



Dave Yost • Auditor of State



LANCASTER CITY SCHOOL DISTRICT  
FAIRFIELD COUNTY

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**LANCASTER CITY SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department Of Education:</i>			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	N/A	\$ 211,360
Cash Assistance			
National School Lunch Program	10.555	N/A	1,313,893
Total National School Lunch Program			<u>1,525,253</u>
Cash Assistance			
School Breakfast Program	10.553	N/A	600,542
Total Child Nutrition Cluster			<u>2,125,795</u>
Total U.S. Department of Agriculture			<u>2,125,795</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education Grants to States Program	84.027	N/A	143,273
Special Education Grants to States Program	84.027	N/A	1,050,840
Special Education Grants to States Program	84.027	N/A	52,564
Special Education Preschool Grants Program	84.173	N/A	30,579
Total Special Education Cluster			<u>1,277,256</u>
Title I Grants to Local Educational Agencies Program	84.010	N/A	173,610
Title I Grants to Local Educational Agencies Program	84.010	N/A	1,646
Title I Grants to Local Educational Agencies Program	84.010	N/A	1,283,044
Title I Grants to Local Educational Agencies Program	84.010	N/A	128,957
Total Title I Grants to Local Educational Agencies Program			<u>1,587,257</u>
Career and Technical Education Basic Grants to States Program	84.048	N/A	1,087
Career and Technical Education Basic Grants to States Program	84.048	N/A	95,246
Total Career and Technical Education Basic Grants to States Program			<u>96,333</u>
Improving Teacher Quality State Grants Program	84.367	N/A	17,985
Improving Teacher Quality State Grants Program	84.367	N/A	215,629
Total Improving Teacher Quality State Grants Program			<u>233,614</u>
Student Support and Academic Enrichment Program	84.424	N/A	25,583
Total U.S. Department of Education			<u>3,220,043</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 5,345,838</u></u>

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

**LANCASTER CITY SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Lancaster City School District (the School District's) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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

**NOTE E - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2018 to 2019 programs:

<b>Program Title</b>	<b>CFDA Number</b>	<b>Amt. Transferred</b>
Title I Grants to Local Educational Agencies	84.010	\$ 55
Special Education - Grants to States	84.027	\$ 283,075
Improving Teacher Quality State Grants Program	84.367	\$ 8,861
Student Support and Academic Enrichment Program	84.424	\$ 5,429



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lancaster City School District, Fairfield County, Ohio (the School District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 20, 2018 wherein we noted the School District adopted Governmental Accounting Standard No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 20, 2018





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the Lancaster City School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Lancaster City School District's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

### ***Management's Responsibility***

The School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, the Lancaster City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

***Report on Internal Control Over Compliance***

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

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

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

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

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lancaster City School District (the School District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our unmodified report thereon dated December 20, 2018. Our opinion also explained that the School District adopted *Governmental Accounting Standard No. 75* during the year. We conducted our audit to opine on the School District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 20, 2018

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**LANCASTER CITY SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2018**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster, CFDA # 84.027/84.173
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

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# Lancaster City School District, Ohio

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



Groundbreaking—Thomas Ewing Junior High School—May 15, 2018

## **Comprehensive Annual Financial Report (CAFR)**

**For the Fiscal Year Ended June 30, 2018**

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Lancaster City School District, Ohio

Comprehensive Annual Financial Report  
(CAFR)



For the Fiscal Year Ended June 30, 2018  
Issued By: Treasurer's Office

Julie Taylor, Treasurer

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**LANCASTER CITY SCHOOL DISTRICT, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
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# **Introductory Section**



**Lancaster  
Gales**

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## TREASURER'S OFFICE

Julie Taylor, Treasurer  
Jennifer Smith, Assistant Treasurer

December 20, 2018

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Lancaster City School District (School District) for the fiscal year ended June 30, 2018. This CAFR includes an opinion from the Ohio Auditor of State's Office and conforms to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School District.

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

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

### **PROFILE OF THE GOVERNMENT**

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

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

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

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

The Lancaster City School District was organized in the mid 1850's and continues to operate in the picturesque and historical setting of the Lancaster area. Over the years, in order to meet the needs of a growing community, the School District has expanded many times, and particularly in the mid 1950's and 1960's. The School District educates students from preschool through grade twelve. During fiscal year 2018, the School District was comprised of a high school (serving 1,803 students in grades 9-12), a former freshman school currently used for career based intervention technology students and administration, two junior high schools (serving grades 6-8) appropriately named General Sherman Junior High and Thomas Ewing Junior High, five elementary schools, and a preschool. As of June 30, 2018, the citizens of Lancaster have an investment of \$92,781,230 net of depreciation in School District land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles.

Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide education services authorized by charter, and further mandated by State and Federal agencies. The School District operates under a locally elected Board of Education which consists of five members. The Board of Education controls the School District's ten instructional facilities staffed by 295 non-certified employees, 424 certificated personnel, and 38 administrative employees who provide services to 6,302 students.

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

## **THE REPORTING ENTITY**

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

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

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

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

### **INTERNAL CONTROLS**

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

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

### **BUDGETARY CONTROLS**

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

### **ASSESSING ECONOMIC CONDITION AND OUTLOOK**

Located in the south-central portion of the State, Lancaster, and Fairfield County of which it is a part, borders or buffers the urban expansion of Columbus (the capital city of Ohio) and the picturesque beauty of southeastern Ohio with its scenic attractions and rolling hills. Lancaster remains one of the lowest cost cities in the United States to do business for communities with under 50,000 in population. The low costs mean a faster return on investment properties to continue our community growth.

The City of Lancaster's population had remained relatively stable for a number of years, but has changed more significantly within the past decade. The Ohio Department of Taxation estimated the population of Lancaster as of July 1, 2017 to be 40,280 as compared to the calendar year 2010 census of 37,243, the calendar year 2000 census of 35,335, and the calendar year 1990 census of 34,507. These signs of increased growth activity, which if fully realized, could have a significant impact on the School District.

**Development/Commercial/Industrial:** The Fairfield 33 Development Alliance, a public/private non-profit organization formed in 2007, has strategically marketed the Route 33 Corridor to help bring in hundreds of million in investments and created thousands of jobs since its inception. With the completion of the U.S. Route

33 Bypass, Lancaster is in a good position to expect additional successful economic growth. This “interstate look-alike” highway with a divided four-lane cross-section in a limited-access right-of-way has lessened traffic on Memorial Drive, and thus alleviated the traffic congestion on the City of Lancaster’s major commercial corridor. This has attracted customers to shop at the numerous businesses along this corridor, and attract new businesses both domestically and internationally based.

The City of Lancaster invested \$10.6 million in renovations of an existing building in Downtown Lancaster to house Municipal Court operations. The newly located Municipal Court opened in April 2016. The building includes a courtroom and office for three judges. Also located in the building are the clerk of court, city prosecutor, court administrators, and the probation department.

Fairfield County completed a new \$35 million public safety facility, located on Wheeling Street, in June 2017. The 384 bed public safety facility houses minimum, medium, and maximum security inmates and allows for future expansion of up to 250 additional beds.

In addition to the above mentioned government investments downtown, The Mill Party and Event Center was completed in 2017. The historic Mithoff Hotel is undergoing a multi-million dollar renovation and will be renovated to a mixed use development with retail on the ground level and apartment and office spaces above. Lancaster’s first microbrewery, Double Edge Brewing, opened March 2018. Other new downtown restaurant options include O’Huids Gaelic Pub, Bob’s Backyard Barbeque, Maria’s Mexican Restaurant, and JB’s Downtown Grill.

The School District in conjunction with the Ohio Facility Construction Commission (OFCC) completed an \$88 million project to construct five new elementary buildings in January 2017. The School District has extended its partnership with the OFCC to construct two new junior high school buildings and the planning and construction for the junior high schools has been ongoing. Construction began on the Thomas Ewing Junior High School in the fall of 2017. The official groundbreaking was held on May 15, 2018. Pre-site work was started for General Sherman Junior High School in September 2018. The cost of the buildings is estimated at \$50 million with tentative opening dates in August 2020.

Lancaster is a hub for medical services in Fairfield and other surrounding counties. Fairfield Medical Center (FMC) provides full hospital services to the region with a 222 bed facility and smaller outpatient clinics throughout the City of Lancaster. FMC has over 400 doctors on staff and employs a total of 2,099 employees and has remained the City of Lancaster’s largest employer over the years. In June 2015, FMC completed its \$38 million facility plan that included 11 operating rooms, a new surgery wing, advanced technology, family-friendly support areas, and 36 new private patient rooms. FMC broke ground on a new \$31 million dollar off-campus health and wellness complex late 2016. The complex will offer emergency, health and wellness, diagnostic, rehabilitative, laboratory and women’s services, as well as a retail pharmacy and childcare. This 85,000 square foot complex will resemble the surgical tower that opened in 2015. The three-level center is expected to open in February 2019. In the fall of 2017, OhioHealth physicians began the process of tearing down the former Colonial Heights Furniture building on Memorial Drive and replaced it with a 10,000 square foot medical office.

Retail space in Lancaster often gets repurposed. The Tree Church purchased an 80,000 square foot building that formerly housed Rose’s. The Tree Church has invested a \$2.5 million dollar renovation, and began holding services at the facility on September 30, 2018. The former Kroger building on the west side was vacated when Kroger opened their new \$18 million dollar, 103,531 square foot Kroger store in November 2017. The vacated location was renovated and is now home to HomeGoods and PetSmart which opened their doors for business in the fall of 2018.

The Ohio University Lancaster campus is situated on 113 acres on the northern edge of Lancaster and serves students from throughout central Ohio. A variety of associate's and bachelor's degree programs can be completed on the Lancaster Campus. Students can begin more than 250 academic programs. Lancaster/Pickerington Campus set a fall 2013 enrollment record of nearly 2,600 students.

Industrially, the infrastructure built by the City of Lancaster has begun to produce new manufacturing. SRI Ohio, a Canadian glass bottle decorating company, added an additional 60,000 square feet in 2013 and purchased multimillion-dollar machinery as part of their expansion in 2015. The company announced its third expansion in five years with the purchase of a 120,000 square foot building. Martin Partitions Inc. is in the process of constructing a new 30,000 square foot facility. The Lancaster Port Authority completed a brownfield redevelopment project that will create a small business center on the east side of Lancaster. The Lancaster Port Authority also has a 50,400 square foot “spec” building available for sale/lease. Lastly, a 106 acre industrial site on South Ewing Street is in the process of becoming an American Electric Power Certified Site for large industrial projects.

One of the largest pipelines ever constructed in the United States made its way through Fairfield County and was completed in 2010. The REX Rocky Express Pipeline stretching nearly 1,700 miles from Colorado is a 42 inch diameter pipeline delivering approximately 1.6 billion cubic feet of natural gas per day to the Midwest and Eastern United States. The School District is benefiting from this project through increased property tax collections.

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

## **MAJOR INITIATIVES/ACCOMPLISHMENTS**

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

There has been a significant push within the last few years to restructure our curricular programs, to replace all of our textbooks, and to bring the School District into the computer age. Large portions of the appropriations are going to new computer equipment and to the training of staff. During fiscal year 2018, the School District completed its one-to-one technology plan for grades kindergarten through twelfth.

There were a number of specific initiatives and accomplishments made during the fiscal year ended June 30, 2018. Some of those were as follows:

### **Human Resources**

- 97 percent of our teaching staff were rated as Accomplished or Skilled for their Final Summative Rating on the Ohio Teacher Evaluation System (OTES) for the 2017-2018 school year.
- Lancaster City School Local Professional Development Committee (LPDC) and the Human Resources Department approved and processed 874 hours of graduate coursework for staff professional development and licensure renewals.

### **Instructional Services Department**

- Successfully launched and rolled out one-to-one Chromebooks in grades six through twelve.
- With the addition of Chromebooks to all elementary students, Lancaster City Schools has one-to-one Technology for grades kindergarten through twelve.
- Through partnerships and grant funds, the School District partnered with the Ohio Department of Education on literacy to provide staff with professional development in grades pre-kindergarten through eight.

### **Custodial/Maintenance Department**

- Replaced two walk behind scrubbers that were over twenty years old.
- Completed several Fulton Field upgrades including a new north entrance ticket booth, lighting upgrades, relocation of the south entrance ticket booth, a new walking path for the sport teams to enter the field area, new drainage, and a sitting wall.

### **Student Services**

- The School District and the Fairfield County Head Start have continued to support collaborative programming and services for our families in Fairfield County.
- The School District preschool enrollment doubled in number of students served during the last three years.
- The School District has also increased its all day preschool options for parents.

### **Transportation Department**

- Purchased four new buses with 360 degree cameras that see all the way around the bus to improve student safety.
- Added web-based video surveillance for faster turnaround time for on-board incidents that could potentially need to be viewed by law enforcement or school administration on a timely basis.

### **Business Manager**

- New turf was purchased and being installed on the athletic field which can be used for the School District football, soccer, and field hockey teams.
- Americans with Disabilities Act improvements were made to the home stands at Fulton Field.
- Finished the planning and layout of the new junior high school buildings along with the start of construction of Thomas Ewing and General Sherman.

### **Technology Department**

- Transitioned School District staff email from Exchange/Outlook (Local Server) to Gmail (Cloud based).
- Replaced/upgraded core network switches that handle network traffic between all of the School District buildings and to the internet.
- Rolled-out kindergarten through second grade Chromebooks (1,638) to complete the one-to-one initiative for all grade levels.

### **Treasurer's Department**

- Received an unmodified opinion on the Fiscal Year 2017 audit with no citations or recommendations noted.
- Received notice that the Lancaster City Schools Comprehensive Annual Financial Report (CAFR) for Fiscal Year ending June 30, 2017 qualified for a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. The School District has prepared a CAFR each year since fiscal year 1991, with exception for fiscal year ended June 30, 1995.
- Received notice that Lancaster City Schools Popular Annual Financial Report (PAFR) for Fiscal Year ending June 30, 2017 qualified for the Award of Outstanding Achievement in Popular Annual Financial Reporting. This colorful easy to read document is a useful tool in educating the public and staff on what revenues and expenditures the School District receives. The School District has prepared a PAFR each year since Fiscal Year 2008.

### **Food Service Department**

- Replaced the combo oven at the high school which allows for more efficient food preparation.
- Began sending meal charge letters monthly and preparing direct certification reports every two weeks to assist in decreasing the balance of meal charges that are owed and help increase free or reduced meal charges.

### **Athletic Department**

- Continued to increase participation numbers for athletics in grades seven through twelve.
- Highlights for fiscal year 2018: Boys cross country was a State qualifying team; Wrestling League was District Champions; Swimming had a State Champion - Olivia Schmeltzer; Baseball League was District Champions; Softball was League Champions; Girls Track and Field was State Runners-Up and Hope Purcell became the State Champion in the high jump and the long jump.

### **Lancaster High School**

- Holly Griffin was recognized as a national winner of the Educator Impact Award in the Alternative Education category from Odysseyware. She was awarded this honor at an award's reception in Chicago on June 26, 2018.
- Lancaster High School athletics showcased on the State level this past school year sending the boys cross country team to the State cross country meet and a school record seven wrestlers to the State wrestling meet. The softball team set a State record for home runs in a season while winning its first conference championship in over a decade. The High School also had Olivia Schmeltzer win a State championship in swimming while Hope Purcell won an indoor and two outdoor State championships in track and field. The baseball team won its first ever Ohio Capital Conference Championship in school history while winning the first district championship in 25 years.

### **General Sherman Junior High School**

- Completed several community projects: canned food drive to support Thanksgiving at local food shelters; penny war to support Sherman families for the holidays; Operation Holiday Cheer which sent care packages to our troops over the holidays; Pennies For Patients which raised money to support the Leukemia and Lymphoma Society; and students helped to prepare for the Community Food Drive at the Save-A-Lot grocery store.
- Sherman Gives Back – each day Student Council chooses a different service activity to complete, including teacher appreciation notes for Teacher Appreciation Day.

### **Thomas Ewing Jr. High School**

- Received the Ohio Middle Level Association 2017 Positive Behavioral Interventions and Supports Regional Award.
- Recipient of the Ohio Positive Behavioral Interventions and Supports Network 2017 Bronze Recognition for Positive Behavioral Interventions and Supports.

### **Gorsuch West Elementary School**

- With the support of several grants and the Gorsuch West Parent Teacher Organization, Mrs. Patty Pillar and her fifth grade students continued phase two of an outdoor STEM lab named the Gorsuch Gardens. The area now includes wheelchair accessible picnic tables and benches for an outdoor learning area. In addition, concrete has been poured under the tables to create a more user friendly area.
- Five fifth grade students received the Outstanding Citizenship Award from the local chapter of the Sons of the American Revolution.

### **Medill Elementary School**

- Medill was chosen by the Ohio Department of Education to pilot an early literacy initiative, LETRS (Language Essentials for Teachers of Reading and Spelling), where all kindergarten through third grade staff members are trained in early literacy strategies and knowledge.
- All third grade students met the promotional criteria for the Third Grade Reading Guarantee.

### **Mount Pleasant Elementary School**

- Mt. Pleasant was acknowledged as a Leader in Me school. During the 2017-2018 school year staff and students were trained in the Seven Habits. The Habits were integrated into our day and became a foundation for our Positive Behavioral Interventions and Supports.

- Student Leadership Teams were developed and implemented during this school year. Mt. Pleasant Elementary School had 11 student leadership teams: Student Service Club, Tech Club, Green Gales, Broadcasting Club, Announcement Leaders, Cafeteria Leaders, PRIDE Club, School Environment Club, Sign Language Club, Chess Club, and Morning Reader Leaders.
- Over 77 volunteers were honored at the volunteer recognition program.

#### **Tallmadge Elementary School**

- Amber Eaton, an educational assistant, received Exemplary School Employee Award (Ohio School Board's Central Region).
- Tallmadge was one of 13 schools in the nation to be approved for astronaut contact at International Space Station (fall of 2018) phase two for the Amateur Radio on the International Space Station contact (Phase one was the education plan for space.)

#### **Tarhe Trails Elementary School**

- Was recognized by the Ohio Department of Education as a Positive Behavioral Interventions and Supports (PBIS) Showcase School and received a Bronze Award from the Ohio Department of Education PBIS Network.
- Tarhe Trails Parent Teacher Organization recently worked with the School District to add a fence that goes around the perimeter of our playground field. Safety First!

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

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

### **LONG-TERM FINANCIAL PLANNING**

In the November, 2006 general election, the School District electorate approved a 10 year 1.5 percent earned income tax initiative. This issue was expected to generate approximately \$8,698,676 annually according to the Ohio Department of Taxation. The School District began receiving full year collections in fiscal year 2008 in the amount of \$9,260,589. The income tax earnings have continued to rise. The School District received \$12,257,780 in fiscal year 2018. In the November, 2015 general election, the School District electorate renewed the 1.5 percent earned income tax for a continuing period of time. With the passage of this continuing revenue stream, the School District had the fiscal stability to finance and build two new middle school buildings in partnership with the Ohio Facilities Construction Commission (OFCC) without asking for additional taxpayer dollars.

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

While the School District experienced a decline in enrollment after the reduction in 2005, it has rebounded. The School District realized increases in enrollment for 2015 (up an additional 27 students from 2014), for 2016 (up an additional 54 students from 2015), and for 2017 (up an additional 55 students from 2016). However, the School District continues to lose students through open enrollment to other school districts, which impacts the State funding revenue. During fiscal year 2018, the School District experienced a decrease in enrollment of 52 students from fiscal year 2017.



Through partnership with the Ohio Facilities Construction Commission (OFCC), the School District completed its \$88 million project to construct five new elementary buildings, with the final school opening in January 2017.

The School District has recently extended its partnership with the OFCC to construct two new junior high school buildings. Currently the School District is in the process of planning and constructing the two new junior high school buildings with tentative openings in August 2020. The School District's share of the project will be funded with operating funds (made possible with the renewal of the income tax in November 2015 on a continuing basis). Bonds were bid on August 24, 2016 and issued on September 7, 2016. The total project is estimated to be \$50 million. The State share of the project was approved on July 14, 2016 through the OFCC in the amount of \$21,535,297. The School District accepted the State share portion on August 23, 2016.

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

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

## **FINANCIAL INFORMATION**

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

Budgetary appropriations may not exceed estimated resources; therefore, at fiscal year-end 2018, the School District's Board of Education assigned fund balances in the amount of \$5,535,620 to cover the gap between estimated resources and appropriations in fiscal year 2019's appropriated budget. The budget may be amended or supplemented at any time during the year upon formal action of the Board of Education. Transfers of cash between funds require the Board of Education's authorization. The basis of accounting and various funds the School District utilizes are fully described in Note 2 to the Basic Financial Statements. Additional information on the School District's budgetary accounting can also be found in Notes 2 and 5.

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

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

## **INDEPENDENT AUDIT**

In compliance with State statute, the basic financial statements have been audited by the Ohio Auditor of State's Office. The independent auditor concluded that the School District's financial statements for the year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

## AWARDS AND ACKNOWLEDGMENTS

**Awards:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lancaster City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, with contents conforming to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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


In addition, the School District received the Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from GFOA for the year ended June 30, 2017. The PAFR is a condensed, more user-friendly financial report intended to provide highlights of the District's financial condition. This was the tenth year the School District produced a PAFR and received the award.

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

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

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

Respectfully Submitted,

  
Julie Taylor  
Treasurer  
Lancaster City School District



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Lancaster City School District**  
**Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

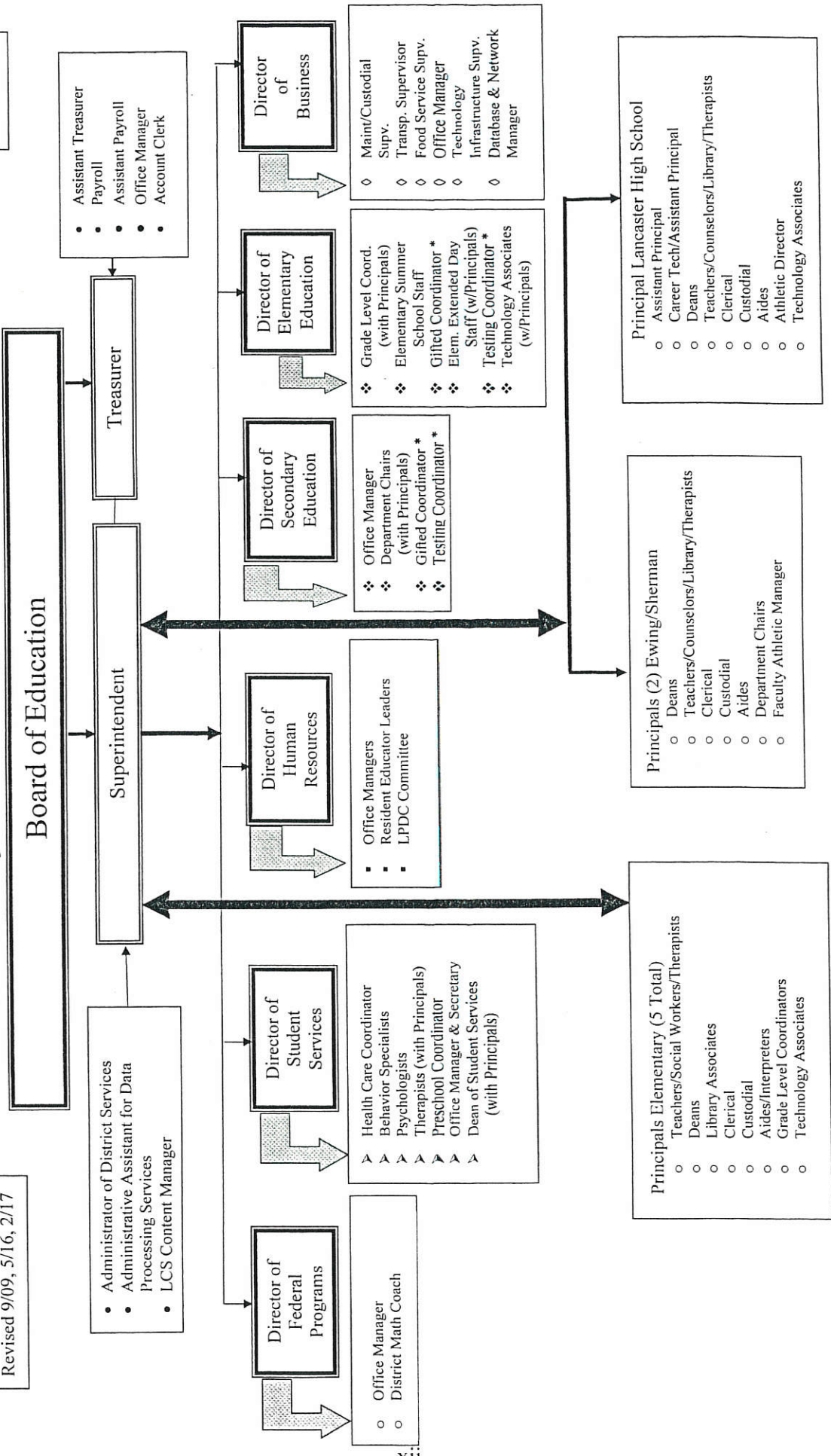
*Christopher P. Morill*

Executive Director/CEO

# Lancaster City Schools' Organizational Chart

File: CCA

Revised 9/09, 5/16, 2/17



**LANCASTER CITY SCHOOL DISTRICT, OHIO**

**ORGANIZATIONAL CHART**

(Continued)

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<u>SUPERINTENDENT</u>	<u>PRINCIPALS, ASSISTANT PRINCIPALS VOCATIONAL DIRECTOR</u>	<u>TREASURER</u>
-- Administrative Assistant For Data Processing Services	-- Teachers	-- Assist. Treasurer
-- Administrator of Director Services	-- Guidance Counselors	-- Payroll Clerk
-- Lancaster City School Content Manager	-- Deans	-- Assist. Payroll Clerk
	-- Media	-- Account Clerk
	-- Tutors	-- Office Manager
	-- Secretaries	
	-- Educational Assistants	
	-- Technology Technicians	
	-- Health Assistants	
<u>SPECIAL EDUCATION</u>	<u>DIRECTORS, SUPERVISORS COORDINATORS</u>	<u>FOOD SERVICE SUPERVISOR</u>
-- Health Care Coordinator	-- Office Manager	-- Managing Cooks
-- Behavior Specialists		-- Assistant Managing Cooks
-- Social Workers		-- Cooks
-- Psychologists		-- Cashiers
-- Therapists		-- Secretary
-- Preschool Coordinator		-- Account Clerk
-- Secretary		
-- Office Manager		
<u>MAINTENANCE/CUSTODIAL SUPERVISOR</u>		<u>TRANSPORTATION SUPERVISOR</u>
-- Journeyman/Apprentice		-- Bus Driver
-- Secretary		-- Mechanic
-- Custodians		-- Secretary
-- Maintenance Staff		-- Bus Aide
-- Courier		

**LANCASTER CITY SCHOOL DISTRICT, OHIO**

*PRINCIPAL OFFICIALS*

*JUNE 30, 2018*

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BOARD OF EDUCATION

Mr. Jay Nauman . . . . . President  
Ms. Dianne Garlinger . . . . . Vice President  
Ms. Lise Ricketts . . . . . Member  
Ms. Kathy Kittredge . . . . . Member  
Ms. Amy Eyman . . . . . Member

Treasurer

Julie Taylor, Treasurer

Administration

Steve Wigton . . . . . Superintendent  
Jerry Rainey . . . . . Director of Business  
Kevin Snyder . . . . . Director of Secondary Education  
Jenny O'Hare . . . . . Director of Federal Programs  
Donna McCance . . . . . Director of Student Services  
Nathan Hale . . . . . Director of Human Resources  
Dr. Jeromey Sheets . . . . . Director of Elementary Education

# **Financial Section**



**Lancaster  
Gales**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lancaster City School District, Fairfield County, Ohio (the School District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lancaster City School District, Fairfield County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended June 30, 2018, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 20, 2018

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**Lancaster City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

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As management of the Lancaster City School District (the School District), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the notes to the basic financial statements.

### **Financial Highlights**

Key financial highlights for fiscal year 2018 are as follows:

- Net position of governmental activities increased \$34,252,387.
- General revenues accounted for \$67,348,315 in revenue or 82 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$15,128,136 or 18 percent of total revenues of \$82,476,451.
- Total assets of governmental activities increased \$1,657,289. Current and other assets decreased in the amount of \$4,506,272 due to decreases in intergovernmental receivables in the amount of \$10,648,915 and decreases in investments in the amount of \$1,630,051. These decreases were offset by increases in cash and cash equivalents in the amount of \$7,216,308 and increases in cash and cash equivalents with fiscal agents in the amount of \$371,195. The decrease in intergovernmental receivables and investments is due to the progression of the Ohio Facilities Construction Commission (OFCC) project for the two new junior high buildings. During fiscal year 2018, the School District has received monies from the OFCC to pay for construction and has also used matured investments to pay for construction expenses. The increase in cash and cash equivalents was due to an increase in classroom facilities monies that will be used for the OFCC project construction costs. The increase in cash and cash equivalents with fiscal agents is due to an increase in the amount of money required to be held by the fiscal agent based upon medical claims increases. Capital assets increased in the amount of \$6,163,561 primarily due to the ongoing construction of the two new junior high school buildings through the Ohio Facilities Construction Commission project and due to the new turf project at the athletic field.
- Total liabilities of governmental activities decreased \$27,114,749. Long-term liabilities decreased in the amount of \$29,726,004 due to decreases in the net pension/OPEB liability and decreases in outstanding debt due to principal payments and bond premium amortization during fiscal year 2018. Current and other liabilities increased in the amount of \$2,611,255 due primarily to increases in accounts payable, contracts payable, accrued wages and benefits payable, and claims payable due to increases in the year-end payables, construction payables for the new junior high school buildings, an increase in staff levels during fiscal year 2018, and an increase in claims activity.
- The School District had \$48,224,064 in expenses related to governmental activities; only \$15,128,136 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues in the amount of \$67,348,315 were adequate to provide for these activities.
- The School District has two major funds, the general fund and the classroom facilities fund. The general fund had \$70,464,441 in revenues, \$66,846,854 in expenditures, and (\$2,266,802) in other financing sources (uses). The general fund's balance increased \$1,350,785. The classroom facilities fund had \$10,981,333 in revenues and expenditures in the amount of \$5,545,194. The classroom facilities fund's balance increased \$5,436,139.

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**Using this Annual Financial Report**

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

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

***Reporting the School District as a Whole***

*Statement of Net Position and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 14. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for multiple financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the classroom facilities fund.

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

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

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

**The School District as a Whole**

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2018 compared to 2017.

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**Table 1 - Net Position**

	Governmental Activities		
	2018	2017	Change
<b>Assets</b>			
Current and Other Assets	\$154,345,550	\$158,851,822	(\$4,506,272)
Capital Assets	92,781,230	86,617,669	6,163,561
<b>Total Assets</b>	<b>247,126,780</b>	<b>245,469,491</b>	<b>1,657,289</b>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	306,193	0	306,193
Pension	29,084,148	21,927,559	7,156,589
OPEB	1,674,084	153,027	1,521,057
<b>Total Deferred Outflows of Resources</b>	<b>31,064,425</b>	<b>22,080,586</b>	<b>8,983,839</b>
<b>Liabilities</b>			
Current and Other Liabilities	12,993,501	10,382,246	2,611,255
Long-Term Liabilities:			
Due Within One Year	2,106,643	2,249,043	(142,400)
Pension	81,704,200	106,790,952	(25,086,752)
OPEB	18,340,428	21,706,391	(3,365,963)
Other Amounts Due In More Than One Year	93,360,260	94,491,149	(1,130,889)
<b>Total Liabilities</b>	<b>208,505,032</b>	<b>235,619,781</b>	<b>(27,114,749)</b>
<b>Deferred Inflows of Resources</b>			
Property Taxes/Payment in Lieu of Taxes	20,001,493	21,072,027	(1,070,534)
Pension	3,195,955	684,759	2,511,196
OPEB	2,062,828	0	2,062,828
<b>Total Deferred Inflows of Resources</b>	<b>25,260,276</b>	<b>21,756,786</b>	<b>3,503,490</b>
<b>Net Position</b>			
Net Investment in Capital Assets	36,559,735	34,593,562	1,966,173
Restricted	27,470,229	27,019,253	450,976
Unrestricted (Deficits)	(19,604,067)	(51,439,305)	31,835,238
<b>Total Net Position</b>	<b>\$44,425,897</b>	<b>\$10,173,510</b>	<b>\$34,252,387</b>

The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.



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GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from \$31,726,874 to \$10,173,510.

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Total assets of governmental activities increased \$1,657,289. Current and other assets decreased in the amount of \$4,506,272 due to decreases in intergovernmental receivable in the amount of \$10,648,915 and decreases in investments in the amount of \$1,630,051. These decreases were offset by increases in cash and cash equivalents in the amount of \$7,216,308 and increases in cash and cash equivalents with fiscal agents in the amount of \$371,195. The decrease in the intergovernmental receivable and investments is due to the progression of the Ohio Facilities Construction Commission (OFCC) project for the two new junior high buildings. During fiscal year 2017, the School District accepted the State share of the project and was awarded \$21,535,297. The School District also issued School Facilities Construction and Improvement General Obligation Bonds Series A and B in the amount of \$28,140,000 for the local share of the project and invested the bond proceeds. During fiscal year 2018, the School District has received monies from the OFCC to pay for construction and has also used matured investments to pay for construction expenses. The increase in cash was due to an increase in classroom facilities monies for the OFCC project that have been drawn down to pay for upcoming construction costs. The increase in cash and cash equivalents with fiscal agents is due to an increase in the amount of money required to be held by the fiscal agent as a result of increases in medical claims. Capital assets increased in the amount of \$6,163,561 primarily due to the ongoing construction of the two new junior high school buildings through the Ohio Facilities Construction Commission project and due to the new turf project for the athletic field. The capital assets additions in the amount of \$8,851,926 for fiscal year 2018 were offset by current year depreciation expenses in the amount of \$2,528,497.

Total liabilities of governmental activities decreased \$27,114,749. Long-term liabilities decreased in the amount of \$29,726,004 due to decreases in the net pension/OPEB liability and decreases in outstanding debt due to principal payments and bond premium amortization during fiscal year 2018. Fiscal year 2018 principal payments and bond premium amortization were retired in the amount of \$2,153,409 on outstanding bonds, notes, and capital leases payable. During fiscal year 2018, the School District partially advanced refunded School Facilities Construction and Improvement General Obligation Bonds, Series 2012 term bonds in the amount of \$8,600,000 and issued \$8,595,000 in School Facilities Construction and Improvement Refunding Bonds, Series 2017. The School District's taxpayers will benefit from the partial refunding due to a decrease in interest rates for the new refunding bonds. Compensated absences increased in the amount of \$415,112 due to the number of staff meeting the criteria as probable for retirement. Current and other liabilities increased in the amount of \$2,611,255 due primarily to increases in accounts payable and contracts payable due to increases in year-end accounts and contract payables for the new junior high school buildings. Accrued wages and benefits payable are the result of increased staffing levels during 2018. Claims payable increased due to an increase in claims activity.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2018, and comparisons to fiscal year 2017.

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**Table 2 - Changes in Net Position**

	Governmental Activities		
	2018	2017	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$2,581,013	\$2,553,799	\$27,214
Operating Grants, Contributions, and Interest	12,546,046	12,797,382	(251,336)
Capital Grants and Contributions	1,077	5,011	(3,934)
Total Program Revenues	<u>15,128,136</u>	<u>15,356,192</u>	<u>(228,056)</u>
General Revenue			
Property Taxes	26,204,416	24,700,365	1,504,051
Income Taxes	12,257,559	12,205,606	51,953
Grants and Entitlements	26,733,830	47,590,946	(20,857,116)
Gain on Sale of Capital Assets	69,075	0	69,075
Payment in Lieu of Taxes	244,740	104,193	140,547
Unrestricted Contributions	1,000	2,432	(1,432)
Investment Earnings	1,170,281	564,600	605,681
Miscellaneous	667,414	208,850	458,564
Total General Revenues	<u>67,348,315</u>	<u>85,376,992</u>	<u>(18,028,677)</u>
Total Revenues	<u>82,476,451</u>	<u>100,733,184</u>	<u>(18,256,733)</u>
<b>Program Expenses</b>			
Instruction			
Regular	14,186,565	31,674,609	(17,488,044)
Special	6,443,215	11,806,914	(5,363,699)
Vocational	912,083	2,122,086	(1,210,003)
Student Intervention Services	206,719	211,613	(4,894)
Support Services			
Pupil	2,671,564	5,175,261	(2,503,697)
Instructional Staff	2,045,335	2,695,038	(649,703)
Board of Education	88,258	155,000	(66,742)
Administration	2,251,147	5,384,707	(3,133,560)
Fiscal	1,543,008	1,620,955	(77,947)
Business	342,391	364,667	(22,276)
Operation and Maintenance of Plant	5,130,324	7,354,044	(2,223,720)
Pupil Transportation	2,524,533	2,526,574	(2,041)
Central	850,855	1,175,341	(324,486)
Operation of Non-Instructional Services:			
Food Service Operations	3,045,637	3,254,245	(208,608)
Other	992,211	1,134,373	(142,162)
Extracurricular Activities	1,866,475	1,852,100	14,375
Interest and Fiscal Charges	3,123,744	3,217,408	(93,664)
Total Program Expenses	<u>48,224,064</u>	<u>81,724,935</u>	<u>(33,500,871)</u>
<i>Change in Net Position</i>	34,252,387	19,008,249	15,244,138
Net Position Beginning of Year	\$10,173,510	N/A	
<b>Net Position End of Year</b>	<u>\$44,425,897</u>	<u>\$10,173,510</u>	<u>\$34,252,387</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$153,027 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense

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represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$2,597,561. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$48,224,064
Negative OPEB expense under GASB 75	2,597,561
2018 contractually required contribution	<u>226,631</u>
Adjusted 2018 program expenses	51,048,256
Total 2017 program expenses under GASB 45	<u>81,724,935</u>
Decrease in program expenses not related to OPEB	<u><u>(\$30,676,679)</u></u>

The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to pensions. STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS decreased their COLA assumption. (See Note 13) As a result of these changes, pension expense decreased from \$9,008,236 in fiscal year 2017 to a negative pension expense of \$24,221,042 for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows:

<b>Program Expenses</b>	<u>2018 Program Expenses Related to Negative Pension Expense</u>
Instruction:	
Regular	(\$10,118,970)
Special	(4,215,697)
Vocational	(663,271)
Support Services:	
Pupils	(1,721,545)
Instructional Staff	(867,687)
Board of Education	(4,042)
Administration	(2,225,317)
Fiscal	(304,934)
Business	(171,722)
Operation and Maintenance of Plant	(1,872,346)
Pupil Transportation	(886,860)
Central	(403,632)
Operation of Non-Instructional Services:	
Food Service Operations	(542,045)
Community Services	(36,926)
Extracurricular Activities	<u>(186,048)</u>
<b>Total Expenses</b>	<u><u>(\$24,221,042)</u></u>

The DeRolf IV Ohio Supreme Court decision has not eliminated the dependence on property taxes. The fundamental reliance on property taxes is still inherent with public schools in Ohio. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decrease as the

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real property valuation increases thus generating about the same revenue. Property taxes made up approximately 32 percent of revenues for governmental activities for the School District in fiscal year 2018. The State still has not fixed the funding system. In November 2006, the voters in the School District passed the 1.5 percent earned income tax levy for a ten year period. On November 3, 2015, the School District electorate renewed the 1.5 percent earned income tax for a continuing period. Income taxes made up approximately 15 percent of revenues for governmental activities for the School District in fiscal year 2018.

Program revenues decreased by 1.5 percent and general revenues decreased by 21 percent from fiscal year 2017 as compared to fiscal year 2018. Operating grants, contributions, and interest decreased during fiscal year 2018 in the amount of \$251,336. The decrease is primarily due to a decrease in Title I funding in the amount of \$283,495 which was offset by a new grant source, Title IV-A, for fiscal year 2018 of which the School District was awarded \$32,159. Title IV-A, Student Support and Academic Enrichment grant, provides the School District help in supplying students with a well-rounded education, health and safety programs, and effective technology. General revenues decreased by \$18,028,677 primarily due to the School District being awarded the OFCC project in the amount of \$21,535,297 for the two new junior high school buildings in fiscal year 2017 which were recognized as a receivable and resulted in increased general revenues grants and entitlements for fiscal year 2017. Property taxes increased in the amount of \$1,504,051 due to an increase in the amount available as of fiscal year end 2018. The amount available as of fiscal year end 2018 was \$1,507,234 higher than fiscal year end 2017. This fiscal year 2018 increase was due to the timing of the property tax collection dates set by the Fairfield County Auditor. Interest earnings increased in fiscal year 2018 due to the timing of investments of the School District due to the fiscal year 2017 debt issuance for the construction of the two junior high schools.

Instruction comprises approximately 45 percent of governmental program expenses, support services make up approximately 36 percent of the program expenses, operation of non-instructional services make up approximately 8 percent of program expenses, extracurricular activities make up approximately 4 percent, and the remaining 7 percent of program expenses is related to interest and fiscal charges of the School District.

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

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**Table 3 - Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2018	2018	2017	2017
<b>Program Expenses</b>				
Instruction:				
Regular	\$14,186,565	\$12,857,167	\$31,674,609	\$30,243,187
Special	6,443,215	(813,963)	11,806,914	4,625,793
Vocational	912,083	213,758	2,122,086	1,494,719
Student Intervention Services	206,719	19,722	211,613	37,424
Support Services:				
Pupil	2,671,564	2,344,708	5,175,261	4,869,818
Instructional Staff	2,045,335	1,716,715	2,695,038	2,348,944
Board of Education	88,258	88,258	155,000	155,000
Administration	2,251,147	2,144,576	5,384,707	4,976,073
Fiscal	1,543,008	1,224,960	1,620,955	1,292,172
Business	342,391	342,391	364,667	364,667
Operation and Maintenance of Plant	5,130,324	4,969,668	7,354,044	7,239,022
Pupil Transportation Central	2,524,533 850,855	2,340,343 850,855	2,526,574 1,175,341	2,343,735 1,175,341
Operation of Non-Instructional Services:				
Food Service Operations	3,045,637	369,958	3,254,245	438,294
Other	992,211	(163,808)	1,134,373	45,387
Extracurricular Activities	1,866,475	1,466,876	1,852,100	1,501,759
Interest and Fiscal Charges	3,123,744	3,123,744	3,217,408	3,217,408
<b>Totals</b>	<u>\$48,224,064</u>	<u>\$33,095,928</u>	<u>\$81,724,935</u>	<u>\$66,368,743</u>

The prior schedule clearly shows the dependence upon tax revenues and state subsidies for governmental activities. For 2018, only 31 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services, grants, contributions, and interest. The remaining 69 percent is provided through taxes and entitlements.

**The School District's Major Funds**

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

**General Fund** - The general fund had total revenues of \$70,464,441, expenditures of \$66,846,854, and other financing sources (uses) of (\$2,266,802) which resulted in an increase in fund balance of \$1,350,785. In November 2006, the School District voters approved a 1.5 percent earned income tax levy for a five year period. On November 3, 2015 the electorate renewed the 1.5 percent earned income tax for a continuing period. The general fund's beginning fund balance for fiscal year 2018 was \$41,935,666. Revenues increased \$3,130,199 from fiscal year 2017 to 2018. The increase in revenues was primarily due to an increase in intergovernmental revenue in the amount of \$758,229, an increase in property taxes revenue in the amount of \$1,256,557, an increase in interest revenue in the amount of \$389,643, an increase in income taxes revenue in the amount of \$265,641, and an increase in miscellaneous revenue in the amount of \$342,820. The increase in intergovernmental revenue was due to increases in the State foundation funding

**Lancaster City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

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allocations and special education funding received by the School District during fiscal year 2018. The increase in property taxes revenue was due to an increase in assessed valuations and due to an increase in the amount available as of fiscal year end 2018 as a result of the timing of the property tax collection dates set by the Fairfield County Auditor. The increase in income taxes is due to an overall increase in income tax collections by the Ohio Department of Taxation. Expenditures increased by \$1,610,305 from fiscal year 2017 to 2018. The largest areas of increases for expenditures were in regular instruction by \$681,430 and special instruction by \$826,969. Other financing uses increased during fiscal year 2018 in the area of transfers out in the amount of \$1,931,397. The general fund makes similar transfers each year; however, during fiscal year 2018 the School District transferred \$1,188,500 to the permanent improvement capital project fund for future repairs/improvement projects.

**Classroom Facilities Fund** – The classroom facilities fund had total revenues of \$10,981,333 and expenditures of \$5,545,194. The ending fund balance was \$40,090,999. During fiscal year 2018, the School District received grant funding from the Ohio Facilities Construction Commission for the construction of the two new junior high school buildings and construction and planning was progressing ahead of schedule.

### **General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. During the course of fiscal year 2018, the School District amended its general fund budget. The School District closely monitors its resources and uses and if necessary, modifies appropriations on a timely basis. The general fund had an original revenue budget estimate of \$66,509,730. The final revenue budget estimate including other financing sources was \$69,654,685. Budgeted revenues reflect an increase in the amount of \$3,144,955 due to increased estimates for property taxes, income taxes, and intergovernmental revenues. The School District also reclassified budgeted revenue amounts throughout the fiscal year. Actual revenues including other financing sources were close to the final budgeted revenue. The final budgeted estimates exceeded actual revenues by \$210,428 and the majority of the variance was in miscellaneous revenue. Original appropriations including outstanding prior year encumbrances and other financing uses were \$67,667,312. Total original appropriations compared to the final appropriations increased in the amount of \$4,289,325 as a result of increases in estimated revenues. Total final appropriations including other financing uses were \$71,956,637. The general fund transferred \$12,460 to the food service special revenue fund for inactive bad student accounts, \$58,533 to the community grants special revenue fund for the television station, \$1,011,404 to the bond retirement debt service fund for the bond payment related to the two new junior high school buildings, \$1,188,500 to the permanent improvement capital projects fund for future repairs/improvements, and \$170,000 to the termination benefits fund. The termination benefits fund is combined with the general fund for GAAP reporting purposes but shown as a special revenue fund on a budgetary reporting basis. Actual expenditures including other financing uses were under final appropriations by \$1,064,710. The School District's ending unobligated fund balance was \$40,136,737.

### **Debt Administration and Capital Assets**

**Debt** At June 30, 2018, the School District had \$91,323,061 in bonded debt and capital leases outstanding (including premiums), with \$1,810,201 being due within one year. The net pension/OPEB liability under GASB 68 and GASB 75 is also reported as a long-term obligation that has been previously disclosed within the management's discussion and analysis. See Notes 15 and 16 for more detailed information on the School District's debt. Table 4 shows fiscal year 2018 compared to 2017.

**Lancaster City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2018*  
*Unaudited*

**Table 4 - Outstanding Debt at June 30 - Governmental Activities**

	2018	2017
School Facilities Construction and Improvement Bonds Series 2012	\$51,698,965	\$61,559,011
School Facilities Construction and Improvement Bonds Series 2016A	928,023	1,174,250
School Facilities Construction and Improvement Bonds Series 2016B	28,268,077	29,122,406
School Facilities Construction and Improvement Refunding Bonds, Series 2017	9,932,350	0
Energy Conservation Long-Term Loan	0	410,000
Capital Leases	495,646	745,795
<b>Totals</b>	<b>\$91,323,061</b>	<b>\$93,011,462</b>

**Capital Assets** At the end of fiscal year 2018, the School District had \$92,781,230 invested in nondepreciable and depreciable capital assets. Table 5 shows fiscal year 2018 compared to 2017.

**Table 5 - Capital Assets (Net of Depreciation) - Governmental Activities**

	2018	2017
Land	\$3,255,302	\$2,066,679
Construction in Progress	7,410,521	649,270
Land Improvements	2,088,006	2,155,562
Buildings and Improvements	76,168,842	78,067,431
Furniture and Equipment	1,870,040	2,107,423
Vehicles	1,988,519	1,571,304
<b>Totals</b>	<b>\$92,781,230</b>	<b>\$86,617,669</b>

The majority of the change in capital assets during fiscal year 2018 is reflected in construction in progress due to the construction of the two new junior high school buildings and the new turf for the football field. See Note 10 for more information about the School District's capital assets.

**Economic Factors**

During fiscal year 2018, the School District's net position increased by \$34,252,387. The primary reason for this increase is due to the Ohio Facilities Construction Commission project and the value the project is adding to the School District's capital assets and the decrease in the net pension liability as discussed prior. The School District received its 11th year of income tax revenues from the passage of the 1.5 percent earned income tax levy. On November 3, 2015, voters approved the renewal 1.5 percent earned income tax levy for a continuing period of time. Due to this continuous revenue stream, the School District has the fiscal stability to finance and build the two new middle school buildings in partnership with the Ohio Facilities Construction Commission without asking for additional taxpayer dollars. The School District will continue to be conservative in the area of expenses in the future. The School District continues to utilize a Board Finance Committee created during fiscal year 2005 whose purpose is to monitor the School District's financial stability and to meet throughout the fiscal year and report to the Board of Education any finance related recommendations. In March 2010, the Board passed a resolution to maintain a cash reserve balance of 12 percent of operating expenses which is necessary in the interest of sound fiscal management and affirm that tax levies shall be pursued, and/or the School District's finances otherwise managed to ensure the cash reserve. The Board of Education and administration of the School District must continue to maintain careful financial planning and prudent fiscal management in order to preserve the opportunities our students have come accustomed to.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information you may contact Julie Taylor, Treasurer, Lancaster City School District, 345 East Mulberry Street, Lancaster, Ohio 43130, or E-Mail at [j\\_taylor@lcsschools.net](mailto:j_taylor@lcsschools.net).



**Lancaster City School District, Ohio**  
*Statement of Net Position*  
*June 30, 2018*

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$70,001,181
Cash and Cash Equivalents with Fiscal Agents	4,545,500
Income Taxes Receivable	4,326,870
Materials and Supplies Inventory	207,754
Inventory Held for Resale	21,854
Accrued Interest Receivable	211,105
Intergovernmental Receivable	12,827,586
Accounts Receivable	535,846
Prepays	440,238
Property Taxes Receivable	25,443,770
Payment in Lieu of Taxes Receivable	333,893
Investments	35,449,953
Nondepreciable Capital Assets	10,665,823
Depreciable Capital Assets, Net	82,115,407
<i>Total Assets</i>	247,126,780
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	306,193
Pension	29,084,148
OPEB	1,674,084
<i>Total Deferred Outflows of Resources</i>	31,064,425
<b>Liabilities</b>	
Accounts Payable	632,900
Contracts Payable	3,138,730
Accrued Salaries and Benefits Payable	5,211,215
Matured Compensated Absences Payable	123,335
Accrued Interest Payable	810,247
Intergovernmental Payable	1,752,072
Retainage Payable	137,928
Unearned Revenue	26,674
Claims Payable	1,160,400
Long-Term Liabilities:	
Due Within One Year	2,106,643
Due In More Than One Year	
Net Pension Liability (See Note 13)	81,704,200
Net OPEB Liability (See Note 14)	18,340,428
Other Amounts Due in More Than One Year	93,360,260
<i>Total Liabilities</i>	208,505,032
<b>Deferred Inflows of Resources</b>	
Property Taxes	19,667,600
Payment in Lieu of Taxes	333,893
Pension	3,195,955
OPEB	2,062,828
<i>Total Deferred Inflows of Resources</i>	25,260,276
<b>Net Position</b>	
Net Investment in Capital Assets	36,559,735
Restricted for:	
Classroom Facilities Construction	21,949,481
Capital Projects	1,449,778
Classroom Facilities Maintenance	2,524,724
District Managed Student Activities	211,020
Auxiliary Services	120,871
IDEA - B	265,059
Food Service	894,019
Federal and State Grants	37,113
Community Grants	18,164
Unrestricted (Deficit)	(19,604,067)
<i>Total Net Position</i>	\$44,425,897

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2018

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<b>Governmental Activities</b>				
Instruction:				
Regular	\$14,186,565	\$1,172,302	\$157,096	\$0
Special	6,443,215	160,790	7,096,388	0
Vocational	912,083	86,030	612,295	0
Student Intervention Services	206,719	0	186,997	0
Support Services:				
Pupil	2,671,564	0	326,856	0
Instructional Staff	2,045,335	7,527	321,093	0
Board of Education	88,258	0	0	0
Administration	2,251,147	0	106,571	0
Fiscal	1,543,008	0	318,048	0
Business	342,391	0	0	0
Operation and Maintenance of Plant	5,130,324	116,273	44,383	0
Pupil Transportation	2,524,533	9,524	174,666	0
Central	850,855	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	3,045,637	496,726	2,178,953	0
Other	992,211	133,319	1,022,700	0
Extracurricular Activities	1,866,475	398,522	0	1,077
Interest and Fiscal Charges	3,123,744	0	0	0
<i>Totals</i>	<u>\$48,224,064</u>	<u>\$2,581,013</u>	<u>\$12,546,046</u>	<u>\$1,077</u>

**General Revenues**

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

*Total General Revenues*

*Change in Net Position*

*Net Position Beginning of Year - Restated Note 3*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Expense)  
Revenue and Changes  
in Net Position

Governmental  
Activities

(\$12,857,167)  
813,963  
(213,758)  
(19,722)

(2,344,708)  
(1,716,715)  
(88,258)  
(2,144,576)  
(1,224,960)  
(342,391)  
(4,969,668)  
(2,340,343)  
(850,855)

(369,958)  
163,808  
(1,466,876)  
(3,123,744)

(33,095,928)

23,033,869  
2,726,800  
443,747  
12,257,559  
26,733,830  
69,075  
244,740  
1,000  
1,170,281  
667,414

67,348,315

34,252,387

10,173,510

\$44,425,897

**Lancaster City School District, Ohio**

*Balance Sheet  
Governmental Funds  
June 30, 2018*

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$42,095,777	\$11,500,089	\$15,960,464	\$69,556,330
Investments	0	30,987,813	4,462,140	35,449,953
Restricted Assets Cash and Cash Equivalents	0	117,609	20,319	137,928
Receivables:				
Property Taxes	22,391,318	0	3,052,452	25,443,770
Payment in Lieu of Taxes	333,893	0	0	333,893
Income Taxes	4,326,870	0	0	4,326,870
Accounts	82,511	0	45,926	128,437
Intergovernmental	377,229	11,618,586	831,771	12,827,586
Accrued Interest	160,675	47,205	3,225	211,105
Interfund	71,594	0	25,211	96,805
Prepays	437,768	0	2,470	440,238
Inventory Held for Resale	0	0	21,854	21,854
Materials and Supplies Inventory	190,691	0	17,063	207,754
<i>Total Assets</i>	<u>\$70,468,326</u>	<u>\$54,271,302</u>	<u>\$24,442,895</u>	<u>\$149,182,523</u>
<b>Liabilities</b>				
Accounts Payable	\$532,805	\$0	\$100,095	\$632,900
Contracts Payable	33,254	2,422,359	683,117	3,138,730
Retainage Payable	0	117,609	20,319	137,928
Accrued Salaries and Benefits Payable	4,715,619	0	495,596	5,211,215
Intergovernmental Payable	1,537,185	1,648	213,239	1,752,072
Matured Compensated Absences Payable	123,335	0	0	123,335
Interfund Payable	25,211	0	71,594	96,805
Unearned Revenue	0	0	26,674	26,674
<i>Total Liabilities</i>	<u>6,967,409</u>	<u>2,541,616</u>	<u>1,610,634</u>	<u>11,119,659</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	17,366,254	0	2,301,346	19,667,600
Payment in Lieu of Taxes	333,893	0	0	333,893
Unavailable Revenue	2,514,319	11,638,687	639,462	14,792,468
<i>Total Deferred Inflows of Resources</i>	<u>20,214,466</u>	<u>11,638,687</u>	<u>2,940,808</u>	<u>34,793,961</u>
<b>Fund Balances</b>				
Nonspendable	628,459	0	19,533	647,992
Restricted	0	40,090,999	9,981,689	50,072,688
Committed	1,061,934	0	7,061,513	8,123,447
Assigned	6,544,528	0	2,933,063	9,477,591
Unassigned (Deficit)	35,051,530	0	(104,345)	34,947,185
<i>Total Fund Balances</i>	<u>43,286,451</u>	<u>40,090,999</u>	<u>19,891,453</u>	<u>103,268,903</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$70,468,326</u>	<u>\$54,271,302</u>	<u>\$24,442,895</u>	<u>\$149,182,523</u>

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2018*

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<b>Total Governmental Fund Balances</b>	<b>\$103,268,903</b>
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*Amounts reported for governmental activities in the statement of net position are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	92,781,230
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources - unavailable revenue in the funds:	
Property Taxes	1,603,770
Income Taxes	979,954
Accrued Interest	73,919
Charges for Services	43,987
Intergovernmental	<u>12,090,838</u>
	14,792,468

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	4,099,432
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Deferred outflows of resources represent deferred charges on refundings which are not reported in the funds.	306,193
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Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(810,247)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds Payable	(76,695,000)
Refunding Bonds Payable	(8,565,000)
Refunding Capital Appreciation Bonds	(30,000)
Accretion on Capital Appreciation Bonds	(2,274)
Premium on Bonds Issued	(5,535,141)
Capital Leases	(495,646)
Compensated Absences Payable	<u>(4,143,842)</u>
	(95,466,903)

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:	
Deferred Outflows - Pension	29,084,148
Deferred Outflows - OPEB	1,674,084
Net Pension Liability	(81,704,200)
Net OPEB Liability	(18,340,428)
Deferred Inflows - Pension	(3,195,955)
Deferred Inflows - OPEB	<u>(2,062,828)</u>
	(74,545,179)

Net Position of Governmental Activities	<u><u>\$44,425,897</u></u>
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See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2018*

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$23,206,832	\$0	\$3,178,137	\$26,384,969
Payment in Lieu of Taxes	244,740	0	0	244,740
Income Taxes	12,275,780	0	0	12,275,780
Intergovernmental	31,874,440	10,516,074	7,171,316	49,561,830
Interest	588,429	465,259	102,050	1,155,738
Tuition and Fees	1,334,021	0	23,024	1,357,045
Charges for Services	0	0	452,739	452,739
Rent	117,560	0	0	117,560
Extracurricular Activities	174,382	0	435,300	609,682
Gifts and Donations	27,936	0	26,319	54,255
Miscellaneous	620,321	0	47,093	667,414
<i>Total Revenues</i>	<u>70,464,441</u>	<u>10,981,333</u>	<u>11,435,978</u>	<u>92,881,752</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	30,979,360	0	170,330	31,149,690
Special	9,459,239	0	2,703,590	12,162,829
Vocational	1,775,655	0	194,800	1,970,455
Student Intervention Services	28,491	0	170,445	198,936
Support Services:				
Pupils	4,539,259	0	288,621	4,827,880
Instructional Staff	2,351,599	0	317,295	2,668,894
Board of Education	88,977	0	0	88,977
Administration	4,991,854	0	83,467	5,075,321
Fiscal	1,504,083	0	56,852	1,560,935
Business	332,696	0	0	332,696
Operation and Maintenance of Plant	5,124,559	0	59,670	5,184,229
Pupil Transportation	2,974,541	0	4,557	2,979,098
Central	1,133,153	0	0	1,133,153
Operation of Non-Instructional Services:				
Food Service Operations	21,215	0	2,893,027	2,914,242
Other Non-Instructional Services	92,474	0	959,457	1,051,931
Extracurricular Activities	1,130,604	0	886,967	2,017,571
Capital Outlay	25,578	5,545,194	2,404,740	7,975,512
Debt Service:				
Principal Retirement	250,149	0	1,680,000	1,930,149
Interest and Fiscal Charges	43,368	0	3,345,581	3,388,949
Issuance Costs	0	0	151,681	151,681
<i>Total Expenditures</i>	<u>66,846,854</u>	<u>5,545,194</u>	<u>16,371,080</u>	<u>88,763,128</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,617,587</u>	<u>5,436,139</u>	<u>(4,935,102)</u>	<u>4,118,624</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	4,095	0	224,848	228,943
Refunding Bonds Issued	0	0	8,595,000	8,595,000
Premium on Refunding Bonds Issued	0	0	1,375,533	1,375,533
Payment to Refunded Bond Escrow Agent	0	0	(9,818,852)	(9,818,852)
Transfers In	0	0	2,688,687	2,688,687
Transfers Out	(2,270,897)	0	(417,790)	(2,688,687)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,266,802)</u>	<u>0</u>	<u>2,647,426</u>	<u>380,624</u>
<i>Net Change in Fund Balances</i>	<u>1,350,785</u>	<u>5,436,139</u>	<u>(2,287,676)</u>	<u>4,499,248</u>
<i>Fund Balances Beginning of Year</i>	<u>41,935,666</u>	<u>34,654,860</u>	<u>22,179,129</u>	<u>98,769,655</u>
<i>Fund Balances End of Year</i>	<u>\$43,286,451</u>	<u>\$40,090,999</u>	<u>\$19,891,453</u>	<u>\$103,268,903</u>

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2018*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$4,499,248</b>
<i>Amounts reported for governmental activities in the statement of activities are different because of the following:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	8,851,926	
Depreciation Expense	<u>(2,528,497)</u>	6,323,429
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the result of the disposal of assets.		
Gain on disposal of capital assets	69,075	
Proceeds from sale of capital assets	<u>(228,943)</u>	(159,868)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Grants and Ohio School Facilities Revenue	(10,356,115)	
Delinquent Taxes	(180,553)	
Income Taxes	(18,221)	
Interest	(300)	
Charges for Services	<u>43,987</u>	(10,511,202)
Long-term debt proceeds are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of activities:		
Refunding Bonds Issued	(8,595,000)	
Premium on Bonds Issued	<u>(1,375,533)</u>	(9,970,533)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences Payable		(415,112)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Premium Amortization	223,260	
Deferred Charges on Refunding Amortization	(4,860)	
Accretion of Capital Appreciation Refunding Bonds	(2,274)	
Accrued Interest Payable	<u>49,079</u>	265,205
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds Payable	1,270,000	
Long-Term Energy Conservation Notes	410,000	
Capital Leases Payable	<u>250,149</u>	1,930,149
Payment to refunded bond escrow agent is an other financing use in governmental funds; but the payment is included in the calculation of deferred outflows: deferred charges on refunding on the statement of net position.		
		9,818,852
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(84,118)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	5,511,103	
OPEB	<u>226,631</u>	5,737,734
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension expense in the statement of activities.		
Pension	24,221,042	
OPEB	<u>2,597,561</u>	<u>26,818,603</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$34,252,387</u></u>

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Statement of Revenues, Expenditures, and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$20,780,000	\$21,913,094	\$21,913,094	\$0
Payment in Lieu of Taxes	0	232,408	244,740	12,332
Income Taxes	11,959,740	12,440,659	12,440,659	0
Intergovernmental	31,346,456	31,967,679	31,942,269	(25,410)
Interest	776,812	791,052	789,918	(1,134)
Tuition and Fees	1,223,713	1,457,069	1,458,251	1,182
Rent	73,935	111,210	116,393	5,183
Extracurricular Activities	88,829	95,226	94,528	(698)
Gifts and Donations	1,000	1,000	1,000	0
Miscellaneous	259,245	304,336	539,214	234,878
<i>Total Revenues</i>	<u>66,509,730</u>	<u>69,313,733</u>	<u>69,540,066</u>	<u>226,333</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	25,297,831	26,751,037	26,429,036	322,001
Special	9,376,855	9,413,411	9,332,274	81,137
Vocational	1,706,715	1,840,734	1,838,286	2,448
Student Intervention Services	60,850	60,792	27,774	33,018
Other	5,043,062	5,295,585	5,288,698	6,887
Support Services:				
Pupils	4,330,798	4,606,869	4,572,015	34,854
Instructional Staff	2,528,814	2,701,279	2,624,648	76,631
Board of Education	147,260	129,722	123,409	6,313
Administration	4,861,967	5,018,601	5,018,537	64
Fiscal	1,531,263	1,539,765	1,534,165	5,600
Business	428,732	419,501	383,009	36,492
Operation and Maintenance of Plant	5,487,226	5,573,605	5,501,309	72,296
Pupil Transportation	2,527,581	3,088,735	2,976,453	112,282
Central	1,249,299	1,291,227	1,272,232	18,995
Operation of Non-Instructional Services	3,500	1,500	1,500	0
Extracurricular Activities	1,062,198	1,168,222	1,151,774	16,448
Capital Outlay	261,096	254,371	224,230	30,141
Debt Service - Issuance Costs	0	151,681	151,681	0
<i>Total Expenditures</i>	<u>65,905,047</u>	<u>69,306,637</u>	<u>68,451,030</u>	<u>855,607</u>
<i>Excess of Revenues Over Expenditures</i>	<u>604,683</u>	<u>7,096</u>	<u>1,089,036</u>	<u>1,081,940</u>
<b>Other Financing Sources (Use)</b>				
Proceeds from Sale of Capital Assets	0	20,000	4,095	(15,905)
Advances In	0	169,271	169,271	0
Premium on Refunding Bonds Issued	0	151,681	151,681	0
Transfers Out	(1,762,265)	(2,650,000)	(2,440,897)	209,103
<i>Total Other Financing Sources (Use)</i>	<u>(1,762,265)</u>	<u>(2,309,048)</u>	<u>(2,115,850)</u>	<u>193,198</u>
<i>Net Change in Fund Balance</i>	<u>(1,157,582)</u>	<u>(2,301,952)</u>	<u>(1,026,814)</u>	<u>1,275,138</u>
<i>Fund Balance Beginning of Year</i>	39,496,239	39,496,239	39,496,239	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,667,312</u>	<u>1,667,312</u>	<u>1,667,312</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$40,005,969</u>	<u>\$38,861,599</u>	<u>\$40,136,737</u>	<u>\$1,275,138</u>

See accompanying notes to the basic financial statements



**Lancaster City School District, Ohio**  
*Statement of Fund Net Position*  
*Internal Service Fund*  
*June 30, 2018*

	Employee Benefits Self Insurance
<b>Current Assets</b>	
Cash and Cash Equivalents	\$306,923
Cash and Cash Equivalents with Fiscal Agents	4,545,500
Accounts Receivable	407,409
<i>Total Assets</i>	5,259,832
<b>Current Liabilities</b>	
Claims Payable	1,160,400
<i>Total Liabilities</i>	1,160,400
<b>Net Position</b>	
Unrestricted	\$4,099,432

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Statement of Revenues,  
Expenses, and Changes in Fund Net Position  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2018*

	Employee Benefits Self Insurance
<b>Operating Revenues</b>	
Charges for Services	\$12,164,742
<b>Operating Expenses</b>	
Purchased Services	1,943,471
Claims	10,342,215
<i>Total Operating Expenses</i>	12,285,686
<i>Operating Loss</i>	(120,944)
<b>Non-Operating Revenue</b>	
Interest	36,826
<i>Change in Net Position</i>	(84,118)
<i>Net Position Beginning of Year</i>	4,183,550
<i>Net Position End of Year</i>	\$4,099,432

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Statement of Cash Flows*  
*Internal Service Fund*  
For the Fiscal Year Ended June 30, 2018

	Employee Benefits Self Insurance
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Interfund Services Provided	\$12,164,742
Cash Payments to Vendors for Services	(1,943,471)
Cash Payments for Claims	(10,018,487)
	202,784
<i>Net Cash Provided By Operating Activities</i>	
<b>Cash Flows from Investing Activities:</b>	
Interest	36,826
	239,610
<i>Net Increase in Cash and Cash Equivalents</i>	
<i>Cash and Cash Equivalents Beginning of Year</i>	4,612,813
<i>Cash and Cash Equivalents End of Year</i>	\$4,852,423
 <b>Reconciliation of Operating Loss to</b>	
<b>Net Cash Provided By Operating Activities:</b>	
Operating Loss	(\$120,944)
<b>Adjustments to Reconcile Operating Loss</b>	
<b>to Net Cash Provided By Operating Activities</b>	
<b>Changes in Assets and Liabilities:</b>	
Increase in Accounts Receivable	(10,872)
Increase in Claims Payable	334,600
	\$202,784
<i>Net Cash Provided By Operating Activities</i>	\$202,784

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**

*Statement of Fiduciary Net Position*

*Fiduciary Funds*

*June 30, 2018*

	Private Purpose	
	Trust	
	Endowment	Agency
<b>Assets</b>		
Cash and Cash Equivalents	\$39,600	\$93,621
Accrued Interest Receivable	93	0
<i>Total Assets</i>	<u>39,693</u>	<u>\$93,621</u>
<b>Liabilities</b>		
Undistributed Monies	0	\$8,441
Due to Students	0	85,180
<i>Total Liabilities</i>	<u>0</u>	<u>\$93,621</u>
<b>Net Position</b>		
Restricted for Endowments	36,445	
Held in Trust for Scholarships	<u>3,248</u>	
<i>Total Net Position</i>	<u>\$39,693</u>	

See accompanying notes to the basic financial statements

**Lancaster City School District, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Endowment
<b>Additions</b>	
Interest	\$625
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	425
<i>Change in Net Position</i>	200
<i>Net Position Beginning of Year</i>	39,493
<i>Net Position End of Year</i>	\$39,693
See accompanying notes to the basic financial statements	

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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**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 ten instructional facilities staffed by 295 non-certificated employees, 424 certificated personnel, and 38 administrative employees who provide services to 6,302 students and other community members.

*Reporting Entity*

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

The following activities are included within the reporting entity:

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

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

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

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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**Note 2 - Summary of Significant Accounting Policies**

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

***Basis of Presentation***

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

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

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

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

***Fund Accounting***

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

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

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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

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

**Classroom Facilities Fund** The classroom facilities fund is used to account for the receipts and expenditures from the Ohio Facilities Construction Commission and School District's local share for the construction of school buildings.

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

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

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

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

**Measurement Focus**

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

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



**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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

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

***Basis of Accounting***

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

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

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

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

***Unearned Revenue*** Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

On governmental fund financial statements, revenue received as of June 30, 2018, for fiscal year 2019 services, has been recorded as unearned revenue.

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding and pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payment in lieu of taxes, pension and OPEB plans, payment in lieu of taxes, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, accrued interest, income taxes, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 21. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14)

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

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

***Cash and Cash Equivalents***

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

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

During fiscal year 2018, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), federal agency securities, negotiable certificates of deposit, money market mutual funds, and commercial paper.

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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Except for nonparticipating investment contracts, the School District reports investments at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit are reported at cost. The School District had no nonnegotiable certificates of deposit for fiscal year 2018.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, notice must be given 24 hours in advance of all deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2018 amounted to \$588,429, which includes \$145,824 assigned from other School District funds.

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

***Restricted Assets***

The School District has set aside certain resources in the capital projects funds. Restricted assets cash and cash equivalents in the Classroom Facilities and the Elementary and Junior High Building Projects Capital Projects Funds represent retainage payable owed to contractors for construction services.

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the fiscal year in which services are consumed.

***Inventory***

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

***Capital Assets***

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

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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

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

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

***Interfund Balances***

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

***Compensated Absences***

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

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

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

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

***Pensions/Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources, and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

***Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

***Internal Activity***

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

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

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

***Bond Premium and Issuance Costs***

On the government-wide financial statement, bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On the governmental fund statements, bond premiums are recorded in the year the bonds are issued. Prior to February 6, 2014 under Ohio law, premiums on the original issuance of debt were permitted to be deposited into a capital project fund and used for capital purposes. Beginning February 6, 2014 under Ohio law, premiums on the original issuance of debt are to be deposited into the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Bond issuance costs are shown as expensed in the year of the debt issuance.

***Deferred Charge on Refunding***

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. The deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
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***Fund Balance***

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

**Nonspendable:** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It includes the long-term amount of loans and notes receivable as well as property acquired for resale for the general fund. It also includes prepaids for all governmental fund types. If there are long-term amounts for loans and notes receivable as well as property acquired for resale for governmental funds other than the general fund, it would be classified as restricted, committed, or assigned based on the use of the proceeds from the collection of those receivables or from the sale of those properties.

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

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

**Committed:** The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School District's Board of Education. Those committed amounts cannot be used for any other purpose unless the School District's Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

**Assigned:** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District's Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District's Board of Education or a School District official delegated that authority by resolution or by State Statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District's Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2019's appropriated budget.

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

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

***Net Position***

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

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

***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for services for self-insurance programs. Operating expenses are necessary costs' incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

***Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no extraordinary and special items for fiscal year 2018.

***Estimates***

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

***Budgetary Data***

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

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2018

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

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

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

**Note 3 – Changes in Accounting Principle and Restatement of Net Position**

For fiscal year 2018, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For fiscal year 2018, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the School District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net Position June 30, 2017	\$31,726,874
Adjustments:	
Net OPEB Liability	(21,706,391)
Deferred Outflow - Payments Subsequent to Measurement Date	153,027
Restated Net Position June 30, 2017	\$10,173,510

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



**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 4 – Accountability**

The following funds had deficit fund balances as of June 30, 2018:

	<u>Deficit Fund Balances</u>
<u>Special Revenue Funds:</u>	
IDEA - B	(\$37,484)
Title I	(53,714)
Reducing Class Size	(12,758)
Title IV-A	(288)
Vocational Education	(101)

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

**Note 5 - Budgetary Basis of Accounting**

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

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

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

**Lancaster City School District, Ohio**  
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<b>Net Change in Fund Balance</b>	
GAAP Basis	\$1,350,785
Net Adjustment for Revenue Accruals	(1,009,411)
Net Adjustment for Expenditure Accruals	(108,636)
Beginning:	
Negative cash interfund advances	(92,798)
Unrecorded Cash	775
Fair Value of Investments	(291,803)
Prepaid Items	270,466
Ending:	
Negative cash interfund advances	68,305
Unrecorded Cash	(19)
Fair Value of Investments	510,211
Prepaid Items	(437,768)
To reclassify excess of revenues and other sources of financial resources under expenditures and other uses of financial resources into financial statement fund types	(33,495)
Advances In	169,271
Adjustment for Encumbrances	<u>(1,422,697)</u>
Budget Basis	<u><u>(\$1,026,814)</u></u>

**Note 6 - Deposits and Investments**

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

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

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

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

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
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Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

At June 30, 2018, the School District's internal service fund had a balance of \$4,545,500 with fiscal agents. \$238,490 was with the Jefferson Health Plan, a risk sharing, claims servicing, and insurance purchasing pool (See Note 19). \$4,307,010 was with the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool (See Note 19). The balances were held by Jefferson Health Plan and SCOIC in pooled accounts which are representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan, Treasurer, Jefferson County ESC, 2023 Sunset Blvd. Steubenville, Ohio 43952. Disclosures for SCOIC as a whole may be obtained from the fiscal agent, Bloom-Carroll Local School District, 5240 Plum Road, Carroll, Ohio 43112.

**Lancaster City School District, Ohio**  
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For the Fiscal Year Ended June 30, 2018

**Investments** As of June 30, 2018, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Ratings	Percentage of Total Investment
Net Asset Value Per Share:				
STAR Ohio	\$6,177,495	Average 49 Days	AAAm	6.65%
Fair Value - Level One Inputs:				
Money Market Mutual Funds	723,251	Less than one year	n/a	0.78
Fair Value - Level Two Inputs:				
Federal Home Loan Mortgage Corporation Notes				
	5,733,699	under two years	Aaa	6.17
Federal Farm Credit Bank Notes	993,712	under one year	Aaa	1.07
Federal Home Loan Bank Notes	7,748,891	under two years	Aaa	8.34
Federal National Mortgage Association Notes				
	25,782,303	under four years	Aaa	27.74
Commercial Paper	38,918,690	under one year	P-1	41.87
Negotiable Certificates of Deposit	6,880,297	under three years	n/a	7.40
Total Fair Value - Level Two Inputs	86,057,592			
Total	\$92,958,338			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2018. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

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

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

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The commercial paper investments are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department agent but not in the School District's name. The School District has no investment policy dealing with

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
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investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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

## **Note 7 - Property Taxes and Tax Abatements**

### **Property Taxes**

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

Property taxes include amounts levied against all real and public utility property (used in business) located in the School District. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Fairfield County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows or resources for property taxes.

The amount available as an advance at June 30, 2018, was \$4,172,400. \$3,613,746 was available to the general fund, \$77,890 was available to the classroom facilities maintenance special revenue fund, and \$480,764 was available to the bond retirement debt service fund. The amount available as an advance at June 30, 2017, was \$2,320,008 in the general fund, \$48,242 was available to the classroom facilities maintenance special revenue fund, and \$296,916 was available to the bond retirement debt service fund.

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

**Lancaster City School District, Ohio**  
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The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second- Half Collections		2018 First- Half Collections		2018 Effective Tax Rates (per \$1,000 of assessed valuation)
	Amount	Percent	Amount	Percent	
	Agricultural/ Residential	\$639,780,840	67%	\$645,511,750	
Commerical/Industrial and Public Utility Real	252,019,550	27%	245,633,080	26%	29.5951
Public Utility Personal	54,517,070	6%	56,237,600	6%	68.1000
<b>Total</b>	<b>\$946,317,460</b>	<b>100%</b>	<b>\$947,382,430</b>	<b>100%</b>	
Tax rate per \$1,000 of assessed valuation	\$68.10		\$68.10		

**Tax Abatements**

The School District's property taxes were reduced by Community Reinvestment Area agreements entered into by the City of Lancaster. The abated taxes for the School District amounted to \$297,672.

**Note 8 - Income Tax**

The School District levies a voted tax of one and one half percent for general operations on the earned income of residents and of estates. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

The tax was effective on January 1, 2007 and was set to expire on December 31, 2016; however, on November 3, 2015, the School District electorate renewed the 1.5 percent earned income tax for a continuing period. With the passage of this continuing revenue stream, the School District had the fiscal stability to finance and build two new middle school buildings in partnership with the Ohio Facilities Construction Commission without asking for additional taxpayer dollars.

**Note 9 - Receivables**

Receivables at June 30, 2018, consisted of property taxes, income taxes, accounts (rent, student fees and tuition), intergovernmental grants, payment in lieu of taxes, interfund, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Delinquent property taxes as of June 30, 2018 were \$1,603,770.

**Lancaster City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2018*

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A summary of principal items of intergovernmental receivables follows:

	Amounts
<b><u>Governmental Activities</u></b>	
State Foundation Statement Adjustments	\$74,436
Motor Vehicle Fuel Tax	5,119
Medicaid Reimbursement	43,745
Early Childhood Grants	112,167
Bureau of Workers' Compensation Refund	198,494
Income Taxes from the City of Lancaster	70,484
Carl Perkins Secondary Grant	4,596
Delinquent Title I-D Grant	67,192
Title II-A Grant	42,037
Secondary Transition	2,328
Data Communications	1,800
Title I Grant	156,031
Idea, Part B Grant	419,136
Title IV	9,057
Classroom Facilities	11,618,586
Career Technology Education Credential Reimbursement	2,378
Total	\$12,827,586

In fiscal year 2017, the School District was awarded \$21,535,297 in grant funding from the Ohio Facilities Construction Commission (OFCC) for the building of two new junior high schools. At June 30, 2018, \$11,618,586 remained a receivable.

**Payment in Lieu of Taxes**

**Ety Pointe Centre** The School District entered into a ten year Tax Increment Financing Agreement (TIF) in 2006. The purpose of the TIF was for the construction of Ety Pointe Centre, a shopping center, and public infrastructure improvements. The School District began receiving payments in fiscal year 2010. During fiscal year 2018, a payment in the amount of \$235,534 was received. As of June 30, 2018, a receivable for \$325,263 has been recorded which represents the payment anticipated for fiscal year 2019.

**Fairfield Metropolitan Housing Authority** The School District receives payment in lieu of taxes each year from Fairfield Metropolitan Housing Authority (Metro Housing). Due to Ohio Revised Code Section 3735.35, Metro Housing must remit payment in lieu of taxes to the county treasurer. These payments must be distributed to the taxing subdivisions levying taxes in the subdivisions in which the Metro Housing property is located. During fiscal year 2018, a payment in the amount of \$9,206 was received. As of June 30, 2018, a receivable for \$8,630 has been recorded which represents the payment anticipated for fiscal year 2019.

**Note 10 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

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	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<b>Nondepreciable Capital Assets</b>				
Land	\$2,066,679	\$1,198,915	(\$10,292)	\$3,255,302
Construction in Progress	649,270	6,761,251	0	7,410,521
Total Capital Assets not being depreciated	<u>2,715,949</u>	<u>7,960,166</u>	<u>(10,292)</u>	<u>10,665,823</u>
<b>Depreciable Capital Assets</b>				
Land Improvements	3,498,322	96,794	(25,216)	3,569,900
Buildings and Improvements	91,725,698	0	(450,644)	91,275,054
Furniture and Equipment	5,812,441	51,630	(110,652)	5,753,419
Vehicles	4,085,443	743,336	0	4,828,779
Total at Historical Cost	<u>105,121,904</u>	<u>891,760</u>	<u>(586,512)</u>	<u>105,427,152</u>
Less Accumulated Depreciation				
Land Improvements	(1,342,760)	(155,422)	16,288	(1,481,894)
Buildings and Improvements	(13,658,267)	(1,758,043)	310,098	(15,106,212)
Furniture and Equipment	(3,705,018)	(288,911)	110,550	(3,883,379)
Vehicles	(2,514,139)	(326,121)	0	(2,840,260)
Total Accumulated Depreciation	<u>(21,220,184)</u>	<u>(2,528,497)</u>	<u>436,936</u>	<u>(23,311,745)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>83,901,720</u>	<u>(1,636,737)</u>	<u>(149,576)</u>	<u>82,115,407</u>
Governmental Activities Capital Assets, Net	<u>\$86,617,669</u>	<u>\$6,323,429</u>	<u>(\$159,868)</u>	<u>\$92,781,230</u>

Construction in progress as of June 30, 2018 consisted of a turf project and construction activity for the new General Sherman and Thomas Ewing Junior High School buildings.

Depreciation expense was charged to governmental functions as follows:

Regular	\$694,379	Business	\$7,386
Special	403,791	Operation and Maintenance of Plant	209,720
Vocational	76,983	Pupil Transportation	396,217
Student Intervention Services	7,386	Central	31,439
Support Services:		Extracurricular Activities	114,947
Pupil	142,804	Operation of Non-Instructional Services:	
Instructional Staff	54,871	Food Service Operations	246,256
Administration	124,825	Other	2,720
Fiscal	14,773	Total Depreciation Expense	<u>\$2,528,497</u>

**Note 11 - Risk Management**

***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 2018, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool, for insurance coverage. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP. (See Note 19)



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The types and amounts of coverage provided are as follows:

Coverage	Amount	Deductible
Building and Personal Property - replacement cost	\$204,989,745	\$1,000
Boiler and Machinery	100,000,000	1,000
Flood	1,000,000	25,000
Earthquake	1,000,000	25,000
Automobile Liability	2,000,000	500
Auto Medical Payments	5,000	0
Uninsured/Underinsured Motorists	1,000,000	500
Educational General Liability Coverage:		
General Aggregate	4,000,000	0
Sexual Abuse Injury	2,000,000	0
Products/Completed Operations Aggregate	2,000,000	0
Personal and Advertising Injury	2,000,000	0
Fiduciary Liability for Each Fiduciary Claim	2,000,000	2,500
Fiduciary Liability Aggregate Limit	4,000,000	2,500
Employer's Liability for Each Accident	2,000,000	0
Educational Liability for Errors and Omissions Injury Limit	2,000,000	2,500
Educational Liability for Errors and Omissions Injury Aggregate	4,000,000	2,500
Employment Practices Injury Limit	2,000,000	2,500
Employment Practices Injury Aggregate Limit	4,000,000	2,500

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

***Workers' Compensation***

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

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

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

***Medical and Dental***

The School District provides a medical, prescription drug, and dental insurance program for its employees. The School District joined the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool (Note 19), on November 1, 2006. The School District's medical, prescription drug, and dental were all considered self-insured programs due to the School District retaining the risk. Claims are paid by the School District to the SCOIC. SCOIC contracted with Employee Benefits Management Corporation for claims servicing of claims. The School District had shared risk pool coverage through SCOIC for individual claims in excess of \$100,000 up to \$200,000 per employee per year for medical and prescription claims. SCOIC purchases stop loss coverage for individual claims over \$100,000. SCOIC members also participate in a Jefferson Health Plan shared risk pool for individual claims from \$200,000 to \$1,500,000. The Jefferson Health Plan has a stop loss coverage insurance policy through Sun Life which covered individual claims in excess of \$1,500,000 per employee per year for medical and prescription claims. The School District has no stop loss coverage for the dental claims. The maximum dental benefit per covered person is \$1,500 per calendar year. The premiums paid into the internal service fund are used for claims, claim reserves, and administrative costs. The internal service fund presented in the financial statements reflects the premiums paid into the self-insurance internal service fund by the same funds that pay the employees' salaries. The School District pays monthly medical premiums of up to \$2,251 for certified and classified employees for family coverage and up to \$896 for certified and classified employees for single coverage of which the employees are responsible for 20 percent of the medical premium. The School District pays monthly dental premiums of up to \$83.04 for family and single coverage for certified and classified employees.

The claims liability of \$1,160,400 reported in the internal service fund at June 30, 2018, is based on the requirements of Governmental Accounting Standards Board Statement Number 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate provided by an actuary for medical and dental claims. The full amount of claims payable is presented as current liabilities because it is expected to be paid within the following fiscal year. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years, including medical, surgical, prescription drug, and dental are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2017	\$1,021,600	\$7,864,637	\$8,060,437	\$825,800
2018	825,800	10,353,087 (1)	10,018,487	1,160,400
(1) Claims Expense		\$10,342,215		
+ Stop Loss Receivable from current year		407,409		
- Stop Loss Receivable from prior year		(396,537)		
		\$10,353,087		

## **Note 12 - Employee Benefits**

### ***Compensated Absences***

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

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

### ***Life Insurance***

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

### ***Deferred Compensation***

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

## **Note 13 - Defined Benefit Pension Plans**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

### ***Net Pension Liability/Net OPEB Liability***

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

***Plan Description - School Employees Retirement System (SERS)***

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$1,227,215 for fiscal year 2018. Of this amount \$100,441 is reported as an intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution

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portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$4,283,888 for fiscal year 2018. Of this amount \$389,646 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.27034120%	0.25992422%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.28363110%</u>	<u>0.27260486%</u>	
Change in Proportionate Share	<u>0.01328990%</u>	<u>0.01268064%</u>	
Proportionate Share of the Net			
Pension Liability	\$16,946,332	\$64,757,868	\$81,704,200
Pension Expense	(\$223,936)	(\$23,997,106)	(\$24,221,042)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$729,311	\$2,500,645	\$3,229,956
Changes of assumptions	876,308	14,163,257	15,039,565
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	885,537	4,417,987	5,303,524
School District contributions subsequent to the measurement date	<u>1,227,215</u>	<u>4,283,888</u>	<u>5,511,103</u>
Total Deferred Outflows of Resources	<u>\$3,718,371</u>	<u>\$25,365,777</u>	<u>\$29,084,148</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$521,923	\$521,923
Net difference between projected and actual earnings on pension plan investments	80,441	2,137,085	2,217,526
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>0</u>	<u>456,506</u>	<u>456,506</u>
Total Deferred Inflows of Resources	<u>\$80,441</u>	<u>\$3,115,514</u>	<u>\$3,195,955</u>

\$5,511,103 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$1,065,663	\$3,921,729	\$4,987,392
2020	1,337,600	6,828,901	8,166,501
2021	402,507	5,372,731	5,775,238
2022	<u>(395,055)</u>	<u>1,843,014</u>	<u>1,447,959</u>
Total	<u>\$2,410,715</u>	<u>\$17,966,375</u>	<u>\$20,377,090</u>

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	<u>10.00</u>	3.00
Total	<u>100.00 %</u>	



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**Discount Rate** The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District’s proportionate share of the net pension liability	\$23,517,104	\$16,946,332	\$11,441,969

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016 are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS’ investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	2.25
Total	<u>100.00 %</u>	

\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS’ investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

**Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$92,828,201	\$64,757,868	\$41,112,821

***Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System / State Teachers Retirement System. As of June 30, 2018, one of the Board of Education members elected Social Security.

**Note 14 – Defined Benefit OPEB Plans**

See note 13 for a description of the net OPEB liability.

***Plan Description - School Employees Retirement System (SERS)***

Health Care Plan Description – School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS’ Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS’ health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS’ health care coverage. Most retirees and dependents choosing SERS’ health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS’ website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS’ Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer’s SERS-covered payroll; nor may SERS

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collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the School District's surcharge obligation was \$181,179.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$226,631 for fiscal year 2018. Of this amount \$184,899 is reported as an intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.27384430%	0.25992422%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.28707700%</u>	<u>0.27260486%</u>	
Change in Proportionate Share	<u>0.01323270%</u>	<u>0.01268064%</u>	
Proportionate Share of the Net			
OPEB Liability	\$7,704,392	\$10,636,036	\$18,340,428
OPEB Expense	\$551,102	(\$3,148,663)	(\$2,597,561)

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$0	\$613,977	\$613,977
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	252,193	581,283	833,476
School District contributions subsequent to the measurement date	226,631	0	226,631
Total Deferred Outflows of Resources	\$478,824	\$1,195,260	\$1,674,084
<b>Deferred Inflows of Resources</b>			
Changes of assumptions	\$731,107	\$856,767	\$1,587,874
Net difference between projected and actual earnings on OPEB plan investments	20,345	454,609	474,954
Total Deferred Inflows of Resources	\$751,452	\$1,311,376	\$2,062,828

\$226,631 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	(\$178,606)	(\$57,237)	(\$235,843)
2020	(178,606)	(57,237)	(235,843)
2021	(136,961)	(57,237)	(194,198)
2022	(5,086)	(57,239)	(62,325)
2023	0	56,415	56,415
Thereafter	0	56,419	56,419
Total	(\$499,259)	(\$116,116)	(\$615,375)

***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

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**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	\$9,304,035	\$7,704,392	\$6,437,067
	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
School District's proportionate share of the net OPEB liability	\$6,251,537	\$7,704,392	\$9,627,271

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

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Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

**Discount Rate** The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit



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payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

***Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate*** The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	\$14,278,707	\$10,636,036	\$7,757,135

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$7,389,462	\$10,636,036	\$14,908,907

**Note 15 – Capital Leases – Lessee Disclosure**

In prior fiscal years, the School District entered into capital leases for copiers and Chromebooks. During fiscal year 2017, the School District entered into a capital lease for the purchase of Chromebooks for students. These leases meet the criteria of a capital lease which is when a lease transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements. The copier equipment acquired by lease has been capitalized in the government-wide statements in the amount of \$269,568 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide statements. The Chromebooks acquired by lease in the amount of \$806,844 have not been capitalized due to the Chromebooks individual values being under the capitalization threshold; however, a capital leases payable has been recorded in the government-wide statements. The capitalized leased assets are reflected net of accumulated depreciation in the amount of \$110,522 for equipment. Principal payments toward all capital leases during 2018 totaled \$250,149.

The agreement provides for minimum annual lease payments as follows:

Year	Principal	Interest	Total
2019	\$265,201	\$27,652	\$292,853
2020	230,445	10,175	240,620
Total	\$495,646	\$37,827	\$533,473

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**Note 16 - Long Term Obligations**

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

	Principal Outstanding 6/30/2017	Additions	Deductions	Principal Outstanding 6/30/2018	Due in One Year
<b>Governmental Activities</b>					
School Facilities Construction and Improvement General Obligation Bonds Series 2012					
Serial Bonds 2.00% - 3.375%	\$9,465,000	\$0	\$270,000	\$9,195,000	\$295,000
Term Bonds 4.00%	48,960,000	0	8,600,000	40,360,000	0
Bond Premium	3,134,011	0	990,046	2,143,965	0
School Facilities Construction and Improvement General Obligation Bonds Series 2016A					
Serial Bonds 2.00%	1,140,000	0	240,000	900,000	220,000
Bond Premium	34,250	0	6,227	28,023	0
School Facilities Construction and Improvement General Obligation Bonds Series 2016B					
Serial Bonds 2.00% - 4.00%	20,585,000	0	760,000	19,825,000	835,000
Term Bonds 3.00%	6,415,000	0	0	6,415,000	0
Bond Premium	2,122,406	0	94,329	2,028,077	0
School Facilities Construction and Improvement Refunding Bonds, Series 2017					
Serial Bonds 2.00% - 2.50%	0	2,300,000	0	2,300,000	195,000
Term Bonds 3.25% - 3.50%	0	6,265,000	0	6,265,000	0
Capital Appreciation Bonds 29.45%	0	30,000	0	30,000	0
Capital Appreciation Bonds Accretion	0	2,274	0	2,274	0
Bond Premium	0	1,375,533	40,457	1,335,076	0
Energy Conservation Long-Term Notes, Series 2013 1.90%					
	410,000	0	410,000	0	0
<b>Total Bonds and Notes</b>	<b>92,265,667</b>	<b>9,972,807</b>	<b>11,411,059</b>	<b>90,827,415</b>	<b>1,545,000</b>
Net Pension Liability:					
SERS	19,786,481	0	2,840,149	16,946,332	0
STRS	87,004,471	0	22,246,603	64,757,868	0
<b>Total Net Pension Liability</b>	<b>106,790,952</b>	<b>0</b>	<b>25,086,752</b>	<b>81,704,200</b>	<b>0</b>
Net OPEB Liability:					
SERS	7,805,576	0	101,184	7,704,392	0
STRS	13,900,815	0	3,264,779	10,636,036	0
<b>Total Net OPEB Liability</b>	<b>21,706,391</b>	<b>0</b>	<b>3,365,963</b>	<b>18,340,428</b>	<b>0</b>
Capital Leases Payable	745,795	0	250,149	495,646	265,201
Compensated Absences Payable	3,728,730	805,639	390,527	4,143,842	296,442
<b>Total Governmental Activities Long-Term Obligations</b>	<b>\$225,237,535</b>	<b>\$10,778,446</b>	<b>\$40,504,450</b>	<b>\$195,511,531</b>	<b>\$2,106,643</b>

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*School Facilities Construction and Improvement General Obligation Bonds* – On August 21, 2012, the School District issued \$60,410,000 in School Facilities Construction and Improvement General Obligation Bonds, Series 2012, at a variable interest rate. The bonds were issued for a thirty-seven year period with a final maturity at October 1, 2049. The bond proceeds represented the local share for the School District’s construction of five new elementary instruction buildings for grades preschool through fifth. On November 14, 2018, the School District approved \$3,919,066 of unspent principal to be used for the construction of two new junior high school buildings and the Ohio Facilities Construction Commission approved it on November 26, 2018 (see Note 25). The bond issue included serial and term bonds in the amount of \$11,450,000 and \$48,960,000 respectively. The bonds were issued at a premium in the amount of \$3,567,951. This bond will be retired from the bond retirement debt service fund through property taxes.

On December 28, 2017, the School District advanced refunded \$8,600,000 in term bonds. The remaining term bonds due October 1, 2027, 2037, 2042, 2042, 2049, and 2049 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 in the years and in the respective principal amounts as follows:

Calendar Year	Issue					
	\$ 2,505,000	\$ 1,000,000	\$ 6,800,000	\$ 5,500,000	\$ 19,555,000	\$ 5,000,000
2025	\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ -
2026	875,000	-	-	-	-	-
2033	-	175,000	-	-	-	-
2034	-	185,000	-	-	-	-
2035	-	200,000	-	-	-	-
2036	-	215,000	-	-	-	-
2038	-	-	1,220,000	985,000	-	-
2039	-	-	1,285,000	1,030,000	-	-
2040	-	-	1,345,000	1,090,000	-	-
2041	-	-	1,440,000	1,165,000	-	-
2043	-	-	-	-	2,330,000	565,000
2044	-	-	-	-	2,600,000	635,000
2045	-	-	-	-	2,755,000	670,000
2046	-	-	-	-	2,910,000	715,000
2047	-	-	-	-	3,125,000	760,000
2048	-	-	-	-	3,300,000	805,000
Total mandatory sinking fund payments	1,575,000	775,000	5,290,000	4,270,000	17,020,000	4,150,000
Amount due at stated maturity	930,000	225,000	1,510,000	1,230,000	2,535,000	850,000
Total	<u>\$ 2,505,000</u>	<u>\$ 1,000,000</u>	<u>\$ 6,800,000</u>	<u>\$ 5,500,000</u>	<u>\$ 19,555,000</u>	<u>\$ 5,000,000</u>
Stated Maturity	10/1/2027	10/1/2037	10/1/2042	10/1/2042	10/1/2049	10/1/2049

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Principal and interest requirements to retire the School Facilities Construction and Improvement General Obligation Bonds outstanding at June 30, 2018 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2019	\$295,000	\$2,130,213
2020	320,000	2,124,063
2021	460,000	2,113,963
2022	490,000	2,097,263
2023	530,000	2,076,863
2024-2028	3,760,000	9,990,313
2029-2033	5,845,000	9,106,406
2034-2038	1,000,000	8,485,200
2039-2043	12,300,000	7,237,213
2044-2048	17,065,000	4,021,480
2049-2050	7,490,000	346,435
Total	\$49,555,000	\$49,729,412

*School Facilities Construction and Improvement General Obligation Bonds Series 2016 A* – On September 7, 2016, the School District issued \$1,140,000 in School Facilities Construction and Improvement General Obligation Bonds, Series 2016A, at a 2.00 percent interest rate, which consisted of all serial bonds. The bonds were issued for a six year period with a final maturity at October 1, 2022. The bond proceeds were issued for the purpose of constructing school facilities and renovating existing school facilities under the Exceptional Needs Program of the Ohio Facilities Construction Commission. The bonds were issued at a premium in the amount of \$37,364. Issuance costs associated with the bonds were \$15,244. This bond will be retired from the bond retirement debt service fund through property taxes.

Principal and interest requirements to retire the School Facilities Construction and Improvement General Obligation Bonds Series 2016A outstanding at June 30, 2018 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2019	\$220,000	\$15,800
2020	215,000	11,450
2021	165,000	7,650
2022	165,000	4,350
2023	135,000	1,350
Total	\$900,000	\$40,600

*School Facilities Construction and Improvement General Obligation Bonds Series 2016 B* – On September 7, 2016, the School District issued \$27,000,000 in School Facilities Construction and Improvement General Obligation Bonds, Series 2016B, at a variable interest rate. The bonds were issued for a twenty-three year period with a final maturity at October 1, 2039. The purpose of the bonds is to construct school facilities and renovating existing school facilities under the Classroom Facilities Assistance Program of the Ohio Facilities Construction Commission which includes the construction of two new junior high buildings. The bond issue included serial and term bonds in the amount of \$20,585,000 and \$6,415,000 respectively. The bonds were issued at a premium in the amount of \$2,169,571. Issuance costs associated with the bonds were \$351,580. This bond will be retired from the bond retirement debt service fund through income taxes.

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The term bonds due October 1, 2039 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 in the years and in the respective principal amounts as follows:

Calendar Year	Issue
2036	\$ 1,535,000
2037	1,580,000
2038	1,625,000
Total mandatory sinking fund payments	4,740,000
Amount due at stated maturity	1,675,000
Total	\$ 6,415,000

Principal and interest requirements to retire the School Facilities Construction and Improvement General Obligation Bonds Series 2016B outstanding at June 30, 2018 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2019	\$835,000	\$882,488
2020	850,000	865,638
2021	870,000	848,438
2022	885,000	830,888
2023	905,000	808,463
2024-2028	5,040,000	3,486,238
2029-2033	6,135,000	2,372,338
2034-2038	7,420,000	1,090,269
2039-2040	3,300,000	99,750
Total	\$26,240,000	\$11,284,510

*School Facilities Construction and Improvement Refunding Bonds Series 2017* – On December 28, 2017, the School District issued \$8,595,000 in School Facilities Construction and Improvement Refunding Bonds to partially refund term bonds in the amount of \$8,600,000 for the Series 2012 School Facilities Construction and Improvement General Obligation Bonds. At the date of refunding, \$9,818,852 was deposited in an irrevocable trust to provide for all future debt service payments on the partially refunded Series 2012 School Facilities Construction and Improvement General Obligation Bonds. The refunding bonds consisted of serial bonds in the amount of \$2,300,000, term bonds in the amount of \$6,265,000, and capital appreciation bonds in the amount of \$30,000. The bonds were issued with a premium in the amount of \$1,375,533 and issuance costs of \$151,681. As a result, \$8,600,000 of the Series 2012 School Facilities Construction and Improvement General Obligation Bonds are considered defeased and the liabilities for those bonds has been removed from the statement of net position. This bond will be retired from the bond retirement debt service fund through property taxes.

The partial advance refunding resulted in a difference between the net carrying amount of the old debt and an acquisition price, in the amount of \$311,053. This difference is being reported in the accompanying financial statements as deferred outflows or resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The amount amortized during fiscal year 2018 was \$4,860. The School District advanced refunded a portion of the Series 2012 School Facilities Construction and Improvement General Obligation Bonds to reduce its total debt service payments over 32 years by \$1,137,316 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$780,696.

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The table presented below represents the fiscal year 2018 refunding transaction.

Series 2012 General Obligation Serial Bonds	\$ 9,465,000
Series 2012 General Obligation Term Bonds	48,960,000
Premium on Series 2012 General Obligation Bonds	3,134,011
<b>Total Series 2012 General Obligation Bonds</b>	<b>61,559,011</b>
Non-refunded Portion of the Series 2012 General Obligation Serial Bonds	(9,465,000)
Non-refunded Portion of the Series 2012 General Obligation Term Bonds	(40,360,000)
Non-refunded Premium on Series 2012 General Obligation Bonds	(2,226,212)
Payment to Refunded Bond Escrow Agent - Other Financing Use	(9,818,852)
<b>Fiscal Year 2018 Refunding Bonds Accounting Gain</b>	<b>\$ (311,053)</b>

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

Calendar Year	Issue
2028	\$ 150,000
2029	150,000
2030	155,000
2031	160,000
2032	165,000
2034	510,000
2035	1,600,000
2036	1,675,000
Total mandatory sinking fund payments	4,565,000
Amount due at stated maturity	1,700,000
Total	\$ 6,265,000

Principal and interest requirements to retire the School Facilities Construction and Improvement General Refunding Bonds Series 2017 outstanding at June 30, 2018 are as follows (the interest column includes the capital appreciation bonds accretion in fiscal years 2033 and 2034):

Fiscal Year Ending June 30,	Principal	Interest
2019	\$195,000	\$264,238
2020	120,000	261,088
2021	125,000	258,638
2022	125,000	256,138
2023	130,000	253,588
2024-2028	685,000	1,222,425
2029-2033	780,000	1,116,988
2034-2038	5,515,000	3,245,019
2039-2043	0	161,000
2044-2048	0	161,000
2049-2050	920,000	48,300
Total	\$8,595,000	\$7,248,422

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

The School District's overall legal debt margin was \$2,187,237, with an unvoted debt margin of \$947,382 at June 30, 2018.

As of June 30, 2018, \$31,369,309 of bond proceeds remained unspent (after debt related payables of \$2,063,190). These unspent bond proceeds are reflected as restricted on the balance sheet in the classroom facilities major capital projects fund and in the elementary and junior high building projects fund, a nonmajor capital projects fund which is presented in the other governmental funds column on the balance sheet. On the statement of net position, these unspent bond proceeds are offset against the outstanding bonds payable.

Capital leases payable will be paid from the general fund.

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

There is no repayment schedule for the net pension/OPEB liability. However, employee pension/OPEB contributions are made from the following funds: general fund, food service, district managed student activity, auxiliary services, idea-b, title 1, reducing class size, and preschool special revenue funds. School District pays obligations related to employee compensation from the fund benefitting from their service. For additional information related to the net pension liability, see Notes 13 and 14.

**Note 17 - Interfund Balances and Activity**

Interfund balances at June 30, 2018 consist of the following individual interfund receivables and payables:

	Interfund Receivable	Interfund Payable
Major Funds:		
General	\$71,594	\$25,211
Total Major Funds	71,594	25,211
Other Governmental Funds:		
IDEA - B	0	17,860
Title I	25,211	42,128
Reducing Class Size	0	4,198
Student Support and Enrichment	0	3,341
Vocational Education	0	4,067
Total Other Governmental Funds	25,211	71,594
Total All Funds	\$96,805	\$96,805

The interfund receivables/payables are due to the general fund making advances to other non-major governmental funds to subsidize negative cash balances. The general fund owed money to the title I nonmajor special revenue fund for the reimbursement of services provided. The interfund payables are anticipated to be repaid within one year.

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	Transfer To	Transfer From
Major Funds:		
General	\$0	\$2,270,897
Total Major Funds	0	2,270,897
Other Governmental Funds:		
Food Service	12,460	0
Community Grants	58,533	0
Bond Retirement	1,429,194	0
Permanent Improvement	1,188,500	417,790
Total Other Governmental Funds	2,688,687	417,790
Total All Funds	\$2,688,687	\$2,688,687

Interfund transfers during 2018, consisted of the general fund transferring \$12,460 to the food service special revenue fund for the purpose of refunding unpaid student lunches, \$58,533 to the community grants special revenue fund for the television station, \$1,011,404 to the bond retirement fund for the purpose of retiring the bonds for the construction of the two junior high school buildings, and \$1,188,500 to the permanent improvement capital projects fund for the purpose of complying with the capital plan set by the School District for future repairs/improvement projects. The permanent improvement capital projects fund transferred \$417,790 to the bond retirement debt service fund for the purpose of retiring the energy conservation notes.

**Note 18 - Jointly Governed Organizations**

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

The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association’s capital assets. The governing board exercises total control over the operations of LACA including budgeting, appropriating, contracting, and designating management. The School District’s total payments to LACA for fiscal year 2018 were \$211,545. Financial statements for LACA can be obtained from their fiscal agent the Career and Technology Education Center of Licking County, 150 Price Road, Newark, OH 43055.

***Metropolitan Educational Technology Association*** – The School District participates in the Metropolitan Educational Technology Association (META), a jointly governed organization created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and non-members innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent’s designee. The degree of control exercised by any participating school district is limited to



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its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. The School District paid \$6,065 to META during fiscal year 2018 for services. META memberships became free effective July 1, 2017. Financial information can be obtained from David Varda, CFO, Metropolitan Educational Technology Association, 2100 Citygate Drive, Columbus, Ohio 43219.

***Coalition of Rural and Appalachian Schools*** - The Coalition of Rural and Appalachian Schools is a jointly governed organization including 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members, one elected and one appointed member from each of the seven regions and one appointment from the eighth region into which the 35 Appalachian counties are divided, and two from Ohio University College of Education. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member school districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition.

***State Support Team Region 11*** - The School District participates in the State Support Team Region 11 (SSTR11) a jointly governed organization operated by a Regional Advisory Council that is composed of entities within Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, and Union counties and Chillicothe City Schools in Ross County. The purpose of SSTR11 is to provide professional development and technical assistance services to school districts, community schools, career centers, educational service centers, information technology centers, board of developmental disabilities, chartered nonpublic schools, and colleges and universities within the region by supporting State and district initiatives. The SSTR11 is governed by an advisory council, which is the advisory body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops recommendations to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the SSTR11, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The Advisory Council exercises total control over the operations of SSTR11 including budgeting, appropriating, contracting, and designating management. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the State Support Team – Region 11, 2080 Citygate Drive, Columbus, Ohio 43219. The School District made no payments to SSTR11 during fiscal year 2018.

***Fairfield County Multi-System Youth Committee*** - The Fairfield County Multi-System Youth Committee is a group of agencies that coordinate the provision of services to multi-need youth in the area. Members of the Committee include representatives of the Fairfield County Youth Services, Fairfield County Board of Developmental Disabilities, Fairfield County Alcohol, Drug Addiction, and Mental Health Board, Fairfield County Children Services, Fairfield Department of Health, New Horizons, the local office of Rehabilitation Services Commission, Fairfield County Drug and Alcohol Recovery Services, and the Lancaster City Schools. The Committee received no additional monies from the School District during fiscal year 2018. Operations were paid from the previous existing balance that had accumulated from State and federal grants.

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No debt is currently outstanding. The Committee is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Committee. The Fairfield County Multi-System Youth Committee is located at 831 College Avenue Suite C, Lancaster, Ohio 43130.

**Note 19 – Pools**

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

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

The School District began participating in the program effective January 1, 2011. The School District paid \$19,685 in enrollment fees to the Program as of June 30, 2018 and \$208,295 in workers’ compensation premiums.

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

***South Central Ohio Insurance Consortium*** - The School District is a member of the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool. The SCOIC’s primary purpose and objective is establishing and carrying out a cost effective cooperative health program for its member organizations. The governing board consists of the superintendent or other designee appointed by each of the members of the SCOIC. Members include 21 public entities with approximately 4,000 employees covered for medical and prescription benefits with many different plan designs in place, as well as dental, vision, life, and accidental death and dismemberment insurances. The Bloom-Carroll Local School District serves as the fiscal agent for the SCOIC.

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SCOIC contracts with the Jefferson Health Plan (formally, the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA)), a risk sharing, claims servicing, and insurance purchasing pool, for medical, dental, and prescription drug coverage on a self-insured basis and for an internal pool and stop loss insurance. The SCOIC members are considered self-insured and pay a monthly premium to SCOIC that is actuarially calculated based on the participants' actual claims experience which are utilized for the payments of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. An additional fee is paid for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool paid dividends to the participants. The School District, member of SCOIC, participated in the shared risk pool through SCOIC for individual claims from \$100,000 to \$200,000. SCOIC contracts with Employee Benefits Management Corporation to service claims of SCOIC members. SCOIC members purchase stop loss coverage for individual claims over \$200,000. SCOIC members also participate in a Jefferson Health Plan shared risk pool for individual claims from \$200,000 to \$1,500,000. Sun Life provides stop loss coverage for individual claims over \$1,500,000 for members of the Jefferson Health Plan. In the event that the School District would withdraw from SCOIC, the School District would be required to give a 180-day notice prior to the end of their three-year contract, be responsible for all run-out claims and would have no rights to share in any surplus funds of SCOIC. To obtain financial information for the SCOIC, write to the fiscal agent, Bloom-Carroll Local School District, 5240 Plum Road, Carroll, Ohio 43112.

**Note 20 - Contingencies**

***Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2018, if applicable, cannot be determined at this time.

***Litigation***

The School District currently not a party to any litigation.

***School Foundation***

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year-end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

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**Note 21 - Set asides**

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

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

	<u>Capital Improvements</u>
Set-aside Balance as of June 30, 2017	\$0
Current Year Set-aside Requirement	1,113,871
Current Year Offsets	(5,376,991)
Qualifying Disbursements	(1,960,617)
Total	(\$6,223,737)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0

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

**Note 22 – Significant Commitments**

***Encumbrances***

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

Governmental Funds:	
General Fund	\$ 1,422,697
Classroom Facilities Fund	21,831,295
Nonmajor Governmental Funds	5,530,257
Total Governmental Funds	28,784,249
Private Purpose Trust Fund:	
Endowment Fund	1,300
Total	\$28,785,549

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**Contractual Commitments**

Vendor	Original Contract	Paid to Date	Amount Remaining
Schorr Architects	\$8,773,902	\$6,171,965	\$2,601,937
Summit Construction Company, Incorporated	23,098,518	4,847,074	18,251,444
Continental Office	1,224,728	1,212,105	12,623
Four Seasons Environmental, Incorporated	503,673	378,585	125,088
Motz Group, LLC	964,360	526,485	437,875
Axis Alliance, LLC	183,119	124,030	59,089
<b>Total</b>	<b>\$34,748,300</b>	<b>\$13,260,244</b>	<b>\$21,488,056</b>

**Note 23 – Donor Restrict Endowments**

The School District’s private purpose trust funds include donor restricted endowments. The net position restricted for endowments amount is \$36,445 which is the principal portion of the endowments. The amount of net appreciation in donor restricted investments that is available for expenditure by the School District is \$3,248 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purpose consistent with the endowments, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that interest should be used to provide scholarships each year.

**Note 24 – Fund Balances**

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

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Fund Balances	General	Classroom Facilities	Other Governmental Funds	Total
<b><u>Nonspendable:</u></b>				
Prepays	\$437,768	\$0	\$2,470	\$440,238
Materials and Supplies Inventory	190,691	0	17,063	207,754
<i>Total Nonspendable</i>	<u>628,459</u>	<u>0</u>	<u>19,533</u>	<u>647,992</u>
<b><u>Restricted for:</u></b>				
Classroom Facilities Construction	0	40,090,999	0	40,090,999
Capital Projects	0	0	4,003,433	4,003,433
Classroom Facilities Maintenance	0	0	2,492,649	2,492,649
District Managed Student Activities	0	0	211,020	211,020
Auxiliary Services	0	0	120,689	120,689
Food Service	0	0	921,116	921,116
Federal and State Grants	0	0	1,800	1,800
Community Grants	0	0	18,164	18,164
Bond Retirement	0	0	2,212,818	2,212,818
<i>Total Restricted</i>	<u>0</u>	<u>40,090,999</u>	<u>9,981,689</u>	<u>50,072,688</u>
<b><u>Committed to:</u></b>				
Scholarships	0	0	28,722	28,722
Preschool	0	0	69,062	69,062
Termination Benefits	876,730	0	0	876,730
Capital Improvements	0	0	6,963,729	6,963,729
Purchases on Order for Computer Services	53,505	0	0	53,505
Purchases on Order for Professional Services	54,761	0	0	54,761
Purchases on Order for Medical Services	26,148	0	0	26,148
Purchases on Order for Equipment Services	12,348	0	0	12,348
Purchases on Order for Educational Services	38,442	0	0	38,442
<i>Total Committed</i>	<u>1,061,934</u>	<u>0</u>	<u>7,061,513</u>	<u>8,123,447</u>
<b><u>Assigned to:</u></b>				
Capital Improvements	0	0	2,933,063	2,933,063
Public School Support	124,543	0	0	124,543
Assigned to Subsequent Year's				
Appropriations	5,535,620	0	0	5,535,620
Purchases on Order for Professional Services	178,686	0	0	178,686
Purchases on Order for Medical Services	3,114	0	0	3,114
Purchases on Order for Equipment Services	61,626	0	0	61,626
Purchases on Order for Educational Services	251,747	0	0	251,747
Purchases on Order for Maintenance and Operation	223,395	0	0	223,395
Purchases on Order for Utilities	165,797	0	0	165,797
<i>Total Assigned</i>	<u>6,544,528</u>	<u>0</u>	<u>2,933,063</u>	<u>9,477,591</u>
Unassigned (Deficit)	35,051,530	0	(104,345)	34,947,185
<i>Total Fund Balances</i>	<u>\$43,286,451</u>	<u>\$40,090,999</u>	<u>\$19,891,453</u>	<u>\$103,268,903</u>

**Lancaster City School District, Ohio**  
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On March 22, 2010, the Board of Education approved a resolution to maintain a cash reserve balance of twelve percent of operating expenses for the purpose of sound fiscal management. This minimum cash balance is required for the first two years of the rolling five year forecast period. If the Treasurer finds that the twelve percent cash reserve is not met within those first two years of the five year forecast, the Treasurer and Superintendent will advise the Board of Education in order to allow the Board of Education to consider steps to be taken to meet the reserve. The minimum cash reserve balance as of June 30, 2018 was \$8,318,906 which was based on actual fiscal year 2018 cash expenditures multiplied by twelve percent. The School District's general fund cash balances were adequate for the minimum cash reserve balance; therefore, no action was needed by the Board of Education for fiscal year 2018. This twelve percent cash reserve balance is reported as unassigned in the general fund.

**Note 25 – Ohio Facilities Construction Commission Close-Out**

On November 14, 2018, the School District signed a Certificate of Completion of the Project Agreement with the Ohio Facilities Construction Commission (OFCC) for a project close-out. This certificate was signed by the OFCC on November 26, 2018. The OFCC then issued an Addendum to Close-Out which ordered the School District to repay \$2,181,120 to the OFCC for unused State share principal and interest earnings which will be paid from the classroom facilities major capital projects fund. The Addendum to Close-Out also stated the classroom facilities fund was approved to transfer \$709,510 to the permanent improvement capital projects fund for interest earnings on the local share and \$5,032,168 in local monies was approved to be transferred to the elementary and junior high buildings project capital project fund.

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

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.2836311%	0.2703412%	0.2588009%	0.2570550%	0.2570550%
School District's Proportionate Share of the Net Pension Liability	\$16,946,332	\$19,786,481	\$14,767,430	\$13,009,408	\$15,286,236
School District's Covered Payroll	\$8,878,121	\$8,439,803	\$8,112,207	\$7,603,214	\$6,771,366
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.88%	234.44%	182.04%	171.10%	225.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

\* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to required supplementary information



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

	2018	2017
School District's Proportion of the Net OPEB Liability	0.2870770%	0.2738443%
School District's Proportionate Share of the Net OPEB Liability	\$7,704,392	\$7,805,576
School District's Covered Payroll	\$8,878,121	\$8,439,803
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	86.78%	92.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

\* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to required supplementary information

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

	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.27260486%	0.25992422%	0.25054074%	0.25484464%	0.25484464%
School District's Proportionate Share of the Net Pension Liability	\$64,757,868	\$87,004,471	\$69,242,133	\$61,987,036	\$73,838,552
School District's Covered Payroll	\$29,048,221	\$27,561,343	\$27,141,200	\$26,052,229	\$25,200,900
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	222.93%	315.68%	255.12%	237.93%	293.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

\* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to required supplementary information

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

	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net OPEB Liability	0.27260486%	0.25992422%
School District's Proportionate Share of the Net OPEB Liability	\$10,636,036	\$13,900,815
School District's Covered Payroll	\$29,048,221	\$27,561,343
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	36.62%	50.44%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

\* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to required supplementary information

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$1,227,215	\$1,242,937	\$1,181,572	\$1,069,189
Contributions in Relation to the Contractually Required Contribution	<u>(1,227,215)</u>	<u>(1,242,937)</u>	<u>(1,181,572)</u>	<u>(1,069,189)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (2)	\$9,090,481	\$8,878,121	\$8,439,803	\$8,112,207
Contributions as a Percentage of Covered Payroll	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution (3)	\$226,631	\$153,027	\$138,065	\$196,568
Contributions in Relation to the Contractually Required Contribution	<u>(226,631)</u>	<u>(153,027)</u>	<u>(138,065)</u>	<u>(196,568)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>2.49%</u>	<u>1.72%</u>	<u>1.64%</u>	<u>2.42%</u>
Total Contributions as a Percentage of Covered Payroll (3)	<u>15.99%</u>	<u>15.72%</u>	<u>15.64%</u>	<u>15.60%</u>

Notes to the Required Supplementary Information:

- (1) The School District experienced a large number of retirements at the end of fiscal year 2012. In fiscal year 2013, the School District replaced the higher paid employees with employees at the lower end of the pay scale.
- (2) The School District's covered payroll is the same for Pension and OPEB
- (3) Includes Surcharge

See accompanying notes to required supplementary information

2014	(1) 2013	2012	2011	2010	2009
\$1,053,806	\$937,157	\$1,052,590	\$844,817	\$1,205,519	\$742,181
<u>(1,053,806)</u>	<u>(937,157)</u>	<u>(1,052,590)</u>	<u>(844,817)</u>	<u>(1,205,519)</u>	<u>(742,181)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,603,214	\$6,771,366	\$7,825,945	\$6,720,898	\$8,903,388	\$7,542,486
<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>	<u>12.57%</u>	<u>13.54%</u>	<u>9.84%</u>
\$136,181	\$123,189	\$151,749	\$202,653	\$173,363	\$425,935
<u>(136,181)</u>	<u>(123,189)</u>	<u>(151,749)</u>	<u>(202,653)</u>	<u>(173,363)</u>	<u>(425,935)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.79%</u>	<u>1.82%</u>	<u>1.94%</u>	<u>3.02%</u>	<u>1.95%</u>	<u>5.65%</u>
<u>15.65%</u>	<u>15.66%</u>	<u>15.39%</u>	<u>15.59%</u>	<u>15.49%</u>	<u>15.49%</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$4,283,888	\$4,066,751	\$3,858,588	\$3,799,768
Contributions in Relation to the Contractually Required Contribution	<u>(4,283,888)</u>	<u>(4,066,751)</u>	<u>(3,858,588)</u>	<u>(3,799,768)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$30,599,200	\$29,048,221	\$27,561,343	\$27,141,200
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Tota Contributions as a Percentage of Covered Payroll (3)	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Notes to the Required Supplementary Information:

- (1) The School District experienced a large number of retirements at the end of fiscal year 2012. In fiscal year 2013, the School District replaced the higher paid employees with employees at the lower end of the pay scale.

See accompanying notes to required supplementary information

2014	(1) 2013	2012	2011	2010	2009
\$3,386,790	\$3,276,117	\$3,633,504	\$3,375,202	\$3,436,197	\$3,204,220
(3,386,790)	(3,276,117)	(3,633,504)	(3,375,202)	(3,436,197)	(3,204,220)
\$0	\$0	\$0	\$0	\$0	\$0
\$26,052,229	\$25,200,900	\$27,950,031	\$25,963,092	\$26,432,285	\$24,647,846
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$260,522	\$252,009	\$279,500	\$259,631	\$264,323	\$246,478
(260,522)	(252,009)	(279,500)	(259,631)	(264,323)	(246,478)
\$0	\$0	\$0	\$0	\$0	\$0
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

**Lancaster City School District, Ohio**  
*Notes to Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2018*

**Net Pension Liability**

**Changes in Assumptions – SERS**

For fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

**Changes in Assumptions - STRS**

Amounts reported for fiscal year 2018 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For fiscal year 2018 post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70% of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014



**Lancaster City School District, Ohio**  
*Notes to Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2018*

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Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

**Net OPEB Liability**

**Changes in Assumptions – SERS**

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

**Changes in Assumptions – STRS**

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

**Lancaster City School District, Ohio**

*Combining and Individual Fund Financial Statements and Schedules*

## Lancaster City School District, Ohio

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### *Nonmajor Governmental Fund Types*

#### *Special Revenue Funds*

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

#### *Debt Service Fund*

Debt service funds are used to account for and report financial resources that are restricted to expenditure for principal and interest on general obligation debt. For fiscal year 2018, there was only one debt service fund, bond retirement, which is considered a nonmajor fund.

#### *Capital Projects Funds*

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

**Lancaster City School District, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*June 30, 2018*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$4,106,857	\$1,732,054	\$10,121,553	\$15,960,464
Investments	0	0	4,462,140	4,462,140
Restricted Assets Cash and Cash Equivalents	0	0	20,319	20,319
Receivables:				
Property Taxes	434,075	2,618,377	0	3,052,452
Accounts	45,926	0	0	45,926
Intergovernmental	831,771	0	0	831,771
Accrued interest	3,225	0	0	3,225
Interfund	25,211	0	0	25,211
Prepays	2,470	0	0	2,470
Inventory Held for Resale	21,854	0	0	21,854
Materials and Supplies Inventory	17,063	0	0	17,063
<i>Total Assets</i>	<u>\$5,488,452</u>	<u>\$4,350,431</u>	<u>\$14,604,012</u>	<u>\$24,442,895</u>
<b>Liabilities</b>				
Accounts Payable	\$100,095	\$0	\$0	\$100,095
Contracts Payable	0	0	683,117	683,117
Retainage Payable	0	0	20,319	20,319
Accrued Salaries and Benefits Payable	495,596	0	0	495,596
Intergovernmental Payable	212,888	0	351	213,239
Interfund Payable	71,594	0	0	71,594
Unearned Revenue	26,674	0	0	26,674
<i>Total Liabilities</i>	<u>906,847</u>	<u>0</u>	<u>703,787</u>	<u>1,610,634</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	324,110	1,977,236	0	2,301,346
Unavailable Revenue	479,085	160,377	0	639,462
<i>Total Deferred Inflows of Resources</i>	<u>803,195</u>	<u>2,137,613</u>	<u>0</u>	<u>2,940,808</u>
<b>Fund Balances</b>				
Nonspendable	19,533	0	0	19,533
Restricted	3,765,438	2,212,818	4,003,433	9,981,689
Committed	97,784	0	6,963,729	7,061,513
Assigned	0	0	2,933,063	2,933,063
Unassigned (Deficit)	(104,345)	0	0	(104,345)
<i>Total Fund Balances</i>	<u>3,778,410</u>	<u>2,212,818</u>	<u>13,900,225</u>	<u>19,891,453</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$5,488,452</u>	<u>\$4,350,431</u>	<u>\$14,604,012</u>	<u>\$24,442,895</u>

**Lancaster City School District, Ohio**  
*Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2018*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Property Taxes	\$445,012	\$2,733,125	\$0	\$3,178,137
Intergovernmental	6,859,192	312,124	0	7,171,316
Interest	22,070	0	79,980	102,050
Tuition and Fees	23,024	0	0	23,024
Charges for Services	452,739	0	0	452,739
Extracurricular Activities	435,300	0	0	435,300
Gifts and Donations	25,242	0	1,077	26,319
Miscellaneous	46,416	0	677	47,093
<i>Total Revenues</i>	<u>8,308,995</u>	<u>3,045,249</u>	<u>81,734</u>	<u>11,435,978</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	170,330	0	0	170,330
Special	2,703,590	0	0	2,703,590
Vocational	194,800	0	0	194,800
Student Intervention Services	170,445	0	0	170,445
Support Services:				
Pupils	288,621	0	0	288,621
Instructional Staff	317,295	0	0	317,295
Administration	83,467	0	0	83,467
Fiscal	7,964	48,888	0	56,852
Operation and Maintenance of Plant	59,670	0	0	59,670
Pupil Transportation	4,557	0	0	4,557
Operation of Non-Instructional Services:				
Food Service Operations	2,893,027	0	0	2,893,027
Other Non-Instructional Services	959,457	0	0	959,457
Extracurricular Activities	292,296	0	594,671	886,967
Capital Outlay	0	0	2,404,740	2,404,740
Debt Service:				
Principal	0	1,680,000	0	1,680,000
Interest and Fiscal Charges	0	3,345,581	0	3,345,581
Issuance Costs	0	151,681	0	151,681
<i>Total Expenditures</i>	<u>8,145,519</u>	<u>5,226,150</u>	<u>2,999,411</u>	<u>16,371,080</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	<u>163,476</u>	<u>(2,180,901)</u>	<u>(2,917,677)</u>	<u>(4,935,102)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	0	224,848	224,848
Refunding Bonds Issued	0	8,595,000	0	8,595,000
Premium on Refunding Bonds Issued	0	1,375,533	0	1,375,533
Payment to Refunded Bond Escrow Agent	0	(9,818,852)	0	(9,818,852)
Transfers In	70,993	1,429,194	1,188,500	2,688,687
Transfers Out	0	0	(417,790)	(417,790)
<i>Total Other Financing Sources (Uses)</i>	<u>70,993</u>	<u>1,580,875</u>	<u>995,558</u>	<u>2,647,426</u>
<i>Net Change in Fund Balances</i>	234,469	(600,026)	(1,922,119)	(2,287,676)
<i>Fund Balances Beginning of Year</i>	3,543,941	2,812,844	15,822,344	22,179,129
<i>Fund Balances End of Year</i>	<u>\$3,778,410</u>	<u>\$2,212,818</u>	<u>\$13,900,225</u>	<u>\$19,891,453</u>

## Lancaster City School District, Ohio

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### *Nonmajor Special Revenue Funds*

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

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

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

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

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

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

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

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

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

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

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

Miscellaneous State Grants Fund – To account for a State grant restricted for the purpose of transitioning students with disabilities ages 14 and younger to successful future outcomes in competitive, integrated employment, education, and independent living.

Title IV-A Fund – To account for and report restricted Federal grant monies used to assist in student support and academic enrichment. To support safe and healthy students with comprehensive school mental health, drug and violence prevention, training on trauma-informed practices, and health and physical education.

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

(Continued)

## Lancaster City School District, Ohio

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### *Nonmajor Special Revenue Funds (Continued)*

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

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

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

**Lancaster City School District, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2018*

	Food Service	Scholarship Memorial	Community Grants	Classroom Facilities Maintenance	District Managed Student Activity	Auxiliary Services
<b>Assets</b>						
Cash and Cash Equivalents	\$1,150,653	\$28,681	\$17,807	\$2,414,759	\$216,172	\$199,249
Receivables:						
Property Taxes	0	0	0	434,075	0	0
Accounts Intergovernmental	45,926	0	0	0	0	0
Accrued Interest	4,704	0	357	0	0	357
Interfund	2,691	67	0	0	0	467
Prepays	0	0	0	0	0	0
Inventory Held for Resale	2,470	0	0	0	0	0
Materials and Supplies Inventory	21,854	0	0	0	0	0
	17,063	0	0	0	0	0
<i>Total Assets</i>	<u>\$1,245,361</u>	<u>\$28,748</u>	<u>\$18,164</u>	<u>\$2,848,834</u>	<u>\$216,172</u>	<u>\$200,073</u>
<b>Liabilities</b>						
Accounts Payable	\$13,801	\$0	\$0	\$0	\$1,463	\$39,997
Accrued Salaries and Benefits Payable						
	140,907	0	0	0	0	10,931
Intergovernmental Payable	78,296	0	0	0	3,689	28,274
Interfund Payable	0	0	0	0	0	0
Unearned Revenue	26,674	0	0	0	0	0
<i>Total Liabilities</i>	<u>259,678</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,152</u>	<u>79,202</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	0	0	0	324,110	0	0
Unavailable Revenue	45,034	26	0	32,075	0	182
<i>Total Deferred Inflows of Resources</i>	<u>45,034</u>	<u>26</u>	<u>0</u>	<u>356,185</u>	<u>0</u>	<u>182</u>
<b>Fund Balances:</b>						
Nonspendable	19,533	0	0	0	0	0
Restricted	921,116	0	18,164	2,492,649	211,020	120,689
Committed	0	28,722	0	0	0	0
Unassigned (Deficits)	0	0	0	0	0	0
<i>Total Fund Balances (Deficits)</i>	<u>940,649</u>	<u>28,722</u>	<u>18,164</u>	<u>2,492,649</u>	<u>211,020</u>	<u>120,689</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$1,245,361</u>	<u>\$28,748</u>	<u>\$18,164</u>	<u>\$2,848,834</u>	<u>\$216,172</u>	<u>\$200,073</u>



Data Communications	IDEA - B	Title I	Reducing Class Size	Miscellaneous State Grants	Title IV-A	Vocational Education	Preschool	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$79,536	\$4,106,857
0	0	0	0	0	0	0	0	434,075
0	0	0	0	0	0	0	0	45,926
1,800	422,808	228,662	42,494	2,328	9,057	4,596	114,608	831,771
0	0	0	0	0	0	0	0	3,225
0	0	25,211	0	0	0	0	0	25,211
0	0	0	0	0	0	0	0	2,470
0	0	0	0	0	0	0	0	21,854
0	0	0	0	0	0	0	0	17,063
<u>\$1,800</u>	<u>\$422,808</u>	<u>\$253,873</u>	<u>\$42,494</u>	<u>\$2,328</u>	<u>\$9,057</u>	<u>\$4,596</u>	<u>\$194,144</u>	<u>\$5,488,452</u>
\$0	\$16,470	\$0	\$11,317	\$2,328	\$0	\$168	\$14,551	\$100,095
0	103,130	158,443	10,217	0	0	0	71,968	495,596
0	20,289	66,896	2,796	0	288	0	12,360	212,888
0	17,860	42,128	4,198	0	3,341	4,067	0	71,594
0	0	0	0	0	0	0	0	26,674
0	157,749	267,467	28,528	2,328	3,629	4,235	98,879	906,847
0	0	0	0	0	0	0	0	324,110
0	302,543	40,120	26,724	0	5,716	462	26,203	479,085
0	302,543	40,120	26,724	0	5,716	462	26,203	803,195
0	0	0	0	0	0	0	0	19,533
1,800	0	0	0	0	0	0	0	3,765,438
0	0	0	0	0	0	0	69,062	97,784
0	(37,484)	(53,714)	(12,758)	0	(288)	(101)	0	(104,345)
1,800	(37,484)	(53,714)	(12,758)	0	(288)	(101)	69,062	3,778,410
<u>\$1,800</u>	<u>\$422,808</u>	<u>\$253,873</u>	<u>\$42,494</u>	<u>\$2,328</u>	<u>\$9,057</u>	<u>\$4,596</u>	<u>\$194,144</u>	<u>\$5,488,452</u>

**Lancaster City School District, Ohio**  
*Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
For the Fiscal Year Ended June 30, 2018

	Food Service	Scholarship Memorial	Community Grants	Classroom Facilities Maintenance
<b>Revenues</b>				
Property Taxes	\$0	\$0	\$0	\$445,012
Intergovernmental	2,161,806	0	0	50,307
Interest	17,301	478	0	0
Tuition and Fees	0	0	0	0
Charges for Services	452,739	0	0	0
Extracurricular Activities	0	0	63,168	0
Gifts and Donations	0	5,870	0	0
Miscellaneous	25,906	0	492	0
<i>Total Revenues</i>	<u>2,657,752</u>	<u>6,348</u>	<u>63,660</u>	<u>495,319</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	0	12,749	0
Special	0	0	5,155	0
Vocational	0	0	102,094	0
Student Intervention Services	0	0	0	0
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Fiscal	0	0	0	7,964
Operation and Maintenance of Plant	0	0	0	59,670
Pupil Transportation	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	2,893,027	0	0	0
Other Non-Instructional Services	0	5,315	0	0
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>2,893,027</u>	<u>5,315</u>	<u>119,998</u>	<u>67,634</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(235,275)</u>	<u>1,033</u>	<u>(56,338)</u>	<u>427,685</u>
<b>Other Financing Source</b>				
Transfer In	12,460	0	58,533	0
<i>Total Other Financing Source</i>	<u>12,460</u>	<u>0</u>	<u>58,533</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(222,815)</u>	<u>1,033</u>	<u>2,195</u>	<u>427,685</u>
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>1,163,464</u>	<u>27,689</u>	<u>15,969</u>	<u>2,064,964</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>\$940,649</u>	<u>\$28,722</u>	<u>\$18,164</u>	<u>\$2,492,649</u>

District Managed Student Activity	Auxiliary Services	Data Communications	IDEA - B	Title I	Reducing Class Size	Miscellaneous State Grants
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	836,979	18,000	1,210,154	1,551,417	217,283	2,328
0	4,291	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
372,132	0	0	0	0	0	0
19,372	0	0	0	0	0	0
3,462	473	0	4,964	7,002	0	0
<u>394,966</u>	<u>841,743</u>	<u>18,000</u>	<u>1,215,118</u>	<u>1,558,419</u>	<u>217,283</u>	<u>2,328</u>
0	0	0	456	150,390	0	0
0	0	0	638,285	1,387,932	0	2,328
0	0	0	0	0	0	0
0	0	0	170,445	0	0	0
0	0	0	244,038	11,351	0	0
0	0	17,100	69,276	3,433	209,115	0
0	0	0	63,365	1,772	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
82,223	746,588	0	50,800	39,879	31,296	0
292,296	0	0	0	0	0	0
<u>374,519</u>	<u>746,588</u>	<u>17,100</u>	<u>1,236,665</u>	<u>1,594,757</u>	<u>240,411</u>	<u>2,328</u>
<u>20,447</u>	<u>95,155</u>	<u>900</u>	<u>(21,547)</u>	<u>(36,338)</u>	<u>(23,128)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>20,447</u>	<u>95,155</u>	<u>900</u>	<u>(21,547)</u>	<u>(36,338)</u>	<u>(23,128)</u>	<u>0</u>
<u>190,573</u>	<u>25,534</u>	<u>900</u>	<u>(15,937)</u>	<u>(17,376)</u>	<u>10,370</u>	<u>0</u>
<u>\$211,020</u>	<u>\$120,689</u>	<u>\$1,800</u>	<u>(\$37,484)</u>	<u>(\$53,714)</u>	<u>(\$12,758)</u>	<u>\$0</u>

(Continued)

**Lancaster City School District, Ohio**  
*Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (Continued)*  
For the Fiscal Year Ended June 30, 2018

	Title IV-A	Vocational Education	Preschool	Total Nonmajor Special Revenue Funds
<b>Revenues</b>				
Property Taxes	\$0	\$0	\$0	\$445,012
Intergovernmental	25,583	95,314	690,021	6,859,192
Interest	0	0	0	22,070
Tuition and Fees	0	0	23,024	23,024
Charges for Services	0	0	0	452,739
Extracurricular Activities	0	0	0	435,300
Gifts and Donations	0	0	0	25,242
Miscellaneous	0	0	4,117	46,416
<i>Total Revenues</i>	<u>25,583</u>	<u>95,314</u>	<u>717,162</u>	<u>8,308,995</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	6,735	0	0	170,330
Special	0	0	669,890	2,703,590
Vocational	0	92,706	0	194,800
Student Intervention Services	0	0	0	170,445
Support Services:				
Pupils	5,500	0	27,732	288,621
Instructional Staff	10,280	2,646	5,445	317,295
Administration	0	0	18,330	83,467
Fiscal	0	0	0	7,964
Operation and Maintenance of Plant	0	0	0	59,670
Pupil Transportation	0	0	4,557	4,557
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	2,893,027
Other Non-Instructional Services	3,356	0	0	959,457
Extracurricular Activities	0	0	0	292,296
<i>Total Expenditures</i>	<u>25,871</u>	<u>95,352</u>	<u>725,954</u>	<u>8,145,519</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(288)</u>	<u>(38)</u>	<u>(8,792)</u>	<u>163,476</u>
<b>Other Financing Source</b>				
Transfer In	0	0	0	70,993
<i>Total Other Financing Source</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>70,993</u>
<i>Net Change in Fund Balance</i>	(288)	(38)	(8,792)	234,469
<i>Fund Balances (Deficits) at Beginning of Year</i>	<u>0</u>	<u>(63)</u>	<u>77,854</u>	<u>3,543,941</u>
<i>Fund Balances (Deficits) at End of Year</i>	<u>(\$288)</u>	<u>(\$101)</u>	<u>\$69,062</u>	<u>\$3,778,410</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Food Service Fund**  
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$2,550,000	\$1,950,446	(\$599,554)
Interest	8,150	17,054	8,904
Charges for Services	538,350	459,733	(78,617)
Gifts and Donations	5,000	0	(5,000)
Miscellaneous	13,500	25,891	12,391
<i>Total Revenues</i>	<u>3,115,000</u>	<u>2,453,124</u>	<u>(661,876)</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Central	970	0	970
Non-Instructional Services:			
Food Service Operations	3,160,276	2,704,321	455,955
<i>Total Expenditures</i>	<u>3,161,246</u>	<u>2,704,321</u>	<u>456,925</u>
<i>Excess of Revenues Under Expenditures</i>	(46,246)	(251,197)	(204,951)
<b>Other Financing Sources</b>			
Operating Transfers In	0	12,460	12,460
<i>Net Change in Fund Balance</i>	(46,246)	(238,737)	(192,491)
<i>Fund Balance Beginning of Year</i>	1,303,989	1,303,989	0
<i>Prior Year Encumbrances Appropriated</i>	37,744	37,744	0
<i>Fund Balance at End of Year</i>	<u>\$1,295,487</u>	<u>\$1,102,996</u>	<u>(\$192,491)</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Scholarship Memorial Fund*  
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Interest	\$352	\$466	\$114
Gifts and Donations	5,948	5,870	(78)
<i>Total Revenues</i>	6,300	6,336	36
<b>Expenditures</b>			
Current:			
Non-Instructional Services:			
Community Services	6,895	5,515	1,380
<i>Net Change in Fund Balance</i>	(595)	821	1,416
<i>Fund Balance Beginning of Year</i>	27,435	27,435	0
<i>Prior Year Encumbrances Appropriated</i>	225	225	0
<i>Fund Balance at End of Year</i>	\$27,065	\$28,481	\$1,416

**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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Extracurricular Activities	\$59,782	\$63,168	\$3,386
Miscellaneous	0	474	474
<i>Total Revenues</i>	<u>59,782</u>	<u>63,642</u>	<u>3,860</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	18,106	12,929	5,177
Special	5,221	5,155	66
Vocational	110,226	104,359	5,867
<i>Total Expenditures</i>	<u>133,553</u>	<u>122,443</u>	<u>11,110</u>
<i>Excess of Revenues Under Expenditures</i>	(73,771)	(58,801)	14,970
<b>Other Financing Sources</b>			
Operating Transfers In	65,218	58,533	(6,685)
<i>Net Change in Fund Balance</i>	(8,553)	(268)	8,285
<i>Fund Balance Beginning of Year</i>	14,146	14,146	0
<i>Prior Year Encumbrances Appropriated</i>	3,929	3,929	0
<i>Fund Balance at End of Year</i>	<u><u>\$9,522</u></u>	<u><u>\$17,807</u></u>	<u><u>\$8,285</u></u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Classroom Facilities Maintenance Fund*  
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$419,285	\$415,364	(\$3,921)
Intergovernmental	50,715	50,307	(408)
<i>Total Revenues</i>	<u>470,000</u>	<u>465,671</u>	<u>(4,329)</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Fiscal	8,000	7,964	36
Operation and Maintenance of Plant	508,250	68,561	439,689
<i>Total Expenditures</i>	<u>516,250</u>	<u>76,525</u>	<u>439,725</u>
<i>Net Change in Fund Balance</i>	(46,250)	389,146	435,396
<i>Fund Balance Beginning of Year</i>	1,998,706	1,998,706	0
<i>Prior Year Encumbrances Appropriated</i>	18,510	18,510	0
<i>Fund Balance at End of Year</i>	<u>\$1,970,966</u>	<u>\$2,406,362</u>	<u>\$435,396</u>



**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*District Managed Student Activity Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Extracurricular Activities	\$372,162	\$372,132	(\$30)
Gifts and Donations	14,298	19,372	5,074
Miscellaneous	2,100	3,462	1,362
<i>Total Revenues</i>	<u>388,560</u>	<u>394,966</u>	<u>6,406</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Central	2,000	0	2,000
Non-Instructional Services:			
Other	104,756	94,888	9,868
Extracurricular Activities	336,001	309,664	26,337
<i>Total Expenditures</i>	<u>442,757</u>	<u>404,552</u>	<u>38,205</u>
<i>Net Change in Fund Balance</i>	(54,197)	(9,586)	44,611
<i>Fund Balance Beginning of Year</i>	183,933	183,933	0
<i>Prior Year Encumbrances Appropriated</i>	21,306	21,306	0
<i>Fund Balance at End of Year</i>	<u>\$151,042</u>	<u>\$195,653</u>	<u>\$44,611</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Auxiliary Services Fund*  
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$977,586	\$836,979	(\$140,607)
Interest	5,100	4,141	(959)
Miscellaneous	0	474	474
<i>Total Revenues</i>	982,686	841,594	(141,092)
<b>Expenditures</b>			
Current:			
Non-Instructional Services:			
Community Services	965,504	853,838	111,666
<i>Net Change in Fund Balance</i>	17,182	(12,244)	(29,426)
<i>Fund Balance Beginning of Year</i>	17,595	17,595	0
<i>Prior Year Encumbrances Appropriated</i>	111,874	111,874	0
<i>Fund Balance at End of Year</i>	<u>\$146,651</u>	<u>\$117,225</u>	<u>(\$29,426)</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Data Communications Fund*  
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$18,000	\$16,200	(\$1,800)
<b>Expenditures</b>			
Current:			
Support Services:			
Instructional Staff	18,000	17,100	900
<i>Net Change in Fund Balance</i>	0	(900)	(900)
<i>Fund Balance Beginning of Year</i>	900	900	0
<i>Fund Balance at End of Year</i>	\$900	\$0	(\$900)

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**IDEA - B Fund**  
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$1,691,727	\$1,269,030	(\$422,697)
Miscellaneous	0	4,875	4,875
<i>Total Revenues</i>	<u>\$1,691,727</u>	<u>\$1,273,905</u>	<u>(\$417,822)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Special	905,473	660,417	245,056
Student Intervention Services	183,539	168,279	15,260
Other	0	456	(456)
Support Services:			
Pupils	305,852	256,638	49,214
Instructional Staff	93,144	65,914	27,230
Administration	69,669	63,782	5,887
Non-Instructional Services:			
Community Services	89,365	59,813	29,552
<i>Total Expenditures</i>	<u>1,647,042</u>	<u>1,275,299</u>	<u>371,743</u>
<i>Net Change in Fund Balance</i>	44,685	(1,394)	(46,079)
<i>Fund Balance (Deficit) Beginning of Year</i>	(89,431)	(89,431)	0
<i>Prior Year Encumbrances Appropriated</i>	50,878	50,878	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$6,132</u>	<u>(\$39,947)</u>	<u>(\$46,079)</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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$1,811,632	\$1,587,940	(\$223,692)
Miscellaneous	0	7,220	7,220
<i>Total Revenues</i>	<u>\$1,811,632</u>	<u>\$1,595,160</u>	<u>(\$216,472)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	150,428	150,428	0
Special	1,545,981	1,430,036	115,945
Support Services:			
Pupils	15,396	10,206	5,190
Instructional Staff	5,134	5,134	0
Administration	1,773	1,772	1
Non-Instructional Services:			
Community Services	42,959	41,885	1,074
<i>Total Expenditures</i>	<u>1,761,671</u>	<u>1,639,461</u>	<u>122,210</u>
<i>Net Change in Fund Balance</i>	49,961	(44,301)	(94,262)
<i>Fund Balance (Deficit) Beginning of Year</i>	(46,936)	(46,936)	0
<i>Prior Year Encumbrances Appropriated</i>	1,962	1,962	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$4,987</u>	<u>(\$89,275)</u>	<u>(\$94,262)</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Reducing Class Size Fund*  
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$253,555	\$202,038	(\$51,517)
Miscellaneous	0	606	606
<i>Total Revenues</i>	<u>\$253,555</u>	<u>\$202,644</u>	<u>(\$50,911)</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Instructional Staff	230,353	208,536	21,817
Non-Instructional Services:			
Community Services	40,536	39,819	717
<i>Total Expenditures</i>	<u>270,889</u>	<u>248,355</u>	<u>22,534</u>
<i>Net Change in Fund Balance</i>	(17,334)	(45,711)	(28,377)
<i>Fund Balance Beginning of Year</i>	11,206	11,206	0
<i>Prior Year Encumbrances Appropriated</i>	16,504	16,504	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$10,376</u>	<u>(\$18,001)</u>	<u>(\$28,377)</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Miscellaneous State Grants Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$2,328	\$0	(\$2,328)
<b>Expenditures</b>			
Current:			
Instruction:			
Special	2,328	2,328	0
<i>Net Change in Fund Balance</i>	0	(2,328)	(2,328)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	(\$2,328)	(\$2,328)

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Title IV-A Fund*  
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$31,662	\$22,242	(\$9,420)
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	750	750	0
Other	8,000	6,449	1,551
Support Services:			
Pupils	5,500	5,500	0
Instructional Staff	13,692	10,655	3,037
Operation of Non-Instructional Services	3,357	3,356	1
<i>Total Expenditures</i>	31,299	26,710	4,589
<i>Net Change in Fund Balance</i>	363	(4,468)	(4,831)
<i>Fund Balance Beginning of Year</i>	0	0	0
<i>Fund Balance (Deficit) at End of Year</i>	\$363	(\$4,468)	(\$4,831)



**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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$111,998	\$101,538	(\$10,460)
<b>Expenditures</b>			
Current:			
Instruction:			
Vocational	98,776	97,317	1,459
Support Services:			
Instructional Staff	3,000	3,000	0
<i>Total Expenditures</i>	<u>101,776</u>	<u>100,317</u>	<u>1,459</u>
<i>Net Change in Fund Balance</i>	10,222	1,221	(9,001)
<i>Fund Balance (Deficit) Beginning of Year</i>	(13,225)	(13,225)	0
<i>Prior Year Encumbrances Appropriated</i>	3,954	3,954	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$951</u>	<u>(\$8,050)</u>	<u>(\$9,001)</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Preschool Tuition Fund*  
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Tuition and Fees	\$25,000	\$23,024	(\$1,976)
<b>Expenditures</b>			
Current:			
Instruction:			
Special	73,675	46,783	26,892
Support Services:			
Instructional Staff	100	0	100
<i>Total Expenditures</i>	<u>73,775</u>	<u>46,783</u>	<u>26,992</u>
<i>Net Change in Fund Balance</i>	(48,775)	(23,759)	25,016
<i>Fund Balance Beginning of Year</i>	74,609	74,609	0
<i>Prior Year Encumbrances Appropriated</i>	9,417	9,417	0
<i>Fund Balance at End of Year</i>	<u>\$35,251</u>	<u>\$60,267</u>	<u>\$25,016</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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$726,067	\$636,921	(\$89,146)
Miscellaneous	0	3,241	3,241
<i>Total Revenues</i>	<u>726,067</u>	<u>640,162</u>	<u>(85,905)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Special	683,963	615,993	67,970
Support Services:			
Pupils	1,000	1,000	0
Instructional Staff	5,061	5,081	(20)
Administration	19,424	17,740	1,684
Pupil Transportation	4,000	4,000	0
<i>Total Expenditures</i>	<u>713,448</u>	<u>643,814</u>	<u>69,634</u>
<i>Net Change in Fund Balance</i>	12,619	(3,652)	(16,271)
<i>Fund Balance (Deficit) Beginning of Year</i>	(22,676)	(22,676)	0
<i>Prior Year Encumbrances Appropriated</i>	11,153	11,153	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$1,096</u>	<u>(\$15,175)</u>	<u>(\$16,271)</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Preschool Special Education Fund*  
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$61,664	\$34,809	(\$26,855)
<b>Expenditures</b>			
Current:			
Instruction:			
Special	5,445	2,835	2,610
Support Services:			
Pupils	28,000	27,260	740
Instructional Staff	20,046	0	20,046
Pupil Transportation	3,103	3,084	19
<i>Total Expenditures</i>	<u>56,594</u>	<u>33,179</u>	<u>23,415</u>
<i>Net Change in Fund Balance</i>	5,070	1,630	(3,440)
<i>Fund Balance (Deficit) Beginning of Year</i>	(7,406)	(7,406)	0
<i>Prior Year Encumbrances Appropriated</i>	2,336	2,336	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$0</u>	<u>(\$3,440)</u>	<u>(\$3,440)</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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Rent	\$1,000	\$1,287	\$287
Extracurricular Activities	114,104	82,068	(32,036)
Gifts and Donations	23,067	26,936	3,869
<i>Total Revenues</i>	<u>138,171</u>	<u>110,291</u>	<u>(27,880)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	13,301	9,960	3,341
Vocational	300	0	300
Support Services:			
Instructional Staff	6,500	6,241	259
Non-Instructional Services:			
Other	127,360	107,568	19,792
Extracurricular Activities	1,292	1,201	91
<i>Total Expenditures</i>	<u>148,753</u>	<u>124,970</u>	<u>23,783</u>
<i>Net Change in Fund Balance</i>	(10,582)	(14,679)	(4,097)
<i>Fund Balance Beginning of Year</i>	115,104	115,104	0
<i>Prior Year Encumbrances Appropriated</i>	4,340	4,340	0
<i>Fund Balance at End of Year</i>	<u>\$108,862</u>	<u>\$104,765</u>	<u>(\$4,097)</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Termination Benefits Fund**  
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
<i>Total Revenues</i>	\$0	\$0	\$0
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	169,450	141,271	28,179
Special	18,100	17,192	908
Support Services:			
Administration	600	386	214
Operation and Maintenance of Plant	50,050	157	49,893
Pupil Transportation	2,600	2,174	426
Operation of Non-Instructional Services:			
Food Service	9,200	9,002	198
<i>Total Expenditures</i>	250,000	170,182	79,818
<i>Excess of Revenues Under Expenditures</i>	(250,000)	(170,182)	79,818
<b>Other Financing Sources</b>			
Transfers In	450,000	170,000	(280,000)
<i>Net Change in Fund Balance</i>	200,000	(182)	(200,182)
<i>Fund Balance Beginning of Year</i>	1,000,247	1,000,247	0
<i>Fund Balance at End of Year</i>	\$1,200,247	\$1,000,065	(\$200,182)

## Lancaster City School District, Ohio

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### *Nonmajor Debt Service Fund*

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

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

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Bond Retirement Fund**  
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Property Taxes	\$2,516,768	\$2,549,277	\$32,509
Intergovernmental	310,500	312,124	1,624
<i>Total Revenues</i>	<u>2,827,268</u>	<u>2,861,401</u>	<u>34,133</u>
<b>Expenditures</b>			
Current:			
Support Services:			
Fiscal	50,000	48,888	1,112
Debt Service:			
Principal	1,690,000	1,680,000	10,000
Interest	3,491,815	3,345,581	146,234
<i>Total Expenditures</i>	<u>5,231,815</u>	<u>5,074,469</u>	<u>157,346</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,404,547)</u>	<u>(2,213,068)</u>	<u>191,479</u>
<b>Other Financing Sources (Uses)</b>			
Transfer In	1,429,194	1,429,194	0
Refunding Bonds Issued	8,595,000	8,595,000	0
Premium on Refunding Bonds	1,223,852	1,223,852	0
Payment to Refunded Bond Escrow Agent	(9,818,852)	(9,818,852)	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,429,194</u>	<u>1,429,194</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(975,353)	(783,874)	191,479
<i>Fund Balance Beginning of Year</i>	<u>2,515,928</u>	<u>2,515,928</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,540,575</u>	<u>\$1,732,054</u>	<u>\$191,479</u>



## Lancaster City School District, Ohio

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### *Capital Projects Funds*

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

#### *Major Capital Projects Fund*

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

#### *Nonmajor Capital Projects Funds*

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

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

Building and Improvement Fund – To account for and report the funds committed for repairs and improvements to the high school building and other non-Ohio Facilities Construction Commission School District buildings. The fund was created under Ohio Revised Code 5705.13. To date, this fund consists of money transferred from the general fund which is allowed by Ohio Revised Code 5705.14 (e).

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Classroom Facilities Fund**  
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$9,125,385	\$10,516,074	\$1,390,689
Interest	398,000	441,070	43,070
<i>Total Revenues</i>	9,523,385	10,957,144	1,433,759
<b>Expenditures</b>			
Capital Outlay	34,457,192	25,226,884	9,230,308
<i>Excess of Revenues Under Expenditures</i>	(24,933,807)	(14,269,740)	10,664,067
<b>Other Financing Uses</b>			
Advances Out	(170,000)	(169,271)	729
<i>Net Change in Fund Balance</i>	(25,103,807)	(14,439,011)	10,664,796
<i>Fund Balance Beginning of Year</i>	28,593,325	28,593,325	0
<i>Prior Year Encumbrances Appropriated</i>	6,627,192	6,627,192	0
<i>Fund Balance at End of Year</i>	\$10,116,710	\$20,781,506	\$10,664,796

**Lancaster City School District, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*June 30, 2018*

	Permanent Improvement	Elementary and Junior High Building Projects	Building and Improvement	Total Nonmajor Capital Projects Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$3,638,202	\$133,351	\$6,350,000	\$10,121,553
Investments	0	4,462,140	0	4,462,140
Restricted Assets Cash and Cash Equivalents	0	20,319	0	20,319
<i>Total Assets</i>	<u>\$3,638,202</u>	<u>\$4,615,810</u>	<u>\$6,350,000</u>	<u>\$14,604,012</u>
<b>Liabilities</b>				
Contracts Payable	\$91,410	\$591,707	\$0	\$683,117
Retainage Payable	0	20,319	0	20,319
Intergovernmental Payable	0	351	0	351
<i>Total Liabilities</i>	<u>91,410</u>	<u>612,377</u>	<u>0</u>	<u>703,787</u>
<b>Fund Balances</b>				
Restricted	0	4,003,433	0	4,003,433
Committed	613,729	0	6,350,000	6,963,729
Assigned	2,933,063	0	0	2,933,063
<i>Total Fund Balances</i>	<u>3,546,792</u>	<u>4,003,433</u>	<u>6,350,000</u>	<u>13,900,225</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,638,202</u>	<u>\$4,615,810</u>	<u>\$6,350,000</u>	<u>\$14,604,012</u>

**Lancaster City School District, Ohio**  
*Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
For the Fiscal Year Ended June 30, 2018

	Permanent Improvement	Elementary and Junior High Building Projects	Building and Improvement	Total Nonmajor Capital Projects Funds
<b>Revenues</b>				
Interest	\$0	\$79,980	\$0	\$79,980
Gifts and Donations	1,077	0	0	1,077
Miscellaneous	677	0	0	677
<i>Total Revenues</i>	<u>1,754</u>	<u>79,980</u>	<u>0</u>	<u>81,734</u>
<b>Expenditures</b>				
Current:				
Extracurricular Activities	594,671	0	0	594,671
Capital Outlay	1,347,933	1,056,807	0	2,404,740
<i>Total Expenditures</i>	<u>1,942,604</u>	<u>1,056,807</u>	<u>0</u>	<u>2,999,411</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,940,850)</u>	<u>(976,827)</u>	<u>0</u>	<u>(2,917,677)</u>
<b>Other Financing Sources (Use)</b>				
Proceeds from Sale of Capital Assets	224,848	0	0	224,848
Transfers In	1,188,500	0	0	1,188,500
Transfers Out	(417,790)	0	0	(417,790)
<i>Total Other Financing Sources (Use)</i>	<u>995,558</u>	<u>0</u>	<u>0</u>	<u>995,558</u>
<i>Net Change in Fund Balances</i>	<u>(945,292)</u>	<u>(976,827)</u>	<u>0</u>	<u>(1,922,119)</u>
<i>Fund Balances Beginning of Year</i>	<u>4,492,084</u>	<u>4,980,260</u>	<u>6,350,000</u>	<u>15,822,344</u>
<i>Fund Balances End of Year</i>	<u>\$3,546,792</u>	<u>\$4,003,433</u>	<u>\$6,350,000</u>	<u>\$13,900,225</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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Gifts and Donations	\$2,000	\$1,077	(\$923)
Miscellaneous	500	677	177
<i>Total Revenues</i>	<u>2,500</u>	<u>1,754</u>	<u>(746)</u>
<b>Expenditures</b>			
Current:			
Extracurricular Activities	1,137,791	1,134,911	2,880
Capital Outlay	2,161,679	1,559,622	602,057
<i>Total Expenditures</i>	<u>3,299,470</u>	<u>2,694,533</u>	<u>604,937</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,296,970)</u>	<u>(2,692,779)</u>	<u>604,191</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Capital Assets	497,500	224,848	(272,652)
Transfers In	0	1,188,500	1,188,500
Transfers Out	(417,790)	(417,790)	0
<i>Total Other Financing Sources (Uses)</i>	<u>79,710</u>	<u>995,558</u>	<u>915,848</u>
<i>Net Change in Fund Balance</i>	<u>(3,217,260)</u>	<u>(1,697,221)</u>	<u>1,520,039</u>
<i>Fund Balance Beginning of Year</i>	4,369,071	4,369,071	0
<i>Prior Year Encumbrances Appropriated</i>	<u>254,828</u>	<u>254,828</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,406,639</u></u>	<u><u>\$2,926,678</u></u>	<u><u>\$1,520,039</u></u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Elementary and Junior High Building Projects Fund  
For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Interest	\$306,000	\$77,591	(\$228,409)
<b>Expenditures</b>			
Capital Outlay	5,293,969	4,980,164	313,805
<i>Excess of Revenues Under Expenditures</i>	<u>(4,987,969)</u>	<u>(4,902,573)</u>	<u>85,396</u>
<i>Fund Balance Beginning of Year</i>	4,494,462	4,494,462	0
<i>Prior Year Encumbrances Appropriated</i>	493,969	493,969	0
<i>Fund Balance at End of Year</i>	<u>\$462</u>	<u>\$85,858</u>	<u>\$85,396</u>

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Building and Improvement Fund**  
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
<i>Total Revenues</i>	\$0	\$0	\$0
<b>Expenditures</b>			
<i>Total Expenditures</i>	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance Beginning of Year</i>	6,350,000	6,350,000	0
<i>Fund Balance at End of Year</i>	<u>\$6,350,000</u>	<u>\$6,350,000</u>	<u>\$0</u>

## Lancaster City School District, Ohio

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### *Internal Service Fund*

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

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



**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenses, and Changes*  
*in Fund Equity - Budget and Actual (Budget Basis)*  
*Employee Benefits Self Insurance Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Charges for Services	\$12,250,000	\$12,164,742	(\$85,258)
<b>Expenses</b>			
Current:			
Support Services:			
Central:			
Purchased Services	5,600	3,065	2,535
Claims	12,347,200	12,293,262	53,938
<i>Total Expenses</i>	<u>12,352,800</u>	<u>12,296,327</u>	<u>56,473</u>
<i>Net Change in Fund Balance</i>	(102,800)	(131,585)	(28,785)
<i>Fund Equity Beginning of Year</i>	435,708	435,708	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,800</u>	<u>2,800</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u>\$335,708</u>	<u>\$306,923</u>	<u>(\$28,785)</u>

## Lancaster City School District, Ohio

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### *Fiduciary Funds*

#### *Private Purpose Trust Fund*

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

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

### *Agency Funds*

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

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

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

**Lancaster City School District, Ohio**  
*Schedule of Revenues, Expenses, and Changes*  
*in Fund Equity - Budget and Actual (Budget Basis)*  
*Endowment Fund*  
*For the Fiscal Year Ended June 30, 2018*

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Interest	\$500	\$609	\$109
<b>Expenses</b>			
Current:			
Non-Instructional Services:			
Community Services	1,925	1,725	200
<i>Net Change in Fund Balance</i>	(1,425)	(1,116)	309
<i>Fund Equity Beginning of Year</i>	38,991	38,991	0
<i>Prior Year Encumbrances Appropriated</i>	425	425	0
<i>Fund Equity at End of Year</i>	<u>\$37,991</u>	<u>\$38,300</u>	<u>\$309</u>

**Lancaster City School District, Ohio**  
*Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Fiscal Year Ended June 30, 2018*

	Balance 7/1/17	Additions	Reductions	Balance 6/30/18
<b>Student Managed Activity</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$117,300	\$113,169	\$145,289	\$85,180
<b>Liabilities</b>				
Due to Students	\$117,300	\$113,169	\$145,289	\$85,180
Total Liabilities	\$117,300	\$113,169	\$145,289	\$85,180
<b>Tournament Account</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$0	\$48,326	\$39,885	\$8,441
<b>Liabilities</b>				
Due to Others	\$0	\$48,326	\$39,885	\$8,441
Total Liabilities	\$0	\$48,326	\$39,885	\$8,441
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$117,300	\$161,495	\$185,174	\$93,621
<b>Liabilities</b>				
Due to Others	\$0	\$48,326	\$39,885	\$8,441
Due to Students	117,300	113,169	145,289	85,180
Total Liabilities	\$117,300	\$161,495	\$185,174	\$93,621

**Statistical  
Section**



**Lancaster  
Gales**

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# Statistical Section

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

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	<b>S2-S13</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source, property tax.	<b>S14-S23</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	<b>S24-S29</b>
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	<b>S30-S31</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	<b>S32-S50</b>

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

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

	2009	2010	2011	2012
Net Investment in Capital Assets	\$8,736,629	\$10,037,560	\$10,143,839	\$10,124,925
Restricted for:				
Classroom Facilities Construction	0	0	0	0
Capital Projects	0	0	0	0
Debt Service	0	0	0	0
Classroom Facilities Maintenance	0	0	0	0
Bus Purchase	40,693	0	0	0
Public School Support	27,005	20,732	0	0
District Managed Student Activities	79,896	103,900	139,017	154,599
Auxiliary Services	79,041	129,432	90,185	177,517
Special Education	937,719	0	0	0
IDEA - B	153,941	460,456	516,083	829,513
Title I	127,580	594,882	218,108	145,829
Education Jobs	0	0	453,316	0
Food Service (1)	0	392,252	634,988	832,212
Other Purposes	190,796	235,660	247,945	274,036
Federal and State Grants (3)	0	0	0	0
Community Grants (3)	0	0	0	0
Unrestricted (Deficits)	26,469,952	32,773,653	40,162,876	42,864,021
<b>Total Net Position</b>	<b>\$36,843,252</b>	<b>\$44,748,527</b>	<b>\$52,606,357</b>	<b>\$55,402,652</b>

- (1) Prior to 2010 these amounts were combined with Unrestricted.
- (2) The School District reported the impact of GASB Statement No. 68 beginning in fiscal year 2014.
- (3) Prior to 2017 these amounts were combined with Other Purposes.
- (4) The School District reported the impact of GASB Statement No. 75 beginning in fiscal year 2017.

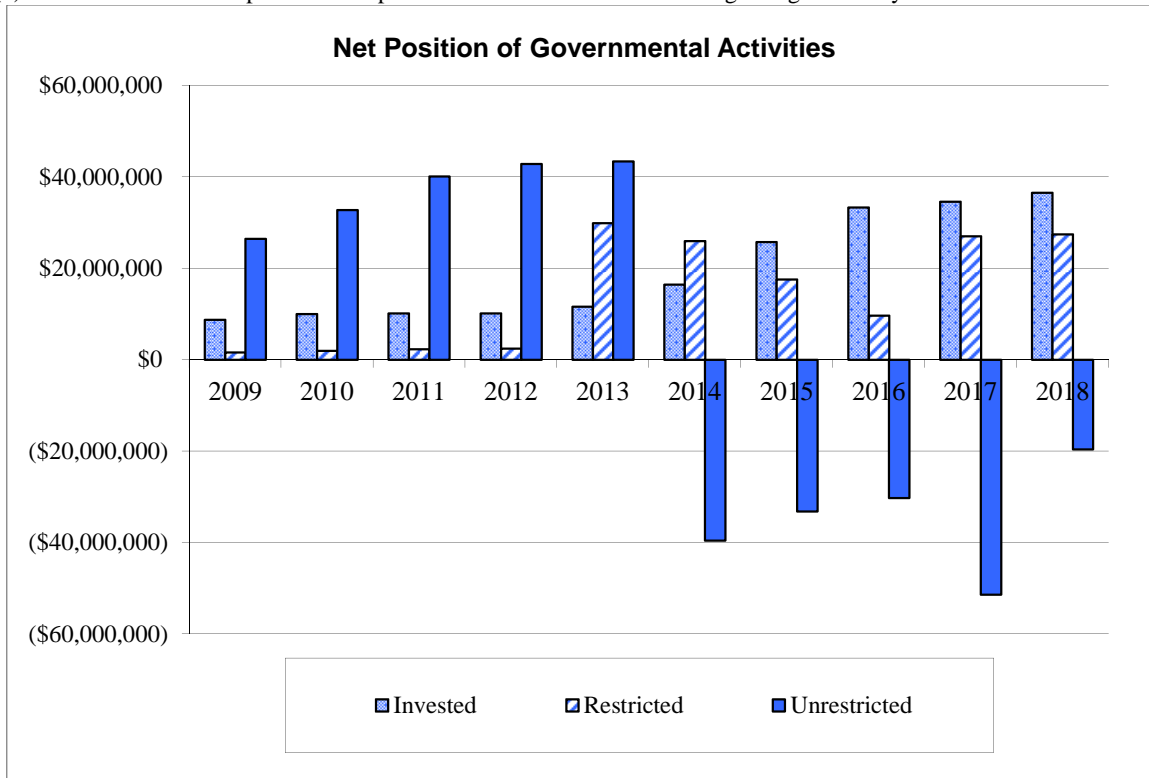




TABLE 1

2013	2014 (2)	2015	2016	2017 (4)	2018
\$11,590,278	\$16,476,059	\$25,740,188	\$33,343,775	\$34,593,562	\$36,559,735
25,597,562	22,362,386	12,273,013	3,825,043	22,111,463	21,949,481
0	9,781	1,168,539	1,586,307	1,309,785	1,449,778
1,326,932	716,983	851,463	993,593	0	0
286,129	752,867	1,232,636	1,683,588	2,098,304	2,524,724
0	0	0	0	0	0
0	0	0	0	0	0
170,742	153,612	175,593	179,302	190,573	211,020
68,165	76,104	47,067	63,567	25,650	120,871
0	0	0	0	0	0
732,038	317,303	145,107	62,892	140,005	265,059
458,680	216,280	172,927	0	0	0
0	0	0	0	0	0
1,046,964	1,214,943	1,212,855	1,191,674	1,051,082	894,019
211,330	150,853	326,308	92,365	0	0
0	0	0	0	76,422	37,113
0	0	0	0	15,969	18,164
43,400,056	(39,619,703)	(33,238,007)	(30,303,481)	(51,439,305)	(19,604,067)
\$84,888,876	\$2,827,468	\$10,107,689	\$12,718,625	\$10,173,510	\$44,425,897

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

	2009	2010	2011	2012
<b>Expenses</b>				
Regular Instruction	\$25,382,476	\$25,015,206	\$25,267,226	\$27,582,357
Special Instruction	6,916,927	6,505,593	6,774,046	6,734,872
Vocational Instruction	1,876,125	2,045,360	1,988,929	1,861,495
Student Intervention Services	195,280	174,393	387,025	89,895
Pupil Support Services	2,888,413	3,439,429	3,803,695	3,816,291
Instructional Staff Support Services	3,297,921	3,817,462	4,536,035	4,143,502
Board of Education Support Services	126,111	100,093	138,662	159,360
Administration Support Services	4,297,134	3,507,018	3,989,703	4,363,280
Fiscal Support Services	1,798,715	1,162,607	1,225,020	1,223,058
Business Support Services	480,900	344,051	301,490	276,541
Operation and Maintenance of				
Plant Support Services	4,659,595	4,473,972	4,732,028	4,858,140
Pupil Transportation Support Services	1,740,238	1,819,850	1,814,524	1,898,371
Central Support Services	81,009	1,016,939	1,028,761	897,022
Food Service Operations	2,387,214	2,391,647	2,442,927	2,604,226
Other Operation of Non-				
Instructional Services	1,384,954	1,045,247	1,053,992	1,051,937
Extracurricular Activities	1,081,703	1,184,055	1,198,641	1,236,389
Interest and Fiscal Charges	0	42,918	48,045	37,373
<i>Total Expenses</i>	<u>58,594,715</u>	<u>58,085,840</u>	<u>60,730,749</u>	<u>62,834,109</u>
<b>Program Revenues</b>				
Charges for Services				
Regular Instruction	874,820	794,725	859,936	938,378
Special Instruction	161,007	160,980	125,123	108,523
Vocational Instruction	172,544	56,766	30,488	48,254
Pupil Support Services	0	246	16,692	28,577
Instructional Staff Support Services	0	0	0	46
Administration Support Services	23,638	8,744	6,426	1,767
Operation and Maintenance of				
Plant Support Services	4,866	104,254	125,290	129,251
Pupil Transportation Support Services	11,117	14,839	29,448	17,179
Food Service Operations	834,293	773,689	759,368	737,163
Other Operation of Non-				
Instructional Services	160,415	130,705	182,492	170,080
Extracurricular Activities	341,229	354,660	334,411	338,384
Operating Grants, Contributions, and Interest				
Regular Instruction	547,746	407,940	333,142	942,726
Special Instruction	3,110,062	3,607,752	2,353,432	3,426,182
Vocational Instruction	499,120	891,240	504,251	532,314
Student Intervention Services	0	744	74,459	0
Pupil Support Services	373,081	506,868	1,277,950	570,319
Instructional Staff Support Services	1,121,538	875,508	1,687,199	1,498,589

TABLE 2

2013	2014	2015 (1)	2016	2017	2018 (2)
\$27,890,107	\$29,848,634	\$29,708,171	\$29,700,108	\$31,674,609	\$14,186,565
7,794,149	10,217,253	9,651,160	11,020,872	11,806,914	6,443,215
1,758,521	1,974,580	1,923,408	2,024,594	2,122,086	912,083
3,174	174,512	260,881	180,818	211,613	206,719
3,282,144	3,597,290	3,865,507	4,208,387	5,175,261	2,671,564
4,068,497	2,279,993	2,816,972	2,618,263	2,695,038	2,045,335
192,292	67,899	92,128	102,519	155,000	88,258
4,466,574	4,315,917	4,297,909	4,711,867	5,384,707	2,251,147
1,338,643	1,518,643	1,502,900	1,523,603	1,620,955	1,543,008
297,066	302,839	290,761	331,799	364,667	342,391
6,118,563	6,567,218	4,938,089	5,891,773	7,354,044	5,130,324
1,888,965	1,982,221	2,016,563	2,227,854	2,526,574	2,524,533
930,175	1,147,639	1,011,934	1,190,186	1,175,341	850,855
2,595,416	2,579,805	2,709,448	3,123,926	3,254,245	3,045,637
1,205,901	1,004,579	991,078	1,038,093	1,134,373	992,211
1,260,333	1,280,481	1,293,274	1,857,024	1,852,100	1,866,475
2,222,824	2,557,104	2,528,146	2,532,837	3,217,408	3,123,744
67,313,344	71,416,607	69,898,329	74,284,523	81,724,935	48,224,064
749,921	867,120	988,590	1,075,346	1,131,977	1,172,302
258,463	300,429	209,001	98,405	282,708	160,790
52,492	78,097	103,288	81,305	78,237	86,030
24,898	6,302	6,387	0	0	0
0	0	238	1,313	2,095	7,527
115,824	120,294	17,276	7,084	0	0
131,918	110,416	103,105	88,412	73,525	116,273
19,743	20,545	20,560	23,742	15,922	9,524
652,895	573,579	533,732	527,806	499,615	496,726
195,446	146,532	115,456	199,658	124,204	133,319
329,327	317,986	345,615	318,142	345,516	398,522
639,781	530,186	1,723,429	533,751	299,445	157,096
4,041,995	5,700,993	5,945,696	6,792,284	6,898,413	7,096,388
492,743	366,636	496,989	444,602	549,130	612,295
0	106,224	147,149	133,416	174,189	186,997
209,826	220,381	258,411	335,598	305,443	326,856
1,050,092	246,445	763,570	158,207	343,999	321,093

(Continued)

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

(continued)	2009	2010	2011	2012
<b>Operating Grants, Contributions, and Interest</b>				
Administration Support Services	\$229,436	\$193,400	\$261,143	\$308,105
Fiscal Support Services	0	0	0	0
<b>Operation and Maintenance of</b>				
Plant Support Services	26,452	5,185	0	0
Pupil Transportation Support Services	111,984	114,502	130,493	112,226
Central Support Services	51,063	190,905	35,523	24,737
Food Service Operations	1,544,922	1,812,966	1,881,023	2,015,424
<b>Other Operation of Non-</b>				
Instructional Services	1,083,287	1,001,083	933,483	991,955
Extracurricular Activities	5,485	0	0	0
<b>Capital Grants and Contributions</b>				
Regular Instruction	0	14,800	5,695	0
Special Instruction	0	0	0	0
Vocational Instruction	0	0	0	0
Pupil Support Services	0	0	0	0
Instructional Staff Support Services	0	0	0	0
Administration Support Services	0	0	0	0
Fiscal Support Services	0	0	0	0
Business Support Services	0	0	0	0
<b>Operation and Maintenance of</b>				
Plant Support Services	0	0	0	0
Pupil Transportation Support Services	28,433	0	0	0
Central Support Services	0	0	0	0
Food Service Operations	0	0	0	0
<b>Other Operation of Non-</b>				
Instructional Services	0	0	0	0
Extracurricular Activities	0	8,806	672	1,056
<b>Total Program Revenues</b>	<b>11,316,538</b>	<b>12,031,307</b>	<b>11,948,139</b>	<b>12,941,235</b>
<b>Net Expense</b>	<b>(47,278,177)</b>	<b>(46,054,533)</b>	<b>(48,782,610)</b>	<b>(49,892,874)</b>
<b>General Revenues</b>				
<b>Property Taxes Levied for:</b>				
General Purposes	19,160,191	18,019,554	20,337,720	19,355,151
Debt Service	0	0	0	0
Classroom Facilities Maintenance	0	0	0	0
Income Taxes Levied for General Purposes	9,623,513	9,779,684	10,074,785	10,297,991
<b>Grants and Entitlements not</b>				
Restricted to Specific Programs	23,121,048	25,370,579	25,647,701	22,571,044
Gain on Sale of Capital Assets	6,300	21,819	11,898	6,324
Payment in Lieu of Taxes	0	240,995	53,200	99,473
Unrestricted Contributions	1,000	3,932	2,747	15,130
Investment Earnings	454,476	426,821	355,164	279,429
Miscellaneous	55,433	96,424	157,225	64,627
<b>Total General Revenues</b>	<b>52,421,961</b>	<b>53,959,808</b>	<b>56,640,440</b>	<b>52,689,169</b>
<b>Change in Net Position</b>	<b>\$5,143,784</b>	<b>\$7,905,275</b>	<b>\$7,857,830</b>	<b>\$2,796,295</b>

(1) Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in fiscal year 2015.

(2) Expenses are first impacted by the implementation of GASB Statement No. 75 beginning in fiscal year 2018.

TABLE 2 (continued)

2013	2014	2015 (1)	2016	2017	2018 (2)
\$338,369	\$415,640	\$482,832	\$218,156	\$408,448	\$106,571
214,574	408,539	384,257	369,117	328,783	318,048
26,989	0	70,378	11,169	41,497	44,383
153,141	152,160	168,817	131,988	166,917	174,666
21,600	0	0	0	0	0
2,096,846	2,088,784	2,074,633	2,297,069	2,316,336	2,178,953
910,871	806,292	871,401	840,735	964,782	1,022,700
1,896	1,038	244	1,124	0	0
157,417	0	0	0	0	0
48,280	0	0	0	0	0
11,943	0	0	0	0	0
23,248	0	0	0	0	0
55,420	0	0	0	0	0
30,403	0	912	41	186	0
3,570	0	0	0	0	0
1,785	0	0	0	0	0
31,578	0	0	0	0	0
31,112	3,700	0	0	0	0
2,975	0	0	0	0	0
31,578	0	0	0	0	0
1,785	0	0	0	0	0
6,887	3	16,224	1,711	4,825	1,077
13,167,631	13,588,321	15,848,190	14,690,181	15,356,192	15,128,136
(54,145,713)	(57,828,286)	(54,050,139)	(59,594,342)	(66,368,743)	(33,095,928)
20,265,836	21,853,496	20,985,094	21,108,780	21,725,046	23,033,869
1,798,935	3,081,621	2,612,314	2,639,222	2,562,761	2,726,800
264,526	423,255	436,839	411,175	412,558	443,747
10,447,432	10,977,817	11,076,920	11,639,038	12,205,606	12,257,559
50,183,166	23,270,370	25,245,049	25,422,660	47,590,946	26,733,830
23,138	24,884	1,715	0	0	69,075
168,385	119,261	130,635	90,674	104,193	244,740
6,403	5,358	1,148	3,350	2,432	1,000
188,017	575,118	523,283	777,493	564,600	1,170,281
286,099	119,890	317,363	112,886	208,850	667,414
83,631,937	60,451,070	61,330,360	62,205,278	85,376,992	67,348,315
\$29,486,224	\$2,622,784	\$7,280,221	\$2,610,936	\$19,008,249	\$34,252,387

**Lancaster City School District, Ohio**

*Program Revenues by Function*

*Last Ten Fiscal Years*

*(accrual basis of accounting)*

<i>Function</i>	2009	2010	2011	2012
Regular Instruction	\$1,422,566	\$1,217,465	\$1,198,773	\$1,881,104
Special Instruction	3,271,069	3,768,732	2,478,555	3,534,705
Vocational Instruction	671,664	948,006	534,739	580,568
Student Intervention Services	0	744	74,459	0
Pupil Support Services	373,081	507,114	1,294,642	598,896
Instructional Staff Support Services	1,121,538	875,508	1,687,199	1,498,635
Administration Support Services	253,074	202,144	267,569	309,872
Fiscal Support Services	0	0	0	0
Business Support Services	0	0	0	0
Operation and Maintenance of Plant Support Services	31,318	109,439	125,290	129,251
Pupil Transportation Support Services	151,534	129,341	159,941	129,405
Central Support Services	51,063	190,905	35,523	24,737
Food Service Operations	2,379,215	2,586,655	2,640,391	2,752,587
Other Operation of Non-Instructional Services	1,243,702	1,131,788	1,115,975	1,162,035
Extracurricular Activities	346,714	363,466	335,083	339,440
<b>Total Program Revenues</b>	<b>\$11,316,538</b>	<b>\$12,031,307</b>	<b>\$11,948,139</b>	<b>\$12,941,235</b>

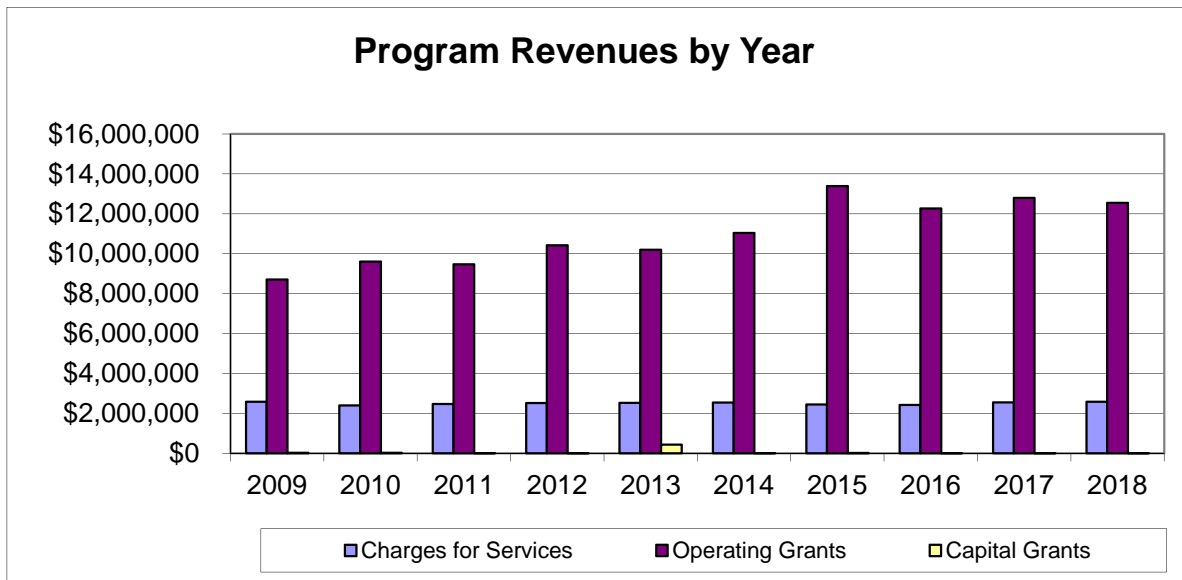


TABLE 3

2013	2014	2015	2016	2017	2018
\$1,547,119	\$1,397,306	\$2,712,019	\$1,609,097	\$1,431,422	\$1,329,398
4,348,738	6,001,422	6,154,697	6,890,689	7,181,121	7,257,178
557,178	444,733	600,277	525,907	627,367	698,325
0	106,224	147,149	133,416	174,189	186,997
257,972	226,683	264,798	335,598	305,443	326,856
1,105,512	246,445	763,808	159,520	346,094	328,620
484,596	535,934	501,020	225,281	408,634	106,571
218,144	408,539	384,257	369,117	328,783	318,048
1,785	0	0	0	0	0
190,485	110,416	173,483	99,581	115,022	160,656
203,996	176,405	189,377	155,730	182,839	184,190
24,575	0	0	0	0	0
2,781,319	2,662,363	2,608,365	2,824,875	2,815,951	2,675,679
1,108,102	952,824	986,857	1,040,393	1,088,986	1,156,019
338,110	319,027	362,083	320,977	350,341	399,599
<u>\$13,167,631</u>	<u>\$13,588,321</u>	<u>\$15,848,190</u>	<u>\$14,690,181</u>	<u>\$15,356,192</u>	<u>\$15,128,136</u>

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

	2009	2010	2011	2012
<b>General Fund</b>				
Nonspendable	\$0	\$152,939	\$149,498	\$192,201
Committed	0	1,366,227	1,084,681	1,487,757
Assigned	0	1,257,839	2,055,469	2,663,482
Unassigned	0	16,627,287	22,375,936	23,888,980
Reserved	3,683,265	0	0	0
Unreserved	9,747,000	0	0	0
<b>Total General Fund</b>	<b>13,430,265</b>	<b>19,404,292</b>	<b>25,665,584</b>	<b>28,232,420</b>
<b>Classroom Facilities</b>				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
<b>Total Classroom Facilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>All Other Governmental Funds</b>				
Nonspendable	0	90,606	125,512	19,740
Restricted	0	1,037,033	904,870	1,274,814
Committed	0	114,663	133,335	129,304
Assigned	0	7,972,597	7,972,317	7,437,921
Unassigned (Deficits)	0	(747)	(153,074)	(165,668)
Reserved	573,455	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,496,164	0	0	0
Capital Projects Funds	7,970,676	0	0	0
<b>Total All Other Governmental Funds</b>	<b>10,040,295</b>	<b>9,214,152</b>	<b>8,982,960</b>	<b>8,696,111</b>
<b>Total Governmental Funds</b>	<b>\$23,470,560</b>	<b>\$28,618,444</b>	<b>\$34,648,544</b>	<b>\$36,928,531</b>

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

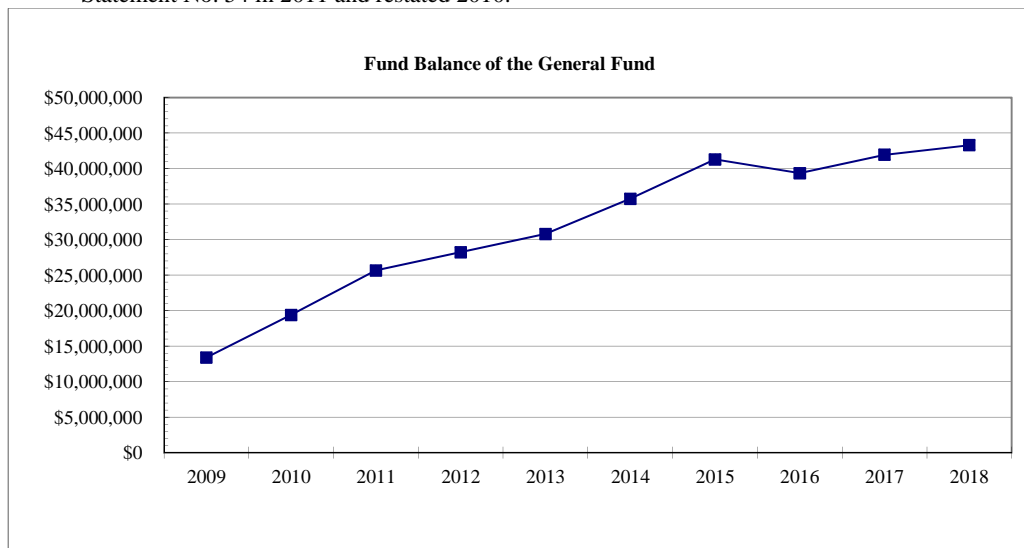




TABLE 4

2013	2014	2015	2016	2017	2018
\$233,871	\$272,265	\$285,634	\$417,286	\$471,733	\$628,459
1,537,138	959,770	873,019	1,638,158	1,296,633	1,061,934
1,574,861	791,069	1,676,847	2,829,153	2,264,369	6,544,528
27,454,346	33,724,581	38,430,356	34,463,767	37,902,931	35,051,530
0	0	0	0	0	0
0	0	0	0	0	0
30,800,216	35,747,685	41,265,856	39,348,364	41,935,666	43,286,451
0	6,553	0	0	0	0
56,238,658	60,020,664	38,957,959	15,982,647	34,654,860	40,090,999
56,238,658	60,027,217	38,957,959	15,982,647	34,654,860	40,090,999
134,727	139,998	58,698	16,451	20,468	19,533
14,010,684	11,595,365	8,731,470	8,541,256	11,244,410	9,981,689
141,911	124,935	671,378	6,838,140	6,567,132	7,061,513
6,585,818	4,797,228	4,641,314	4,591,434	4,380,495	2,933,063
(53,785)	(127,249)	(106,934)	(176,250)	(33,376)	(104,345)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
20,819,355	16,530,277	13,995,926	19,811,031	22,179,129	19,891,453
\$107,858,229	\$112,305,179	\$94,219,741	\$75,142,042	\$98,769,655	\$103,268,903

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

	2009	2010	2011	2012
<b>Revenues</b>				
Property and Other Local Taxes	\$18,912,036	\$18,767,854	\$19,451,956	\$18,670,963
Payment in Lieu of Taxes	11,092	166,498	104,608	90,883
Income Taxes	9,569,688	9,858,713	9,992,256	10,274,903
Intergovernmental	31,931,545	35,034,320	34,494,059	32,914,732
Interest	409,591	342,864	195,117	201,627
Tuition and Fees	1,088,516	993,082	1,046,528	1,082,139
Charges for Services	834,293	773,689	759,368	737,163
Rent	122,366	104,774	126,770	130,816
Extracurricular Activities	538,754	528,063	537,008	567,484
Collection of a Capital Lease	31,250	0	0	0
Gifts and Donations	13,741	71,277	47,028	88,646
Miscellaneous	55,433	96,424	157,225	64,627
<i>Total Revenues</i>	<u>63,518,305</u>	<u>66,737,558</u>	<u>66,911,923</u>	<u>64,823,983</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	25,878,642	26,486,501	25,053,553	27,325,710
Special	7,054,730	6,683,180	6,727,679	6,782,966
Vocational	1,889,406	2,340,419	2,017,770	1,796,053
Student Intervention Services	195,280	183,208	385,243	88,813
Support Services:				
Pupil	2,874,685	3,563,711	3,775,301	3,777,464
Instructional Staff	3,384,896	3,959,734	4,475,848	4,072,815
Board of Education	126,111	100,093	138,662	159,360
Administration	4,003,138	3,827,631	3,961,818	4,153,291
Fiscal	1,778,785	1,187,136	1,220,695	1,211,820
Business	955,566	366,104	297,106	272,601
Operation and Maintenance of Plant	4,784,494	4,737,066	4,656,043	4,679,532
Pupil Transportation	1,654,664	2,042,037	1,809,713	2,030,856
Central	415,395	1,113,133	1,044,765	883,231
Food Service Operations	2,385,640	2,460,290	2,392,623	2,560,151
Other Operation of Non-Instructional Services	1,405,157	1,102,192	1,105,593	1,057,043
Extracurricular Activities	1,004,894	1,181,301	1,146,649	1,177,767
Capital Outlay	623,832	897,077	500,396	350,693
Debt Service:				
Principal Retirement	0	95,273	136,219	147,514
Interest and Fiscal Charges	0	42,918	48,045	36,725
Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>60,415,315</u>	<u>62,369,004</u>	<u>60,893,721</u>	<u>62,564,405</u>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>3,102,990</u>	<u>4,368,554</u>	<u>6,018,202</u>	<u>2,259,578</u>
<b>Other Financing Sources (Uses)</b>				
Inception of Capital Lease	0	757,246	11,898	20,409
Proceeds from Sale of Capital Assets	6,300	22,084	0	0
General Obligation Bonds Issued	0	0	0	0
Refunding Bonds Issued	0	0	0	0
Energy Conservation Notes Issued	0	0	0	0
Premium on Bonds Issued	0	0	0	0
Premium on Refunding Bonds Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	28,376	19,007	14,427	14,081
Transfers Out	(28,376)	(19,007)	(14,427)	(14,081)
<i>Total Other Financing Sources (Uses)</i>	<u>6,300</u>	<u>779,330</u>	<u>11,898</u>	<u>20,409</u>
<i>Net Change in Fund Balances</i>	<u>\$3,109,290</u>	<u>\$5,147,884</u>	<u>\$6,030,100</u>	<u>\$2,279,987</u>
Debt Service as a Percentage of				
Noncapital Expenditures	0.0%	0.2%	0.3%	0.3%

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

TABLE 5

2013	2014	2015	2016	2017	2018
\$22,154,415	\$25,820,261	\$24,259,446	\$24,387,927	\$24,995,939	\$26,384,969
122,423	156,129	133,404	112,676	104,193	244,740
10,468,860	10,919,272	11,159,854	11,556,995	12,010,139	12,275,780
37,282,526	44,252,133	49,667,754	40,022,330	38,864,180	49,561,830
162,021	578,441	489,546	839,384	522,123	1,155,738
1,168,376	1,334,027	1,254,670	1,217,727	1,440,336	1,357,045
652,895	573,579	533,732	527,806	499,615	452,739
133,272	111,739	104,292	89,528	74,768	117,560
576,384	521,955	550,554	586,152	539,080	609,682
0	0	0	0	0	0
77,331	67,971	49,892	25,111	49,215	54,255
281,799	124,190	317,363	112,886	306,372	667,414
73,080,302	84,459,697	88,520,507	79,478,522	79,405,960	92,881,752
27,812,378	29,012,986	28,985,611	28,562,820	30,469,333	31,149,690
7,772,205	9,826,230	9,705,078	10,427,791	11,331,374	12,162,829
1,780,656	1,845,123	1,905,290	1,880,951	2,064,939	1,970,455
2,058	173,296	248,690	180,350	213,017	198,936
3,289,153	3,508,400	3,698,365	4,123,499	4,988,102	4,827,880
3,994,307	2,309,927	2,729,325	2,531,615	2,653,941	2,668,894
192,292	67,899	92,245	102,650	154,526	88,977
4,368,763	4,328,975	4,299,622	4,530,195	4,966,852	5,075,321
1,327,490	1,500,199	1,497,487	1,500,733	1,572,146	1,560,935
294,612	293,807	282,327	316,733	352,117	332,696
4,882,727	4,778,122	4,795,097	4,939,195	5,305,641	5,184,229
1,971,460	2,112,092	2,128,818	1,906,594	2,575,124	2,979,098
935,544	1,060,086	1,011,765	1,148,153	1,105,881	1,133,153
2,535,560	2,499,862	2,655,450	2,876,309	2,997,138	2,914,242
1,224,423	977,668	1,021,118	1,045,713	1,125,761	1,051,931
1,192,661	1,213,735	1,231,059	1,743,523	1,734,749	2,017,571
3,016,136	9,384,545	37,040,070	27,283,038	9,140,382	7,975,512
159,762	2,479,580	896,641	898,606	885,278	1,930,149
1,618,796	2,665,099	2,627,982	2,633,196	3,138,787	3,388,949
833,000	0	0	0	366,824	151,681
69,203,983	80,037,631	106,852,040	98,631,664	87,141,912	88,763,128
3,876,319	4,422,066	(18,331,533)	(19,153,142)	(7,735,952)	4,118,624
1,036,010	0	221,211	48,357	806,844	0
39,418	24,884	24,884	27,086	209,786	228,943
60,410,000	0	0	0	28,140,000	0
0	0	0	0	0	8,595,000
2,000,000	0	0	0	0	0
3,567,951	0	0	0	2,206,935	0
0	0	0	0	0	1,375,533
0	0	0	0	0	(9,818,852)
52,683,081	470,230	2,310,590	8,803,904	27,759,985	2,688,687
(52,683,081)	(470,230)	(2,310,590)	(8,803,904)	(27,759,985)	(2,688,687)
67,053,379	24,884	246,095	75,443	31,363,565	380,624
\$70,929,698	\$4,446,950	(\$18,085,438)	(\$19,077,699)	\$23,627,613	\$4,499,248
2.7%	7.2%	5.1%	4.9%	5.1%	6.7%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
2009	\$633,678,410	\$256,949,890	\$2,544,652,286	\$23,299,690	\$93,198,760
2010	634,841,800	245,888,380	2,516,371,943	24,843,910	99,375,640
2011	615,749,980	240,753,390	2,447,152,486	44,246,800	176,987,200
2012	616,978,730	245,316,740	2,463,701,343	44,756,650	179,026,600
2013	618,293,410	247,941,310	2,474,956,343	48,644,050	194,576,200
2014	614,184,870	252,145,190	2,475,228,743	48,977,450	195,909,800
2015	617,354,180	246,263,980	2,467,480,457	48,501,740	194,006,960
2016	619,442,520	247,328,750	2,476,489,343	51,539,360	206,157,440
2017	639,780,840	252,019,550	2,548,001,114	54,517,070	218,068,280
2018	645,511,750	245,633,080	2,546,128,086	56,237,600	224,950,400

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property tax has been phased out, and during the phase out period, all general business tangible personal property was assessed at zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies, at 5 percent for 2010. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers, (except telephone companies whose last year to pay tangible personal property tax is 2010).

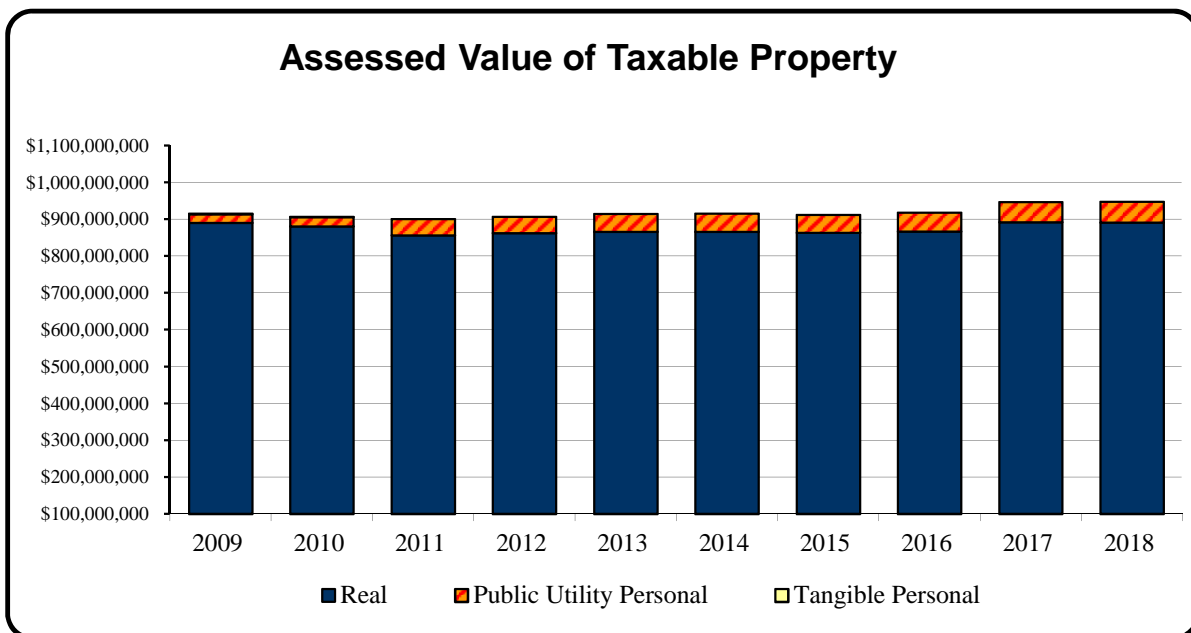
The tangible personal property values associated with each year were the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by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

Values are shown net of exempt property.

**Source:** Fairfield County Auditor

TABLE 6

Tangible Personal Property						
General Business		Total			Full Tax Rate Per \$1,000 of Assessed Valuation	Weighted Average Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio		
\$1,316,970	\$13,169,700	\$915,244,960	\$2,651,020,746	35%	\$64.6000	\$23.1593
644,470	12,889,400	906,218,560	2,628,636,983	34%	64.6000	23.4320
0	0	900,750,170	2,624,139,686	34%	64.6000	24.7674
0	0	907,052,120	2,642,727,943	34%	64.6000	24.6920
0	0	914,878,770	2,669,532,543	34%	68.7000	28.8821
0	0	915,307,510	2,671,138,543	34%	68.3000	28.6960
0	0	912,119,900	2,661,487,417	34%	68.3000	28.8818
0	0	918,310,630	2,682,646,783	34%	68.3000	29.0139
0	0	946,317,460	2,766,069,394	34%	68.1000	28.4427
0	0	947,382,430	2,771,078,486	34%	68.1000	28.6292



**Lancaster City School District, Ohio**

*Property Tax Rates*

(per \$1,000 of assessed value)

*Last Ten Years*

	Collection Year			
	2009	2010	2011	2012
<b>Unvoted Millage</b>				
Operating	\$4.0000	\$4.0000	\$4.0000	\$4.0000
<b>Voted Millage - by levy</b>				
1976 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	5.6540	5.6613	5.8620	5.8670
Commercial/Industrial and Public Utility Real	7.5895	7.9116	7.9446	7.7974
General Business and Public Utility Personal	32.7000	32.7000	32.7000	32.7000
1977 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	1.7291	1.7313	1.7926	1.7942
Commercial/Industrial and Public Utility Real	2.3210	2.4195	2.4295	2.3845
General Business and Public Utility Personal	10.0000	10.0000	10.0000	10.0000
1990 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	4.6143	4.6203	4.7840	4.7881
Commercial/Industrial and Public Utility Real	5.3017	5.5267	5.5497	5.4469
General Business and Public Utility Personal	10.0000	10.0000	10.0000	10.0000
1997 Operating - continuing				
Effective Millage Rates				
Residential/Agricultural Real	5.1364	5.1431	5.3253	5.3299
Commercial/Industrial and Public Utility Real	4.9722	5.1832	5.2047	5.1083
General Business and Public Utility Personal	7.9000	7.9000	7.9000	7.9000
2012 Permanent Improvement - continuing				
Effective Millage Rates				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
2012 Bond Retirement - 37 years (\$61,550,000)				
Effective Millage Rates				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
<b>Total voted millage by type of property</b>				
Residential/Agricultural Real	17.1338	17.1559	17.7639	17.7792
Commercial/Industrial and Public Utility Real	20.1844	21.0409	21.1285	20.7371
General Business and Public Utility Personal	60.6000	60.6000	60.6000	60.6000
<b>Total millage by type of property</b>				
Residential/Agricultural Real	21.1338	21.1559	21.7639	21.7792
Commercial/Industrial and Public Utility Real	24.1844	25.0409	25.1285	24.7371
General Business and Public Utility Personal	64.6000	64.6000	64.6000	64.6000
Total Direct Rate for the School District	64.6000	64.6000	64.6000	64.6000
Total Weighted Average Tax Rate	\$23.1593	\$23.4320	\$24.7674	\$24.6920

TABLE 7

Collection Year					
2013	2014	2015	2016	2017	2018
\$4.0000	\$4.0000	\$4.0000	\$4.0000	\$4.0000	\$4.0000
5.8675	5.9082	5.9171	5.8985	5.7223	5.7219
7.6915	7.8340	8.1095	8.1763	8.1047	8.3080
32.7000	32.7000	32.7000	32.7000	32.7000	32.7000
1.7946	1.8068	1.8095	1.8038	1.7499	1.7498
2.3522	2.3957	2.4800	2.5004	2.4785	2.5407
10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
4.7892	4.8218	4.8291	4.8138	4.6700	4.6697
5.3730	5.4725	5.6650	5.7116	5.6615	5.8036
10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
5.3310	5.3674	5.3755	5.3585	5.1984	5.1981
5.0390	5.1323	5.3128	5.3566	5.3096	5.4428
7.9000	7.9000	7.9000	7.9000	7.9000	7.9000
0.5000	0.5000	0.5000	0.4984	0.4835	0.4835
0.4932	0.5000	0.5000	0.5000	0.4956	0.5000
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
3.6000	3.2000	3.2000	3.2000	3.0000	3.0000
3.6000	3.2000	3.2000	3.2000	3.0000	3.0000
3.6000	3.2000	3.2000	3.2000	3.0000	3.0000
21.8823	21.6042	21.6312	21.5731	20.8242	20.8230
24.5489	24.5345	25.2673	25.4449	25.0499	25.5951
64.7000	64.3000	64.3000	64.3000	64.1000	64.1000
25.8823	25.6042	25.6312	25.5731	24.8242	24.8230
28.5489	28.5345	29.2673	29.4449	29.0499	29.5951
68.7000	68.3000	68.3000	68.3000	68.1000	68.1000
68.7000	68.3000	68.3000	68.3000	68.1000	68.1000
\$28.8821	\$28.6960	\$28.8818	\$29.0139	\$28.4427	\$28.6292

(Continued)

**Lancaster City School District, Ohio**

*Property Tax Rates*

(per \$1,000 of assessed value)

*Last Ten Years*

	Collection Year			
	2009	2010	2011	2012
<b>Overlapping Rates by Taxing District</b>				
Berne Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	4.9221	4.9293	4.9746	4.9748
Commercial/Industrial and Public Utility Real	4.8806	4.8806	4.8881	4.7892
General Business and Public Utility Personal	7.7000	7.7000	7.7000	7.7000
Greenfield Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	8.9260	8.9220	8.9684	8.9731
Commercial/Industrial and Public Utility Real	8.0183	8.0334	8.0367	8.1221
General Business and Public Utility Personal	11.2000	11.2000	11.1000	11.1000
Hocking Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	4.1693	4.1671	4.1922	4.1902
Commercial/Industrial and Public Utility Real	3.6521	3.6490	3.6483	3.6478
General Business and Public Utility Personal	4.7000	4.7000	4.7000	4.7000
Pleasant Township Millage				
Effective Millage Rates				
Residential/Agricultural Real	8.0180	8.0224	8.1202	8.1227
Commercial/Industrial and Public Utility Real	8.2611	8.2668	8.3185	8.3185
General Business and Public Utility Personal	9.1000	9.1000	9.1000	9.1000
Lancaster City Millage				
Effective Millage Rates				
Residential/Agricultural Real	3.4000	3.4000	3.4000	3.4000
Commercial/Industrial and Public Utility Real	3.4000	3.4000	3.4000	3.4000
General Business and Public Utility Personal	3.4000	3.4000	3.4000	3.4000
Fairfield County Library Millage				
Effective Millage Rates				
Residential/Agricultural Real	0.4205	0.4207	0.4264	0.4265
Commercial/Industrial and Public Utility Real	0.4178	0.4322	0.4411	0.4364
General Business and Public Utility Personal	0.5000	0.5000	0.5000	0.5000
Fairfield County Historic Parks Millage				
Effective Millage Rates				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.4000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.4000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.4000
Fairfield County Millage				
Effective Millage Rates				
Residential/Agricultural Real	6.7525	7.8337	7.9332	7.9357
Commercial/Industrial and Public Utility Real	6.5699	7.7745	7.8328	7.8343
General Business and Public Utility Personal	7.5500	8.5500	8.5500	8.5500

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

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

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

**Source:** Ohio Department of Taxation, Fairfield County Auditor



TABLE 7 (continued)

Collection Year					
2013	2014	2015	2016	2017	2018
4.9726	6.2286	6.2286	6.2342	6.0521	5.9475
4.7893	6.3343	6.3343	6.3601	6.2440	6.2630
7.7000	9.1000	9.1000	9.1000	9.0000	8.9000
8.9624	8.6591	8.6591	9.3632	8.9572	9.4911
8.1129	7.7885	7.7885	8.8244	8.7666	9.1092
11.1000	11.1000	11.1000	11.8000	11.8000	12.3000
4.1891	4.0665	4.0665	4.0645	6.3716	6.3585
3.8439	3.8051	3.8051	3.6831	6.1475	6.1331
4.7000	4.7000	4.7000	4.7000	7.2000	7.2000
8.1278	7.8841	7.8841	7.9011	7.7287	9.7182
8.2385	8.1975	8.1975	8.1815	8.4238	10.4453
9.1000	9.1000	9.1000	9.1000	9.1000	11.1000
3.4000	6.4000	6.4000	6.3882	6.3007	6.3019
3.4000	6.4000	6.4000	6.4000	6.3714	6.4000
3.4000	6.4000	6.4000	6.4000	6.4000	6.4000
0.4267	0.4079	0.4079	0.4995	0.4787	0.4776
0.4317	0.4343	0.4343	0.5000	0.4969	0.5000
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
0.4000	0.3938	0.3938	0.3935	0.3729	0.3718
0.3971	0.3950	0.3950	0.4000	0.3984	0.4000
0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
7.9407	7.8574	7.8574	9.7023	9.3305	10.3066
7.7965	7.7684	7.7684	9.7806	9.7514	10.7870
8.5500	8.5500	8.5500	10.4000	10.4000	11.4000

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

Calendar Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
2008	\$20,669,036	\$19,599,961	94.83%	\$685,407	\$20,285,368	98.14%
2009	20,757,277	19,922,423	95.98	613,451	20,535,874	98.93
2010	20,615,080	19,811,679	96.10	607,392	20,419,071	99.05
2011	23,271,990	21,510,168	92.43	654,463	22,164,631	95.24
2012	26,434,836	25,455,153	96.29	987,323	26,442,476	100.03
2013	26,228,405	25,354,221	96.67	865,761	26,219,982	99.97
2014	26,411,292	25,522,809	96.64	761,578	26,284,387	99.52
2015	26,466,973	25,808,726	97.51	957,467	26,766,193	101.13
2016	26,679,804	25,983,522	97.39	820,015	26,803,537	100.46
2017	26,905,555	26,079,359	96.93	381,043	26,460,402	98.35

**Source:** Fairfield County Auditor's Office

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2018 information cannot be presented because all collections have not been made by June 30, 2018.
- (3) The County does not identify delinquent tax collections by tax year.

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

**Lancaster City School District, Ohio**  
*Principal Taxpayers*  
*Real Estate Tax*  
*2018 and 2009 (1)*

Name of Taxpayer	2018	
	Assessed Value	Percent of Real Property Assessed Value
Lancaster Apartment Properties	\$7,288,810	0.82%
RVM LLC	6,981,140	0.78
River Valley Plaza LP	5,530,000	0.62
DOC-2405 North Columbus Street	4,480,000	0.50
G & I IX Anchor Hocking LLC	4,333,680	0.49
DFG Lancaster LLC	3,648,750	0.41
Lancaster Phase One Group, PLL	3,544,580	0.40
CHP Lancaster Senior Living	3,237,500	0.36
SUSO 4 Hocking LP	2,998,290	0.34
Cole GE Lancaster Ohio LLC	2,603,400	0.29
Totals	<u>\$44,646,150</u>	<u>5.01%</u>
Total Assessed Valuation	<u>\$891,144,830</u>	
Name of Taxpayer	2009	
	Assessed Value	Percent of Real Property Assessed Value
Glimcher River Valley Mall LLC	\$21,717,250	2.44%
Lancaster Phase One Group PLL	4,269,580	0.48
NL Ventures VI West Fair LLC	4,196,230	0.47
Huntington National Bank Trust	3,865,690	0.44
Plaza SC Investors LLC	3,659,420	0.41
RP River Valley LLC	2,859,850	0.32
Riverview Medical Office	2,732,630	0.31
BP Lancaster LLC	2,434,550	0.27
Lancaster Retirement LLC	2,424,120	0.27
Eckert Enterprises LTD	2,399,010	0.27
Totals	<u>\$50,558,330</u>	<u>5.68%</u>
Total Assessed Valuation	<u>\$890,628,300</u>	

(1) The amounts presented represent the assessed values upon which 2018 and 2009 collections were based.

Source: Fairfield County Auditor's Office

TABLE 10

**Lancaster City School District, Ohio**  
*Principal Taxpayers*  
*Tangible Personal Property Tax*  
*2010 and 2009 (1)*

Name of Taxpayer	2010	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Ohio Bell	\$449,620	69.76%
Cincinnati SMSA Limited Partnership	65,400	10.15
New Par	53,730	8.34
T-Mobile Central, LLC	22,180	3.44
TWC Digital Phone, LLC	16,550	2.57
Ameritech Advanced Data Services of Ohio Incorporated	12,540	1.95
Sprintcom Incorporated	8,820	1.37
CSM Wireless, LLC	5,200	0.81
Sprint Nextel Corporation	4,580	0.71
Dieca Communications Incorporated	3,180	0.49
<b>Total</b>	<b>\$641,800</b>	<b>99.59%</b>
<b>Total Assessed Valuation</b>	<b>\$644,470</b>	
	2009	
Name of Taxpayer	Assessed Value	Percent of Tangible Personal Property Assessed Value
Ohio Bell	\$900,250	68.36%
Cincinnati SMSA Limited Partnership	85,310	6.48
New Par	81,200	6.17
T-Mobile Central LLC	39,180	2.98
TWC Digital Phone LLC	39,080	2.97
Ameritech Advanced Data Services of Ohio Inc	26,890	2.04
Sprintcom Inc.	18,160	1.38
CSM Wireless LLC	13,850	1.05
Sprint Nextel Corporation	11,090	0.84
Dieca Communications Inc.	4,840	0.37
<b>Total</b>	<b>\$1,219,850</b>	<b>92.63%</b>
<b>Total Assessed Valuation</b>	<b>\$1,316,970</b>	

(1) The amounts presented represent the assessed values upon which 2009 and 2010 collections were based. 2010 was the final year of collection for tangible personal property taxes.

Source: Fairfield County Auditor's Office

**Lancaster City School District, Ohio**  
*Principal Taxpayers*  
*Public Utilities Tax*  
*2018 and 2009 (1)*

Name of Taxpayer	2018	
	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$21,809,300	38.78%
Rockies Express Pipeline, LLC	16,271,700	28.93
Total	\$38,081,000	67.71%
Total Assessed Valuation	\$56,237,600	

Name of Taxpayer	2009	
	Assessed Value	Percent of Public Utility Assessed Value
Ohio Power Company	\$16,327,940	70.08%
Total Assessed Valuation	\$23,299,690	

(1) The amounts presented represent the assessed values upon which 2018 and 2009 collections were based.

**Source:** Fairfield County Auditor's Office

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

Fiscal Year	Estimated Population (1)	Per Capita Income (2)	Personal Income (3)	School Facilities Construction Bonds (4)	Capital Leases
2009	36,608	\$32,834	\$1,201,987,072	\$0	\$0
2010	37,680	32,160	1,211,788,800	0	661,973
2011	37,243	32,609	1,214,456,987	0	525,754
2012	38,780	33,569	1,301,805,820	0	378,240
2013	38,880	35,929	1,396,919,520	63,929,735	1,254,488
2014	39,359	39,223	1,543,778,057	62,433,304	564,908
2015	38,854	40,324	1,566,748,696	62,161,873	459,478
2016	38,780	41,145	1,595,603,100	61,870,442	204,229
2017	39,848	42,049	1,675,568,552	91,855,667	745,795
2018	40,280	42,049	1,693,733,720	90,827,415	495,646

Source:

- (1) Lancaster City Community Development Department estimates as reported in the City of Lancaster Comprehensive Annual Financial Report presented on a calendar year.
- (2) U.S. Census Bureau presented on a calendar year. The 2018 figure is not available at this time so the 2017 figure was used for 2018.
- (3) Computation of per capita personal income multiplied by population presented on a calendar year.
- (4) Includes the School Facilities Construction and Improvement Refunding Bonds, Series 2017.

TABLE 12

<u>Energy Conservation Notes</u>	<u>Total Debt Outstanding</u>	<u>Ratio of Total Debt to Personal Income</u>	<u>Total Debt Per Capita</u>
\$0	\$0	0.00%	\$0
0	661,973	0.05	18
0	525,754	0.04	14
0	378,240	0.03	10
2,000,000	67,184,223	4.81	1,728
1,610,000	64,608,212	4.19	1,642
1,215,000	63,836,351	4.07	1,643
815,000	62,889,671	3.94	1,622
410,000	93,011,462	5.55	2,334
0	91,323,061	5.39	2,267

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

Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property (2)	General Obligation Bonded Debt (3)	Ratio of Bonded Debt to Estimated Actual Value	Bonded Debt per Capita
2009	36,608	\$2,651,020,746	\$0	0.00%	\$0
2010	37,680	2,628,636,983	0	0.00%	0
2011	37,243	2,624,139,686	0	0.00%	0
2012	38,780	2,642,727,943	0	0.00%	0
2013	38,880	2,669,532,543	63,929,735	2.39%	1,644
2014	39,359	2,671,138,543	62,433,304	2.34%	1,586
2015	38,854	2,661,487,417	62,161,873	2.34%	1,600
2016	38,780	2,682,646,783	61,870,442	2.31%	1,595
2017	39,848	2,766,069,394	91,855,667	3.32%	2,305
2018	40,280	2,771,078,486	90,827,415	3.28%	2,255

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

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

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



**Lancaster City School District, Ohio**  
*Computation of Direct and Overlapping  
 Debt Attributable to Governmental Activities*  
 June 30, 2018

	Debt Attributable to Governmental Activities	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
<b>Direct Debt</b>			
Lancaster City School District as of June 30, 2018			
General Obligation and Refunding Bonds	\$90,827,415	100.00%	\$90,827,415
Capital Leases	495,646	100.00%	495,646
Total Direct Debt	<u>91,323,061</u>		<u>91,323,061</u>
<b>Overlapping Debt:</b>			
Payable from Property Taxes as of December 31, 2017:			
Berne Township Firehouse Note	775,000	0.99%	7,695
Greenfield Township General Obligation Bonds	1,095,000	20.75%	227,213
Hocking Township Firehouse Note	336,213	74.16%	249,336
Fairfield County General Obligation Bonds	37,096,679	25.73%	9,544,976
Fairfield County Long Term Loans	475,000	25.73%	122,218
Fairfield County Capital Leases	153,422	25.73%	39,475
City of Lancaster General Obligation			
Bond Anticipation Notes	3,019,745	100.00%	3,019,745
City of Lancaster General Obligation Bonds	10,688,126	100.00%	10,688,126
City of Lancaster OPWC Loan	192,686	100.00%	192,686
City of Lancaster Installment Loans	439,492	100.00%	439,492
City of Lancaster Capital Leases	1,175,358	100.00%	1,175,358
Payable from Other Sources as of December 31, 2017:			
Fairfield County Special Assessment Bonds	703,414	25.73%	180,988
Fairfield County General Obligation Bonds	316,496	25.73%	81,434
Fairfield County Capital Leases	39,587	25.73%	10,186
City of Lancaster Ohio Water Development Authority Loan	296,041	100.00%	296,041
City of Lancaster Special Assessment Bonds	99,050	100.00%	99,050
Total Overlapping Debt	<u>56,901,309</u>		<u>26,374,018</u>
Total Direct and Overlapping Debt	<u><u>\$148,224,370</u></u>		<u><u>\$117,697,079</u></u>

Source: Fairfield County Auditor, School District records, City of Lancaster, and the townships of Berne, Greenfield, Hocking, and Pleasant. Pleasant Township had no debt outstanding as of December 31, 2017.

(1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government. The valuations used were for the 2018 collection year.

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

	2009	2010	2011	2012
Assessed Valuation (1)	<u>\$913,911,550</u>	<u>\$905,516,300</u>	<u>\$900,696,670</u>	<u>\$907,052,120</u>
Debt Limit - 9% of Assessed Value (2)	<u>\$82,252,040</u>	<u>\$81,496,467</u>	<u>\$81,062,700</u>	<u>\$81,634,691</u>
Amount of Debt Applicable to Debt Limit				
General Obligation Bonds for School Facilities				
Construction	0	0	0	0
Refunding Bonds, Series 2017 for School Facilities				
Construction	0	0	0	0
Energy Conservation Notes	0	0	0	0
Less Amount Available in Debt Service	0	0	0	0
Totals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Exemptions:				
Energy Conservation Notes	0	0	0	0
Totals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal Debt Margin	<u>\$82,252,040</u>	<u>\$81,496,467</u>	<u>\$81,062,700</u>	<u>\$81,634,691</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limit - .10% of Assessed Value (1)	\$913,912	\$905,516	\$900,697	\$907,052
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$913,912</u>	<u>\$905,516</u>	<u>\$900,697</u>	<u>\$907,052</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%
Additional Limit for Unvoted Energy Conservation Long-Term Notes				
Debt Limit - .9% of Assessed Value (1)	\$8,225,204	\$8,149,647	\$8,106,270	\$8,163,469
Amount of Debt Subject to Limit				
Energy Conservation Long-Term Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$8,225,204</u>	<u>\$8,149,647</u>	<u>\$8,106,270</u>	<u>\$8,163,469</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

**Source:** Fairfield County Auditor and School District Financial Records

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

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

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

TABLE 15

2013	2014	2015	2016	2017	2018
<u>\$914,878,770</u>	<u>\$915,307,510</u>	<u>\$912,119,900</u>	<u>\$918,310,630</u>	<u>\$946,317,460</u>	<u>\$947,382,430</u>
<u>\$82,339,089</u>	<u>\$82,377,676</u>	<u>\$82,090,791</u>	<u>\$82,647,957</u>	<u>\$85,168,571</u>	<u>\$85,264,419</u>
60,410,000	59,010,000	58,835,000	58,640,000	86,565,000	76,695,000
0	0	0	0	0	8,595,000
2,000,000	1,610,000	1,215,000	815,000	410,000	0
(1,752,329)	(1,044,110)	(1,227,845)	(1,393,707)	(2,812,844)	(2,212,818)
<u>60,657,671</u>	<u>59,575,890</u>	<u>58,822,155</u>	<u>58,061,293</u>	<u>84,162,156</u>	<u>83,077,182</u>
<u>(2,000,000)</u>	<u>(1,610,000)</u>	<u>(1,215,000)</u>	<u>(815,000)</u>	<u>(410,000)</u>	<u>0</u>
<u>(2,000,000)</u>	<u>(1,610,000)</u>	<u>(1,215,000)</u>	<u>(815,000)</u>	<u>(410,000)</u>	<u>0</u>
<u>58,657,671</u>	<u>57,965,890</u>	<u>57,607,155</u>	<u>57,246,293</u>	<u>83,752,156</u>	<u>83,077,182</u>
<u>\$23,681,418</u>	<u>\$24,411,786</u>	<u>\$24,483,636</u>	<u>\$25,401,664</u>	<u>\$1,416,415</u>	<u>\$2,187,237</u>
28.76%	29.63%	29.83%	30.73%	1.66%	2.57%
\$914,879	\$915,308	\$912,120	\$918,311	\$946,317	\$947,382
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$914,879</u>	<u>\$915,308</u>	<u>\$912,120</u>	<u>\$918,311</u>	<u>\$946,317</u>	<u>\$947,382</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$8,233,909	\$8,237,768	\$8,209,079	\$8,264,796	\$8,516,857	\$8,526,442
<u>(2,000,000)</u>	<u>(1,610,000)</u>	<u>(1,215,000)</u>	<u>(815,000)</u>	<u>(410,000)</u>	<u>0</u>
<u>\$6,233,909</u>	<u>\$6,627,768</u>	<u>\$6,994,079</u>	<u>\$7,449,796</u>	<u>\$8,106,857</u>	<u>\$8,526,442</u>
75.71%	80.46%	85.20%	90.14%	95.19%	100.00%

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

Calendar Year	Population Lancaster City (1)	Personal Income (2)	Per Capita Personal Income (2)	Unemployment Rate Fairfield County
2008	36,608	\$1,201,987,072	\$32,834	5.60%
2009	37,680	1,211,788,800	32,160	8.50
2010	37,243	1,214,456,987	32,609	8.80
2011	38,780	1,301,805,820	33,569	7.70
2012	38,880	1,396,919,520	35,929	6.30
2013	39,359	1,543,778,057	39,223	6.40
2014	38,854	1,566,748,696	40,324	5.00
2015	38,780	1,595,603,100	41,145	4.30
2016	39,848	1,675,568,552	42,049	4.20
2017 (3)	40,280	1,693,733,720	42,049	4.30

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

(1) Population is estimated by the City of Lancaster Community Development Department (2008-2013) and the Ohio Department of Taxation Census Population estimates (2014-2017) as reported in the City of Lancaster Comprehensive Annual Financial Report and on the Fairfield County Economic Development website, respectively.

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

(3) Calendar year 2017 is the latest information available.

TABLE 17

## Lancaster City School District, Ohio

## Principal Employers

Current Year and Nine Years Ago

Employer	Nature of Business	Calendar Year 2017		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	2,099	1	12.06%
Anchor Hocking Corporation	Manufacturing	900	2	5.17%
Fairfield County	County Government	839	3	4.82%
Lancaster City School District	Education	757	4	4.35%
City of Lancaster	City Government	430	5	2.47%
Kroger - Lancaster Locations	Grocer	412	6	2.37%
Treehouse Private Brands	Manufacturing	341	7	1.96%
Crestview Manor Nursing	Medical Services	230	8	1.32%
Fairfield Homes	Housing Industry	185	9	1.06%
Glassfloss Industries	Manufacturing	175	10	1.01%
Total		6,368		36.60%
Total Employment within the School District		17,400		

Employer	Nature of Activity	Calendar Year 2008		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	1,503	1	8.49%
Anchor Hocking Corporation	Manufacturing-Glass	1,299	2	7.34%
Fairfield County	County Government	858	3	4.85%
Lancaster City School District	Education	638	4	3.60%
City of Lancaster	City Government	460	5	2.60%
Ralston Foods/Con Agra	Manufacturing-Food Products	397	6	2.24%
Diamond Power	Metal Fabrication	390	7	2.20%
Kroger Company	Grocer	339	8	1.92%
Crestview Manor Nursing Home	Nursing Care	245	9	1.38%
Cyril Scott	Manufacturing-Printing	243	10	1.37%
Total		6,372		36.00%
Total Employment within the School District		17,700		

Source: Total employment is from the Ohio Labor Market Information website provided on a calendar year basis. Company information is from the Fairfield County Economic Development webpage, compiled as of May 2018 as the latest data available, information from Fairfield County payroll office compiled on a calendar year basis, and information from the Lancaster City Schools payroll department compiled on a fiscal year basis.

TABLE 18

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Regular Instruction										
Certified Employees	258	267	262	266	263	262	267	261	263	264
Special Instruction										
Classified Employees (1)	0	0	0	0	0	66	62	61	68	63
Certified Employees	82	81	81	82	90	91	91	91	96	100
Vocational Instruction										
Classified Employees	0	0	0	1	1	1	1	1	1	1
Certified Employees	19	21	20	17	17	17	17	17	16	16
Student Intervention Services										
Certified Employees	0	3	2	0	0	3	3	3	3	3
Pupil Support Services										
Classified Employees	15	14	18	15	14	15	27	27	24	25
Certified Employees	19	21	21	22	22	22	26	30	34	34
Instructional Staff										
Classified Employees (1)	61	77	87	63	59	16	16	17	17	17
Certified Employees	4	3	5	5	5	3	4	4	4	6
Administrators	1	1	1	1	1	1	1	1	1	1
Administration										
Classified Employees	23	23	23	21	23	20	19	20	22	23
Administrators	22	21	21	21	23	24	24	26	27	28
Fiscal										
Classified Employees	4	4	4	4	4	4	4	4	4	4
Administrators	2	2	2	2	2	2	2	2	2	2
Business										
Classified Employees	1	1	2	1	1	2	2	2	2	2
Administrators	1	1	1	1	1	1	1	1	1	1
Operation and Maintenance of Plant										
Classified Employees	50	55	52	50	50	47	47	46	45	47
Administrators	1	1	1	1	1	1	1	1	1	1
Pupil Transportation										
Classified Employees	37	39	45	38	42	41	39	42	45	50
Administrators	1	1	1	1	1	1	1	1	1	1
Central										
Classified Employees	1	3	3	4	4	6	6	6	6	6
Administrators	1	2	2	1	1	2	2	2	2	2
Food Service Program										
Classified Employees	51	52	52	52	52	51	51	58	56	56
Administrators	1	1	1	1	1	1	1	1	1	1
Non-Instructional Services										
Classified Employees	2	0	1	1	1	0	0	0	0	0
Certified Employees	2	1	2	2	2	2	3	2	1	1
Extracurricular Activities										
Classified Employees	2	2	2	2	2	1	1	1	1	1
Administrators	1	1	1	1	1	1	1	1	1	1
Totals	662	698	713	676	684	704	720	729	745	757

(1) During fiscal year 2014, classified employees were reclassified from instructional staff back to special instruction.

**Source:** Lancaster City School District Personnel Records

**Method:** The figures include only the full-time employees

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

<u>Fiscal Year</u>	<u>General Fund Expenditures</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>
2009	\$49,927,913	6,007	\$8,312	N/A	389	15.4
2010	51,812,526	6,134	8,447	1.63%	402	15.3
2011	49,985,256	6,028	8,292	-1.83%	398	15.1
2012	53,239,374	6,083	8,752	5.55%	394	15.4
2013	56,206,708	6,025	9,329	6.59%	399	15.1
2014	57,432,328	6,218	9,236	-0.99%	400	15.5
2015	57,181,378	6,245	9,156	-0.87%	411	15.2
2016	59,163,624	6,299	9,393	2.58%	408	15.4
2017	65,236,549	6,354	10,267	9.31%	411	15.5
2018	66,846,854	6,302	10,607	3.31%	414	15.2

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

**Lancaster City School District, Ohio**

*Building Statistics*

*Last Ten Fiscal Years*

	2009	2010	2011
<b>Cedar Heights Elementary School</b>			
Constructed in 1939, addition in 1973			
Total Building Square Footage	31,100	31,100	31,100
Enrollment Grades K-5 for 2008-2015, building closed in 2016	369	361	383
Student Capacity	460	460	460
Instruction Classrooms	22	22	22
Teaching Stations	31	31	31
Administrators	1	1	1
Certified Staff	25	24	26
Classified Staff	7	11	16
<b>East Elementary School</b>			
Constructed in 1939			
Total Building Square Footage	37,518	37,518	37,518
Enrollment Grades K-5 for 2008-2016, building closed during 2017	370	386	412
Student Capacity	314	314	314
Instruction Classrooms	20	20	20
Teaching Stations	24	24	24
Administrators	1	1	1
Certified Staff	22	22	21
Classified Staff	12	16	14
<b>Medill Elementary School</b>			
Constructed in 1960, addition in 1965, 1966, and 1973			
Total Building Square Footage	31,500	31,500	31,500
Enrollment Grades K-5 for 2008-2015, building closed in 2016	333	381	368
Student Capacity	337	337	337
Instruction Classrooms	25	25	25
Teaching Stations	30	30	30
Administrators	1	1	1
Certified Staff	19	22	22
Classified Staff	12	13	14
<b>Sanderson Elementary School</b>			
Constructed in 1968, addition in 1973 and 1996			
Total Building Square Footage	31,233	31,233	31,233
Enrollment Grades K-5 2008-2016, building closed during 2017	326	320	300
Student Capacity	308	308	308
Instruction Classrooms	20	20	20
Teaching Stations	24	24	24
Administrators	1	1	1
Certified Staff	19	18	16
Classified Staff	7	14	10



TABLE 20

2012	2013	2014	2015	2016	2017	2018
31,100	31,100	31,100	31,100	N/A	N/A	N/A
374	381	389	380	N/A	N/A	N/A
460	460	460	460	N/A	N/A	N/A
22	22	22	22	N/A	N/A	N/A
31	31	31	31	N/A	N/A	N/A
1	2	2	2	N/A	N/A	N/A
24	24	26	27	N/A	N/A	N/A
10	9	13	13	N/A	N/A	N/A
37,518	37,518	37,518	37,518	37,518	N/A	N/A
381	378	385	363	264	N/A	N/A
314	314	314	314	314	N/A	N/A
20	20	20	20	20	N/A	N/A
24	24	24	24	24	N/A	N/A
1	2	1	1	2	N/A	N/A
21	21	22	23	22	N/A	N/A
12	10	11	13	12	N/A	N/A
31,500	31,500	31,500	31,500	N/A	N/A	N/A
368	353	353	413	N/A	N/A	N/A
337	337	337	337	N/A	N/A	N/A
25	25	25	25	N/A	N/A	N/A
30	30	30	30	N/A	N/A	N/A
1	1	1	1	N/A	N/A	N/A
24	25	25	25	N/A	N/A	N/A
11	10	15	15	N/A	N/A	N/A
31,233	31,233	31,233	31,233	31,233	N/A	N/A
306	323	324	295	289	N/A	N/A
308	308	308	308	308	N/A	N/A
20	20	20	20	20	N/A	N/A
24	24	24	24	24	N/A	N/A
1	1	1	1	1	N/A	N/A
19	20	19	20	19	N/A	N/A
9	9	12	13	8	N/A	N/A

(Continued)

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

	2009	2010	2011
<b>South Elementary School</b>			
Constructed in 1931			
Total Building Square Footage	29,055	29,055	29,055
Enrollment Grades K-5 for 2008-2015, building closed in 2016	333	320	284
Student Capacity	149	149	149
Instruction Classrooms	17	17	17
Teaching Stations	21	21	21
Administrators	1	1	1
Certified Staff	20	21	21
Classified Staff	6	12	14
<b>Tallmadge Elementary School</b>			
Constructed in 1956, addition in 1959, 1966, and 1973			
Total Building Square Footage	37,000	37,000	37,000
Enrollment Grades K-5 for 2008-2015, building closed in 2016	421	437	445
Student Capacity	345	345	345
Instruction Classrooms	20	20	20
Teaching Stations	29	29	29
Administrators	1	1	1
Certified Staff	18	24	22
Classified Staff	13	13	12
<b>Tarhe Elementary School</b>			
Constructed in 1968, addition in 1973			
Modular Classrooms - Constructed in 2004			
Total Building Square Footage	25,200	25,200	25,200
Total Modular Square Footage	9,000	9,000	9,000
Enrollment Grades K-5 for 2009-2015, Preschool only in 2016-2018	406	442	433
Student Capacity	445	445	445
Instruction Classrooms	20	20	20
Teaching Stations	17	17	17
Administrators	1	1	1
Certified Staff	19	23	23
Classified Staff	8	8	11
<b>West Elementary School</b>			
Constructed in 1928, addition in 1960			
Total Building Square Footage	46,404	46,404	46,404
Enrollment Grades K-5 2008-2016, building closed in 2017	414	436	436
Student Capacity	428	428	428
Instruction Classrooms	24	24	24
Teaching Stations	28	28	28
Administrators	1	1	1
Certified Staff	31	27	32
Classified Staff	14	17	19

TABLE 20 (Continued)

2012	2013	2014	2015	2016	2017	2018
29,055	29,055	29,055	29,055	N/A	N/A	N/A
296	282	304	330	N/A	N/A	N/A
149	149	149	149	N/A	N/A	N/A
17	17	17	17	N/A	N/A	N/A
21	21	21	21	N/A	N/A	N/A
1	1	2	2	N/A	N/A	N/A
22	22	24	21	N/A	N/A	N/A
11	11	13	11	N/A	N/A	N/A
37,000	37,000	37,000	37,000	N/A	N/A	N/A
466	432	409	449	N/A	N/A	N/A
345	345	345	345	N/A	N/A	N/A
20	20	20	20	N/A	N/A	N/A
29	29	29	29	N/A	N/A	N/A
1	2	3	3	N/A	N/A	N/A
26	28	28	25	N/A	N/A	N/A
13	15	14	16	N/A	N/A	N/A
25,200	25,200	25,200	25,200	25,200	25,200	25,200
9,000	9,000	9,000	9,000	9,000	9,000	9,000
447	435	433	418	184	196	200
445	445	445	445	445	445	445
20	20	20	20	20	20	20
17	17	17	17	17	17	17
1	1	2	2	0	1	1
25	26	24	26	10	10	12
9	8	11	9	10	13	11
46,404	46,404	46,404	46,404	46,404	N/A	N/A
441	434	478	459	553	N/A	N/A
428	428	428	428	428	N/A	N/A
24	24	24	24	24	N/A	N/A
28	28	28	28	28	N/A	N/A
1	2	2	2	2	N/A	N/A
32	32	33	32	37	N/A	N/A
18	16	18	18	18	N/A	N/A

(Continued)

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

	2009	2010	2011
<b>Mount Pleasant Elementary</b>			
Constructed in 2015			
Total Building Square Footage	N/A	N/A	N/A
Enrollment Grades K-5 for 2016 - 2018	N/A	N/A	N/A
Student Capacity	N/A	N/A	N/A
Instruction Classrooms	N/A	N/A	N/A
Teaching Stations	N/A	N/A	N/A
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
<b>Gorsuch West Elementary</b>			
Constructed in 2015			
Total Building Square Footage	N/A	N/A	N/A
Enrollment Grades K-5 for 2016 - 2018	N/A	N/A	N/A
Student Capacity	N/A	N/A	N/A
Instruction Classrooms	N/A	N/A	N/A
Teaching Stations	N/A	N/A	N/A
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
<b>Tarhe Trails Elementary</b>			
Constructed in 2015			
Total Building Square Footage	N/A	N/A	N/A
Enrollment Grades K-5 for 2016 - 2018	N/A	N/A	N/A
Student Capacity	N/A	N/A	N/A
Instruction Classrooms	N/A	N/A	N/A
Teaching Stations	N/A	N/A	N/A
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
<b>Tallmadge Elementary</b>			
Constructed in 2016			
Total Building Square Footage	N/A	N/A	N/A
Enrollment Grades K-5 for 2017 - 2018	N/A	N/A	N/A
Student Capacity	N/A	N/A	N/A
Instruction Classrooms	N/A	N/A	N/A
Teaching Stations	N/A	N/A	N/A
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A

TABLE 20 (Continued)

2012	2013	2014	2015	2016	2017	2018
N/A	N/A	N/A	N/A	73,913	73,913	73,913
N/A	N/A	N/A	N/A	586	593	542
N/A	N/A	N/A	N/A	578	578	578
N/A	N/A	N/A	N/A	29	29	29
N/A	N/A	N/A	N/A	35	35	35
N/A	N/A	N/A	N/A	2	2	2
N/A	N/A	N/A	N/A	35	36	35
N/A	N/A	N/A	N/A	20	26	18
N/A	N/A	N/A	N/A	78,632	78,632	78,632
N/A	N/A	N/A	N/A	613	615	581
N/A	N/A	N/A	N/A	623	623	623
N/A	N/A	N/A	N/A	33	33	33
N/A	N/A	N/A	N/A	39	39	39
N/A	N/A	N/A	N/A	2	2	2
N/A	N/A	N/A	N/A	41	37	36
N/A	N/A	N/A	N/A	25	23	22
N/A	N/A	N/A	N/A	75,573	75,573	75,573
N/A	N/A	N/A	N/A	665	697	608
N/A	N/A	N/A	N/A	625	625	625
N/A	N/A	N/A	N/A	31	31	31
N/A	N/A	N/A	N/A	37	37	37
N/A	N/A	N/A	N/A	2	2	2
N/A	N/A	N/A	N/A	39	40	36
N/A	N/A	N/A	N/A	19	19	16
N/A	N/A	N/A	N/A	N/A	69,276	69,276
N/A	N/A	N/A	N/A	N/A	559	558
N/A	N/A	N/A	N/A	N/A	578	578
N/A	N/A	N/A	N/A	N/A	27	27
N/A	N/A	N/A	N/A	N/A	33	33
N/A	N/A	N/A	N/A	N/A	2	2
N/A	N/A	N/A	N/A	N/A	33	34
N/A	N/A	N/A	N/A	N/A	17	16

(Continued)

**Lancaster City School District, Ohio**

*Building Statistics*

*Last Ten Fiscal Years*

	2009	2010	2011
<b>Medill Elementary</b>			
Constructed in 2017			
Total Building Square Footage	N/A	N/A	N/A
Enrollment Grades K-5 for 2017 - 2018	N/A	N/A	N/A
Student Capacity	N/A	N/A	N/A
Instruction Classrooms	N/A	N/A	N/A
Teaching Stations	N/A	N/A	N/A
Administrators	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A
<b>General Sherman Junior High School</b>			
Constructed in 1957, addition in 1973			
Modular Classrooms - Constructed in 2010			
Total Building Square Footage	64,394	64,394	64,394
Total Modular Square Footage	0	9,000	9,000
Enrollment Grades 6-8	691	701	653
Student Capacity	484	484	484
Instruction Classrooms	23	23	23
Teaching Stations	29	29	29
Administrators	1	1	1
Certified Staff	43	39	41
Classified Staff	21	20	21
<b>Thomas Ewing Junior High School</b>			
Constructed in 1957			
Modular Classrooms - Constructed in 2010 and 2012			
Total Building Square Footage	63,308	63,308	63,308
Total Modular Square Footage	0	9,000	9,000
Enrollment Grades 6-8	625	681	707
Student Capacity	493	493	493
Instruction Classrooms	27	27	27
Teaching Stations	34	34	34
Administrators	1	1	1
Certified Staff	34	40	42
Classified Staff	21	20	14
<b>Stanbery School and Administration Center</b>			
Constructed in 1929, addition in 1965			
Total Building Square Footage	77,767	77,767	77,767
Enrollment for Career Based Intervention Technology Students	191	260	250
Student Capacity	509	509	509
Instruction Classrooms	28	28	28
Teaching Stations	32	32	32
Administrators	9	9	9
Certified Staff	37	34	26
Classified Staff	19	19	33

TABLE 20 (Continued)

2012	2013	2014	2015	2016	2017	2018
N/A	N/A	N/A	N/A	N/A	87,764	87,764
N/A	N/A	N/A	N/A	N/A	539	630
N/A	N/A	N/A	N/A	N/A	750	750
N/A	N/A	N/A	N/A	N/A	33	33
N/A	N/A	N/A	N/A	N/A	39	39
N/A	N/A	N/A	N/A	N/A	2	2
N/A	N/A	N/A	N/A	N/A	37	41
N/A	N/A	N/A	N/A	N/A	25	27
64,394	64,394	64,394	64,394	64,394	64,394	64,394
9,000	9,000	9,000	9,000	9,000	9,000	9,000
676	707	729	695	682	669	686
484	484	484	484	484	484	484
23	23	23	23	23	23	23
29	29	29	29	29	29	29
2	2	2	2	2	2	2
42	40	40	40	41	41	42
17	16	18	18	23	22	22
63,308	63,308	63,308	63,308	63,308	63,308	63,308
18,000	18,000	18,000	18,000	18,000	18,000	18,000
709	700	709	686	681	693	694
493	493	493	493	493	493	493
27	27	27	27	27	27	27
34	34	34	34	34	34	34
2	2	2	2	2	2	2
39	41	39	43	39	42	41
16	16	16	19	18	16	19
77,767	77,767	77,767	77,767	77,767	77,767	77,767
203	205	194	241	228	226	265
509	509	509	509	509	509	509
28	28	28	28	28	28	28
32	32	32	32	32	32	32
10	7	7	7	12	12	14
16	14	22	27	22	40	44
22	18	20	21	27	24	24

(Continued)

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

	2009	2010	2011
<b>Lancaster High School</b>			
Constructed in 1963, Vocational classrooms constructed in 1965			
Total Building Square Footage	192,500	192,500	192,500
Enrollment Grades 9-12	1,528	1,409	1,357
Student Capacity	1,302	1,302	1,302
Instruction Classrooms	65	65	65
Teaching Stations	102	102	102
Administrators	4	5	5
Certified Staff	102	108	106
Classified Staff	52	50	51
<b>Maintenance and Transportation Building</b>			
Constructed in 1997			
Total Building Square Footage	25,000	25,000	25,000
Administrators	2	2	2
Classified Staff	56	57	60

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

Student enrollment is based on the October count for Educational Management Information System for fiscal years 2009 through 2014 while student enrollment for fiscal years 2015-2018 are based on the final year-end count.

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

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

N/A was used in the columns to show when a building was not in use.



TABLE 20 (Continued)

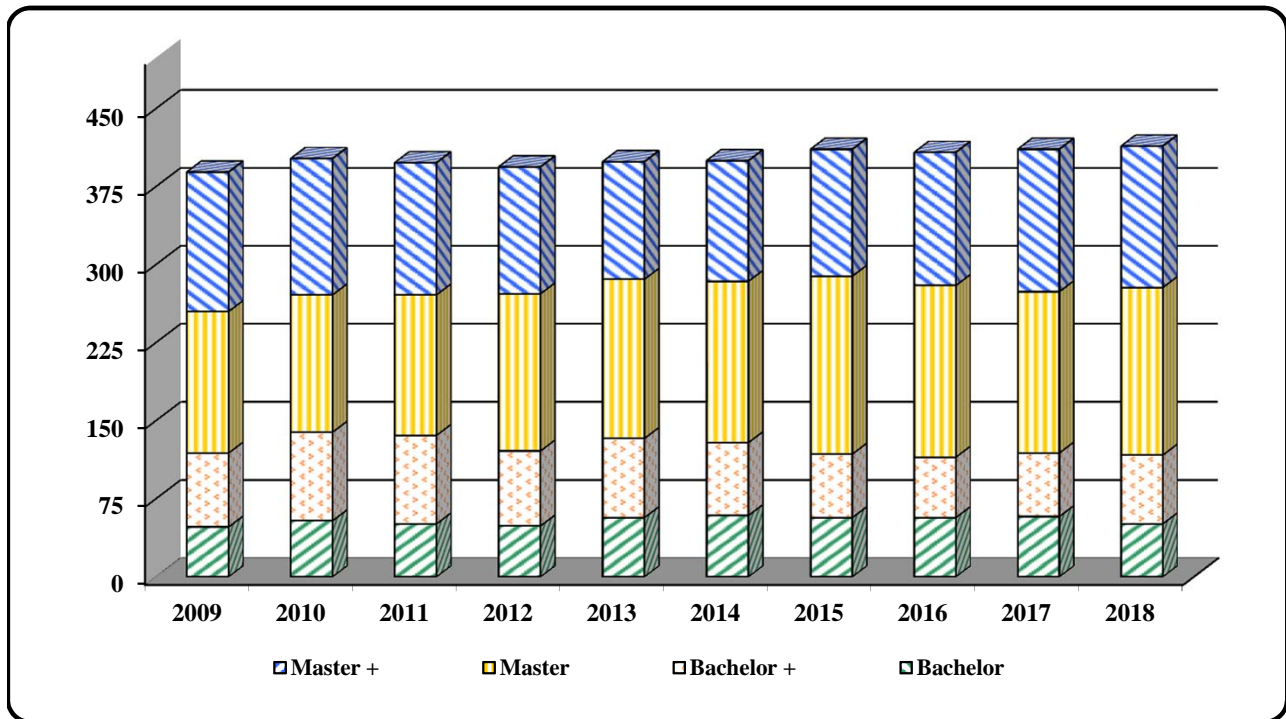
2012	2013	2014	2015	2016	2017	2018
192,500	192,500	192,500	192,500	192,500	192,500	192,500
1,416	1,395	1,511	1,516	1,554	1,567	1,538
1,302	1,302	1,302	1,302	1,302	1,302	1,302
65	65	65	65	65	65	65
102	102	102	102	102	102	102
6	6	6	6	6	6	6
104	106	98	102	103	102	103
50	53	52	49	44	45	53
25,000	25,000	25,000	25,000	25,000	25,000	25,000
2	3	3	3	3	3	3
54	62	57	60	61	61	67

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TABLE 21

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

Degree	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Bachelor's Degree	48	54	51	49	57	59	57	57	58	51
Bachelor + 15	2	4	6	10	14	15	12	10	11	17
Bachelor + 30 (150 hours)	69	81	79	62	62	55	49	48	50	49
Master's Degree	136	132	135	151	153	155	171	165	155	161
Master's + 15	36	35	34	31	35	40	40	45	44	34
Master's + 30	74	68	63	60	52	55	56	58	66	76
Master's + 45	24	28	30	31	26	21	26	25	27	26
<b>Total</b>	<b>389</b>	<b>402</b>	<b>398</b>	<b>394</b>	<b>399</b>	<b>400</b>	<b>411</b>	<b>408</b>	<b>411</b>	<b>414</b>



Source: Lancaster City School District Personnel Records.

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

Fiscal Year	Minimum Salary (1)	Maximum Salary (2)	Average Salary for the School Districts (3)	Average Salary Comparable Districts (3)	Statewide Average Salary (3)
2009	\$33,477	\$71,170	\$53,344	\$57,586	\$54,656
2010	33,477	71,170	55,748	59,461	55,958
2011	35,609	78,099	55,716	60,783	56,715
2012	35,609	78,099	55,920	56,026	58,120
2013	35,609	78,099	55,703	59,539	56,307
2014	36,499	80,052	56,657	59,253	55,916
2015	37,137	81,452	57,770	59,522	55,913
2016	37,509	82,267	58,223	60,510	57,154
2017	38,258	83,911	59,866	60,899	58,849
2018	39,024	85,590	61,082	N/A	N/A

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

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

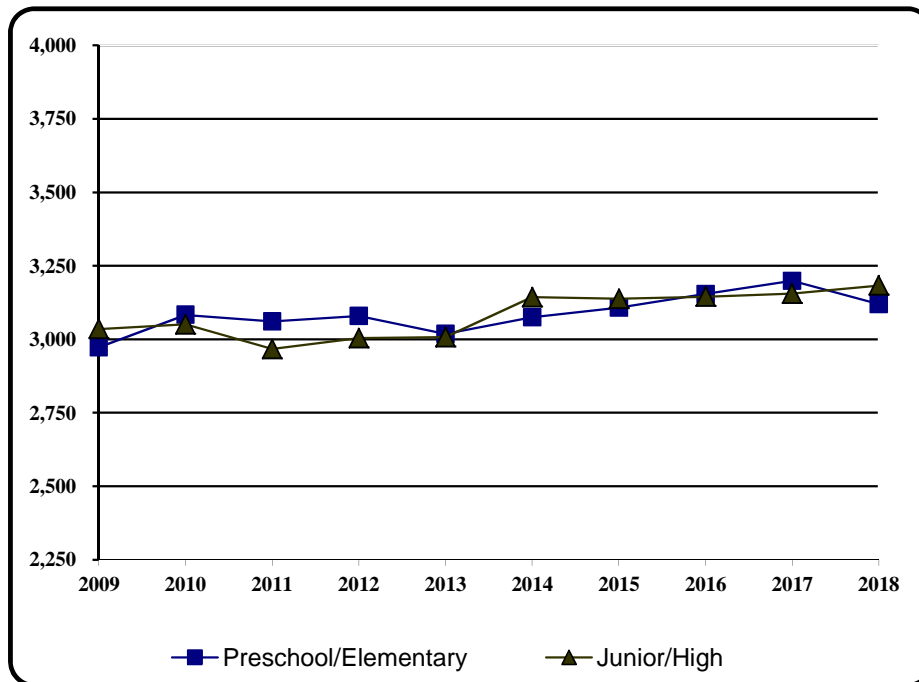
(2) Teacher with a Masters degree plus more than 45 hours of additional education - per negotiated agreement.

(3) Provided by the Ohio Department of Education.

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

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

Fiscal Year	Preschool/ Elementary Schools	Junior/High School	Total
2009	2,972	3,035	6,007
2010	3,083	3,051	6,134
2011	3,061	2,967	6,028
2012	3,079	3,004	6,083
2013	3,018	3,007	6,025
2014	3,075	3,143	6,218
2015	3,107	3,138	6,245
2016	3,154	3,145	6,299
2017	3,199	3,155	6,354
2018	3,119	3,183	6,302



Source: School District Records - October counts that was submitted to the Educational Management Information System for fiscal years 2009 through 2014 while fiscal years 2015 through 2018 was based on the year-end count.

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

Fiscal Year	Lancaster City Attendance Rate	State Average	Lancaster City Graduation Rate	State Average
2009	94.20%	94.30%	92.20%	84.60%
2010	94.60	94.30	90.80	83.00
2011	94.90	94.50	87.60	84.30
2012	95.10	94.50	88.50	84.40
2013	94.70	94.20	91.60	82.20
2014	95.90	94.30	92.50	82.30
2015	94.70	94.10	92.50	83.00
2016	>95.0	94.10	91.40	83.50
2017	94.20	93.90	91.40	84.20
2018	93.80	N/A	N/A	N/A

Source: Ohio Department of Education Local Report Cards

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

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

Year	English	Math	Reading	Science	Composite
A.C.T. - Lancaster High School (Juniors and Seniors)					
2009	21.0	21.4	22.3	22.0	21.8
2010	21.3	22.3	22.6	22.4	22.2
2011	21.1	21.9	22.7	22.2	22.1
2012	21.8	21.9	22.5	22.2	22.2
2013	20.6	21.5	22.2	22.0	21.7
2014	21.1	21.3	22.4	22.3	21.9
2015	21.6	22.2	22.7	22.8	22.4
2016	21.1	21.8	22.6	22.4	22.1
2017	20.8	21.7	22.9	22.6	22.1
2018	17.2	18.7	19.5	19.0	18.7
A.C.T. - Ohio (Graduating Class)					
2009	21.1	21.4	22.2	21.7	21.7
2010	21.2	21.5	22.1	21.8	21.8
2011	21.1	21.5	22.1	21.8	21.8
2012	21.1	21.5	22.1	21.8	21.8
2013	21.2	21.5	22.2	21.8	21.8
2014	21.4	21.7	22.4	22.0	22.0
2015	21.4	21.7	22.5	22.1	22.0
2016	21.2	21.6	22.5	22.0	22.0
2017	21.2	21.6	22.5	22.2	22.0
2018	19.3	20.3	20.8	20.4	20.3
A.C.T. - U.S.A. (Graduating Class)					
2009	20.6	21.0	21.4	20.9	21.1
2010	20.5	21.0	21.3	20.9	21.1
2011	20.6	21.1	21.3	20.9	21.1
2012	20.5	21.1	21.3	20.9	21.1
2013	20.2	20.9	21.1	20.7	20.9
2014	20.3	20.9	21.3	20.8	21.0
2015	20.4	20.8	21.4	20.9	21.0
2016	20.1	20.6	21.3	20.8	20.8
2017	20.3	20.7	21.4	21.0	21.0
2018	20.2	20.5	21.3	20.7	20.8

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

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

**Lancaster City School District, Ohio**  
*Average S.A.T. Scores*  
*Last Ten Fiscal Years (1)*

Fiscal Year	Critical Reading	Math Mean	Writing Mean
S.A.T. - Lancaster High School			
2009	527	544	522
2010	556	569	536
2011	536	534	522
S.A.T. - Ohio			
2009	537	546	523
2010	538	548	522
2011	539	545	522
S.A.T. - U.S.A.			
2009	501	515	493
2010	501	516	492
2011	497	514	489

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

(1) The information for 2012 through 2018 is not available because the School District didn't have enough students test so The College Board will not process a report.

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

**Lancaster City School District, Ohio**  
*Students in Free or Reduced Price Lunch Program*  
*June 30, 2018*

School	Students Receiving Free Lunch	Percentage of Students Receiving Free Lunch	Students Receiving Reduced Lunch	Percentage of Students Receiving Reduced Lunch
Lancaster Preschool	75	37.50%	0	0.00%
Gorsuch West Elementary School	389	66.95	43	7.40
Medill Elementary School	280	44.44	18	2.86
Mount Pleasant Elementary School	284	52.40	34	6.27
Tallmadge Elementary School	361	64.70	38	6.81
Tarhe Trails Elementary School	218	35.86	43	7.07
General Sherman Junior High School	312	45.48	47	6.85
Thomas Ewing Junior High School	298	42.94	47	6.77
Lancaster High School	663	36.77	120	6.66

Source: School District Food Service Records at June 30, 2018





# Dave Yost • Auditor of State

**LANCASTER CITY SCHOOL DISTRICT**

**FAIRFIELD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 3, 2019**