

# Lancaster City Schools



LHS Construction Kickoff 10/27/2022

## Popular Annual Financial Report *for the year ended June 30, 2022*

Lancaster City Schools • Lancaster, Ohio

# LANCASTER CITY SCHOOL DISTRICT

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 LANCASTER, OHIO 43130 [www.lancaster.k12.oh.us](http://www.lancaster.k12.oh.us)

December 23, 2022

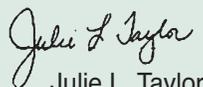
## TO THE CITIZENS OF THE LANCASTER CITY SCHOOLS,

We are pleased to present the Lancaster City School District's Popular Annual Financial Report (PAFR) for the year ending June 30, 2022. This report makes our District's finances easier to understand, and communicates our financial situation in an open and accountable manner.

The PAFR summarizes the financial activities and operating results reported in the Lancaster City School District's audited Annual Comprehensive Financial Report (ACFR). The PAFR is unaudited and presented on a non-GAAP (Generally Accepted Accounting Principle) basis, which primarily deals with full disclosure and segregated funds. The statements presented on page 3 and the pie charts on page 4 consist of the General Fund of the District. General Fund is the largest fund from which most day-to-day programs and services are provided. For more detailed financial information, including a discussion of key changes in financial data from last fiscal year, our economic condition and outlook, initiatives and accomplishments, please refer to a copy of the Comprehensive Annual Financial Report, which is available at [www.lancaster.k12.oh.us](http://www.lancaster.k12.oh.us).

The Lancaster City School District is proud of this report and the support offered by the Board of Education in its creation. Ultimately, we would like to thank our citizens for their encouragement in creating a report designed to more adequately address their needs as taxpayers, as well as for the opportunity to serve them. Questions, comments and feedback regarding this report are encouraged, so please do not hesitate to contact the Treasurer's office at (740) 687-7315 or at [j\\_taylor@lcsschools.net](mailto:j_taylor@lcsschools.net).

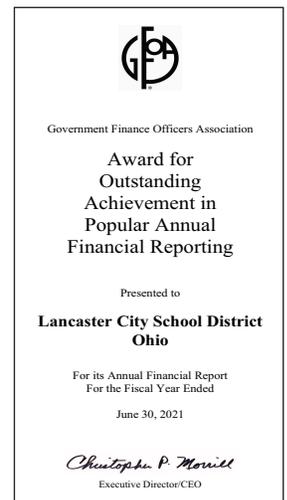
Respectfully submitted,

  
 Julie L. Taylor  
 Treasurer

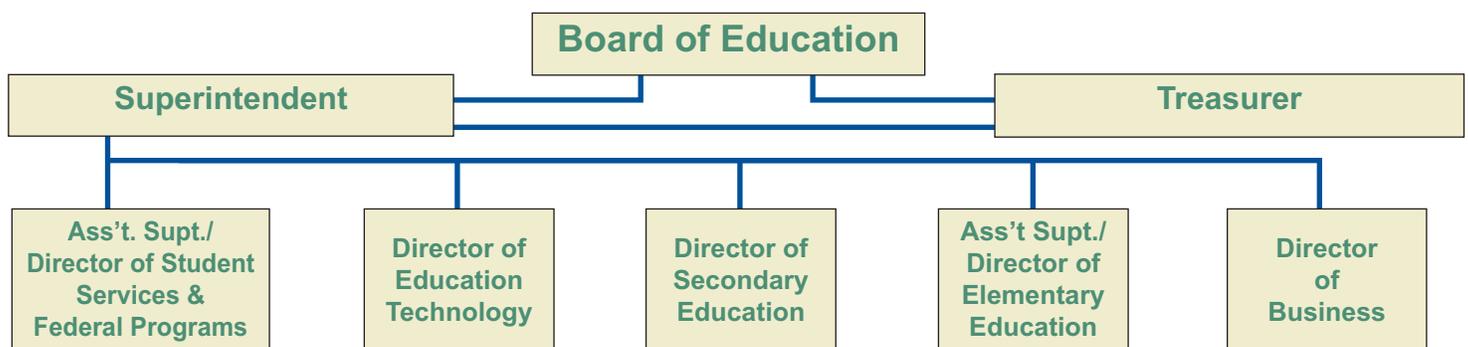
## AWARD FOR OUTSTANDING ACHIEVEMENT POPULAR ANNUAL FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Lancaster City Schools for its Popular Annual Financial Report for the fiscal year ended June 30, 2021. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.



## LANCASTER CITY SCHOOLS: ADMINISTRATIVE STRUCTURE AS OF JUNE 30, 2022



## SUMMARIZED FINANCIAL REPORTS

Readers of the Financial Activity Statement and Financial Position Statement should keep in mind that the numbers in both reports are taken from the District's Annual Comprehensive Financial Report (ACFR), but are presented in a non-GAAP format. The Comprehensive Annual Financial Report can be obtained from the Treasurer's office or <https://www.lancaster.k12.oh.us/administration/3>.

### REVENUES AND RESOURCES OVER EXPENDITURES AND SERVICES

The Financial Activity Statement, known in accounting terms as the income statement, provides a summary of the resources (revenues) and services (expenditures) of the District.

Resources Taken In <small>(shown in thousands)</small>	FY'22	FY'21	FY'20	FY'19
Taxes	\$41,623	\$39,826	\$36,674	\$33,663
State and Federal Revenue	\$32,155	\$32,367	\$31,510	\$32,600
Investment Income	(\$1,643)	\$148	\$1,803	\$1,790
Tuition & Fees	\$828	\$1,537	\$1,400	\$1,334
Extracurricular	\$122	\$106	\$136	\$170
Miscellaneous	\$412	\$1,201	\$1,058	\$885
<b>TOTAL Revenues &amp; Resources<sup>^</sup></b>	<b>\$73,497</b>	<b>\$75,185</b>	<b>\$72,581</b>	<b>\$70,442</b>

Services Provided* <small>(shown in thousands)</small>	FY'22	FY'21	FY'20	FY'19
Instruction	\$43,580	\$46,430	\$45,100	\$42,322
Pupil Support	\$5,750	\$3,488	\$3,923	\$4,719
Instructional Support	\$2,877	\$2,930	\$3,026	\$2,688
Board/Administration/Fiscal	\$8,059	\$7,389	\$7,386	\$6,745
Business Support	\$393	\$354	\$335	\$343
Plant Operation	\$5,846	\$5,309	\$4,972	\$5,265
Transportation	\$3,560	\$3,071	\$2,809	\$3,052
Central Support	\$939	\$1,030	\$1,145	\$1,166
Extracurricular	\$1,254	\$1,195	\$1,156	\$1,153
Capital Outlay	\$56	\$25	\$69	\$36
Debt Service/Other Non-Instructional	\$140	\$123	\$350	\$401
<b>TOTAL Expenditures &amp; Service<sup>^</sup></b>	<b>\$72,454</b>	<b>\$71,344</b>	<b>\$70,271</b>	<b>\$67,890</b>
<b>Revenues &amp; Resources Over Expenditures &amp; Services</b>	<b>\$1,043</b>	<b>\$3,841</b>	<b>\$2,310</b>	<b>\$2,552</b>

\* Please refer to the definitions to the right of this chart.

<sup>^</sup> State and Federal Revenue decreased in FY20 due to a statewide reduction in school funding due to the COVID-19 pandemic. Instruction expenditures decreased in FY22 due to the state now directly funding for charter schools and open enrollment. Investment income decreased in FY21 and F22 due to the lower interest rates and the market values. Pupil support expenditures decreased in FY20 and FY21 due to staff being paid out of Student Success and Wellness Funds.

### CAPITAL LEASES

The chart below captures the District's long-term capital lease obligations:

Capital Leases	FY'22	FY'21	FY'20	FY'19
Capital Leases/Total Outstanding	\$150,646	\$183,694	\$228,164	\$223,690

During FY13, the District entered into a four year lease obligation for equipment and accessories necessary for implementation of the 1:1 iPad initiative at Lancaster High School. In FY15, the District entered into a five year lease for new copier equipment. During FY17, the District entered into a four year lease for new chromebooks.

### OUR EXPENDITURES AND SERVICES: DEFINITIONS

**INSTRUCTION** is the largest expenditure category and relates to the direct instruction of our students. Students are directly impacted by expenditures from this category.

**PUPIL SUPPORT** areas comprise all guidance services, lunchroom aides, speech, hearing, occupational therapy, physical therapy, and psychological services.

**INSTRUCTIONAL SUPPORT** costs include library services, technology integration, curriculum development, instrumental staff training, and audio-visual services.

**BOARD/ADMINISTRATION/FISCAL** costs represent those of the administration and Board of Education's operation of the District. Also included in this category are school building secretarial support, financial services, such as payroll, accounts payable and receivable, auditing, budgeting and reporting, and fringe benefits administration.

**BUSINESS SUPPORT** costs include business services such as risk management, construction, management, and courier services.

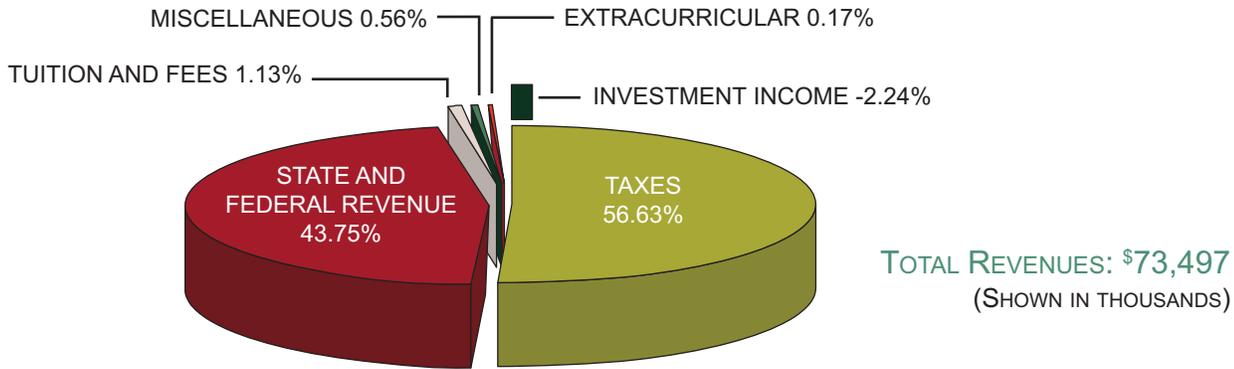
**PLANT OPERATION** expenditures relate to the safe and efficient environment of the school including building maintenance, grounds and custodial services.

**TRANSPORTATION** expenditures relate to providing transportation (mostly by bus) to all students who live in the Lancaster City School District consistent with Board of Education policies and the laws of the State of Ohio. On average the bus fleet transports approximately 2,111 students to Lancaster City Schools and 32 students to non-public schools.

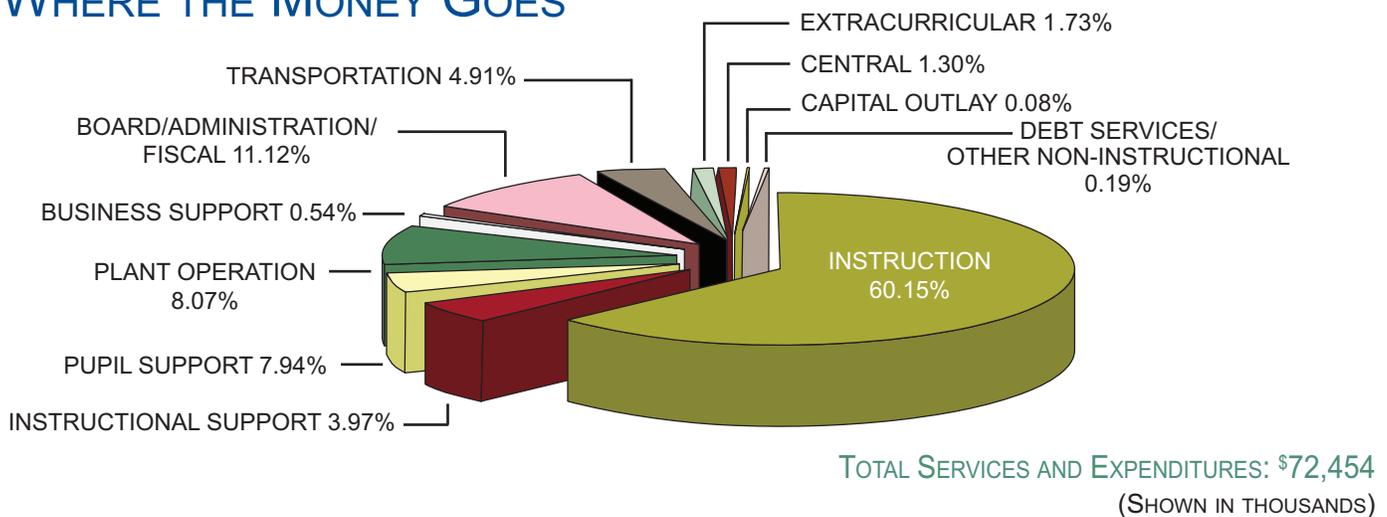
**CENTRAL SUPPORT** expenditures include technology, maintenance staff, and computer network maintenance contracts.

**EXTRACURRICULAR** expenditures account for salaries, benefits, and supplies for club and athletic related activities.

## OUR REVENUES AND RESOURCES FY22: WHERE THE GENERAL FUND MONEY COMES FROM



## OUR EXPENDITURES AND SERVICES FY22: WHERE THE MONEY GOES



## BENEFITS OVER DETRIMENTS

The Financial Position Statement, known in accounting terms as the balance sheet, reports the benefits (assets) available to provide services. Detriments (liabilities) are the amounts for which the District is obligated to pay in the future. The amount below represents the difference between the benefits of the District and the detriments which it must pay. The amount provides the net worth of the District.

Financial Benefits (shown in millions of \$)	FY'22	FY'21	FY'20	FY'19
Cash and Investments	\$37.48	\$44.54	\$44.39	\$43.83
Receivables	\$33.41	\$31.33	\$30.49	\$30.63
Other Assets	\$0.62	\$0.59	\$0.46	\$0.46
<b>Total Financial Benefits</b>	<b>\$71.51</b>	<b>\$76.46</b>	<b>\$75.34</b>	<b>\$74.92</b>

Financial Detriments (shown in millions of \$)	FY'22	FY'21	FY'20	FY'19
Amount Owed to Employees and Vendors	\$8.45	\$7.43	\$8.15	\$7.84
Short Term Debt	\$0.18	\$0.36	\$0.06	\$0.09
Other Liabilities	\$26.40	\$24.88	\$24.68	\$24.18
<b>Total Financial Detriments</b>	<b>\$35.03</b>	<b>\$32.67</b>	<b>\$32.89</b>	<b>\$32.11</b>

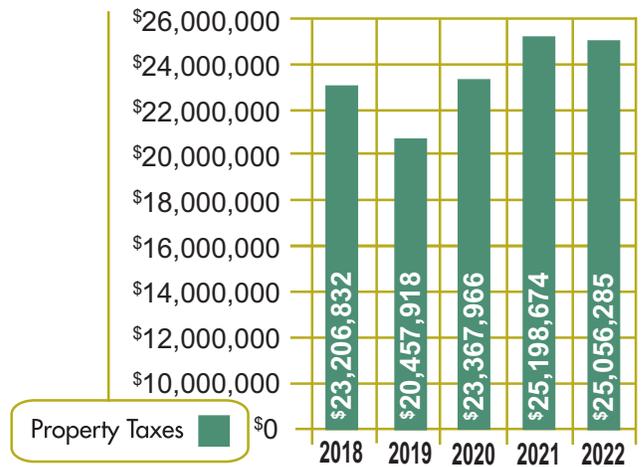
<b>Benefits over Detriments</b>	<b>\$36.48</b>	<b>\$43.79</b>	<b>\$42.45</b>	<b>\$42.81</b>
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<sup>^</sup>Receivables increased in FY 21 and FY22 due to an increase in taxes receivable. Amounts owed to Employees and Vendors decreased in FY21 due to timing of payments.

# SOURCES OF FUNDING: WHERE DOES THE MONEY COME FROM?

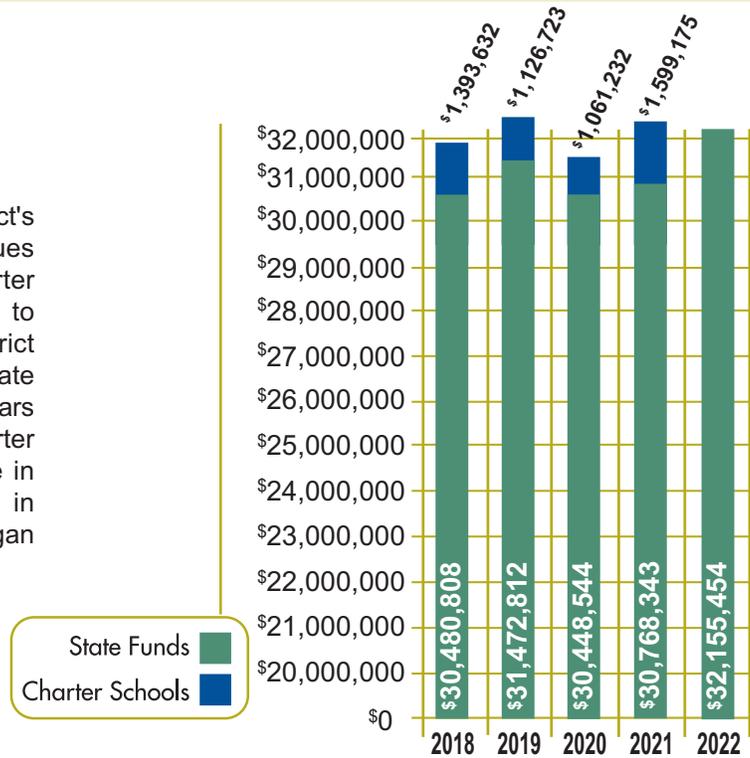
## PROPERTY TAXES

To the right is a graph depicting the amount of tax collections levied by the District from real and personal property taxes. Property taxes provide a majority of the local revenue to operate and maintain our schools. Property taxes increased in FY18 due to an increase in real estate property valuation and collection of delinquent taxes. Property taxes decreased in FY19 due to a decrease in the amount available as of fiscal year end due to timing of the property tax collection dates set by the County Auditor.



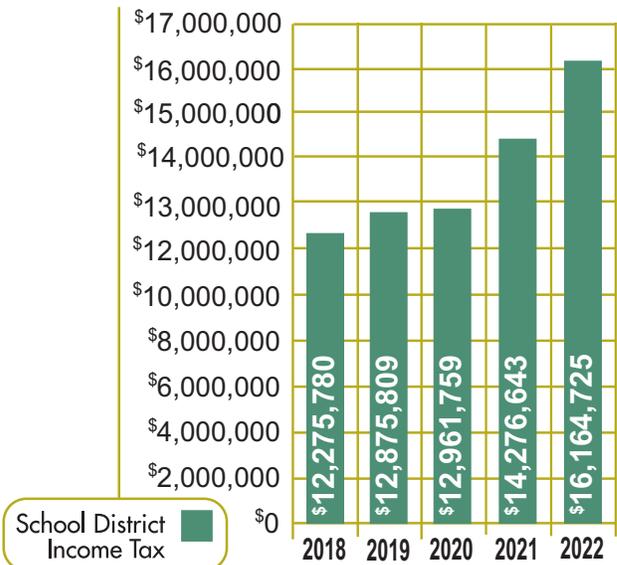
## STATE FUNDING

The chart to the right depicts the revenue for the District's General Fund from the State of Ohio and the revenues deducted from our state payments and sent to charter schools. The state sends part of our state revenue to charter schools to pay for students from our district attending charter schools. Monies received from the state are critical in running a fiscally solvent school district. Years are presented on a June 30 fiscal year-end basis. Charter School revenue increased in F21 due to an increase in families searching for alternate education options in response to COVID-19. Starting in FY22, the state began funding charter schools directly.



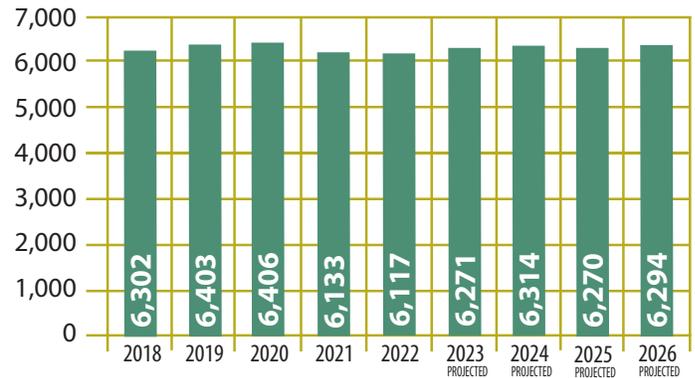
## SCHOOL DISTRICT INCOME TAX

In November 2006, voters approved a one and one half percent earned income tax effective for 10 years. The income tax was renewed on a continuous basis in November 2015. The Ohio Department of Taxation administers the monitoring, auditing, and collecting of this tax. Years are presented on a June 30 fiscal year-end basis. Economic condition and outlook can be found in the ACFR's transmittal letter.



## ENROLLMENT – CURRENT TREND AND MOST LIKELY PROJECTION

The District has fluctuated between 6,117 and 6,406 over the last five years. Enrollment is expected to increase over the next five years; however, this is based on projections not predictions.



## ASSESSED VALUES OF REAL AND TANGIBLE PERSONAL PROPERTY

Collection Year	Residential/Agricultural	Commercial/Industrial	Public Utility	Total
2022	\$777,936,630	\$262,973,600	\$87,461,130	\$1,128,371,360
2021	\$771,522,750	\$258,980,770	\$79,625,390	\$1,110,128,910
2020	\$765,493,610	\$256,363,780	\$70,762,830	\$1,092,620,220
2019	\$651,189,120	\$249,606,860	\$62,774,980	\$963,570,960
2018	\$645,511,750	\$245,633,080	\$56,237,600	\$947,382,430
2017	\$639,780,840	\$252,019,550	\$54,517,070	\$946,317,460
2016	\$619,442,520	\$247,328,750	\$51,539,360	\$918,310,630
2015	\$617,354,180	\$246,263,980	\$48,501,740	\$912,119,900
2014	\$614,184,870	\$252,145,190	\$48,977,450	\$915,307,510
2013	\$618,293,410	\$247,941,310	\$48,644,050	\$914,878,770
2012	\$616,978,730	\$245,316,740	\$44,756,650	\$907,052,120

\* Increases in assessed values in FY17 through FY22 are due to an improved real estate market and growth as well as triennial valuation updates.

## UNBUNDLING THE TAX RATE

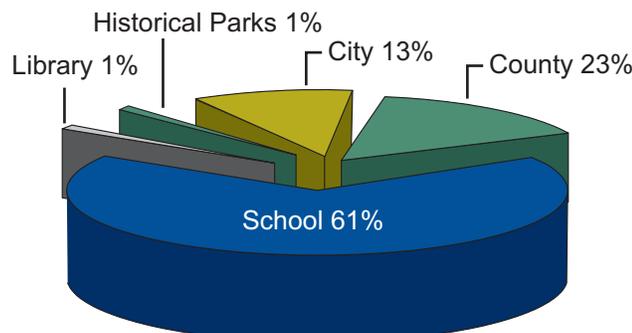
Type	Gross Rate**	Effective Rate**	Year Approved	Length Approved
Inside-Operating*	4.00	4.00*	N/A	Permanent
Voted-Operating*	60.60	16.00*	Various	Permanent
Voted-Permanent Improvement*	0.50	0.41	2012	Permanent
Voted-Bond Retirement*	2.60	2.60	2012	37 year
Voted-Bond Retirement*	3.70	3.70	2019	37 year
<b>TOTAL RATES</b>	<b>71.40</b>	<b>26.71</b>	—	—

\* Rates are for the 2021 tax year collected in the year 2022.

\*\*The difference between the gross and effective rate is due to tax reduction factors that generally prevent changes in voted taxes when valuation of existing real property is increased or decreased.

## WHERE DOES A DOLLAR OF YOUR REAL ESTATE TAX MONEY GO?

Shown to the right are the 2022 collection year amounts that would be charged to the owner of a \$100,000 home in the largest tax district of the district. The graph represents the percentage of each dollar going to each entity. The total of \$1,521.57 is the annual amount the owner of a \$100,000 home would pay in taxes.



Annual Cost	
County	\$356.03
School	\$934.95
Library	\$14.29
Historical Parks	\$10.94
City	\$205.38
<b>TOTAL</b>	<b>\$1,521.57</b>

# MAJOR INITIATIVES & ACCOMPLISHMENTS

## FACILITIES:

Through a partnership with the Ohio Facilities Construction Commission (OFCC), Lancaster City School District completed a \$78.5 million project to construction of five new elementary buildings. Three buildings opened for fiscal year 2016 and the remaining two opened during fiscal year 2017. The project came in on time and under budget.

The District extended its partnership with the OFCC to construct two new junior high school buildings. The total project has not been closed out at this time but estimated to be \$58 million. The District's share of the project was funded with operating funds (made possible with the renewal of the income tax in November 2015 on a continuing basis). One junior high opened in January 2020 and the second one opened in August 2020.

In May 2019, voters approved a 3.7 mill bond issue to construct a new high school – the final phase of the District's facility master plan. The District sold \$61M in bonds in April 2020 (during the COVID-19 pandemic). Low interest rates saved taxpayers \$41.3M over 37 year term (which was reduced from 40 years). This project will also be co-funded in partnership with OFCC. The District and OFCC completed a signed Project Agreement on December 1, 2021. A groundbreaking ceremony was held on October 27, 2022 (see cover).

## FINANCE:

Lancaster City School District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for twenty-nine years out of the last thirty years (the School District did not submit an application for 1995). The Certificate of Achievement

is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports. Lancaster City School District has been awarded the Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from GFOA for the last fourteen years. In addition, the District was awarded the Ohio Auditor of State Award with Distinction for excellence in financial reporting.

## BUILDINGS/DEPARTMENTS:

There were a number of specific initiatives and accomplishments made during the fiscal year ended June 30, 2022\*:

- Thirty-two seniors participated in the Fairfield County Workforce Center Pre-Apprenticeship programs, earning college credit, industry recognized credentials and employment opportunities in Carpentry, HVAC, Electrical, Water/Waste Water and Phlebotomy.
- Increased behavioral supports for students with the addition of Behavior Techs in all buildings K-8, Registered Behavioral Technicians and Board Certified Behavioral Analysts.
- Prepared building and outside grounds at new District Complex on Coonpath Road for move-in of District office employees, Custodial/Maintenance, and Transportation Departments.
- Received a clean audit from the Federal Government on our E-rate program.
- Installed over 2,000 chromebooks for student and teacher use and fixed an additional 2,000 broken chromebook/non-functioning devices.

\*A list of initiative and accomplishments for each building and department can be found in the ACFR transmittal letter starting on page v.

# 2021-2022 STATE-ISSUED REPORT CARD

Starting with state report cards for the 2012-13 school year, Ohio began grading schools on an A-F scale. The A-F system replaced Ohio's previous school rating system that gave school labels like "Excellent" and "Continuous Improvement." The Ohio School Report Cards now include six major components - Achievement, Progress, Gap Closing, Graduation Rate, K-3 Literacy and Prepared for Success. Beginning with the 2017-18 report card, schools received a single, official grade that reflects their overall performance. For more detailed information, go to the Ohio Department of Education's website at [www.ode.state.oh.us](http://www.ode.state.oh.us).

## Ohio School Report Cards

### 2021 - 2022 Report Card for

### Lancaster City

The Ohio School Report Cards include performance information provided by schools and districts including academic, financial, and opportunity to learn data. Some of this data is then combined into six components that receive star ratings to indicate the level of performance for the school and district.

#### Achievement

This component represents whether student performance on state tests met established thresholds and how well students performed on tests overall.

Performance Index



Meets state standards in academic achievement.

72.4%

#### Progress

This component looks closely at the growth all students are making based on their past performances.



Significant evidence that the district exceeded student growth expectations by a larger magnitude.

#### Overall

#### Early Literacy

This component looks at how successful schools are at improving reading for at-risk students in grades K-3.



Needs support to meet state standards in early literacy (K-3).

Improving K-3 Literacy  
Third Grade Reading Proficiency  
Promotion to Fourth Grade

31.9%  
51.7%  
100.0%

#### Gap Closing

The Gap Closing Component is a measure of the reduction in educational gaps for student subgroups.

Annual Performance Goals



Significantly exceeds state standards in closing educational gaps.

67.2%

#### College, Career, Workforce and Military Readiness

This component looks at how well-prepared Ohio's students are for future opportunities, whether training in a technical field or preparing for work or college.

Students who are Ready

36.8%

#### Graduation

The Graduation Component is a measure of the four-year adjusted cohort graduation rate and the five-year adjusted cohort graduation rate.



Meets state standards in graduation rates.

92.0% of students graduated in 4 years  
94.0% of students graduated in 5 years

# LANCASTER CITY SCHOOL DISTRICT



**Tarhe Preschool**

Grade K

Opened August 2015 Enrollment: 187



**Gorsuch West Elementary**

Grades K-5

Opened August 2015 Enrollment: 551



**Medill Elementary**

Grades K-5

Opened January 2017 Enrollment: 615



**Mt. Pleasant Elementary**

Grades K-5

Opened August 2015 Enrollment: 478



**Tallmadge Elementary**

Grades K-5

Opened August 2016 Enrollment: 471



**Tarhe Trails Elementary**

Grades K-5

Opened August 2015 Enrollment: 619



**General Sherman Junior High**

Grades 6-8

Opened August 2020 Enrollment: 719



**Thomas Ewing Junior High**

Grades 6-8

Opened August 2015 Enrollment: 700



**Lancaster High School**

Grades 9-12

Opened August 1963 Enrollment: 1,777



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

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