102	102	102
Administrators	N/A	N/A	3
Certified Staff	N/A	N/A	125
Classified Staff	N/A	N/A	56

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

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

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

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

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

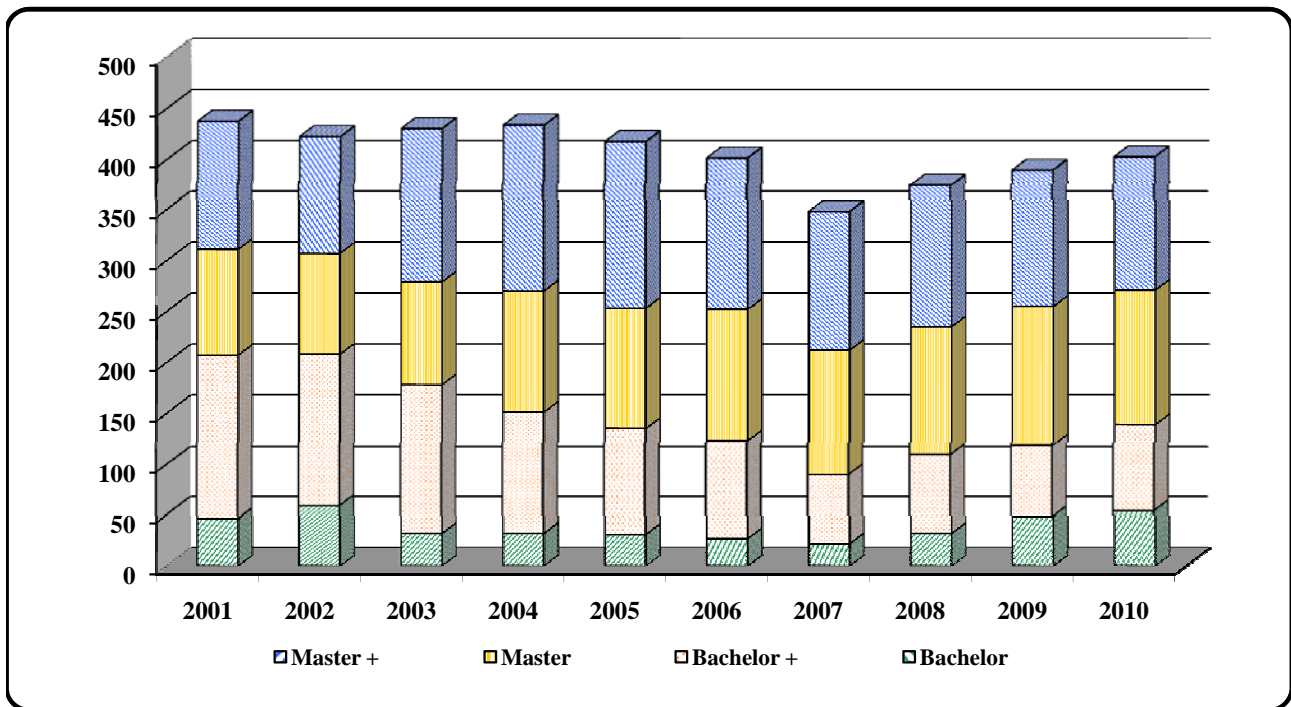
TABLE 19 (Continued)

2004	2005	2006	2007	2008	2009	2010
192,500	192,500	192,500	192,500	192,500	192,500	192,500
1,335	1,292	1,323	1,720	1,731	1,528	1,409
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
3	4	4	5	5	4	5
120	123	135	106	104	102	108
55	44	52	53	63	65	61

TABLE 20

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

Degree	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bachelor's Degree	46	59	32	32	31	27	22	32	48	54
Bachelor + 15	12	11	9	6	7	5	3	3	2	4
Bachelor + 30 (150 hours)	149	138	137	113	97	91	65	75	69	81
Master's Degree	104	99	101	119	118	129	122	125	136	132
Master's + 15	30	30	36	38	41	34	32	38	36	35
Master's + 30	75	67	86	90	86	81	77	74	74	68
Master's + 45	21	18	29	35	35	34	27	27	24	28
Ph. D.	0	0	0	0	2	0	0	0	0	0
Total	437	422	430	433	417	401	348	374	389	402



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)
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
2009	33,477	71,170	57,586	54,656
2010	33,477	71,170	59,461	55,958

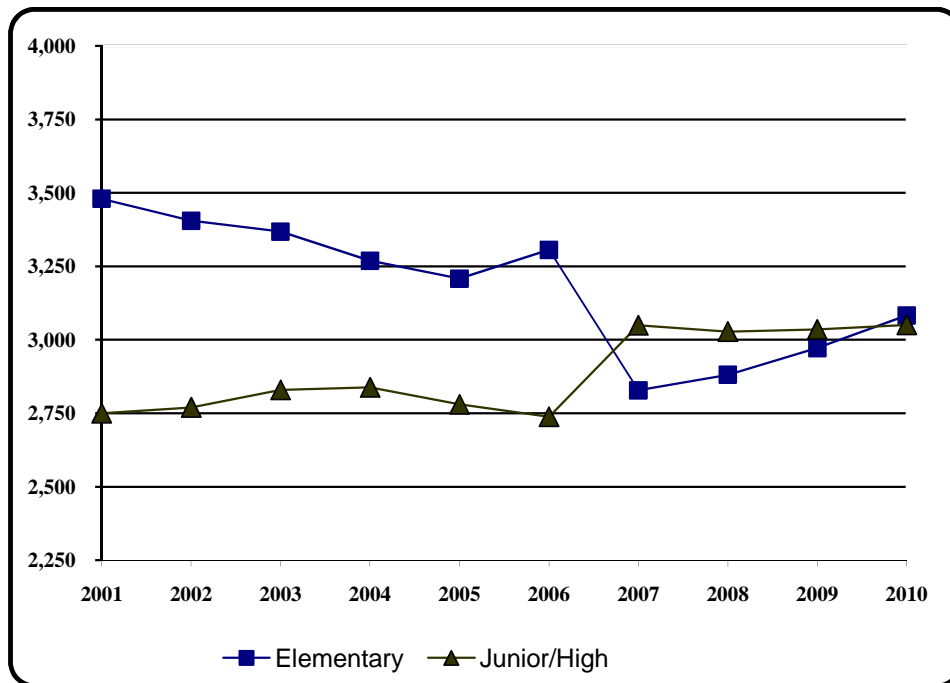
Sources: School District Financial Records and the Ohio Department of Education.

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

TABLE 22

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

Fiscal Year	Elementary Schools	Junior/High School	Total
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
2009	2,972	3,035	6,007
2010	3,083	3,051	6,134



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

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

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

Fiscal Year	Lancaster City Attendance Rate	State Average	Lancaster City Graduation Rate	State Average
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
2009	94.20	94.30	92.20	84.60
2010	94.60	94.30	90.80	83.00

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)					
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
2009	21.0	21.4	22.3	22.0	21.8
2010	21.3	22.3	22.6	22.4	22.2
A.C.T. - Ohio (Graduating Class)					
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
2009	21.1	21.4	22.2	21.7	21.7
2010	21.2	21.5	22.1	21.8	21.8
A.C.T. - U.S.A. (Graduating Class)					
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
2009	20.6	21.0	21.4	20.9	21.1
2010	20.5	21.0	21.3	20.9	21.0

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

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

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

Fiscal Year	Verbal Mean	Math Mean	Writing Mean
S.A.T. - Lancaster High School			
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
2009	527	544	522
2010	556	569	536
S.A.T. - Ohio			
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
2009	537	546	523
2010	538	548	522
S.A.T. - U.S.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
2009	501	515	493
2010	501	516	492

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

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

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

Lancaster City School District, Ohio
Students in Free or Reduced Price Lunch Program
June 30, 2010

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	176	48.75%	33	9.14%
East Elementary School	201	52.07	32	8.29
Medill Elementary School	153	40.16	27	7.09
Sanderson Elementary School	134	41.88	16	5.00
South Elementary School	206	64.38	23	7.19
Tallmadge Elementary School	231	52.86	31	7.09
Tarhe Elementary School	116	26.24	21	4.75
West Elementary School	279	63.99	29	6.65
General Sherman Junior High School	286	40.80	58	8.27
Thomas Ewing Junior High School	288	42.29	56	8.22
Lancaster High School	555	33.25	107	6.41

Source: School District Food Service Records at June 30, 2010



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
NOVEMBER 30, 2010**