



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Schedule of Federal Awards Receipts and Expenditures	1
Notes to the Schedule of Federal Awards Receipts and Expenditures.....	2
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	3
Report on Compliance with Requirements Applicable to Each Major Federal Program, Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i> Schedule of Federal Awards Receipts and Expenditures	5
Schedule of Findings.....	7

This Page Intentionally Left Blank

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	-	10.550	\$0	\$130,046	\$0	\$132,693
National School Breakfast Program	05-PU-01/02	10.553	70,017	0	70,017	0
National School Lunch Program	LLP1/P4-01/02	10.555	569,619	0	569,619	0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>639,636</u>	<u>130,046</u>	<u>639,636</u>	<u>132,693</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education_Grants to States (IDEA, Part B)	6B-SF-00/01/02	84.027	418,640	0	382,095	0
Special Education_Preschool Grant (IDEA, Preschool)	PG-S1-01P/02P	84.173	19,120	0	23,207	0
Total Special Education Cluster			<u>437,760</u>	<u>0</u>	<u>405,302</u>	<u>0</u>
Adult Education_State Grant Program	AB-S1-01/02	84.002	68,739	0	72,443	0
Vocational Education_Basic Grants to States	20-A0/C1-01/02	84.048	131,598	0	122,032	0
Title 1_Grants to Local Educational Agencies	C1-S1-99/01/01C/02	84.010	1,084,429	0	1,177,239	0
Safe and Drug Free-Schools and Communities_State Grants	DR-S1-02	84.186	25,225	0	18,919	0
Even Start	EV-S1-02	84.213	120,263	0	105,193	0
Goals 2000_State and Local Education Systematic Improvement Grant	G2-SP-00/01	84.276	1,000	0	19,375	0
Eisenhower Professional Development_State Grants	MS-S1-00/01/02	84.281	23,857	0	30,296	0
Innovative Education Program Strategies	C2-S1-00/01/02	84.298	33,317	0	35,800	0
Family Literacy Initiative	FV-S1-00	84.314	0	0	1,887	0
Reading Excellence Program	RN-S1-00	84.338	596,107	0	580,149	0
Class Size Reduction	CR-S1-01/02	84.340	226,676	0	260,648	0
Total Department of Education			<u>2,748,971</u>	<u>0</u>	<u>2,829,283</u>	<u>0</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Medical Assistance Program	-	93.778	178,844	0	178,844	0
Total U.S. Department of Health and Human Services			<u>178,844</u>	<u>0</u>	<u>178,844</u>	<u>0</u>
Totals			<u>\$3,567,451</u>	<u>\$130,046</u>	<u>\$3,647,763</u>	<u>\$132,693</u>

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

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

Board of Education
Lancaster City School District
Fairfield County
111 South Broad Street
Lancaster, Ohio 43130-4376

We have audited the general-purpose financial statements of Lancaster City School District, Fairfield County, Ohio (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-10623-001 through 2002-10623-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 11, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general-purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2002-10623-001 through 2002-10623-006.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 11, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

December 11, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

Board of Education
Lancaster City School District
Fairfield County
111 South Broad Street
Lancaster, Ohio 43130-4376

Compliance

We have audited the compliance of Lancaster City School District, Fairfield County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. However, we noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of the District in a separate letter dated December 11, 2002.

Internal Control Over Compliance

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

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

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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



JIM PETRO
Auditor of State

December 11, 2002

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2002**

1. SUMMARY OF AUDITOR'S RESULTS
--

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster – CFDA #10.550, #10.553, and #10.555 Reading Excellence Act – CFDA #84.338
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

Finding Number 2002-10623-001

Appropriations exceeding Estimated Resources

Ohio Rev. Code Section 5705.39 states in part the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditures as certified by the budget commission.

The District's appropriations of \$133,563 in the Computer Net Capital Projects Fund exceeded estimated resources by \$63,322.

When approving appropriations, the Board should ensure appropriation amounts are within the certified available resources for each fund.

**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 ' .505
JUNE 30, 2002
(Continued)**

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

Finding Number 2002-10623-002

Expenditures Exceeding Appropriations

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing entity is to expend money unless it has been appropriated. Expenditures plus encumbrances exceeded total appropriations in the following funds as of June 30, 2002:

Fund-Function	Appropriations	Expenditures	Variance
Miscellaneous Federal Grants (Fund 599) – Regular Instruction	\$270,351	\$298,114	\$27,763
Self Insurance Fund (Fund 024) – Central Support Services (Other Operating Expenses)	4,750,000	5,748,911	998,911

The variance in the Miscellaneous Federal Grants Fund was the result of an inaccurate appropriation amount being entered into the system for this grant. The Treasurer should ensure all appropriation amounts are accurately entered into the system so that monitoring reports are accurate and useful.

The variance in the Self Insurance Fund was the result of not properly recording claims payments in a timely manner. The Treasurer should record claims payments when wire transfers to the self insurance account are processed.

In addition, we recommend the Treasurer request the Board to approve increased expenditure levels by amending estimated resources and increasing appropriations, if necessary.

Finding Number 2002-10623-003

Self Insurance Negative Fund Balance

Ohio Rev. Code Section 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit balance in any fund indicates that the money from another fund or funds has been used to pay the obligations of the fund or funds carrying the deficit balance.

The District's Self Insurance Medical Fund had a negative fund balance during each month or at month end throughout the fiscal year. The District also had a negative fund balance of (\$663,619) in the Self Insurance Fund at year end after audit adjustments to record activity that occurred during the year and in May and June of 2002, but was not posted in the District's ledgers.

The Treasurer should review fund balances as expenditures are made to ensure the appropriate fund balance is available. The Board of Education should review fund balance reports each month to ensure there are no negative fund balances. Transfers or advances should be approved before a fund balance is negative.

LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 ' .505
JUNE 30, 2002
(Continued)

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

Finding Number 2002-10623-004

Bank Reconciliation

The monthly bank reconciliation performed by the District should be complete and accurate. Reconciling items on the monthly bank reconciliation should agree to supporting documentation.

The District's reconciliation as of June 30, 2002, contained a reconciling item in the amount of \$604,185 for Self Insurance disbursements that occurred but were not recorded in the accounting system. The actual amount of Self Insurance disbursements that were not properly recorded was \$742,350.

The lack of a complete and accurate reconciliation has caused the District to be out of balance by \$138,165. This situation could have been prevented if complete and accurate reconciliations had been prepared.

The Treasurer should ensure the monthly bank reconciliation prepared by the Assistant Treasurer is complete, accurate, and agrees to supporting documentation.

Finding Number 2002-10623-005

Self Insurance

The District is self insured for medical, dental, and vision benefits for employees of the District. The District accounts for this Self Insurance activity in a Self Insurance Internal Service Fund. The Self Insurance Fund charges premiums to the General, Special Revenue, and Enterprise funds that have payroll expenditures. The premiums charged to these funds should cover the costs of claims expenses.

The District has not adequately charged the General, Special Revenue, and Enterprise funds in the past and has had operating losses since fiscal year 1998. In 2002, the Self Insurance Fund had a deficit cash and investment balance of (\$663,619) and an accumulated deficit on the GAAP basis of accounting of (\$2,052,808).

Per *Governmental Accounting Standards Board Statement No. 10*, paragraph 68, "If the charge by the internal service fund to the other funds fails to recover the full cost of claims *over a reasonable period of time*, any deficit fund balance in the internal service fund should be charged back to the other funds and reported as an expenditure/expense of those funds."

If the deficit fund balance is not significantly reduced or eliminated in the next fiscal year, the District may need to apply this standard and allocate the deficit balance to the funds that would be reasonably expected to pay the liability, including the General, Special Revenue, and Enterprise funds that normally pay insurance premiums.

We recommend the Board of Education review this issue and the options that are available to eliminate the accumulated deficit.

This matter was also communicated in the management letter of the Fiscal Year 2001 audit.

LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 ' .505
JUNE 30, 2002
(Continued)

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

Finding Number 2002-10623-006

Supporting Documentation for Student Activities

The District should maintain supporting documentation for student activities. In addition, the District should ensure Sales Potential Forms are completed accurately and in a timely manner.

Supporting documentation (e.g. subsidiary ledgers for receipts and disbursements, ticket accountability forms, duplicate receipt books, and invoices) was not maintained for 85% of the receipts tested for student activities. In some cases, Sales Potential Forms were not properly reconciled or completed in a timely manner.

The lack of appropriate supporting documentation could lead to incorrect account or activity postings and unsupported Sales Potential Forms and pay-ins for activities or fund raisers without timely detection by management. A weak control environment over these activities also increases the risk of fraud.

Student Activity Advisors should maintain the appropriate supporting documentation for all activities and ensure Sales Potential Forms are completed accurately and in a timely manner.

3. FINDINGS FOR FEDERAL AWARDS

None.

Lancaster City School District, Ohio



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2002

**Lancaster City
School District, Ohio**

**Comprehensive Annual
Financial Report**

For the Fiscal Year Ended
June 30, 2002



Issued by:
Treasurer's Office

C. R. Asher
Treasurer

**LANCASTER CITY SCHOOL DISTRICT, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 TABLE OF CONTENTS**

INTRODUCTORY SECTION

Transmittal Letter	i
GFOA Certificate of Achievement	xiv
Organization Chart	xv
Principal Officials	xvii

FINANCIAL SECTION

Report of Independent Accountants	1
General Purpose Financial Statements (Combined Statements Overview)	
General Purpose Financial Statements Description	3
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Similar Trust Fund	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Similar Trust Fund	10
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - All Proprietary Fund Types and Similar Trust Fund	14
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types and Similar Trust Fund	15
Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Fund	18
Notes to the General Purpose Financial Statements	20
Combining, Individual Fund, and Account Group Financial Statements and Schedules:	
Governmental Funds:	
General Fund:	
Fund Description	56
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)	57

(Continued)

**LANCASTER CITY SCHOOL DISTRICT, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 TABLE OF CONTENTS
 (CONTINUED)**

Special Revenue Funds:	
Fund Descriptions	63
Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	71
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)	76
 Debt Service Fund:	
Fund Description	118
 Capital Projects Funds:	
Fund Descriptions	119
Combining Balance Sheet	120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	121
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)	122
 Proprietary Funds:	
Enterprise Funds:	
Fund Descriptions	124
Combining Balance Sheet	125
Combining Statement of Revenues, Expenses, and Changes in Fund Equity	126
Schedules of Revenues, Expenses, and Changes in Fund Equity - Budget and Actual (Budget Basis)	127
Combining Statement of Cash Flows	129
 Internal Service Fund:	
Fund Description	131
 Fiduciary Funds:	
Fund Descriptions	132
Combining Balance Sheet	133
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	134
 General Fixed Assets Account Group:	
General Fixed Assets Account Group Description	135
Schedule of Changes in General Fixed Assets by Function	136
Schedule of General Fixed Assets by Function	137
Schedule of General Fixed Assets by Source	138

(Continued)

**LANCASTER CITY SCHOOL DISTRICT, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 TABLE OF CONTENTS
 (CONTINUED)**

STATISTICAL SECTION	TABLE #
General Fund Expenditures by Function - Last Ten Fiscal Years	1
General Fund Revenues by Source - Last Ten Fiscal Years	2
Property Tax Levies and Collections - Last Ten Years	3
Assessed and Estimated Actual Values of Taxable Property - Last Ten Years	4
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years	5
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita - Last Ten Years	6
Computation of Direct and Overlapping General Obligation Bonded Debt	7
Computation of Legal Debt Margin	8
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures - Last Ten Fiscal Years	9
Demographic Statistics - Last Ten Years	10
Property Value, Construction, and Bank Deposits - Last Ten Years	11
Principal Taxpayers, Real Estate Tax	12
Principal Taxpayers, Tangible Personal Property Tax	13
Enrollment Statistics - Last Ten Fiscal Years	14
Teacher Education and Experience	15
Average A.C.T. and S.A.T. Scores	16
A Return to the Community	17
Fiscal 2002 Highlights	18

Introductory

Section



THIS PAGE INTENTIONALLY LEFT BLANK



Lancaster Board of Education

111 South Broad Street Lancaster, Ohio 43130-4376

December 11, 2002

Board of Education Members and Citizens
Lancaster City School District

CITIZENS OF LANCASTER CITY SCHOOL DISTRICT, OHIO

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

EXPLANATION OF CAFR SECTIONS

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

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

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

Our Vision: A community focused on student achievement

Our Mission: To prepare students of all ages to meet academic, social, civic, cultural, and employment needs of the 21st Century

THE SCHOOL DISTRICT AND SERVICES PROVIDED

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

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

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

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

The Lancaster City School District was organized in the mid 1850's and continues to operate in the picturesque and historical setting of the Lancaster area. Over the years, in order to meet the needs of a growing community, the School District has expanded many times, and particularly in the mid 1950's and 1960's undertook initiatives to construct several new buildings as well as to modernize and enlarge several current buildings. The School District is now comprised of a modern high school (serving about 1200 students in grades 10-12) which houses an extensive physical education complex, a freshman school, two junior high schools (serving grades 7-8) appropriately named General Sherman Junior High and Thomas Ewing Junior High, and nine elementary schools. To date, the citizens of Lancaster have an investment of \$37,929,972 in School District land, buildings, furniture and equipment, vehicles, and books.

Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide education services authorized by charter, and further mandated by State and Federal agencies. The School District operates under a locally elected Board of Education which consists of five members. The Board controls the School District's thirteen instructional support facilities staffed by 280 non-certified employees, 422 certificated personnel, and 33 administrative employees who provide services to 6,170 students.

The School District provides a wide range of educational and support services as mandated by State statute or public desires. These include regular and vocational instruction, special instructional programs, student guidance services, and extracurricular activities. Enterprise fund services include bookstore sales (Uniform School Supplies) 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".

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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

Signs of increased economical and numerical growth:

1. Development Senior housing options continued to expand with the completion of Canal Place, a downtown apartment complex in the Kirn Building. Additional senior apartments were under construction at Pleasantville Place on Chartwell Drive and Livingston Arms Apartments on Livingston Avenue. Both of these projects will be completed in 2002.

Housing activity continues to remain strong in all parts of the City. River Valley Highlands, a joint Dominion Homes and Rockford Homes project, continued to expand. Two additional preliminary plats were approved, for a total of 491 lots.

Construction began on Section 10-1, with 34 lots, and Section 10-2, with 34 lots, in 2001. Construction continued in the earlier phases including sections 7, 8, and 9. The approved portions of River Valley Highlands are expected to be complete within the next 2-3 years.

Smaller subdivisions are also growing. Year 2001 saw construction completed on Ewing Run Estates and Sheridan Rainbow #11 Subdivisions on the City's north side for a total of 45 lots. Work also began on completing the second phase of Hunters Trace Part V. Review is underway for Gentry Woods at Wheeling Court providing 6 lots on a re-plat of Miller Subdivision at 6th and Ohio Street providing 7 lots.

Construction of the Twin Creek Subdivision on Hamburg Road was near completion at the end of 2001. This subdivision will provide will provide 32 single residence lots. Construction continued on City View Subdivision in 2001 with completion scheduled in late 2002 or early 2003.

Condominiums became a major potential development in 2002. A development plan for the Villas at Sherman Bluffs, a 76 unit condominium development was approved in late 2001 for construction in 2002. Plans for Ruble Hills, an 86 unit condominium and 120 single residence house complex, are currently being developed for construction in early 2003. Additional proposals for Stonington Village, 44 condominium units at Wheeling Road and Pleasantville Road, and Wesley Hills a mixed residential community of 272 residential, condominiums, and apartments were received in 2001.

2. Commercial Commercial development in the US Route 33 Northwest, north Memorial Drive, Corridor remained active in 2001. Holiday Inn Express, a national hotel chain, completed construction of a new, 72 unit hotel along Riverway Drive in the River Valley Complex. Also in the River Valley Complex, U-Haul has submitted plans for additional storage buildings at their facility on Riverway Drive. Across Memorial Drive, construction of a new 8-unit office building on Schorway Drive began in late 2001 with completion scheduled for late 2002.

Fairfield National Bank began construction of a larger, new office at North Memorial Drive and Arlington Avenue. This office will replace the current building and offer expanded service at this busy branch when completed in 2002. Continuing south, a three-unit shopping center began construction at Memorial Drive and Park Street at the site of the former BP carwash.

Commercial activity also continued on the eastside. Tim Horton's a regional restaurant chain, completed construction of a second restaurant on East Main Street at Ann Court.

3. Industrial Ground was broken on the first phase of construction for the U.S. Route 33 Lancaster Bypass. This highway will carry through traffic on U.S. Route 33 around congested Memorial Drive in the City. It will be an "interstate look-alike" highway with a divided four-lane cross-section in a limited access right-of-way. This freeway will have full interchanges at both ends, and at U.S. Route 22 and State Route 188; a partial interchange will be constructed at Coonpath Road. The removal of through U.S. 33 traffic from Memorial Drive should relieve congestion on that street. This should attract consumers to shop at the numerous businesses along this highly developed commercial corridor.

Road improvements associated with the Lancaster Bypass will also enhance access to an industrial area of the City. Work on the interchange at SR 188 will result in the realignment of Delmont Road with that of a new stub street running north from SR 188 into the Rock Mill Corporate Park property. These improvements to Rock Mill Corporate Park, should enhance the accessibility to the City's far west side industrial park, and thus spur interest for businesses to locate there. The City has aided the park's developer, the non-profit Lancaster Area Community Improvement Corporation (CIC) in developing the park since Anchor Hocking donated the park's land to CIC. CIC has worked with City leaders to attract new businesses and jobs to the park. The Economic Development Department has reported greater interest in the Rock Mill properties since construction of the Bypass began.

The City has begun the marketing of excess land it owns at the Lancaster Municipal Gas' (LMG) Operations Building on Camp Ground Road. The City acquired 35 acres from the Newell Corporation's Anchor Hocking Distribution Center property adjoining the Rock Mill Corporate Park to relocate LMG operations from its former East Main Street site. However, their needs only use a small part of the parcel. A sketch plat submitted shows the remaining property being subdivided into small lots to accommodate small businesses looking to erect small office/warehouse buildings. Business owners have commented that there is a lack of available space for businesses needing these small office/warehouse combination facilities in the City. This development should fulfill this need in the City's overall economic development package.

4. 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, in hospital/nursing homes, and in the schools has (in a sense) awakened the community to change.

The School District The economics of the School District at the beginning of the fiscal 2001-2002 school year continued to improve. With slightly increased funding from the State and with the additional funds provided by the community, the School District has been able to:

1. Work out a contract with certified staff and give reasonable increases in staff salaries and benefits.
2. Replace needed textbooks and instructional materials. We are making good progress in working with staff to replace textbooks in every instructional area within the next five years.
3. Continue our development of computer technology (equipment plus training of staff).
4. Continue our renovation projects within the buildings (replacement of roofs, windows, etc. where needed) and to continue to work on our communication systems (telephones, master clocks, and public address systems).

Economically, we are still counting on the re-structuring of the State of Ohio school financing structure so we will receive more funds from that source...as indicated by the Ohio State Supreme Court.

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

MAJOR INITIATIVES

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

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

There were a number of specific initiatives and accomplishments made during the fiscal year ended June 30, 2002. Some of those were as follows:

1. In our continuing effort to restructure our curricular programs:
 - A new Physical Education Course Study was written, the curriculum guide finished and materials ordered for implementation.
 - A new Math Course of Study was written based on the new Ohio Academic Standards.
 - The Early Childhood Course of Study was written and the curriculum guide will be completed before the end of the school year.
 - Implementation of the new Music in Education (MIE) program, approved by the Board last year, has taken place in all elementary schools.
 - The new art textbooks and materials adopted last year are in place in all elementary schools.
 - The new Math adoption incorporated technology in the form of graphing calculators at all grades.
 - A Balanced Literacy initiative has been implemented this year in the elementary schools. It has helped our proficiency scores. We are now refining the program to make it more efficient.
2. The School District is developing procedures to enhance our public relations with the community.
3. Every building in the School District has been evaluated as to the needs or renovations needed to bring it up to current standards and to where it can be truly functional for its purpose. MKC Associates, an architectural firm assisted the District. Residents, parents, staff members, media, administrators, and the

Board were involved. We are beginning to work on these needs as we have finances available.

4. A new three year contract, July 1, 2001 through June 30, 2004, was successfully negotiated with our non-teaching staff and their organization, the Lancaster School Support Association.
5. We have worked diligently this past year . . . involving professional staff, classified staff, parents, community, business leaders, consultants . . . to prepare for the School District a revised Strategic Plan.
6. We have taken a number of steps to improve our beautiful athletic facilities . . . the most recent being the redevelopment of our baseball and softball fields.

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

FINANCIAL INFORMATION

Fund Accounting

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

Accounting System and Budgetary Control

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

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

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

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

The basis of accounting and various funds and account groups the Lancaster City School District utilizes are fully described in Note 2 to the General Purpose Financial Statements. Additional information on the School District's budgetary accounting can also be found in Notes 2 and 4.

General Fund

The following schedules represent the amount of revenues by source and expenditures by function for the General Fund for the fiscal year ended June 30, 2002, with increases and (decreases) from the fiscal year ended June 30, 2001.

Revenues:	2001 <u>Amount</u>	2002 <u>Amount</u>	2002 <u>% of Total</u>	<u>Change</u>	Percent <u>Change</u>
Property Taxes	\$21,071,030	\$23,729,594	54.63%	\$2,658,564	12.62%
Intergovernmental	17,354,836	19,095,089	43.96	1,740,253	10.03
Interest	729,488	284,148	.65	(445,340)	(61.05)
Tuition and Fees	398,763	170,211	.39	(228,552)	(57.32)
Rent	57,207	46,684	.11	(10,523)	(18.39)
Extracurricular Activities	98,998	102,792	.24	3,794	3.83
Gifts and Donations	650	0	.00	(650)	(100.00)
Miscellaneous	<u>118,896</u>	<u>11,830</u>	<u>.02</u>	<u>(107,066)</u>	<u>(90.05)</u>
Total	<u>\$39,829,868</u>	<u>\$43,440,348</u>	<u>100.00%</u>	<u>\$3,610,480</u>	9.06%

The revenue in the General Fund increased rather sizeably during the last year . . . increasing by 9.06%. Taxes and intergovernmental receipts are the major components of the School District's revenues, usually representing 96-98% of the total. The increase in total revenue would also be found in these classifications. The increase came about primarily because of the following reasons:

1. Amounts received through taxes are based on assessed valuations in the School District of all real and personal property. This year the assessed valuation of the School District for all categories increased from \$706,726,488 in 2001 to \$805,472,021 in 2002. There was also an increase in actual tax collections.
2. The year 2000 was a sexennial year for Fairfield County meaning that property was reappraised. Real properties in Lancaster increased by approximately 14%. While this is partially adjusted in the lowering of tax rates and in the calculation of the State Foundation allocation, we do receive additional taxes due to the inside millage and new homes in the area.
3. Intergovernmental revenues, which are made up in large part by the State Foundation allocation, increased because the allocation per pupil by the State increased and because the State is placing more funds in special areas of the foundation . . . special education, gifted, vocational education, and transportation.

Tuition and fees, rent, and gifts and donations tend to fluctuate from year to year, and all of them together usually make up 1-1.5% of total revenues. While the tuition appears to have dropped significantly, we really have about the same number of students . . . the change comes due to reimbursements not always being received in the same fiscal year as expenditures. Extracurricular revenue will vary from year to year because of the success of fund-raisers, or the

sales of tickets, etc. Rent and Other (miscellaneous) are going to fluctuate each year, and because of their small amount, will often show large increases or decreases in percentage points. Interest rates took a large drop because of the national economy.

<u>Expenditures:</u>	<u>2001 Amount</u>	<u>2002 Amount</u>	<u>2002 % of Total</u>	<u>Change</u>	<u>Percent Change</u>
Instruction:					
Regular	\$18,167,773	\$18,969,014	43.85%	\$801,241	4.41%
Special	4,477,723	4,806,938	11.11	329,215	7.35
Vocational	2,286,961	2,306,613	5.33	19,652	.86
Adult/Continuing	55,211	50,712	.12	(4,499)	(8.15)
Support Services:					
Pupils	2,166,870	2,098,626	4.85	(68,244)	(3.15)
Instructional Staff	2,548,355	2,813,605	6.50	265,250	10.41
Board of Education	47,867	47,721	.11	(146)	(.31)
Administration	3,695,899	3,852,149	8.91	156,250	4.23
Fiscal	1,007,946	1,036,510	2.40	28,564	2.83
Business	424,996	440,253	1.02	15,257	3.59
Operation and Maintenance of Plant	4,370,916	4,589,963	10.61	219,047	5.01
Pupil Transportation	1,852,323	1,392,474	3.22	(459,849)	(24.83)
Central	221,876	263,598	.61	41,722	18.80
Extracurricular Activities	449,863	492,034	1.14	42,171	9.37
Debt Service					
Principal Retirement	92,014	85,424	.20	(6,590)	(7.16)
Interest and Fiscal Charges	<u>12,314</u>	<u>8,329</u>	<u>.02</u>	<u>(3,985)</u>	<u>(32.36)</u>
Total	<u>\$41,878,907</u>	<u>\$43,253,963</u>	<u>100.00%</u>	<u>\$1,375,056</u>	<u>3.28%</u>

The expenditures increased by \$1,375,056 in fiscal year 2002 over the previous year, or 3.28%, in the General fund of the School District. That is less than the increase in the previous year, but we need to review some of the factors which caused those increases:

1. More than normal increases for staff, both certified and classified.
2. We have made a considerable effort to update our curriculum. That has caused some new programs with additional positions needing to be added.
3. We have made an effort during the past few years to appropriate the following:
 - a. At least \$600,000 per year for the replacement of textbooks.
 - b. \$600,000 per year for the addition/replacement of computers and related equipment. We now have approximately 2,000 computers within the School District with necessary systems to both train in their operation, and to use them in the operational programs.
 - c. \$600,000 per year for the replacement of other equipment/furniture.
 - d. \$400,000 per year for projects throughout the buildings such as roofs, windows, blacktop, etc.

4. As in the situation with many organizations/employers, we have had a heavy year in medical claims. Our medical programs are self-funded, and we had to increase payments by an additional \$500,000 for our self-funded program.

All of these; the increases in staff salaries and wages, the addition of new curricular programs and necessary additions of staff, the extra efforts on textbooks and equipment, and the efforts at building restoration would be spread throughout the various functions under instruction and also support services.

Transportation costs dropped significantly because we replaced about ten school buses last year, and replaced none this year. Extracurricular activities grew because our athletic programs are growing and more supplementary positions for coaches are necessary. The operation and maintenance expenditures have grown because of increases in salaries and benefits, but also because we are putting more money in upkeep kinds of expenditures.

The debt retirement follows a pre-determined course for principal payment, and we are approaching the pay-out of our modest indebtedness within a couple of years.

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

We have seen some additional funds through the State in the couple of years because of their emphasis on specific areas---special education, gifted, and transportation.

In our new five –year financial plan, the School District will be in good shape for the next three years, but will begin to show negative figures after that without any cutting. At some point in the next four/five years the School District will have to seek community support for more funds.

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

Financial Highlights - Proprietary Funds Food Service and Uniform School Supplies Funds are classified as enterprise operations since they resemble those activities in private industry. Management periodically desires to determine the amount of profit/loss resulting from operations that are significantly financed from user fees. Enterprise operations had a net income of \$71,760 for the fiscal year ended June 30, 2002. The Food Service Enterprise Fund had fund equity of \$181,014 at June 30, 2002. Lunch prices were increased in fiscal year 2002, and efforts to strengthen the Food Service Fund through scrutiny of expenses and numbers of staff continued through a district-wide commitment.

At the conclusion of 2002, the only internal service fund carried on the financial records related to self-insurance. This fund accounts for revenues and expenses for health care benefits provided to School District employees. The internal service fund had an operating loss of \$903,029 for the fiscal year ended June 30, 2002, and retained earnings at June 30, 2002, of (\$2,300,541). During fiscal year 2002, the School District increased the insurance rates in September, 2001 and April, 2002. The third party administrator has determined that an additional increase in premiums was necessary in fiscal year 2003; therefore, the School District increased rates in September, 2002. At a later date, the internal service fund will be analyzed to determine if another increase is necessary . . . during the 2003 fiscal year.

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

General Fixed Assets The general fixed assets of the Lancaster City School District are used to conduct the main education and support function of the system and are not financial resources available for expenditures. The total general fixed assets at June 30, 2002, was \$37,929,972. Such assets are accounted for at historical cost. Depreciation is not recognized on general fixed assets. For insurance purposes, it has been actuarially estimated that the replacement cost of these general fixed assets would be \$101,061,186.

DEBT ADMINISTRATION

At June 30, 2002, the Lancaster City School District had outstanding debt as listed below:

Note for Energy Management Program	<u>\$675,000</u>
------------------------------------	------------------

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

CASH MANAGEMENT

The School District operates a cash management program designed to provide safety, liquidity, and yield. Funds are invested or deposited in Ohio State Treasurer's Investment Pool (STAR Ohio), daily repurchase agreements and demand deposit accounts. The total interest earned represents an annual interest yield of approximately .52 percent of the total fiscal year receipts. The cash management program is particularly successful because of access to daily balances which enables the School District to maintain minimum balance accounts and invest to the maximum extent.

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

PENSION PLANS

All School District employees are covered by either of the state-wide systems, School Employees Retirement System of Ohio (SERS) or State Teachers Retirement System of Ohio (STRS). The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. The School District's contribution requirements for pension and health care benefits were \$3,365,689 paid as the employer portion to STRS and \$890,885 paid as the employer portion to SERS. See Note 11 and 12 to the General Purpose Financial Statements for complete details.

RISK MANAGEMENT

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

General liability insurance is maintained in the amount of \$3,000,000 for each occurrence and \$5,000,000 in the aggregate. Other liability insurance includes \$2,000,000 for automotive liability with a \$500 deductible for collision and comprehensive, and \$1,000,000 for uninsured motorist liability with no deductible.

In addition, the School District maintains replacement cost insurance on buildings and contents in the amount of \$101,061,186 with a \$1,000 deductible. Band uniforms and equipment are insured for \$5,383,881 with a \$1,000 deductible.

The School District also maintains \$7,500 on premises crime insurance and \$7,500 on messenger crime insurance.

INDEPENDENT AUDIT

State statute requires the School District to submit to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor Jim Petro, Auditor of State, rendered an opinion on the School District's financial statements for fiscal year 2002. Pursuant to statute, the State prescribed a uniform accounting system to standardize accounting classification and financial reporting for all governments in Ohio. The School District adopted and has been in conformance with that system beginning with its financial report for 1979.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lancaster City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2001. 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 ten years out of the last eleven years. The School District did not submit a CAFR for the fiscal year ended June 30, 1995. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

ACKNOWLEDGMENTS

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

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

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

Respectfully Submitted,

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

C. R. Asher
Lancaster City School District Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lancaster City School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

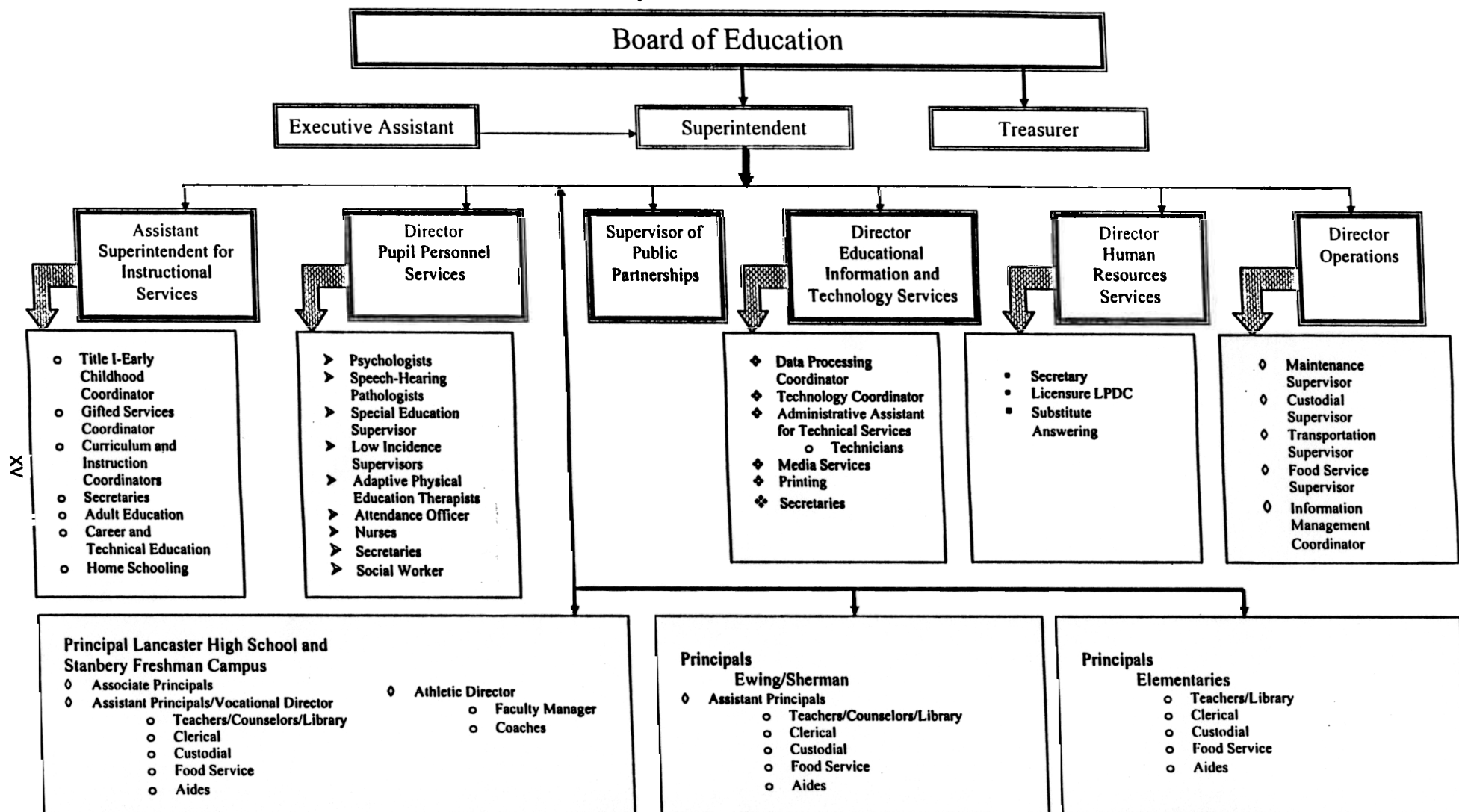
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Timothy A. Curren
President

Jeffrey L. Esser
Executive Director

Lancaster City Schools Leadership Team



LANCASTER CITY SCHOOL DISTRICT, OHIO
ORGANIZATION CHART
(Continued)

CENTRAL OFFICE
ADMINISTRATORS

- Secretary
- Custodian

PRINCIPALS, ASSISTANT PRINCIPALS
VOCATIONAL DIRECTOR

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

TREASURER

- Assistant Treasurer
- Payroll Clerk
- Account Clerk
- Secretary

PUPIL PERSONNEL
DIRECTOR

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

DIRECTORS, SUPERVISORS
COORDINATORS

- Secretary
- Custodian

FOOD SERVICE
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, 2002**

BOARD OF EDUCATION

Mr. Ron E. Burris	President
Dr. Robin L. Rhodes	Vice President
Mrs. Patti Moore	Member
Mrs. Rosemary Hajost	Member
Mr. Gary Mauller	Member

Treasurer

C.R. Asher

Administration

Mr. Thomas B. Maher	Superintendent
Mrs. Linda Deeds	Associate Superintendent, Curriculum/Instruction
Mr. Rob Walker	Director of Human Resources
Dr. Jacalyn R. Osborne	Director of Operations
Mr. Steven Clippinger	Director of Educational Information and Technology
Mr. Stanley Krulia	Director of Pupil Personnel

THIS PAGE INTENTIONALLY LEFT BLANK

Financial

Section



LANCASTER CITY SCHOOLS

THIS PAGE INTENTIONALLY LEFT BLANK



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Lancaster City School District
Fairfield County
111 South Broad Street
Lancaster, Ohio 43130-4376

We have audited the accompanying general-purpose financial statements of the Lancaster City School District, Fairfield County, Ohio (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lancaster City School District, Fairfield County, Ohio, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

JIM PETRO
Auditor of State

December 11, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

The following general purpose financial statements, along with the notes to the general purpose financial statements, present an overview of the School District's financial position at June 30, 2002, and the results of operations and cash flows of its proprietary and similar trust funds for the year then ended.

Lancaster City School District, Ohio

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$7,725,774	\$1,006,213	\$0	\$113,268
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Cash and Cash Equivalents with Fiscal Agents	0	0	0	0
<u>Receivables:</u>				
Taxes	23,041,032	0	353,205	0
Accounts	7,508	4,034	0	0
Intergovernmental	97,331	596,179	0	0
Interfund	1,003,296	0	0	0
Due from Other Funds	8,400	0	0	0
Materials and Supplies Inventory	243,496	2,070	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	374,903	50,225	0	0
<u>Restricted Assets:</u>				
Cash and Cash Equivalents	230,172	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u><u>\$32,731,912</u></u>	<u><u>\$1,658,721</u></u>	<u><u>\$353,205</u></u>	<u><u>\$113,268</u></u>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$243,016	\$0	\$128,056	\$0	\$0	\$9,216,327
0	61,835	0	0	0	61,835
0	59,719	0	0	0	59,719
0	0	0	0	0	23,394,237
188	2,542	151	0	0	14,423
89,453	0	0	0	0	782,963
0	0	0	0	0	1,003,296
275	0	94	0	0	8,769
9,763	0	0	0	0	255,329
74,860	0	0	0	0	74,860
14,125	0	0	0	0	439,253
0	0	0	0	0	230,172
92,972	0	0	37,929,972	0	38,022,944
0	0	0	0	20,861	20,861
0	0	0	0	4,667,135	4,667,135
<u>\$524,652</u>	<u>\$124,096</u>	<u>\$128,301</u>	<u>\$37,929,972</u>	<u>\$4,687,996</u>	<u>\$78,252,123</u>

(Continued)

Lancaster City School District, Ohio

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002
(Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$410,480	\$86,694	\$0	\$0
Contracts Payable	161,665	0	0	0
Retainage Payable	12,861	0	0	0
Accrued Salaries and Benefits Payable	3,852,364	338,570	0	0
Intergovernmental Payable	853,645	63,588	0	0
Interfund Payable	0	23,548	0	0
Due to Other Funds	369	8,400	0	0
Due to Students	0	0	0	0
Deferred Revenue	21,754,991	277,990	332,344	0
Compensated Absences Payable	65,647	0	0	0
Claims Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
Total Liabilities	27,112,022	798,790	332,344	0
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	805,564	113,299	0	0
Reserved for Budget Stabilization	230,172	0	0	0
Reserved for Property Taxes	1,342,608	0	20,861	0
Reserved for Inventory	243,496	2,070	0	0
Reserved for Endowment	0	0	0	0
Unreserved:				
Undesignated	2,998,050	744,562	0	113,268
Total Fund Equity (Deficit) and Other Credits	5,619,890	859,931	20,861	113,268
Total Liabilities, Fund Equity and Other Credits	\$32,731,912	\$1,658,721	\$353,205	\$113,268

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$1,108	\$0	\$609	\$0	\$0	\$498,891
0	0	0	0	0	161,665
0	0	0	0	0	12,861
125,022	0	0	0	0	4,315,956
73,390	0	0	0	318,532	1,309,155
0	979,748	0	0	0	1,003,296
0	0	0	0	0	8,769
0	0	64,379	0	0	64,379
0	359,803	0	0	0	22,725,128
69,445	0	0	0	3,680,777	3,815,869
0	1,085,086	0	0	0	1,085,086
0	0	0	0	13,687	13,687
0	0	0	0	675,000	675,000
<u>268,965</u>	<u>2,424,637</u>	<u>64,988</u>	<u>0</u>	<u>4,687,996</u>	<u>35,689,742</u>
0	0	0	37,929,972	0	37,929,972
54,837	0	0	0	0	54,837
200,850	(2,300,541)	0	0	0	(2,099,691)
0	0	0	0	0	918,863
0	0	0	0	0	230,172
0	0	0	0	0	1,363,469
0	0	0	0	0	245,566
0	0	37,345	0	0	37,345
0	0	25,968	0	0	3,881,848
<u>255,687</u>	<u>(2,300,541)</u>	<u>63,313</u>	<u>37,929,972</u>	<u>0</u>	<u>42,562,381</u>
<u>\$524,652</u>	<u>\$124,096</u>	<u>\$128,301</u>	<u>\$37,929,972</u>	<u>\$4,687,996</u>	<u>\$78,252,123</u>

Lancaster City School District, Ohio
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2002

	Governmental Fund		
	General	Special Revenue	Debt Service
<u>Revenues:</u>			
Property Taxes	\$23,729,594	\$0	\$367,976
Intergovernmental	19,095,089	4,280,633	0
Interest	284,148	0	0
Tuition and Fees	170,211	23,781	0
Rent	46,684	490	0
Extracurricular Activities	102,792	382,713	0
Gifts and Donations	0	40,990	0
Miscellaneous	11,830	97	0
Total Revenues	43,440,348	4,728,704	367,976
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	18,969,014	960,445	0
Special	4,806,938	1,289,484	0
Vocational	2,306,613	75,543	0
Adult/Continuing	50,712	69,546	0
<u>Support Services:</u>			
Pupils	2,098,626	424,524	0
Instructional Staff	2,813,605	677,559	0
Board of Education	47,721	0	0
Administration	3,852,149	202,792	0
Fiscal	1,036,510	18,289	0
Business	440,253	0	0
Operation and Maintenance of Plant	4,589,963	8,164	0
Pupil Transportation	1,392,474	6,818	0
Central	263,598	77,958	0
Operation of Non-Instructional Services	0	754,704	0
Extracurricular Activities	492,034	285,245	0
Capital Outlay	0	683	0
<u>Debt Service:</u>			
Principal Retirement	85,424	3,365	315,000
Interest and Fiscal Charges	8,329	10	37,879
Total Expenditures	43,253,963	4,855,129	352,879
Excess of Revenues Over (Under) Expenditures	186,385	(126,425)	15,097
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	775	0	0
Operating Transfer In	0	21,678	0
Operating Transfer Out	0	(21,678)	0
Total Other Financing Sources (Uses)	775	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	187,160	(126,425)	15,097
Fund Balances at Beginning of Year	5,405,669	988,145	5,764
Increase (Decrease) in Reserve for Inventory	27,061	(1,789)	0
Fund Balances at End of Year	\$5,619,890	\$859,931	\$20,861

See accompanying notes to the general purpose financial statements

Types	Fiduciary Fund Type	Totals
Capital Projects	Expendable Trust	(Memorandum Only)
\$0	\$0	\$24,097,570
93,321	0	23,469,043
0	428	284,576
0	0	193,992
0	0	47,174
0	0	485,505
245	1,589	42,824
0	0	11,927
<u>93,566</u>	<u>2,017</u>	<u>48,632,611</u>
1,172	0	19,930,631
0	0	6,096,422
0	0	2,382,156
0	0	120,258
0	0	2,523,150
69	0	3,491,233
0	0	47,721
0	0	4,054,941
0	0	1,054,799
0	0	440,253
0	0	4,598,127
0	0	1,399,292
0	0	341,556
0	905	755,609
0	0	777,279
41,200	0	41,883
0	0	403,789
0	0	46,218
<u>42,441</u>	<u>905</u>	<u>48,505,317</u>
<u>51,125</u>	<u>1,112</u>	<u>127,294</u>
0	0	775
0	0	21,678
0	0	(21,678)
<u>0</u>	<u>0</u>	<u>775</u>
51,125	1,112	128,069
62,143	23,016	6,484,737
0	0	25,272
<u>\$113,268</u>	<u>\$24,128</u>	<u>\$6,638,078</u>

Lancaster City School District, Ohio
 Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2002

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Property Taxes	\$22,200,000	\$22,828,309	\$628,309
Intergovernmental	18,471,676	19,084,369	612,693
Interest	440,075	284,059	(156,016)
Tuition and Fees	129,164	162,615	33,451
Rent	57,855	43,571	(14,284)
Extracurricular Activities	112,017	102,792	(9,225)
Gifts and Donations	2,000	0	(2,000)
Miscellaneous	17,199	15,372	(1,827)
Total Revenues	41,429,986	42,521,087	1,091,101
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	18,394,754	18,335,083	59,671
Special	4,793,615	4,787,748	5,867
Vocational	2,310,907	2,291,570	19,337
Adult/Continuing	74,909	52,331	22,578
Other	823,387	823,387	0
Support Services:			
Pupils	2,227,932	2,179,540	48,392
Instructional Staff	2,917,478	2,908,188	9,290
Board of Education	72,970	60,962	12,008
Administration	3,902,844	3,901,399	1,445
Fiscal	1,047,248	1,044,041	3,207
Business	529,753	482,699	47,054
Operation and Maintenance of Plant	5,178,033	5,151,889	26,144
Pupil Transportation	1,730,146	1,659,788	70,358
Central	337,433	269,497	67,936
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	509,887	492,730	17,157
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	44,851,296	44,440,852	410,444
Excess of Revenues Over (Under) Expenditures	(3,421,310)	(1,919,765)	1,501,545
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	2,000	775	(1,225)
Advances In	200,000	28,114	(171,886)
Operating Transfer In	0	0	0
Advances Out	(75,000)	(39,676)	35,324
Operating Transfer Out	0	0	0
Total Other Financing Sources (Uses)	127,000	(10,787)	(137,787)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,294,310)	(1,930,552)	1,363,758
Fund Balances at Beginning of Year	7,869,785	7,869,785	0
Prior Year Encumbrances Appropriated	1,018,296	1,018,296	0
Fund Balances (Deficit) at End of Year	\$5,593,771	\$6,957,529	\$1,363,758

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$352,879	\$352,770	(\$109)
4,919,048	4,158,377	(760,671)	0	0	0
0	0	0	0	0	0
8,991	23,572	14,581	0	0	0
2,100	490	(1,610)	0	0	0
560,096	385,593	(174,503)	0	0	0
47,627	37,990	(9,637)	0	0	0
97	97	0	0	0	0
<u>5,537,959</u>	<u>4,606,119</u>	<u>(931,840)</u>	<u>352,879</u>	<u>352,770</u>	<u>(109)</u>
1,222,736	971,439	251,297	0	0	0
1,561,674	1,293,141	268,533	0	0	0
88,463	88,431	32	0	0	0
112,451	71,193	41,258	0	0	0
0	0	0	0	0	0
552,704	448,983	103,721	0	0	0
1,012,445	703,354	309,091	0	0	0
0	0	0	0	0	0
254,615	203,289	51,326	0	0	0
25,276	25,276	0	0	0	0
200	0	200	0	0	0
11,130	8,024	3,106	0	0	0
15,776	6,420	9,356	0	0	0
126,291	79,544	46,747	0	0	0
951,820	792,656	159,164	0	0	0
556,699	330,826	225,873	0	0	0
830	683	147	0	0	0
0	0	0	315,000	315,000	0
0	0	0	37,879	37,879	0
<u>6,493,110</u>	<u>5,023,259</u>	<u>1,469,851</u>	<u>352,879</u>	<u>352,879</u>	<u>0</u>
<u>(955,151)</u>	<u>(417,140)</u>	<u>538,011</u>	<u>0</u>	<u>(109)</u>	<u>(109)</u>
0	0	0	0	0	0
0	23,548	23,548	0	0	0
21,678	21,678	0	0	0	0
(28,114)	(28,114)	0	0	0	0
<u>(21,678)</u>	<u>(21,678)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(28,114)</u>	<u>(4,566)</u>	<u>23,548</u>	<u>0</u>	<u>0</u>	<u>0</u>
(983,265)	(421,706)	561,559	0	(109)	(109)
963,945	963,945	0	109	109	0
263,185	263,185	0	0	0	0
<u>\$243,865</u>	<u>\$805,424</u>	<u>\$561,559</u>	<u>\$109</u>	<u>\$0</u>	<u>(\$109)</u>

(Continued)

Lancaster City School District, Ohio
 Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2002
 (Continued)

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$0	\$0	\$0
Intergovernmental	30,000	93,321	63,321
Interest	0	0	0
Tuition and Fees	0	0	0
Rent	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	10,000	245	(9,755)
Miscellaneous	0	0	0
Total Revenues	40,000	93,566	53,566
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	92,258	1,172	91,086
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Other	0	0	0
<u>Support Services:</u>			
Pupils	0	0	0
Instructional Staff	69	69	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	2,236	0	2,236
Pupil Transportation	0	0	0
Central	39,000	39,000	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	5,000	2,200	2,800
Capital Outlay	5,000	0	5,000
<u>Debt Service:</u>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	143,563	42,441	101,122
Excess of Revenues Over (Under) Expenditures	(103,563)	51,125	154,688
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Operating Transfer In	0	0	0
Advances Out	0	0	0
Operating Transfer Out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(103,563)	51,125	154,688
Fund Balances at Beginning of Year	62,143	62,143	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances (Deficit) at End of Year	(\$41,420)	\$113,268	\$154,688

See accompanying notes to the general purpose financial statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	22,552,879	23,181,079	\$628,200
0	0	0	23,420,724	23,336,067	(84,657)
1,000	464	(536)	441,075	284,523	(156,552)
0	0	0	138,155	186,187	48,032
0	0	0	59,955	44,061	(15,894)
0	0	0	672,113	488,385	(183,728)
2,000	1,589	(411)	61,627	39,824	(21,803)
0	0	0	17,296	15,469	(1,827)
3,000	2,053	(947)	47,363,824	47,575,595	211,771
0	0	0	19,709,748	19,307,694	402,054
0	0	0	6,355,289	6,080,889	274,400
0	0	0	2,399,370	2,380,001	19,369
0	0	0	187,360	123,524	63,836
0	0	0	823,387	823,387	0
0	0	0	2,780,636	2,628,523	152,113
2,905	0	2,905	3,932,897	3,611,611	321,286
0	0	0	72,970	60,962	12,008
0	0	0	4,157,459	4,104,688	52,771
0	0	0	1,072,524	1,069,317	3,207
0	0	0	529,953	482,699	47,254
0	0	0	5,191,399	5,159,913	31,486
0	0	0	1,745,922	1,666,208	79,714
0	0	0	502,724	388,041	114,683
2,573	905	1,668	954,393	793,561	160,832
0	0	0	1,071,586	825,756	245,830
0	0	0	5,830	683	5,147
0	0	0	315,000	315,000	0
0	0	0	37,879	37,879	0
5,478	905	4,573	51,846,326	49,860,336	1,985,990
(2,478)	1,148	3,626	(4,482,502)	(2,284,741)	2,197,761
0	0	0	2,000	775	(1,225)
0	0	0	200,000	51,662	(148,338)
0	0	0	21,678	21,678	0
0	0	0	(103,114)	(67,790)	35,324
0	0	0	(21,678)	(21,678)	0
0	0	0	98,886	(15,353)	(114,239)
(2,478)	1,148	3,626	(4,383,616)	(2,300,094)	2,083,522
22,948	22,948	0	8,918,930	8,918,930	0
0	0	0	1,281,481	1,281,481	0
<u>\$20,470</u>	<u>\$24,096</u>	<u>\$3,626</u>	<u>\$5,816,795</u>	<u>\$7,900,317</u>	<u>\$2,083,522</u>

Lancaster City School District, Ohio
 Combined Statement of Revenues,
 Expenses, and Changes in Fund Equity
 All Proprietary Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
<u>Operating Revenues:</u>				
Sales	\$1,006,774	\$0	\$0	\$1,006,774
Charges for Services	0	4,891,765	0	4,891,765
Interest	0	0	844	844
Total Operating Revenues	1,006,774	4,891,765	844	5,899,383
<u>Operating Expenses:</u>				
Salaries	602,360	0	0	602,360
Fringe Benefits	331,392	0	0	331,392
Purchased Services	9,430	372,221	0	381,651
Claims	0	5,422,573	0	5,422,573
Materials and Supplies	70,812	0	0	70,812
Cost of Sales	724,070	0	0	724,070
Other Operating Expenses	4,420	0	1,812	6,232
Depreciation	13,675	0	0	13,675
Total Operating Expenses	1,756,159	5,794,794	1,812	7,552,765
Operating Loss	(749,385)	(903,029)	(968)	(1,653,382)
<u>Non-Operating Revenues:</u>				
Federal Donated Commodities	130,759	0	0	130,759
Operating Grants	688,728	0	0	688,728
Interest Income	1,658	0	0	1,658
Total Non-Operating Revenues	821,145	0	0	821,145
Net Income (Loss)	71,760	(903,029)	(968)	(832,237)
Retained Earnings (Deficit)/Fund Balance at Beginning of Year - Restated Note 3	129,090	(1,397,512)	40,153	(1,228,269)
Retained Earnings (Deficit)/Fund Balance at End of Year	200,850	(2,300,541)	39,185	(2,060,506)
Contributed Capital at Beginning and End of Year	54,837	0	0	54,837
Fund Equity at End of Year	\$255,687	(\$2,300,541)	\$39,185	(\$2,005,669)

See accompanying notes to the general purpose financial statements

Lancaster City School District, Ohio
 Combined Statement of Revenues, Expenses, and Changes in
 Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2002

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$937,100	\$1,009,081	\$71,981
Charges for Services	0	0	0
Interest	1,000	1,635	635
Contributions and Donations	0	0	0
Operating Grants	619,900	675,756	55,856
Other Non-Operating Revenues	2,000	0	(2,000)
Total Revenues	1,560,000	1,686,472	126,472
<u>Expenses:</u>			
Salaries	648,197	648,197	0
Fringe Benefits	254,234	254,234	0
Purchased Services	8,540	2,286	6,254
Materials and Supplies	699,111	663,482	35,629
Other Operating Expenses	5,200	4,420	780
Capital Outlay	29,669	11,161	18,508
Total Expenses	1,644,951	1,583,780	61,171
Excess of Revenues Over (Under) Expenses	(84,951)	102,692	187,643
Advances In	0	0	0
Advances Out	0	0	0
Total Advances	0	0	0
Excess of Revenues Over (Under) Expenses and Advances	(84,951)	102,692	187,643
Fund Equity at Beginning of Year	135,521	135,521	0
Prior Year Encumbrances Appropriated	1,351	1,351	0
Fund Equity at End of Year	\$51,921	\$239,564	\$187,643

(Continued)

Lancaster City School District, Ohio
 Combined Statement of Revenues, Expenses, and Changes in
 Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2002
 (Continued)

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$0	\$0	\$0
Charges for Services	4,915,981	4,935,145	19,164
Interest	0	0	0
Contributions and Donations	0	0	0
Operating Grants	0	0	0
Other Non-Operating Revenues	0	0	0
Total Revenues	4,915,981	4,935,145	19,164
<u>Expenses:</u>			
Salaries	0	0	0
Fringe Benefits	0	0	0
Purchased Services	390,000	372,221	17,779
Materials and Supplies	0	0	0
Other Operating Expenses	4,360,000	5,376,690	(1,016,690)
Capital Outlay	0	0	0
Total Expenses	4,750,000	5,748,911	(998,911)
Excess of Revenues Over (Under) Expenses	165,981	(813,766)	(979,747)
Advances In	0	16,128	16,128
Advances Out	(300,000)	0	300,000
Total Advances	(300,000)	16,128	316,128
Excess of Revenues Over (Under) Expenses and Advances	(134,019)	(797,638)	(663,619)
Fund Equity at Beginning of Year	134,019	134,019	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	\$0	(\$663,619)	(\$663,619)

See accompanying notes to the general purpose financial statements

Non-Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$937,100	\$1,009,081	\$71,981
0	0	0	4,915,981	4,935,145	19,164
2,800	919	(1,881)	3,800	2,554	(1,246)
200	0	(200)	200	0	(200)
0	0	0	619,900	675,756	55,856
0	0	0	2,000	0	(2,000)
<u>3,000</u>	<u>919</u>	<u>(2,081)</u>	<u>6,478,981</u>	<u>6,622,536</u>	<u>143,555</u>
0	0	0	648,197	648,197	0
0	0	0	254,234	254,234	0
0	0	0	398,540	374,507	24,033
0	0	0	699,111	663,482	35,629
4,000	1,812	2,188	4,369,200	5,382,922	(1,013,722)
0	0	0	29,669	11,161	18,508
<u>4,000</u>	<u>1,812</u>	<u>2,188</u>	<u>6,398,951</u>	<u>7,334,503</u>	<u>(935,552)</u>
<u>(1,000)</u>	<u>(893)</u>	<u>107</u>	<u>80,030</u>	<u>(711,967)</u>	<u>(791,997)</u>
0	0	0	0	16,128	16,128
0	0	0	(300,000)	0	300,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>(300,000)</u>	<u>16,128</u>	<u>316,128</u>
(1,000)	(893)	107	(219,970)	(695,839)	(475,869)
40,016	40,016	0	309,556	309,556	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,351</u>	<u>1,351</u>	<u>0</u>
<u>\$39,016</u>	<u>\$39,123</u>	<u>\$107</u>	<u>\$90,937</u>	<u>(\$384,932)</u>	<u>(\$475,869)</u>

Lancaster City School District, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
Increase (Decrease) in <u>Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$1,009,081	\$0	\$0	\$1,009,081
Cash Received from Quasi-External Operating Transactions with Other Funds	0	4,935,145	0	4,935,145
Cash Payments for Employee Services and Benefits	(902,431)	0	0	(902,431)
Cash Payments for Goods and Services	(671,899)	(372,221)	0	(1,044,120)
Cash Payments for Claims	0	(5,400,818)	0	(5,400,818)
Other Operating Expenses	(4,420)	0	(1,812)	(6,232)
Net Cash Used for Operating Activities	<u>(569,669)</u>	<u>(837,894)</u>	<u>(1,812)</u>	<u>(1,409,375)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition of Capital Assets	<u>(1,579)</u>	<u>0</u>	<u>0</u>	<u>(1,579)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Grants Received	675,756	0	0	675,756
Advances In	<u>0</u>	<u>679,747</u>	<u>0</u>	<u>679,747</u>
Net Cash Provided by Noncapital Financing Activities	<u>675,756</u>	<u>679,747</u>	<u>0</u>	<u>1,355,503</u>
<u>Cash Flows from Investing Activities:</u>				
Interest	<u>1,635</u>	<u>0</u>	<u>919</u>	<u>2,554</u>
Net Increase (Decrease) in Cash and Cash Equivalents	106,143	(158,147)	(893)	(52,897)
Cash and Cash Equivalents Beginning of Year	<u>136,873</u>	<u>279,701</u>	<u>40,016</u>	<u>456,590</u>
Cash and Cash Equivalents End of Year	<u>\$243,016</u>	<u>\$121,554</u>	<u>\$39,123</u>	<u>\$403,693</u>

(Continued)

Lancaster City School District, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2002
 (Continued)

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
Reconciliation of Operating Loss to Net Cash <u>Used for Operating Activities:</u>				
Operating Loss	(\$749,385)	(\$903,029)	(\$968)	(\$1,653,382)
Adjustments to Reconcile Operating Loss to Net <u>Cash Used for Operating Activities:</u>				
Interest	0	0	(844)	(844)
Donated Commodities Received During the Year	130,759	0	0	130,759
Depreciation Expense	13,675	0	0	13,675
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	2,704	(1,000)	0	1,704
Increase in Intergovernmental Receivable	(397)	0	0	(397)
Decrease in Materials and Supplies Inventory	1,576	0	0	1,576
Decrease in Inventory Held for Resale	4,331	0	0	4,331
Increase in Prepays	(788)	0	0	(788)
Decrease in Accounts Payable	(4,078)	0	0	(4,078)
Increase in Accrued Salaries and Benefits Payable	15,158	0	0	15,158
Increase in Compensated Absences Payable	13,637	0	0	13,637
Increase in Intergovernmental Payable	3,139	0	0	3,139
Increase in Deferred Revenue	0	44,380	0	44,380
Increase in Claims Payable	0	21,755	0	21,755
Net Cash Used for Operating Activities	<u>(\$569,669)</u>	<u>(\$837,894)</u>	<u>(\$1,812)</u>	<u>(\$1,409,375)</u>

Reconciliation of Non-Expendable Trust Fund Cash and Cash Equivalents

Cash and Cash Equivalents - All Fiduciary Funds	\$128,056
Cash and Cash Equivalents - Agency Funds and Expendable Trust Fund	<u>(88,933)</u>
Cash and Cash Equivalents - Non-Expendable Trust Fund	<u>\$39,123</u>

Noncash Capital Financing Activities:

During fiscal year 2002, the Food Service Enterprise Fund received \$130,759 in Federally Donated Commodities.

See accompanying notes to the general purpose financial statements

**NOTES TO THE
GENERAL PURPOSE FINANCIAL STATEMENTS**

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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 thirteen instructional support facilities staffed by 280 non-certificated employees, 422 certificated personnel, and 33 administrative employees who provide services to 6,170 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.

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

The following activities are included within the reporting entity:

Private Schools - William V. Fisher Catholic School, Saint Bernadette School, Faith Academy, Fairfield 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.

The School District participates in eight jointly governed organizations and two insurance purchasing pools. These organizations are the Metropolitan Educational Council, Fairfield County Council for Educational Collaboration, Coalition of Rural and Appalachian Schools, Central Ohio Special Education Regional Resource Center, Fairfield County Family, Adult and Children First Council, Teenage Pregnancy Program Board, Fairfield County Multi-System Youth Committee, School Study Council of Ohio, the Ohio School Boards Association Workers'

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 19 and 20 to the general purpose financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation - Fund Accounting

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

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

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

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

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

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

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

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

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

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

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the School District's fiduciary fund types:

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

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

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

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

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

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

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

B. Measurement Focus and Basis of Accounting

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

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

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

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. The full accrual basis of accounting is followed for the proprietary and non-expendable trust funds.

Revenue Recognition 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 year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal 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 non-exchange 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, interest, tuition, grants, student fees, and rentals.

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, 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 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.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations by fund cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The Treasurer maintains budgetary information at the object level and has the authority to allocate appropriations among objects within a fund and function during the year. The legal level of budgetary control is at the function level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. There are several special revenue funds presented on the budgetary level which are combined with other special revenue funds on the accrual basis.

The Employee Benefits Self-Insurance Internal Service Fund had a segregated bank account and cash balances on hand at a third party administrator that were not required to be budgeted; therefore, the budgetary schedules do not include the segregated bank account or the cash balances on hand at a third party administrator.

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

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

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The total of expenditures and encumbrances may not exceed the appropriation totals at any legal level of control.

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

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

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

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including enterprise funds and some internal service monies, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "cash and cash equivalents" on the balance sheet.

During fiscal year 2002, investments were limited to STAROhio and repurchase agreements. Repurchase agreements are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2002. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for at June 30, 2002.

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 2002 amounted to \$284,148, which includes \$25,760 assigned from other School District funds.

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

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

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

The Employee Benefits Self-Insurance Internal Service Fund made disbursements in excess of its equity interest in the cash management pool. The amount of this excess is reported as a liability to the general fund.

E. Receivables and Payables

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

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

F. Inventory

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

G. Prepaids

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Restricted Assets

Restricted assets in the general fund represent amounts required by State statute to be set-aside to create a reserve for budget stabilization. See Note 22 for the calculation of the year end restricted asset balance and the corresponding fund balance reserve.

I. Fixed Assets and Depreciation

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

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 capitalized.

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

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

J. Interfund Assets/Liabilities

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

K. Compensated Absences

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

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

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

L. Accrued Liabilities and Long-term Obligations

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

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

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

M. Interfund Transactions

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

N. Fund Balance Reserves

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

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

O. Contributed Capital

Contributed capital is recorded in proprietary funds that have received contributions from other funds, other governments, and private sources prior to fiscal year 2001. After fiscal year 2000, capital contributions received from other governments and private sources are recorded as revenues and are reported as retained earnings. Capital contributions from other funds are still recorded as contributed capital. For fiscal year 2002, there were no capital contributions.

P. Estimates

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

Q. Totals Columns on General Purpose Financial Statements

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

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 3 – Restatement of Prior Year Balances

In fiscal year 2001, the School District implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36 "Reporting for Certain Shared Nonexchange Revenues". In error, donated commodities on hand were reported as deferred revenue instead of revenue in the food service enterprise fund.

The error caused a change in net income as previously reported for the year ended June 30, 2001:

	<u>Enterprise</u>
Net Income as previously reported	\$24,054
Removal of Deferred Revenue	17,919
Restated amount for the year ended June 30, 2001	<u>\$41,973</u>

The error had the following effect on retained earnings as it was previously reported as of June 30, 2001.

	<u>Enterprise</u>
Balances as previously reported	\$71,906
Removal of Deferred Revenue	57,184
Restated Balances as of July 1, 2001	<u>\$129,090</u>

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Similar Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types and Non-Expendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).
4. Principal and interest payments on debt obligations are reported in debt service funds on operating statements (budget) rather than in the funds receiving those proceeds (gaap basis).
5. Non-budgeted activity in the Internal Service Fund.

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$187,160	(\$126,425)	\$15,097	\$51,125	\$1,112
Net Adjustment for					
Revenue Accruals	(919,261)	(122,585)	(15,206)	0	36
Advances In	28,114	23,548	0	0	0
Prepaid Items	(7,468)	29,826	0	0	0
Net Adjustment for Expenditure					
Accruals	482,615	2,833	0	0	0
Advances Out	(39,676)	(28,114)	0	0	0
Encumbrances	(1,662,036)	(200,789)	0	0	0
Budget Basis	<u>(\$1,930,552)</u>	<u>(\$421,706)</u>	<u>(\$109)</u>	<u>\$51,125</u>	<u>\$1,148</u>

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>
Net Income (Loss)/Excess of Revenues Over (Under) Expenses and Advances All Proprietary Fund Types and Similar Trust Fund			
GAAP Basis	\$71,760	(\$903,029)	(\$968)
Net Adjustment for Revenue Accruals	(141,447)	43,380	75
Prepaid Items	788	0	0
Advances In	0	16,128	0
Net Adjustment for Expense Accruals	157,040	21,754	0
Materials and Supplies Inventory	1,576	0	0
Inventory held for Resale	4,331	0	0
Capital Outlay	(1,579)	0	0
Depreciation Expense	13,675	0	0
Non-Budgeted Activity	0	24,129	0
Encumbrances	(3,452)	0	0
Budget Basis	<u>\$102,692</u>	<u>(\$797,638)</u>	<u>(\$893)</u>

Note 5 – Accountability and Compliance

A. Accountability

The following funds had deficit fund balances as of June 30, 2002:

	<u>Deficit Fund Balances/ Retained Earnings</u>
<u>Special Revenue Funds:</u>	
Adult Basic Education	(\$18,170)
Vocational Education	(12,066)
 <u>Internal Service Fund:</u>	
Employee Benefits Self-Insurance	(2,300,541)

The deficit balance in the special revenue funds and internal service fund is the result of the application of generally accepted accounting principles. The internal service fund also had disbursements in excess of its equity interest in the cash management pool. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The School District is in the process of implementing an increase in premiums to the internal service fund. If there is no improvement in the internal service fund after premiums are increased, an additional premium increase may be implemented or management may deem it necessary for the general fund to provide an operating transfer to the internal service fund.

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

B. Legal Compliance

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

	<u>Excess</u>
<u>Special Revenue Fund:</u>	
Reading Excellence Grant	
Regular Instruction	(\$27,762)
 <u>Internal Service Fund:</u>	
Employee Benefits Self-Insurance	
Other Expenses	(1,016,690)

The following fund had appropriations in excess of estimated resources contrary to Section 3317.11, Revised Code:

	<u>Excess</u>
<u>Capital Projects Fund:</u>	
Computer Network	(\$63,322)

The following fund had a deficit cash fund balance contrary to Section 5705.10, Revised Code:

	<u>Deficit</u>
<u>Internal Service Fund:</u>	
Employee Benefits Self-Insurance	(\$663,619)

Note 6 - Deposits and Investments

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held until maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash On Hand At year end, the School District had \$2,258 in undeposited cash on hand which is included on the balance sheet of the School District as part of “cash and cash equivalents”.

Cash with Fiscal Agents At June 30, 2002, the School District’s internal service fund had a cash balance of \$59,719 with Medical Mutual of Ohio, a third party administrator (See Note 10). The money is held by the third party administrator in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. To obtain financial information about Medical Mutual of Ohio, write to Medical Mutual of Ohio, Eastern Region, P.O. Box 5900, Cleveland, Ohio 44101-0900.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, “Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements.”

Deposits At fiscal year end, the carrying amount of the School District's deposits was (\$1,621,949) and the bank balance was \$65,431. All of the bank balance was covered by federal depository insurance.

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

	Category 3	Carrying and Fair Value
Repurchase Agreements	\$1,741,396	\$1,741,396
STAROhio	0	9,386,629
Totals	\$1,741,396	\$11,128,025

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

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

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$9,568,053	\$0
Cash on Hand	(2,258)	0
Cash with Fiscal Agent	(59,719)	0
Investments of the Cash Management Pool:		
Repurchase Agreements	(1,741,396)	1,741,396
STAROhio	(9,386,629)	9,386,629
Totals	(\$1,621,949)	\$11,128,025

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

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

Tangible personal property taxes 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.

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second Half Collections		2002 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$575,134,650	81%	\$678,068,930	84%
Public Utility Personal	27,143,180	4	23,959,830	3
Tangible Personal Property	104,448,658	15	103,443,261	13
	<u>\$706,726,488</u>	<u>100%</u>	<u>\$805,472,021</u>	<u>100%</u>

Tax Rate per \$1,000 of assessed valuation	\$64.60	\$64.60
--	---------	---------

The School District receives property taxes from Fairfield County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002, was \$1,363,469, \$1,342,608 was available to the general fund and \$20,861 was available to the bond retirement debt service fund.

Note 8 - Receivables

Receivables at June 30, 2002 consisted of property taxes, accounts (rent, billings for user charged services, and tuition and fees), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<i>General Fund:</i>	
Miscellaneous Reimbursements	\$107
Athletic Fees	305
Tax Reimbursements	1,407
Teacher Reimbursements	14,102
Excess Costs	81,410
<i>Total General Fund</i>	97,331
<i>Special Revenue Fund:</i>	
Title VI	8,292
Vocational Education	20,545
Title VI-R	26,322
Adult Basic Education	35,464
Title VI-B	55,753
Title I	169,188
Even Start	280,615
<i>Total Special Revenue Funds</i>	596,179
<i>Enterprise Fund:</i>	
Meal Reimbursements	397
National School Lunch	89,056
<i>Total Enterprise Fund</i>	89,453
<i>Total All Funds</i>	\$782,963

Note 9 - Fixed Assets

A summary of the Proprietary Funds' fixed assets at June 30, 2002, follows:

	Enterprise
Furniture and Equipment	\$654,567
Less: Accumulated Depreciation	(561,595)
Net Fixed Assets	\$92,972

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

A summary of the changes in general fixed assets during fiscal year 2002 follows:

	Balance 6/30/01	Additions	Deletions	Balance 6/30/02
Land and Improvements	\$900,854	\$0	\$0	\$900,854
Buildings and Improvements	14,134,244	0	0	14,134,244
Furniture and Equipment	13,593,825	906,633	123,302	14,377,156
Vehicles	2,099,385	82,260	0	2,181,645
Textbooks and Library Books	5,545,848	1,094,028	500,000	6,139,876
Construction in Progress	0	196,197	0	196,197
Total	\$36,274,156	\$2,279,118	\$623,302	\$37,929,972

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 2002, the School District contracted with Nationwide Mutual Insurance Company for some of its insurance. The types and amounts of coverage provided by Nationwide insurance are as follows:

Coverage	Amount	Deductible
Building and Contents - replacement cost	\$101,061,186	\$1,000
Crime Insurance - Premises	7,500	100
Crime Insurance - Messenger	7,500	100
Automobile Liability	2,000,000	500
Uninsured Motorists	1,000,000	0
Band Uniforms and Equipment	5,383,881	1,000

During fiscal year 2002, 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. 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 District pays this annual premium to the OSP. (See Note 20)

The types and amounts of coverage provided by the Ohio School Plan are as follows:

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

General Liability:	
Each Occurrence	\$1,000,000
Aggregate Limit	3,000,000
Products - Completed Operations Aggregate Limit	1,000,000
Medical Expense Limit - Per Person/Accident	10,000
Fire Damage Limit - Any One Event	500,000
Excess Liability:	
Each Occurrence	2,000,000
Aggregate Limit	2,000,000
Employer's Liability:	
Each Occurrence	1,000,000
Disease - Each Employee	1,000,000
Disease - Policy Limit	1,000,000
Employee Benefits Liability	
Per Claim	1,000,000
Aggregate Limit	2,000,000
Educators Legal Liability	
Per Claim (\$10,000 deductible)	1,000,000
Annual Aggregate	2,000,000
Defense Annual Aggregate	1,000,000

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 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

C. Medical and Dental

The School District provides a limited medical and dental insurance program for its employees. Premiums are paid directly to the third party administrator out of the School District's self-insurance internal service fund. Central Benefits, Inc. services all medical claims and Medical Mutual services all dental claims submitted by employees. The internal service fund presented

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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 \$625 for certified and classified employees for family coverage and up to \$232 for certified and classified employees for single coverage. The School District pays monthly dental premiums of up to \$37.80 for family and single coverage for certified and classified employees. The premiums paid into the internal service fund are used for claims, claim reserves, and administrative costs. The School District has a stop loss coverage insurance policy which covers individual claims in excess of \$150,000 per employee per year for medical claims. The School District has no stop loss coverage for the dental claims.

The claims liability of \$1,085,086 reported in the internal service fund at June 30, 2002, is based on an estimate provided by the third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2001	\$775,693	\$5,045,812	\$4,758,174	\$1,063,331
2002	1,063,331	5,422,573	5,400,818	1,085,086

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

The Local 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 State statute per 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 43215-3746.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$325,537, \$254,229, and \$301,388 respectively; 48 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

2000. \$168,138 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$2,283,860, \$2,178,243, and \$1,278,171, respectively; 82 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$411,731 represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

Note 12 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$1,081,829 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent for fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$565,348.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants receiving health care benefits.

Note 13 - 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 to a maximum of 65 days for classified and certified employees. If a certified employee retires within one hundred days of their first year of eligible retirement, then the maximum retirement payment is 100 days.

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

B. Life Insurance

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

C. Deferred Compensation

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

Note 14 – Contract Obligations

As of June 30, 2002, the School District had contractual purchase commitments for two projects. The amount for each contractor is as follows:

Contractor	Purchase Commitments	Amounts Paid as of 6/30/2002	Amounts Remaining on Contracts
General Fund for Ballfield Work:			
Larkin Sewer Contractor, Inc.	\$398,387	\$162,334	\$236,053
J & P Paving Masonry Sealant, Inc.	118,005	0	118,005
MKC Associates, Inc.	39,839	33,863	5,976
Ultimate Asphalt, Ltd.	23,700	0	23,700
<i>Totals</i>	<u>\$579,931</u>	<u>\$196,197</u>	<u>\$383,734</u>

Note 15 - Capital Leases

In prior years, the School District entered into capitalized leases for computers and cisco router equipment. The 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 have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as function expenditures on a budgetary basis.

General fixed assets consisting of leased equipment has been capitalized in the general fixed assets account group in the amount of \$267,433. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

in the general long term obligations account group. Principal payments in fiscal year 2002 totaled \$88,789.

Year	General Long-Term Obligation
2003	\$14,146
Total Minimum Lease Payments	14,146
Less: Amount Representing Interest	(459)
Present Value of Minimum Lease Payments	\$13,687

Note 16 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2002 were as follows:

	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
Energy Conservation Note - 1993 - 4.55%	\$990,000	\$0	\$315,000	\$675,000
Capital Leases	102,476	0	88,789	13,687
Pension Obligation	307,718	318,532	307,718	318,532
Compensated Absences	3,449,512	372,686	141,421	3,680,777
<i>Total General Long-Term Obligations</i>	\$4,849,706	\$691,218	\$852,928	\$4,687,996

Energy Conservation Long-Term Note - On July 15, 1993, Lancaster City School District issued \$2,850,000 in unvoted general obligation notes, at an interest rate of 4.55%, for the purpose of installing energy conservation improvements for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2004. The debt will be retired through reductions in energy consumption and cost savings attributed to the installation of the energy conservation improvements. The general fund allocates tax revenues to the bond retirement debt service fund to meet current fiscal year obligations.

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

The School District's overall legal debt margin was \$72,492,482 with an unvoted debt margin of \$805,472 at June 30, 2002.

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Principal and interest requirements to retire the Energy Conservation Long-Term Note at June 30, 2002, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2003	\$330,000	\$23,205	\$353,205
2004	345,000	7,849	352,849
Total	\$675,000	\$31,054	\$706,054

Note 17 – Interfund Activity

As of June 30, 2002, receivables and payables that resulted from various interfund transactions were as follows:

<u>Interfund Receivable/Payable</u>	<u>Receivable</u>	<u>Payable</u>
<u>General Fund</u>	<u>\$1,003,296</u>	<u>\$0</u>
<u>Special Revenue Funds:</u>		
Adult Basic Education	0	10,194
Title VI	0	1,000
Reducing Class Size	0	1,510
Vocational Education	0	10,844
Total Special Revenue Funds	<u>0</u>	<u>23,548</u>
<u>Internal Service Fund:</u>		
Employee Benefits Self-Insurance	<u>0</u>	<u>979,748</u>
Total All Funds	<u>\$1,003,296</u>	<u>\$1,003,296</u>

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Due from/to Other Funds

	Receivable	Payable
General Fund	\$8,400	\$369
<u>Special Revenue Fund:</u>		
Adult Basic Education	0	8,400
<u>Enterprise Fund:</u>		
Food Service	275	0
<u>Expendable Trust Fund:</u>		
Scholarship Memorial	32	0
<u>Non-Expendable Trust Fund:</u>		
Endowment	62	0
Total All Funds	\$8,769	\$8,769

Note 18 – Segment Information for Enterprise Funds

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The following table reflects the more significant financial data relating to the enterprise funds of the Lancaster City School District as of and for the fiscal year ended June 30, 2002.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$947,098	\$59,676	\$1,006,774
Depreciation Expense	13,675	0	13,675
Operating Income (Loss)	(760,910)	11,525	(749,385)
Donated Commodities	130,759	0	130,759
Operating Grants	688,728	0	688,728
Net Income	60,235	11,525	71,760
Fixed Assets Additions	1,579	0	1,579
Net Working Capital	157,487	74,673	232,160
Total Assets	449,979	74,673	524,652
Long-Term Liabilities paid from			
Fund Revenues	69,445	0	69,445
Total Equity	181,014	74,673	255,687
Cash Encumbrances Outstanding at June 30, 2002	3,452	0	3,452

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 19 - Jointly Governed Organizations

Metropolitan Educational Council - The Metropolitan Educational Council (MEC) is a jointly governed organization. The organization is composed of over one hundred members which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. MEC also provides a variety of services through its data processing center to thirty-one member districts ("C" sites) in the Ohio Counties of Fairfield, Franklin, Madison, Pickaway, and Union with the major emphasis being placed on fiscal services. MEC also provides services to the School District including pupil scheduling, attendance reporting, and grade reporting. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts), and one representative from each county. MEC is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for MEC. Financial statements for MEC can be obtained from the Metropolitan Educational Council, at 1600 Channingway Boulevard Suite 604, Columbus, Ohio 43232. The School District's payments to MEC in fiscal year 2002 were \$110,728.

Fairfield County Council for Educational Collaboration - Fairfield County Council of Educational Collaboration (FCCEC) is a jointly governed organization operated by a Board which consists of superintendents, or a designated representative, from nine boards of education and the Ohio University-Lancaster Campus within Fairfield County. The purpose of the FCCEC is to bring together the public school systems and the public institutions for higher education in Fairfield County so that they can collectively devise and provide for enhanced educational opportunities for the students and citizens of our community. The areas of interest that may be addressed by the Council include, but are not limited to, student programming, school management issues, and other collaborative projects deemed appropriate by the governing body of the Council. The Council is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District made no contributions to FCCEC during fiscal year 2002.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various inservice for school district administrative personnel; gathers of data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District paid a membership fee of \$300 in fiscal year 2002.

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Central Ohio Special Education Regional Resource Center - The Central Ohio Special Education Regional Resource Center (COSERRC) is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in Central Ohio (which comprise sixty percent of the Board), two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Developmental Disabilities, and representatives of universities. The School District participates in the following services of COSERRC: Identification and Program Development Project, Regional Educational Assessment Programming Project, Instructional Resource Center Project, Early Childhood Services Project, and the Ohio Resource Center for Low Incidence and Severely Handicapped Project. These services are to assist the School District in complying with mandates of Public Law 99-457 for educating children with disabilities. There is no financial commitment made by the districts involved in COSERRC. COSERRC is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for COSERRC. The School District paid \$215 to COSERRC during fiscal year 2002.

Fairfield County Family, Adult and Children First Council - The Fairfield County Family, Adult and Children First Council is a jointly governed organization created under Ohio Revised Code Section 121.37. The Council is made up of the following members: Director of the Fairfield County Community Mental Health and Recovery Services Board, Health Commissioner of the Fairfield County Health Department, Health Commissioner of the City of Lancaster Health Department, Director of the Fairfield County Human Services, Director of the Children Services Department, Superintendent of the Fairfield County Mental Retardation and Development Disabilities, the Fairfield County Juvenile Court Judge, Superintendent of Lancaster City Schools, Superintendent of Fairfield County Board of Education, a representative of the City of Lancaster, Chair of the Fairfield County Commissioners, State Department of Youth Services Regional representative, representative from the County Head Start Agencies, a representative of the County's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986", and a least three individuals representing the interests of families in the County. When possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership. In fiscal year 2002, 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.

Teenage Pregnancy Program Board - The Teenage Pregnancy Program Board is a jointly governed organization created to plan and coordinate programming designed to reduce teen pregnancy in Fairfield County. The Board is composed of seventeen members. The Board consists of representatives from the following organizations: Fairfield County Juvenile Court, Fairfield County Children Services Board, Lancaster City Schools, Fairfield County Schools, Department of Human Services, Fairfield County Health Department, Fairfield County Community Action Program, four representatives from the Fairfield County Commissioners, four representatives from the nominating committee of the Teenage Pregnancy Program Board, and two young persons appointed by the Teen Advisory Board. In fiscal year 2002, the School District made no contributions to the Board. Continued existence of the Board is not dependent upon the School District's continued participation, no equity interest exists, and no debt is outstanding.

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Fairfield County Multi-System Youth Committee - The Fairfield County Multi-System Youth Committee is a group of agencies that coordinate the provision of services to multi-need youth in the area. Members of the Committee include representatives of the Fairfield County Youth Services, Fairfield County Board of MR/DD, Fairfield County Mental Health and Recovery Services Board, Fairfield County Children Services, Fairfield County Health Department, New Horizons, the local office of the Rehabilitation Services Commission, Fairfield County Drug and Alcohol Recovery Services, the Lancaster City Health Department, and the Lancaster City Board of Education. The Committee received no additional monies from the School District during fiscal year 2002. 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.

School Study Council of Ohio – The School Study Council of Ohio (Council) is a jointly governed organization operated by a Board of Trustees (Board) that is comprised of numerous Ohio school districts. The purpose of the Council is to bring about the improvement of education in member school organizations. Participating school districts have active membership by paying a yearly membership fee which entitles each school district to attend Council meetings and voting privileges. Participating school districts may elect to be associate members which entitles them to attend meetings and participate in Council discussions but are not entitled to vote. The Board is annually elected from within the Council's active membership. In fiscal year 2002, the Board consisted of fourteen members. In fiscal year 2002, the School District obtained active membership privileges and paid a membership fee of \$1,901.

Note 20 – Insurance Purchasing Pool

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

Ohio School Plan – The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (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 fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

Lancaster City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 21 - Contingencies

A. Grants

The School District receives 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

B. Litigation

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

Note 22 - Set-Aside Calculations

The Lancaster City 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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years

In prior years, the School District was also required to set aside money for budget stabilization. Senate Bill 345, effective April 10, 2001, eliminated future set-aside requirements for the budget stabilization, reduced requirements related to the current set-aside, and placed restrictions on current budget stabilization money relating to the worker's compensation refunds. The full amount of the budget stabilization was not expended by June 30, 2002.

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

Lancaster City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

	Textbooks	Capital Improvements	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2001	(\$1,562,585)	\$0	\$230,172
Current Year Set-aside Requirement	757,279	757,279	0
Qualifying Disbursements	(2,017,273)	(1,425,013)	0
Totals	<u>(\$2,822,579)</u>	<u>(\$667,734)</u>	<u>\$230,172</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$2,822,579)</u>	<u>\$0</u>	<u>\$230,172</u>
Total Reserve Balance	<u>\$0</u>	<u>\$0</u>	<u>\$230,172</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. The extra amount in the textbooks may be used to reduce the set-aside requirement in future years. The extra amount in the capital acquisition may not be carried forward.

Note 23 – State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "... the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient ...".

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

Note 24 – Subsequent Events

On August 27, 2002, a new community school entitled "The Lancaster Digital Academy" began with Lancaster City School District as the sponsor school district.

In September, 2002, the School District increased premiums to the internal service fund.

On November 14, 2002, the School District Board Members approved a transfer of \$800,000 from the General Fund to the Employee Benefits Self-Insurance Fund.

THIS PAGE INTENTIONALLY LEFT BLANK

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

GENERAL FUND

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

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$22,200,000	\$22,828,309	\$628,309
Intergovernmental	18,471,676	19,084,369	612,693
Interest	440,075	284,059	(156,016)
Tuition and Fees	129,164	162,615	33,451
Rent	57,855	43,571	(14,284)
Extracurricular Activities	112,017	102,792	(9,225)
Gifts and Donations	2,000	0	(2,000)
Miscellaneous	17,199	15,372	(1,827)
Total Revenues	41,429,986	42,521,087	1,091,101
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	12,741,949	12,741,949	0
Fringe Benefits	3,644,094	3,639,800	4,294
Purchased Services	102,793	68,854	33,939
Materials and Supplies	1,319,321	1,319,163	158
Capital Outlay - New	165,339	153,757	11,582
Capital Outlay - Replacement	415,258	410,955	4,303
Other	6,000	605	5,395
Total Regular	18,394,754	18,335,083	59,671
Special:			
Salaries and Wages	3,494,557	3,494,557	0
Fringe Benefits	1,166,349	1,164,975	1,374
Purchased Services	12,300	9,856	2,444
Materials and Supplies	80,661	80,661	0
Capital Outlay - New	34,533	33,105	1,428
Capital Outlay - Replacement	5,215	4,594	621
Total Special	4,793,615	4,787,748	5,867
Vocational:			
Salaries and Wages	1,713,871	1,713,871	0
Fringe Benefits	492,277	491,697	580
Purchased Services	17,000	10,613	6,387
Materials and Supplies	34,144	27,246	6,898
Capital Outlay - New	16,343	10,871	5,472
Capital Outlay - Replacement	37,272	37,272	0
Total Vocational	\$2,310,907	\$2,291,570	\$19,337

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2002
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Adult/Continuing:			
Salaries and Wages	\$58,940	\$41,477	\$17,463
Fringe Benefits	11,909	6,794	5,115
Materials and Supplies	4,060	4,060	0
Total Adult/Continuing	<u>74,909</u>	<u>52,331</u>	<u>22,578</u>
Other:			
Purchased Services	<u>823,387</u>	<u>823,387</u>	<u>0</u>
Total Instruction	<u>26,397,572</u>	<u>26,290,119</u>	<u>107,453</u>
Support Services:			
Pupils:			
Salaries and Wages	1,209,771	1,187,415	22,356
Fringe Benefits	368,497	364,424	4,073
Purchased Services	475,046	475,046	0
Materials and Supplies	174,618	152,655	21,963
Total Pupils	<u>2,227,932</u>	<u>2,179,540</u>	<u>48,392</u>
Instructional Staff:			
Salaries and Wages	1,776,080	1,776,080	0
Fringe Benefits	748,149	747,358	791
Purchased Services	104,723	102,653	2,070
Materials and Supplies	203,832	198,549	5,283
Capital Outlay - New	15,577	15,318	259
Capital Outlay - Replacement	65,827	65,827	0
Other	3,290	2,403	887
Total Instructional Staff	<u>2,917,478</u>	<u>2,908,188</u>	<u>9,290</u>
Board of Education:			
Salaries and Wages	8,000	6,850	1,150
Fringe Benefits	1,168	1,167	1
Purchased Services	41	41	0
Materials and Supplies	1,000	484	516
Other	62,761	52,420	10,341
Total Board of Education	<u>\$72,970</u>	<u>\$60,962</u>	<u>\$12,008</u>

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2002
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Administration:			
Salaries and Wages	\$2,677,914	\$2,677,914	\$0
Fringe Benefits	882,210	881,170	1,040
Purchased Services	294,470	294,470	0
Materials and Supplies	18,868	18,463	405
Capital Outlay - New	9,441	9,441	0
Capital Outlay - Replacement	11,729	11,729	0
Other	8,212	8,212	0
Total Administration	3,902,844	3,901,399	1,445
Fiscal:			
Salaries and Wages	286,181	284,119	2,062
Fringe Benefits	98,680	98,564	116
Purchased Services	90,367	89,421	946
Materials and Supplies	6,183	6,183	0
Capital Outlay - New	7,500	7,417	83
Other	558,337	558,337	0
Total Fiscal	1,047,248	1,044,041	3,207
Business:			
Salaries and Wages	109,448	109,448	0
Fringe Benefits	46,252	42,423	3,829
Purchased Services	306,259	299,668	6,591
Materials and Supplies	67,794	31,160	36,634
Total Business	529,753	482,699	47,054
Operation and Maintenance of Plant:			
Salaries and Wages	1,755,829	1,755,829	0
Fringe Benefits	685,994	685,185	809
Purchased Services	2,276,674	2,263,940	12,734
Materials and Supplies	373,124	360,747	12,377
Capital Outlay - New	4,750	4,563	187
Capital Outlay - Replacement	81,662	81,625	37
Total Operation and Maintenance of Plant	5,178,033	5,151,889	26,144
Pupil Transportation:			
Salaries and Wages	845,730	845,730	0
Fringe Benefits	322,192	321,812	380
Purchased Services	92,000	28,059	63,941
Materials and Supplies	145,994	140,057	5,937
Capital Outlay - New	1,200	1,100	100
Capital Outlay - Replacement	323,030	323,030	0
Total Pupil Transportation	\$1,730,146	\$1,659,788	\$70,358

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2002
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Central:			
Salaries and Wages	\$72,000	\$69,011	\$2,989
Fringe Benefits	54,736	43,002	11,734
Purchased Services	84,834	36,778	48,056
Materials and Supplies	21,033	17,237	3,796
Capital Outlay - New	32,513	31,746	767
Capital Outlay - Replacement	71,317	71,317	0
Other	1,000	406	594
Total Central	337,433	269,497	67,936
Total Support Services	17,943,837	17,658,003	285,834
Extracurricular Activities:			
Academic and Subject Oriented Activities:			
Salaries and Wages	54,000	49,205	4,795
Fringe Benefits	10,866	6,699	4,167
Purchased Services	620	620	0
Materials and Supplies	1,417	1,417	0
Other	2,000	1,019	981
Total Academic and Subject Oriented Activities	68,903	58,960	9,943
Occupation Oriented Activities			
Salaries and Wages	3,711	2,633	1,078
Fringe Benefits	967	965	2
Total Occupation Oriented Activities	4,678	3,598	1,080
Sports Oriented Activities:			
Salaries and Wages	334,935	334,935	0
Fringe Benefits	57,563	57,495	68
Total Sports Oriented Activities	392,498	392,430	68
School and Public Service Co-Curricular Activities:			
Salaries and Wages	35,206	30,073	5,133
Fringe Benefits	4,890	4,548	342
Purchased Services	1,003	412	591
Materials and Supplies	2,709	2,709	0
Total School and Public Service Co-Curricular Activities	43,808	37,742	6,066
Total Extracurricular Activities	\$509,887	\$492,730	\$17,157

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2002
(Continued)

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Total Expenditures	<u>\$44,851,296</u>	<u>\$44,440,852</u>	<u>\$410,444</u>
Excess of Revenues Under Expenditures	<u>(3,421,310)</u>	<u>(1,919,765)</u>	<u>1,501,545</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	2,000	775	(1,225)
Advances In	200,000	28,114	(171,886)
Advances Out	<u>(75,000)</u>	<u>(39,676)</u>	<u>35,324</u>
Total Other Financing Sources (Uses)	<u>127,000</u>	<u>(10,787)</u>	<u>(137,787)</u>
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	<u>(3,294,310)</u>	<u>(1,930,552)</u>	<u>1,363,758</u>
Fund Balance at Beginning of Year	7,869,785	7,869,785	0
Prior Year Encumbrances Appropriated	<u>1,018,296</u>	<u>1,018,296</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$5,593,771</u></u>	<u><u>\$6,957,529</u></u>	<u><u>\$1,363,758</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

SPECIAL REVENUE FUNDS

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

Public School Support

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

Community Grants

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

School Improvement Models

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

District Managed Student Activity

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

Auxiliary Services

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

Consumer and Economic Education

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

Teacher Development

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

Educational Management Information Systems

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

(Continued)

SPECIAL REVENUE FUNDS

(Continued)

Data Communications

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

SchoolNet Professional Development

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

Summer School Intervention

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

Safe Schools Hotline

To account for funds awarded to the School District by the State to promote safety in the School District.

Family Partnership Grant

To account for State funds awarded to the School District to promote educational linking to the family.

Adult Basic Education

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

Title III

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

Title VI

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

Drug Free Grant

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

(Continued)

SPECIAL REVENUE FUNDS

(Continued)

Telecommunications E-Rate

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

Goals 2000

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

Reducing Class Size

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.

Reading Improvement

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

Special Education

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

Vocational Education

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

Preschool

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

Lancaster City School District, Ohio

Combining Balance Sheet
All Special Revenue Funds
June 30, 2002

	Public School Support	Community Grants	School Improvement Models	District Managed Student Activity
<u>Assets:</u>				
Cash and Cash Equivalents	\$82,397	\$27,921	\$7,024	\$117,574
Receivables:				
Accounts	670	3,000	0	0
Intergovernmental	0	0	0	0
Materials and Supplies Inventory	2,070	0	0	0
Prepaid Items	0	23,400	0	0
Total Assets	\$85,137	\$54,321	\$7,024	\$117,574
<u>Liabilities:</u>				
Accounts Payable	\$1,875	\$61	\$4,293	\$4,645
Accrued Salaries and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Interfund Payable	0	0	0	0
Due to Other Funds	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	1,875	61	4,293	4,645
<u>Fund Equity:</u>				
Fund Balances:				
Reserved for Encumbrances	4,270	0	84	21,819
Reserved for Inventory	2,070	0	0	0
Unreserved:				
Undesignated (Deficits)	76,922	54,260	2,647	91,110
Total Fund Equity (Deficits)	83,262	54,260	2,731	112,929
Total Liabilities and Fund Equity	\$85,137	\$54,321	\$7,024	\$117,574

<u>Auxiliary Services</u>	<u>Teacher Development</u>	<u>Educational Management Information Systems</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Summer School Intervention</u>
\$154,126	\$20,845	\$35,916	\$45,500	\$3,450	\$30,985
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
4,189	0	0	0	0	0
<u>\$158,315</u>	<u>\$20,845</u>	<u>\$35,916</u>	<u>\$45,500</u>	<u>\$3,450</u>	<u>\$30,985</u>
\$9,418	\$3,790	\$0	\$12,250	\$0	\$857
31,210	0	0	0	0	0
4,613	0	44	0	0	3,256
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>45,241</u>	<u>3,790</u>	<u>44</u>	<u>12,250</u>	<u>0</u>	<u>4,113</u>
15,718	1,572	0	1,270	0	0
0	0	0	0	0	0
<u>97,356</u>	<u>15,483</u>	<u>35,872</u>	<u>31,980</u>	<u>3,450</u>	<u>26,872</u>
<u>113,074</u>	<u>17,055</u>	<u>35,872</u>	<u>33,250</u>	<u>3,450</u>	<u>26,872</u>
<u>\$158,315</u>	<u>\$20,845</u>	<u>\$35,916</u>	<u>\$45,500</u>	<u>\$3,450</u>	<u>\$30,985</u>

(Continued)

Lancaster City School District, Ohio

Combining Balance Sheet
All Special Revenue Funds
June 30, 2002
(Continued)

	<u>Safe Schools Hotline</u>	<u>Adult Basic Education</u>	<u>Title III</u>	<u>Title VI</u>
<u>Assets:</u>				
Cash and Cash Equivalents	\$5,637	\$1,637	\$22,482	\$80
Receivables:				
Accounts	0	0	0	0
Intergovernmental	0	35,464	0	8,292
Materials and Supplies Inventory	0	0	0	0
Prepaid Items	0	245	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$5,637</u>	<u>\$37,346</u>	<u>\$22,482</u>	<u>\$8,372</u>
<u>Liabilities:</u>				
Accounts Payable	\$0	\$424	\$1,066	\$0
Accrued Salaries and Benefits Payable	0	0	0	5,309
Intergovernmental Payable	0	2,247	0	83
Interfund Payable	0	10,194	0	1,000
Due to Other Funds	0	8,400	0	0
Deferred Revenue	0	34,251	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>0</u>	<u>55,516</u>	<u>1,066</u>	<u>6,392</u>
<u>Fund Equity:</u>				
Fund Balances:				
Reserved for Encumbrances	0	1,314	5,026	0
Reserved for Inventory	0	0	0	0
Unreserved:				
Undesignated (Deficits)	5,637	(19,484)	16,390	1,980
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Equity (Deficits)	<u>5,637</u>	<u>(18,170)</u>	<u>21,416</u>	<u>1,980</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Equity	<u>\$5,637</u>	<u>\$37,346</u>	<u>\$22,482</u>	<u>\$8,372</u>

Drug Free Grant	Telecommunications E-Rate	Goals 2000	Reducing Class Size	Reading Improvement	Special Education
\$7,379	\$8,398	\$26,662	\$0	\$113,194	\$203,912
0	0	0	0	0	0
0	0	0	26,322	280,615	224,941
0	0	0	0	0	0
0	0	0	2,651	2,556	14,624
<u>\$7,379</u>	<u>\$8,398</u>	<u>\$26,662</u>	<u>\$28,973</u>	<u>\$396,365</u>	<u>\$443,477</u>
\$0	\$0	\$0	\$0	\$26,450	\$4,972
0	0	0	21,651	40,628	207,052
0	0	0	5,812	6,720	37,052
0	0	0	1,510	0	0
0	0	0	0	0	0
0	0	0	0	200,615	22,579
<u>0</u>	<u>0</u>	<u>0</u>	<u>28,973</u>	<u>274,413</u>	<u>271,655</u>
6,306	3,188	0	0	15,677	30,071
0	0	0	0	0	0
<u>1,073</u>	<u>5,210</u>	<u>26,662</u>	<u>0</u>	<u>106,275</u>	<u>141,751</u>
<u>7,379</u>	<u>8,398</u>	<u>26,662</u>	<u>0</u>	<u>121,952</u>	<u>171,822</u>
<u>\$7,379</u>	<u>\$8,398</u>	<u>\$26,662</u>	<u>\$28,973</u>	<u>\$396,365</u>	<u>\$443,477</u>

(Continued)

Lancaster City School District, Ohio

Combining Balance Sheet
All Special Revenue Funds
June 30, 2002
(Continued)

	Vocational Education	Preschool	Totals
<u>Assets:</u>			
Cash and Cash Equivalents	\$22,629	\$68,465	\$1,006,213
Receivables:			
Accounts	0	364	4,034
Intergovernmental	20,545	0	596,179
Materials and Supplies Inventory	0	0	2,070
Prepaid Items	0	2,560	50,225
Total Assets	<u>\$43,174</u>	<u>\$71,389</u>	<u>\$1,658,721</u>
<u>Liabilities:</u>			
Accounts Payable	\$16,168	\$425	\$86,694
Accrued Salaries and Benefits Payable	7,459	25,261	338,570
Intergovernmental Payable	224	3,537	63,588
Interfund Payable	10,844	0	23,548
Due to Other Funds	0	0	8,400
Deferred Revenue	20,545	0	277,990
Total Liabilities	<u>55,240</u>	<u>29,223</u>	<u>798,790</u>
<u>Fund Equity:</u>			
Fund Balances:			
Reserved for Encumbrances	6,462	522	113,299
Reserved for Inventory	0	0	2,070
Unreserved:			
Undesignated (Deficits)	(18,528)	41,644	744,562
Total Fund Equity (Deficits)	<u>(12,066)</u>	<u>42,166</u>	<u>859,931</u>
Total Liabilities and Fund Equity	<u>\$43,174</u>	<u>\$71,389</u>	<u>\$1,658,721</u>

Lancaster City School District, Ohio
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2002

	Public School Support	Community Grants	School Improvement Models	District Managed Student Activity	Auxiliary Services
Revenues:					
Intergovernmental	\$0	\$11,800	\$50,000	\$0	\$711,862
Tuition and Fees	0	0	0	0	0
Rent	490	0	0	0	0
Extracurricular Activities	88,425	0	0	294,288	0
Gifts and Donations	5,424	35,566	0	0	0
Miscellaneous	0	97	0	0	0
Total Revenues	94,339	47,463	50,000	294,288	711,862
Expenditures:					
Current:					
Instruction:					
Regular	35,227	20,336	52,325	0	0
Special	0	3,893	0	0	0
Vocational	0	11,800	0	0	0
Adult/Continuing	0	0	0	0	0
Support Services:					
Pupils	1,093	0	0	0	0
Instructional Staff	2	0	44,113	0	0
Administration	17,982	0	0	0	0
Fiscal	0	0	0	0	0
Operation and Maintenance of Plant	2,614	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	26,199	0	0	0	691,420
Extracurricular Activities	24	0	0	285,221	0
Capital Outlay	0	683	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
Total Expenditures	83,141	36,712	96,438	285,221	691,420
Excess of Revenues Over (Under) Expenditures	11,198	10,751	(46,438)	9,067	20,442
Other Financing Sources (Uses):					
Operating Transfers-In	0	21,678	0	0	0
Operating Transfers-Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	21,678	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	11,198	32,429	(46,438)	9,067	20,442
Fund Balances (Deficits) at Beginning of Year	73,853	21,831	49,169	103,862	92,632
Decrease in Reserve for Inventory	(1,789)	0	0	0	0
Fund Balances (Deficits) at End of Year	\$83,262	\$54,260	\$2,731	\$112,929	\$113,074

(Continued)

Lancaster City School District, Ohio
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2002
(Continued)

	Consumer and Economic Education	Teacher Development	Educational Management Information Systems	Data Communications
<u>Revenues:</u>				
Intergovernmental	\$0	\$0	\$22,224	\$45,500
Tuition and Fees	0	0	0	0
Rent	0	0	0	0
Extracurricular Activities	0	0	0	0
Gifts and Donations	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	0	0	22,224	45,500
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	0	0	0	0
Special	0	0	0	0
Vocational	0	0	0	0
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	0	0	0	0
Instructional Staff	2	12,909	0	0
Administration	0	0	0	0
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	18,103	51,250
Operation of Non-Instructional Services				
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	2	12,909	18,103	51,250
Excess of Revenues Over (Under) Expenditures	(2)	(12,909)	4,121	(5,750)
<u>Other Financing Sources (Uses):</u>				
Operating Transfers-In	0	0	0	0
Operating Transfers-Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2)	(12,909)	4,121	(5,750)
Fund Balances (Deficits) at Beginning of Year	2	29,964	31,751	39,000
Decrease in Reserve for Inventory	0	0	0	0
Fund Balances (Deficits) at End of Year	\$0	\$17,055	\$35,872	\$33,250

SchoolNet Professional Development	Summer School Intervention	Safe Schools Hotline	Family Partnership Grant	Adult Basic Education	Title III
\$8,592	\$1,550	\$5,637	\$0	\$112,401	\$16,553
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>8,592</u>	<u>1,550</u>	<u>5,637</u>	<u>0</u>	<u>112,401</u>	<u>16,553</u>
0	23,550	0	87	0	1,015
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	62,007	0
0	0	0	106	31,875	0
8,947	0	0	0	27,649	26,079
0	0	0	0	0	0
0	0	0	0	1,297	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	940
0	0	0	0	0	0
0	0	0	0	0	0
<u>8,947</u>	<u>23,550</u>	<u>0</u>	<u>193</u>	<u>122,828</u>	<u>28,034</u>
<u>(355)</u>	<u>(22,000)</u>	<u>5,637</u>	<u>(193)</u>	<u>(10,427)</u>	<u>(11,481)</u>
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(355)	(22,000)	5,637	(193)	(10,427)	(11,481)
3,805	48,872	0	193	(7,743)	32,897
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$3,450</u>	<u>\$26,872</u>	<u>\$5,637</u>	<u>\$0</u>	<u>(\$18,170)</u>	<u>\$21,416</u>

(Continued)

Lancaster City School District, Ohio
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2002
(Continued)

	Title VI	Drug Free Grant	Telecom- munications E-Rate	Goals 2000
<u>Revenues:</u>				
Intergovernmental	\$41,608	\$25,225	\$5,210	\$1,000
Tuition and Fees	0	0	0	0
Rent	0	0	0	0
Extracurricular Activities	0	0	0	0
Gifts and Donations	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	41,608	25,225	5,210	1,000
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	0	0	0	18,375
Special	34,588	0	0	226
Vocational	0	0	0	0
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	0	18,919	0	330
Instructional Staff	0	0	0	0
Administration	0	0	72,896	0
Fiscal	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	180
Central	0	0	0	0
Operation of Non-Instructional Services	6,604	0	0	264
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	3,365	0
Interest and Fiscal Charges	0	0	10	0
Total Expenditures	41,192	18,919	76,271	19,375
Excess of Revenues Over (Under) Expenditures	416	6,306	(71,061)	(18,375)
<u>Other Financing Sources (Uses):</u>				
Operating Transfers-In	0	0	0	0
Operating Transfers-Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	416	6,306	(71,061)	(18,375)
Fund Balances (Deficits) at Beginning of Year	1,564	1,073	79,459	45,037
Decrease in Reserve for Inventory	0	0	0	0
Fund Balances (Deficits) at End of Year	\$1,980	\$7,379	\$8,398	\$26,662

Reducing Class Size	Reading Improvement	Special Education	Vocational Education	Preschool	Totals
\$252,998	\$755,481	\$1,874,943	\$148,297	\$189,752	\$4,280,633
0	0	0	0	23,781	23,781
0	0	0	0	0	490
0	0	0	0	0	382,713
0	0	0	0	0	40,990
0	0	0	0	0	97
<u>252,998</u>	<u>755,481</u>	<u>1,874,943</u>	<u>148,297</u>	<u>213,533</u>	<u>4,728,704</u>
252,547	448,703	0	0	108,280	960,445
0	0	1,250,777	0	0	1,289,484
0	0	0	63,743	0	75,543
0	7,539	0	0	0	69,546
0	72,953	207,482	58,597	33,169	424,524
0	317,244	163,972	21,414	55,228	677,559
0	0	94,077	0	17,837	202,792
92	2,000	14,900	0	0	18,289
0	0	0	0	5,550	8,164
0	2,400	0	0	4,238	6,818
0	0	0	7,889	716	77,958
0	0	29,277	0	0	754,704
0	0	0	0	0	285,245
0	0	0	0	0	683
0	0	0	0	0	3,365
0	0	0	0	0	10
<u>252,639</u>	<u>850,839</u>	<u>1,760,485</u>	<u>151,643</u>	<u>225,018</u>	<u>4,855,129</u>
<u>359</u>	<u>(95,358)</u>	<u>114,458</u>	<u>(3,346)</u>	<u>(11,485)</u>	<u>(126,425)</u>
0	0	0	0	0	21,678
0	(21,678)	0	0	0	(21,678)
0	(21,678)	0	0	0	0
359	(117,036)	114,458	(3,346)	(11,485)	(126,425)
(359)	238,988	57,364	(8,720)	53,651	988,145
0	0	0	0	0	(1,789)
<u>\$0</u>	<u>\$121,952</u>	<u>\$171,822</u>	<u>(\$12,066)</u>	<u>\$42,166</u>	<u>\$859,931</u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Public School Support Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Tuition and Fees	\$8,800	\$0	(\$8,800)
Rent	2,100	490	(1,610)
Extracurricular Activities	130,400	87,755	(42,645)
Gifts and Donations	13,750	5,424	(8,326)
Total Revenues	155,050	93,669	(61,381)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased Services	25,710	6,827	18,883
Materials and Supplies	82,261	20,910	61,351
Capital Outlay - New	11,140	9,226	1,914
Capital Outlay - Replacement	2,000	0	2,000
Other	755	555	200
Total Instruction	121,866	37,518	84,348
Support Services:			
Pupils:			
Purchased Services	3,900	1,093	2,807
Materials and Supplies	100	0	100
Capital Outlay - Replacement	2,000	0	2,000
Total Pupils	6,000	1,093	4,907
Instructional Staff:			
Purchased Services	500	0	500
Materials and Supplies	500	0	500
Total Instructional Staff	1,000	0	1,000
Administration:			
Purchased Services	7,450	4,063	3,387
Materials and Supplies	7,669	2,225	5,444
Capital Outlay - New	1,900	0	1,900
Capital Outlay - Replacement	2,445	325	2,120
Other	21,392	11,466	9,926
Total Administration	40,856	18,079	22,777
Business:			
Purchased Services	\$200	\$0	\$200

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Public School Support Fund
For the Fiscal Year Ended June 30, 2002
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operation and Maintenance of Plant:			
Purchased Services	\$2,935	\$2,474	\$461
Pupil Transportation:			
Purchased Services	500	(399)	899
Total Support Services	51,491	21,247	30,244
Operation of Non-Instructional Services:			
Food Service Operations:			
Purchased Services	200	0	200
Materials and Supplies	49,403	27,549	21,854
Total Food Service Operations	49,603	27,549	22,054
Community Services:			
Materials and Supplies	770	107	663
Total Operation of Non-Instructional Services	50,373	27,656	22,717
Extracurricular Activities:			
Academic and Subject Oriented Activities:			
Materials and Supplies	500	0	500
School and Public Service Co-Curricular Activities:			
Other	325	25	300
Total Extracurricular Activities	825	25	800
Capital Outlay:			
Other Facilities Acquisition and Construction Services:			
Materials and Supplies	147	0	147
Total Expenditures	224,702	86,446	138,256
Excess of Revenues Over (Under) Expenditures	(69,652)	7,223	76,875
Fund Balance at Beginning of Year	56,475	56,475	0
Prior Year Encumbrances Appropriated	13,177	13,177	0
Fund Balance at End of Year	\$0	\$76,875	\$76,875

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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$11,800	\$11,800	\$0
Gifts and Donations	33,877	32,566	(1,311)
Miscellaneous	97	97	0
Total Revenues	45,774	44,463	(1,311)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	16,471	600	15,871
Fringe Benefits	2,328	3	2,325
Materials and Supplies	19,037	15,693	3,344
Capital Outlay - New	2,483	2,435	48
Other	1,605	1,605	0
Total Regular	41,924	20,336	21,588
Special:			
Materials and Supplies	835	835	0
Capital Outlay - New	3,058	3,058	0
Total Special	3,893	3,893	0
Vocational:			
Purchased Services	7,066	7,066	0
Materials and Supplies	4,734	4,734	0
Total Vocational	11,800	11,800	0
Total Instruction	57,617	36,029	21,588
Support Services:			
Instructional Staff:			
Salaries and Wages	5,248	0	5,248
Fringe Benefits	735	0	735
Total Support Services	5,983	0	5,983
Extracurricular Activities:			
Academic and Subject Oriented Activities:			
Purchased Services	\$25,000	\$23,400	\$1,600

(Continued)

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, 2002
(Continued)

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Capital Outlay:			
Architecture and Engineering Services:			
Purchased Services	\$683	\$683	\$0
Total Expenditures	<u>89,283</u>	<u>60,112</u>	<u>29,171</u>
Excess of Revenues Under Expenditures	(43,509)	(15,649)	27,860
<u>Other Financing Sources:</u>			
Operating Transfers In	<u>21,678</u>	<u>21,678</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(21,831)	6,029	27,860
Fund Balance at Beginning of Year	20,922	20,922	0
Prior Year Encumbrances Appropriated	<u>909</u>	<u>909</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$27,860</u></u>	<u><u>\$27,860</u></u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
School Improvement Models Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$50,000	\$50,000	\$0
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	28,903	28,574	329
Capital Outlay - New	23,834	23,834	0
Total Instruction	52,737	52,408	329
Support Services:			
Instructional Staff:			
Salaries and Wages	5,229	4,629	600
Fringe Benefits	51	51	0
Purchased Services	29,179	28,028	1,151
Materials and Supplies	13,246	12,679	567
Total Support Services	47,705	45,387	2,318
Total Expenditures	100,442	97,795	2,647
Excess of Revenues Under Expenditures	(50,442)	(47,795)	2,647
Fund Balance at Beginning of Year	43,459	43,459	0
Prior Year Encumbrances Appropriated	6,983	6,983	0
Fund Balance at End of Year	\$0	\$2,647	\$2,647

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
District Managed Activity Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Extracurricular Activities	\$429,696	\$297,838	(\$131,858)
<u>Expenditures:</u>			
Current:			
Extracurricular Activities:			
Academic Oriented Activities:			
Purchased Services	126,080	9,842	116,238
Materials and Supplies	42,065	12,884	29,181
Capital Outlay - New	20,100	550	19,550
Capital Outlay - Replacement	13,619	0	13,619
Other	24,985	5,574	19,411
Total Academic Oriented Activities	226,849	28,850	197,999
Sport Oriented Activities:			
Salaries and Wages	21,000	18,396	2,604
Purchased Services	78,148	72,632	5,516
Materials and Supplies	118,247	101,970	16,277
Capital Outlay - New	26,972	26,972	0
Capital Outlay - Replacement	13,000	7,116	5,884
Other	22,664	38,797	(16,133)
Total Sport Oriented Activities	280,031	265,883	14,148
School and Public Service			
Co-Curricular Activities:			
Purchased Services	17,194	7,842	9,352
Materials and Supplies	5,800	4,826	974
Other	1,000	0	1,000
Total School and Public Service			
Co-Curricular Activities	23,994	12,668	11,326
Total Expenditures	530,874	307,401	223,473
Excess of Revenues Under Expenditures	(101,178)	(9,563)	91,615
Fund Balance at Beginning of Year	88,867	88,867	0
Prior Year Encumbrances Appropriated	12,311	12,311	0
Fund Balance at End of Year	\$0	\$91,615	\$91,615

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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$708,845	\$711,862	\$3,017
<u>Expenditures:</u>			
Current:			
Non-Instructional Services:			
Community Services:			
Salaries and Wages	232,845	182,574	50,271
Fringe Benefits	64,990	54,796	10,194
Purchased Services	70,779	65,988	4,791
Materials and Supplies	280,696	244,397	36,299
Capital Outlay - New	142,592	118,174	24,418
Other	56,962	56,962	0
Total Expenditures	848,864	722,891	125,973
Excess of Revenues Under Expenditures	(140,019)	(11,029)	128,990
Fund Balance at Beginning of Year	38,736	38,736	0
Prior Year Encumbrances Appropriated	101,283	101,283	0
Fund Balance at End of Year	\$0	\$128,990	\$128,990

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Consumer and Economic Education Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$9,600	\$2,400	(\$7,200)
<u>Expenditures:</u>			
Current:			
Support Services:			
Instructional Staff:			
Materials and Supplies	2	2	0
Excess of Revenues Over Expenditures	9,598	2,398	(7,200)
<u>Other Financing Uses:</u>			
Advances Out	(2,400)	(2,400)	0
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	7,198	(2)	(7,200)
Fund Balance at Beginning of Year	2	2	0
Fund Balance at End of Year	\$7,200	\$0	(\$7,200)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Teacher Development Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	5,000	0	5,000
Purchased Services	5,347	2,259	3,088
Materials and Supplies	8,711	8,711	0
Capital Outlay - New	12,012	4,682	7,330
Total Support Services	31,070	15,652	15,418
Operation of Non-Instructional Services:			
Community Services:			
Materials and Supplies	64	0	64
Total Expenditures	31,134	15,652	15,482
Excess of Revenues Under Expenditures	(31,134)	(15,652)	15,482
Fund Balance at Beginning of Year	22,684	22,684	0
Prior Year Encumbrances Appropriated	8,450	8,450	0
Fund Balance at End of Year	\$0	\$15,482	\$15,482

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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$20,000	\$22,224	\$2,224
<u>Expenditures:</u>			
Current:			
Support Services:			
Central:			
Salaries and Wages	24,405	18,189	6,216
Purchased Services	3,926	0	3,926
Materials and Supplies	970	230	740
Capital Outlay - New	2,810	0	2,810
Total Expenditures	32,111	18,419	13,692
Excess of Revenues Over (Under) Expenditures	(12,111)	3,805	15,916
Fund Balance at Beginning of Year	32,111	32,111	0
Fund Balance at End of Year	\$20,000	\$35,916	\$15,916

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, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Intergovernmental	\$45,500	\$45,500	\$0
<u>Expenditures:</u>			
Current:			
Support Services:			
Central:			
Purchased Services	<u>84,500</u>	<u>52,520</u>	<u>31,980</u>
Excess of Revenues Under Expenditures	(39,000)	(7,020)	31,980
Fund Balance at Beginning of Year	<u>39,000</u>	<u>39,000</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$31,980</u></u>	<u><u>\$31,980</u></u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
SchoolNet Professional Development Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$5,142	\$8,592	\$3,450
<u>Expenditures:</u>			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	5,142	5,142	0
Purchased Services	2,956	2,956	0
Total Expenditures	8,098	8,098	0
Excess of Revenues Over (Under) Expenditures	(2,956)	494	3,450
Fund Balance at Beginning of Year	2,956	2,956	0
Fund Balance at End of Year	\$0	\$3,450	\$3,450

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Summer School Intervention Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$0	\$1,550	\$1,550
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	20,000	0	20,000
Fringe Benefits	3,090	0	3,090
Materials and Supplies	25,951	20,471	5,480
Total Expenditures	49,041	20,471	28,570
Excess of Revenues Under Expenditures	(49,041)	(18,921)	30,120
Fund Balance at Beginning of Year	48,872	48,872	0
Prior Year Encumbrances Appropriated	169	169	0
Fund Balance at End of Year	\$0	\$30,120	\$30,120

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Safe Schools Hotline Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$10,000	\$5,637	(\$4,363)
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess of Revenues Over Expenditures	10,000	5,637	(4,363)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$10,000</u>	<u>\$5,637</u>	<u>(\$4,363)</u>

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Family Partnership Grant Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	87	87	0
Support Services:			
Pupils:			
Materials and Supplies	106	106	0
Total Expenditures	193	193	0
Excess of Revenues Under Expenditures	(193)	(193)	0
Fund Balance at Beginning of Year	87	87	0
Prior Year Encumbrances Appropriated	106	106	0
Fund Balance at End of Year	\$0	\$0	\$0

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Adult Basic Education Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$145,226	\$112,401	(\$32,825)
<u>Expenditures:</u>			
Current:			
Instruction:			
Adult/Continuing:			
Salaries and Wages	52,070	44,660	7,410
Fringe Benefits	7,560	6,361	1,199
Materials and Supplies	13,191	12,976	215
Total Instruction	72,821	63,997	8,824
Support Services:			
Pupils:			
Salaries and Wages	28,609	27,463	1,146
Fringe Benefits	4,650	4,093	557
Purchased Services	634	516	118
Total Pupils	33,893	32,072	1,821
Instructional Staff:			
Salaries and Wages	19,205	9,876	9,329
Fringe Benefits	3,217	1,463	1,754
Purchased Services	7,268	6,508	760
Materials and Supplies	1,500	1,362	138
Capital Outlay - Replacement	300	295	5
Other	150	150	0
Total Instructional Staff	31,640	19,654	11,986
Fiscal:			
Other	2,019	2,019	0
Total Support Services	67,552	53,745	13,807
Total Expenditures	140,373	117,742	22,631
Excess of Revenues Over (Under) Expenditures	4,853	(5,341)	(10,194)
<u>Other Financing Sources (Uses):</u>			
Advances In	0	10,194	10,194
Advances Out	(9,800)	(9,800)	0
Total Other Financing Sources (Uses)	(\$9,800)	\$394	\$10,194

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Adult Basic Education Fund
For the Fiscal Year Ended June 30, 2002
(Continued)

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(\$4,947)	(\$4,947)	\$0
Fund Balance at Beginning of Year	42	42	0
Prior Year Encumbrances Appropriated	<u>4,905</u>	<u>4,905</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Title III Fund
For the Fiscal Year Ended June 30, 2002

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	<u>\$58,108</u>	<u>\$23,857</u>	<u>(\$34,251)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	500	315	185
Fringe Benefits	70	0	70
Purchased Services	<u>15,790</u>	<u>1,678</u>	<u>14,112</u>
Total Instruction	<u>16,360</u>	<u>1,993</u>	<u>14,367</u>
Support Services:			
Instructional Staff:			
Salaries and Wages	2,577	1,577	1,000
Fringe Benefits	431	281	150
Purchased Services	46,777	26,425	20,352
Materials and Supplies	13,894	1,955	11,939
Capital Outlay - New	<u>3,655</u>	<u>3,167</u>	<u>488</u>
Total Support Services	<u>67,334</u>	<u>33,405</u>	<u>33,929</u>
Operation of Non-Instructional Services:			
Community Services:			
Materials and Supplies	<u>3,335</u>	<u>990</u>	<u>2,345</u>
Total Expenditures	<u>87,029</u>	<u>36,388</u>	<u>50,641</u>
Excess of Revenues Under Expenditures	(28,921)	(12,531)	16,390
Fund Balance at Beginning of Year	4,501	4,501	0
Prior Year Encumbrances Appropriated	<u>24,420</u>	<u>24,420</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$16,390</u></u>	<u><u>\$16,390</u></u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Title VI Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$41,609	\$33,317	(\$8,292)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and Wages	34,505	29,197	5,308
Operation of Non-Instructional Services:			
Community Services:			
Materials and Supplies	8,511	6,478	2,033
Capital Outlay - Replacement	157	126	31
Total Operation of Non-Instructional Services	8,668	6,604	2,064
Total Expenditures	43,173	35,801	7,372
Excess of Revenues Under Expenditures	(1,564)	(2,484)	(920)
<u>Other Financing Sources:</u>			
Advances In	0	1,000	1,000
Excess of Revenues and Other Financing Sources Under Expenditures	(1,564)	(1,484)	80
Fund Balance at Beginning of Year	1,564	1,564	0
Fund Balance at End of Year	\$0	\$80	\$80

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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$25,225	\$25,225	\$0
<u>Expenditures:</u>			
Current:			
Support Services:			
Pupils:			
Purchased Services	25,225	25,225	0
Operation of Non-Instructional Services:			
Community Services:			
Purchased Services	1,073	0	1,073
Total Expenditures	26,298	25,225	1,073
Excess of Revenues Under Expenditures	(1,073)	0	1,073
Fund Balance at Beginning of Year	1,073	1,073	0
Fund Balance at End of Year	\$0	\$1,073	\$1,073

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Telecommunications E-Rate Fund
For the Fiscal Year Ended June 30, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Intergovernmental	\$40,000	\$5,210	(\$34,790)
<u>Expenditures:</u>			
Current:			
Support Services:			
Administration:			
Purchased Services	<u>79,459</u>	<u>79,459</u>	<u>0</u>
Excess of Revenues Under Expenditures	(39,459)	(74,249)	(34,790)
Fund Balance at Beginning of Year	78,897	78,897	0
Prior Year Encumbrances Appropriated	<u>562</u>	<u>562</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$40,000</u></u>	<u><u>\$5,210</u></u>	<u><u>(\$34,790)</u></u>

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Goals 2000 Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$1,000	\$1,000	\$0
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	3,860	0	3,860
Purchased Services	37,177	18,000	19,177
Materials and Supplies	4,000	375	3,625
Total Regular	45,037	18,375	26,662
Special:			
Salaries and Wages	226	226	0
Total Instruction	45,263	18,601	26,662
Support Services:			
Pupils:			
Purchased Services	330	330	0
Pupil Transportation:			
Purchased Services	180	180	0
Total Support Services	510	510	0
Operation of Non-Instructional Services:			
Food Service Operations:			
Purchased Services	264	264	0
Total Expenditures	46,037	19,375	26,662
Excess of Revenues Under Expenditures	(45,037)	(18,375)	26,662
Fund Balance at Beginning of Year	45,037	45,037	0
Fund Balance at End of Year	\$0	\$26,662	\$26,662

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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$253,148	\$226,676	(\$26,472)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	225,920	200,958	24,962
Fringe Benefits	59,598	59,598	0
Total Instruction	285,518	260,556	24,962
Support Services:			
Fiscal:			
Other	92	92	0
Total Expenditures	285,610	260,648	24,962
Excess of Revenues Under Expenditures	(32,462)	(33,972)	(1,510)
<u>Other Financing Sources:</u>			
Advances In	0	1,510	1,510
Excess of Revenues and Other Financing Sources Under Expenditures	(32,462)	(32,462)	0
Fund Balance at Beginning of Year	32,462	32,462	0
Fund Balance at End of Year	\$0	\$0	\$0

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Ohio Reads Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$108,000	\$108,000	\$0
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	59,919	57,222	2,697
Other	1,650	1,386	264
Total Instruction	61,569	58,608	2,961
Support Services:			
Instructional Staff:			
Salaries and Wages	17,239	16,939	300
Purchased Services	43,834	37,378	6,456
Materials and Supplies	2,400	1,873	527
Other	5,911	5,910	1
Total Support Services	69,384	62,100	7,284
Total Expenditures	130,953	120,708	10,245
Excess of Revenues Under Expenditures	(22,953)	(12,708)	10,245
Fund Balance at Beginning of Year	9,289	9,289	0
Prior Year Encumbrances Appropriated	13,664	13,664	0
Fund Balance at End of Year	\$0	\$10,245	\$10,245

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Extended Learning Opportunities Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	16,856	11,908	4,948
Fringe Benefits	2,850	1,839	1,011
Materials and Supplies	32,721	32,721	0
Total Instruction	52,427	46,468	5,959
Support Services:			
Instructional Staff:			
Fringe Benefits	75	0	75
Purchased Services	1,679	1,679	0
Total Instructional Staff	1,754	1,679	75
Pupil Transportation:			
Purchased Services	2,400	2,400	0
Total Support Services	4,154	4,079	75
Total Expenditures	56,581	50,547	6,034
Excess of Revenues Under Expenditures	(56,581)	(50,547)	6,034
Fund Balance at Beginning of Year	48,887	48,887	0
Prior Year Encumbrances Appropriated	7,694	7,694	0
Fund Balance at End of Year	\$0	\$6,034	\$6,034

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Reading Improvement Grant Fund
For the Fiscal Year Ended June 30, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Intergovernmental	<u>\$70,000</u>	<u>\$0</u>	<u>(\$70,000)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	15,639	12,151	3,488
Capital Outlay - New	<u>15,000</u>	<u>3,434</u>	<u>11,566</u>
Total Expenditures	<u>30,639</u>	<u>15,585</u>	<u>15,054</u>
Excess of Revenues Over (Under) Expenditures	39,361	(15,585)	(54,946)
Fund Balance at Beginning of Year	25,000	25,000	0
Prior Year Encumbrances Appropriated	<u>5,639</u>	<u>5,639</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$70,000</u></u>	<u><u>\$15,054</u></u>	<u><u>(\$54,946)</u></u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Even Start Grant Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$400,878	\$120,263	(\$280,615)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	49,424	25,372	24,052
Fringe Benefits	8,415	8,305	110
Purchased Services	2,100	1,026	1,074
Materials and Supplies	22,500	650	21,850
Capital Outlay - New	2,200	528	1,672
Total Regular	84,639	35,881	48,758
Adult/Continuing:			
Salaries and Wages	24,712	2,624	22,088
Fringe Benefits	3,818	234	3,584
Purchased Services	1,500	1,053	447
Materials and Supplies	7,500	3,285	4,215
Capital Outlay - New	2,100	0	2,100
Total Adult/Continuing	39,630	7,196	32,434
Total Instruction	124,269	43,077	81,192
Support Services:			
Pupils:			
Salaries and Wages	23,221	0	23,221
Fringe Benefits	4,707	0	4,707
Purchased Services	9,600	0	9,600
Total Pupils	37,528	0	37,528
Instructional Staff:			
Salaries and Wages	65,971	30,385	35,586
Fringe Benefits	10,410	4,573	5,837
Purchased Services	136,100	24,118	111,982
Materials and Supplies	5,000	1,766	3,234
Capital Outlay - New	13,800	2,596	11,204
Other	6,000	185	5,815
Total Instructional Staff	237,281	63,623	173,658
Fiscal:			
Other	1,800	1,800	0
Total Support Services	\$276,609	\$65,423	\$211,186

(Continued)

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Even Start Grant Fund
 For the Fiscal Year Ended June 30, 2002
 (Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Total Expenditures	\$400,878	\$108,500	\$292,378
Excess of Revenues Over Expenditures	0	11,763	11,763
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$11,763	\$11,763

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Ohio Family Literacy Fund
 For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	7	7	0
Support Services:			
Instructional Staff:			
Materials and Supplies	1,880	1,880	0
Total Expenditures	1,887	1,887	0
Excess of Revenues Under Expenditures	(1,887)	(1,887)	0
Fund Balance at Beginning of Year	1,887	1,887	0
Fund Balance at End of Year	\$0	\$0	\$0

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Reading Excellence Grant Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$596,107	\$596,107	\$0
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	119,115	119,115	0
Fringe Benefits	31,720	31,720	0
Materials and Supplies	84,486	112,248	(27,762)
Capital Outlay - New	35,030	35,030	0
Total Instruction	270,351	298,113	(27,762)
Support Services:			
Pupils:			
Salaries and Wages	878	878	0
Purchased Services	61,168	60,937	231
Materials and Supplies	9,482	9,482	0
Capital Outlay - New	1,656	1,656	0
Total Pupils	73,184	72,953	231
Instructional Staff:			
Salaries and Wages	71,636	64,908	6,728
Fringe Benefits	19,076	16,313	2,763
Purchased Services	97,016	96,862	154
Materials and Supplies	7,451	7,322	129
Total Instructional Staff	195,179	185,405	9,774
Fiscal:			
Other	2,000	2,000	0
Total Support Services	270,363	260,358	10,005
Total Expenditures	540,714	558,471	(17,757)
Excess of Revenues Over Expenditures	55,393	37,636	(17,757)
<u>Other Financing Uses:</u>			
Operating Transfers Out	(21,678)	(21,678)	0
Advances Out	(8,925)	(8,925)	0
Total Other Financing Uses	(\$30,603)	(\$30,603)	\$0

(Continued)

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Reading Excellence Grant Fund
 For the Fiscal Year Ended June 30, 2002
 (Continued)

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess of Revenues Over Expenditures and Other Financing Uses	\$24,790	\$7,033	(\$17,757)
Fund Balance at Beginning of Year	36	36	0
Prior Year Encumbrances Appropriated	<u>22,901</u>	<u>22,901</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$47,727</u></u>	<u><u>\$29,970</u></u>	<u><u>(\$17,757)</u></u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Title VI-B Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$474,393	\$418,640	(\$55,753)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and Wages	27,791	24,058	3,733
Fringe Benefits	9,416	8,342	1,074
Capital Outlay - New	8,030	5,415	2,615
Total Instruction	45,237	37,815	7,422
Support Services:			
Pupils:			
Salaries and Wages	15,698	12,519	3,179
Fringe Benefits	11,636	2,745	8,891
Purchased Services	157,529	144,412	13,117
Materials and Supplies	36,753	19,843	16,910
Capital Outlay - New	127	127	0
Total Pupils	221,743	179,646	42,097
Instructional Staff:			
Salaries and Wages	56,354	48,278	8,076
Fringe Benefits	33,054	27,689	5,365
Total Instructional Staff	89,408	75,967	13,441
Administration:			
Salaries and Wages	75,637	69,045	6,592
Fringe Benefits	22,803	19,625	3,178
Total Administration	98,440	88,670	9,770
Fiscal:			
Other	6,327	6,327	0
Total Support Services	415,918	350,610	65,308
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	28,787	28,787	0
Fringe Benefits	1,411	0	1,411
Purchased Services	\$2,969	\$1,369	\$1,600

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Title VI-B Fund
For the Fiscal Year Ended June 30, 2002
(Continued)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Total Operation of Non-Instructional Services	<u>\$33,167</u>	<u>\$30,156</u>	<u>\$3,011</u>
Total Expenditures	<u>494,322</u>	<u>418,581</u>	<u>75,741</u>
Excess of Revenues Over (Under) Expenditures	(19,929)	59	19,988
Fund Balance at Beginning of Year	769	769	0
Prior Year Encumbrances Appropriated	<u>19,160</u>	<u>19,160</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$19,988</u></u>	<u><u>\$19,988</u></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, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$1,231,038	\$1,084,429	(\$146,609)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and Wages	999,713	789,907	209,806
Fringe Benefits	243,362	204,322	39,040
Materials and Supplies	19,518	17,894	1,624
Capital Outlay - New	4,730	4,730	0
Total Instruction	1,267,323	1,016,853	250,470
Support Services:			
Pupils:			
Salaries and Wages	28,730	27,823	907
Fringe Benefits	10,133	9,379	754
Total Pupils	38,863	37,202	1,661
Instructional Staff:			
Salaries and Wages	101,463	80,989	20,474
Fringe Benefits	26,420	24,025	2,395
Purchased Services	4,859	1,136	3,723
Materials and Supplies	2,765	2,514	251
Capital Outlay - New	2,478	0	2,478
Total Instructional Staff	137,985	108,664	29,321
Fiscal:			
Other	13,000	13,000	0
Total Support Services	189,848	158,866	30,982
Operation of Non-Instructional Services:			
Community Services:			
Salaries and Wages	3,789	2,291	1,498
Fringe Benefits	2,223	1,804	419
Total Operation of Non-Instructional Services	6,012	4,095	1,917
Total Expenditures	1,463,183	1,179,814	283,369
Excess of Revenues Under Expenditures	(\$232,145)	(\$95,385)	\$136,760

(Continued)

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Title I Fund
 For the Fiscal Year Ended June 30, 2002
 (Continued)

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fund Balance at Beginning of Year	\$231,492	\$231,492	\$0
Prior Year Encumbrances Appropriated	<u>653</u>	<u>653</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$136,760</u></u>	<u><u>\$136,760</u></u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Disadvantaged Pupil Impact Aid Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$250,000	\$201,249	(\$48,751)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and Wages	172,395	167,151	5,244
Fringe Benefits	38,006	38,006	0
Total Instruction	210,401	205,157	5,244
Support Services:			
Pupils:			
Salaries and Wages	8,153	7,950	203
Fringe Benefits	3,648	2,717	931
Total Pupils	11,801	10,667	1,134
Instructional Staff:			
Salaries and Wages	6,520	5,172	1,348
Fringe Benefits	1,008	817	191
Total Instructional Staff	7,528	5,989	1,539
Total Support Services	19,329	16,656	2,673
Total Expenditures	229,730	221,813	7,917
Excess of Revenues Over (Under) Expenditures	20,270	(20,564)	(40,834)
Fund Balance at Beginning of Year	28,668	28,668	0
Fund Balance at End of Year	\$48,938	\$8,104	(\$40,834)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Career Development Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$21,088	\$21,088	\$0
<u>Expenditures:</u>			
Current:			
Support Services:			
Instructional Staff:			
Salaries and Wages	1,800	1,800	0
Purchased Services	1,433	1,433	0
Materials and Supplies	13,466	13,466	0
Total Expenditures	16,699	16,699	0
Excess of Revenues Over Expenditures	4,389	4,389	0
<u>Other Financing Uses:</u>			
Advances Out	(4,389)	(4,389)	0
Excess of Revenues Over Expenditures and Other Financing Uses	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Vocational Education Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$152,589	\$131,598	(\$20,991)
<u>Expenditures:</u>			
Current:			
Instruction:			
Vocational:			
Salaries and Wages	2,257	2,257	0
Fringe Benefits	349	349	0
Materials and Supplies	12,752	12,720	32
Capital Outlay - New	61,305	61,305	0
Total Instruction	76,663	76,631	32
Support Services:			
Pupils:			
Salaries and Wages	59,992	52,573	7,419
Fringe Benefits	2,043	0	2,043
Materials and Supplies	2,853	2,853	0
Total Pupils	64,888	55,426	9,462
Instructional Staff:			
Purchased Services	4,751	4,715	36
Central:			
Purchased Services	1,492	1,129	363
Materials and Supplies	7,015	6,761	254
Total Central	8,507	7,890	617
Total Support Services	78,146	68,031	10,115
Total Expenditures	154,809	144,662	10,147
Excess of Revenues Under Expenditures	(2,220)	(13,064)	(10,844)
<u>Other Financing Sources (Uses):</u>			
Advances In	0	10,844	10,844
Advances Out	(2,600)	(2,600)	0
Total Other Financing Sources (Uses)	(2,600)	8,244	10,844
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(4,820)	(4,820)	0
Fund Balance at Beginning of Year	\$0	\$0	\$0

(Continued)

Lancaster City School District, Ohio
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual (Budget Basis)
 Vocational Education Fund
 For the Fiscal Year Ended June 30, 2002
 (Continued)

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Prior Year Encumbrances Appropriated	<u>\$4,820</u>	<u>\$4,820</u>	<u>\$0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Public School Preschool Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$170,632	\$170,632	\$0
Tuition and Fees	191	23,572	23,381
Total Revenues	170,823	194,204	23,381
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	78,592	78,278	314
Fringe Benefits	24,948	21,700	3,248
Purchased Services	1,636	1,636	0
Materials and Supplies	5,358	3,418	1,940
Total Instruction	110,534	105,032	5,502
Support Services:			
Pupils:			
Salaries and Wages	672	672	0
Fringe Benefits	176	175	1
Purchased Services	5,678	4,906	772
Materials and Supplies	5,744	5,088	656
Capital Outlay - New	4,277	4,276	1
Total Pupils	16,547	15,117	1,430
Instructional Staff:			
Salaries and Wages	31,799	30,971	828
Fringe Benefits	21,879	19,403	2,476
Total Instructional Staff	53,678	50,374	3,304
Administration:			
Salaries and Wages	23,361	11,531	11,830
Fringe Benefits	12,166	5,465	6,701
Materials and Supplies	333	85	248
Total Administration	35,860	17,081	18,779
Operation and Maintenance of Plant:			
Purchased Services	8,195	5,550	2,645
Pupil Transportation:			
Purchased Services	\$12,696	\$4,239	\$8,457

(Continued)

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Public School Preschool Fund
For the Fiscal Year Ended June 30, 2002
(Continued)

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Central:			
Purchased Services	\$734	\$517	\$217
Materials and Supplies	439	199	240
Total Central	<u>1,173</u>	<u>716</u>	<u>457</u>
Total Support Services	<u>128,149</u>	<u>93,077</u>	<u>35,072</u>
Total Expenditures	<u>238,683</u>	<u>198,109</u>	<u>40,574</u>
Excess of Revenues Under Expenditures	(67,860)	(3,905)	63,955
Fund Balance at Beginning of Year	54,626	54,626	0
Prior Year Encumbrances Appropriated	<u>13,234</u>	<u>13,234</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$63,955</u></u>	<u><u>\$63,955</u></u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Preschool Handicapped Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$19,120	\$19,120	\$0
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Materials and Supplies	89	0	89
Support Services:			
Pupils:			
Salaries and Wages	10,414	7,674	2,740
Fringe Benefits	1,461	751	710
Purchased Services	10,721	10,721	0
Total Pupils	22,596	19,146	3,450
Instructional Staff:			
Salaries and Wages	3,162	3,137	25
Fringe Benefits	924	924	0
Total Instructional Staff	4,086	4,061	25
Fiscal:			
Other	38	38	0
Total Support Services	26,720	23,245	3,475
Total Expenditures	26,809	23,245	3,564
Excess of Revenues Under Expenditures	(7,689)	(4,125)	3,564
Fund Balance at Beginning of Year	5,544	5,544	0
Prior Year Encumbrances Appropriated	2,145	2,145	0
Fund Balance at End of Year	\$0	\$3,564	\$3,564

DEBT SERVICE FUND

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

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

CAPITAL PROJECTS FUNDS

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

Permanent Improvement

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

Computer Network

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

Lancaster City School District, Ohio

Combining Balance Sheet

All Capital Projects Funds

June 30, 2002

	<u>Permanent Improvement</u>	<u>Computer Network</u>	<u>Totals</u>
<u>Assets:</u>			
Cash and Cash Equivalents	<u>\$19,947</u>	<u>\$93,321</u>	<u>\$113,268</u>
Total Assets	<u><u>\$19,947</u></u>	<u><u>\$93,321</u></u>	<u><u>\$113,268</u></u>
<u>Liabilities:</u>			
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Fund Equity:</u>			
Fund Balances:			
Unreserved:			
Undesignated	<u>19,947</u>	<u>93,321</u>	<u>113,268</u>
Total Fund Equity	<u>19,947</u>	<u>93,321</u>	<u>113,268</u>
Total Liabilities and Fund Equity	<u><u>\$19,947</u></u>	<u><u>\$93,321</u></u>	<u><u>\$113,268</u></u>

Lancaster City School District, Ohio
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Capital Projects Funds
For the Fiscal Year Ended June 30, 2002

	<u>Permanent Improvement</u>	<u>Computer Network</u>	<u>Totals</u>
<u>Revenues:</u>			
Intergovernmental	\$0	\$93,321	\$93,321
Gifts and Donations	245	0	245
Total Revenues	<u>245</u>	<u>93,321</u>	<u>93,566</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	0	1,172	1,172
Support Services:			
Instructional Staff	0	69	69
Capital Outlay	<u>2,200</u>	<u>39,000</u>	<u>41,200</u>
Total Expenditures	<u>2,200</u>	<u>40,241</u>	<u>42,441</u>
Excess of Revenues Over (Under) Expenditures	(1,955)	53,080	51,125
Fund Balances at Beginning of Year	<u>21,902</u>	<u>40,241</u>	<u>62,143</u>
Fund Balances at End of Year	<u><u>\$19,947</u></u>	<u><u>\$93,321</u></u>	<u><u>\$113,268</u></u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Gifts and Donations	<u>\$10,000</u>	<u>\$245</u>	<u>(\$9,755)</u>
<u>Expenditures:</u>			
Current:			
Extracurricular Activities:			
Sports Oriented Activities:			
Capital Outlay - New	5,000	2,200	2,800
Capital Outlay:			
Building Acquisition and Construction			
Services:			
Capital Outlay - New	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total Expenditures	<u>10,000</u>	<u>2,200</u>	<u>7,800</u>
Excess of Revenues Under Expenditures	0	(1,955)	(1,955)
Fund Balance at Beginning of Year	<u>21,902</u>	<u>21,902</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$21,902</u></u>	<u><u>\$19,947</u></u>	<u><u>(\$1,955)</u></u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Computer Network Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$30,000	\$93,321	\$63,321
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Materials and Supplies	10,172	1,172	9,000
Capital Outlay - New	66,086	0	66,086
Capital Outlay - Replacement	16,000	0	16,000
Total Instruction	92,258	1,172	91,086
Support Services:			
Instructional Staff:			
Purchased Services	69	69	0
Operation and Maintenance of Plant:			
Purchased Services	2,236	0	2,236
Central:			
Capital Outlay - New	39,000	39,000	0
Total Support Services	41,305	39,069	2,236
Total Expenditures	133,563	40,241	93,322
Excess of Revenues Over (Under) Expenditures	(103,563)	53,080	156,643
Fund Balance at Beginning of Year	40,241	40,241	0
Fund Balance at End of Year	(\$63,322)	\$93,321	\$156,643

ENTERPRISE FUNDS

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

Food Service

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

Uniform School Supplies

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

Lancaster City School District, Ohio

Combining Balance Sheet

All Enterprise Funds

June 30, 2002

	Food Service	Uniform School Supplies	Totals
<u>Assets:</u>			
Current Assets:			
Cash and Cash Equivalents	\$173,700	\$69,316	\$243,016
Accounts Receivable	20	168	188
Intergovernmental Receivable	89,453	0	89,453
Due from Other Funds	275	0	275
Materials and Supplies Inventory	9,763	0	9,763
Inventory Held for Resale	69,671	5,189	74,860
Prepaid Items	14,125	0	14,125
	<u>357,007</u>	<u>74,673</u>	<u>431,680</u>
Property, Plant, and Equipment:			
Furniture and Equipment	654,567	0	654,567
Less: Accumulated Depreciation	(561,595)	0	(561,595)
	<u>92,972</u>	<u>0</u>	<u>92,972</u>
Total Property, Plant, and Equipment	<u>92,972</u>	<u>0</u>	<u>92,972</u>
Total Assets	<u>\$449,979</u>	<u>\$74,673</u>	<u>\$524,652</u>
<u>Liabilities:</u>			
Current Liabilities:			
Accounts Payable	\$1,108	\$0	\$1,108
Accrued Salaries and Benefits Payable	125,022	0	125,022
Intergovernmental Payable	73,390	0	73,390
	<u>199,520</u>	<u>0</u>	<u>199,520</u>
Total Current Liabilities	<u>199,520</u>	<u>0</u>	<u>199,520</u>
Long-Term Liabilities:			
Compensated Absences Payable	69,445	0	69,445
	<u>69,445</u>	<u>0</u>	<u>69,445</u>
Total Liabilities	<u>268,965</u>	<u>0</u>	<u>268,965</u>
<u>Fund Equity:</u>			
Contributed Capital	54,837	0	54,837
Retained Earnings:			
Unreserved	126,177	74,673	200,850
	<u>126,177</u>	<u>74,673</u>	<u>200,850</u>
Total Fund Equity	<u>181,014</u>	<u>74,673</u>	<u>255,687</u>
Total Liabilities and Fund Equity	<u>\$449,979</u>	<u>\$74,673</u>	<u>\$524,652</u>

Lancaster City School District, Ohio

Combining Statement of Revenues,
Expenses, and Changes in Fund Equity
All Enterprise Funds

For the Fiscal Year Ended June 30, 2002

	Food Service	Uniform School Supplies	Total
<u>Revenues:</u>			
Sales	\$947,098	\$59,676	\$1,006,774
<u>Expenses:</u>			
Salaries	602,360	0	602,360
Fringe Benefits	331,392	0	331,392
Purchased Services	9,430	0	9,430
Materials and Supplies	70,812	0	70,812
Cost of Sales	675,919	48,151	724,070
Other	4,420	0	4,420
Depreciation	13,675	0	13,675
Total Expenses	1,708,008	48,151	1,756,159
Operating Income (Loss)	(760,910)	11,525	(749,385)
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	130,759	0	130,759
Operating Grants	688,728	0	688,728
Interest Income	1,658	0	1,658
Total Non-Operating Revenues	821,145	0	821,145
Net Income	60,235	11,525	71,760
Retained Earnings at Beginning of Year	65,942	63,148	129,090
Retained Earnings at End of Year	126,177	74,673	200,850
Contributed Capital at Beginning and End of Year	54,837	0	54,837
Fund Equity at End of Year	<u>\$181,014</u>	<u>\$74,673</u>	<u>\$255,687</u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenses, and Changes
in Fund Equity - Budget and Actual (Budget Basis)
Food Service Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$877,100	\$949,180	\$72,080
Interest	1,000	1,635	635
Operating Grants	619,900	675,756	55,856
Other Non-Operating Revenues	2,000	0	(2,000)
Total Revenues	<u>1,500,000</u>	<u>1,626,571</u>	<u>126,571</u>
<u>Expenses:</u>			
<u>Salaries:</u>			
Food Service Operations	<u>648,197</u>	<u>648,197</u>	<u>0</u>
<u>Fringe Benefits:</u>			
Food Service Operations	<u>254,234</u>	<u>254,234</u>	<u>0</u>
<u>Purchased Services:</u>			
Operation and Maintenance of Plant	3,000	0	3,000
Food Service Operations	<u>5,540</u>	<u>2,286</u>	<u>3,254</u>
Total Purchased Services	<u>8,540</u>	<u>2,286</u>	<u>6,254</u>
<u>Materials and Supplies:</u>			
Food Service Operations	<u>614,936</u>	<u>609,164</u>	<u>5,772</u>
<u>Other:</u>			
Food Service Operations	<u>5,200</u>	<u>4,420</u>	<u>780</u>
<u>Capital Outlay - New:</u>			
Food Service Operations	<u>19,669</u>	<u>10,950</u>	<u>8,719</u>
<u>Capital Outlay - Replacement:</u>			
Food Service Operations	<u>10,000</u>	<u>211</u>	<u>9,789</u>
Total Expenses	<u>1,560,776</u>	<u>1,529,462</u>	<u>31,314</u>
Excess of Revenues Over (Under) Expenses	(60,776)	97,109	157,885
Fund Equity at Beginning of Year	72,702	72,702	0
Prior Year Encumbrances Appropriated	<u>776</u>	<u>776</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$12,702</u></u>	<u><u>\$170,587</u></u>	<u><u>\$157,885</u></u>

Lancaster City School District, Ohio
Schedule of Revenues, Expenses, and Changes
in Fund Equity - Budget and Actual (Budget Basis)
Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2002

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$60,000	\$59,901	(\$99)
<u>Expenses:</u>			
Materials and Supplies:			
Regular Instruction	52,175	36,986	15,189
Vocational Instruction	32,000	17,332	14,668
Total Expenses	84,175	54,318	29,857
Excess of Revenues Over (Under) Expenses	(24,175)	5,583	29,758
Fund Equity at Beginning of Year	62,819	62,819	0
Prior Year Encumbrances Appropriated	575	575	0
Fund Equity at End of Year	\$39,219	\$68,977	\$29,758

Lancaster City School District, Ohio

Combining Statement of Cash Flows

All Enterprise Funds

For the Fiscal Year Ended June 30, 2002

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Totals</u>
Increase (Decrease) in <u>Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$949,180	\$59,901	\$1,009,081
Cash Payments for Employee Services and Benefits	(902,431)	0	(902,431)
Cash Payments for Goods and Services	(617,920)	(53,979)	(671,899)
Other Operating Expenses	<u>(4,420)</u>	<u>0</u>	<u>(4,420)</u>
Net Cash Provided by (Used for) Operating Activities	(575,591)	5,922	(569,669)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	(1,579)	0	(1,579)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	675,756	0	675,756
<u>Cash Flows from Investing Activities:</u>			
Interest	<u>1,635</u>	<u>0</u>	<u>1,635</u>
Net Increase in Cash and Cash Equivalents	100,221	5,922	106,143
Cash and Cash Equivalents at Beginning of Year	<u>73,479</u>	<u>63,394</u>	<u>136,873</u>
Cash and Cash Equivalents at End of Year	<u><u>\$173,700</u></u>	<u><u>\$69,316</u></u>	<u><u>\$243,016</u></u>

(Continued)

Lancaster City School District, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Fiscal Year Ended June 30, 2002
(Continued)

	Food Service	Uniform School Supplies	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by <u>(Used for) Operating Activities:</u>			
Operating Income (Loss)	(\$760,910)	\$11,525	(\$749,385)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided <u>by (Used for) Operating Activities:</u>			
Donated Commodities Received During the Year	130,759	0	130,759
Depreciation Expense	13,675	0	13,675
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	2,479	225	2,704
Increase in Intergovernmental Receivable	(397)	0	(397)
Decrease in Materials and Supplies Inventory	1,576	0	1,576
(Increase) Decrease in Inventory Held for Resale	5,474	(1,143)	4,331
Increase in Prepaids	(788)	0	(788)
Increase (Decrease) in Accounts Payable	607	(4,685)	(4,078)
Increase in Accrued Salaries and Benefits Payable	15,158	0	15,158
Increase in Compensated Absences Payable	13,637	0	13,637
Increase in Intergovernmental Payable	3,139	0	3,139
	<u>(\$575,591)</u>	<u>\$5,922</u>	<u>(\$569,669)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$575,591)</u>	<u>\$5,922</u>	<u>(\$569,669)</u>

INTERNAL SERVICE FUND

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

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

FIDUCIARY FUNDS

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

Expendable Trust Fund

Scholarship Memorial

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

Non-Expendable Trust Fund

Endowment

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

Agency Funds

Student Managed Activity

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

Employees Section 125 Payroll Plan

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

Payroll

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

Lancaster City School District, Ohio

Combining Balance Sheet
All Trust and Agency Funds
June 30, 2002

	<u>Expendable Trust Scholarship Memorial</u>	<u>Non- Expendable Trust Endowment</u>	<u>All Agency Funds</u>	<u>Totals</u>
<u>Assets:</u>				
Cash and Cash Equivalents	\$24,096	\$39,123	\$64,837	\$128,056
Accounts Receivable	0	0	151	151
Due from Other Funds	32	62	0	94
Total Assets	<u>\$24,128</u>	<u>\$39,185</u>	<u>\$64,988</u>	<u>\$128,301</u>
<u>Liabilities:</u>				
Accounts Payable	\$0	\$0	\$609	\$609
Due to Students	0	0	64,379	64,379
Total Liabilities	<u>0</u>	<u>0</u>	<u>64,988</u>	<u>64,988</u>
<u>Fund Equity:</u>				
Fund Balance:				
Reserved for Endowment	0	37,345	0	37,345
Unreserved:				
Undesignated	24,128	1,840	0	25,968
Total Fund Equity	<u>24,128</u>	<u>39,185</u>	<u>0</u>	<u>63,313</u>
Total Liabilities and Fund Equity	<u>\$24,128</u>	<u>\$39,185</u>	<u>\$64,988</u>	<u>\$128,301</u>

Lancaster City School District, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2002

	Balance 7/1/01	Additions	Reductions	Balance 6/30/02
Student Managed Activity				
<u>Assets:</u>				
Cash and Cash Equivalents	\$77,378	\$96,904	\$109,445	\$64,837
Accounts Receivable	0	151	0	151
Total Assets	\$77,378	\$97,055	\$109,445	\$64,988
<u>Liabilities:</u>				
Accounts Payable	\$232	\$609	\$232	\$609
Due to Students	77,146	96,446	109,213	64,379
Total Liabilities	\$77,378	\$97,055	\$109,445	\$64,988
Employees Section				
125 Payroll Plan				
<u>Assets:</u>				
Cash and Cash Equivalents	\$8,694	\$21,854	\$30,548	\$0
Total Assets	\$8,694	\$21,854	\$30,548	\$0
<u>Liabilities:</u>				
Due to Others	\$8,694	\$21,854	\$30,548	\$0
Total Liabilities	\$8,694	\$21,854	\$30,548	\$0
<u>Payroll</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$0	\$30,032,805	\$30,032,805	\$0
Total Assets	\$0	\$30,032,805	\$30,032,805	\$0
<u>Liabilities:</u>				
Due to Others	\$0	\$30,032,805	\$30,032,805	\$0
Total Liabilities	\$0	\$30,032,805	\$30,032,805	\$0
Total - All Agency Funds				
<u>Assets:</u>				
Cash and Cash Equivalents	\$86,072	\$30,151,563	\$30,172,798	\$64,837
Accounts Receivable	0	151	0	151
Total Assets	\$86,072	\$30,151,714	\$30,172,798	\$64,988
<u>Liabilities:</u>				
Accounts Payable	\$232	\$609	\$232	\$609
Due to Others	8,694	30,054,659	30,063,353	0
Due to Students	77,146	96,446	109,213	64,379
Total Liabilities	\$86,072	\$30,151,714	\$30,172,798	\$64,988

GENERAL FIXED ASSETS ACCOUNT GROUP

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

Lancaster City School District, Ohio
Schedule of Changes in General Fixed Assets
by Function
For the Fiscal Year Ended June 30, 2002

	General Fixed Assets 7/1/01	Additions	Deductions	General Fixed Assets 06/30/02
Instruction	\$24,641,582	\$1,803,521	\$615,743	\$25,829,360
Support Services:				
Pupils	101,004	0	0	101,004
Instructional Staff	2,869,546	108,070	0	2,977,616
Administration	1,807,860	62,921	7,559	1,863,222
Operation and Maintenance of Plant	3,555,840	266,876	0	3,822,716
Pupil Transportation	2,102,300	37,730	0	2,140,030
Central	100,334	0	0	100,334
Capital Outlay:				
Building Acquisition & Construction	1,095,690	0	0	1,095,690
Total General Fixed Assets	<u>\$36,274,156</u>	<u>\$2,279,118</u>	<u>\$623,302</u>	<u>\$37,929,972</u>

Lancaster City School District, Ohio
Schedule of General Fixed Assets by Function
June 30, 2002

	Total	Land and Improvements	Buildings	Furniture and Equipment	Vehicles	Textbooks and Library Books	Construction in Progress
Instruction	\$25,829,360	\$613,693	\$10,203,983	\$11,506,996	\$0	\$3,504,688	\$0
Support Services:							
Pupils	101,004	0	60,000	39,033	1,971	0	0
Instructional Staff	2,977,616	0	118,000	224,428	0	2,635,188	0
Administration	1,863,222	105,170	164,400	1,559,789	0	0	33,863
Operation of Maintenance of Plant	3,822,716	147,780	2,442,971	896,510	173,121	0	162,334
Pupil Transportation	2,140,030	34,211	49,200	50,066	2,006,553	0	0
Central	100,334	0	0	100,334	0	0	0
Capital Outlay:							
Building Acquisition & Construction	1,095,690	0	1,095,690	0	0	0	0
Total General Fixed Assets	\$37,929,972	\$900,854	\$14,134,244	\$14,377,156	\$2,181,645	\$6,139,876	\$196,197

Lancaster City School District, Ohio

Schedule of General Fixed Assets by Source

June 30, 2002

General Fixed Assets:	
Land and Improvements	\$900,854
Buildings	14,134,244
Furniture and Equipment	14,377,156
Vehicles	2,181,645
Textbooks and Library Books	6,139,876
Construction in Progress	196,197
	<hr/>
Total	<u><u>\$37,929,972</u></u>

Investments in General Fixed Assets from:

General Fund	\$15,147,006
Special Revenue Funds	1,233,496
Capital Projects Funds	1,975,840
Expendable Trust Fund	2,070
Donations	527,882
Acquisitions Prior to July 1, 1990	19,043,678
	<hr/>
Total	<u><u>\$37,929,972</u></u>

Statistical Section



LANCASTER CITY SCHOOLS

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE 1

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

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Current:										
Instruction:										
Regular	\$18,969,014	\$18,167,773	\$16,234,568	\$15,862,665	\$14,494,590	\$13,485,263	\$15,314,619	\$15,007,405	\$14,244,605	\$13,753,786
Special	4,806,938	4,477,723	3,877,485	3,544,519	3,191,336	3,050,528	3,074,511	2,871,651	2,658,398	2,494,376
Vocational	2,306,613	2,286,961	2,311,165	2,267,254	2,147,313	2,067,348	2,089,360	2,115,463	1,963,243	1,840,374
Adult/Continuing	50,712	55,211	58,628	55,469	58,899	51,409	41,587	41,317	31,468	28,461
Support Services:										
Pupil	2,098,626	2,166,870	1,914,507	1,794,659	1,462,295	1,453,073	1,456,155	1,430,948	1,288,926	1,198,308
Instructional Staff	2,813,605	2,548,355	2,406,051	2,221,071	1,569,884	1,509,075	1,600,755	1,659,275	1,827,514	1,650,227
Board of Education	47,721	47,867	41,759	38,986	36,180	30,943	47,498	60,821	49,412	49,384
Administration	3,852,149	3,695,899	3,475,062	2,938,618	2,766,342	2,651,472	3,085,059	2,916,580	2,573,741	2,353,919
Fiscal	1,036,510	1,007,946	845,760	868,931	848,768	705,532	758,055	743,373	731,796	692,176
Business	440,253	424,996	380,951	343,396	363,777	298,072	284,098	299,988	166,544	194,686
Operation & Maintenance of Plant	4,589,963	4,370,916	3,621,686	3,186,972	3,054,801	2,963,566	3,137,718	3,290,558	3,548,311	3,057,046
Pupil Transportation	1,392,474	1,852,323	1,646,420	1,357,535	1,314,338	1,014,336	947,826	1,198,153	1,051,646	949,361
Central	263,598	221,876	207,554	237,661	262,999	92,722	96,679	259,165	188,556	187,610
Non-Instructional Services	0	0	0	0	0	0	0	0	0	0
Extracurricular Activities	492,034	449,863	420,013	410,362	360,083	96,475	366,580	399,985	342,915	299,809
Refund of Taxes	0	0	0	97,398	97,399	57,856	0	0	0	0
Capital Outlay	0	0	208,157	798,387	0	0	12,879	365,794	354,498	651,772
Intergovernmental	0	0	0	0	0	0	278	0	20	0
Debt Service	93,753	104,328	207,536	104,385	93,823	1,472,437	0	0	0	0
Total	\$43,253,963	\$41,878,907	\$37,857,302	\$36,128,268	\$32,122,827	\$31,000,107	\$32,313,657	\$32,660,476	\$31,021,593	\$29,401,295

Source: School District Financial Records

TABLE 2

Lancaster City School District, Ohio
 General Fund Revenues by Source
 Last Ten Fiscal Years

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Property Taxes	\$23,729,594	\$21,071,030	\$22,523,694	\$21,954,762	\$19,368,690	\$16,692,804	\$16,267,569	\$15,548,740	\$15,338,028	\$15,518,266
Intergovernmental (1)	19,095,089	17,354,836	16,391,071	15,450,115	14,194,594	14,681,452	14,915,965	13,249,422	13,346,742	13,695,677
Interest	284,148	729,488	740,831	593,331	523,478	398,022	331,021	393,124	356,797	340,064
Tuition and Fees	170,211	398,763	136,531	75,846	309,057	443,335	274,330	584,022	272,852	274,775
Rent (2)	46,684	57,207	59,644	53,696	40,217	53,954	48,821	0	0	0
Extracurricular Activities	102,792	98,998	136,831	130,573	110,087	10,228	9,638	0	42,410	53,617
Gifts and Donations (3)	0	650	2,100	59,000	5,130	5,975	0	0	0	0
Miscellaneous	11,830	118,896	35,806	25,772	284,198	23,540	32,399	18,948	16,550	63,521
Total	\$43,440,348	\$39,829,868	\$40,026,508	\$38,343,095	\$34,835,451	\$32,309,310	\$31,879,743	\$29,794,256	\$29,373,379	\$29,945,920

Source: School District Financial Records

- (1) Includes revenues from State Foundation Programs and State portion of taxes through rollback and homestead program.
- (2) Prior to 1996, rent revenues were posted to miscellaneous revenues.
- (3) Prior to 1997, gifts and donations were posted to miscellaneous revenues.

TABLE 3

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

Year	Current Tax Levy	Current Tax Collections	Percent Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections to Current Tax Levies	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Current Tax Levy
2001	\$17,680,268	\$16,193,180	91.6%	\$477,612	\$16,670,792	94.3%	\$746,053	4.2%
2000	17,234,097	15,589,197	90.5%	559,776	16,148,973	93.7%	917,165	5.3%
1999	16,073,213	15,549,586	96.7%	367,752	15,917,338	99.0%	888,749	5.5%
1998	15,468,012	14,993,066	96.9%	275,746	15,268,812	98.7%	661,207	4.3%
1997	11,749,971	11,106,187	94.5%	261,706	11,367,893	96.7%	508,011	4.3%
1996	11,843,909	11,540,805	97.4%	235,696	11,776,501	99.4%	432,252	3.6%
1995	11,146,743	10,789,029	96.8%	278,112	11,067,141	99.3%	411,815	3.7%
1994	11,036,660	10,799,381	97.9%	292,317	11,091,698	100.5%	412,045	3.7%
1993	11,006,072	10,591,323	96.2%	418,810	11,010,133	100.0%	562,673	5.1%
1992	10,794,553	10,473,145	97.0%	344,741	10,817,886	100.2%	493,324	4.6%

Source: Fairfield County Auditor

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

TABLE 4

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

Year	Agricultural, Residential, Commercial and Industrial Real Estate		Public Utility Real and Personal		Tangible Personal		Total		Ratio
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	
2002	\$678,068,930	\$1,937,339,800	\$23,959,830	\$95,839,320	\$103,443,261	\$413,773,044	\$805,472,021	\$2,446,952,164	33%
2001	575,134,650	1,643,241,857	27,143,180	30,844,522	104,448,658	417,794,632	706,726,488	2,091,881,011	34%
2000	565,619,400	1,616,055,429	27,774,830	31,562,307	96,227,521	384,910,084	689,621,751	2,032,562,096	34%
1999	552,019,860	1,577,199,600	30,298,140	34,429,700	100,399,698	401,598,700	682,717,698	2,013,228,000	34%
1998	489,202,190	1,397,720,542	30,177,900	34,298,068	101,329,802	405,319,208	620,709,892	1,837,332,818	34%
1997	478,148,440	1,331,138,400	30,794,250	35,048,101	95,374,490	381,497,960	604,317,180	1,752,684,501	34%
1996	467,615,310	1,336,043,700	31,464,720	35,880,500	85,449,242	341,796,900	584,529,272	1,713,721,100	34%
1995	358,421,040	1,024,060,114	32,161,080	36,671,800	83,869,025	335,476,100	474,451,145	1,396,208,014	34%
1994	355,815,480	1,016,615,657	31,396,410	35,842,589	82,028,471	328,113,884	469,240,361	1,380,572,130	34%
1993	351,448,260	1,003,880,142	31,268,490	35,687,606	80,087,148	320,348,592	462,803,898	1,359,916,340	34%

Source: Fairfield County Auditor

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

- Real Estate is assessed at 35 percent of actual value.
- Public Utility real is assessed at 35 percent of actual value.
- Public Utility personal is assessed at 35 percent of actual value.
- Tangible personal is assessed at 24 percent of actual value.

TABLE 5

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

Year	Lancaster City School District			Berne Twp Levy (1)	Greenfield Twp Levy (1)	Hocking Twp Levy (1)	Pleasant Twp Levy (1)	Lancaster City Levy	Fairfield County Levy	Total Levy (2)
	General Operation	Bonded Indebtedness	Total School							
2002	\$64.60 (3)	\$0.00	\$64.60	\$7.70	\$12.20	\$4.20	\$9.10	\$3.40	\$7.05	\$75.05
2001	64.60	0.00	64.60	7.70	8.20	4.20	6.60	3.40	7.05	75.05
2000	64.60	0.00	64.60	7.70	8.20	4.20	6.60	3.40	7.05	75.05
1999	64.60	0.00	64.60	7.70	8.20	4.20	6.60	3.40	7.05	75.05
1998	64.60	0.00	64.60	7.70	8.20	4.20	6.60	3.40	7.05	75.05
1997	56.70	0.00	56.70	7.70	8.20	4.20	6.60	3.40	7.05	67.15
1996	56.70	0.00	56.70	7.70	8.20	4.20	5.10	3.40	7.05	67.15
1995	56.70	0.00	56.70	7.70	8.20	4.20	5.10	3.40	7.05	67.15
1994	56.70	0.00	56.70	7.70	6.20	4.20	4.60	3.40	8.55	68.65
1993	56.70	0.00	56.70	7.70	6.20	4.20	4.60	3.40	8.55	68.65

Source: Fairfield County Auditor

- (1) Included in the Lancaster City School District attendance areas are portions of Berne, Greenfield, Hocking, and Pleasant Townships.
- (2) Based on the School District, City, and County Levies. Those living in the portions of the townships included in the city school district would have a total rate slightly different.
- (3) Due to specific Ohio Legislation, the "effective" rate of tax for the School District is 24.51 mills for agricultural/residential property and 28.42 mills for industrial/commercial property for 2002.

TABLE 6

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

<u>Year</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value (2)</u>	<u>Population (3)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2002	\$0	\$805,472,021	35,600	N/A	\$0.00
2001	0	706,726,488	35,600	N/A	0.00
2000	0	689,621,751	35,335	N/A	0.00
1999	0	682,717,698	38,983	N/A	0.00
1998	0	620,709,892	38,254	N/A	0.00
1997	0	604,317,180	36,900	N/A	0.00
1996	0	584,529,272	36,900	N/A	0.00
1995	0	474,451,145	36,900	N/A	0.00
1994	0	469,240,361	35,570	N/A	0.00
1993	0	462,803,898	35,570	N/A	0.00

(1) Includes all general obligation bonded debt.

(2) Source: Fairfield County Auditor

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

TABLE 7

Lancaster City School District, Ohio
 Computation of Direct and Overlapping General Obligation Bonded Debt
 December 31, 2001

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
School District	\$0	N/A	\$0
City of Lancaster	1,866,425	100.00%	1,866,425
Fairfield County	<u>2,320,000</u>	27.88%	<u>646,816</u>
Totals	<u><u>\$4,186,425</u></u>		<u><u>\$2,513,241</u></u>

Source: Fairfield County Auditor

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

TABLE 8

Lancaster City School District, Ohio
 Computation of Legal Debt Margin (1)
 June 30, 2002

Assessed Value	\$805,472,021
Debt Limit - 9% of Assessed Value	\$72,492,482
Amount of Debt Applicable to Debt Limit: Net Bonded Debt (2)	0
Overall Debt Margin	\$72,492,482
Bonded Debt Limit - .10% of Assessed Value	\$805,472
Amount of Debt Applicable	0
Unvoted Debt Margin	\$805,472
Additional Limit for Unvoted Energy Conservation Long-Term Notes:	
Debt Limit - .9% of Assessed Value	\$7,249,248
Energy Conservation Long-Term Notes	(675,000)
Additional Unvoted Debt Margin	\$6,574,248

Source: Fairfield County Auditor and School District Financial Records.

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

TABLE 9

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

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (Percentage)
2002	\$0	\$0	\$0	\$43,253,963	N/A
2001	0	0	0	41,878,907	N/A
2000	0	0	0	37,857,302	N/A
1999	0	0	0	36,128,268	N/A
1998	0	0	0	32,122,827	N/A
1997	0	0	0	31,000,107	N/A
1996	0	0	0	32,313,657	N/A
1995	0	0	0	32,660,476	N/A
1994	0	0	0	31,021,593	N/A
1993	0	0	0	29,401,295	N/A

Source: School District Financial Records

TABLE 10

Lancaster City School District, Ohio
Demographic Statistics
Last Ten Years

Year	Population Lancaster City		Per Capital Income Fairfield County	Median Age Fairfield County	Unemployment Rate Fairfield County %
2001	35,600	(1)	\$30,445	36.20	3.0%
2000	35,335	(2)	31,154	36.20	2.3
1999	38,983	(1)	27,816	35.98	3.0
1998	38,254	(1)	27,260	35.21	3.0
1997	36,900	(1)	25,415	34.97	3.2
1996	36,900	(1)	23,709	34.71	4.1
1995	36,900	(1)	22,130	34.40	3.8
1994	35,570	(1)	20,681	34.08	5.3
1993	35,570	(1)	19,361	33.79	6.0
1992	35,015	(1)	18,149	34.35	6.6

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

- (1) Population from 1992-1999 and 2001 is estimated.
(2) U.S. Bureau of Census, Federal 2000 Census

TABLE 11

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

Year	Assessed Property Value (1)	Residential Construction (2)		Commercial Construction (2)		Average Monthly Bank Deposits (3) In Thousands
		Number of Units	Construction Value	Number of Units	Construction Value	
2001	\$706,726,488	122	\$14,375,874	57	\$1,753,961	\$329,712
2000	689,621,751	125	17,619,415	100	11,044,336	286,562
1999	682,717,698	134	18,635,408	63	25,723,471	247,807
1998	620,709,892	176	23,901,412	3	1,290,000	190,113
1997	604,317,180	165	20,187,790	54	6,004,000	172,771
1996	584,529,272	117	14,114,049	47	18,869,600	163,183
1995	474,451,145	97	11,161,223	14	4,916,116	149,434
1994	469,240,361	52	4,831,339	17	16,973,867	108,995
1993	462,803,898	362	10,673,730	61	2,701,956	114,237
1992	448,168,228	18	1,554,000	20	4,430,685	85,960

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

(2) Source: City of Lancaster Engineering Department

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

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

TABLE 12

Lancaster City School District, Ohio
Principal Taxpayers
Real Estate Tax (Including Public Utility, Personal and Real)
December 31, 2001

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value	Nature of Business
Glimcher Holdings	\$22,937,700	3.27%	Property
Ohio Power Company	12,454,930	1.77	Electric
Ohio Bell Telephone	5,686,890	0.81	Telephone
Mt. Carmel Health System	3,984,050	0.57	Health
Lancaster Phase One Group	3,982,810	0.57	Property
Glimcher Centers LTD Partnership	3,147,690	0.45	Property
Lowes Home Centers, Incorporated	2,728,170	0.39	Retail
T & R River Valley LTD Partnership	2,526,550	0.36	Property
Ralston Foods, Inc.	2,186,440	0.31	Food
Columbia Gas Transmission Corp	2,114,050	0.30	Gas

Source: Fairfield County Auditor

(1) Assessed values are for the 2002 collection year (\$702,028,760).

TABLE 13

Lancaster City School District, Ohio
Principal Taxpayers
Tangible Personal Property Tax (Excluding Public Utility)
December 31, 2001

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value	Nature of Business
Anchor Hocking Glass Cosumer	\$18,815,260	18.19%	Glass
RalCorp Holdings Inc. (Ralston)	7,220,260	6.98	Foods
McDermott, Inc.	5,174,980	5.00	Electronics
Scotts Miracle Gro	2,961,710	2.86	Horticulture
Lancaster Glass Corporation	2,635,880	2.55	Glass
Crown Cork & Seal Company (USA)	2,058,870	1.99	Glass Closures
International Paper Company	1,709,000	1.65	Paper
Lowes Home Centers	1,613,650	1.56	Retail Home Improvement
Massachusetts Cable Vision	1,601,140	1.55	Cable
Taylor Chevrolet	1,538,740	1.49	Automobiles

Source: Fairfield County Auditor

(1) Assessed values are for the 2002 collection year (\$103,443,261).

TABLE 14

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

Year	General Fund Expenditures	Average Daily Membership	Per Pupil Cost
2002	\$43,253,963	6170	\$7,010
2001	41,878,907	6230	6,722
2000	37,857,302	6421	5,896
1999	36,128,268	6562	5,506
1998	32,122,827	6542	4,910
1997	31,000,107	6532	4,746
1996	32,313,657	6615	4,885
1995	32,660,476	6530	5,002
1994	31,021,593	6551	4,735
1993	29,401,295	6561	4,481

Source: School District Financial Records

TABLE 15

Lancaster City School District, Ohio
 Teacher Education and Experience
 June 30, 2002

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	59	13.98%
Bachelor + 15	11	2.61%
Bachelor + 30 (150 hours)	138	32.70%
Master's Degree	99	23.46%
Master's + 15	30	7.11%
Master's +30	67	15.88%
Master's + 45	18	4.26%
Total	<u>422</u>	* <u>100.00%</u>

<u>Years of Experience in District</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0-5	73	17.30%
6-10	61	14.45%
11 and over	288	68.25%
Total	<u>422</u>	* <u>100.00%</u>

* Full-time equivalent teaching staff

Source: Lancaster City School District Personnel Records

TABLE 16

Lancaster City School District, Ohio

Average A.C.T. Scores
Last Five Fiscal Years

Year	English	Math	Reading	Science	Composite
A.C.T. - Lancaster High School (Juniors and Seniors)					
1998	20.6	22.1	22.4	22.1	21.9
1999	20.4	21.9	21.6	21.6	21.5
2000	20.3	21.7	21.6	22.0	21.5
2001	20.8	22.3	22.4	22.2	22.0
2002	20.2	21.7	21.4	21.4	21.4
A.C.T. - Ohio (Graduating Class)					
1998	20.7	21.2	21.8	21.5	21.4
1999	20.8	21.1	21.9	21.4	21.4
2000	20.7	21.2	21.9	21.4	21.4
2001	20.7	21.1	21.8	21.5	21.4
2002	20.6	21.2	21.8	21.5	21.4
A.C.T. - U.S.A. (Graduating Class)					
1998	20.4	20.8	21.4	21.1	21.0
1999	20.5	20.7	21.4	21.0	21.0
2000	20.5	20.7	21.4	21.0	21.0
2001	20.5	20.7	21.3	21.0	21.0
2002	20.2	20.6	21.1	20.8	20.8

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

(Continued)

TABLE 16
(Continued)

Lancaster City School District, Ohio

Average S.A.T. Scores

Last Five Fiscal Years

	Year	Verb Mean	Math Mean
S.A.T. - Lancaster High School			
	1998	524	547
	1999	524	559
	2000	525	554
	2001	530	539
	2002	546	555
S.A.T. - Ohio			
	1998	536	540
	1999	534	538
	2000	533	539
	2001	534	539
	2002	533	540
S.A.T. - U.S.A.			
	1998	505	512
	1999	505	511
	2000	505	514
	2001	506	514
	2002	504	516

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

TABLE 17

Lancaster City School District, Ohio
A Return to the Community
Fiscal Year 2002

Local Tax Receipts (cash basis)

Residential/Agricultural	\$10,771,746
Commercial/Industrial	5,072,751
Public Utility	711,648
Tangible Personal	<u>6,624,934</u>
Total Local Tax Receipts	\$23,181,079

Local Payroll

Total Payroll Fiscal 2002	\$29,984,751
Total Staff (Including Part-time)	740
Staff Living Locally (in Fairfield County)	645
Percentage of Staff Living Locally	87.2%
Local Payroll (29,984,751 x 87.2%)	26,146,703

Locally Purchased Supplies/Services

The Lancaster City Schools Purchased
Supplies and Services from Approximately 214 Local
Individuals and Businesses during Fiscal 2002

Amount Spent Locally for Purchase of Supplies and Services	<u>1,986,685</u>
Total Expenditures of Funds Locally	<u><u>\$28,133,388</u></u>

Total Expenditures of the General Fund for fiscal year 2002	<u><u>\$43,253,963</u></u>
---	----------------------------

Source: School District Records

Lancaster City School District, Ohio
Fiscal 2002 Highlights

1. On Tuesday, November 6, 2001 residents of Lancaster approved the renewal of a 7.9 mill operating levy on a continuous basis. The \$5 million that the district will receive annually represents 12 percent of our entire budget. Passage of this levy ensures that we will be able to maintain our current programs and expenditures as we continue on the road to academic excellence.
2. Under the guidance of Vocational Agriculture teacher, Chuck Miller, Lancaster FFA members hosted Governor Bob Taft at the 151st Fairfield County Fair. Governor Taft shared his agricultural experiences with students and talked with them about the future of agriculture in Ohio. Students shared what they had learned with the governor and tested his knowledge of Ohio's agricultural commodities in the form of impromptu questions.
3. Thomas Ewing Junior High School has a new weather station linked to WCMH, Channel 4, in Columbus. In a cooperative effect with several local sponsors students are able to monitor the weather and obtain the latest scientific data through a computer program called WeatherBug. Meteorologist Jym Ganal of Channel 4 News came to Lancaster to promote student interest in the weather and in science.
4. The Columbus Dispatch recently reported that "more than 400 Ohio teachers earned certification from the government-sponsored National Board for Professional Teaching Standards. Teachers gained the designation by submitting six portfolios that included students' reactions during lessons, teachers' responses, self-evaluations, analyses of their teaching practices and methods, descriptions of how more effective strategies were developed, and videotapes of selected classes." Two Lancaster High School teachers, Donna Kalis and Mary Jo Wooten, were honored for this prestigious distinction.
5. Thomas Ewing Junior High School received the Education Award from the Lancaster-Fairfield County Chamber of Commerce at their annual dinner meeting on January 26. The school and the Chamber formed a partnership whereby several chamber members visited school once each month during the lunch periods and discussed career opportunities, higher education requirements and work ethics. More than 570 students benefited from this partnership.
6. The Ohio Association of Elementary School Administrators (OAESA) announced that West Elementary School in the Lancaster City School District is a WINNER in the 2002 Hall of Fame Program. Dr. Paul Young and his staff and students were presented the award at the annual OAESA Professional Conference in Columbus on November 19, 2002. The finalists were selected from 68 nominations across the state.

(Continued)

Lancaster City School District, Ohio
Fiscal 2002 Highlights

7. On June 13, 2002, Lancaster High School was recognized by the North Central Association Commission on Accreditation and School Improvement at its Annual Conference and Leadership Recognition Program for earning 95 consecutive years of accreditation. To maintain accreditation for 95 straight years is an accomplishment that not only the current staff at LHS can be proud of, but one that we share with every other person who has touched the lives of the students here for the last century.
8. The award-winning illustrator of several children's books, Mr. Christopher Canyon, visited West School and the other REA (Reading Excellence Act Grant) schools in April. He shared his illustrating talents with our students in grade level sessions all day on Friday, April 19. He will also give presentations for students and their families at the Fairfield County District Library on Celebrating Art and Literature and Drawing and Illustration.
9. Medill Elementary PTO and Student Council raised over \$42,000 to purchase and install new playground equipment.
10. At North Elementary School sixth grade students have been involved in a program called Poetry in the Park, which allows students to showcase their writing.
11. At Sanderson Elementary two sixth grade Safety Patrol boys were nominated for a National AAA Life Safety Award and received a five day expenses paid (families included) trip to Washington D.C. from May 3-8, 2002.
12. Dr. Paul Young and Mr. Jeromey Sheets were selected to present "Creating Meaningful Internship Programs for Aspiring Principals" at the NAESP National Convention in San Antonio, Texas in April 2002.
13. Stanbery Freshman School Student Council organized several school activities, which included a Halloween costume contest, dance promotions and ticket sales, fundraisers to purchase over \$1,100 in Christmas presents for needy families.
14. Negotiations with the Lancaster School Support Association were successfully completed on November 8, 2001. The contract provided for a three-year agreement, effective July 1, 2001 until June 30, 2004.
15. Negotiations with the Lancaster Education Association were successfully completed on March 18, 2002. The contract provides for a three-year agreement, effective July 1, 2002 until June 30, 2005.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

LANCASTER CITY SCHOOL DISTRICT

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 9, 2003**