



Dave Yost • Auditor of State

CITY OF LANCASTER
FAIRFIELD COUNTY

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CITY OF LANCASTER
FAIRFIELD COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|---|----------------------------------|---------------------------|---------------------|
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u> | | | |
| Community Development Block Grants (CDBG) Entitlement Grants Program | N/A | 14.218 | \$ 540,675 |
| Total U.S. Department of Housing and Urban Development | | | 540,675 |
| <u>U.S. DEPARTMENT OF INTERIOR:</u> | | | |
| <i>Passed Through Ohio Department of Natural Resources:</i> | | | |
| Natural Outreach and Communication Program | DNRGN018 | 15.653 | 500 |
| Total U.S. Department of the Interior | | | 500 |
| <u>U.S. DEPARTMENT OF JUSTICE:</u> | | | |
| <i>Passed Through Ohio Office of Criminal Justice:</i> | | | |
| Violence Against Women Formula Grants Program | 2009 AR VA5 1246 | 16.588 | 7,477 |
| Program/Grants to Adult Drug Court | 2009-RA-C01-2095 | 16.803 | 40,027 |
| 2010 Cops Hiring Program | 2010-UMWX-0240 | 16.710 | 116,114 |
| Total U.S. Department of Justice | | | 163,618 |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| <i>Passed Through Ohio Department of Transportation</i> | | | |
| Highway Planning and Construction Grant | PID 83159 | 20.205 | 673,754 |
| | PID 87777 | | 1,384 |
| Total Highway Planning and Construction Grant | | | 675,138 |
| Formula Grants for Other than Urbanized Areas | OH-18-X030 | 20.509 | 17,113 |
| | OH-18-X030 | | 40,701 |
| | OH-18-X031 | | 58,684 |
| | OH-18-X031 | | 508,931 |
| ARRA - Formula Grants for Other than Urbanized Areas | OH-86-X001 | | 58,075 |
| Total Formula Grants for Other than Urbanized Areas. | | | 683,504 |
| Total U.S. Department of Transportation | | | \$ 1,358,642 |
| <u>U.S. DEPARTMENT OF ENERGY</u> | | | |
| <i>Passed Through Ohio Department of Energy</i> | | | |
| ARRA - Energy Efficiency and Conservation Block Grant Program | N/A | 81.128 | 51,100 |
| Total U.S. Department of Energy | | | 51,100 |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> | | | |
| Assistance to Firefighters Grant | EMW-2009-FO-03383 | 97.044 | 56,525 |
| Total U.S. Department of Homeland Security | | | 56,525 |
| Total Federal Awards Expenditures | | | 2,171,060 |

The accompanying notes are an integral part of this schedule.

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the City of Lancaster, Fairfield County, Ohio (the City's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City has a revolving loan fund (RLF) program to provide low-interest loans to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The initial loans of this money are recorded as a disbursement in the accompanying Schedule. Loans repaid, including interest, are used to make additional loans. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2011, the gross amount of loans outstanding under the CDBG program was \$1,047,186, and the gross amount of loans outstanding under the CHIP program was \$603,891.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE D - CORRECTION TO FEDERAL AWARDS EXPENDITURES SCHEDULE

During fiscal year 2010, the County inadvertently omitted \$673,754 in expenditures from the Federal Awards Expenditures Schedule from the Highway Planning and Construction Grant (CFDA #20.205). This program is included on the federal schedule and was audited as a major program in 2011.



Dave Yost • Auditor of State

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

City of Lancaster
Fairfield County
104 East Main Street
Lancaster, Ohio 43130

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Fairfield County, Ohio, (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 20, 2012, wherein we noted the City adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our report refers to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of the Lancaster Port Authority, a major fund, as described in our audit report of the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 20, 2012.

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

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

June 20, 2012



Dave Yost • Auditor of State

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

City of Lancaster
Fairfield County
104 East Main Street
Lancaster, Ohio 43130

To the City Council:

Compliance

We have audited the compliance of the City of Lancaster, Fairfield County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City's major federal programs for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Lancaster complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2011-01.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2011-01 to be a material weakness.

Federal Awards Expenditures Schedule

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lancaster, Fairfield County, Ohio, (the City) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 20, 2012, wherein we noted the City adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our audit, and the report of other auditor's, was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 used to prepare the financial statements. This schedule was subject 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.

The City's response to the finding we identified is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

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



Dave Yost
Auditor of State

June 20, 2012

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011**

| |
|--|
| 1. SUMMARY OF AUDITOR'S RESULTS |
|--|

| | | |
|---------------------|---|--|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weaknesses reported for major federal programs? | Yes |
| <i>(d)(1)(iv)</i> | Were there any other significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510? | Yes |
| <i>(d)(1)(vii)</i> | Major Programs (list): | CDBG Entitlement Grants Program - CFDA #14.218 Formula Grants for Rural Transit - CFDA #20.509 Highway Planning and Construction – CFDA #20.205 |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | No |

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011
(Continued)**

| |
|--|
| 2. FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

None

| |
|--------------------------------------|
| 3. FINDING FOR FEDERAL AWARDS |
|--------------------------------------|

1. Federal Awards Expenditures Schedule – Noncompliance/Material Weakness

| | |
|------------------------------------|-----------------------------------|
| Finding Number | 2011-01 |
| CFDA Title and Number | 20.205 |
| Federal Award Number / Year | 2009 |
| Federal Agency | U.S. Department of Transportation |
| Pass-Through Agency | Ohio Department of Transportation |

OMB Circular A-133 Section __.300 (d) states that the auditee shall prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with Section __.310. OMB Circular A-133 Section __.310 (b) states that the auditee shall prepare a schedule of expenditures of Federal awards for the period covered by the auditee’s financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For Research and Development, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011
(Continued)**

3. FINDING FOR FEDERAL AWARDS (Continued)

1. Federal Awards Expenditures Schedule – Noncompliance/Material Weakness (Continued)

The City inadvertently omitted \$673,754 of expenditures from the Highway Planning and Construction Grant, that was paid to vendor's on the City's behalf by the State of Ohio, on the 2010 federal awards expenditures schedule. This resulted in an inaccurate federal awards expenditures schedule for 2010 and a Type A program under OBM Circular A-133 going untested. This program was subsequently tested in 2011 and is included on the City's 2011 federal schedule.

We recommend that the City Auditor assure that all City departments have submitted information regarding federal programs and that policies be developed for City Departments to report and confirm transactions associated with federal programs. Once federal information is submitted to the City Auditor, someone should be assigned to review the accuracy and completeness of the information submitted by each department. The City can and should utilize confirmation schedules provided by the Ohio Department of Transportation to assure all funds are recorded in the City Accounting records.

Official's Response/Corrective Action Plan:

Due to the delayed 2010 audit we did not find the reporting issue of direct vendor payments until 2012. The Auditor's Office and Engineers Office have put a plan into effect in June 2012 that will prevent any money going straight to vendors from not being recorded on the City's financial system.

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|--|
| 2010-01 | Appropriations Exceeding Actual Resources – ORC 5705.36 (A)(3) | Yes | |
| 2010-02 | Appropriations Exceeding Estimated Resources – ORC 5705.39 | Yes | |
| 2010-03 | Timely Filing of A-133 Reporting Package | Yes | |

CITY OF LANCASTER, OHIO

Fairfield County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2011



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2011

Prepared by the City Auditor's Office

Patricia Nettles
City Auditor



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FAIRFIELD COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF LANCASTER, OHIO

OFFICE OF THE AUDITOR
104 E. Main St. Room 107
Lancaster, Ohio 43130
(740) 687-6611

Patricia Nettles, Auditor

June 20, 2012

To the Citizens and
Elected Officials of
Lancaster, Ohio:

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR), of the City of Lancaster, Ohio, for the year ended December 31, 2011.

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Lancaster to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. I believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operation of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Lancaster's MD&A can be found immediately following the independent accountants' report.

The Reporting Entity

The City of Lancaster is a statutory city operating under the provisions of the Ohio Revised Code which provides for an elected Mayor, Auditor, Treasurer, Law Director, President of Council, Council (six elected from wards and three at-large members), two Judges of the Municipal Court and a Municipal Court Clerk.

Lancaster is a full service City, and in order to provide necessary services to its citizens, the City of Lancaster is divided into departments. Services provided include full time police and fire protection, health services and clinic, park and recreational activities, city owned gas company, solid waste disposal, sewage collections and treatment, water treatment and distribution, street maintenance and repair and traffic control. These activities are provided by the City Council through the budgetary process and other elected officials through administrative and managerial policies and procedures and by the statutes of the State of Ohio.

***Letter of Transmittal
For the Year Ended December 31, 2011***

The City participates in the following Jointly Governed Organizations: Fairfield Metropolitan Housing Authority, Lancaster-Fairfield Community Action Agency, Fairfield Regional Planning Commission, Fairfield County Family, Adult and Children First, Fairfield County Multi-System Youth Committee, Community Corrections Board, and Fairfield-Hocking Major Crimes Investigation Unit.

The Lancaster City School District, under the Board of Education, and the Fairfield Medical Center are separate and independent entities and as such, are not included in this report.

City Overview

The City of Lancaster is the county seat of Fairfield County and is located in central Ohio approximately thirty miles southeast of Columbus.

History abounds in Lancaster and the surrounding area. Colonel Ebenezer Zane, a famous trailblazing pioneer and soldier, is generally considered the founding father of Lancaster. In 1796, Zane petitioned Congress to grant him a contract to open a road through Ohio, a distance of two hundred sixty-six (266) miles, which stretched from Wheeling, West Virginia, to Limestone, Kentucky, (1797 "ZANES TRACE" opened). In payment for Zane's work, he received three square mile tracts of land where Lancaster now stands. He sold some of his real estate and the town began to take root and was named New Lancaster. His two 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.

Items of Local Interest

The City of Lancaster is known for its excellent park system, including Rising Park and Mount Pleasant. General William T. Sherman was born in Lancaster, and his home on downtown Main Street is maintained by the State of Ohio as a Civil War Museum. Other important men who have called Lancaster home are U.S. Senator Thomas Ewing and three Governors of Ohio, William Medill, John Brough and John Brown.

Culture and Education

Lancaster is home to the annual Lancaster Festival, the Zane Square Festival and the Fairfield Heritage annual tour of beautiful and historic buildings and homes. The Lancaster Public Library is second-to-none and offers full library services. In addition to the excellent public school system, grades K-12, operated by the Lancaster Board of Education, Ohio University maintains a branch college in the City and offers a variety of Associate, Bachelor and Masters degree opportunities as well as continuing education programs. The Fairfield County Fair is held in Lancaster every year in the month of October and is the last county fair each year in the State of Ohio.

***Letter of Transmittal
For the Year Ended December 31, 2011***

ECONOMIC CONDITION AND OUTLOOK

The City of Lancaster is a community that is conservative in politics but progressive in the attitude of growing jobs. City Departments have transformed to be business friendly for both existing industry and new industry. This cultural change along with its location, workforce, resources, infrastructure, and educational opportunities maintains a competitive advantage for industry and commerce.

In 2011 and into 2012, Lancaster saw major efforts to clean up abandoned manufacturing sites which caused blight on the surrounding neighborhoods adjacent to those sites. At 330 South Ewing, a former battery manufacturing facility on five acres, the City in partnership with Lancaster Port Authority received grants in excess of one point seven million dollars for environmental remediation and redevelopment. The site will be a small business park. At Lancaster's Downtown gateway, the City in partnership with a private developer received approximately two point five million dollars to remediate and redevelop the former Lancaster Glass Factory. Proposed for this site is a mixed use development of retail, office, and residential. The City also received grants to assess environmental conditions of the former Starfire Service Station adjacent to Fairfield Medical Center. When cleaned environmentally, the hospital desires to build a medical office facility on the site. Additional assessment grants were received for the City owned "Mithoff Hotel" located downtown and the City is seeking grants to raze this structure which is a blight to the downtown.

In late 2011, the Lancaster Port Authority partnered with the City to create the Baldwin Run Transload Facility on a former brownfield. This rail-to-truck / truck-to-rail facility was built with a grant from Ohio Rail Development Commission, Private Industry funds, and Lancaster Port Authority funds on City property but operated by the Lancaster Port Authority by agreement with the City. The transload will serve existing industry as well as being an attraction tool for new industry.

An aggressive marketing strategy continues with partners such as the Fairfield 33 Development Alliance and Columbus 2020. The marketing strategy includes direct contact, print media, web based media as well as website, and direct mail to identified targeted sectors and decision makers in those targeted industry sectors.

The Rock Mill Industrial Park, Lancaster's premier Industrial Park is seeking Certification as a true "shovel ready" site. The Certification will be a first for Central Ohio Industrial Parks and will create a marketing opportunity in itself as it will be a proven ready for development site. The certification is being completed by the Austin Company and Ady & Associates firms.

When it comes to opportunities, Lancaster's efforts for Site Certification, infrastructure improvements, cultural support change, work force development, and location combine to make Lancaster the place to locate and grow commerce.

***Letter of Transmittal
For the Year Ended December 31, 2011***

Long-term Financial Planning:

The City of Lancaster departments are working together to utilize the expertise that we have in each department to put together a ten year street improvement plan, a ten year STP project plan and a long term capital improvement plan.

The ten year street improvement and ten year STP project plans are working together to help the City set up a funding source for the street and bridge repairs or replacements that are on the ten year street improvement plan by trying to utilize the STP funds to help pay for the project.

The long term capital improvements plan includes reconstruction of sanitary and storm sewers which will improve efficiency and keep the City compliant with EPA regulations, bike path extensions, clean up projects for industrial and commercial properties, water line extensions, and a road widening and reconstruction project.

MAJOR INIATIVES

The City's has programmed the use of federal surface transportation program (STP) funds for several street rehabilitation projects. The City receives an annual apportionment of those funds, but the use of those funds is limited to Federal-Aid Off-System streets. The STP eligible streets are the City's major streets.

One street benefitting from the use of STP funds is North Columbus Street from the SR 158 split to the northerly corporation line. Deemed the worst STP street in the City, a program to rehabilitate it began in 2009. Four culverts under the street were replaced, of which two utilized STP funds for construction. The Fairfield County Engineer's Office replaced two bridges within the project area. Utilities lines within the pavement area were replaced. To provide the local 20% match for the STP funds, the City submitted a grant application to the Ohio Public Works Commission in November 2010 to cover the local match to the STP funds. The OPWC awarded the grant in July 2011. Federal authorization to bid the project was received at the end of July 2011. The project was subsequently put out for bid with a bid opening in early September 2011. A recommendation to award was subsequently made to the Ohio Department of Transportation. The low bidder was in the process of fulfilling federal obligations associated with the STP funds at year's end. An April 2012 construction start is anticipated.

The City has identified its next project using STP funds, the Pierce Avenue/Fair Avenue Intersection Improvements. This is a major intersection in the City needing upgrades to pavements and curbs, and to the traffic signal equipment. In addition, the intersection does not meet current American with Disabilities (ADA) standards. The City has programmed the use of STP funds to make the needed upgrades and to bring the intersection's curb ramps and pedestrian signals into compliance with ADA standards. The City applied to the Ohio Public Works Commission in October 2011 for a grant to provide the local 20% construction match to the STP funds; the grant is under review at year's end.

The departments of Engineering and Transportation were working at year's end on a 10-year plan of street improvements for utilizing the City STP funds. The plan will be submitted to the Ohio Department of Transportation (ODOT) when completed. ODOT oversees the use of STP funds within the state.

***Letter of Transmittal
For the Year Ended December 31, 2011***

The City has also worked to resurface local streets not eligible for the STP funds. A grant application was submitted to the Ohio Public Works Commission in October 2009 for resurfacing local streets. The grant was awarded in July 2010, but financial constraints prevented the project from being bid until mid-summer 2011. Work began on this project in fall 2011, but a wet fall prevented its completion in 2011. The 2010 Street Improvement Program project will be completed in late spring 2012.

The development of infrastructure to serve the undeveloped tracts in the Rock Mill Corporate Park has been a major component in the City's capital improvement program over the last 25 years. A major part of that plan is the reconstruction of Campground Road from a country lane to an industrial park street. A deteriorated, functionally obsolete and hydraulically deficient culvert in Part 2 of the Campground Road improvements plan was replaced with a small bridge in 2011. This completion of this project will help facilitate the completion of the remaining Campground Road Part 2 improvements.

Amendments to the federal Clean Water Act have directed pollution mitigation efforts to other water pollution sources, one being combined sewer overflows (CSO's). Older cities like Lancaster have combined sewers that carry both sanitary and storm flows in the same conduits. During and after rain events those sewers become filled beyond capacity and the system outlets the excess flow to streams and rivers. Those outlet points are CSO's. The CSO's are permitted under the City's recently issued National Pollution Discharge Elimination System (NPDES) permit. However, under the new permit, the City is required to reduce the number of overflow events at its CSO's. Prior to the new permit, the City retained a consulting engineer to develop a plan of improvements and schedule for construction of those improvements to meet the stricter permit conditions. The City and the Ohio Environmental Protection Agency finalized negotiations of this pollution mitigation plan, and that plan is part of the City's NPDES permit. The City anticipates spending \$70M over the next 15-years to construct the required improvements to the City's sewerage system. To date the City has reduced the number of CSO locations from 33 in 1995 to 12 at the end of 2011.

One major component of the permit is the construction of the Upper Hocking Wastewater Treatment Plant that will treat flows from the northwest and west sides of the City where the storm and sanitary flows are separated. The elimination of flows from these sections of the City will reduce flows into the combined system, and will reduce the number of overflow events from CSO's. The plant and an ancillary pumping station were completed in 2011.

The enactment of the American Recovery and Reinvestment Act (ARRA) of 2009, provided the City a needed funding source for eleven projects. Most of those projects were completed in 2010. The Department of Energy awarded the City \$163,000 in Energy Efficiency and Conservation Block Grant funds for energy upgrades to City Hall, completed in 2010. A grant amendment was submitted to the Department of Energy to upgrade the heating at Engine House 2 and Engine House 3. Approval of the grant amendment was given 2011 with construction completed in 2011.

The City's Economic Development Department obtained a grant from the Ohio Rail Development Commission to fund the construction of a trans-load facility on the former Anchor Hocking Plant 2 site. The City purchased the site and used Clean Ohio Revitalization Funds to remediate the site for future industrial use. The City's let a contract in 2011 that rehabilitated the existing rail spur on the site. In addition, an adjoining parking and loading pad was constructed to provide for the transfer goods between rail cars and trucks. Construction was substantially completed in 2011. A chip seal surface to the pad and access drive is expected to be placed in early summer 2012.

***Letter of Transmittal
For the Year Ended December 31, 2011***

The City transformed a vacated site back into a wetland in 2011. The City received a \$250,000 grant in 2005 from the Clean Ohio Conservation Fund to purchase approximately 58 acres along the Hocking River opposite to the City's Water Pollution Control Facility on the south side. The project goals were to preserve the Hocking River Corridor, to maintain a functioning floodplain, to improve water quality, and to preserve a natural greenway. In 2011 the City received a \$150,000 Surface Water Improvement Fund grant to restore the wetlands. Deeds Wetlands was bid in early 2011 and substantially completed in late 2011. This wetlands project will include recreational and education improvements in the future.

The City also purchased the former Frick-Gallagher Manufacturing Facility on South Ewing Street in late 2007. A Phase I Environmental Site Investigation was performed at the site in 2002 and a Clean Ohio Assistance Fund grant funded additional studies of the site in 2010. The City was awarded a Clean Ohio Revitalization Fund grant to remediate the site. Site remediation work began in 2011. Some environmental concerns have temporarily suspended the work for further study. Work will resume in 2012. After clean up efforts are complete, the Economic Development Department will market the site as an industrial subdivision.

The Upper Hocking Wastewater Treatment Plant began operations in July 2011 with the biosolids treatment becoming operational in January 2012. The Upper Hocking Plant will run at a capacity of 2.5 million gallons per day during dry weather and up to 6 million gallons per day during wet weather. This new facility will help offset the flow going to the existing Lawrence Street Plant which will help the wastewater capacity throughout the City.

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance of the following:

1. The City's assets are protected against loss and unauthorized use or disposition.
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated applying the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation.
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and the Auditor's Office.

***Letter of Transmittal
For the Year Ended December 31, 2011***

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

The Auditor's Office is responsible for the auditing and analysis of all purchase orders of the City. Personnel of the Auditor's Office carefully review purchase orders to ensure the availability of monies in the proper funds and accounts prior to the certification and subsequent payment of approved invoices. The City utilizes a fully automated accounting system as well as an automated system of controls for capital asset accounting and payroll. These systems, coupled with the review and examination performed by the City Auditor's Office, ensure that the financial information generated is both accurate and reliable.

Budgetary control is maintained at the object level for each department within each fund via legislation approved by City Council. Lower levels within each object are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available object level appropriations are not approved unless additional appropriations are authorized. Unencumbered appropriations return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year, which coincides with the calendar year.

OTHER INFORMATION

Independent Audit

This report includes an unqualified audit report regarding the City's financial statements. The audit was conducted by Dave Yost, Auditor of State. The Auditor's Report on the basic financial statements is included in the financial section of this report. The Auditor's report relating to the Federal Single Audit Act of 1996 is issued separately.

Public Disclosure

The publication of this Comprehensive Annual Financial Report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to its citizens. In addition to the citizens of Lancaster, the recipients of this report include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization requesting it. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

***Letter of Transmittal
For the Year Ended December 31, 2011***

Acknowledgments

A special thanks is extended to my staff Marsha Conrad, Jody Sheets and Paula Wahl, Deputy Auditors, for their assistance in compiling the cash reports and other data. I would like to thank Donald J. Schonhardt & Associates, Inc. for their professional guidance and many hours of hard work that went into preparing this report. The cooperation of many people is required to produce a quality product such as this CAFR.

Sincerely,



Patricia Nettles
City Auditor

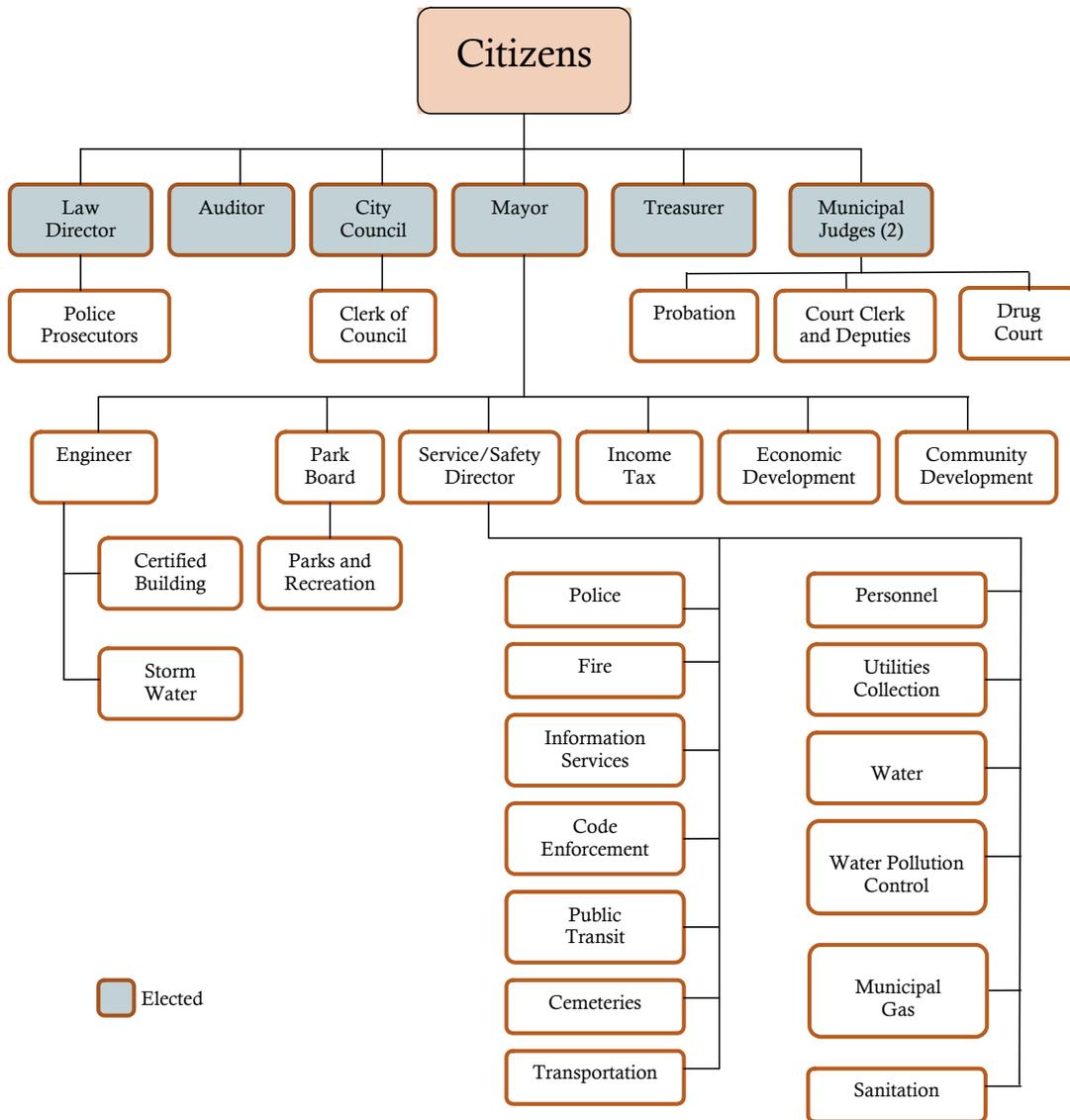
CITY OF LANCASTER, OHIO

***List of Principal Officials
For the Year Ended December 31, 2011***

| <u><i>Name</i></u> | <u><i>Title</i></u> |
|--|-------------------------|
| <i>Executive Officials</i> | |
| David Smith | Mayor |
| Patricia Nettles | Auditor |
| Terre Vandervoort | Law Director |
| Robert Wolfinger | Treasurer |
| | |
| <i>Legislative Officials</i> | |
| Kenneth Culver | President of Council |
| Jon Hale | Council-at-Large |
| Gina Bentle | Council-at-Large |
| Robert Hedges | Council-at-Large |
| Melody Bobbitt | Council - 1st Ward |
| John Zekas | Council - 2nd Ward |
| Bruce McAtee | Council - 3rd Ward |
| Tom Stoughton | Council - 4th Ward |
| Wendy Garbrandt | Council - 5th Ward |
| Rudy Touvell | Council - 6th Ward |
| | |
| <i>Administrative Officials</i> | |
| Michael Courtney | Service/Safety Director |
| Andrew Yost | Income Tax Commissioner |
| Brad W. Fagrell | City Engineer |

City Address:
City of Lancaster
104 East Main Street
Lancaster, Ohio 43130

**City Organizational Chart
For the Year Ended December 31, 2011**



FINANCIAL SECTION





Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Lancaster
Fairfield County
104 East Main Street
Lancaster, Ohio 43130

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Fairfield County, Ohio, (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lancaster Port Authority, a major fund, which represents seventy-nine percent, sixty-nine percent, and nineteen percent, respectively, of the assets, net assets, and operating revenues for the business-type activities. Other auditors audited those financial statements. They have furnished their report thereon to us and we base our opinion, insofar as it relates to the amounts included for the Lancaster Port Authority on the report of the other auditors.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Fairfield County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during 2011 the City adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include the *Management's discussion and analysis*, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City'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 provides additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We, and other auditors, subjected these statements and schedules to the auditing procedures applied to the basic financial statements. We, and other auditors, 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, and other auditors, 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.



Dave Yost
Auditor of State

June 20, 2012

The discussion and analysis of the City of Lancaster's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2011 are as follows:

- ❑ In total, net assets decreased \$10,803,146. Net assets of governmental activities increased \$223,987 which represents a .6% increase from 2011. Net assets of business-type activities decreased \$11,027,133 or 32.7% from 2010.
- ❑ General revenues accounted for \$22,157,602 in revenue or 27.0% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$59,967,139, 73.0% of total revenues of \$82,124,741.
- ❑ The City had \$33,806,726 in expenses related to governmental activities; only \$11,894,513 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$23,480,967 in revenues and other financing sources and \$23,187,147 in expenditures and other financing uses. The general fund's fund balance increased from \$3,673,814 to \$3,983,762.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining and individual statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities* – Most of the City's program's and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's gas, water, water pollution, storm water and sanitation services are reported as business-type activities.

Fund Financial Statements

Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at 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 City's general government 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 City's major fund is the General Fund. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The proprietary fund financial statements provide separate information for the Gas, Water, Water Pollution, Sanitation, Storm Water, and Port Authority funds, all of which are considered major funds.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net assets for 2011 compared to 2010:

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|--------------|-----------------------------|---------------|---------------|---------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current and other assets | \$25,244,383 | \$24,302,761 | \$692,142,029 | \$676,122,945 | \$717,386,412 | \$700,425,706 |
| Capital assets, Net | 37,942,033 | 38,953,796 | 130,358,765 | 128,439,827 | 168,300,798 | 167,393,623 |
| Total assets | 63,186,416 | 63,256,557 | 822,500,794 | 804,562,772 | 885,687,210 | 867,819,329 |
| Long-term debt outstanding | 14,536,250 | 15,540,889 | 430,250,692 | 434,935,228 | 444,786,942 | 450,476,117 |
| Other liabilities | 8,282,861 | 7,572,350 | 369,551,371 | 335,901,680 | 377,834,232 | 343,474,030 |
| Total liabilities | 22,819,111 | 23,113,239 | 799,802,063 | 770,836,908 | 822,621,174 | 793,950,147 |
| Net assets | | | | | | |
| Invested in capital assets, net of related debt | 29,585,924 | 29,963,075 | 41,272,887 | 42,163,722 | 70,858,811 | 72,126,797 |
| Restricted | 10,612,142 | 8,914,509 | 2,553,685 | 2,553,537 | 13,165,827 | 11,468,046 |
| Unrestricted | 169,239 | 1,265,734 | (21,127,841) | (10,991,395) | (20,958,602) | (9,725,661) |
| Total net assets | \$40,367,305 | \$40,143,318 | \$22,698,731 | \$33,725,864 | \$63,066,036 | \$73,869,182 |

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CITY OF LANCASTER, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

Changes in Net Assets –The following table shows the changes in net assets for 2011 compared to 2010:

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services and Sales | \$5,872,759 | \$6,144,921 | \$47,671,982 | \$49,241,558 | \$53,544,741 | \$55,386,479 |
| Operating Grants, Contributions and Interest | 5,523,719 | 4,358,354 | 256,255 | 194,145 | 5,779,974 | 4,552,499 |
| Capital Grants and Contributions | 498,035 | 797,834 | 144,389 | 1,042,287 | 642,424 | 1,840,121 |
| Total Program Revenues | <u>11,894,513</u> | <u>11,301,109</u> | <u>48,072,626</u> | <u>50,477,990</u> | <u>59,967,139</u> | <u>61,779,099</u> |
| General Revenues: | | | | | | |
| Property Taxes | 2,784,683 | 2,795,463 | 0 | 0 | 2,784,683 | 2,795,463 |
| Income Taxes | 15,838,417 | 17,212,521 | 0 | 0 | 15,838,417 | 17,212,521 |
| Other Local Taxes | 585,100 | 543,579 | 0 | 0 | 585,100 | 543,579 |
| Intergovernmental Revenues not Restricted to Specific Programs | 2,313,912 | 3,076,212 | 0 | 0 | 2,313,912 | 3,076,212 |
| Investment Earnings | 326,671 | 328,465 | 0 | 0 | 326,671 | 328,465 |
| Miscellaneous | 308,819 | 622,745 | 0 | 0 | 308,819 | 622,745 |
| Total General Revenues | <u>22,157,602</u> | <u>24,578,985</u> | <u>0</u> | <u>0</u> | <u>22,157,602</u> | <u>24,578,985</u> |
| Total Revenues | <u>34,052,115</u> | <u>35,880,094</u> | <u>48,072,626</u> | <u>50,477,990</u> | <u>82,124,741</u> | <u>86,358,084</u> |
| Program Expenses | | | | | | |
| Security of Persons and Property | 17,530,462 | 17,701,539 | 0 | 0 | 17,530,462 | 17,701,539 |
| Public Health and Welfare Services | 754,085 | 824,685 | 0 | 0 | 754,085 | 824,685 |
| Leisure Time Activities | 1,958,087 | 1,953,298 | 0 | 0 | 1,958,087 | 1,953,298 |
| Community Environment | 817,834 | 842,850 | 0 | 0 | 817,834 | 842,850 |
| Transportation | 5,037,685 | 5,224,430 | 0 | 0 | 5,037,685 | 5,224,430 |
| General Government | 7,369,038 | 9,532,402 | 0 | 0 | 7,369,038 | 9,532,402 |
| Interest and Fiscal Charges | 339,535 | 343,326 | 0 | 0 | 339,535 | 343,326 |
| Gas | 0 | 0 | 14,805,525 | 16,287,581 | 14,805,525 | 16,287,581 |
| Water | 0 | 0 | 9,143,946 | 8,959,229 | 9,143,946 | 8,959,229 |
| Water Pollution | 0 | 0 | 8,461,860 | 7,223,678 | 8,461,860 | 7,223,678 |
| Sanitation | 0 | 0 | 3,533,473 | 3,333,154 | 3,533,473 | 3,333,154 |
| Storm Water | 0 | 0 | 1,786,087 | 2,052,733 | 1,786,087 | 2,052,733 |
| Port Authority | 0 | 0 | 21,390,270 | 23,188,889 | 21,390,270 | 23,188,889 |
| Total Expenses | <u>33,806,726</u> | <u>36,422,530</u> | <u>59,121,161</u> | <u>61,045,264</u> | <u>92,927,887</u> | <u>97,467,794</u> |
| Change in Net Assets before transfers | 245,389 | (542,436) | (11,048,535) | (10,567,274) | (10,803,146) | (11,109,710) |
| Transfers | (21,402) | (324,798) | 21,402 | 324,798 | 0 | 0 |
| Total Change in Net Assets | <u>223,987</u> | <u>(867,234)</u> | <u>(11,027,133)</u> | <u>(10,242,476)</u> | <u>(10,803,146)</u> | <u>(11,109,710)</u> |
| Beginning Net Assets | <u>40,143,318</u> | <u>41,010,552</u> | <u>33,725,864</u> | <u>43,968,340</u> | <u>73,869,182</u> | <u>84,978,892</u> |
| Ending Net Assets | <u>\$40,367,305</u> | <u>\$40,143,318</u> | <u>\$22,698,731</u> | <u>\$33,725,864</u> | <u>\$63,066,036</u> | <u>\$73,869,182</u> |

CITY OF LANCASTER, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

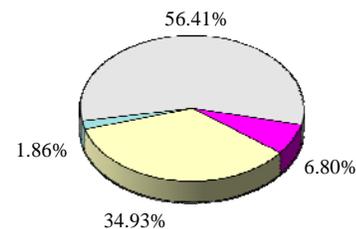
Governmental Activities

Net assets of the City's governmental activities increased by \$223,987. The City is maintaining its net asset balance by keeping expenses in line with revenues earned.

The City receives an income tax, which is based on 1.75% of all salaries, wages, commissions and other compensation and on net profits earned from those working in the City.

Income taxes and property taxes made up 46.5% and 8.2% respectively of revenues for governmental activities for the City in fiscal year 2011. The City's reliance upon tax revenues is demonstrated by the following graph indicating 56.41% of total revenues from general tax revenues:

| Revenue Sources | 2011 | Percent of Total |
|--------------------------------|---------------------|------------------|
| General Tax Revenues | \$19,208,200 | 56.41% |
| Unrestricted Intergovernmental | 2,313,912 | 6.80% |
| Program Revenues | 11,894,513 | 34.93% |
| General Other | 635,490 | 1.86% |
| Total Revenue | \$34,052,115 | 100.00% |



Business-Type Activities

Net assets of the business type activities decreased by \$11,027,133. This decrease was the result of expending approximately \$16 million of prepaid gas supply in the Port Authority Fund. The decrease was partially offset by maintaining revenues over expenses in most of the other business-type activities funds.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$11,651,079, which is an increase from last year's balance of \$2,115,874. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2011 and 2010:

| | Fund Balance December 31, 2011 | Fund Balance December 31, 2010 | Increase (Decrease) |
|--------------------|-----------------------------------|-----------------------------------|------------------------|
| General | \$3,983,762 | \$3,673,814 | \$309,948 |
| Other Governmental | 7,667,317 | 5,861,391 | 1,805,926 |
| Total | \$11,651,079 | \$9,535,205 | \$2,115,874 |

CITY OF LANCASTER, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

General Fund – The City's General Fund balance increase is due to several factors. The tables that follow assist in illustrating the financial activities of the General Fund:

| | 2011 | 2010 | Increase |
|-----------------------------|---------------------|---------------------|----------------------|
| | Revenues | Revenues | (Decrease) |
| Taxes | \$17,117,585 | \$17,630,379 | (\$512,794) |
| Intergovernmental Revenue | 2,434,320 | 3,142,951 | (708,631) |
| Charges for Services | 2,643,698 | 2,926,179 | (282,481) |
| Licenses, Permits, and Fees | 21,590 | 23,460 | (1,870) |
| Investment Earnings | 296,563 | 319,069 | (22,506) |
| Fines and Forfeitures | 832,122 | 858,730 | (26,608) |
| All Other Revenue | 135,089 | 266,677 | (131,588) |
| Total | <u>\$23,480,967</u> | <u>\$25,167,445</u> | <u>(\$1,686,478)</u> |

General Fund revenues in 2011 decreased approximately 6.7% compared to revenues in 2010. The City's taxes decreased due to the phase out of the tangible personal property tax and income taxes were down because of the economic downturn in business which we saw less tax dollars remitted due to staff reductions. With individual tax payers, many were on unemployment compensation in 2011 which is not taxable to the City of Lancaster. Intergovernmental revenues were down due to a decrease in Estate Taxes collected and Local Government Revenue funds received.

| | 2011 | 2010 | Increase |
|------------------------------------|---------------------|---------------------|----------------------|
| | Expenditures | Expenditures | (Decrease) |
| Security of Persons and Property | \$15,774,360 | \$16,878,414 | (\$1,104,054) |
| Public Health and Welfare Services | 243,901 | 297,379 | (53,478) |
| Community Environment | 156,506 | 133,394 | 23,112 |
| General Government | 5,880,038 | 6,037,070 | (157,032) |
| Debt Service: | | | |
| Principal Retirement | 43,066 | 29,937 | 13,129 |
| Interest and Fiscal Charges | 63,749 | 61,135 | 2,614 |
| Total | <u>\$22,161,620</u> | <u>\$23,437,329</u> | <u>(\$1,275,709)</u> |

General Fund expenditures decreased by \$1,275,709 or 5.4% compared to the prior year primarily due to not filling personnel positions that either retired or left employment with the City of Lancaster along with other departmental budget cuts due to the decreasing revenue stream that was anticipated.

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City'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 2011, the City amended its General Fund budget several times. The final budget basis expenditures of \$24,330,942 did not significantly change from the original budget. The positive variance with the final budget of \$1.1 million was the result of attrition throughout the City departments and those departments not replacing those positions which helped to lower the cost of salary and benefit expenses. The City also reclassified some employees to new positions which gave the City a cost savings. The final budget also included amounts due the Lancaster City Schools for the TIF District's income tax collections which were not distributed in 2011.

For the General Fund, final budget basis revenue of \$24,201,322 did not significantly change from the original budget estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2011 the City had \$168,300,798 net of accumulated depreciation invested in buildings, equipment and vehicles. Of this total, \$37,942,033 was related to governmental activities and \$130,358,765 to the business-type activities. The following table shows 2011 and 2010 balances:

| | Governmental Activities | | Increase (Decrease) |
|-----------------------------------|----------------------------|---------------------|------------------------|
| | 2011 | 2010 | |
| Land | \$17,838,885 | \$17,768,065 | \$70,820 |
| Construction In Progress | 1,419,076 | 2,083,205 | (664,129) |
| Buildings | 7,294,666 | 6,650,133 | 644,533 |
| Improvements Other than Buildings | 6,050,872 | 6,039,709 | 11,163 |
| Machinery and Equipment | 4,426,482 | 4,465,694 | (39,212) |
| Vehicles | 6,043,179 | 6,477,960 | (434,781) |
| Infrastructure | 21,036,400 | 20,834,709 | 201,691 |
| Less: Accumulated Depreciation | (26,167,527) | (25,365,679) | (801,848) |
| Totals | <u>\$37,942,033</u> | <u>\$38,953,796</u> | <u>(\$1,011,763)</u> |

The primary increase occurred in building, which was the result of completing the construction of a salt storage barn and wash bays for the Transportation Department. The overall decrease is due to depreciation expense.

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

| | Business-Type Activities | | Increase (Decrease) |
|--------------------------------|-----------------------------|----------------------|------------------------|
| | 2011 | 2010 | |
| Land | \$3,476,307 | \$3,476,307 | \$0 |
| Construction in Progress | 403,527 | 40,095,292 | (39,691,765) |
| Buildings | 80,989,674 | 35,097,811 | 45,891,863 |
| Improvements | 34,387,267 | 34,281,966 | 105,301 |
| Machinery and Equipment | 10,283,772 | 10,221,247 | 62,525 |
| Vehicles | 4,839,040 | 4,766,628 | 72,412 |
| Infrastructure | 77,965,532 | 77,032,117 | 933,415 |
| Less: Accumulated Depreciation | (81,986,354) | (76,531,541) | (5,454,813) |
| Totals | <u>\$130,358,765</u> | <u>\$128,439,827</u> | <u>\$1,918,938</u> |

Business type capital assets increased by \$1,918,938. The additions to infrastructure include completed storm drainage systems, as well as the construction of gas lines. The increase in building was the completion of the Upper Hocking Wastewater Treatment Plant. Additional information on the City's capital assets can be found in Note 10.

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**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

Debt

At December 31, 2011, the City had \$5,295,000 in general obligation bonds outstanding, \$460,000 due within one year; \$365,281,273 in revenue bonds outstanding, \$4,170,000 due within one year; and \$60,996,820 in Ohio Water Development Authority Loans outstanding, \$4,588,651 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2011 and 2010:

| | <u>2011</u> | <u>2010</u> |
|--|-----------------------------|-----------------------------|
| Governmental Activities: | | |
| General Obligation Bond Payable | \$5,295,000 | \$5,745,000 |
| Special Assessment Bond | | |
| with Government Commitment | 228,000 | 245,000 |
| Housing and Urban Development Loan | 490,000 | 580,000 |
| Ohio Public Works Commission Loan | 57,818 | 63,904 |
| State Infrastructure Bank Loan | 610,821 | 769,994 |
| Ohio Water Development Authority Loans | 391,485 | 337,247 |
| Installment Loan Payable | 180,634 | 0 |
| Compensated Absences | 5,245,584 | 5,281,357 |
| Capital Leases | 356,584 | 532,216 |
| Pollution Remediation Obligation | 1,680,324 | 1,986,171 |
| Total Governmental Activities | <u>\$14,536,250</u> | <u>\$15,540,889</u> |
| Business-Type Activities: | | |
| Ohio Water Development Authority Loans | \$60,996,820 | \$58,381,455 |
| Revenue Bonds Payable | 365,281,273 | 369,297,377 |
| Ohio Rail Development Commission Loan | 4,136 | 53,060 |
| Landfill Postclosure Care Liability | 1,441,997 | 1,523,822 |
| Capital Leases | 83,832 | 200,470 |
| Compensated Absences | 2,442,634 | 2,479,044 |
| Total Business-Type Activities | <u>\$430,250,692</u> | <u>\$431,935,228</u> |
| Totals | <u><u>\$444,786,942</u></u> | <u><u>\$447,476,117</u></u> |

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2011, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

ECONOMIC FACTORS

Lancaster is home to a diversified community of businesses. The more than 150 manufacturing operations in the area are supported by an equal number of service operations that provide a comprehensive network of support. The City of Lancaster saw an active 2011 retail and commercial year. Retail projects in 2011 included Roses, Justice, The Lodge in Lancaster, Ultra, Fastenal, and Medical Offices.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Patricia Nettles, City Auditor of the City of Lancaster.





CITY OF LANCASTER, OHIO

**Statement of Net Assets
December 31, 2011**

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|--------------------|
| Assets: | | | |
| Cash and Cash Equivalents | \$ 6,774,010 | \$ 6,563,508 | \$ 13,337,518 |
| Cash and Cash Equivalents with Fiscal Agent | 2,591,626 | 0 | 2,591,626 |
| Investments | 4,590,689 | 27,205,775 | 31,796,464 |
| Receivables: | | | |
| Taxes | 5,861,018 | 0 | 5,861,018 |
| Accounts | 155,321 | 4,281,741 | 4,437,062 |
| Intergovernmental | 3,252,442 | 46,984 | 3,299,426 |
| Interest | 76,235 | 35,723 | 111,958 |
| Special Assessments | 379,035 | 0 | 379,035 |
| Loans | 1,651,077 | 0 | 1,651,077 |
| Internal Balances | (610,687) | 610,687 | 0 |
| Inventory of Supplies | 417,022 | 3,554,374 | 3,971,396 |
| Prepaid Items | 48,739 | 40,548 | 89,287 |
| Prepaid Gas Supply - Current | 0 | 15,176,105 | 15,176,105 |
| Prepaid Gas Supply | 0 | 255,818,743 | 255,818,743 |
| Deferred Charge | 0 | 3,326,269 | 3,326,269 |
| Fair Value of Derivative Instruments | 0 | 221,300,167 | 221,300,167 |
| Deferred Outflow from Derivative Instruments | 0 | 143,270,265 | 143,270,265 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 0 | 10,384,436 | 10,384,436 |
| Cash and Cash Equivalents with Fiscal Agent | 57,856 | 0 | 57,856 |
| Investments | 0 | 526,704 | 526,704 |
| Capital Assets Not Being Depreciated | 19,257,961 | 3,879,834 | 23,137,795 |
| Capital Assets Being Depreciated, Net | 18,684,072 | 126,478,931 | 145,163,003 |
| Total Assets | <u>63,186,416</u> | <u>822,500,794</u> | <u>885,687,210</u> |
| Liabilities: | | | |
| Accounts Payable | 635,253 | 712,484 | 1,347,737 |
| Accrued Wages and Benefits | 1,549,004 | 494,582 | 2,043,586 |
| Intergovernmental Payable | 415,851 | 15,263 | 431,114 |
| Claims Payable | 658,237 | 0 | 658,237 |
| Retainage Payable | 0 | 428,098 | 428,098 |
| Due to Others, Payable from Restricted Assets | 70,000 | 137,010 | 207,010 |
| Unearned Revenue | 2,719,570 | 98,400 | 2,817,970 |
| Accrued Interest Payable | 42,833 | 1,695,102 | 1,737,935 |
| General Obligation Notes Payable | 2,192,113 | 1,400,000 | 3,592,113 |
| Fair Value of Derivative Instruments | 0 | 143,270,265 | 143,270,265 |
| Deferred Inflow from Derivative Instruments | 0 | 221,300,167 | 221,300,167 |
| Long Term Liabilities: | | | |
| Due within one year | 3,058,383 | 9,430,732 | 12,489,115 |
| Due in more than one year | 11,477,867 | 420,819,960 | 432,297,827 |
| Total Liabilities | <u>22,819,111</u> | <u>799,802,063</u> | <u>822,621,174</u> |

CITY OF LANCASTER, OHIO

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| Net Assets: | | | |
| Invested in Capital Assets, Net of Related Debt | 29,585,924 | 41,272,887 | 70,858,811 |
| Restricted For: | | | |
| Streets and Highways | 1,863,891 | 0 | 1,863,891 |
| Community Development | 2,557,140 | 0 | 2,557,140 |
| Security of Persons and Property | 3,723,813 | 0 | 3,723,813 |
| Capital Projects | 662,109 | 0 | 662,109 |
| Debt Service | 460,381 | 2,553,685 | 3,014,066 |
| Perpetual Care, Nonexpendable | 1,022,529 | 0 | 1,022,529 |
| Other Purposes | 322,279 | 0 | 322,279 |
| Unrestricted (Deficit) | <u>169,239</u> | <u>(21,127,841)</u> | <u>(20,958,602)</u> |
| Total Net Assets | <u>\$ 40,367,305</u> | <u>\$ 22,698,731</u> | <u>\$ 63,066,036</u> |

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Activities
For the Year Ended December 31, 2011**

| | Expenses | Program Revenues | | |
|---------------------------------------|----------------------|--------------------------------|--|----------------------------------|
| | | Charges for Services and Sales | Operating Grants, Contributions and Interest | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| Security of Persons and Property | \$ 17,530,462 | \$ 2,161,188 | \$ 527,117 | \$ 0 |
| Public Health and Welfare Services | 754,085 | 251,757 | 1,209 | 0 |
| Leisure Time Activities | 1,958,087 | 396,589 | 103,856 | 0 |
| Community Environment | 817,834 | 97,824 | 648,992 | 0 |
| Transportation | 5,037,685 | 813,495 | 3,761,671 | 272,511 |
| General Government | 7,369,038 | 2,151,906 | 480,874 | 225,524 |
| Interest and Fiscal Charges | 339,535 | 0 | 0 | 0 |
| Total Governmental Activities | 33,806,726 | 5,872,759 | 5,523,719 | 498,035 |
| Business-Type Activities: | | | | |
| Gas | 14,805,525 | 15,206,268 | 0 | 0 |
| Water | 9,143,946 | 7,917,801 | 61,527 | 0 |
| Water Pollution | 8,461,860 | 10,010,386 | 105,078 | 0 |
| Sanitation | 3,533,473 | 3,583,806 | 993 | 0 |
| Storm Water | 1,786,087 | 2,327,529 | 86,427 | 84,389 |
| Port Authority | 21,390,270 | 8,626,192 | 2,230 | 60,000 |
| Total Business-Type Activities | 59,121,161 | 47,671,982 | 256,255 | 144,389 |
| Totals | \$ 92,927,887 | \$ 53,544,741 | \$ 5,779,974 | \$ 642,424 |

General Revenues:

- Property Taxes Levied for:
 - General Purposes
 - Special Purposes
 - Debt Service
 - Capital Outlay
- Income Tax
- Other Local Taxes
- Intergovernmental Revenues not Restricted to Specific Programs
- Investment Earnings
- Miscellaneous
- Transfers
- Total General Revenues and Transfers

- Change in Net Assets

- Net Assets Beginning of Year
- Net Assets End of Year**

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Net (Expense) Revenue
and Changes in Net Assets

| Governmental Activities | Business-Type Activities | Total |
|----------------------------|-----------------------------|----------------------|
| \$ (14,842,157) | \$ 0 | \$ (14,842,157) |
| (501,119) | 0 | (501,119) |
| (1,457,642) | 0 | (1,457,642) |
| (71,018) | 0 | (71,018) |
| (190,008) | 0 | (190,008) |
| (4,510,734) | 0 | (4,510,734) |
| (339,535) | 0 | (339,535) |
| <u>(21,912,213)</u> | <u>0</u> | <u>(21,912,213)</u> |
| 0 | 400,743 | 400,743 |
| 0 | (1,164,618) | (1,164,618) |
| 0 | 1,653,604 | 1,653,604 |
| 0 | 51,326 | 51,326 |
| 0 | 712,258 | 712,258 |
| 0 | (12,701,848) | (12,701,848) |
| <u>0</u> | <u>(11,048,535)</u> | <u>(11,048,535)</u> |
| <u>(21,912,213)</u> | <u>(11,048,535)</u> | <u>(32,960,748)</u> |
| 1,967,069 | 0 | 1,967,069 |
| 446,119 | 0 | 446,119 |
| 332,919 | 0 | 332,919 |
| 38,576 | 0 | 38,576 |
| 15,838,417 | 0 | 15,838,417 |
| 585,100 | 0 | 585,100 |
| 2,313,912 | 0 | 2,313,912 |
| 326,671 | 0 | 326,671 |
| 308,819 | 0 | 308,819 |
| (21,402) | 21,402 | 0 |
| <u>22,136,200</u> | <u>21,402</u> | <u>22,157,602</u> |
| 223,987 | (11,027,133) | (10,803,146) |
| <u>40,143,318</u> | <u>33,725,864</u> | <u>73,869,182</u> |
| <u>\$ 40,367,305</u> | <u>\$ 22,698,731</u> | <u>\$ 63,066,036</u> |

CITY OF LANCASTER, OHIO

**Balance Sheet
Governmental Funds
December 31, 2011**

| | General | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------------------|--------------------------------|
| Assets: | | | |
| Cash and Cash Equivalents | \$ 349,429 | \$ 5,965,435 | \$ 6,314,864 |
| Investments | 1,393,150 | 3,197,539 | 4,590,689 |
| Receivables: | | | |
| Taxes | 4,676,250 | 1,184,768 | 5,861,018 |
| Accounts | 155,321 | 0 | 155,321 |
| Intergovernmental | 963,878 | 2,288,564 | 3,252,442 |
| Interest | 72,752 | 3,483 | 76,235 |
| Special Assessments | 0 | 379,035 | 379,035 |
| Loans | 0 | 1,651,077 | 1,651,077 |
| Interfund Loans Receivable | 1,653,300 | 0 | 1,653,300 |
| Inventory of Supplies | 171,852 | 236,066 | 407,918 |
| Prepaid Items | 39,200 | 9,539 | 48,739 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents with Fiscal Agent | 57,856 | 0 | 57,856 |
| Total Assets | \$ 9,532,988 | \$ 14,915,506 | \$ 24,448,494 |
| Liabilities: | | | |
| Accounts Payable | \$ 220,897 | \$ 408,557 | \$ 629,454 |
| Accrued Wages and Benefits Payable | 1,304,518 | 217,547 | 1,522,065 |
| Intergovernmental Payable | 408,182 | 7,669 | 415,851 |
| Due to Others | 0 | 70,000 | 70,000 |
| Interfund Loans Payable | 0 | 1,653,300 | 1,653,300 |
| Deferred Revenue | 3,615,629 | 2,696,923 | 6,312,552 |
| Accrued Interest Payable | 0 | 2,080 | 2,080 |
| General Obligation Notes Payable | 0 | 2,192,113 | 2,192,113 |
| Total Liabilities | 5,549,226 | 7,248,189 | 12,797,415 |
| Fund Balances: | | | |
| Nonspendable | 211,052 | 2,919,211 | 3,130,263 |
| Restricted | 0 | 5,972,886 | 5,972,886 |
| Committed | 0 | 1,000,075 | 1,000,075 |
| Assigned | 430,940 | 0 | 430,940 |
| Unassigned | 3,341,770 | (2,224,855) | 1,116,915 |
| Total Fund Balances | 3,983,762 | 7,667,317 | 11,651,079 |
| Total Liabilities and Fund Balances | \$ 9,532,988 | \$ 14,915,506 | \$ 24,448,494 |

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2011***

Total Governmental Fund Balances \$ 11,651,079

***Amounts reported for governmental activities in the
statement of net assets are different because***

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 37,786,749

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 3,592,982

Internal Service Funds are used by management to charge the costs of insurance, information services and electrical services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 1,789,666

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

| | |
|---|-------------|
| Housing and Urban Development Loan Payable | (490,000) |
| Special Assessment Bonds Payable | (228,000) |
| Ohio Public Works Commission Loans Payable | (57,818) |
| General Obligation Bonds Payable | (5,295,000) |
| State Infrastructure Bank Loan Payable | (610,821) |
| Ohio Water Development Authority Loan Payable | (391,485) |
| Installment Loan | (180,634) |
| Pollution Remediation Obligation | (1,680,324) |
| Capital Leases Payable | (356,584) |
| Compensated Absences Payable | (5,121,752) |
| Accrued Interest Payable | (40,753) |

(14,453,171)

Net Assets of Governmental Activities

\$ 40,367,305

See accompanying notes to the basic financial statements



CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011**

| | General | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------|--------------------------------|
| Revenues: | | | |
| Taxes | \$ 17,117,585 | \$ 2,536,067 | \$ 19,653,652 |
| Intergovernmental Revenues | 2,434,320 | 5,770,976 | 8,205,296 |
| Charges for Services | 2,643,698 | 1,467,127 | 4,110,825 |
| Licenses, Permits and Fees | 21,590 | 2,730 | 24,320 |
| Investment Earnings | 296,563 | 14,484 | 311,047 |
| Special Assessments | 0 | 140,063 | 140,063 |
| Fines and Forfeitures | 832,122 | 1,239,834 | 2,071,956 |
| All Other Revenue | 135,089 | 306,917 | 442,006 |
| Total Revenue | 23,480,967 | 11,478,198 | 34,959,165 |
| Expenditures: | | | |
| Current: | | | |
| Security of Persons and Property | 15,774,360 | 962,935 | 16,737,295 |
| Public Health and Welfare Services | 243,901 | 500,920 | 744,821 |
| Leisure Time Activities | 0 | 1,819,231 | 1,819,231 |
| Community Environment | 156,506 | 668,644 | 825,150 |
| Transportation | 0 | 3,920,300 | 3,920,300 |
| General Government | 5,880,038 | 1,235,134 | 7,115,172 |
| Capital Outlay | 0 | 920,837 | 920,837 |
| Debt Service: | | | |
| Principal Retirement | 43,066 | 704,890 | 747,956 |
| Interest and Fiscal Charges | 63,749 | 261,925 | 325,674 |
| Total Expenditures | 22,161,620 | 10,994,816 | 33,156,436 |
| Excess (Deficiency) of Revenues Over Expenditures | 1,319,347 | 483,382 | 1,802,729 |
| Other Financing Sources (Uses): | | | |
| Ohio Water Development Authority Loans Issued | 0 | 61,428 | 61,428 |
| Installment Loan | 0 | 199,141 | 199,141 |
| Transfers In | 0 | 1,267,822 | 1,267,822 |
| Transfers Out | (1,025,527) | (263,697) | (1,289,224) |
| Total Other Financing Sources (Uses) | (1,025,527) | 1,264,694 | 239,167 |
| Net Change in Fund Balances | 293,820 | 1,748,076 | 2,041,896 |
| Fund Balances at Beginning of Year | 3,673,814 | 5,861,391 | 9,535,205 |
| Increase in Inventory | 16,128 | 57,850 | 73,978 |
| Fund Balances End of Year | \$ 3,983,762 | \$ 7,667,317 | \$ 11,651,079 |

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2011***

Net Change in Fund Balances - Total Governmental Funds \$ 2,041,896

Amounts reported for governmental activities in the statement of activities are different because

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 capital outlays. This is the amount by which depreciation exceeded capital outlay expense in the current period.

| | | |
|----------------------|-------------|-------------|
| Capital Outlay | 372,470 | |
| Depreciation Expense | (1,613,710) | (1,241,240) |
| | | |

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net assets.

| | | |
|---|---------|--|
| Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | 272,511 | |
|---|---------|--|

| | | |
|--|----------|---------|
| The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets. | (10,190) | 262,321 |
| | | |

| | | |
|--|--|-------------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | (1,231,015) |
|--|--|-------------|

The issuance of long-term debt (e.g. notes, leases) provides current financial resources to governmental funds, but has no effect on net assets.

| | | |
|---|-----------|-----------|
| Ohio Water Development Authority Loan Payable | (61,428) | |
| Installment Loan Payable | (199,141) | (260,569) |
| | | |

Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

| | | |
|---|---------|-----------|
| Housing and Urban Development Loan Payable | 90,000 | |
| Special Assessment Bonds Payable | 17,000 | |
| Ohio Public Works Commission Loans Payable | 6,086 | |
| General Obligation Bonds Payable | 450,000 | |
| Ohio Water Development Authority Loan Payable | 7,190 | |
| Installment Loan Payable | 18,507 | |
| State Infrastructure Bank Loan Payable | 159,173 | |
| Pollution Remediation Obligation Payable | 305,847 | |
| Capital Leases Payable | 175,632 | 1,229,435 |
| | | |

| | | |
|--|--|----------|
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. | | (13,861) |
|--|--|----------|

(Continued)

CITY OF LANCASTER, OHIO

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.

| | | |
|----------------------|---------------|---------|
| Compensated Absences | 51,917 | |
| Change in Inventory | <u>73,978</u> | 125,895 |

Internal Service Funds used by management to charge the costs of insurance, information services to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental activities.

(688,875)

Change in Net Assets of Governmental Activities

\$ 223,987

See accompanying notes to the basic financial statements



CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2011**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-------------------|---------------------|---|
| Revenues: | | | | |
| Taxes | \$ 17,342,259 | \$ 17,372,542 | \$ 16,905,840 | \$ (466,702) |
| Intergovernmental Revenue | 2,349,135 | 2,351,946 | 2,660,149 | 308,203 |
| Charges for Services | 3,211,200 | 3,211,200 | 3,413,500 | 202,300 |
| Licenses, Permits and Fees | 24,000 | 24,000 | 21,590 | (2,410) |
| Investment Earnings | 322,818 | 322,818 | 308,384 | (14,434) |
| Fines and Forfeitures | 826,500 | 826,500 | 772,250 | (54,250) |
| All Other Revenues | 88,375 | 92,316 | 152,314 | 59,998 |
| Total Revenues | 24,164,287 | 24,201,322 | 24,234,027 | 32,705 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 16,161,188 | 16,518,747 | 16,189,249 | 329,498 |
| Public Health and Welfare Services | 250,000 | 245,000 | 243,901 | 1,099 |
| Community Environment | 168,518 | 168,718 | 157,604 | 11,114 |
| General Government | 6,845,734 | 7,289,838 | 6,493,356 | 796,482 |
| Debt Service: | | | | |
| Principal Retirement | 30,658 | 43,067 | 43,066 | 1 |
| Interest and Fiscal Charges | 63,374 | 65,572 | 65,572 | 0 |
| Total Expenditures | 23,519,472 | 24,330,942 | 23,192,748 | 1,138,194 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 644,815 | (129,620) | 1,041,279 | 1,170,899 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 0 | 518,633 | 0 | (518,633) |
| Transfers Out | (1,090,548) | (1,084,540) | (935,527) | 149,013 |
| Advances In | 2,159,100 | 2,159,100 | 2,169,100 | 10,000 |
| Advances Out | (2,079,100) | (2,153,300) | (2,153,300) | 0 |
| Total Other Financing Sources (Uses): | (1,010,548) | (560,107) | (919,727) | (359,620) |
| Net Change in Fund Balance | (365,733) | (689,727) | 121,552 | 811,279 |
| Fund Balance at Beginning of Year, Restated | 874,637 | 874,637 | 874,637 | 0 |
| Prior Year Encumbrances | 197,822 | 197,822 | 197,822 | 0 |
| Fund Balance at End of Year | \$ 706,726 | \$ 382,732 | \$ 1,194,011 | \$ 811,279 |

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2011**

| | Business-Type Activities | | | |
|--|--------------------------|-------------------|-------------------|------------------|
| | Enterprise Funds | | | |
| | Gas | Water | Water Pollution | Sanitation |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and Cash Equivalents | \$ 1,590,937 | \$ 1,135,771 | \$ 2,452,119 | \$ 467,078 |
| Cash and Cash Equivalents with Fiscal Agent | 0 | 0 | 0 | 0 |
| Investments | 7,627,256 | 5,391,508 | 11,144,059 | 1,983,554 |
| Accounts receivable | 1,880,578 | 811,710 | 1,020,809 | 336,481 |
| Intergovernmental receivable | 0 | 0 | 0 | 0 |
| Interest receivable | 0 | 12,288 | 22,892 | 543 |
| Due from Other Funds | 0 | 0 | 0 | 0 |
| Inventory | 2,421,309 | 1,022,197 | 28,422 | 50,908 |
| Prepaid Items | 13,638 | 12,081 | 12,597 | 1,785 |
| Prepaid Gas Supply - current | 0 | 0 | 0 | 0 |
| Total current assets | <u>13,533,718</u> | <u>8,385,555</u> | <u>14,680,898</u> | <u>2,840,349</u> |
| Noncurrent assets: | | | | |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 100,012 | 672,837 | 2,387,234 | 0 |
| Investments | 0 | 0 | 0 | 526,704 |
| Total restricted assets | <u>100,012</u> | <u>672,837</u> | <u>2,387,234</u> | <u>526,704</u> |
| Prepaid Gas Supply | 0 | 0 | 0 | 0 |
| Deferred Charges | 0 | 130,598 | 427,114 | 0 |
| Fair Value of Derivative Instruments | 0 | 0 | 0 | 0 |
| Deferred Outflow from Derivative Instruments | 0 | 0 | 0 | 0 |
| Capital assets: | | | | |
| Capital Assets Not Being Depreciated | 293,273 | 755,271 | 2,348,763 | 105,120 |
| Capital Assets Being Depreciated | 8,205,707 | 34,318,568 | 69,248,978 | 1,218,226 |
| Total capital assets (net of accumulated depreciation) | <u>8,498,980</u> | <u>35,073,839</u> | <u>71,597,741</u> | <u>1,323,346</u> |
| Total noncurrent assets | <u>8,598,992</u> | <u>35,877,274</u> | <u>74,412,089</u> | <u>1,850,050</u> |
| Total assets | <u>22,132,710</u> | <u>44,262,829</u> | <u>89,092,987</u> | <u>4,690,399</u> |

CITY OF LANCASTER, OHIO

| <u>Storm Water</u> | <u>Port Authority</u> | <u>Total</u> | <u>Internal Service Funds</u> |
|--------------------|-----------------------|--------------------|-----------------------------------|
| \$ 234,867 | \$ 527,663 | \$ 6,408,435 | \$ 614,219 |
| 0 | 0 | 0 | 2,591,626 |
| 1,059,398 | 0 | 27,205,775 | 0 |
| 232,163 | 0 | 4,281,741 | 0 |
| 46,984 | 0 | 46,984 | 0 |
| 0 | 0 | 35,723 | 0 |
| 0 | 551,819 | 551,819 | 0 |
| 0 | 0 | 3,522,836 | 40,642 |
| 0 | 0 | 40,101 | 447 |
| <u>0</u> | <u>15,176,105</u> | <u>15,176,105</u> | <u>0</u> |
| <u>1,573,412</u> | <u>16,255,587</u> | <u>57,269,519</u> | <u>3,246,934</u> |
| 0 | 7,224,353 | 10,384,436 | 0 |
| <u>0</u> | <u>0</u> | <u>526,704</u> | <u>0</u> |
| <u>0</u> | <u>7,224,353</u> | <u>10,911,140</u> | <u>0</u> |
| 0 | 255,818,743 | 255,818,743 | 0 |
| 0 | 2,768,557 | 3,326,269 | 0 |
| 0 | 221,300,167 | 221,300,167 | 0 |
| 0 | 143,270,265 | 143,270,265 | 0 |
| 271,207 | 106,200 | 3,879,834 | 0 |
| <u>12,614,768</u> | <u>784,182</u> | <u>126,390,429</u> | <u>243,786</u> |
| <u>12,885,975</u> | <u>890,382</u> | <u>130,270,263</u> | <u>243,786</u> |
| <u>12,885,975</u> | <u>631,272,467</u> | <u>764,896,847</u> | <u>243,786</u> |
| <u>14,459,387</u> | <u>647,528,054</u> | <u>822,166,366</u> | <u>3,490,720</u> |

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2011**

| | Business-Type Activities | | | |
|---|--------------------------|----------------------|----------------------|-------------------|
| | Enterprise Funds | | | |
| | Gas | Water | Water Pollution | Sanitation |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts Payable | 252,482 | 113,189 | 230,472 | 84,553 |
| Accrued Wages and Benefits | 93,664 | 163,760 | 99,776 | 74,803 |
| Intergovernmental Payable | 2,941 | 0 | 0 | 12,322 |
| Claims Payable | 0 | 0 | 0 | 0 |
| Retainage Payable | 0 | 0 | 428,098 | 0 |
| Due to Others, Payable from Restricted Assets | 100,012 | 18,499 | 18,499 | 0 |
| Due to Other Funds | 551,819 | 0 | 0 | 0 |
| Unearned Revenue | 0 | 0 | 0 | 0 |
| Accrued Interest Payable | 0 | 373,847 | 1,244,642 | 34,878 |
| General Obligation Notes Payable | 0 | 0 | 0 | 0 |
| Capital Leases Payable - Current | 0 | 7,316 | 0 | 0 |
| Revenue Bond Payable - Current | 0 | 245,000 | 725,000 | 0 |
| OWDA Loans Payable - Current | 0 | 1,272,915 | 3,093,966 | 221,770 |
| ORDC Loan Payable - Current | 0 | 0 | 0 | 0 |
| Landfill Postclosure Care Liability - Current | 0 | 0 | 0 | 78,600 |
| Compensated Absences Payable - Current | 86,823 | 171,361 | 115,196 | 76,061 |
| Total Current Liabilities | 1,087,741 | 2,365,887 | 5,955,649 | 582,987 |
| Noncurrent Liabilities: | | | | |
| Capital Leases Payable | 0 | 4,567 | 0 | 0 |
| Revenue Bonds Payable | 0 | 6,526,970 | 23,124,303 | 0 |
| OWDA Loans Payable | 0 | 16,392,521 | 38,484,768 | 1,530,880 |
| Landfill Postclosure Care Liability | 0 | 0 | 0 | 1,363,397 |
| Fair Value of Derivative Instruments | 0 | 0 | 0 | 0 |
| Deferred Inflow from Derivative Instruments | 0 | 0 | 0 | 0 |
| Compensated Absences Payable | 338,904 | 543,715 | 484,336 | 293,602 |
| Total noncurrent liabilities | 338,904 | 23,467,773 | 62,093,407 | 3,187,879 |
| Total Liabilities | 1,426,645 | 25,833,660 | 68,049,056 | 3,770,866 |
| NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | 8,498,980 | 10,624,550 | 8,437,240 | 1,323,346 |
| Restricted for Debt Service | 0 | 613,320 | 1,940,365 | 0 |
| Unrestricted | 12,207,085 | 7,191,299 | 10,666,326 | (403,813) |
| Total Net Assets | \$ 20,706,065 | \$ 18,429,169 | \$ 21,043,931 | \$ 919,533 |

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
Total Net Assets of Business Type Activities

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

| <u>Storm Water</u> | <u>Port Authority</u> | <u>Total</u> | <u>Internal Service Funds</u> |
|----------------------|------------------------|----------------------|-----------------------------------|
| 20,233 | 0 | 700,929 | 17,354 |
| 11,738 | 0 | 443,741 | 77,780 |
| 0 | 0 | 15,263 | 0 |
| 0 | 0 | 0 | 658,237 |
| 0 | 0 | 428,098 | 0 |
| 0 | 0 | 137,010 | 0 |
| 0 | 0 | 551,819 | 0 |
| 0 | 98,400 | 98,400 | 0 |
| 10,644 | 31,091 | 1,695,102 | 0 |
| 1,400,000 | 0 | 1,400,000 | 0 |
| 65,536 | 0 | 72,852 | 2,573 |
| 0 | 3,200,000 | 4,170,000 | 0 |
| 0 | 0 | 4,588,651 | 0 |
| 0 | 4,136 | 4,136 | 0 |
| 0 | 0 | 78,600 | 0 |
| 16,825 | 0 | 466,266 | 77,537 |
| <u>1,524,976</u> | <u>3,333,627</u> | <u>14,850,867</u> | <u>833,481</u> |
| 0 | 0 | 4,567 | 3,840 |
| 0 | 331,460,000 | 361,111,273 | 0 |
| 0 | 0 | 56,408,169 | 0 |
| 0 | 0 | 1,363,397 | 0 |
| 0 | 143,270,265 | 143,270,265 | 0 |
| 0 | 221,300,167 | 221,300,167 | 0 |
| 33,489 | 0 | 1,694,046 | 328,617 |
| <u>33,489</u> | <u>696,030,432</u> | <u>785,151,884</u> | <u>332,457</u> |
| <u>1,558,465</u> | <u>699,364,059</u> | <u>800,002,751</u> | <u>1,165,938</u> |
| 11,420,436 | 886,246 | 41,190,798 | 237,373 |
| 0 | 0 | 2,553,685 | 0 |
| 1,480,486 | (52,722,251) | (21,580,868) | 2,087,409 |
| <u>\$ 12,900,922</u> | <u>\$ (51,836,005)</u> | <u>\$ 22,163,615</u> | <u>\$ 2,324,782</u> |
| | | <u>535,116</u> | |
| | | <u>\$ 22,698,731</u> | |

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011**

| | Business-Type Activities | | | |
|---|--------------------------|----------------------|----------------------|-------------------|
| | Enterprise Funds | | | |
| | Gas | Water | Water Pollution | Sanitation |
| Operating Revenues: | | | | |
| Charges for Services | \$ 15,009,247 | \$ 7,906,209 | \$ 10,007,889 | \$ 3,581,363 |
| Other Operating Revenues | 197,021 | 11,592 | 2,497 | 2,443 |
| Total Operating Revenues | <u>15,206,268</u> | <u>7,917,801</u> | <u>10,010,386</u> | <u>3,583,806</u> |
| Operating Expenses: | | | | |
| Personal Services | 1,374,378 | 3,170,194 | 1,818,219 | 1,455,012 |
| Contractual Services | 1,368,161 | 1,040,042 | 885,375 | 1,471,705 |
| Cost of Gas Sold | 10,923,866 | 0 | 0 | 0 |
| Materials and Supplies | 403,774 | 1,586,288 | 865,387 | 248,294 |
| Depreciation | 574,858 | 2,102,560 | 2,789,551 | 174,374 |
| Health Insurance Claims | 0 | 0 | 0 | 0 |
| Total Operating Expenses | <u>14,645,037</u> | <u>7,899,084</u> | <u>6,358,532</u> | <u>3,349,385</u> |
| Operating Income (Loss) | 561,231 | 18,717 | 3,651,854 | 234,421 |
| Non-Operating Revenue (Expenses): | | | | |
| Interest Income | 0 | 61,527 | 105,078 | 993 |
| Interest and Fiscal Charges | 0 | (1,043,168) | (1,973,419) | (71,898) |
| Loss on Disposal of Capital Assets | (10,355) | (3,555) | 0 | 0 |
| Intergovernmental Grants | 0 | 0 | 0 | 0 |
| Other Nonoperating Expense | 0 | 0 | 0 | 0 |
| Total Non-Operating Revenues (Expenses) | <u>(10,355)</u> | <u>(985,196)</u> | <u>(1,868,341)</u> | <u>(70,905)</u> |
| Income (Loss) Before Contributions and Transfers | 550,876 | (966,479) | 1,783,513 | 163,516 |
| Capital Contributions | 0 | 0 | 0 | 0 |
| Transfers In | 0 | 0 | 0 | 0 |
| Change in Net Assets | 550,876 | (966,479) | 1,783,513 | 163,516 |
| Net Assets Beginning of Year | <u>20,155,189</u> | <u>19,395,648</u> | <u>19,260,418</u> | <u>756,017</u> |
| Net Assets End of Year | <u>\$ 20,706,065</u> | <u>\$ 18,429,169</u> | <u>\$ 21,043,931</u> | <u>\$ 919,533</u> |

Change in Net Assets of Enterprise Funds

Adjustment to reflect the consolidation of internal
service fund activities related to enterprise funds.
Change in Net Assets of Business Type Activities

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

| <u>Storm Water</u> | <u>Port Authority</u> | <u>Total</u> | <u>Internal Service Funds</u> |
|----------------------|------------------------|------------------------|-----------------------------------|
| \$ 2,318,481 | \$ 8,624,592 | \$ 47,447,781 | \$ 7,867,556 |
| 9,048 | 1,600 | 224,201 | 26,625 |
| <u>2,327,529</u> | <u>8,626,192</u> | <u>47,671,982</u> | <u>7,894,181</u> |
| 258,251 | 0 | 8,076,054 | 1,497,318 |
| 1,199,426 | 1,996,076 | 7,960,785 | 455,308 |
| 0 | 6,221,474 | 17,145,340 | 0 |
| 15,695 | 0 | 3,119,438 | 191,617 |
| 234,377 | 13,350 | 5,889,070 | 47,664 |
| 0 | 0 | 0 | 7,026,803 |
| <u>1,707,749</u> | <u>8,230,900</u> | <u>42,190,687</u> | <u>9,218,710</u> |
| 619,780 | 395,292 | 5,481,295 | (1,324,529) |
| 0 | 2,230 | 169,828 | 0 |
| (32,566) | (13,138,370) | (16,259,421) | 0 |
| 0 | 0 | (13,910) | (489) |
| 86,427 | 0 | 86,427 | 0 |
| 0 | (21,000) | (21,000) | 0 |
| <u>53,861</u> | <u>(13,157,140)</u> | <u>(16,038,076)</u> | <u>(489)</u> |
| 673,641 | (12,761,848) | (10,556,781) | (1,325,018) |
| 84,389 | 60,000 | 144,389 | 0 |
| 21,402 | 0 | 21,402 | 0 |
| 779,432 | (12,701,848) | (10,390,990) | (1,325,018) |
| <u>12,121,490</u> | <u>(39,134,157)</u> | <u>32,554,605</u> | <u>3,649,800</u> |
| <u>\$ 12,900,922</u> | <u>\$ (51,836,005)</u> | <u>\$ 22,163,615</u> | <u>\$ 2,324,782</u> |
| | | \$ (10,390,990) | |
| | | (636,143) | |
| | | <u>\$ (11,027,133)</u> | |

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011**

| | Business-Type Activities | | | |
|--|--------------------------|-------------|--------------------|-------------|
| | Enterprise Funds | | | |
| | Gas | Water | Water Pollution | Sanitation |
| Cash Flows from Operating Activities: | | | | |
| Cash Received from Customers | \$16,251,468 | \$7,986,430 | \$9,904,202 | \$3,610,151 |
| Cash Received from Swap Providers | 0 | 0 | 0 | 0 |
| Cash Received from Interfund Services | 0 | 0 | 0 | 0 |
| Cash Payments for Goods and Services | (12,899,846) | (2,587,555) | (1,628,819) | (1,825,326) |
| Cash Payments to and on behalf of Employees | (1,401,652) | (3,232,414) | (1,787,824) | (1,450,236) |
| Cash Payments for Claims | 0 | 0 | 0 | 0 |
| Customer Deposits Received | 114,883 | 21,246 | 21,246 | 0 |
| Customer Deposits Returned | (116,657) | (21,574) | (21,574) | 0 |
| Net Cash Provided (Used) for Operating Activities | 1,948,196 | 2,166,133 | 6,487,231 | 334,589 |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Intergovernmental Grants Received | 0 | 0 | 0 | 0 |
| Receipt of Interfund Loan Repayment | 0 | 0 | 0 | 420,620 |
| Principal Paid on Revenue Bond Payable | 0 | 0 | 0 | 0 |
| Interest Paid on Debt | 0 | 0 | 0 | 0 |
| Transfers In from Other Funds | 0 | 0 | 0 | 0 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 0 | 0 | 0 | 420,620 |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Intergovernmental Grants Received | 0 | 0 | 458,033 | 0 |
| Proceeds from General Obligation Notes | 0 | 0 | 0 | 0 |
| Acquisition and Construction of Assets | (549,156) | (323,609) | (1,827,226) | (5,635) |
| Principal Paid on General Obligation Notes | 0 | 0 | 0 | 0 |
| Capital Lease Payments | 0 | (6,714) | 0 | 0 |
| Principal Paid on Revenue Bonds Payable | 0 | (235,000) | (700,000) | 0 |
| Principal Paid on Ohio Water Development Authority Loans | 0 | (1,216,282) | (1,783,443) | (213,201) |
| Principal Paid on ORDC Loan | 0 | 0 | 0 | 0 |
| Interest Paid on All Debt | 0 | (1,065,670) | (1,478,587) | (76,140) |
| Net Cash Used for Capital and Related Financing Activities | (549,156) | (2,847,275) | (5,331,223) | (294,976) |
| Cash Flows from Investing Activities: | | | | |
| Sale of Investments | 0 | 1,513,402 | 870,626 | 0 |
| Purchase of Investments | (54,277) | 0 | 0 | (94,421) |
| Receipt of Investment Earnings | 0 | 47,530 | 84,050 | 3,436 |
| Net Cash Provided (Used) for Investing Activities | (54,277) | 1,560,932 | 954,676 | (90,985) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,344,763 | 879,790 | 2,110,684 | 369,248 |
| Cash and Cash Equivalents at Beginning of Year | 346,186 | 928,818 | 2,728,669 | 97,830 |
| Cash and Cash Equivalents at End of Year | \$1,690,949 | \$1,808,608 | \$4,839,353 | \$467,078 |
| Reconciliation of Cash and | | | | |
| Cash Equivalents per the Balance Sheet: | | | | |
| Cash and Cash Equivalents | \$1,590,937 | \$1,135,771 | \$2,452,119 | \$467,078 |
| Cash and Cash Equivalents with Fiscal Agent | 0 | 0 | 0 | 0 |
| Restricted Cash and Cash Equivalents | 100,012 | 672,837 | 2,387,234 | 0 |
| Cash and Cash Equivalents at End of Year | \$1,690,949 | \$1,808,608 | \$4,839,353 | \$467,078 |

CITY OF LANCASTER, OHIO

| Storm Water | Port Authority | Totals | Internal Service Funds |
|-------------|----------------|--------------|------------------------|
| \$2,250,772 | \$8,881,810 | \$48,884,833 | \$0 |
| 0 | 9,625,447 | 9,625,447 | 0 |
| 0 | 0 | 0 | 7,894,181 |
| (1,218,841) | (2,017,076) | (22,177,463) | (657,490) |
| (233,829) | 0 | (8,105,955) | (1,489,328) |
| 0 | 0 | 0 | (6,642,792) |
| 0 | 0 | 157,375 | 0 |
| 0 | 0 | (159,805) | 0 |
| 798,102 | 16,490,181 | 28,224,432 | (895,429) |
| 86,427 | 0 | 86,427 | 0 |
| 0 | 0 | 420,620 | 0 |
| 0 | (3,070,000) | (3,070,000) | 0 |
| 0 | (13,098,613) | (13,098,613) | 0 |
| 21,402 | 0 | 21,402 | 0 |
| 107,829 | (16,168,613) | (15,640,164) | 0 |
| 83,611 | 60,000 | 601,644 | 0 |
| 1,400,000 | 0 | 1,400,000 | 0 |
| (402,137) | (172,531) | (3,280,294) | (2,663) |
| (1,709,000) | 0 | (1,709,000) | 0 |
| (107,587) | 0 | (114,301) | (2,337) |
| 0 | 0 | (935,000) | 0 |
| 0 | 0 | (3,212,926) | 0 |
| 0 | (48,105) | (48,105) | 0 |
| (31,923) | (819) | (2,653,139) | 0 |
| (767,036) | (161,455) | (9,951,121) | (5,000) |
| 45,465 | 0 | 2,429,493 | 0 |
| 0 | 0 | (148,698) | 0 |
| 0 | 2,230 | 137,246 | 0 |
| 45,465 | 2,230 | 2,418,041 | 0 |
| 184,360 | 162,343 | 5,051,188 | (900,429) |
| 50,507 | 7,589,673 | 11,741,683 | 4,106,274 |
| \$234,867 | \$7,752,016 | \$16,792,871 | \$3,205,845 |
| \$234,867 | \$527,663 | \$6,408,435 | \$614,219 |
| 0 | 0 | 0 | 2,591,626 |
| 0 | 7,224,353 | 10,384,436 | 0 |
| \$234,867 | \$7,752,016 | \$16,792,871 | \$3,205,845 |

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011**

| | Business-Type Activities | | | |
|--|--------------------------|--------------------|--------------------|------------------|
| | Enterprise Funds | | | |
| | Gas | Water | Water Pollution | Sanitation |
| <u>Reconciliation of Operating Income (Loss) to Net Cash</u> | | | | |
| <u>Provided (Used) for Operating Activities:</u> | | | | |
| Operating Income (Loss) | \$561,231 | \$18,717 | \$3,651,854 | \$234,421 |
| Adjustments to Reconcile Operating Income (Loss) to | | | | |
| Net Cash Provided (Used) for Operating Activities: | | | | |
| Depreciation Expense | 574,858 | 2,102,560 | 2,789,551 | 174,374 |
| Miscellaneous Nonoperating Expense | 0 | 0 | 0 | 0 |
| Changes in Assets and Liabilities: | | | | |
| (Increase) Decrease in Accounts Receivable | 1,045,200 | 68,629 | (106,184) | 26,345 |
| (Increase) Decrease in Inventory | 102,460 | 27,583 | 7,411 | 1,169 |
| (Increase) Decrease in Prepaid Items | (119) | 254 | (2,407) | 32 |
| Decrease in Prepaid Gas Supply | 0 | 0 | 0 | 0 |
| Increase (Decrease) in Accounts Payable | (149,382) | 12,022 | 119,160 | 265 |
| Increase (Decrease) in Accrued Wages and Benefits | 2,671 | (7,828) | 6,514 | (1,832) |
| Increase in Due to Other Funds | (157,218) | 0 | 0 | (37,303) |
| Increase (Decrease) in Intergovernmental Payable | 0 | 0 | (2,228) | 12,322 |
| Decrease in Customer Deposits | (1,774) | (328) | (328) | 0 |
| Increase in Unearned Revenue | 0 | 0 | 0 | 0 |
| Decrease in Landfill Postclosure Care Liability | 0 | 0 | 0 | (81,825) |
| Increase (Decrease) in Compensated Absences | (29,731) | (55,476) | 23,888 | 6,621 |
| Increase in Claims Payable | 0 | 0 | 0 | 0 |
| Total Adjustments | <u>1,386,965</u> | <u>2,147,416</u> | <u>2,835,377</u> | <u>100,168</u> |
| Net Cash Provided (Used) for Operating Activities | <u>\$1,948,196</u> | <u>\$2,166,133</u> | <u>\$6,487,231</u> | <u>\$334,589</u> |

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2011, the Gas, Water, Water Pollution, and Storm Water Funds had outstanding liabilities of \$144,505, \$2,135, \$65,531, and \$10,830 respectively for certain capital assets.

During 2011 the Water Pollution Fund incurred a liability of \$5,828,291 to the Ohio Water Development Authority for capitalized interest and construction payments made by the Authority directly to contractors.

During 2011 the Storm Water Fund received capital contributions from developers of \$37,405.

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

| Storm Water | Port Authority | Totals | Internal Service Funds |
|------------------|---------------------|---------------------|---------------------------|
| \$619,780 | \$395,292 | \$5,481,295 | (\$1,324,529) |
| 234,377 | 13,350 | 5,889,070 | 47,664 |
| 0 | (21,000) | (21,000) | 0 |
| (76,757) | 157,218 | 1,114,451 | 0 |
| 0 | 0 | 138,623 | (3,106) |
| 0 | 0 | (2,240) | (7) |
| 0 | 15,846,921 | 15,846,921 | 0 |
| (3,720) | 0 | (21,655) | (7,416) |
| (1,059) | 0 | (1,534) | (997) |
| 0 | 0 | (194,521) | 0 |
| 0 | 0 | 10,094 | 0 |
| 0 | 0 | (2,430) | 0 |
| 0 | 98,400 | 98,400 | 0 |
| 0 | 0 | (81,825) | 0 |
| 25,481 | 0 | (29,217) | 8,951 |
| 0 | 0 | 0 | 384,011 |
| <u>178,322</u> | <u>16,094,889</u> | <u>22,743,137</u> | <u>429,100</u> |
| <u>\$798,102</u> | <u>\$16,490,181</u> | <u>\$28,224,432</u> | <u>(\$895,429)</u> |

CITY OF LANCASTER, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2011***

| | <u>Agency</u> |
|---------------------------|--------------------------|
| Assets: | |
| Cash and Cash Equivalents | \$ 187,654 |
| Due from Other Funds | <u>2,946</u> |
| Total Assets | <u><u>\$ 190,600</u></u> |
| Liabilities: | |
| Due to Other Funds | \$ 2,946 |
| Intergovernmental Payable | 2,946 |
| Due to Others | <u>184,708</u> |
| Total Liabilities | <u><u>\$ 190,600</u></u> |

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lancaster, Ohio (the "City") was incorporated in 1831 under the laws of the State of Ohio. The Citizens elect Council members (six wards, three at large and a president) who serve two year terms, and the Mayor, City Auditor, City Solicitor and City Treasurer who all serve four year terms. In addition, two municipal court judges are elected to serve six year terms.

The financial statements are presented as of December 31, 2011 and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

The City's financial reporting entity includes a blended component unit, the Lancaster Port Authority, as well as, all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, cemetery department, planning, zoning, street maintenance, basic utility (water, sewer, electric, gas, and refuse) and other governmental services. The Port Authority, although a legally separate entity, provides services almost entirely to the City by financing the purchase of gas supply for the Gas Fund.

The City participates in several Jointly Governed Organizations and an Insurance Pool that are further described in Notes 21 and 22.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. The following fund types are used by the City:

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of "financial flow" (sources and use and balances of financial resources). The following is the City's major governmental fund:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Other Governmental Funds of the City account for grants and other resources whose use is restricted for a particular purpose.

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Gas Fund – This fund is used to account for the operation of the City's gas service.

Water Fund – This fund is used to account for the operation of the City's water service.

Water Pollution Fund – This fund is used to account for the operation of the City's sanitary sewer service.

Sanitation Fund – This fund is used to account for the operation of the City's solid waste collection and disposal service.

Storm Water Fund – This fund is used to account for the operation of the City's storm water drainage service.

Port Authority Fund – This fund is used to account for the operation of the City's economic development.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Internal Service Funds - These funds are used to account for the utilities billing services, information services, and health insurance services provided to other departments or agencies of the governmental unit on a cost-reimbursement basis.

Fiduciary Funds

Agency Funds - These funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations or other governmental units. The agency funds account for deposits held from individuals who intend to excavate portions of the streets or sidewalks, municipal court collections that are distributed to the state and various local governments, and fee collections to be distributed to the law library. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund activity is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City’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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which the City considers to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Revenues considered susceptible to accrual at year end include income taxes, interest on investments, and state levied locally shared taxes, including motor vehicle license fees and local government assistance. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

Special assessment installments and related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenues. Property taxes measurable as of December 31, 2011 but which are not intended to finance 2011 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenues.

The accrual basis of accounting is utilized for reporting purposes for the government-wide, the proprietary fund and the fiduciary fund financial statements. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Pursuant to GASB Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*," the City follows GASB guidance as applicable to governmental activities and proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds and the Drug Enforcement Fund (special revenue fund) are legally required to be budgeted and appropriated; however, only the general fund is required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may be made only by ordinance of the City Council. More detailed appropriation allocations may be made by the City Auditor as long as the allocations are within Council's appropriated amount.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Tax Budget

The Mayor submits an annual tax budget for the following fiscal year to City Council by July 15 for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2011.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level (the legal level of control). The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. The allocation of appropriations among departments and objects within a fund may only be modified during the year by an ordinance of City Council. During 2011, several supplemental appropriations were legally enacted by Council. Administrative control is maintained through the establishment of more detailed line-item budgets. The amounts reported as the original budget amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The budgetary figures which appear on the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual" are presented on a budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the general fund:

| | <u>Net Change in Fund Balance</u> |
|--|-----------------------------------|
| | <u>General Fund</u> |
| GAAP Basis (as reported) | \$293,820 |
| Increase (Decrease): | |
| Accrued Revenues at December 31, 2011 received during 2012 | (3,963,644) |
| Accrued Revenues at December 31, 2010 received during 2011 | 4,148,556 |
| Accrued Expenditures at December 31, 2011 paid during 2012 | 1,933,597 |
| Accrued Expenditures at December 31, 2010 paid during 2011 | (1,780,114) |
| 2010 Prepays for 2011 | 39,052 |
| 2011 Prepays for 2012 | (39,200) |
| Adjustment to Fair Value | (2,518) |
| Outstanding Encumbrances | <u>(507,997)</u> |
| Budget Basis | <u><u>\$121,552</u></u> |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio) and certificates of deposit with original maturity dates of three months or less. See Note 5, "Cash, Cash Equivalents and Investments."

The City pools its cash, except for that held by fiscal and escrow agents and fiduciary fund cash and investments, for maximum investing efficiency. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements. Fair value is determined by quoted market prices.

The City has invested funds in STAR Ohio during 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2011. See Note 5, "Cash, Cash Equivalents and Investments."

H. Derivative Instruments

The City's derivative financial instruments are accounted for in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. In connection with this Statement, the fair value of the City's derivative financial instruments is recorded on the Statement of Net Assets, with an offsetting deferred asset or liability. At December 31, 2011, the fair value and negative fair value of the City's derivative instruments are offset by a deferred credit and debit, respectively.

Derivative instruments are utilized by the City to manage market risk and reduce its exposure resulting from fluctuations in prices of natural gas in order to meet debt service requirements. These instruments include commodity swap agreements which convert index-priced natural gas revenues to fixed prices for servicing outstanding debt obligations and interest rate swap agreements which effectively convert the City's variable interest rate to a fixed rate. Interest expense in each operating period includes the netting adjustments of the interest rate swap agreements.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventory

Inventory is stated at cost in the governmental funds and at the lower of cost or market in the proprietary funds and on a government wide basis using the first-in, first-out (FIFO) method. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Prepaid Gas Supply

The City prepaid for deliveries of natural gas supplies with the proceeds from revenue bonds. Prepaid gas supplies are stated at the present value of the remaining fixed delivery amounts, as determined by the prepay contract. Swap agreements are used to convert the variable index prices to fixed prices sufficient to meet debt service requirements.

L. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and more than \$1,000 for the Port Authority.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, construction in progress, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets and Depreciation (Continued)

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Governmental and Business-Type Activities Estimated Lives (in years)</u> |
|-----------------------------------|---|
| Buildings | 40 |
| Improvements other than Buildings | 20-25 |
| Infrastructure | 10-100 |
| Machinery and Equipment, Vehicles | 3 - 10 |

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

| Obligation | Fund |
|--|---|
| General Obligation Bonds Payable | General Bond Retirement Fund |
| Revenue Bonds Payable | Water Fund, Water Pollution Fund, Port Authority Fund |
| Ohio Water Development Authority Loans | Street, Construction, Maintenance and Repair Fund, Water Fund, Water Pollution Fund Sanitation Fund |
| Ohio Public Works Commission Loan | General Bond Retirement Fund |
| Ohio Rail Development Commission Loan | Port Authority Fund |
| Special Assessment Bond Payable | Special Assessment Retirement Fund |
| State Infrastructure Bank Loan | Capital Improvement Fund |
| Installment Loan | General Fund, Capital Improvement Fund |
| Capital Leases | General Fund, Cemetery Fund, Street Construction, Maintenance and Repair Fund, Parks and Recreation Fund, Water Fund, Storm Water Fund, Utilities Collection Fund |
| Housing and Urban Development Loan | Community Development Block Grant Fund |
| Compensated Absences | General Fund, Cemetery Fund Street Construction, Maintenance and Repair Fund Parks and Recreation Fund Community Development Block Grant Fund Gas Fund, Water Fund, Water Pollution Fund Sanitation Fund, Storm Water Fund, Utilities Collection Fund, Information Services Fund |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences

City employees earn vacation at varying rates based upon length of service. Vacation leave is accrued on January 1 of every year regardless of employee's anniversary date. One week of vacation time can be carried over with the department superintendent's permission. Upon separation from the City, the employee (or his estate) is paid for accumulated unused vacation leave balance.

Sick leave is accrued by all employees at the rate of 4.615 hours every two weeks for a total of fifteen days of sick leave accrued per year. Sick leave may be accumulated without limit. Upon separation from the City, employees are paid a prorated amount of accumulated sick leave based on years of service up to a maximum of 960 hours. Employees with over 960 hours receive an additional 25% of amounts over 960 hours. The prorata amount is determined in each negotiated work agreement with the City.

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered and it is probable that the City will compensate the employees for the benefits at termination or retirement. The City uses the vesting method for determining the liability for sick leave. Compensated absences accumulated by governmental fund type and proprietary fund type employees are reported as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not recorded. For proprietary funds, the entire compensated absences amount is reported as a fund liability.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

P. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal allocations of overhead expenses from one program to another or within the same program 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. Interfund services provided and used are not eliminated in the process of consolidation. 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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances and resolutions passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balances (Continued)

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

S. Restricted Assets

Customer deposits, bond reserve accounts, and cash with fiscal agent are classified as restricted assets because these funds are being held for specified purposes.

T. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for gas distribution, water treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems and collection of solid waste refuse. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

U. 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." The amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

V. Bond Issuance Costs

In governmental fund types, bond issuance costs are recognized in the current period. Bond issuance costs in the government-wide financial statements and proprietary fund types are deferred and amortized over the term of the bonds. Issuance costs are recorded as deferred charges.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

W. Contributions of Capital

Contributions of capital on the governmental and business type activities and the proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources for capital acquisition or construction.

X. 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.

Y. Special Items

Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. During 2010, the City had no special items.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF BUDGETARY FUND BALANCE

For 2011, the City implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result restatement of the City’s financial statements.

During the year, the City discovered that the General Fund’s fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual was misstated. The correction resulted in the restatement of fund balance – Budget and Actual at December 31, 2010 for the General Fund as follows:

| | |
|---|------------------|
| | General Fund |
| Fund Balance - Budget and Acutal at December 31, 2010 as reported | \$2,838,777 |
| Accounting Error | (1,964,140) |
| Fund Balance - Budget and Acutal at December 31, 2010 as restated | <u>\$874,637</u> |

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 3 – FUND BALANCE CLASSIFICATION

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

| Fund Balances | General Fund | Other Governmental Funds | Total Governmental Funds |
|-------------------------|--------------------|--------------------------------|--------------------------------|
| Nonspendable: | | | |
| Prepaid Items | \$39,200 | \$9,539 | \$48,739 |
| Supplies Inventory | 171,852 | 236,066 | 407,918 |
| Endowment | 0 | 1,022,529 | 1,022,529 |
| Loans Receivable | 0 | 1,651,077 | 1,651,077 |
| Total Nonspendable | <u>211,052</u> | <u>2,919,211</u> | <u>3,130,263</u> |
| Restricted: | | | |
| Transportation Projects | 0 | 1,644,831 | 1,644,831 |
| Cemetery | 0 | 367,884 | 367,884 |
| Court Projects | 0 | 2,607,920 | 2,607,920 |
| Public Safety | 0 | 1,011,034 | 1,011,034 |
| Community Development | 0 | 219,008 | 219,008 |
| Debt Retirement | 0 | 122,099 | 122,099 |
| Other Purpose | 0 | 110 | 110 |
| Total Restricted | <u>0</u> | <u>5,972,886</u> | <u>5,972,886</u> |
| Committed: | | | |
| Parks and Recreation | 0 | 321,108 | 321,108 |
| Capital Improvements | 0 | 678,967 | 678,967 |
| Total Committed | <u>0</u> | <u>1,000,075</u> | <u>1,000,075</u> |
| Assigned: | | | |
| Encumbrances | 430,940 | 0 | 430,940 |
| Total Assigned | <u>430,940</u> | <u>0</u> | <u>430,940</u> |
| Unassigned: | | | |
| | 3,341,770 | (2,224,855) | 1,116,915 |
| Total Fund Balances | <u>\$3,983,762</u> | <u>\$7,667,317</u> | <u>\$11,651,079</u> |

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficits at December 31, 2011 of \$525,871 and \$1,698,984 in the Fire Capital Improvement Fund and the Ety Road TIF Project Fund (capital projects funds) are the result of recording interfund loans payable and notes payable amounts in the individual fund balance sheets. The fund deficit of \$75,571 in the Utilities Collection Fund (internal service funds) arises from the recognition of expenses on the accrual basis which are greater than expenses recognized on a budgetary basis. The accumulated deficit of \$51,836,005 in the Port Authority Fund (enterprise fund) is the result of recording the prepaid gas supply at the present value of the future shipments and the related bonds payable at outstanding par value. At the end of the contract period, the net result will be zero. The General Fund provides transfers, upon City Council's approval when cash is required not when accruals occur.

B. Excess Expenditures over Appropriations

For the year ended December 31, 2011, expenditures exceeded appropriations at the object level (i.e., the legal level of budgetary control) as follows:

| <u>Fund</u> | <u>Excess</u> |
|---------------------------------------|---------------|
| Special Revenue Fund: | |
| Lancaster Public Transit Program Fund | |
| Advances Out | \$238,000 |
| Law Director Victim Assistance Fund | |
| Advances Out | 10,000 |
| Capital Projects Fund: | |
| Capital Improvement Fund | |
| Advances Out | 182,620 |
| Ety Road TIF Project Fund | |
| Debt Service: | |
| Principal Retirement | 1,621,576 |
| Interest and Fiscal Charges | 28,377 |

The excess expenditures were funded from available fund balance.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. The City has adopted an Investment Policy that follows Ohio Revised Code Chapter 135 and applies the prudent person standard. The prudent person standard requires the Auditor and Treasurer to exercise the care, skill and experience that a prudent person would use to manage his/her personal financial affairs and to seek investments that will preserve principal while maximizing income.

Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- 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, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- Time certificates of deposits or savings or deposit accounts, including, but not limited to, passbook account;

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Securities lending agreements in which the City lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
- Commercial paper notes, corporate notes and banker's acceptances; and,
- Debt interest rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. The City has no policy on custodial credit risk and is governed by Ohio Revised Code. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City's deposits was \$35,337,084 and the bank balance was \$34,005,168. Federal depository insurance covered \$1,060,795 of the bank balance and \$32,944,373 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

| | <u>Balance</u> |
|--|----------------------------|
| Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name | <u>\$32,944,373</u> |
| Total Balance | <u><u>\$32,944,373</u></u> |

Investment earnings of \$257,683 earned by other funds was credited to the General Fund as required by state statute.

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2011 were as follows:

| | Fair Value | Credit Rating | Investment Maturities (in Years) | | | |
|--------------------------------|---------------------|-------------------------------------|----------------------------------|--------------------|---------------------|------------------|
| | | | less than 1 | 1-3 | 3-5 | more than 5 |
| STAR Ohio | \$56,174 | AAAm ¹ | \$56,174 | \$0 | \$0 | \$0 |
| City of Lancaster Bond Payable | 228,000 | AAA ¹ | 18,000 | 39,000 | 43,000 | 128,000 |
| Negotiable CD's | 4,833,000 | AAA ³ | 750,000 | 3,383,000 | 700,000 | 0 |
| FNMA ^a | 2,000,000 | AA+ ¹ , Aaa ² | 0 | 0 | 2,000,000 | 0 |
| FNMA ^b | 1,000,000 | AA+ ¹ , Aaa ² | 0 | 0 | 1,000,000 | 0 |
| FNMA Note ^c | 2,000,000 | AA+ ¹ , Aaa ² | 0 | 0 | 2,000,000 | 0 |
| FHLB ^d | 2,028,000 | AA+ ¹ , Aaa ² | 0 | 0 | 2,028,000 | 0 |
| FHLB ^e | 1,500,000 | AA+ ¹ , Aaa ² | 0 | 0 | 1,500,000 | 0 |
| FHLB ^f | 1,500,000 | AA+ ¹ , Aaa ² | 0 | 0 | 1,500,000 | 0 |
| FHLB ^g | 3,000,000 | AA+ ¹ , Aaa ² | 0 | 0 | 3,000,000 | 0 |
| FHLMC ^h | 2,000,000 | AA+ ¹ , Aaa ² | 0 | 0 | 2,000,000 | 0 |
| FHLMC ⁱ | 2,000,000 | AA+ ¹ , Aaa ² | 0 | 0 | 2,000,000 | 0 |
| FHLMC ^j | 1,400,000 | AA+ ¹ , Aaa ² | 0 | 0 | 1,400,000 | 0 |
| Total Investments | <u>\$23,545,174</u> | | <u>\$824,174</u> | <u>\$3,422,000</u> | <u>\$19,171,000</u> | <u>\$128,000</u> |

¹ Standard & Poor's

² Moody's Investor Service

³ All are fully FDIC insured and therefore have an implied AAA credit rating

^a These securities are callable on September 26, 2012.

^b These securities were called on January 25, 2012.

^c These securities are callable on September 21, 2012.

^d These securities are callable on May 14, 2012.

^e These securities are continuously callable from December 15, 2011.

^f These securities were called on January 25, 2012.

^g These securities were called on January 27, 2012.

^h These securities are callable on October 19, 2012.

ⁱ These securities are callable on June 28, 2012.

^j These securities are callable on April 13, 2012.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The City has no policy that limits investment purchases beyond the requirements of the Ohio Revised Code.

Investment Credit Risk – The City has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City’s total investments, 0.2% are in STAROhio, 1.0% are in municipal bonds, 20.5% are in negotiable CDs, 12.8% are FNMA, 8.5% are FNMA Notes, 34.1% are FHLB, and 22.9% are FHLMC.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the City’s investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment’s counterparty, not in the name of the City.

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Repurchase agreements and STAR Ohio are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statements No. 3 and 40.

A reconciliation between classifications of cash and investments on the financial statements and the classifications per items A and B of this note are as follows:

| | <u>Cash and Cash Equivalents *</u> | <u>Investments</u> |
|--|--|---------------------|
| Per Financial Statements | \$26,559,090 | \$32,323,168 |
| Certificates of Deposit (with maturities of more than 3 months) | 8,834,168 | (8,834,168) |
| Investments: | | |
| STAR Ohio | (56,174) | 56,174 |
| Per GASB Statements No. 3 and 40 | <u>\$35,337,084</u> | <u>\$23,545,174</u> |

* Includes Cash with Fiscal Agent

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2011 were levied after October 1, 2010 on assessed values as of January 1, 2010, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2007. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

Tangible personal property tax revenues received in 2011 (other than public utility property) represent the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010 on values as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The tax on telephone and telecommunications property was eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. House Bill No. 66 was to hold governments harmless by replacing a portion of the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2012, the City will be fully reimbursed for the lost revenue. In calendar years 2013-2017, the reimbursements will be phased out.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Lancaster. The County Auditor periodically remits to the City its portion of the taxes collected.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 6 - TAXES (Continued)

A. Property Taxes (Continued)

The full tax rate for the City's operations for the year ended December 31, 2011 was \$3.40 per \$1,000 of assessed value. The assessed value upon which the 2011 property tax receipts were based was \$718,274,700. This amount constitutes \$699,747,500 in real property assessed value, \$18,063,140 in public utility property, and \$464,060 in telephone tangible property.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .34% (3.40 mills) of assessed value.

B. Income Tax

The City levies a tax of 1.75%, .75% of which is voter approved, on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. The City allows a credit of 100% of the first 1.0% unvoted tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2011 consisted of taxes, accounts, special assessments, interest, loans and intergovernmental receivables arising from shared revenues.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 8 – INTERFUND ACCOUNTS

Interfund balances at December 31, 2011 consist of the following individual fund receivables and payables:

| | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|-----------------------------|--------------------------------------|-----------------------------------|
| Enterprise Fund: | | |
| Gas | \$0 | \$551,819 |
| Port Authority | 551,819 | 0 |
| Total Enterprise Funds | <u>551,819</u> | <u>551,819</u> |
| Agency Funds: | | |
| Municipal Court | 0 | 2,946 |
| Law Library | 2,946 | 0 |
| Total Agency Funds | <u>2,946</u> | <u>2,946</u> |
| Totals | <u>\$554,765</u> | <u>\$554,765</u> |
| | <u>Interfund Loan Receivable</u> | <u>Interfund Loan Payable</u> |
| General Fund | \$1,653,300 | \$0 |
| Nonmajor Governmental Funds | 0 | 1,653,300 |
| Totals | <u>\$1,653,300</u> | <u>\$1,653,300</u> |

The Due to Other Funds is a payment for gas purchases to the Port Authority. The Interfund Loan consists of short-term notes issued at 3% to other funds to acquire capital purchases. The City expects to repay all interfund balances within the next year.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2011:

| <u>Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|-----------------------------|--------------------|---------------------|
| General Fund | \$0 | \$1,025,527 |
| Nonmajor Governmental Funds | 1,267,822 | 263,697 |
| Enterprise Funds: | | |
| Storm Water Fund | 21,402 | 0 |
| Total Transfers | <u>\$1,289,224</u> | <u>\$1,289,224</u> |

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2011:
Historical Cost:

| Class | December 31, 2010 | Additions | Deletions | December 31, 2011 |
|--|----------------------|-----------------|---------------|----------------------|
| <i>Capital assets not being depreciated:</i> | | | | |
| Land | \$17,768,065 | \$70,820 | \$0 | \$17,838,885 |
| Construction in Progress | 2,083,205 | 169,744 | (833,873) | 1,419,076 |
| Subtotal | 19,851,270 | 240,564 | (833,873) | 19,257,961 |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings | 6,650,133 | 833,454 | (188,921) | 7,294,666 |
| Improvements Other than Buildings | 6,039,709 | 12,610 | (1,447) | 6,050,872 |
| Machinery and Equipment | 4,465,694 | 55,392 | (94,604) | 4,426,482 |
| Vehicles | 6,477,960 | 135,143 | (569,924) | 6,043,179 |
| Infrastructure | 20,834,709 | 201,691 | 0 | 21,036,400 |
| Subtotal | 44,468,205 | 1,238,290 | (854,896) | 44,851,599 |
| Total Cost | \$64,319,475 | \$1,478,854 | (\$1,688,769) | \$64,109,560 |
| <i>Accumulated Depreciation:</i> | | | | |
| Class | December 31, 2010 | Additions | Deletions | December 31, 2011 |
| Buildings | (\$3,374,019) | (\$156,791) | \$182,197 | (\$3,348,613) |
| Improvements Other than Buildings | (3,994,679) | (173,749) | 4,457 | (4,163,971) |
| Machinery and Equipment | (3,456,283) | (237,631) | 87,549 | (3,606,365) |
| Vehicles | (4,988,261) | (422,744) | 570,014 | (4,840,991) |
| Infrastructure | (9,552,437) | (655,150) | 0 | (10,207,587) |
| Total Depreciation | (\$25,365,679) | (\$1,646,065) * | \$844,217 | (\$26,167,527) |
| <i>Net Value:</i> | \$38,953,796 | | | \$37,942,033 |

* Depreciation expenses were charged to governmental functions as follows:

| | |
|--------------------------------------|---------------|
| Security of Persons and Property | (\$371,415) |
| Leisure Time Activities | (142,836) |
| Community Environment | (2,708) |
| Public Health & Welfare | (18,436) |
| Transportation | (896,458) |
| General Government | (181,857) |
| Internal Service Fund Capital Assets | (32,355) |
| Total Depreciation Expense | (\$1,646,065) |

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 10 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2011:

Historical Cost:

| Class | December 31, 2010 | Additions | Deletions | December 31, 2011 |
|--|----------------------|--------------|----------------|----------------------|
| <i>Capital assets not being depreciated:</i> | | | | |
| Land | \$3,476,307 | \$0 | \$0 | \$3,476,307 |
| Construction in Progress | 40,095,292 | 6,529,901 | (46,221,666) | 403,527 |
| Subtotal | 43,571,599 | 6,529,901 | (46,221,666) | 3,879,834 |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings | 35,097,811 | 45,891,863 | 0 | 80,989,674 |
| Improvements | 34,281,966 | 113,205 | (7,904) | 34,387,267 |
| Machinery and Equipment | 10,221,247 | 447,222 | (384,697) | 10,283,772 |
| Vehicles | 4,766,628 | 143,287 | (70,875) | 4,839,040 |
| Infrastructure | 77,032,117 | 933,415 | 0 | 77,965,532 |
| Subtotal | 161,399,769 | 47,528,992 | (463,476) | 208,465,285 |
| Total Cost | \$204,971,368 | \$54,058,893 | (\$46,685,142) | \$212,345,119 |

Accumulated Depreciation:

| Class | December 31, 2010 | Additions | Deletions | December 31, 2011 |
|-------------------------|----------------------|---------------|-----------|----------------------|
| Buildings | (\$11,322,026) | (\$1,396,243) | \$0 | (\$12,718,269) |
| Improvements | (24,026,396) | (1,176,705) | 5,540 | (25,197,561) |
| Machinery and Equipment | (8,424,486) | (624,152) | 373,151 | (8,675,487) |
| Vehicles | (3,298,703) | (431,627) | 70,875 | (3,659,455) |
| Infrastructure | (29,459,930) | (2,275,652) | 0 | (31,735,582) |
| Total Depreciation | (\$76,531,541) | (\$5,904,379) | \$449,566 | (\$81,986,354) |
| <i>Net Value:</i> | \$128,439,827 | | | \$130,358,765 |

Internal service funds serve both governmental and business-type funds. Accordingly, capital assets for them are included as part of the above totals for governmental and business-type funds. At year-end, \$155,284 and \$88,502 of internal service funds capital assets, net of depreciation are included in the respective above amounts. Also, \$32,355 and \$15,309 of depreciation expense for internal service fund are included in the respective above amounts.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System (“OPERS”)

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, “*Accounting for Pensions by State and Local Government Employers.*”

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2011, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2011 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2011. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2011. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s required contributions for pension obligations to OPERS for the years ending December 31, 2011, 2010, and 2009 were \$1,309,949, \$1,169,166, and \$1,072,414, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2011 were \$25,220 made by the City and \$18,014 made by the plan members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (“OP&F”)

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2011, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2011, 2010, and 2009 were \$539,625, \$526,236 and \$505,643 for police and \$849,736, \$928,962 and \$946,754 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”)

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2011. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2011, 2010, and 2009 were \$523,980, \$669,416 and \$783,610, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund (“OP&F”)

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

B. Ohio Police and Fire Pension Fund (“OP&F”) (Continued)

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2011, 2010, and 2009 were \$285,684, \$278,595 and \$267,693 for police and \$332,506, \$363,507 and \$370,469 for firefighters, respectively, which were equal to the required contributions for each year.

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 13 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources. The City is retiring its notes by the issuance of one year renewal notes with a portion of the principal being retired in accordance with the above provisions.

| | Maturity Date | Balance January 1, 2011 | Additions | (Reductions) | Balance December 31, 2011 |
|--------------------------------------|------------------|-------------------------------|--------------------|----------------------|---------------------------------|
| Capital Projects Notes Payable: | | | | | |
| 1.75% Ety Road TIF | 10/12/2011 | \$542,160 | \$0 | (\$542,160) | \$0 |
| 1.75% Ety Road TIF | 10/12/2012 | 0 | 542,160 | 0 | 542,160 |
| 1.75% Street Improvement 2010 | 12/31/2011 | 1,067,714 | 0 | (1,067,714) | 0 |
| 1.75% Street Improvement 2011 | 12/31/2012 | 0 | 1,086,399 | 0 | 1,086,399 |
| 1.75% Island Capital Note 2010 | 12/31/2011 | 553,862 | 0 | (553,862) | 0 |
| 1.75% Island Capital Note 2011 | 12/31/2012 | 0 | 563,554 | 0 | 563,554 |
| Total Capital Projects Notes Payable | | <u>\$2,163,736</u> | <u>\$2,192,113</u> | <u>(\$2,163,736)</u> | <u>\$2,192,113</u> |
| Enterprise Funds Notes Payable: | | | | | |
| 1.20% Storm Water Improvement | 7/6/2011 | \$1,709,000 | \$0 | (\$1,709,000) | \$0 |
| 1.50% Storm Water Improvement | 7/6/2011 | 0 | 1,400,000 | 0 | 1,400,000 |
| Total Enterprise Notes Payable | | <u>\$1,709,000</u> | <u>\$1,400,000</u> | <u>(\$1,709,000)</u> | <u>\$1,400,000</u> |

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CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 14 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2011 were as follows:

| | Restated December 31, 2010 | Additions | (Reductions) | Balance December 31, 2011 | Due Within One Year |
|--|----------------------------------|--------------------|----------------------|---------------------------------|---------------------------|
| Business-Type Activities: | | | | | |
| Ohio Water Development Authority Loans (OWDA): | | | | | |
| 2003 2.00% | \$157,021 | \$0 | (\$5,746) | \$151,275 | \$5,861 |
| 2001 4.14% | 3,794,909 | 0 | (249,922) | 3,544,987 | 260,376 |
| 2001 3.90% | 14,929,788 | 0 | (960,614) | 13,969,174 | 1,006,678 |
| 1989 8.48% | 2,794,552 | 0 | (721,344) | 2,073,208 | 782,514 |
| 1990 7.74% | 56,816 | 0 | (14,794) | 42,022 | 15,939 |
| 1993 2.94% | 4,528,449 | 0 | (770,223) | 3,758,226 | 793,034 |
| 1996 3.16% | 2,135,053 | 0 | (277,082) | 1,857,971 | 285,907 |
| 2009 3.27% | 28,019,016 | 5,828,291 | 0 | 33,847,307 | 1,216,572 |
| 1997 3.98% | 1,965,851 | 0 | (213,201) | 1,752,650 | 221,770 |
| Total Ohio Water Development Authority Loans | <u>58,381,455</u> | <u>5,828,291</u> | <u>(3,212,926)</u> | <u>60,996,820</u> | <u>4,588,651</u> |
| Revenue Bonds Payable: | | | | | |
| 2004 2-4.75% | 6,915,000 | 0 | (235,000) | 6,680,000 | 245,000 |
| Premium | 97,080 | 0 | (5,110) | 91,970 | 0 |
| 2004 2-4.75% | 4,290,000 | 0 | (145,000) | 4,145,000 | 155,000 |
| 2008 3-4.375% | 20,140,000 | 0 | (555,000) | 19,585,000 | 570,000 |
| Premium | 125,297 | 0 | (5,994) | 119,303 | 0 |
| 2008 variable | 337,730,000 | 0 | (3,070,000) | 334,660,000 | 3,200,000 |
| Total Revenue Bonds Payable | <u>369,297,377</u> | <u>0</u> | <u>(4,016,104)</u> | <u>365,281,273</u> | <u>4,170,000</u> |
| 2009 0-2/3 prime% | 53,060 | 0 | (48,924) | 4,136 | 4,136 |
| Landfill Postclosure Care Liability | 1,523,822 | 0 | (81,825) | 1,441,997 | 78,600 |
| Capital Leases | 200,470 | 0 | (116,638) | 83,832 | 75,425 |
| Compensated Absences | 2,479,044 | 479,980 | (516,390) | 2,442,634 | 513,920 |
| Total Business-Type Long-Term Debt | <u>\$431,935,228</u> | <u>\$6,308,271</u> | <u>(\$7,992,807)</u> | <u>\$430,250,692</u> | <u>\$9,430,732</u> |
| Governmental Activities Long-Term Debt: | | | | | |
| 2005 3-4.375% | \$3,165,000 | \$0 | (\$175,000) | \$2,990,000 | \$180,000 |
| 2010 2-3.125% | 2,580,000 | 0 | (275,000) | 2,305,000 | 280,000 |
| Total General Obligation Bonds Payable | <u>5,745,000</u> | <u>0</u> | <u>(450,000)</u> | <u>5,295,000</u> | <u>460,000</u> |
| 2001 5.00% | 245,000 | 0 | (17,000) | 228,000 | 18,000 |
| with Governmental Commitment | | | | | |
| 2008 2.84-4.4% | 580,000 | 0 | (90,000) | 490,000 | 90,000 |
| 2000 0.00% | 63,904 | 0 | (6,086) | 57,818 | 6,086 |
| 2007 3.00% | 769,994 | 0 | (159,173) | 610,821 | 145,954 |
| 2010 3.25% | 337,247 | 61,428 | (7,190) | 391,485 | 14,764 |
| 2011 3.30% | 0 | 199,141 | (18,507) | 180,634 | 37,863 |
| Compensated Absences | 5,281,357 | 1,336,868 | (1,372,641) | 5,245,584 | 1,279,646 |
| Capital Leases | 532,216 | 0 | (175,632) | 356,584 | 166,070 |
| Pollution Remediation Obligation | 1,986,171 | 0 | (305,847) | 1,680,324 | 840,000 |
| Total Governmental Activities | <u>\$15,540,889</u> | <u>\$1,597,437</u> | <u>(\$2,602,076)</u> | <u>\$14,536,250</u> | <u>\$3,058,383</u> |

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 14 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Internal service funds serve both governmental and business-type funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental and business-type funds. At year-end, \$123,832 and \$282,322 of internal service funds compensated absences are included in the respective above amounts. Also, \$6,413 of an internal service fund capital lease is recorded in the business-type activities amount.

A special assessment general obligation bond is used to finance central business district street improvements. Debt service is financed by assessments to affected property owners. However, the City is ultimately responsible for the debt service if the assessments are not collected. There were no delinquent special assessments at year end.

In 1999 the City began a downtown revitalization project that was financed by several sources including a Housing and Development Authority Loan in the amount of \$1,570,000, and an Ohio Public Works Commission Loan for \$120,721. Both are being repaid from the General Bond Retirement Fund.

In 2008 the City received an Ohio Rail Development Commission Loan in the amount of \$145,163 to finance the construction of a railroad spur. The loan is being repaid by the Port Authority Fund.

A. Gas Supply Revenue Bonds, Series 2008

In March, 2008, the Port Authority issued \$348,750,000 of gas supply revenue bonds to fund the prepayment of 64,655,785 Mmbtus of gas from Royal Bank of Canada with deliveries beginning April 2008 and ending March 2038. The revenue bonds are secured by a pledge of the gas supply revenues derived from the related prepay transaction.

The Port Authority entered into an interest rate swap with Royal Bank of Canada in connection with the Series 2008, Gas Supply Revenue Bonds. Under the swap agreement, the Port Authority pays a fixed amount and receives a variable payment computed at a rate equal to that of the bonds. The interest payments reflected in the table were calculated based on the interest rate swap agreement which converts this issue to an effective fixed rate of approximately 3.7%.

B. Ohio Water Development Authority Loans

In 1989 and 1990 the City entered into an agreement with the Ohio Water Development Authority (OWDA), as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive \$14,211,847 and \$206,522, respectively, for the Water Pollution Control Plant.

In 1993, the City entered into an agreement with the Ohio Water Development Authority (OWDA), as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive \$13,502,148. The proceeds were used for Water Pollution Control Plant Improvements.

In 1996, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive \$5,047,248. The proceeds were used for Water Pollution Control Plant Improvements.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 14 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

B. Ohio Water Development Authority Loans (Continued)

In 1997, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive \$3,968,355. This loan is payable from sanitation charges for landfill closure and postclosure care costs and the proceeds were used to close the landfill.

In 2001, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$5,464,939. This loan is payable from water charges and the proceeds were used for the water treatment plant.

In 2001, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$21,273,840. The amount is subject to change and has not been finalized. The interest rate on the loans is 3.9%, per annum. This loan is payable from water charges and is received by the City in increments as the project is completed. As of December 31, 2011, the City had received \$21,091,478, from OWDA. Subsequent amounts will be received in future years. The City began repaying the loan in semiannual payments beginning in 2003 based on a loan amount of \$21,273,840 to be paid through 2023. An estimate of future financing requirements has been made based on the loan balance of \$13,969,174 at December 31, 2011.

In 2002, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$199,091. The proceeds were used for the water treatment plant.

In 2009, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$34,397,930. The proceeds are being used to build the Upper Hocking Wastewater Treatment Plant. The amount is subject to change and has not been finalized. The interest rate on the loans is 3.27%, per annum. This loan is payable from water pollution charges and is received by the City in increments as the project is completed. As of December 31, 2011, the City had received \$33,847,307, from OWDA. Subsequent amounts will be received in future years. The City will begin repaying the loan in semiannual payments in 2012 based on a loan amount of \$34,397,930 to be paid through 2031. An estimate of future financing requirements has been made based on the loan balance of \$33,847,307 at December 31, 2011.

In 2010, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$400,657. The proceeds are being used to build a salt storage barn and wash bays. The amount is subject to change and has not been finalized. The interest rate on the loans is 3.25%, per annum. This loan is payable from water pollution charges and is received by the City in increments as the project is completed. As of December 31, 2011, the City had received \$398,675, from OWDA. The City began repaying the loan in semiannual payments in 2011 based on a loan amount of \$400,657 to be paid through 2031. An estimate of future financing requirements has been made based on the loan balance of \$391,486 at December 31, 2011.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 14 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

C. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2011 follows:

Governmental Activities:

| Years | General Obligation Bond Payable | | Special Assessment Bond Payable | | OWDA Loan | |
|-----------|------------------------------------|-------------|------------------------------------|----------|-----------|-----------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2012 | \$460,000 | \$174,456 | \$18,000 | \$11,400 | \$14,764 | \$12,637 |
| 2013 | 475,000 | 162,107 | 19,000 | 10,500 | 15,280 | 12,120 |
| 2014 | 485,000 | 148,807 | 20,000 | 9,550 | 15,781 | 11,920 |
| 2015 | 495,000 | 137,144 | 21,000 | 8,550 | 16,298 | 11,103 |
| 2016 | 510,000 | 123,544 | 22,000 | 7,500 | 16,832 | 10,569 |
| 2017-2021 | 1,920,000 | 401,491 | 128,000 | 19,825 | 92,803 | 44,200 |
| 2022-2026 | 950,000 | 77,418 | 0 | 0 | 109,036 | 27,968 |
| 2027-2031 | 0 | 0 | 0 | 0 | 110,691 | 8,956 |
| Totals | \$5,295,000 | \$1,224,967 | \$228,000 | \$67,325 | \$391,485 | \$139,473 |

| Years | HUD Loan | | OPWC Loan | | SIB Loan | |
|-----------|-----------|----------|-----------|----------|-----------|----------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2012 | \$90,000 | \$20,517 | \$6,086 | \$0 | \$145,954 | \$17,238 |
| 2013 | 90,000 | 17,079 | 6,086 | 0 | 150,365 | 12,827 |
| 2014 | 90,000 | 13,479 | 6,086 | 0 | 154,910 | 8,282 |
| 2015 | 90,000 | 9,753 | 6,086 | 0 | 159,592 | 3,600 |
| 2016 | 90,000 | 5,856 | 6,086 | 0 | 0 | 0 |
| 2017-2021 | 40,000 | 1,824 | 27,388 | 0 | 0 | 0 |
| Totals | \$490,000 | \$68,508 | \$57,818 | \$0 | \$610,821 | \$41,947 |

| Years | Installment Loan | |
|--------|------------------|----------|
| | Principal | Interest |
| 2012 | \$37,863 | \$5,669 |
| 2013 | 39,137 | 4,394 |
| 2014 | 40,439 | 3,092 |
| 2015 | 41,785 | 1,746 |
| 2016 | 21,410 | 356 |
| Totals | \$180,634 | \$15,257 |

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 14 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

C. Future Long-Term Financing Requirements (Continued)

Business-Type Activities:

| Years | OWDA Loans | | Revenue Bonds Payable | | ORDC Loan | |
|-----------|---------------------|---------------------|--------------------------|----------------------|----------------|------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2012 | \$4,588,651 | \$2,161,318 | \$4,170,000 | \$13,717,109 | \$4,136 | \$9 |
| 2013 | 4,762,698 | 1,987,271 | 4,560,000 | 13,562,486 | 0 | 0 |
| 2014 | 4,483,489 | 1,777,724 | 5,080,000 | 13,388,850 | 0 | 0 |
| 2015 | 4,173,681 | 1,598,775 | 5,660,000 | 13,194,822 | 0 | 0 |
| 2016 | 3,870,737 | 1,452,849 | 6,290,000 | 12,971,711 | 0 | 0 |
| 2017-2021 | 16,746,708 | 5,389,339 | 40,305,000 | 60,674,138 | 0 | 0 |
| 2022-2026 | 11,149,234 | 2,725,643 | 60,370,000 | 51,265,308 | 0 | 0 |
| 2027-2031 | 11,212,896 | 1,090,742 | 84,810,000 | 37,426,323 | 0 | 0 |
| 2032-2036 | 8,726 | 131 | 109,595,000 | 19,115,038 | 0 | 0 |
| 2037-2038 | 0 | 0 | 44,230,000 | 1,473,833 | 0 | 0 |
| Totals | <u>\$60,996,820</u> | <u>\$18,183,792</u> | <u>\$365,070,000</u> | <u>\$236,789,618</u> | <u>\$4,136</u> | <u>\$9</u> |

NOTE 15 - CAPITALIZED LEASES

Under capital leases the City leases six copiers, two street sweepers, one pickup truck, five dump trucks, a bucket truck, two leaf loaders, a breaking hammer, a back hoe, an aerial platform, a mower, a tractor and a Niton analyzer. The cost of the improvements and equipment obtained under capital leases is included in the appropriate proprietary fund or Governmental Activities Capital Assets and the related liability is included in the appropriate proprietary fund or in the Governmental Activities Long-Term Liabilities. The original cost of the assets acquired under capital lease was \$1,377,251.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2011:

| Year Ending December 31, | Governmental Activities | Business-Type Activities |
|--|----------------------------|-----------------------------|
| 2012 | \$180,929 | \$79,738 |
| 2013 | 193,251 | 7,781 |
| 2014 | 84,997 | 1,027 |
| 2015 | 4,312 | 0 |
| Minimum Lease Payments | 463,489 | 88,546 |
| Less amount representing interest at the City's incremental borrowing rate of interest | (106,905) | (4,714) |
| Present value of minimum lease payments | <u>\$356,584</u> | <u>\$83,832</u> |

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 16 - DERIVATIVE INSTRUMENTS

A. Composition of Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2011, classified by type, are as follows:

| | <u>Notional Amount</u> | <u>Fair Value</u> | <u>Counterparty Credit Rating</u> |
|--|----------------------------|-----------------------|---------------------------------------|
| Positive Cash Flow Hedge: | | | |
| Pay-variable, receive fixed commodity swap | 56,563,798 mmbtu | \$ 221,300,167 | AA-/A-1+ |
| Negative Cash Flow Hedge: | | | |
| Pay-fixed, receive variable interest rate swap | \$334,660,000 | \$(143,270,265) | A+/A-1 |

All fair values are classified as derivative instruments on the Statement of Net Assets. The increase in fair values of these derivatives instruments was \$27,313,892 for 2011. As these commodity and interest rate swaps are considered hedging derivatives instruments, the increase in fair value is reflected within deferred outflows and inflows on the Statement of Net Assets. The positive and negative fair values of the commodity and interest rate swaps were not netted. The fair values of the commodity swaps are based on forward prices from established indexes for the applicable region and discounted using established interest rate indexes. The fair values of the interest rate swaps are based on the SIFMA index at year end and discounted using established interest rate indexes.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 16 - DERIVATIVE INSTRUMENTS (Continued)

B. Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the Port Authority fund's hedging derivative instruments outstanding at December 31, 2010:

| <u>Type</u> | <u>Objective</u> | <u>Maturity Date</u> | <u>Terms</u> |
|---|--|----------------------|---|
| Pay-fixed receive variable interest rate swap | The Port Authority entered into an interest rate swap in connection with its Series 2008 Bonds, effective on or before the date of the initial issuance of such bonds, to correlate the fixed payments it receives under the related Commodity Swap with its variable rate debt service payment on these bonds. | 2038 | The interest rate swap extends to the date of the final maturity of these bonds and requires payments based on a notional amount equal to the scheduled outstanding principal amount of these bonds. Under the interest rate swap, the Port Authority pays the counterparty a fixed payment of 3.7%, on the notional amount and receives a variable payment equal to the rate actually borne by the Series 2008 Bonds, which is based upon the SIFMA index. |
| Pay-variable, receive fixed commodity swap | The Port Authority has entered into a fixed to floating commodity swap in connection with the natural gas prepay transaction. The purpose of the Commodity Swap is to correlate gas sales revenues the Port Authority receives based on floating natural gas indices to a fixed stream of payments necessary to make debt service payments on its Bonds. | 2038 | The commodity swap extends to the date of the final maturity of the related Natural Gas Supply Agreements. The commodity swap requires monthly payments based on a notional quantity of natural gas that corresponds to the volume of natural gas sold pursuant to the related Natural Gas Supply Agreements. Payments under the commodity swap are based on nationally published gas indices at the gas delivery points. |

C. Commodity Swap Risks

Termination Risk - The Commodity Swaps terminate in the event of a “triggering event” under the related Prepaid Natural Gas Sales Agreements, in the event of the Port Authority or counterparty nonperformance, and in connection with other specified events. Under the Commodity Swaps no payment, in the amount of the fair value or otherwise, is to be made by the Swap Counterparty in connection with an early termination of such swap. However, if the Commodity Swaps are terminated as a result of the Port Authority’s default or as a result of the termination of the Prepaid Natural Gas Sales Agreements, the Port Authority would be obligated to pay a termination payment to the Swap Counterparty based on the net present value of the remaining notional quantities of gas during the remaining term multiplied by a fixed amount.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 16 - DERIVATIVE INSTRUMENTS (Continued)

C. Commodity Swap Risks (Continued)

Credit Risk - The Commodity Swaps are tied to related gas prepay transactions and terminate in the event such transactions terminate. Therefore, the only credit risk associated with the Commodity Swaps is for margins lost on future commodity deliveries associated with a termination of the related gas prepay transactions in the event of a counterparty's inability to perform in accordance with the terms of the related Commodity Swaps. Generally, the only amounts due upon termination of the Commodity Swap would be previously accrued but unpaid amounts. If the Swap Counterparty is rated below "A1" by Moody's Investors Service, Inc., the Swap Counterparty, is permitted to post collateral or post an alternative security arrangement within twenty-five Local Business Days of such downgrade. The Swap Counterparty must provide the Port Authority adequate assurances of Swap Counterparty's ability to continue performing under all Transactions, which adequate assurances must be satisfactory to the Port Authority.

D. Interest Rate Swap Risks

Termination Risk - The Interest Rate Swaps terminate in the event of a "triggering event" under the related Prepaid Natural Gas Sales Agreements, in the event of the Port Authority or counterparty nonperformance, and in connection with other specified events. Under the Interest Rate Swaps, no termination payment, in the amount of the fair value or otherwise, is to be made by either party in connection with an early termination of such swap.

Credit risk - The Interest Rate Swaps terminate in the event of a "triggering event" under the related Prepaid Natural Gas Sales Agreements, in the event of the Port Authority or Swap Counterparty nonperformance, and in connection with other specified events. The only amounts due upon termination of the Interest Rate Swaps would be previously accrued but unpaid amounts. If the Swap Counterparty is rated below "A1" by Moody's Investors Service, Inc., the Swap Counterparty, is permitted to post collateral or post an alternative security arrangement within twenty-five Local Business Days of such downgrade. The Swap Counterparty must provide the Port Authority adequate assurances of Swap Counterparty's ability to continue performing under all Transactions, which adequate assurances must be satisfactory to the Port Authority.

Interest Rate Risk - Under the pay-fixed interest rate swap agreement, the Port Authority is required to pay an amount equal to the notional amount times the rate actually borne by the Series 2008 Bonds, and is to receive an amount equal to the SIFMA index. In the event the rate actually borne by the Series 2008 Bonds exceeds the rate paid by the Swap Counterparty, the Port Authority would be required to pay the Swap Counterparty an amount equal to the notational amount times the difference.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 17 - INSURANCE AND RISK MANAGEMENT

The City 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.

Insurance for property holds a \$5,000 deductible, general liability holds a \$1,000 deductible. The City carries a \$25,000 deductible for both police and professional liability insurance. The City also has an umbrella policy with Mt. Hawley Insurance Company for claims in excess of \$1,000,000.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

The City pays unemployment claims to the State of Ohio as incurred.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The City contracts with the Industrial Advisors Bureau to review all accidents claimed through Workers' Compensation.

On January 1, 1998, the City established an internal service fund to provide group health, dental, and prescription drug benefits to employees and their eligible dependents through the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool (Note 22). SCOIC currently includes twelve member school districts and governmental entities. The Liberty Union-Thurston Local School District serves as the fiscal agent for the consortium. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Health Insurance Management Fund (internal service fund) are available to pay claims.

In the prior year, the City's medical, surgical, and prescription drug programs were considered traditional premium insurance while the dental program was considered a self insured program. During 2008, the agreement with SCOIC was revised for medical, surgical, and prescription drug programs and made retroactive to July 1, 2007. The new agreement with SCOIC considers medical, surgical, and prescription drug programs to also be self insured programs. The City retains the risk for the first \$50,000 of a covered individual medical claim. The expense for this retroactive obligation change was reported as a current expense.

Claims are paid by the City to the SCOIC. SCOIC contracts with Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) for claims servicing. OME-RESA contracts with Employee Benefits Management Corporation to service the claims of SCOIC members. The City has shared risk pool coverage with OME-RESA for covered individual medical claims in excess of \$50,000 up to \$500,000 per employee per year. The City also has a stop loss coverage insurance policy, purchased through SCOIC, for covered individual medical claims in excess of \$500,000 per employee per year. The City has no stop loss coverage for the dental claims.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 17 - INSURANCE AND RISK MANAGEMENT (Continued)

The claims liability of \$658,237 reported at December 31, 2011 is based on an estimate provided by an actuary for medical and dental claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two years, including medical, surgical, prescription drug, and dental are as follows:

| <u>Fiscal Year</u> | <u>Beginning of Year Liability</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>End of Year Liability</u> |
|--------------------|--|---|----------------------------|----------------------------------|
| 2010 | \$398,858 | \$5,702,875 | (\$5,827,507) | \$274,226 |
| 2011 | \$274,226 | \$7,026,803 | (\$6,642,792) | \$658,237 |

NOTE 18 - CONSTRUCTION COMMITMENTS

As of December 31, 2011, the City had the following commitments with respect to capital improvements:

| <u>Capital Projects</u> | <u>Remaining Construction Commitment</u> |
|--|--|
| Upper Hocking Wastewater Treatment Plant | \$1,950,315 |
| Stormwater Projects | 134,303 |
| US 22/SR 37 Waterline | 491,886 |

NOTE 19 - SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

In 1976, the City stopped accepting waste at the City of Lancaster Landfill. In 1988, the Ohio Environmental Protection Agency filed a complaint against the City. The recognition of a liability for closure and postclosure care costs is based on landfill capacity used to date. The City is at 100% capacity. The consent order was approved in December 1996 by all respective parties involved and filed in January of 1997. The consent order required the City to place a final cover on the landfill site as well as perform certain maintenance and monitoring functions at the site for thirty years after closure.

The City has accrued a liability for landfill closure and postclosure care costs in the Sanitation Fund of \$1,441,997. These costs are funded by a sanitation rate increase that became effective April 1, 1997. The rate will remain in effect for twenty-five years to cover annual postclosure care costs. The remaining five years of postclosure care costs will be funded by \$526,704 which has been placed in a restricted account. The estimated costs of postclosure care are subject to changes corresponding to the effects of inflation, revision of laws and other variables.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 20 – POLLUTION REMEDIATION OBLIGATION

In an effort to pursue economic development, the City began remediation on property known as the Frick-Gallagher/Ray-O-Vac property. In 2010, the City conducted a site evaluation and was awarded a Clean Ohio Revitalization Grant of \$1,477,238 for asbestos abatement, demolition, soil remediation and general waste removal. The remediation is expected to be completed in 2013 and a liability of \$1,680,324 has been recorded for this obligation.

NOTE 21 - JOINTLY GOVERNED ORGANIZATIONS

A. Fairfield Metropolitan Housing Authority (the “Authority”)

The Authority was created in 1980 and currently operates pursuant of Revised Code Section 3735.27. A five-member board operates the Authority of which two are appointed by the City. The remaining three members are appointed by Fairfield County. The Authority adopts their own appropriations, is their own contracting authority, hires/fires personnel, authorizes all expenditures, and does not rely on the City or Fairfield County to finance its deficits. The Authority receives funding from the federal government in the form of grants. Grant funds are received directly by the Authority in the Authority's name. Although the City appoints members to the board, continued existence of the Board is not dependent upon the City's continued participation, no equity interest exists, and no debt is outstanding. Complete financial information can be obtained from the Fairfield Metropolitan Housing Authority, 315 North Columbus Street, Suite 200 Lancaster, Ohio.

B. Lancaster-Fairfield County Community Action Agency (the “Agency”)

The Agency is a non-profit corporation organized to plan, conduct, and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Fairfield County. A fifteen-member board governs the Agency. This board is made up of five representatives from the public sector, five representatives from the private sector, and five representatives from the low-income sector. The Fairfield County Recorder, the Fairfield County Commissioners, and the Fairfield County Sheriff appoint three representatives from the public sector. The Lancaster City Auditor and a village clerk-treasurer appoint the remaining public sector representatives. Continued existence of the Agency is not dependent upon the City's continued participation, nor does the City have an equity interest in the Agency, and no debt is outstanding.

C. Fairfield Regional Planning Commission (the “Commission”)

The City participates in this Commission which is a statutorily created political subdivision of the State. The Commission is jointly governed by Fairfield County, municipalities, and townships. The City appoints one of the 48 members of the Commission's board. Monies are contributed to the Commission based on the population of the City which serves as a membership fee. Continued existence of the Commission is not dependent on the City's continued participation. There is no equity interest and no debt is outstanding.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 21 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Fairfield County Family, Adult and Children First (the “Council”)

The Council was created under Ohio Revised Code Section 121.37. Fairfield County has established a Council made up of the following members: the Director of the Fairfield County Community Mental Health Services Recovery Board; the Health Commissioner of the Fairfield County Health Department; the Director of Fairfield County Human Services; the Director of the Children’s Services Department; the Superintendent of Fairfield County MRDD; the Fairfield County Juvenile Court Judge; the Superintendent of Lancaster City Schools and Fairfield County Board of Education; the City of Lancaster; the Chair of the Fairfield County Commissioners; the State Department of Youth Services Regional Representative; a representative from the County Head Start Agencies; a representative of the County’s early intervention collaborative established pursuant to the federal early intervention program operated under the “Education of the Handicapped Act Amendments of 1986”; and at least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the Council’s remaining membership. The City participates in the Council. The Council’s revenues consist of operating grants along with pooled funding from other government sources. Continued existence of the Council is not dependent on the City’s continued participation, no equity interest exists, and no debt is outstanding.

E. Fairfield County Multi-System Youth Committee (the “Committee”)

The Committee is a group of agencies that coordinates the provision of services to multi-need youth in the area. Members of the Committee include representatives of the Fairfield County Youth Services, the Fairfield County Board of MRDD, the Fairfield County Juvenile Court, the Fairfield County Board of Education, the Fairfield County ADAMHS Board, the Fairfield County Children Services, the Fairfield County Health Department, New Horizons, the local office of the Rehabilitation Services Commission, the Fairfield Drug and Alcohol Recovery Center, and the Lancaster City Board of Education. Operations are paid out of a balance of remaining state and federal grants. The Committee is not dependent upon the continued participation of the City, no equity interest exists, and no debt is outstanding.

F. Community Corrections Board (the “Board”)

The Board is created by Ohio Revised Code Section 5149.30 and other related sections. The Board is made up of fifteen members that are appointed in accordance with the by-laws of the Board. Three of the members are City officials and include the Law Director, the City Police Chief, and the Municipal Court Judge. The Board prepares and administers the Community Corrections Planning Grant. This Board was a joint effort of the City and Fairfield County. The County acts as fiscal agent for this Board since the original grant was in the County’s name. Continued existence of the Board is not dependent on the City’s continued participation. There is no equity interest and no debt is outstanding.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 21 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

G. Fairfield –Hocking Major Crimes Investigations Unit (the “Unit”)

The Unit is a regional council of governments, created in 2001 under Ohio Revised Code Section 167.01. Their purpose is to provide additional police protection to the citizens of Fairfield County and Hocking County to reduce the influence and affects of illegal drug trafficking activities and other major crimes. The Unit has a five member Governing Board which consists of one County Commissioner or designee from each county, and the Mayor, City Manager, or designee from each of the following cities: City of Lancaster, City of Pickerington, and City of Logan. The Unit also has a seven member Operating Board which handles the daily operations and reports to the Governing Board. The Operating Board consists of the following: the Fairfield and Hocking County Sheriffs and Prosecuting Attorneys, and the Chiefs of Police from the three cities listed above. The Unit’s revenues will consist of an annual grant applied for by the Fairfield County Commissioners that is given to the Unit to maintain and local matches from the involved entities. Continued existence of the Board is not dependent upon the City’s continued participation, no equity interest exists, and no debt is outstanding.

NOTE 22– INSURANCE POOL

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

SCOIC contracts with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool, for medical, dental, and prescription drug coverage on a self-insured basis. The SCOIC members are considered self insured and pay a monthly premium to OME-RESA that is actuarially calculated based on the participants’ actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. An additional fee is paid for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. SCOIC members participate in the shared risk pool through OME-RESA for individual claims from \$50,000 to \$500,000. SCOIC members are then covered under stop loss coverage for claims over \$500,000. OME-RESA contracts with Employee Benefits Management Corporation to service the claims of SCOIC members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 22 – INSURANCE POOL (Continued)

In the event that the City would withdraw from SCOIC, the City would be required to give a one hundred eighty day notice prior to the end of their three year contract, be responsible for all run-out claims, and would have no rights to share in any surplus funds of SCOIC. In the event SCOIC members would withdraw from OME-RESA, SCOIC members would be required to give a thirty day notice, be responsible for all run-out claims, and have no rights to share in any surplus funds of OME-RESA. To obtain financial information for the SCOIC, write to the fiscal agent, Liberty Union-Thurston Local School District, 600 Washington Street, Baltimore, Ohio 43105.

NOTE 23 - CONTINGENCIES

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

For the period January 1, 2011 to December 31, 2011, the City received federal and state grants for specific purposes that are subject to reviews and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 24- SUBSEQUENT EVENTS

In April, 2012, the City authorized \$1,681,000 of general obligation notes for storm water improvements and \$338,554 of general obligation notes for Island Capital.

NOTE 25 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Generally accepted accounting principles require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

A. Major Suppliers

The Port Authority purchased all of its natural gas supply from the Royal Bank of Canada. There are a limited number of national gas suppliers with which the Port Authority could contract under prepay gas transactions and any disruption of deliveries under the supply contracts could have an impact on the Port Authority's operations.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 25- SIGNIFICANT ESTIMATES AND CONCENTRATIONS (Continued)

B. Current Economic Conditions

The current protracted economic decline continues to present energy companies with difficult circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, declines in revenues, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Port Authority.

Although the Port Authority has not currently identified any specific circumstances which would cause the difficulties noted above, economic conditions could make it difficult for consumers to maintain demand and usage levels, which could have an adverse impact on the future operating results of the Port Authority.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, INTERNAL
SERVICE FUNDS AND FIDUCIARY FUNDS.*

Nonmajor Governmental Funds

Special Revenue Funds

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

Cemetery Fund

To account for the operation and maintenance of the public cemetery.

Street Construction, Maintenance and Repair Fund

To account for state levied and controlled gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

Parks and Recreation Fund

To account for the operation and maintenance of public recreational facilities.

Special Improvement District Fund

To account for fees assessed to all downtown business owners for the up-keep of the grounds surrounding their properties. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Lancaster Public Transit Program Fund

To account for monies from the Rural Transit and Grant Program and the Ohio Elderly and Disabled Transit Fare Assistance Program.

911 Tariff Fund

To account for monies to enhance 911 wireless services.

Edward Byrne Grant Fund

To account for grant monies received from the United States Department of Justice for the purpose of funding special enforcement initiatives in areas which have been identified as high crime risk.

Law Director Victim Assistance Fund

To account for grant funds received to provide assistance to victims of domestic violence.

Lancaster Community Development Fund

To account for grant monies received to provide for redevelopment projects in the City.

Law Enforcement Block Grant Fund

To account for grant monies to be used specifically for the improvement of public safety and the reduction of crime.

(Continued)

Special Revenue Funds (Continued)

Police and Fire Pension Fund

To accumulate property taxes for the partial payment of the current and accrued liability for police and fire disability and pension benefits.

Community Oriented Policing Services (COPS) Hiring Program Fund

To account for grants to provide funding directly to law enforcement agencies to hire and/or rehire career law enforcement officers in an effort to increase their community policing capacity and crime prevention efforts.

Fairfield County Court Surveillance Fund

To account for grant money from the Ohio Department of Rehabilitation and Corrections directed toward jail diversion of non-violent misdemeanants. Monies cover operating costs, equipment and salary. Jail population reduction is the overall goal of the program.

Indigent Drivers Alcohol Treatment Fund

To account for monies received from OMVI fines and costs collected to pay for alcohol treatment for repeat offenders of the OMVI laws.

Law Enforcement and Education Fund

To account for monies received from OMVI fines from convictions to be used to pay for security of persons and property.

Municipal Court Judicial Computer Fund

To account for monies received from the Municipal Court to be used for computer systems for the Municipal Judges.

Municipal Court Probation Fund

To account for fees assessed to criminal and traffic offenders who are placed by the Municipal Court on probation or other control sanctions to cover the cost of Probation department services and related expenditures.

Municipal Court Computerization Fund

To account for monies received from the Municipal Court to be used for a computer system.

Municipal Court Special Projects Fund

To account for an extra three dollar fee charged by the municipal court on all cases to be used for projects within the municipal court.

Municipal Court Family Violence Fund

To account for fees for family drug abuse and domestic violence programs.

(Continued)

Special Revenue Funds (Continued)

Municipal Drug Court Fund

To account for grant monies to be used for a jail-alternative program, also known as The Fresh Start Program, which targets individuals with significant drug addictions and provides an intensive treatment program with a great deal of accountability.

Ohio Peace Officers Training Fund

To account for monies to be used for continuing professional training programs for law enforcement offices.

American Recovery and Reinvestment Act (ARRA) Stimulus Fund

To account for federal grant monies intended to stimulate the local economy by investing in local infrastructure projects.

DARE Officer Retention Grant Fund

To account for grant monies to be used for the salaries of certified DARE officers training in the local schools.

Community Development Block Grant (CDBG) Fund

To account for monies received from the federal government under the Community Development Block Grant Program and The Community Housing Improvement Program.

State Highway Fund

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for street maintenance and repair of state highways within the City.

Drug Enforcement Fund

To account for monies received from fines to be used for drug enforcement activities. (This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Cemetery Interment Fund

Established to hold cemetery interment costs that have been received in advance.

Debt Service Funds

The Debt Service Funds are used to account for retirement of the City's general obligation and special assessment bonds.

General Bond Retirement Fund

To account for the accumulation of resources for the payment of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

Special Assessment Debt Retirement Fund

To accumulate special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of assessment debt.

Capital Projects Fund

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Capital Improvement Fund

To account for financial resources to be used for the acquisition or construction of major capital facilities.

Fire Capital Improvement Fund

To account for financial resources for the purchase of a new medic unit.

Fire Impact - District One Fund

To account for new construction impact fees used for capital projects for the Fire Department.

Ety Road TIF Project Fund

To account for financial resources to be used for Ety Road infrastructure improvements.

Permanent Fund

The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not the principal, may be used to support the City's programs.

Cemetery Trust Fund

Established to hold trust monies received for the maintenance of the cemetery grounds.

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011**

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Nonmajor Permanent Fund | Total Nonmajor Governmental Funds |
|--|--------------------------------------|--------------------------------|---------------------------------------|----------------------------|---|
| Assets: | | | | | |
| Cash and Cash Equivalents | \$ 4,360,574 | \$ 122,099 | \$ 1,246,416 | \$ 236,346 | \$ 5,965,435 |
| Investments | 1,260,962 | 0 | 1,150,394 | 786,183 | 3,197,539 |
| Receivables (net of allowance for doubtful accounts): | | | | | |
| Taxes | 728,425 | 332,419 | 123,924 | 0 | 1,184,768 |
| Intergovernmental | 2,034,171 | 0 | 254,393 | 0 | 2,288,564 |
| Interest | 3,483 | 0 | 0 | 0 | 3,483 |
| Special Assessments | 0 | 379,035 | 0 | 0 | 379,035 |
| Loans | 1,651,077 | 0 | 0 | 0 | 1,651,077 |
| Inventory of Supplies | 236,066 | 0 | 0 | 0 | 236,066 |
| Prepaid Items | 9,539 | 0 | 0 | 0 | 9,539 |
| Total Assets | \$ 10,284,297 | \$ 833,553 | \$ 2,775,127 | \$ 1,022,529 | \$ 14,915,506 |
| Liabilities: | | | | | |
| Accounts Payable | \$ 96,070 | \$ 0 | \$ 312,487 | \$ 0 | \$ 408,557 |
| Accrued Wages and Benefits Payable | 217,547 | 0 | 0 | 0 | 217,547 |
| Intergovernmental Payable | 7,669 | 0 | 0 | 0 | 7,669 |
| Due to Others | 0 | 0 | 70,000 | 0 | 70,000 |
| Interfund Loans Payable | 0 | 0 | 1,653,300 | 0 | 1,653,300 |
| Deferred Revenue | 1,894,434 | 711,454 | 91,035 | 0 | 2,696,923 |
| Accrued Interest Payable | 0 | 0 | 2,080 | 0 | 2,080 |
| General Obligation Notes Payable | 0 | 0 | 2,192,113 | 0 | 2,192,113 |
| Total Liabilities | 2,215,720 | 711,454 | 4,321,015 | 0 | 7,248,189 |
| Fund Balances: | | | | | |
| Nonspendable | 1,896,682 | 0 | 0 | 1,022,529 | 2,919,211 |
| Restricted | 5,850,787 | 122,099 | 0 | 0 | 5,972,886 |
| Committed | 321,108 | 0 | 678,967 | 0 | 1,000,075 |
| Unassigned | 0 | 0 | (2,224,855) | 0 | (2,224,855) |
| Total Fund Balances | 8,068,577 | 122,099 | (1,545,888) | 1,022,529 | 7,667,317 |
| Total Liabilities and Fund Balances | \$ 10,284,297 | \$ 833,553 | \$ 2,775,127 | \$ 1,022,529 | \$ 14,915,506 |

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2011**

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Nonmajor Permanent Fund | Total Nonmajor Governmental Funds |
|--|--------------------------------------|--------------------------------|---------------------------------------|----------------------------|---|
| Revenues: | | | | | |
| Taxes | \$ 1,887,783 | \$ 332,919 | \$ 315,365 | \$ 0 | \$ 2,536,067 |
| Intergovernmental Revenues | 4,761,300 | 136,035 | 873,641 | 0 | 5,770,976 |
| Charges for Services | 1,394,764 | 0 | 42,771 | 29,592 | 1,467,127 |
| Licenses, Permits and Fees | 2,730 | 0 | 0 | 0 | 2,730 |
| Investment Earnings | 14,481 | 0 | 3 | 0 | 14,484 |
| Special Assessments | 93,860 | 46,203 | 0 | 0 | 140,063 |
| Fines and Forfeitures | 1,239,834 | 0 | 0 | 0 | 1,239,834 |
| All Other Revenue | 272,812 | 0 | 34,105 | 0 | 306,917 |
| Total Revenue | 9,667,564 | 515,157 | 1,265,885 | 29,592 | 11,478,198 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 947,935 | 0 | 15,000 | 0 | 962,935 |
| Public Health and Welfare Services | 500,920 | 0 | 0 | 0 | 500,920 |
| Leisure Time Activities | 1,819,231 | 0 | 0 | 0 | 1,819,231 |
| Community Environment | 668,644 | 0 | 0 | 0 | 668,644 |
| Transportation | 3,920,300 | 0 | 0 | 0 | 3,920,300 |
| General Government | 1,222,491 | 2,321 | 10,322 | 0 | 1,235,134 |
| Capital Outlay | 0 | 0 | 920,837 | 0 | 920,837 |
| Debt Service: | | | | | |
| Principal Retirement | 97,190 | 601,593 | 6,107 | 0 | 704,890 |
| Interest and Fiscal Charges | 18,316 | 199,599 | 44,010 | 0 | 261,925 |
| Total Expenditures | 9,195,027 | 803,513 | 996,276 | 0 | 10,994,816 |
| Excess (Deficiency) of Revenues Over Expenditures | | | | | |
| | 472,537 | (288,356) | 269,609 | 29,592 | 483,382 |
| Other Financing Sources (Uses): | | | | | |
| Ohio Water Development Authority Loans Issued | 61,428 | 0 | 0 | 0 | 61,428 |
| Installment Loan | 0 | 0 | 199,141 | 0 | 199,141 |
| Transfers In | 874,834 | 302,988 | 90,000 | 0 | 1,267,822 |
| Transfers Out | (169,500) | 0 | (94,197) | 0 | (263,697) |
| Total Other Financing Sources (Uses) | 766,762 | 302,988 | 194,944 | 0 | 1,264,694 |
| Net Change in Fund Balances | 1,239,299 | 14,632 | 464,553 | 29,592 | 1,748,076 |
| Fund Balances (Deficit) at Beginning of Year | 6,771,428 | 107,467 | (2,010,441) | 992,937 | 5,861,391 |
| Increase in Inventory | 57,850 | 0 | 0 | 0 | 57,850 |
| Fund Balances End of Year | \$ 8,068,577 | \$ 122,099 | \$ (1,545,888) | \$ 1,022,529 | \$ 7,667,317 |

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011**

| | Cemetery Fund | Street Construction, Maintenance and Repair Fund | Parks and Recreation Fund | Lancaster Public Transit Program Fund |
|--|------------------|---|------------------------------|---|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 72,248 | \$ 171,678 | \$ 228,727 | \$ 18,324 |
| Investments | 0 | 774,375 | 0 | 0 |
| Receivables (net of allowance for doubtful accounts): | | | | |
| Taxes | 16,258 | 0 | 243,861 | 0 |
| Intergovernmental | 0 | 875,185 | 0 | 287,288 |
| Interest | 459 | 0 | 0 | 0 |
| Loans | 0 | 0 | 0 | 0 |
| Inventory of Supplies | 0 | 227,722 | 441 | 0 |
| Prepaid Items | 738 | 5,160 | 3,641 | 0 |
| Total Assets | \$ 89,703 | \$ 2,054,120 | \$ 476,670 | \$ 305,612 |
| Liabilities: | | | | |
| Accounts Payable | \$ 1,730 | \$ 28,282 | \$ 17,361 | \$ 18,819 |
| Accrued Wages and Benefits Payable | 15,070 | 81,501 | 48,366 | 3,496 |
| Intergovernmental Payable | 0 | 0 | 6,335 | 1,334 |
| Deferred Revenue | 5,706 | 579,000 | 79,418 | 0 |
| Total Liabilities | 22,506 | 688,783 | 151,480 | 23,649 |
| Fund Balances: | | | | |
| Nonspendable | 738 | 232,882 | 4,082 | 0 |
| Restricted | 66,459 | 1,132,455 | 0 | 281,963 |
| Committed | 0 | 0 | 321,108 | 0 |
| Total Fund Balances | 67,197 | 1,365,337 | 325,190 | 281,963 |
| Total Liabilities and Fund Balances | \$ 89,703 | \$ 2,054,120 | \$ 476,670 | \$ 305,612 |

CITY OF LANCASTER, OHIO

| <u>911 Tariff Fund</u> | <u>Edward Byrne Grant Fund</u> | <u>Law Director Victim Assistance Fund</u> | <u>Lancaster Community Development Fund</u> | <u>Law Enforcement Block Grant Fund</u> | <u>Police and Fire Pension Fund</u> |
|------------------------|--------------------------------|--|---|---|-------------------------------------|
| \$ 410,667 | \$ 23,279 | \$ 8,994 | \$ 48,791 | \$ 78,484 | \$ 25,755 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 468,306 |
| 0 | 0 | 0 | 0 | 0 | 24,000 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 548 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$ 410,667</u> | <u>\$ 23,279</u> | <u>\$ 8,994</u> | <u>\$ 49,339</u> | <u>\$ 78,484</u> | <u>\$ 518,061</u> |
| \$ 0 | \$ 0 | \$ 0 | \$ 78 | \$ 0 | \$ 0 |
| 10,226 | 76 | 0 | 9,055 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 492,306 |
| <u>10,226</u> | <u>76</u> | <u>0</u> | <u>9,133</u> | <u>0</u> | <u>492,306</u> |
| 0 | 0 | 0 | 548 | 0 | 0 |
| 400,441 | 23,203 | 8,994 | 39,658 | 78,484 | 25,755 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>400,441</u> | <u>23,203</u> | <u>8,994</u> | <u>40,206</u> | <u>78,484</u> | <u>25,755</u> |
| <u>\$ 410,667</u> | <u>\$ 23,279</u> | <u>\$ 8,994</u> | <u>\$ 49,339</u> | <u>\$ 78,484</u> | <u>\$ 518,061</u> |

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011**

| | COPS Hiring Program Fund | Fairfield County Court Surveillance Fund | Indigent Drivers Alcohol Treatment Fund | Law Enforcement and Education Fund |
|--|-----------------------------|--|---|--|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 79,862 | \$ 35,869 | \$ 124,595 | \$ 78,742 |
| Investments | 0 | 0 | 0 | 0 |
| Receivables (net of allowance for doubtful accounts): | | | | |
| Taxes | 0 | 0 | 0 | 0 |
| Intergovernmental | 0 | 42,396 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Loans | 0 | 0 | 0 | 0 |
| Inventory of Supplies | 0 | 169 | 0 | 0 |
| Prepaid Items | 0 | 0 | 0 | 0 |
| Total Assets | \$ 79,862 | \$ 78,434 | \$ 124,595 | \$ 78,742 |
| Liabilities: | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Accrued Wages and Benefits Payable | 8,678 | 3,866 | 0 | 0 |
| Intergovernmental Payable | 0 | 0 | 0 | 0 |
| Deferred Revenue | 0 | 21,198 | 0 | 0 |
| Total Liabilities | 8,678 | 25,064 | 0 | 0 |
| Fund Balances: | | | | |
| Nonspendable | 0 | 169 | 0 | 0 |
| Restricted | 71,184 | 53,201 | 124,595 | 78,742 |
| Committed | 0 | 0 | 0 | 0 |
| Total Fund Balances | 71,184 | 53,370 | 124,595 | 78,742 |
| Total Liabilities and Fund Balances | \$ 79,862 | \$ 78,434 | \$ 124,595 | \$ 78,742 |

CITY OF LANCASTER, OHIO

| Municipal Court Judicial Computer Fund | Municipal Court Probation Fund | Municipal Court Computerization Fund | Municipal Court Special Projects Fund | Municipal Court Family Violence Fund | Municipal Drug Court Fund |
|--|-----------------------------------|--|---|--|------------------------------|
| \$ 197,891 | \$ 228,690 | \$ 330,378 | \$ 1,801,466 | \$ 11,665 | \$ 43,599 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 15,318 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 7,186 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$ 197,891</u> | <u>\$ 235,876</u> | <u>\$ 330,378</u> | <u>\$ 1,801,466</u> | <u>\$ 11,665</u> | <u>\$ 58,917</u> |
| \$ 1,390 | \$ 3,944 | \$ 2,420 | \$ 4,678 | \$ 0 | \$ 3,639 |
| 0 | 23,201 | 5,766 | 0 | 2,631 | 5,615 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>1,390</u> | <u>27,145</u> | <u>8,186</u> | <u>4,678</u> | <u>2,631</u> | <u>9,254</u> |
| 0 | 7,186 | 0 | 0 | 0 | 0 |
| 196,501 | 201,545 | 322,192 | 1,796,788 | 9,034 | 49,663 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>196,501</u> | <u>208,731</u> | <u>322,192</u> | <u>1,796,788</u> | <u>9,034</u> | <u>49,663</u> |
| <u>\$ 197,891</u> | <u>\$ 235,876</u> | <u>\$ 330,378</u> | <u>\$ 1,801,466</u> | <u>\$ 11,665</u> | <u>\$ 58,917</u> |

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011**

| | Ohio Peace Officers Training Fund | ARRA Stimulus Fund | DARE Officer Retention Grant Fund | CDBG Fund |
|--|---|-----------------------|---|---------------------|
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 12,600 | \$ 110 | \$ 20,849 | \$ 132,828 |
| Investments | 0 | 0 | 0 | 0 |
| Receivables (net of allowance for doubtful accounts): | | | | |
| Taxes | 0 | 0 | 0 | 0 |
| Intergovernmental | 0 | 0 | 0 | 743,712 |
| Interest | 0 | 0 | 0 | 0 |
| Loans | 0 | 0 | 0 | 1,651,077 |
| Inventory of Supplies | 0 | 0 | 0 | 0 |
| Prepaid Items | 0 | 0 | 0 | 0 |
| Total Assets | \$ 12,600 | \$ 110 | \$ 20,849 | \$ 2,527,617 |
| Liabilities: | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 0 | \$ 13,729 |
| Accrued Wages and Benefits Payable | 0 | 0 | 0 | 0 |
| Intergovernmental Payable | 0 | 0 | 0 | 0 |
| Deferred Revenue | 0 | 0 | 0 | 683,461 |
| Total Liabilities | 0 | 0 | 0 | 697,190 |
| Fund Balances: | | | | |
| Nonspendable | 0 | 0 | 0 | 1,651,077 |
| Restricted | 12,600 | 110 | 20,849 | 179,350 |
| Committed | 0 | 0 | 0 | 0 |
| Total Fund Balances | 12,600 | 110 | 20,849 | 1,830,427 |
| Total Liabilities and Fund Balances | \$ 12,600 | \$ 110 | \$ 20,849 | \$ 2,527,617 |

CITY OF LANCASTER, OHIO

| State Highway Fund | Drug Enforcement Fund | Cemetery Interment Fund | Total Nonmajor Special Revenue Funds |
|-----------------------|--------------------------|----------------------------|--|
| \$ 38,940 | \$ 95,183 | \$ 40,360 | \$ 4,360,574 |
| 175,645 | 50,000 | 260,942 | 1,260,962 |
| 0 | 0 | 0 | 728,425 |
| 46,272 | 0 | 0 | 2,034,171 |
| 2,768 | 0 | 256 | 3,483 |
| 0 | 0 | 0 | 1,651,077 |
| 0 | 0 | 0 | 236,066 |
| 0 | 0 | 0 | 9,539 |
| <u>\$ 263,625</u> | <u>\$ 145,183</u> | <u>\$ 301,558</u> | <u>\$ 10,284,297</u> |
| \$ 0 | \$ 0 | \$ 0 | \$ 96,070 |
| 0 | 0 | 0 | 217,547 |
| 0 | 0 | 0 | 7,669 |
| 33,212 | 0 | 133 | 1,894,434 |
| <u>33,212</u> | <u>0</u> | <u>133</u> | <u>2,215,720</u> |
| 0 | 0 | 0 | 1,896,682 |
| 230,413 | 145,183 | 301,425 | 5,850,787 |
| 0 | 0 | 0 | 321,108 |
| <u>230,413</u> | <u>145,183</u> | <u>301,425</u> | <u>8,068,577</u> |
| <u>\$ 263,625</u> | <u>\$ 145,183</u> | <u>\$ 301,558</u> | <u>\$ 10,284,297</u> |

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| | Cemetery Fund | Street Construction, Maintenance and Repair Fund | Parks and Recreation Fund | Special Improvement District Fund |
|--|------------------|---|------------------------------|---|
| Revenues: | | | | |
| Taxes | \$ 92,263 | \$ 0 | \$ 1,383,944 | \$ 0 |
| Intergovernmental Revenues | 0 | 1,828,509 | 33,720 | 0 |
| Charges for Services | 201,113 | 614,957 | 368,375 | 0 |
| Licenses, Permits and Fees | 0 | 0 | 2,730 | 0 |
| Investment Earnings | 6,176 | 0 | 0 | 0 |
| Special Assessments | 0 | 0 | 0 | 93,860 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 |
| All Other Revenue | 745 | 67,623 | 25,484 | 0 |
| Total Revenue | 300,297 | 2,511,089 | 1,814,253 | 93,860 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 0 | 0 | 0 | 0 |
| Public Health and Welfare Services | 476,317 | 0 | 0 | 0 |
| Leisure Time Activities | 0 | 0 | 1,819,231 | 0 |
| Community Environment | 0 | 0 | 0 | 93,860 |
| Transportation | 0 | 2,653,267 | 0 | 0 |
| General Government | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 7,190 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 6,510 | 0 | 0 |
| Total Expenditures | 476,317 | 2,666,967 | 1,819,231 | 93,860 |
| Excess (Deficiency) of Revenues Over Expenditures | (176,020) | (155,878) | (4,978) | 0 |
| Other Financing Sources (Uses): | | | | |
| Ohio Water Development Authority Loans Issued | 0 | 0 | 0 | 0 |
| Transfers In | 196,875 | 369,250 | 60,000 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 196,875 | 369,250 | 60,000 | 0 |
| Net Change in Fund Balances | 20,855 | 213,372 | 55,022 | 0 |
| Fund Balances (Deficit) at Beginning of Year | 46,342 | 1,094,776 | 272,108 | 0 |
| Increase (Decrease) in Inventory | 0 | 57,189 | (1,940) | 0 |
| Fund Balances End of Year | \$ 67,197 | \$ 1,365,337 | \$ 325,190 | \$ 0 |

CITY OF LANCASTER, OHIO

| Lancaster Public Transit Program Fund | 911 Tariff Fund | Edward Byrne Grant Fund | Law Director Victim Assistance Fund | Lancaster Community Development Fund | Law Enforcement Block Grant Fund |
|---|-------------------|----------------------------|---|---|-------------------------------------|
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 1,180,907 | 98,119 | 0 | 5,206 | 141,761 | 12,000 |
| 185,366 | 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 |
| 169,801 | 0 | 2,767 | 0 | 0 | 0 |
| <u>1,536,074</u> | <u>98,119</u> | <u>2,767</u> | <u>5,206</u> | <u>141,761</u> | <u>12,000</u> |
| 0 | 189,574 | 0 | 0 | 0 | 6,210 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 141,425 | 0 |
| 1,267,033 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 76 | 6,442 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>1,267,033</u> | <u>189,574</u> | <u>76</u> | <u>6,442</u> | <u>141,425</u> | <u>6,210</u> |
| 269,041 | (91,455) | 2,691 | (1,236) | 336 | 5,790 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 73,000 | 12,795 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>73,000</u> | <u>12,795</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 342,041 | (78,660) | 2,691 | (1,236) | 336 | 5,790 |
| (60,078) | 479,101 | 20,512 | 10,230 | 39,871 | 72,694 |
| 0 | 0 | 0 | 0 | (1) | 0 |
| <u>\$ 281,963</u> | <u>\$ 400,441</u> | <u>\$ 23,203</u> | <u>\$ 8,994</u> | <u>\$ 40,206</u> | <u>\$ 78,484</u> |

(Continued)

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| | Police and Fire Pension Fund | COPS Hiring Program Fund | Fairfield County Court Surveillance Fund | Indigent Drivers Alcohol Treatment Fund |
|--|---------------------------------|-----------------------------|--|---|
| Revenues: | | | | |
| Taxes | \$ 411,576 | \$ 0 | \$ 0 | \$ 0 |
| Intergovernmental Revenues | 48,666 | 195,976 | 84,791 | 0 |
| Charges for Services | 0 | 0 | 0 | 0 |
| Licenses, Permits and Fees | 0 | 0 | 0 | 0 |
| Investment Earnings | 0 | 0 | 0 | 0 |
| Special Assessments | 0 | 0 | 0 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 48,681 |
| All Other Revenue | 0 | 0 | 0 | 0 |
| Total Revenue | <u>460,242</u> | <u>195,976</u> | <u>84,791</u> | <u>48,681</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 434,487 | 124,792 | 126,086 | 0 |
| Public Health and Welfare Services | 0 | 0 | 0 | 0 |
| Leisure Time Activities | 0 | 0 | 0 | 0 |
| Community Environment | 0 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 | 0 |
| General Government | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 0 |
| Total Expenditures | <u>434,487</u> | <u>124,792</u> | <u>126,086</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 25,755 | 71,184 | (41,295) | 48,681 |
| Other Financing Sources (Uses): | | | | |
| Ohio Water Development Authority Loans Issued | 0 | 0 | 0 | 0 |
| Transfers In | 0 | 0 | 50,137 | 0 |
| Transfers Out | 0 | 0 | 0 | (48,000) |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>50,137</u> | <u>(48,000)</u> |
| Net Change in Fund Balances | 25,755 | 71,184 | 8,842 | 681 |
| Fund Balances (Deficit) at Beginning of Year | 0 | 0 | 44,588 | 123,914 |
| Increase (Decrease) in Inventory | 0 | 0 | (60) | 0 |
| Fund Balances End of Year | <u>\$ 25,755</u> | <u>\$ 71,184</u> | <u>\$ 53,370</u> | <u>\$ 124,595</u> |

CITY OF LANCASTER, OHIO

| Law Enforcement and Education Fund | Municipal Court Judicial Computer Fund | Municipal Court Probation Fund | Municipal Court Computerization Fund | Municipal Court Special Projects Fund | Municipal Court Family Violence Fund |
|--|--|-----------------------------------|--|---|--|
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 0 | 0 | 33,292 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 3,901 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 2,589 | 48,541 | 377,572 | 199,693 | 522,015 | 0 |
| 0 | 0 | 0 | 0 | 693 | 0 |
| <u>2,589</u> | <u>48,541</u> | <u>410,864</u> | <u>199,693</u> | <u>522,708</u> | <u>3,901</u> |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 16,184 | 391,035 | 151,489 | 186,813 | 2,631 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>0</u> | <u>16,184</u> | <u>391,035</u> | <u>151,489</u> | <u>186,813</u> | <u>2,631</u> |
| 2,589 | 32,357 | 19,829 | 48,204 | 335,895 | 1,270 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 43,277 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | (21,500) | 0 |
| <u>0</u> | <u>0</u> | <u>43,277</u> | <u>0</u> | <u>(21,500)</u> | <u>0</u> |
| 2,589 | 32,357 | 63,106 | 48,204 | 314,395 | 1,270 |
| 76,153 | 164,144 | 142,963 | 273,988 | 1,482,393 | 7,764 |
| 0 | 0 | 2,662 | 0 | 0 | 0 |
| <u>\$ 78,742</u> | <u>\$ 196,501</u> | <u>\$ 208,731</u> | <u>\$ 322,192</u> | <u>\$ 1,796,788</u> | <u>\$ 9,034</u> |

(Continued)

CITY OF LANCASTER, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | Municipal Drug Court Fund | Ohio Peace Officers Training Fund | ARRA Stimulus Fund | DARE Officer Retention Grant Fund |
|--|------------------------------|---|-----------------------|---|
| Revenues: | | | | |
| Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Intergovernmental Revenues | 85,319 | 1,500 | 276,734 | 47,972 |
| Charges for Services | 0 | 0 | 0 | 0 |
| Licenses, Permits and Fees | 0 | 0 | 0 | 0 |
| Investment Earnings | 0 | 0 | 0 | 0 |
| Special Assessments | 0 | 0 | 0 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 |
| All Other Revenue | 1,735 | 0 | 0 | 0 |
| Total Revenue | 87,054 | 1,500 | 276,734 | 47,972 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 0 | 6,100 | 0 | 39,295 |
| Public Health and Welfare Services | 0 | 0 | 0 | 0 |
| Leisure Time Activities | 0 | 0 | 0 | 0 |
| Community Environment | 0 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 | 0 |
| General Government | 129,769 | 0 | 338,052 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 0 |
| Total Expenditures | 129,769 | 6,100 | 338,052 | 39,295 |
| Excess (Deficiency) of Revenues Over Expenditures | (42,715) | (4,600) | (61,318) | 8,677 |
| Other Financing Sources (Uses): | | | | |
| Ohio Water Development Authority Loans Issued | 0 | 0 | 61,428 | 0 |
| Transfers In | 69,500 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 69,500 | 0 | 61,428 | 0 |
| Net Change in Fund Balances | 26,785 | (4,600) | 110 | 8,677 |
| Fund Balances (Deficit) at Beginning of Year | 22,878 | 17,200 | 0 | 12,172 |
| Increase (Decrease) in Inventory | 0 | 0 | 0 | 0 |
| Fund Balances End of Year | \$ 49,663 | \$ 12,600 | \$ 110 | \$ 20,849 |

CITY OF LANCASTER, OHIO

| CDBG Fund | State Highway Fund | Drug Enforcement Fund | Cemetery Interment Fund | Total Nonmajor Special Revenue Funds |
|---------------------|--------------------|-----------------------|-------------------------|--------------------------------------|
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 1,887,783 |
| 593,720 | 93,108 | 0 | 0 | 4,761,300 |
| 0 | 0 | 0 | 21,052 | 1,394,764 |
| 0 | 0 | 0 | 0 | 2,730 |
| 1,037 | 6,059 | 0 | 1,209 | 14,481 |
| 0 | 0 | 0 | 0 | 93,860 |
| 0 | 0 | 40,743 | 0 | 1,239,834 |
| 3,964 | 0 | 0 | 0 | 272,812 |
| <u>598,721</u> | <u>99,167</u> | <u>40,743</u> | <u>22,261</u> | <u>9,667,564</u> |
| 0 | 0 | 21,391 | 0 | 947,935 |
| 0 | 0 | 0 | 24,603 | 500,920 |
| 0 | 0 | 0 | 0 | 1,819,231 |
| 433,359 | 0 | 0 | 0 | 668,644 |
| 0 | 0 | 0 | 0 | 3,920,300 |
| 0 | 0 | 0 | 0 | 1,222,491 |
| 90,000 | 0 | 0 | 0 | 97,190 |
| 11,806 | 0 | 0 | 0 | 18,316 |
| <u>535,165</u> | <u>0</u> | <u>21,391</u> | <u>24,603</u> | <u>9,195,027</u> |
| 63,556 | 99,167 | 19,352 | (2,342) | 472,537 |
| 0 | 0 | 0 | 0 | 61,428 |
| 0 | 0 | 0 | 0 | 874,834 |
| <u>0</u> | <u>(100,000)</u> | <u>0</u> | <u>0</u> | <u>(169,500)</u> |
| <u>0</u> | <u>(100,000)</u> | <u>0</u> | <u>0</u> | <u>766,762</u> |
| 63,556 | (833) | 19,352 | (2,342) | 1,239,299 |
| 1,766,871 | 231,246 | 125,831 | 303,767 | 6,771,428 |
| 0 | 0 | 0 | 0 | 57,850 |
| <u>\$ 1,830,427</u> | <u>\$ 230,413</u> | <u>\$ 145,183</u> | <u>\$ 301,425</u> | <u>\$ 8,068,577</u> |

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2011**

| | General Bond Retirement Fund | Special Assessment Debt Retirement Fund | Total Nonmajor Debt Service Funds |
|--|---------------------------------|--|---|
| Assets: | | | |
| Cash and Cash Equivalents | \$ 91,191 | \$ 30,908 | \$ 122,099 |
| Receivables (net of allowance for doubtful accounts): | | | |
| Taxes | 332,419 | 0 | 332,419 |
| Special Assessments | <u>0</u> | <u>379,035</u> | <u>379,035</u> |
| Total Assets | <u>\$ 423,610</u> | <u>\$ 409,943</u> | <u>\$ 833,553</u> |
| Liabilities: | | | |
| Deferred Revenue | \$ 332,419 | \$ 379,035 | \$ 711,454 |
| Total Liabilities | <u>332,419</u> | <u>379,035</u> | <u>711,454</u> |
| Fund Balances: | | | |
| Restricted | <u>91,191</u> | <u>30,908</u> | <u>122,099</u> |
| Total Fund Balances | <u>91,191</u> | <u>30,908</u> | <u>122,099</u> |
| Total Liabilities and Fund Balances | <u>\$ 423,610</u> | <u>\$ 409,943</u> | <u>\$ 833,553</u> |

CITY OF LANCASTER, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2011***

| | General Bond Retirement Fund | Special Assessment Debt Retirement Fund | Total Nonmajor Debt Service Funds |
|--|---------------------------------|--|---|
| Revenues: | | | |
| Taxes | \$ 332,919 | \$ 0 | \$ 332,919 |
| Intergovernmental Revenues | 136,035 | 0 | 136,035 |
| Special Assessments | 0 | 46,203 | 46,203 |
| Total Revenue | <u>468,954</u> | <u>46,203</u> | <u>515,157</u> |
| Expenditures: | | | |
| General Government | 0 | 2,321 | 2,321 |
| Debt Service: | | | |
| Principal Retirement | 584,593 | 17,000 | 601,593 |
| Interest and Fiscal Charges | 187,349 | 12,250 | 199,599 |
| Total Expenditures | <u>771,942</u> | <u>31,571</u> | <u>803,513</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (302,988) | 14,632 | (288,356) |
| Other Financing Sources (Uses): | | | |
| Transfers In | 302,988 | 0 | 302,988 |
| Total Other Financing Sources (Uses) | <u>302,988</u> | <u>0</u> | <u>302,988</u> |
| Net Change in Fund Balances | 0 | 14,632 | 14,632 |
| Fund Balances at Beginning of Year | <u>91,191</u> | <u>16,276</u> | <u>107,467</u> |
| Fund Balances End of Year | <u>\$ 91,191</u> | <u>\$ 30,908</u> | <u>\$ 122,099</u> |

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011**

| | Capital Improvement Fund | Fire Capital Improvement Fund | Fire Impact - District One Fund | Ety Road TIF Project Fund | Total Nonmajor Capital Projects Funds |
|--|--------------------------------|-------------------------------------|---------------------------------------|------------------------------|---|
| Assets: | | | | | |
| Cash and Cash Equivalents | \$ 255,040 | \$ 24,129 | \$ 397,146 | \$ 570,101 | \$ 1,246,416 |
| Investments | 1,150,394 | 0 | 0 | 0 | 1,150,394 |
| Receivables (net of allowance for doubtful accounts): | | | | | |
| Taxes | 48,773 | 0 | 0 | 75,151 | 123,924 |
| Intergovernmental | 254,393 | 0 | 0 | 0 | 254,393 |
| Total Assets | \$ 1,708,600 | \$ 24,129 | \$ 397,146 | \$ 645,252 | \$ 2,775,127 |
| Liabilities: | | | | | |
| Accounts Payable | \$ 307,595 | \$ 0 | \$ 0 | \$ 4,892 | \$ 312,487 |
| Due to Others | 0 | 0 | 0 | 70,000 | 70,000 |
| Interfund Loans Payable | 1,103,300 | 550,000 | 0 | 0 | 1,653,300 |
| Deferred Revenue | 15,884 | 0 | 0 | 75,151 | 91,035 |
| Accrued Interest Payable | 0 | 0 | 0 | 2,080 | 2,080 |
| General Obligation Notes Payable | 0 | 0 | 0 | 2,192,113 | 2,192,113 |
| Total Liabilities | 1,426,779 | 550,000 | 0 | 2,344,236 | 4,321,015 |
| Fund Balances: | | | | | |
| Committed | 281,821 | 0 | 397,146 | 0 | 678,967 |
| Unassigned | 0 | (525,871) | 0 | (1,698,984) | (2,224,855) |
| Total Fund Balances | 281,821 | (525,871) | 397,146 | (1,698,984) | (1,545,888) |
| Total Liabilities and Fund Balances | \$ 1,708,600 | \$ 24,129 | \$ 397,146 | \$ 645,252 | \$ 2,775,127 |

CITY OF LANCASTER, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011***

| | Capital Improvement Fund | Fire Capital Improvement Fund | Fire Impact - District One Fund | Ety Road TIF Project Fund | Total Nonmajor Capital Projects Funds |
|--|--------------------------------|-------------------------------------|---------------------------------------|------------------------------|---|
| Revenues: | | | | | |
| Taxes | \$ 276,789 | \$ 0 | \$ 0 | \$ 38,576 | \$ 315,365 |
| Intergovernmental Revenues | 873,641 | 0 | 0 | 0 | 873,641 |
| Charges for Services | 0 | 0 | 42,771 | 0 | 42,771 |
| Investment Earnings | 0 | 0 | 0 | 3 | 3 |
| All Other Revenue | 28,819 | 0 | 0 | 5,286 | 34,105 |
| Total Revenue | 1,179,249 | 0 | 42,771 | 43,865 | 1,265,885 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 0 | 0 | 15,000 | 0 | 15,000 |
| General Government | 0 | 0 | 0 | 10,322 | 10,322 |
| Capital Outlay | 846,135 | 6,280 | 0 | 68,422 | 920,837 |
| Debt Service: | | | | | |
| Principal Retirement | 6,107 | 0 | 0 | 0 | 6,107 |
| Interest and Fiscal Charges | 6,145 | 0 | 0 | 37,865 | 44,010 |
| Total Expenditures | 858,387 | 6,280 | 15,000 | 116,609 | 996,276 |
| Excess (Deficiency) of Revenues Over Expenditures | 320,862 | (6,280) | 27,771 | (72,744) | 269,609 |
| Other Financing Sources (Uses): | | | | | |
| Installment Loan | 199,141 | 0 | 0 | 0 | 199,141 |
| Transfers In | 40,000 | 50,000 | 0 | 0 | 90,000 |
| Transfers Out | (94,197) | 0 | 0 | 0 | (94,197) |
| Total Other Financing Sources (Uses) | 144,944 | 50,000 | 0 | 0 | 194,944 |
| Net Change in Fund Balances | 465,806 | 43,720 | 27,771 | (72,744) | 464,553 |
| Fund Balances (Deficit) at Beginning of Year | (183,985) | (569,591) | 369,375 | (1,626,240) | (2,010,441) |
| Fund Balances End of Year | \$ 281,821 | \$ (525,871) | \$ 397,146 | \$ (1,698,984) | \$ (1,545,888) |

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2011**

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| Revenues: | | | | |
| Taxes | \$ 17,342,259 | \$ 17,372,542 | \$ 16,905,840 | \$ (466,702) |
| Intergovernmental Revenues | 2,349,135 | 2,351,946 | 2,660,149 | 308,203 |
| Charges for Services | 3,211,200 | 3,211,200 | 3,413,500 | 202,300 |
| License, Permits and Fees | 24,000 | 24,000 | 21,590 | (2,410) |
| Investment Earnings | 322,818 | 322,818 | 308,384 | (14,434) |
| Fines and Forfeitures | 826,500 | 826,500 | 772,250 | (54,250) |
| All Other Revenues | 88,375 | 92,316 | 152,314 | 59,998 |
| Total Revenues | 24,164,287 | 24,201,322 | 24,234,027 | 32,705 |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Police: | | | | |
| Personal Services | 6,992,679 | 7,000,534 | 6,922,404 | 78,130 |
| Operations and Maintenance | 500,483 | 520,949 | 488,944 | 32,005 |
| Capital Outlay | 23,000 | 13,000 | 12,000 | 1,000 |
| Total Police | 7,516,162 | 7,534,483 | 7,423,348 | 111,135 |
| Fire: | | | | |
| Personal Services | 7,753,400 | 7,732,122 | 7,589,872 | 142,250 |
| Operations and Maintenance | 551,127 | 563,377 | 487,649 | 75,728 |
| Capital Outlay | 88,100 | 404,825 | 404,440 | 385 |
| Total Fire | 8,392,627 | 8,700,324 | 8,481,961 | 218,363 |
| Street Lighting: | | | | |
| Operations and Maintenance | 252,399 | 283,940 | 283,940 | 0 |
| Total Street Lighting | 252,399 | 283,940 | 283,940 | 0 |
| Total Security of Persons and Property | 16,161,188 | 16,518,747 | 16,189,249 | 329,498 |
| Public Health and Welfare Services: | | | | |
| Health: | | | | |
| Operations and Maintenance | 247,000 | 242,000 | 241,202 | 798 |
| Total Health | 247,000 | 242,000 | 241,202 | 798 |
| Assistance to Needy: | | | | |
| Operations and Maintenance | 3,000 | 3,000 | 2,699 | 301 |
| Total Assistance to Needy | 3,000 | 3,000 | 2,699 | 301 |
| Total Public Health and Welfare Services | 250,000 | 245,000 | 243,901 | 1,099 |

(Continued)

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|------------------------|---------------------|---------------|---|
| Community Environment: | | | | |
| Zoning, Planning, Tree Commissions: | | | | |
| Personal Services | 7,447 | 7,447 | 7,432 | 15 |
| Operations and Maintenance | 111,861 | 112,061 | 103,344 | 8,717 |
| Total Zoning, Planning, Tree Commission | 119,308 | 119,508 | 110,776 | 8,732 |
| Economic Development: | | | | |
| Personal Services | 15,268 | 15,275 | 15,163 | 112 |
| Operations and Maintenance | 33,942 | 33,935 | 31,665 | 2,270 |
| Total Economic Development | 49,210 | 49,210 | 46,828 | 2,382 |
| Total Community Environment | 168,518 | 168,718 | 157,604 | 11,114 |
| General Government: | | | | |
| Council: | | | | |
| Personal Services | 121,223 | 121,223 | 120,381 | 842 |
| Operations and Maintenance | 7,663 | 7,663 | 3,486 | 4,177 |
| Total Council | 128,886 | 128,886 | 123,867 | 5,019 |
| Mayor: | | | | |
| Personal Services | 176,405 | 176,405 | 176,342 | 63 |
| Operations and Maintenance | 4,500 | 4,500 | 3,870 | 630 |
| Capital Outlay | 500 | 500 | 0 | 500 |
| Total Mayor | 181,405 | 181,405 | 180,212 | 1,193 |
| Personnel: | | | | |
| Operations and Maintenance | 14,750 | 14,750 | 12,075 | 2,675 |
| Capital Outlay | 500 | 500 | 0 | 500 |
| Total Personnel | 15,250 | 15,250 | 12,075 | 3,175 |
| Auditor: | | | | |
| Personal Services | 349,533 | 342,533 | 301,318 | 41,215 |
| Operations and Maintenance | 30,554 | 37,530 | 27,389 | 10,141 |
| Total Auditor | 380,087 | 380,063 | 328,707 | 51,356 |
| Treasurer: | | | | |
| Personal Services | 27,526 | 27,526 | 27,524 | 2 |
| Operations and Maintenance | 3,910 | 3,830 | 2,480 | 1,350 |
| Capital Outlay | 500 | 580 | 580 | 0 |
| Total Treasurer | 31,936 | 31,936 | 30,584 | 1,352 |

(Continued)

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|------------------------|---------------------|---------------|---|
| Law Director: | | | | |
| Personal Services | 520,567 | 520,567 | 512,605 | 7,962 |
| Operations and Maintenance | 5,375 | 6,796 | 6,718 | 78 |
| Total Law Director | 525,942 | 527,363 | 519,323 | 8,040 |
| Law Director-Prosecution Contract: | | | | |
| Personal Services | 126,030 | 126,030 | 122,725 | 3,305 |
| Operations and Maintenance | 48,760 | 48,760 | 44,161 | 4,599 |
| Capital Outlay | 6,541 | 5,120 | 5,067 | 53 |
| Total Law Director-Prosecution Contract | 181,331 | 179,910 | 171,953 | 7,957 |
| Law Director-Code Enforcement: | | | | |
| Personal Services | 70,920 | 70,924 | 70,811 | 113 |
| Operations and Maintenance | 18,063 | 18,059 | 15,711 | 2,348 |
| Capital Outlay | 3,682 | 3,682 | 3,681 | 1 |
| Total Law Director-Code Enforcement | 92,665 | 92,665 | 90,203 | 2,462 |
| Municipal Court: | | | | |
| Personal Services | 821,636 | 821,636 | 786,941 | 34,695 |
| Operations and Maintenance | 84,000 | 82,200 | 69,522 | 12,678 |
| Capital Outlay | 0 | 1,800 | 1,758 | 42 |
| Total Municipal Court | 905,636 | 905,636 | 858,221 | 47,415 |
| Judicial: | | | | |
| Personal Services | 557,175 | 557,175 | 543,531 | 13,644 |
| Operations and Maintenance | 35,988 | 35,988 | 29,922 | 6,066 |
| Total Judicial | 593,163 | 593,163 | 573,453 | 19,710 |
| Civil Service: | | | | |
| Personal Services | 6,352 | 6,352 | 5,854 | 498 |
| Operations and Maintenance | 15,350 | 15,350 | 15,350 | 0 |
| Total Civil Service | 21,702 | 21,702 | 21,204 | 498 |
| City Hall Maintenance: | | | | |
| Personal Services | 59,287 | 95,402 | 92,373 | 3,029 |
| Operations and Maintenance | 103,951 | 107,726 | 103,267 | 4,459 |
| Capital Outlay | 3,816 | 3,816 | 3,815 | 1 |
| Total City Hall Maintenance | 167,054 | 206,944 | 199,455 | 7,489 |

(Continued)

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|-------------------------------------|------------------------|---------------------|---------------|---|
| City Hall Maintenance-Annex: | | | | |
| Operations and Maintenance | 35,986 | 37,511 | 35,691 | 1,820 |
| Total City Hall Maintenance-Annex | 35,986 | 37,511 | 35,691 | 1,820 |
| Fuel Depot: | | | | |
| Operations and Maintenance | 210,000 | 274,200 | 272,412 | 1,788 |
| Total Fuel Depot | 210,000 | 274,200 | 272,412 | 1,788 |
| Service Safety Director: | | | | |
| Personal Services | 194,305 | 194,305 | 194,237 | 68 |
| Operations and Maintenance | 10,210 | 10,210 | 7,343 | 2,867 |
| Total Service Safety Director | 204,515 | 204,515 | 201,580 | 2,935 |
| Engineer: | | | | |
| Personal Services | 360,500 | 360,500 | 350,845 | 9,655 |
| Operations and Maintenance | 48,294 | 48,294 | 37,914 | 10,380 |
| Capital Outlay | 2,400 | 2,400 | 1,817 | 583 |
| Total Engineer | 411,194 | 411,194 | 390,576 | 20,618 |
| Certified Building Inspection: | | | | |
| Personal Services | 313,300 | 313,300 | 224,725 | 88,575 |
| Operations and Maintenance | 89,561 | 89,861 | 88,173 | 1,688 |
| Capital Outlay | 3,400 | 3,100 | 3,008 | 92 |
| Total Certified Building Inspection | 406,261 | 406,261 | 315,906 | 90,355 |
| Administration Support: | | | | |
| Personal Services | 29,282 | 29,282 | 25,658 | 3,624 |
| Operations and Maintenance | 269,036 | 298,266 | 257,413 | 40,853 |
| Total Administration Support | 298,318 | 327,548 | 283,071 | 44,477 |
| Miscellaneous: | | | | |
| Personal Services | 333,000 | 313,354 | 294,796 | 18,558 |
| Operations and Maintenance | 856,698 | 906,711 | 781,141 | 125,570 |
| Total Miscellaneous | 1,189,698 | 1,220,065 | 1,075,937 | 144,128 |

(Continued)

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|---------------------|---|
| Income Tax: | | | | |
| Personal Services | 360,065 | 360,065 | 338,600 | 21,465 |
| Operations and Maintenance | 494,640 | 773,556 | 470,326 | 303,230 |
| Capital Outlay | 10,000 | 10,000 | 0 | 10,000 |
| Total Income Tax | <u>864,705</u> | <u>1,143,621</u> | <u>808,926</u> | <u>334,695</u> |
| Total General Government | 6,845,734 | 7,289,838 | 6,493,356 | 796,482 |
| Debt Services: | | | | |
| Principal Retirement | 30,658 | 43,067 | 43,066 | 1 |
| Interest and Fiscal Charges | <u>63,374</u> | <u>65,572</u> | <u>65,572</u> | <u>0</u> |
| Total Expenditures | <u>23,519,472</u> | <u>24,330,942</u> | <u>23,192,748</u> | <u>1,138,194</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 644,815 | (129,620) | 1,041,279 | 1,170,899 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 0 | 518,633 | 0 | (518,633) |
| Transfers Out | (1,090,548) | (1,084,540) | (935,527) | 149,013 |
| Advances In | 2,159,100 | 2,159,100 | 2,169,100 | 10,000 |
| Advances Out | <u>(2,079,100)</u> | <u>(2,153,300)</u> | <u>(2,153,300)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>(1,010,548)</u> | <u>(560,107)</u> | <u>(919,727)</u> | <u>(359,620)</u> |
| Net Change in Fund Balance | (365,733) | (689,727) | 121,552 | 811,279 |
| Fund Balance at Beginning of Year, Restated | 874,637 | 874,637 | 874,637 | 0 |
| Prior Year Encumbrances | <u>197,822</u> | <u>197,822</u> | <u>197,822</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 706,726</u> | <u>\$ 382,732</u> | <u>\$ 1,194,011</u> | <u>\$ 811,279</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| CEMETERY FUND | | | | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Taxes | \$ 90,000 | \$ 90,000 | \$ 90,917 | \$ 917 |
| Charges for Services | 194,500 | 194,500 | 201,113 | 6,613 |
| Investment Earnings | 10,000 | 10,000 | 6,176 | (3,824) |
| All Other Revenues | <u>500</u> | <u>500</u> | <u>745</u> | <u>245</u> |
| Total Revenues | <u>295,000</u> | <u>295,000</u> | <u>298,951</u> | <u>3,951</u> |
| Expenditures: | | | | |
| Public Health and Welfare Services: | | | | |
| Personal Services | 374,750 | 374,750 | 345,014 | 29,736 |
| Operations and Maintenance | 128,249 | 128,249 | 116,586 | 11,663 |
| Capital Outlay | <u>18,200</u> | <u>18,200</u> | <u>18,182</u> | <u>18</u> |
| Total Expenditures | <u>521,199</u> | <u>521,199</u> | <u>479,782</u> | <u>41,417</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (226,199) | (226,199) | (180,831) | 45,368 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | <u>225,000</u> | <u>225,000</u> | <u>196,875</u> | <u>(28,125)</u> |
| Total Other Financing Sources (Uses) | <u>225,000</u> | <u>225,000</u> | <u>196,875</u> | <u>(28,125)</u> |
| Net Change in Fund Balance | (1,199) | (1,199) | 16,044 | 17,243 |
| Fund Balance at Beginning of Year | 52,936 | 52,936 | 52,936 | 0 |
| Prior Year Encumbrances | <u>1,209</u> | <u>1,209</u> | <u>1,209</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 52,946</u> | <u>\$ 52,946</u> | <u>\$ 70,189</u> | <u>\$ 17,243</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|-------------------|---|
| STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND | | | | |
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 1,779,000 | \$ 1,779,000 | \$ 1,837,956 | \$ 58,956 |
| Charges for Services | 618,319 | 618,319 | 614,957 | (3,362) |
| All Other Revenues | 40,000 | 40,000 | 68,516 | 28,516 |
| Total Revenues | <u>2,437,319</u> | <u>2,437,319</u> | <u>2,521,429</u> | <u>84,110</u> |
| Expenditures: | | | | |
| Transportation: | | | | |
| Personal Services | 1,835,954 | 1,862,954 | 1,654,875 | 208,079 |
| Operations and Maintenance | 897,845 | 967,845 | 853,170 | 114,675 |
| Capital Outlay | 155,800 | 165,800 | 154,561 | 11,239 |
| Total Transportation | <u>2,889,599</u> | <u>2,996,599</u> | <u>2,662,606</u> | <u>333,993</u> |
| Debt Service: | | | | |
| Principal Retirement | 7,190 | 7,190 | 7,190 | 0 |
| Interest and Fiscal Charges | 6,510 | 6,510 | 6,510 | 0 |
| Total Debt Service | <u>13,700</u> | <u>13,700</u> | <u>13,700</u> | <u>0</u> |
| Total Expenditures | <u>2,903,299</u> | <u>3,010,299</u> | <u>2,676,306</u> | <u>333,993</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (465,980) | (572,980) | (154,877) | 418,103 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 459,000 | 459,000 | 369,250 | (89,750) |
| Total Other Financing Sources (Uses) | <u>459,000</u> | <u>459,000</u> | <u>369,250</u> | <u>(89,750)</u> |
| Net Change in Fund Balance | (6,980) | (113,980) | 214,373 | 328,353 |
| Fund Balance at Beginning of Year | 707,234 | 707,234 | 707,234 | 0 |
| Prior Year Encumbrances | 7,560 | 7,560 | 7,560 | 0 |
| Fund Balance at End of Year | <u>\$ 707,814</u> | <u>\$ 600,814</u> | <u>\$ 929,167</u> | <u>\$ 328,353</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

PARKS AND RECREATION FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|-------------------|---|
| Revenues: | | | | |
| Taxes | \$ 1,333,769 | \$ 1,333,769 | \$ 1,363,751 | \$ 29,982 |
| Intergovernmental Revenues | 0 | 0 | 33,720 | 33,720 |
| Charges for Services | 380,100 | 380,100 | 368,795 | (11,305) |
| Licenses, Permits and Fees | 0 | 0 | 2,730 | 2,730 |
| All Other Revenues | 27,000 | 36,639 | 25,484 | (11,155) |
| Total Revenues | <u>1,740,869</u> | <u>1,750,508</u> | <u>1,794,480</u> | <u>43,972</u> |
| Expenditures: | | | | |
| Leisure Time Activities: | | | | |
| Personal Services | 1,224,348 | 1,224,348 | 1,175,399 | 48,949 |
| Operations and Maintenance | 635,372 | 644,359 | 596,604 | 47,755 |
| Capital Outlay | 28,084 | 55,438 | 54,328 | 1,110 |
| Total Expenditures | <u>1,887,804</u> | <u>1,924,145</u> | <u>1,826,331</u> | <u>97,814</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (146,935) | (173,637) | (31,851) | 141,786 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 60,000 | 60,000 | 60,000 | 0 |
| Total Other Financing Sources (Uses) | <u>60,000</u> | <u>60,000</u> | <u>60,000</u> | <u>0</u> |
| Net Change in Fund Balance | (86,935) | (113,637) | 28,149 | 141,786 |
| Fund Balance at Beginning of Year | 192,052 | 192,052 | 192,052 | 0 |
| Prior Year Encumbrances | 4,825 | 4,825 | 4,825 | 0 |
| Fund Balance at End of Year | <u>\$ 109,942</u> | <u>\$ 83,240</u> | <u>\$ 225,026</u> | <u>\$ 141,786</u> |

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|---------------|---|
| Revenues: | | | | |
| Special Assessments | \$ 82,600 | \$ 94,040 | \$ 93,860 | \$ (180) |
| Total Revenues | <u>82,600</u> | <u>94,040</u> | <u>93,860</u> | <u>(180)</u> |
| Expenditures: | | | | |
| Community Environment: | | | | |
| Operations and Maintenance | <u>94,000</u> | <u>93,860</u> | <u>93,860</u> | <u>0</u> |
| Total Expenditures | <u>94,000</u> | <u>93,860</u> | <u>93,860</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (11,400) | 180 | 0 | (180) |
| Fund Balance at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ (11,400)</u> | <u>\$ 180</u> | <u>\$ 0</u> | <u>\$ (180)</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

LANCASTER PUBLIC TRANSIT PROGRAM FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 1,225,700 | \$ 1,225,700 | \$ 906,509 | \$ (319,191) |
| Charges for Services | 240,000 | 240,000 | 186,300 | (53,700) |
| All Other Revenues | 18,500 | 18,500 | 169,801 | 151,301 |
| Total Revenues | <u>1,484,200</u> | <u>1,484,200</u> | <u>1,262,610</u> | <u>(221,590)</u> |
| Expenditures: | | | | |
| Transportation: | | | | |
| Personal Services | 76,120 | 69,938 | 69,423 | 515 |
| Operations and Maintenance | 1,286,436 | 1,141,303 | 1,136,939 | 4,364 |
| Capital Outlay | 264,454 | 67,073 | 56,574 | 10,499 |
| Total Expenditures | <u>1,627,010</u> | <u>1,278,314</u> | <u>1,262,936</u> | <u>15,378</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (142,810) | 205,886 | (326) | (206,212) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 73,000 | 73,000 | 73,000 | 0 |
| Advances Out | 0 | 0 | (238,000) | (238,000) |
| Total Other Financing Sources (Uses) | <u>73,000</u> | <u>73,000</u> | <u>(165,000)</u> | <u>(238,000)</u> |
| Net Change in Fund Balance | (69,810) | 278,886 | (165,326) | (444,212) |
| Fund Balance at Beginning of Year | 113,539 | 113,539 | 113,539 | 0 |
| Prior Year Encumbrances | 70,111 | 70,111 | 70,111 | 0 |
| Fund Balance at End of Year | <u>\$ 113,840</u> | <u>\$ 462,536</u> | <u>\$ 18,324</u> | <u>\$ (444,212)</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| 911 TARIFF FUND | | | | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|-------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 102,205 | \$ 102,205 | \$ 98,119 | \$ (4,086) |
| Total Revenues | <u>102,205</u> | <u>102,205</u> | <u>98,119</u> | <u>(4,086)</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Personal Services | 135,867 | 187,848 | 177,090 | 10,758 |
| Operations and Maintenance | 0 | 12,000 | 778 | 11,222 |
| Capital Outlay | <u>0</u> | <u>10,000</u> | <u>5,598</u> | <u>4,402</u> |
| Total Expenditures | <u>135,867</u> | <u>209,848</u> | <u>183,466</u> | <u>26,382</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (33,662) | (107,643) | (85,347) | 22,296 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | <u>12,795</u> | <u>12,795</u> | <u>12,795</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>12,795</u> | <u>12,795</u> | <u>12,795</u> | <u>0</u> |
| Net Change in Fund Balance | (20,867) | (94,848) | (72,552) | 22,296 |
| Fund Balance at Beginning of Year | <u>483,219</u> | <u>483,219</u> | <u>483,219</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 462,352</u> | <u>\$ 388,371</u> | <u>\$ 410,667</u> | <u>\$ 22,296</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 9,839 | \$ 9,839 | \$ 9,839 | \$ 0 |
| Total Revenues | <u>9,839</u> | <u>9,839</u> | <u>9,839</u> | <u>0</u> |
| Expenditures: | | | | |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 9,839 | 9,839 | 9,839 | 0 |
| Fund Balance at Beginning of Year | <u>13,440</u> | <u>13,440</u> | <u>13,440</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 23,279</u> | <u>\$ 23,279</u> | <u>\$ 23,279</u> | <u>\$ 0</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

LAW DIRECTOR VICTIM ASSISTANCE FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|-----------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 9,360 | \$ 9,360 | \$ 12,771 | \$ 3,411 |
| Total Revenues | <u>9,360</u> | <u>9,360</u> | <u>12,771</u> | <u>3,411</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Personal Services | 0 | 2,019 | 2,019 | 0 |
| Operations and Maintenance | <u>841</u> | <u>11,041</u> | <u>5,458</u> | <u>5,583</u> |
| Total Expenditures | <u>841</u> | <u>13,060</u> | <u>7,477</u> | <u>5,583</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 8,519 | (3,700) | 5,294 | 8,994 |
| Other Financing Sources (Uses): | | | | |
| Advances Out | <u>0</u> | <u>0</u> | <u>(10,000)</u> | <u>(10,000)</u> |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>(10,000)</u> | <u>(10,000)</u> |
| Net Change in Fund Balance | 8,519 | (3,700) | (4,706) | (1,006) |
| Fund Balance at Beginning of Year | 12,860 | 12,860 | 12,860 | 0 |
| Prior Year Encumbrances | <u>840</u> | <u>840</u> | <u>840</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 22,219</u> | <u>\$ 10,000</u> | <u>\$ 8,994</u> | <u>\$ (1,006)</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 147,732 | \$ 147,732 | \$ 141,761 | \$ (5,971) |
| Total Revenues | <u>147,732</u> | <u>147,732</u> | <u>141,761</u> | <u>(5,971)</u> |
| Expenditures: | | | | |
| Community Environment: | | | | |
| Personal Services | 143,732 | 143,732 | 140,280 | 3,452 |
| Operations and Maintenance | <u>4,000</u> | <u>4,000</u> | <u>1,083</u> | <u>2,917</u> |
| Total Expenditures | <u>147,732</u> | <u>147,732</u> | <u>141,363</u> | <u>6,369</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 398 | 398 |
| Fund Balance at Beginning of Year | <u>48,393</u> | <u>48,393</u> | <u>48,393</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 48,393</u> | <u>\$ 48,393</u> | <u>\$ 48,791</u> | <u>\$ 398</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 6,717 | \$ 6,717 | \$ 12,000 | \$ 5,283 |
| Total Revenues | <u>6,717</u> | <u>6,717</u> | <u>12,000</u> | <u>5,283</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Operations and Maintenance | <u>6,717</u> | <u>79,411</u> | <u>12,927</u> | <u>66,484</u> |
| Total Expenditures | <u>6,717</u> | <u>79,411</u> | <u>12,927</u> | <u>66,484</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | (72,694) | (927) | 71,767 |
| Fund Balance at Beginning of Year | <u>79,411</u> | <u>79,411</u> | <u>79,411</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 79,411</u> | <u>\$ 6,717</u> | <u>\$ 78,484</u> | <u>\$ 71,767</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Taxes | \$ 429,800 | \$ 429,800 | \$ 411,576 | \$ (18,224) |
| Intergovernmental Revenues | <u>0</u> | <u>48,666</u> | <u>48,666</u> | <u>0</u> |
| Total Revenues | <u>429,800</u> | <u>478,466</u> | <u>460,242</u> | <u>(18,224)</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Personal Services | 429,800 | 452,242 | 427,452 | 24,790 |
| Operations and Maintenance | <u>0</u> | <u>8,000</u> | <u>7,035</u> | <u>965</u> |
| Total Expenditures | <u>429,800</u> | <u>460,242</u> | <u>434,487</u> | <u>25,755</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 18,224 | 25,755 | 7,531 |
| Fund Balance at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 0</u> | <u>\$ 18,224</u> | <u>\$ 25,755</u> | <u>\$ 7,531</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 0 | \$ 172,900 | \$ 195,976 | \$ 23,076 |
| Total Revenues | <u>0</u> | <u>172,900</u> | <u>195,976</u> | <u>23,076</u> |
| Expenditures: | | | | |
| Public Health and Welfare Services: | | | | |
| Personal Services | 0 | 172,900 | 116,114 | 56,786 |
| Total Expenditures | <u>0</u> | <u>172,900</u> | <u>116,114</u> | <u>56,786</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 79,862 | 79,862 |
| Fund Balance at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 79,862</u> | <u>\$ 79,862</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

FAIRFIELD COUNTY COURT SURVEILLANCE FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 84,791 | \$ 84,791 | \$ 84,791 | \$ 0 |
| Total Revenues | <u>84,791</u> | <u>84,791</u> | <u>84,791</u> | <u>0</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Personal Services | 137,448 | 131,440 | 109,920 | 21,520 |
| Operations and Maintenance | <u>20,368</u> | <u>20,368</u> | <u>18,810</u> | <u>1,558</u> |
| Total Expenditures | <u>157,816</u> | <u>151,808</u> | <u>128,730</u> | <u>23,078</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (73,025) | (67,017) | (43,939) | 23,078 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | <u>66,849</u> | <u>66,849</u> | <u>50,137</u> | <u>(16,712)</u> |
| Total Other Financing Sources (Uses) | <u>66,849</u> | <u>66,849</u> | <u>50,137</u> | <u>(16,712)</u> |
| Net Change in Fund Balance | (6,176) | (168) | 6,198 | 6,366 |
| Fund Balance at Beginning of Year | 29,503 | 29,503 | 29,503 | 0 |
| Prior Year Encumbrances | <u>168</u> | <u>168</u> | <u>168</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 23,495</u> | <u>\$ 29,503</u> | <u>\$ 35,869</u> | <u>\$ 6,366</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|-------------------|---|
| Revenues: | | | | |
| Fines and Forfeitures | <u>\$ 45,000</u> | <u>\$ 45,000</u> | <u>\$ 48,564</u> | <u>\$ 3,564</u> |
| Total Revenues | <u>45,000</u> | <u>45,000</u> | <u>48,564</u> | <u>3,564</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Operations and Maintenance | <u>52,000</u> | <u>52,000</u> | <u>0</u> | <u>52,000</u> |
| Total Expenditures | <u>52,000</u> | <u>52,000</u> | <u>0</u> | <u>52,000</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(7,000)</u> | <u>(7,000)</u> | <u>48,564</u> | <u>55,564</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | <u>(48,000)</u> | <u>(48,000)</u> | <u>(48,000)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>(48,000)</u> | <u>(48,000)</u> | <u>(48,000)</u> | <u>0</u> |
| Net Change in Fund Balance | <u>(55,000)</u> | <u>(55,000)</u> | <u>564</u> | <u>55,564</u> |
| Fund Balance at Beginning of Year | <u>122,032</u> | <u>122,032</u> | <u>122,032</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 67,032</u> | <u>\$ 67,032</u> | <u>\$ 122,596</u> | <u>\$ 55,564</u> |

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Fines and Forfeitures | \$ 2,200 | \$ 2,200 | \$ 2,553 | \$ 353 |
| Total Revenues | <u>2,200</u> | <u>2,200</u> | <u>2,553</u> | <u>353</u> |
| Expenditures: | | | | |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,200 | 2,200 | 2,553 | 353 |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | <u>(3,000)</u> | <u>(3,000)</u> | <u>0</u> | <u>3,000</u> |
| Total Other Financing Sources (Uses) | <u>(3,000)</u> | <u>(3,000)</u> | <u>0</u> | <u>3,000</u> |
| Net Change in Fund Balance | (800) | (800) | 2,553 | 3,353 |
| Fund Balance at Beginning of Year | <u>76,114</u> | <u>76,114</u> | <u>76,114</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 75,314</u> | <u>\$ 75,314</u> | <u>\$ 78,667</u> | <u>\$ 3,353</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

MUNICIPAL COURT JUDICIAL COMPUTER FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|-------------------|---|
| Revenues: | | | | |
| Fines and Forfeitures | \$ 50,000 | \$ 50,000 | \$ 48,893 | \$ (1,107) |
| Total Revenues | <u>50,000</u> | <u>50,000</u> | <u>48,893</u> | <u>(1,107)</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Operations and Maintenance | 97,096 | 97,096 | 14,794 | 82,302 |
| Capital Outlay | <u>48,000</u> | <u>48,000</u> | <u>0</u> | <u>48,000</u> |
| Total Expenditures | <u>145,096</u> | <u>145,096</u> | <u>14,794</u> | <u>130,302</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (95,096) | (95,096) | 34,099 | 129,195 |
| Fund Balance at Beginning of Year | 159,931 | 159,931 | 159,931 | 0 |
| Prior Year Encumbrances | <u>96</u> | <u>96</u> | <u>96</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 64,931</u> | <u>\$ 64,931</u> | <u>\$ 194,126</u> | <u>\$ 129,195</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| MUNICIPAL COURT PROBATION FUND | | | | |
|--|------------------------|---------------------|-------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 33,292 | \$ 33,292 | \$ 33,292 | \$ 0 |
| Fines and Forfeitures | <u>320,000</u> | <u>320,000</u> | <u>377,643</u> | <u>57,643</u> |
| Total Revenues | <u>353,292</u> | <u>353,292</u> | <u>410,935</u> | <u>57,643</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Personal Services | 398,212 | 398,212 | 370,327 | 27,885 |
| Operations and Maintenance | <u>18,875</u> | <u>18,875</u> | <u>15,243</u> | <u>3,632</u> |
| Total Expenditures | <u>417,087</u> | <u>417,087</u> | <u>385,570</u> | <u>31,517</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (63,795) | (63,795) | 25,365 | 89,160 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | <u>57,703</u> | <u>57,703</u> | <u>43,277</u> | <u>(14,426)</u> |
| Total Other Financing Sources (Uses) | <u>57,703</u> | <u>57,703</u> | <u>43,277</u> | <u>(14,426)</u> |
| Net Change in Fund Balance | (6,092) | (6,092) | 68,642 | 74,734 |
| Fund Balance at Beginning of Year | 131,346 | 131,346 | 131,346 | 0 |
| Prior Year Encumbrances | <u>1,375</u> | <u>1,375</u> | <u>1,375</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 126,629</u> | <u>\$ 126,629</u> | <u>\$ 201,363</u> | <u>\$ 74,734</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

MUNICIPAL COURT COMPUTERIZATION FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|-------------------|---|
| Revenues: | | | | |
| Fines and Forfeitures | <u>\$ 200,000</u> | <u>\$ 200,000</u> | <u>\$ 200,653</u> | <u>\$ 653</u> |
| Total Revenues | <u>200,000</u> | <u>200,000</u> | <u>200,653</u> | <u>653</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Personal Services | 91,652 | 91,675 | 91,518 | 157 |
| Operations and Maintenance | 195,603 | 195,579 | 47,354 | 148,225 |
| Capital Outlay | <u>105,000</u> | <u>105,000</u> | <u>13,820</u> | <u>91,180</u> |
| Total Expenditures | <u>392,255</u> | <u>392,254</u> | <u>152,692</u> | <u>239,562</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (192,255) | (192,254) | 47,961 | 240,215 |
| Fund Balance at Beginning of Year | 263,235 | 263,235 | 263,235 | 0 |
| Prior Year Encumbrances | <u>2,255</u> | <u>2,255</u> | <u>2,255</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 73,235</u> | <u>\$ 73,236</u> | <u>\$ 313,451</u> | <u>\$ 240,215</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

MUNICIPAL COURT SPECIAL PROJECTS FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|---------------------|---|
| Revenues: | | | | |
| Fines and Forfeitures | \$ 430,000 | \$ 430,000 | \$ 511,140 | \$ 81,140 |
| All Other Revenues | 0 | 0 | 693 | 693 |
| Total Revenues | <u>430,000</u> | <u>430,000</u> | <u>511,833</u> | <u>81,833</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Operations and Maintenance | 705,587 | 705,587 | 183,323 | 522,264 |
| Capital Outlay | <u>800,000</u> | <u>800,000</u> | <u>2,003</u> | <u>797,997</u> |
| Total Expenditures | <u>1,505,587</u> | <u>1,505,587</u> | <u>185,326</u> | <u>1,320,261</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,075,587) | (1,075,587) | 326,507 | 1,402,094 |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | <u>(21,500)</u> | <u>(21,500)</u> | <u>(21,500)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>(21,500)</u> | <u>(21,500)</u> | <u>(21,500)</u> | <u>0</u> |
| Net Change in Fund Balance | (1,097,087) | (1,097,087) | 305,007 | 1,402,094 |
| Fund Balance at Beginning of Year | 1,445,671 | 1,445,671 | 1,445,671 | 0 |
| Prior Year Encumbrances | <u>4,587</u> | <u>4,587</u> | <u>4,587</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 353,171</u> | <u>\$ 353,171</u> | <u>\$ 1,755,265</u> | <u>\$ 1,402,094</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

MUNICIPAL COURT FAMILY VIOLENCE FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Charges for Services | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 4,087</u> | <u>\$ 4,087</u> |
| Total Revenues | <u>0</u> | <u>0</u> | <u>4,087</u> | <u>4,087</u> |
| Expenditures: | | | | |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 4,087 | 4,087 |
| Fund Balance at Beginning of Year | <u>7,493</u> | <u>7,493</u> | <u>7,493</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 7,493</u> | <u>\$ 7,493</u> | <u>\$ 11,580</u> | <u>\$ 4,087</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 64,500 | \$ 89,709 | \$ 89,709 | \$ 0 |
| All Other Revenues | <u>0</u> | <u>1,350</u> | <u>1,735</u> | <u>385</u> |
| Total Revenues | <u>64,500</u> | <u>91,059</u> | <u>91,444</u> | <u>385</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Personal Services | 115,255 | 115,255 | 94,951 | 20,304 |
| Operations and Maintenance | <u>57,673</u> | <u>57,673</u> | <u>35,139</u> | <u>22,534</u> |
| Total Expenditures | <u>172,928</u> | <u>172,928</u> | <u>130,090</u> | <u>42,838</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (108,428) | (81,869) | (38,646) | 43,223 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | <u>0</u> | <u>69,500</u> | <u>69,500</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>69,500</u> | <u>69,500</u> | <u>0</u> |
| Net Change in Fund Balance | (108,428) | (12,369) | 30,854 | 43,223 |
| Fund Balance at Beginning of Year | 10,572 | 10,572 | 10,572 | 0 |
| Prior Year Encumbrances | <u>2,173</u> | <u>2,173</u> | <u>2,173</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ (95,683)</u> | <u>\$ 376</u> | <u>\$ 43,599</u> | <u>\$ 43,223</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 0 | \$ 0 | \$ 1,500 | \$ 1,500 |
| Total Revenues | <u>0</u> | <u>0</u> | <u>1,500</u> | <u>1,500</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Operations and Maintenance | <u>0</u> | <u>6,100</u> | <u>6,100</u> | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>6,100</u> | <u>6,100</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | (6,100) | (4,600) | 1,500 |
| Fund Balance at Beginning of Year | <u>17,200</u> | <u>17,200</u> | <u>17,200</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 17,200</u> | <u>\$ 11,100</u> | <u>\$ 12,600</u> | <u>\$ 1,500</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|-------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | <u>\$ 310,237</u> | <u>\$ 662,580</u> | <u>\$ 276,734</u> | <u>\$ (385,846)</u> |
| Total Revenues | <u>310,237</u> | <u>662,580</u> | <u>276,734</u> | <u>(385,846)</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Capital Outlay | <u>0</u> | <u>727,972</u> | <u>338,052</u> | <u>389,920</u> |
| Total Expenditures | <u>0</u> | <u>727,972</u> | <u>338,052</u> | <u>389,920</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 310,237 | (65,392) | (61,318) | 4,074 |
| Other Financing Sources (Uses): | | | | |
| Ohio Water Development Authority Loans Issued | <u>0</u> | <u>65,392</u> | <u>61,428</u> | <u>(3,964)</u> |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>65,392</u> | <u>61,428</u> | <u>(3,964)</u> |
| Net Change in Fund Balance | 310,237 | 0 | 110 | 110 |
| Fund Balance at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 310,237</u> | <u>\$ 0</u> | <u>\$ 110</u> | <u>\$ 110</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 27,123 | \$ 27,123 | \$ 47,972 | \$ 20,849 |
| Total Revenues | <u>27,123</u> | <u>27,123</u> | <u>47,972</u> | <u>20,849</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Personal Services | <u>0</u> | <u>39,295</u> | <u>39,295</u> | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>39,295</u> | <u>39,295</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 27,123 | (12,172) | 8,677 | 20,849 |
| Fund Balance at Beginning of Year | <u>12,172</u> | <u>12,172</u> | <u>12,172</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 39,295</u> | <u>\$ 0</u> | <u>\$ 20,849</u> | <u>\$ 20,849</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------------|---------------------|-------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 875,060 | \$ 1,395,243 | \$ 579,519 | \$ (815,724) |
| All Other Revenues | 16,340 | 16,340 | 12,890 | (3,450) |
| Total Revenues | <u>891,400</u> | <u>1,411,583</u> | <u>592,409</u> | <u>(819,174)</u> |
| Expenditures: | | | | |
| Community Environment: | | | | |
| Operations and Maintenance | 16,340 | 16,340 | 1,912 | 14,428 |
| Capital Outlay | <u>773,253</u> | <u>1,293,436</u> | <u>447,718</u> | <u>845,718</u> |
| Total Community Environment | <u>789,593</u> | <u>1,309,776</u> | <u>449,630</u> | <u>860,146</u> |
| Debt Service: | | | | |
| Principal Retirement | 90,000 | 90,000 | 90,000 | 0 |
| Interest and Fiscal Charges | <u>11,806</u> | <u>11,806</u> | <u>11,806</u> | <u>0</u> |
| Total Debt Service | <u>101,806</u> | <u>101,806</u> | <u>101,806</u> | <u>0</u> |
| Total Expenditures | <u>891,399</u> | <u>1,411,582</u> | <u>551,436</u> | <u>860,146</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | 1 | 1 | 40,973 | 40,972 |
| Fund Balance at Beginning of Year | <u>91,855</u> | <u>91,855</u> | <u>91,855</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 91,856</u> | <u>\$ 91,856</u> | <u>\$ 132,828</u> | <u>\$ 40,972</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|-------------------|---|
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 96,000 | \$ 96,000 | \$ 93,918 | \$ (2,082) |
| Investment Earnings | <u>5,500</u> | <u>5,500</u> | <u>6,111</u> | <u>611</u> |
| Total Revenues | <u>101,500</u> | <u>101,500</u> | <u>100,029</u> | <u>(1,471)</u> |
| Expenditures: | | | | |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 101,500 | 101,500 | 100,029 | (1,471) |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | <u>0</u> | <u>(100,000)</u> | <u>(100,000)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>(100,000)</u> | <u>(100,000)</u> | <u>0</u> |
| Net Change in Fund Balance | 101,500 | 1,500 | 29 | (1,471) |
| Fund Balance at Beginning of Year | <u>214,556</u> | <u>214,556</u> | <u>214,556</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 316,056</u> | <u>\$ 216,056</u> | <u>\$ 214,585</u> | <u>\$ (1,471)</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|-------------------|---|
| Revenues: | | | | |
| Charges for Services | \$ 20,000 | \$ 20,000 | \$ 21,052 | \$ 1,052 |
| Investment Earnings | 2,000 | 2,000 | 1,086 | (914) |
| Total Revenues | <u>22,000</u> | <u>22,000</u> | <u>22,138</u> | <u>138</u> |
| Expenditures: | | | | |
| Public Health and Welfare Services: | | | | |
| Operations and Maintenance | <u>32,000</u> | <u>32,000</u> | <u>24,603</u> | <u>7,397</u> |
| Total Expenditures | <u>32,000</u> | <u>32,000</u> | <u>24,603</u> | <u>7,397</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (10,000) | (10,000) | (2,465) | 7,535 |
| Fund Balance at Beginning of Year | <u>303,767</u> | <u>303,767</u> | <u>303,767</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 293,767</u> | <u>\$ 293,767</u> | <u>\$ 301,302</u> | <u>\$ 7,535</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| GENERAL BOND RETIREMENT FUND | | | | |
| Revenues: | | | | |
| Intergovernmental Revenues | \$ 117,457 | \$ 117,457 | \$ 136,035 | \$ 18,578 |
| Investment Earnings | 20,642 | 20,642 | 0 | (20,642) |
| Total Revenues | <u>138,099</u> | <u>138,099</u> | <u>136,035</u> | <u>(2,064)</u> |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal Retirement | 310,173 | 309,593 | 309,593 | 0 |
| Interest and Fiscal Charges | <u>130,914</u> | <u>130,914</u> | <u>129,430</u> | <u>1,484</u> |
| Total Expenditures | <u>441,087</u> | <u>440,507</u> | <u>439,023</u> | <u>1,484</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (302,988) | (302,408) | (302,988) | (580) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | <u>606,925</u> | <u>606,925</u> | <u>302,988</u> | <u>(303,937)</u> |
| Total Other Financing Sources (Uses) | <u>606,925</u> | <u>606,925</u> | <u>302,988</u> | <u>(303,937)</u> |
| Net Change in Fund Balance | 303,937 | 304,517 | 0 | (304,517) |
| Fund Balance at Beginning of Year | <u>91,191</u> | <u>91,191</u> | <u>91,191</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 395,128</u> | <u>\$ 395,708</u> | <u>\$ 91,191</u> | <u>\$ (304,517)</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Special Assessments | \$ 35,000 | \$ 35,000 | \$ 46,203 | \$ 11,203 |
| Total Revenues | <u>35,000</u> | <u>35,000</u> | <u>46,203</u> | <u>11,203</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Operations and Maintenance | 2,000 | 2,321 | 2,321 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 17,000 | 17,000 | 17,000 | 0 |
| Interest and Fiscal Charges | <u>12,250</u> | <u>12,250</u> | <u>12,250</u> | <u>0</u> |
| Total Expenditures | <u>31,250</u> | <u>31,571</u> | <u>31,571</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 3,750 | 3,429 | 14,632 | 11,203 |
| Fund Balance at Beginning of Year | <u>16,276</u> | <u>16,276</u> | <u>16,276</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 20,026</u> | <u>\$ 19,705</u> | <u>\$ 30,908</u> | <u>\$ 11,203</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011***

| CAPITAL IMPROVEMENT FUND | | | | |
|--|------------------------|---------------------|---------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | |
| Taxes | \$ 214,554 | \$ 214,554 | \$ 272,750 | \$ 58,196 |
| Intergovernmental Revenues | 0 | 3,554,868 | 764,866 | (2,790,002) |
| All Other Revenues | 0 | 100 | 28,819 | 28,719 |
| Total Revenues | <u>214,554</u> | <u>3,769,522</u> | <u>1,066,435</u> | <u>(2,703,087)</u> |
| Expenditures: | | | | |
| Capital Outlay | 182,626 | 1,777,251 | 658,587 | 1,118,664 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 6,107 | 6,107 | 0 |
| Interest and Fiscal Charges | 5,202 | 6,277 | 6,145 | 132 |
| Total Expenditures | <u>187,828</u> | <u>1,789,635</u> | <u>670,839</u> | <u>1,118,796</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | 26,726 | 1,979,887 | 395,596 | (1,584,291) |
| Other Financing Sources (Uses): | | | | |
| Installment Loan | 0 | 198,076 | 199,141 | 1,065 |
| Transfers Out | 0 | (94,197) | (94,197) | 0 |
| Advances In | 1,093,300 | 820,900 | 1,103,300 | 282,400 |
| Advances Out | (1,099,100) | (1,109,100) | (1,291,720) | (182,620) |
| Total Other Financing Sources (Uses) | <u>(5,800)</u> | <u>(184,321)</u> | <u>(83,476)</u> | <u>100,845</u> |
| Net Change in Fund Balance | 20,926 | 1,795,566 | 312,120 | (1,483,446) |
| Fund Balance at Beginning of Year | <u>1,078,139</u> | <u>1,078,139</u> | <u>1,078,139</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 1,099,065</u> | <u>\$ 2,873,705</u> | <u>\$ 1,390,259</u> | <u>\$ (1,483,446)</u> |

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|------------------|---|
| Revenues: | | | | |
| Total Revenues | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Expenditures: | | | | |
| Capital Outlay | <u>0</u> | <u>6,280</u> | <u>6,280</u> | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>6,280</u> | <u>6,280</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | (6,280) | (6,280) | 0 |
| Other Financing Sources (Uses): | | | | |
| Advances In | 560,000 | 560,000 | 550,000 | (10,000) |
| Advances Out | <u>(550,000)</u> | <u>(550,000)</u> | <u>(550,000)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>10,000</u> | <u>10,000</u> | <u>0</u> | <u>(10,000)</u> |
| Net Change in Fund Balance | 10,000 | 3,720 | (6,280) | (10,000) |
| Fund Balance at Beginning of Year | <u>30,409</u> | <u>30,409</u> | <u>30,409</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 40,409</u> | <u>\$ 34,129</u> | <u>\$ 24,129</u> | <u>\$ (10,000)</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|-------------------|---|
| Revenues: | | | | |
| Charges for Services | \$ 50,000 | \$ 50,000 | \$ 42,771 | \$ (7,229) |
| Total Revenues | <u>50,000</u> | <u>50,000</u> | <u>42,771</u> | <u>(7,229)</u> |
| Expenditures: | | | | |
| Security of Persons and Property: | | | | |
| Operations and Maintenance | 0 | 15,000 | 15,000 | 0 |
| Capital Outlay | <u>0</u> | <u>149,334</u> | <u>149,334</u> | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>164,334</u> | <u>164,334</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 50,000 | (114,334) | (121,563) | (7,229) |
| Fund Balance at Beginning of Year | <u>369,375</u> | <u>369,375</u> | <u>369,375</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 419,375</u> | <u>\$ 255,041</u> | <u>\$ 247,812</u> | <u>\$ (7,229)</u> |

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011**

| ETY ROAD TIF PROJECT FUND | | | | |
|--|------------------------|---------------------|-------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | |
| Taxes | \$ 468,000 | \$ 468,000 | \$ 371,495 | \$ (96,505) |
| Investment Earnings | 0 | 0 | 3 | 3 |
| All Other Revenues | 0 | 0 | 5,286 | 5,286 |
| Total Revenues | <u>468,000</u> | <u>468,000</u> | <u>376,784</u> | <u>(91,216)</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Operations and Maintenance | 621,160 | 64,286 | 10,322 | 53,964 |
| Capital Outlay | 13,000 | 70,000 | 68,260 | 1,740 |
| Debt Service: | | | | |
| Principal Retirement | 275,000 | 817,160 | 2,438,736 | (1,621,576) |
| Interest and Fiscal Charges | 57,919 | 67,407 | 95,784 | (28,377) |
| Total Expenditures | <u>967,079</u> | <u>1,018,853</u> | <u>2,613,102</u> | <u>(1,594,249)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (499,079) | (550,853) | (2,236,318) | (1,685,465) |
| Other Financing Sources (Uses): | | | | |
| General Obligation Notes Issued | 0 | 0 | 2,192,113 | 2,192,113 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>2,192,113</u> | <u>2,192,113</u> |
| Net Change in Fund Balance | (499,079) | (550,853) | (44,205) | 506,648 |
| Fund Balance at Beginning of Year | <u>614,306</u> | <u>614,306</u> | <u>614,306</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 115,227</u> | <u>\$ 63,453</u> | <u>\$ 570,101</u> | <u>\$ 506,648</u> |

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2011***

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|------------------------|---------------------|---------------------|---|
| Revenues: | | | | |
| Charges for Services | <u>\$ 25,000</u> | <u>\$ 25,000</u> | <u>\$ 29,592</u> | <u>\$ 4,592</u> |
| Total Revenues | <u>25,000</u> | <u>25,000</u> | <u>29,592</u> | <u>4,592</u> |
| Expenditures: | | | | |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 25,000 | 25,000 | 29,592 | 4,592 |
| Fund Balance at Beginning of Year | <u>992,937</u> | <u>992,937</u> | <u>992,937</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 1,017,937</u> | <u>\$ 1,017,937</u> | <u>\$ 1,022,529</u> | <u>\$ 4,592</u> |

Internal Service Funds

These funds are used to account for the financing of goods or services provided by one department to other departments of the City, on a cost-reimbursement basis.

Utilities Collection Fund

To account for the operation of the utility collections department for services provided to the gas, water, water pollution and sanitation departments. The funds using the utility billing services are charged for the cost of operation.

Information Services Fund

To account for the operation of the information services department for services provided for all departments within the City.

Health Insurance Management Fund

To account for the accumulation and allocation of costs associated with providing health care benefits to employees.

CITY OF LANCASTER, OHIO

**Combining Statement of Net Assets
Internal Service Funds
December 31, 2011**

| | Utilities Collection | Information Services | Health Insurance Management | Total |
|---|-------------------------|-------------------------|--------------------------------|---------------------|
| Assets: | | | | |
| <i>Current Assets:</i> | | | | |
| Cash and Cash Equivalents | \$ 155,073 | \$ 445,106 | \$ 14,040 | \$ 614,219 |
| Cash and Cash Equivalents with Fiscal Agent | 0 | 0 | 2,591,626 | 2,591,626 |
| Inventory of Supplies at Cost | 31,538 | 9,104 | 0 | 40,642 |
| Prepaid Items | 447 | 0 | 0 | 447 |
| Total Current Assets | 187,058 | 454,210 | 2,605,666 | 3,246,934 |
| <i>Non Current Assets:</i> | | | | |
| Capital Assets Being Depreciated, Net | 88,502 | 155,284 | 0 | 243,786 |
| Total Assets | 275,560 | 609,494 | 2,605,666 | 3,490,720 |
| Liabilities: | | | | |
| <i>Current Liabilities:</i> | | | | |
| Accounts Payable | 11,555 | 5,799 | 0 | 17,354 |
| Accrued Wages and Benefits | 50,841 | 26,939 | 0 | 77,780 |
| Claims Payable | 0 | 0 | 658,237 | 658,237 |
| Capital Lease Payable-Current | 2,573 | 0 | 0 | 2,573 |
| Compensated Absences Payable - Current | 47,654 | 29,883 | 0 | 77,537 |
| Total Current Liabilities | 112,623 | 62,621 | 658,237 | 833,481 |
| <i>Long Term Liabilities:</i> | | | | |
| Capital Leases Payable | 3,840 | 0 | 0 | 3,840 |
| Compensated Absences Payable | 234,668 | 93,949 | 0 | 328,617 |
| Total Liabilities | 351,131 | 156,570 | 658,237 | 1,165,938 |
| Net Assets: | | | | |
| Invested in Capital Assets, Net of Related Debt | 82,089 | 155,284 | 0 | 237,373 |
| Unrestricted | (157,660) | 297,640 | 1,947,429 | 2,087,409 |
| Total Net Assets | \$ (75,571) | \$ 452,924 | \$ 1,947,429 | \$ 2,324,782 |

CITY OF LANCASTER, OHIO**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2011**

| | Utilities Collection | Information Services | Health Insurance Management | Total |
|---|-------------------------|-------------------------|--------------------------------|------------------|
| Operating Revenues: | | | | |
| Charges for Services | \$ 1,282,723 | \$ 845,541 | \$ 5,739,292 | \$ 7,867,556 |
| Other Operating Revenue | 26,614 | 11 | 0 | 26,625 |
| Total Operating Revenues | 1,309,337 | 845,552 | 5,739,292 | 7,894,181 |
| Operating Expenses: | | | | |
| Personal Services | 1,020,489 | 476,829 | 0 | 1,497,318 |
| Contractual Services | 337,317 | 117,991 | 0 | 455,308 |
| Materials and Supplies | 147,159 | 44,458 | 0 | 191,617 |
| Depreciation | 15,309 | 32,355 | 0 | 47,664 |
| Health Insurance Claims | 0 | 0 | 7,026,803 | 7,026,803 |
| Total Operating Expenses | 1,520,274 | 671,633 | 7,026,803 | 9,218,710 |
| Operating Income (Loss) | (210,937) | 173,919 | (1,287,511) | (1,324,529) |
| Nonoperating Revenue (Expenses): | | | | |
| Loss on Disposal of Capital Assets | 0 | (489) | 0 | (489) |
| Total Nonoperating Revenues (Expenses) | 0 | (489) | 0 | (489) |
| Change in Net Assets | (210,937) | 173,430 | (1,287,511) | (1,325,018) |
| Net Assets Beginning of Year | 135,366 | 279,494 | 3,234,940 | 3,649,800 |
| Net Assets End of Year | \$ (75,571) | \$ 452,924 | \$ 1,947,429 | \$ 2,324,782 |

CITY OF LANCASTER, OHIO

***Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2011***

| | Utilities Collection | Information Services | Health Insurance Management | Totals |
|---|-------------------------|-------------------------|-----------------------------------|---------------|
| <u>Cash Flows from Operating Activities:</u> | | | | |
| Cash Received from Interfund Services | \$1,309,337 | \$845,552 | \$5,739,292 | \$7,894,181 |
| Cash Payments for Goods and Services | (487,414) | (170,076) | 0 | (657,490) |
| Cash Payments to and on behalf of Employees | (1,031,453) | (457,875) | 0 | (1,489,328) |
| Cash Payments for Claims | 0 | 0 | (6,642,792) | (6,642,792) |
| Net Cash Provided (Used) by Operating Activities | (209,530) | 217,601 | (903,500) | (895,429) |
| <u>Cash Flows from Capital and Related Financing Activities:</u> | | | | |
| Acquisition and Construction of Assets | (2,663) | 0 | 0 | (2,663) |
| Capital Lease Payments | (2,337) | 0 | 0 | (2,337) |
| Net Cash Used for Capital and Related Financing Activities | (5,000) | 0 | 0 | (5,000) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (214,530) | 217,601 | (903,500) | (900,429) |
| Cash and Cash Equivalents at Beginning of Year | 369,603 | 227,505 | 3,509,166 | 4,106,274 |
| Cash and Cash Equivalents at End of Year | \$155,073 | \$445,106 | \$2,605,666 | \$3,205,845 |
| <u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u> | | | | |
| Operating Income (Loss) | (\$210,937) | \$173,919 | (\$1,287,511) | (\$1,324,529) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation | 15,309 | 32,355 | 0 | 47,664 |
| Changes in Assets and Liabilities: | | | | |
| Increase in Inventory | (2,356) | (750) | 0 | (3,106) |
| Increase in Prepaid Items | (7) | 0 | 0 | (7) |
| Decrease in Accounts Payable | (551) | (6,865) | 0 | (7,416) |
| Increase (Decrease) in Accrued Wages and Benefits | (3,795) | 2,798 | 0 | (997) |
| Increase (Decrease) in Compensated Absences | (7,193) | 16,144 | 0 | 8,951 |
| Increase in Claims Payable | 0 | 0 | 384,011 | 384,011 |
| Total Adjustments | 1,407 | 43,682 | 384,011 | 429,100 |
| Net Cash Provided (Used) by Operating Activities | (\$209,530) | \$217,601 | (\$903,500) | (\$895,429) |

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Funds

Street Deposit Fund

Established to account for monies deposited with the City by individuals who intend to excavate portions of the City streets or sidewalks.

Municipal Court Fund

Established to account for monies that flow through the Clerk of Courts Office.

Law Library Fund

Established to account for accumulation and distribution of resources for the law library.

Fire Insurance Escrow Fund

Established to account for insurance monies on deposit to insure fire site cleanup of damaged property.

CITY OF LANCASTER, OHIO

***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2011***

| | Balance December 31, 2010 | Additions | Deductions | Balance December 31, 2011 |
|--|---------------------------------|--------------------|----------------------|---------------------------------|
| <u>Street Deposit Fund</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$5,200 | \$400 | \$0 | \$5,600 |
| Total Assets | <u>\$5,200</u> | <u>\$400</u> | <u>\$0</u> | <u>\$5,600</u> |
| Liabilities: | | | | |
| Due to Others | \$5,200 | \$400 | \$0 | \$5,600 |
| Total Liabilities | <u>\$5,200</u> | <u>\$400</u> | <u>\$0</u> | <u>\$5,600</u> |
| <u>Municipal Court Fund</u> | | | | |
| Assets: | | | | |
| Cash with Fiscal Agent | \$180,186 | \$4,786,554 | (\$4,784,686) | \$182,054 |
| Total Assets | <u>\$180,186</u> | <u>\$4,786,554</u> | <u>(\$4,784,686)</u> | <u>\$182,054</u> |
| Liabilities: | | | | |
| Due to Other Funds | \$4,229 | \$2,009,413 | (\$2,010,696) | \$2,946 |
| Intergovernmental Payable | 0 | 932,322 | (932,322) | 0 |
| Due to Others | 175,957 | 1,844,819 | (1,841,668) | 179,108 |
| Total Liabilities | <u>\$180,186</u> | <u>\$4,786,554</u> | <u>(\$4,784,686)</u> | <u>\$182,054</u> |
| <u>Law Library Fund</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$0 | \$44,017 | (\$44,017) | \$0 |
| Due from Other Funds | 4,229 | 2,946 | (4,229) | 2,946 |
| Total Assets | <u>\$4,229</u> | <u>\$46,963</u> | <u>(\$48,246)</u> | <u>\$2,946</u> |
| Liabilities: | | | | |
| Intergovernmental Payable | \$4,229 | \$46,963 | (\$48,246) | \$2,946 |
| Total Liabilities | <u>\$4,229</u> | <u>\$46,963</u> | <u>(\$48,246)</u> | <u>\$2,946</u> |
| <u>Fire Insurance Escrow Fund</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$16,000 | \$0 | (\$16,000) | \$0 |
| Total Assets | <u>\$16,000</u> | <u>\$0</u> | <u>(\$16,000)</u> | <u>\$0</u> |
| Liabilities: | | | | |
| Due to Others | \$16,000 | \$0 | (\$16,000) | \$0 |
| Total Liabilities | <u>\$16,000</u> | <u>\$0</u> | <u>(\$16,000)</u> | <u>\$0</u> |
| <u>Totals - All Agency Funds</u> | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$201,386 | \$4,830,971 | (\$4,844,703) | \$187,654 |
| Due from Other Funds | 4,229 | 2,946 | (4,229) | 2,946 |
| Total Assets | <u>\$205,615</u> | <u>\$4,833,917</u> | <u>(\$4,848,932)</u> | <u>\$190,600</u> |
| Liabilities: | | | | |
| Due to Other Funds | \$4,229 | \$2,009,413 | (\$2,010,696) | \$2,946 |
| Intergovernmental Payables | 4,229 | 979,285 | (980,568) | 2,946 |
| Due to Others | 197,157 | 1,845,219 | (1,857,668) | 184,708 |
| Total Liabilities | <u>\$205,615</u> | <u>\$4,833,917</u> | <u>(\$4,848,932)</u> | <u>\$190,600</u> |

STATISTICAL SECTION



STATISTICAL TABLES

This part of the City'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 City's overall financial health.

Contents

| | |
|---|-------------|
| Financial Trends | S 2 – S 13 |
| These schedules contain trend information to help the reader understand how the City's financial position has changed over time. | |
| Revenue Capacity | S 14 – S 17 |
| These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue source which is income tax. | |
| Debt Capacity | S 18 – S 27 |
| These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | |
| Economic and Demographic Information | S 28 – S 31 |
| These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments. | |
| Operating Information | S 32 – S 39 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | |
| Sources Note: | |
| Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year. | |

City of Lancaster

*Net Assets by Component
Last Nine Years
(accrual basis of accounting)*

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|---|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities: | | | | |
| Invested in Capital Assets, Net of Related Debt | \$20,219,881 | \$20,574,646 | \$21,352,341 | \$23,975,773 |
| Restricted | 6,450,635 | 6,966,940 | 7,689,262 | 7,586,314 |
| Unrestricted | 3,683,855 | 4,442,545 | 5,041,192 | 4,724,339 |
| Total Governmental Activities Net Assets | <u>\$30,354,371</u> | <u>\$31,984,131</u> | <u>\$34,082,795</u> | <u>\$36,286,426</u> |
| Business-type Activities: | | | | |
| Invested in Capital Assets, Net of Related Debt | \$27,922,328 | \$26,504,751 | \$28,994,290 | \$30,722,799 |
| Restricted | 0 | 978,578 | 1,018,993 | 1,054,021 |
| Unrestricted | 15,945,149 | 22,452,273 | 26,856,616 | 31,203,849 |
| Total Business-type Activities Net Assets | <u>\$43,867,477</u> | <u>\$49,935,602</u> | <u>\$56,869,899</u> | <u>\$62,980,669</u> |
| Primary Government: | | | | |
| Invested in Capital Assets, Net of Related Debt | \$48,142,209 | \$47,079,397 | \$50,346,631 | \$54,698,572 |
| Restricted | 6,450,635 | 7,945,518 | 8,708,255 | 8,640,335 |
| Unrestricted | 19,629,004 | 26,894,818 | 31,897,808 | 35,928,188 |
| Total Primary Government Net Assets | <u>\$74,221,848</u> | <u>\$81,919,733</u> | <u>\$90,952,694</u> | <u>\$99,267,095</u> |

Source: City Auditor's Office

City of Lancaster

| 2007 | 2008 | Restated 2009 | 2010 | 2011 |
|----------------------|----------------------|---------------------|---------------------|---------------------|
| \$25,645,197 | \$29,763,541 | \$30,016,277 | \$29,963,075 | \$29,585,924 |
| 9,988,647 | 7,482,942 | 8,350,592 | 8,914,509 | 10,612,142 |
| 4,038,840 | 2,697,692 | 2,643,683 | 1,265,734 | 169,239 |
| <u>\$39,672,684</u> | <u>\$39,944,175</u> | <u>\$41,010,552</u> | <u>\$40,143,318</u> | <u>\$40,367,305</u> |
| \$33,974,969 | \$37,984,626 | \$38,448,219 | \$42,163,722 | \$41,272,887 |
| 1,051,465 | 2,561,847 | 3,854,911 | 2,553,537 | 2,553,685 |
| 30,810,822 | 25,478,180 | 1,665,210 | (10,991,395) | (21,127,841) |
| <u>\$65,837,256</u> | <u>\$66,024,653</u> | <u>\$43,968,340</u> | <u>\$33,725,864</u> | <u>\$22,698,731</u> |
| \$59,620,166 | \$67,748,167 | \$68,464,496 | \$72,126,797 | \$70,858,811 |
| 11,040,112 | 10,044,789 | 12,205,503 | 11,468,046 | 13,165,827 |
| 34,849,662 | 28,175,872 | 4,308,893 | (9,725,661) | (20,958,602) |
| <u>\$105,509,940</u> | <u>\$105,968,828</u> | <u>\$84,978,892</u> | <u>\$73,869,182</u> | <u>\$63,066,036</u> |

City of Lancaster

*Changes in Net Assets
Last Nine Years
(accrual basis of accounting)*

| | 2003 | 2004 | 2005 | 2006 |
|---|---------------------|---------------------|---------------------|---------------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| Security of Persons and Property | \$13,728,378 | \$13,716,187 | \$14,473,126 | \$16,104,691 |
| Public Health and Welfare Services | 881,427 | 896,457 | 779,600 | 878,467 |
| Leisure Time Activities | 1,773,654 | 1,657,885 | 1,742,633 | 2,124,266 |
| Community Environment | 833,665 | 724,170 | 789,851 | 959,561 |
| Transportation | 3,871,092 | 4,366,390 | 4,378,695 | 4,342,096 |
| General Government | 6,143,687 | 6,571,065 | 6,949,947 | 7,223,816 |
| Interest and Fiscal Charges | 209,429 | 218,203 | 339,328 | 322,513 |
| <i>Total Governmental Activities Expenses</i> | <u>27,441,332</u> | <u>28,150,357</u> | <u>29,453,180</u> | <u>31,955,410</u> |
| Business-type Activities: | | | | |
| Gas | 19,558,945 | 20,229,675 | 23,308,942 | 23,771,384 |
| Water | 6,211,390 | 7,990,566 | 8,014,591 | 8,513,968 |
| Water Pollution | 6,325,948 | 6,656,732 | 6,539,509 | 7,226,506 |
| Sanitation | 2,932,207 | 2,956,661 | 2,921,855 | 3,033,340 |
| Storm Water | 57,286 | 600,286 | 706,217 | 1,159,357 |
| Port Authority | 0 | 0 | 0 | 0 |
| <i>Total Business-type Activities Expenses</i> | <u>35,085,776</u> | <u>38,433,920</u> | <u>41,491,114</u> | <u>43,704,555</u> |
| <i>Total Primary Government Expenses</i> | <u>\$62,527,108</u> | <u>\$66,584,277</u> | <u>\$70,944,294</u> | <u>\$75,659,965</u> |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services | | | | |
| Security of Persons and Property | \$2,033,168 | \$1,986,291 | \$1,932,337 | \$1,871,567 |
| Public Health and Welfare Services | 191,105 | 273,345 | 260,032 | 270,286 |
| Leisure Time Activities | 326,109 | 332,834 | 360,817 | 369,508 |
| Community Environment | 0 | 0 | 105,422 | 100,329 |
| Transportation | 160,055 | 763,338 | 735,194 | 821,284 |
| General Government | 412,399 | 1,191,311 | 1,891,022 | 2,072,411 |
| Operating Grants and Contributions | 3,645,073 | 4,217,797 | 4,087,234 | 3,606,523 |
| Capital Grants and Contributions | 870,520 | 1,029,423 | 1,105,484 | 2,054,029 |
| <i>Total Governmental Activities Program Revenues</i> | <u>7,638,429</u> | <u>9,794,339</u> | <u>10,477,542</u> | <u>11,165,937</u> |

City of Lancaster

| 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$16,857,036 | \$18,208,576 | \$17,891,385 | \$17,701,539 | \$17,530,462 |
| 889,715 | 913,831 | 876,750 | 824,685 | 754,085 |
| 2,278,778 | 1,703,779 | 1,853,442 | 1,953,298 | 1,958,087 |
| 670,861 | 921,428 | 671,940 | 842,850 | 817,834 |
| 5,109,759 | 4,540,208 | 4,801,342 | 5,224,430 | 5,037,685 |
| 9,709,530 | 7,903,080 | 7,644,288 | 9,532,402 | 7,369,038 |
| 474,299 | 530,870 | 442,382 | 343,326 | 339,535 |
| <u>35,989,978</u> | <u>34,721,772</u> | <u>34,181,529</u> | <u>36,422,530</u> | <u>33,806,726</u> |
| 23,856,601 | 29,486,089 | 19,307,808 | 16,287,581 | 14,805,525 |
| 8,508,514 | 9,024,527 | 9,251,932 | 8,959,229 | 9,143,946 |
| 7,387,509 | 8,085,696 | 7,864,490 | 7,223,678 | 8,461,860 |
| 3,149,630 | 3,364,602 | 3,352,104 | 3,333,154 | 3,533,473 |
| 1,797,201 | 1,624,711 | 1,546,057 | 2,052,733 | 1,786,087 |
| 0 | 0 | 0 | 23,188,889 | 21,390,270 |
| <u>44,699,455</u> | <u>51,585,625</u> | <u>41,322,391</u> | <u>61,045,264</u> | <u>59,121,161</u> |
| <u>\$80,689,433</u> | <u>\$86,307,397</u> | <u>\$75,503,920</u> | <u>\$97,467,794</u> | <u>\$92,927,887</u> |
| \$2,056,919 | \$2,100,254 | \$2,384,863 | \$2,300,078 | \$2,161,188 |
| 260,296 | 233,239 | 240,408 | 216,399 | 251,757 |
| 364,720 | 530,383 | 376,401 | 415,566 | 396,589 |
| 101,951 | 99,804 | 96,235 | 85,720 | 97,824 |
| 1,366,382 | 770,556 | 790,241 | 825,039 | 813,495 |
| 1,884,603 | 1,998,226 | 1,943,677 | 2,302,119 | 2,151,906 |
| 5,641,639 | 6,257,136 | 5,070,598 | 4,358,354 | 5,523,719 |
| 2,965,310 | 1,248,952 | 0 | 797,834 | 498,035 |
| <u>14,641,820</u> | <u>13,238,550</u> | <u>10,902,423</u> | <u>11,301,109</u> | <u>11,894,513</u> |

(continued)

City of Lancaster

Changes in Net Assets Last Nine Years (accrual basis of accounting)

| | 2003 | 2004 | 2005 | 2006 |
|---|--------------|--------------|--------------|--------------|
| Business-type Activities: | | | | |
| Charges for Services | | | | |
| Gas | 20,331,249 | 22,009,172 | 25,405,950 | 26,107,359 |
| Water | 6,854,809 | 8,286,110 | 8,388,041 | 8,616,566 |
| Water Pollution | 6,433,722 | 7,174,132 | 7,006,365 | 7,314,131 |
| Sanitation | 3,004,224 | 3,490,894 | 3,488,335 | 3,577,116 |
| Storm Water | 72,031 | 1,807,308 | 1,675,474 | 1,828,503 |
| Port Authority | 0 | 0 | 0 | 0 |
| Operating Grants and Contributions | 0 | 0 | 0 | 0 |
| Capital Grants and Contributions | 1,244,524 | 2,833,839 | 2,461,246 | 2,371,650 |
| <i>Total Business-type</i> | | | | |
| <i>Activities Program Revenues</i> | 37,940,559 | 45,601,455 | 48,425,411 | 49,815,325 |
| <i>Total Primary</i> | | | | |
| <i>Government Program Revenues</i> | 45,578,988 | 55,395,794 | 58,902,953 | 60,981,262 |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | (19,802,903) | (18,356,018) | (18,975,638) | (20,789,473) |
| Business-type Activities | 2,854,783 | 7,167,535 | 6,934,297 | 6,110,770 |
| <i>Total Primary Government</i> | (16,948,120) | (11,188,483) | (12,041,341) | (14,678,703) |
| <i>Net (Expense)/Revenue</i> | (16,948,120) | (11,188,483) | (12,041,341) | (14,678,703) |
| General Revenues and Other Changes in Net Assets | | | | |
| Governmental Activities: | | | | |
| Property Taxes Levied for: | | | | |
| General Purposes | \$1,717,151 | \$1,657,395 | \$1,726,655 | \$1,935,850 |
| Special Purposes | 366,655 | 346,940 | 373,293 | 413,013 |
| Debt Service | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Income Taxes | 13,234,650 | 14,134,110 | 14,424,322 | 15,641,005 |
| Other Local Taxes | 788,704 | 391,507 | 626,179 | 516,698 |
| Intergovernmental Revenue, Unrestricted | 2,615,769 | 2,855,315 | 2,752,068 | 2,604,474 |
| Investment Earnings | 322,878 | 356,036 | 644,320 | 1,159,085 |
| Miscellaneous | 184,303 | 409,637 | 527,465 | 722,979 |
| Transfers | 307,742 | 218,643 | 0 | 0 |
| <i>Total Governmental Activities</i> | 19,537,852 | 20,369,583 | 21,074,302 | 22,993,104 |
| Business-type Activities: | | | | |
| Special Item - Legal Settlement | 0 | 0 | 0 | 0 |
| Transfers | (307,742) | (218,643) | 0 | 0 |
| <i>Total Business-type Activities</i> | (307,742) | (218,643) | 0 | 0 |
| <i>Total Primary Government</i> | \$19,230,110 | \$20,150,940 | \$21,074,302 | \$22,993,104 |
| Change in Net Assets | | | | |
| Governmental Activities | (\$265,051) | \$2,013,565 | \$2,098,664 | \$2,203,631 |
| Business-type Activities | 2,547,041 | 6,948,892 | 6,934,297 | 6,110,770 |
| <i>Total Primary Government</i> | (\$265,051) | \$2,013,565 | \$2,098,664 | \$2,203,631 |
| <i>Change in Net Assets</i> | \$2,281,990 | \$8,962,457 | \$9,032,961 | \$8,314,401 |

Source: City Auditor's Office

City of Lancaster

| 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 23,183,618 | 26,425,358 | 22,023,964 | 17,258,590 | 15,206,268 |
| 9,320,183 | 8,626,257 | 8,408,759 | 8,243,228 | 7,917,801 |
| 7,794,051 | 8,194,701 | 8,231,224 | 8,708,143 | 10,010,386 |
| 3,605,141 | 3,570,408 | 3,592,904 | 3,572,689 | 3,583,806 |
| 1,775,357 | 1,745,794 | 1,899,584 | 2,107,985 | 2,327,529 |
| 0 | 0 | 0 | 9,350,923 | 8,626,192 |
| 0 | 0 | 146,543 | 194,145 | 256,255 |
| 1,945,692 | 1,340,484 | 47,589 | 1,042,287 | 144,389 |
| <u>47,624,042</u> | <u>49,903,002</u> | <u>44,350,567</u> | <u>50,477,990</u> | <u>48,072,626</u> |
| <u>62,265,862</u> | <u>63,141,552</u> | <u>55,252,990</u> | <u>61,779,099</u> | <u>59,967,139</u> |
| (21,348,158) | (21,483,222) | (23,279,106) | (25,121,421) | (21,912,213) |
| <u>2,924,587</u> | <u>(1,682,623)</u> | <u>3,028,176</u> | <u>(10,567,274)</u> | <u>(11,048,535)</u> |
| <u>(\$18,423,571)</u> | <u>(\$23,165,845)</u> | <u>(\$20,250,930)</u> | <u>(\$35,688,695)</u> | <u>(\$32,960,748)</u> |
| | | | | |
| \$2,036,017 | \$1,946,225 | \$2,093,725 | \$1,914,780 | \$1,967,069 |
| 432,511 | 383,601 | 417,000 | 394,315 | 446,119 |
| 0 | 0 | 0 | 228,307 | 332,919 |
| 0 | 0 | 0 | 258,061 | 38,576 |
| 16,129,114 | 17,366,985 | 17,456,314 | 17,212,521 | 15,838,417 |
| 550,548 | 577,976 | 517,840 | 543,579 | 585,100 |
| 3,048,567 | 3,170,617 | 2,739,915 | 3,076,212 | 2,313,912 |
| 1,352,560 | 802,558 | 529,545 | 328,465 | 326,671 |
| 1,117,099 | 588,164 | 806,267 | 622,745 | 308,819 |
| 68,000 | (1,428,140) | (215,123) | (324,798) | (21,402) |
| <u>24,734,416</u> | <u>23,407,986</u> | <u>24,345,483</u> | <u>24,254,187</u> | <u>22,136,200</u> |
| 0 | 441,880 | 0 | 0 | 0 |
| <u>(68,000)</u> | <u>1,428,140</u> | <u>215,123</u> | <u>324,798</u> | <u>21,402</u> |
| <u>(68,000)</u> | <u>1,870,020</u> | <u>215,123</u> | <u>324,798</u> | <u>21,402</u> |
| <u>\$24,666,416</u> | <u>\$25,278,006</u> | <u>\$24,560,606</u> | <u>\$24,578,985</u> | <u>\$22,157,602</u> |
| | | | | |
| \$3,386,258 | \$1,924,764 | \$1,066,377 | (\$867,234) | \$223,987 |
| <u>2,856,587</u> | <u>187,397</u> | <u>3,243,299</u> | <u>(10,242,476)</u> | <u>(11,027,133)</u> |
| <u>\$6,242,845</u> | <u>\$2,112,161</u> | <u>\$4,309,676</u> | <u>(\$11,109,710)</u> | <u>(\$10,803,146)</u> |

City of Lancaster

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| General Fund | | | | |
| Nonspendable | \$0 | \$0 | \$0 | \$0 |
| Assigned | 0 | 0 | 0 | 0 |
| Unassigned | 0 | 0 | 0 | 0 |
| Reserved | 426,004 | 315,859 | 336,003 | 332,621 |
| Unreserved | <u>3,856,325</u> | <u>3,290,763</u> | <u>3,940,089</u> | <u>3,724,907</u> |
| <i>Total General Fund</i> | <u>4,282,329</u> | <u>3,606,622</u> | <u>4,276,092</u> | <u>4,057,528</u> |
| All Other Governmental Funds | | | | |
| Nonspendable | 0 | 0 | 0 | 0 |
| Restricted | 0 | 0 | 0 | 0 |
| Committed | 0 | 0 | 0 | 0 |
| Unassigned | 0 | 0 | 0 | 0 |
| Reserved | 2,499,441 | 2,322,508 | 2,472,534 | 2,571,986 |
| Unreserved, Undesignated, Reported in: | | | | |
| Special Revenue Funds | 2,307,521 | 2,333,595 | 2,581,905 | 3,084,591 |
| Capital Projects Funds | <u>(588,472)</u> | <u>257,216</u> | <u>(17,171)</u> | <u>(306,634)</u> |
| <i>Total All Other Governmental Funds</i> | <u>4,218,490</u> | <u>4,913,319</u> | <u>5,037,268</u> | <u>5,349,943</u> |
| <i>Total Governmental Funds</i> | <u><u>\$8,500,819</u></u> | <u><u>\$8,519,941</u></u> | <u><u>\$9,313,360</u></u> | <u><u>\$9,407,471</u></u> |

Source: City Auditor's Office

NOTE: Year 2002 does not include the Cemetery Interment and Cemetery Trust Funds which were classified as Fiduciary Funds prior to implementing GASB 34 in 2003.

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

City of Lancaster

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$211,052 |
| 0 | 0 | 0 | 0 | 0 | 430,940 |
| 0 | 0 | 0 | 0 | 0 | 3,341,770 |
| 447,451 | 290,959 | 269,862 | 309,687 | 311,485 | 0 |
| 4,042,869 | 3,759,946 | 3,153,883 | 2,829,674 | 3,362,329 | 0 |
| <u>4,490,320</u> | <u>4,050,905</u> | <u>3,423,745</u> | <u>3,139,361</u> | <u>3,673,814</u> | <u>3,983,762</u> |
| 0 | 0 | 0 | 0 | 0 | 2,919,211 |
| 0 | 0 | 0 | 0 | 0 | 5,972,886 |
| 0 | 0 | 0 | 0 | 0 | 1,000,075 |
| 0 | 0 | 0 | 0 | 0 | (2,224,855) |
| 2,776,859 | 2,829,102 | 2,801,159 | 3,044,531 | 3,023,660 | 0 |
| 3,035,341 | 3,580,847 | 3,670,910 | 4,082,531 | 4,848,172 | 0 |
| (1,543,724) | (4,231,667) | (5,744,111) | (4,330,894) | (2,010,441) | 0 |
| <u>4,268,476</u> | <u>2,178,282</u> | <u>727,958</u> | <u>2,796,168</u> | <u>5,861,391</u> | <u>7,667,317</u> |
| <u>\$8,758,796</u> | <u>\$6,229,187</u> | <u>\$4,151,703</u> | <u>\$5,935,529</u> | <u>\$9,535,205</u> | <u>\$11,651,079</u> |

City of Lancaster

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

| | 2002 | 2003 | 2004 | 2005 |
|--|-------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | |
| Taxes | \$14,504,954 | \$15,317,624 | \$16,088,874 | \$16,421,231 |
| Intergovernmental Revenues | 6,659,241 | 6,010,243 | 6,367,123 | 6,443,731 |
| Charges for Services | 2,141,310 | 2,353,249 | 3,586,258 | 4,132,594 |
| Licenses and Permits | 18,653 | 25,167 | 11,340 | 22,049 |
| Investment Earnings | 458,438 | 376,875 | 347,591 | 598,759 |
| Special Assessments | 37,480 | 41,006 | 36,873 | 144,634 |
| Fines and Forfeitures | 1,213,778 | 1,309,508 | 1,175,825 | 1,471,477 |
| All Other Revenue | 325,514 | 217,954 | 516,825 | 573,346 |
| Total Revenue | <u>25,359,368</u> | <u>25,651,626</u> | <u>28,130,709</u> | <u>29,807,821</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | 12,690,508 | 13,039,847 | 13,477,234 | 14,402,149 |
| Public Health and Welfare Services | 1,140,416 | 824,672 | 845,713 | 854,324 |
| Leisure Time Activities | 1,474,007 | 1,598,290 | 1,463,661 | 1,632,501 |
| Community Environment | 957,514 | 818,537 | 713,786 | 787,384 |
| Transportation | 3,061,935 | 3,603,691 | 4,001,483 | 3,672,615 |
| General Government | 5,246,602 | 5,791,625 | 6,121,410 | 6,929,816 |
| Capital Outlay | 1,088,656 | 2,461,374 | 899,156 | 1,151,747 |
| Debt Service: | | | | |
| Principal Retirement | 104,043 | 535,629 | 4,168,086 | 4,254,086 |
| Interest and Fiscal Charges | 235,184 | 172,778 | 230,382 | 349,665 |
| Total Expenditures | <u>25,998,865</u> | <u>28,846,443</u> | <u>31,920,911</u> | <u>34,034,287</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (639,497) | (3,194,817) | (3,790,202) | (4,226,466) |

City of Lancaster

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$17,981,983 | \$18,767,446 | \$19,650,167 | \$19,672,863 | \$20,068,678 | \$19,653,652 |
| 6,933,762 | 8,513,743 | 8,188,157 | 8,496,589 | 8,720,285 | 8,205,296 |
| 4,232,866 | 4,710,409 | 4,345,079 | 4,192,295 | 4,398,036 | 4,110,825 |
| 24,279 | 26,759 | 24,362 | 30,148 | 23,460 | 24,320 |
| 1,151,742 | 1,372,732 | 864,986 | 541,123 | 343,123 | 311,047 |
| 136,327 | 140,058 | 137,351 | 128,276 | 118,993 | 140,063 |
| 1,522,814 | 1,535,541 | 1,633,932 | 1,892,301 | 2,039,847 | 2,071,956 |
| 884,284 | 1,168,788 | 712,682 | 740,067 | 729,522 | 442,006 |
| <u>32,868,057</u> | <u>36,235,476</u> | <u>35,556,716</u> | <u>35,693,662</u> | <u>36,441,944</u> | <u>34,959,165</u> |

| | | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 15,901,921 | 16,710,584 | 17,825,296 | 17,282,106 | 17,765,918 | 16,737,295 |
| 921,993 | 893,308 | 947,332 | 861,469 | 827,523 | 744,821 |
| 1,959,713 | 2,194,345 | 2,138,133 | 1,930,845 | 1,891,191 | 1,819,231 |
| 1,204,194 | 683,621 | 938,993 | 914,314 | 840,683 | 825,150 |
| 3,805,510 | 4,094,796 | 4,126,802 | 4,405,233 | 4,572,787 | 3,920,300 |
| 6,946,297 | 7,784,196 | 7,667,476 | 7,342,691 | 8,317,591 | 7,115,172 |
| 2,221,974 | 7,193,369 | 3,172,798 | 825,694 | 703,024 | 920,837 |
| 259,586 | 265,086 | 1,139,743 | 413,171 | 643,299 | 747,956 |
| 298,633 | 461,330 | 539,724 | 448,980 | 351,966 | 325,674 |
| <u>33,519,821</u> | <u>40,280,635</u> | <u>38,496,297</u> | <u>34,424,503</u> | <u>35,913,982</u> | <u>33,156,436</u> |

(651,764) (4,045,159) (2,939,581) 1,269,159 527,962 1,802,729

(Continued)

City of Lancaster

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

| | 2002 | 2003 | 2004 | 2005 |
|--|-------------------|--------------------|------------------|------------------|
| Other Financing Sources (Uses): | | | | |
| State Infrastructure Bank Loan | 0 | 0 | 0 | 0 |
| Other Financing Sources - Capital Leases | 127,540 | 0 | 465,049 | 142,381 |
| Housing and Urban Development Loan | 0 | 0 | 0 | 0 |
| Ohio Water Development Authority Loans | 0 | 0 | 0 | 0 |
| General Obligation Notes Issued | 425,000 | 2,260,000 | 3,960,000 | 0 |
| General Obligation Bonds Issued | 0 | 0 | 0 | 4,150,000 |
| Installment Loan | 0 | 0 | 0 | 0 |
| Transfers In | 2,715,595 | 1,555,237 | 1,846,362 | 1,732,309 |
| Transfers Out | (2,715,595) | (1,555,237) | (1,693,114) | (1,732,309) |
| Total Other Financing Sources (Uses) | <u>552,540</u> | <u>2,260,000</u> | <u>4,578,297</u> | <u>4,292,381</u> |
| Net Change in Fund Balance | <u>(\$86,957)</u> | <u>(\$934,817)</u> | <u>\$788,095</u> | <u>\$65,915</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 1.35% | 2.82% | 14.78% | 14.63% |

Source: City Auditor's Office

NOTE: Year 2002 does not include the Cemetery Interment and Cemetery Trust Funds which were classified as Fiduciary Funds prior to implementing GASB 34 in 2003.

City of Lancaster

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------|----------------------|----------------------|--------------------|--------------------|--------------------|
| 0 | 1,155,949 | 0 | 0 | 0 | 0 |
| 10,079 | 440,386 | 126,409 | 518,545 | 18,882 | 0 |
| 0 | 0 | 760,000 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 337,247 | 61,428 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 2,800,000 | 0 |
| 0 | 0 | 0 | 0 | 0 | 199,141 |
| 1,986,619 | 2,479,004 | 1,762,994 | 1,989,769 | 1,803,367 | 1,267,822 |
| (1,986,619) | (2,523,754) | (1,786,988) | (2,032,945) | (1,878,889) | (1,289,224) |
| <u>10,079</u> | <u>1,551,585</u> | <u>862,415</u> | <u>475,369</u> | <u>3,080,607</u> | <u>239,167</u> |
| <u>(\$641,685)</u> | <u>(\$2,493,574)</u> | <u>(\$2,077,166)</u> | <u>\$1,744,528</u> | <u>\$3,608,569</u> | <u>\$2,041,896</u> |
| 1.93% | 2.07% | 4.70% | 2.63% | 2.91% | 3.40% |

City of Lancaster

Income Tax Revenues by Source, Governmental Funds Last Ten Years

| Tax year | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|--|--------------|--------------|--------------|--------------|
| Income Tax Rate | 1.60% | 1.60% | 1.60% | 1.75% |
| Estimated Personal Income (in thousands) | \$1,038,004 | \$1,061,675 | \$1,105,334 | \$1,104,424 |
| Total Tax Collected | \$13,520,973 | \$13,170,482 | \$13,323,746 | \$14,186,430 |
| Income Tax Receipts | | | | |
| Withholding | 10,980,427 | 10,374,895 | 10,318,818 | 11,136,624 |
| Percentage | 81.21% | 78.77% | 77.45% | 78.50% |
| Corporate | 1,462,968 | 1,280,896 | 1,281,868 | 1,262,432 |
| Percentage | 10.82% | 9.73% | 9.62% | 8.90% |
| Individuals | 1,077,578 | 1,514,691 | 1,723,060 | 1,787,374 |
| Percentage | 7.97% | 11.50% | 12.93% | 12.60% |

Source: City Income Tax Department

(1) Effective July 1, 2005, the income tax rate increased from 1.6% to 1.75%.

(2) Credit is given for tax paid to city of employment up to a maximum of 1.0%

City of Lancaster

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 1.75% | 1.75% | 1.75% | 1.75% | 1.75% | 1.75% |
| \$1,124,579 | \$1,165,637 | \$1,201,987 | \$1,211,789 | \$1,214,457 | \$1,264,577 |
| \$15,550,666 | \$16,264,316 | \$16,746,431 | \$16,819,420 | \$17,320,421 | \$16,703,561 |
| 12,067,107 | 12,695,987 | 12,953,012 | 12,867,716 | 13,193,795 | 13,238,524 |
| 77.60% | 78.06% | 77.35% | 76.51% | 76.17% | 79.25% |
| 1,515,792 | 1,514,077 | 1,707,499 | 2,005,248 | 2,192,628 | 1,609,683 |
| 9.75% | 9.31% | 10.20% | 11.92% | 12.66% | 9.64% |
| 1,967,767 | 2,054,252 | 2,085,920 | 1,946,456 | 1,933,998 | 1,855,354 |
| 12.65% | 12.63% | 12.45% | 11.57% | 11.17% | 11.11% |



City of Lancaster

Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2011

| <u>Income Tax Filers</u> | <u>Number of Filers</u> | <u>Percent of Total</u> | <u>Income Tax Collections</u> | <u>Percent of Income</u> |
|------------------------------|-----------------------------|-----------------------------|-----------------------------------|------------------------------|
| Top Ten | 10 | 0.10% | \$4,930,338 | 29.52% |
| All Others | 9,640 | 99.90% | 11,773,223 | 70.48% |
| Total | 9,650 | 100.00% | \$16,703,561 | 100.00% |

Calendar Year 2002

| <u>Income Tax Filers</u> | <u>Number of Filers</u> | <u>Percent of Total</u> | <u>Income Tax Collections</u> | <u>Percent of Income</u> |
|------------------------------|-----------------------------|-----------------------------|-----------------------------------|------------------------------|
| Top Ten | 10 | 0.11% | \$4,454,654 | 32.95% |
| All Others | 8,712 | 99.89% | 9,066,319 | 67.05% |
| Total | 8,722 | 100.00% | \$13,520,973 | 100.00% |

Source: City Income Tax Department

City of Lancaster

Ratio of Outstanding Debt By Type Last Ten Years

| | 2002 | 2003 | 2004 | 2005 |
|--|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities ⁽¹⁾ | | | | |
| Housing and Urban Development Loan Payable | \$1,300,000 | \$1,210,000 | \$1,120,000 | \$1,030,000 |
| Ohio Public Works Commission Loan Payable | 115,635 | 106,506 | 100,420 | 94,334 |
| Ohio Water Development Authority Loans Payable | 2,000,000 | 2,000,000 | 0 | 0 |
| Special Assessment Bonds Payable | 356,000 | 344,500 | 332,500 | 319,500 |
| Long Term Notes Payable | 525,000 | 2,260,000 | 3,960,000 | 0 |
| General Obligation Bonds Payable | 0 | 0 | 0 | 3,965,000 |
| State Infrastructure Bank Loan Payable | 0 | 0 | 0 | 0 |
| Installment Loan Payable | 0 | 0 | 0 | 0 |
| Capital Leases | 1,041,334 | 826,207 | 929,486 | 849,076 |
| Business-type Activities ⁽¹⁾ | | | | |
| Ohio Water Development Authority Loans Payable | \$46,932,034 | \$47,881,940 | \$46,849,409 | \$44,400,803 |
| Long-Term Notes Payable | 0 | 2,400,000 | 0 | 0 |
| Revenue Bonds Payable | 0 | 0 | 13,506,256 | 13,168,005 |
| Ohio Rail Development Commission Loan | 0 | 0 | 0 | 0 |
| Capital Leases | 41,256 | 15,537 | 28,679 | 35,004 |
| Total Primary Government | <u>\$52,311,259</u> | <u>\$57,044,690</u> | <u>\$66,826,750</u> | <u>\$63,861,722</u> |
| Population ⁽²⁾ | | | | |
| City of Lancaster | 35,860 | 36,120 | 36,380 | 36,380 |
| Outstanding Debt Per Capita | \$1,459 | \$1,579 | \$1,837 | \$1,755 |
| Income ⁽³⁾ | | | | |
| Personal (in thousands) | 1,038,004 | 1,061,675 | 1,105,334 | 1,104,424 |
| Percentage of Personal Income | 5.04% | 5.37% | 6.05% | 5.78% |

Sources:

(1) Source: City Auditor's Office

(2) US Bureau of Census, Population Division, 2011 is an estimate made by the City

(3) US Department of Commerce, Bureau of Economic Analysis

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Lancaster

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| \$940,000 | \$850,000 | \$760,000 | \$670,000 | \$580,000 | \$490,000 |
| 88,248 | 82,162 | 76,076 | 69,990 | 63,904 | 57,818 |
| 0 | 0 | 0 | 0 | 337,247 | 391,485 |
| 306,000 | 292,000 | 277,000 | 261,500 | 245,000 | 228,000 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 3,815,000 | 3,660,000 | 3,500,000 | 3,335,000 | 5,745,000 | 5,295,000 |
| 0 | 1,155,949 | 1,047,292 | 910,707 | 769,994 | 610,821 |
| 0 | 0 | 0 | 0 | 0 | 180,634 |
| 617,050 | 859,143 | 641,890 | 750,733 | 532,216 | 356,584 |
| | | | | | |
| \$41,823,289 | \$39,171,688 | \$36,365,393 | \$41,534,180 | \$58,381,455 | \$60,996,820 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 12,824,754 | 12,476,503 | 379,339,585 | 373,688,481 | 369,297,377 | 365,281,273 |
| 0 | 0 | 0 | 100,808 | 53,060 | 4,136 |
| 26,714 | 425,521 | 343,706 | 287,311 | 200,470 | 83,832 |
| <u>\$60,441,055</u> | <u>\$58,972,966</u> | <u>\$422,350,942</u> | <u>\$421,608,710</u> | <u>\$436,205,723</u> | <u>\$433,976,403</u> |
| | | | | | |
| 36,380 | 36,375 | 36,608 | 37,680 | 37,243 | 38,780 |
| \$1,661 | \$1,621 | \$11,537 | \$11,189 | \$11,712 | \$11,191 |
| | | | | | |
| 1,124,579 | 1,165,637 | 1,201,987 | 1,211,789 | 1,214,457 | 1,264,577 |
| 5.37% | 5.06% | 35.14% | 34.79% | 35.92% | 34.32% |

City of Lancaster

Ratios of General Bonded Debt Outstanding Last Seven Years

| Year | 2005 | 2006 | 2007 | 2008 |
|--|---------------|---------------|---------------|---------------|
| Population ⁽¹⁾ | 36,380 | 36,380 | 36,375 | 36,608 |
| Assessed Value ⁽²⁾ | \$727,046,497 | \$708,753,525 | \$697,186,961 | \$759,216,664 |
| General Bonded Debt ⁽³⁾ | | | | |
| General Obligation Bonds | \$3,965,000 | \$3,815,000 | \$3,660,000 | \$3,500,000 |
| Resources Available to Pay Principal ⁽⁴⁾ | \$97,729 | \$97,729 | \$97,729 | \$97,729 |
| Net General Bonded Debt | \$3,867,271 | \$3,717,271 | \$3,562,271 | \$3,402,271 |
| Ratio of Net Bonded Debt to Assessed Value | 0.53% | 0.52% | 0.51% | 0.45% |
| Net Bonded Debt per Capita | \$106.30 | \$102.18 | \$97.93 | \$92.94 |

Source:

- (1) U.S. Bureau of Census of Population, 2011 is an estimate made by the City
- (2) Fairfield County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.
There were no General Obligation Bonds prior to 2005
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

City of Lancaster

| 2009 | 2010 | 2011 |
|---------------|---------------|---------------|
| 37,680 | 37,243 | 38,780 |
| \$745,611,660 | \$737,068,930 | \$718,274,700 |
| \$3,335,000 | \$5,745,000 | \$5,295,000 |
| \$97,729 | \$91,191 | \$91,191 |
| \$3,237,271 | \$5,653,809 | \$5,203,809 |
| 0.43% | 0.77% | 0.72% |
| \$85.91 | \$151.81 | \$134.19 |



City of Lancaster

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2011*

| <u>Jurisdiction</u> | | <u>Gross Debt Outstanding</u> | <u>Percentage Applicable to the City of Lancaster</u> | <u>Amount Applicable to the City of Lancaster</u> |
|--------------------------------|-----|-----------------------------------|---|---|
| Direct: | | | | |
| City of Lancaster | (1) | \$5,295,000 | 100.00% | \$5,295,000 |
| Overlapping: | | | | |
| Lancaster City School District | (2) | 525,754 | 78.03% | 410,246 |
| Fairfield County | (3) | 16,751,844 | 21.85% | <u>3,660,278</u> |
| | | | Subtotal | <u>4,070,524</u> |
| | | | Total | <u><u>\$9,365,524</u></u> |

Source:

- (1) City Auditor's Office
- (2) Fairfield County Auditor, as of June 30, 2011, the District's fiscal year end.
- (3) Fairfield County Auditor - Comprehensive Annual Financial Report

Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City by the subdivisions' total assessed valuation.

City of Lancaster

Debt Limitations Last Ten Years

| Collection Year | 2002 | 2003 | 2004 | 2005 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Total Debt | | | | |
| Net Assessed Valuation | \$661,031,641 | \$669,449,822 | \$672,465,949 | \$727,046,497 |
| Legal Debt Limitation (%) (1) | 10.50% | 10.50% | 10.50% | 10.50% |
| Legal Debt Limitation (\$) (1) | 69,408,322 | 70,292,231 | 70,608,925 | 76,339,882 |
| City Debt Outstanding (2) | 1,625,000 | 3,158,000 | 4,710,000 | 5,116,500 |
| Less: Applicable Debt Service Fund Amounts | <u>(12,532)</u> | <u>(59,559)</u> | <u>(53,473)</u> | <u>(97,729)</u> |
| Net Indebtedness Subject to Limitation | <u>1,612,468</u> | <u>3,098,441</u> | <u>4,656,527</u> | <u>5,018,771</u> |
| Overall Legal Debt Margin | <u><u>\$67,795,854</u></u> | <u><u>\$67,193,790</u></u> | <u><u>\$65,952,398</u></u> | <u><u>\$71,321,111</u></u> |
| Unvoted Debt | | | | |
| Net Assessed Valuation | \$661,031,641 | \$669,449,822 | \$672,465,949 | \$727,046,497 |
| Legal Debt Limitation (%) (1) | 5.50% | 5.50% | 5.50% | 5.50% |
| Legal Debt Limitation (\$) (1) | 36,356,740 | 36,819,740 | 36,985,627 | 39,987,557 |
| City Debt Outstanding (2) | 1,625,000 | 3,158,000 | 4,710,000 | 5,116,500 |
| Less: Applicable Debt Service Fund Amounts | <u>(12,532)</u> | <u>(59,559)</u> | <u>(53,473)</u> | <u>(97,729)</u> |
| Net Indebtedness Subject to Limitation | <u>1,612,468</u> | <u>3,098,441</u> | <u>4,656,527</u> | <u>5,018,771</u> |
| Overall Legal Debt Margin | <u><u>\$34,744,272</u></u> | <u><u>\$33,721,299</u></u> | <u><u>\$32,329,100</u></u> | <u><u>\$34,968,786</u></u> |

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office

City of Lancaster

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$708,753,525 | \$697,186,961 | \$759,216,664 | \$745,611,660 | \$737,068,930 | \$718,274,700 |
| 10.50% | 10.50% | 10.50% | 10.50% | 10.50% | 10.50% |
| 74,419,120 | 73,204,631 | 79,717,750 | 78,289,224 | 77,392,238 | 75,418,844 |
| 6,026,600 | 5,897,600 | 3,500,000 | 3,335,000 | 5,745,000 | 5,295,000 |
| (97,729) | (97,729) | (97,729) | (97,729) | (91,191) | (91,191) |
| 5,928,871 | 5,799,871 | 3,402,271 | 3,237,271 | 5,653,809 | 5,203,809 |
| \$68,490,249 | \$67,404,760 | \$76,315,479 | \$75,051,953 | \$71,738,429 | \$70,215,035 |
| | | | | | |
| \$708,753,525 | \$697,186,961 | \$759,216,664 | \$745,611,660 | \$737,068,930 | \$718,274,700 |
| 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| 38,981,444 | 38,345,283 | 41,756,917 | 41,008,641 | 40,538,791 | 39,505,109 |
| 6,026,600 | 5,897,600 | 3,500,000 | 3,335,000 | 5,745,000 | 5,295,000 |
| (97,729) | (97,729) | (97,729) | (97,729) | (91,191) | (91,191) |
| 5,928,871 | 5,799,871 | 3,402,271 | 3,237,271 | 5,653,809 | 5,203,809 |
| \$33,052,573 | \$32,545,412 | \$38,354,646 | \$37,771,370 | \$34,884,982 | \$34,301,300 |

City of Lancaster

Pledged Revenue Coverage Last Ten Years

| | 2002 | 2003 | 2004 | 2005 |
|--|-------------|-------------|-------------|-------------|
| Water Mortgage Bonds (1 a) | | | | |
| Gross Revenues (2) | \$6,638,113 | \$6,854,809 | \$8,286,110 | \$8,388,041 |
| Direct Operating Expenses (3) | 4,252,663 | 4,300,565 | 5,236,639 | 4,924,256 |
| Net Revenue Available for Debt Service | 2,385,450 | 2,554,244 | 3,049,471 | 3,463,785 |
| Annual Debt Service Requirement | 0 | 0 | 82,221 | 565,969 |
| Coverage | 0.00 | 0.00 | 37.09 | 6.12 |
| Water Pollution Mortgage Bonds (1 b) | | | | |
| Gross Revenues (2) | \$6,373,850 | \$6,433,722 | \$7,174,132 | \$7,006,365 |
| Direct Operating Expenses (3) | 3,277,736 | 3,528,703 | 3,752,201 | 3,510,807 |
| Net Revenue Available for Debt Service | 3,096,114 | 2,905,019 | 3,421,931 | 3,495,558 |
| Annual Debt Service Requirement | 0 | 0 | 51,054 | 349,141 |
| Coverage | 0.00 | 0.00 | 67.03 | 10.01 |
| Port Authority Gas Supply Revenue Bonds (1 c) | | | | |
| Gross Revenues (2) | \$0 | \$0 | \$0 | \$0 |
| Direct Operating Expenses (3) | 0 | 0 | 0 | 0 |
| Net Revenue Available for Debt Service | 0 | 0 | 0 | 0 |
| Annual Debt Service Requirement | 0 | 0 | 0 | 0 |
| Coverage | 0.00 | 0.00 | 0.00 | 0.00 |
| Special Assessment Bonds (1 d) | | | | |
| Special Assessment Collections | \$37,480 | \$37,214 | \$36,872 | \$39,212 |
| Debt Service | | | | |
| Principal | 11,000 | 11,500 | 12,000 | 13,000 |
| Interest | 18,350 | 17,800 | 17,225 | 16,625 |
| Coverage | 1.28 | 1.27 | 1.26 | 1.32 |

(1 a) In 2004 the City issued \$8,205,000 of Water Mortgage Bonds

(1 b) In 2004 the City issued \$5,095,000 of Water Pollution Mortgage Bonds

In 2008 the City issued \$21,195,000 of Water Pollution Mortgage Bonds

(1 c) In 2008 the City issued \$348,750,000 of Gas Supply Bonds

(1 d) In 2001 the City issued \$367,000 of Special Assessment Bonds

(2) Gross revenues include operating revenues plus interest income.

(3) Direct operating expenses include operating expenses less depreciation.

N/A = not available

Source: City Auditor's Office

City of Lancaster

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------|-------------|-------------|-------------|-------------|--------------|
| \$8,613,246 | \$9,320,183 | \$8,626,257 | \$8,432,910 | \$8,307,429 | \$7,979,328 |
| 5,348,084 | 5,436,732 | 5,714,908 | 5,798,198 | 5,845,492 | 5,796,524 |
| 3,265,162 | 3,883,451 | 2,911,349 | 2,634,712 | 2,461,937 | 2,182,804 |
| 561,869 | 562,256 | 562,006 | 566,094 | 564,344 | 561,869 |
| 5.81 | 6.91 | 5.18 | 4.65 | 4.36 | 3.88 |
| \$7,314,131 | \$7,794,051 | \$8,194,701 | \$8,339,280 | \$8,834,129 | \$10,115,464 |
| 3,925,494 | 3,991,924 | 4,103,624 | 3,893,941 | 3,542,641 | 3,568,981 |
| 3,388,637 | 3,802,127 | 4,091,077 | 4,445,339 | 5,291,488 | 6,546,483 |
| 351,641 | 348,716 | 518,214 | 1,786,742 | 1,786,941 | 1,786,179 |
| 9.64 | 10.90 | 7.89 | 2.49 | 2.96 | 3.67 |
| \$0 | \$0 | N/A | N/A | \$9,347,281 | \$8,628,422 |
| 0 | 0 | N/A | N/A | 9,830,408 | 8,217,550 |
| 0 | 0 | N/A | N/A | (483,127) | 410,872 |
| 0 | 0 | 8,062,363 | 6,166,070 | 4,440,158 | 3,737,119 |
| 0.00 | 0.00 | N/A | N/A | (0.11) | 0.11 |
| \$35,998 | \$38,107 | \$37,547 | \$35,202 | \$36,342 | \$46,203 |
| 13,500 | 14,000 | 15,000 | 15,500 | 16,500 | 17,000 |
| 15,975 | 15,638 | 6,963 | 13,850 | 13,075 | 12,250 |
| 1.22 | 1.29 | 1.71 | 1.20 | 1.23 | 1.58 |

City of Lancaster

Demographic and Economic Statistics Last Ten Years

| Calendar Year | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|-----------|-----------|-----------|-----------|-----------|
| Population | | | | | |
| City of Lancaster (2) | 35,860 | 36,120 | 36,380 | 36,380 | 36,380 |
| Fairfield County (1) | 122,759 | 122,759 | 122,759 | 138,423 | 139,637 |
| Income (3) (a) | | | | | |
| Total Personal (in thousands) | 1,038,004 | 1,061,675 | 1,105,334 | 1,104,424 | 1,124,579 |
| Per Capita | 28,946 | 29,393 | 30,383 | 30,358 | 30,912 |
| Unemployment Rate (4) | | | | | |
| Federal | 4.8% | 5.8% | 6.0% | 5.5% | 5.0% |
| State | 4.3% | 5.7% | 6.1% | 6.0% | 5.9% |
| Fairfield County | 4.5% | 4.7% | 5.3% | 5.3% | 4.8% |
| Civilian Work Force Estimates (4) | | | | | |
| State | 5,828,000 | 5,915,000 | 5,875,300 | 5,900,400 | 5,934,000 |
| Fairfield County | 67,800 | 68,600 | 71,700 | 72,200 | 74,200 |
| Lancaster (5) | N/A | N/A | N/A | N/A | N/A |

Sources:

- (1) US Bureau of Census of Population
- (2) Lancaster Community Development Department estimates
- (3) US Department of Commerce, Bureau of Economic Analysis information is only available through 2010 for the presentation of 2011 statistics, the City is using the latest information available.
- (a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (4) State Department of Labor Statistics
- (5) US Bureau of Census of Population - 2010 Census

City of Lancaster

| 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------|-----------|-----------|-----------|-----------|
| 36,375 | 36,608 | 37,680 | 37,243 | 38,780 |
| 142,557 | 144,252 | 143,712 | 143,712 | 146,156 |
| 1,165,637 | 1,201,987 | 1,211,789 | 1,214,457 | 1,264,577 |
| 32,045 | 32,834 | 32,160 | 32,609 | 32,609 |
| 4.6% | 5.8% | 9.3% | 9.6% | 8.9% |
| 5.6% | 6.6% | 10.2% | 10.1% | 8.6% |
| 5.0% | 5.6% | 8.5% | 8.8% | 7.7% |
| 5,976,500 | 5,986,400 | 5,970,200 | 5,897,600 | 5,762,000 |
| 76,300 | 77,100 | 76,100 | 75,300 | 74,400 |
| N/A | N/A | N/A | 18,800 | 18,800 |



City of Lancaster

Principal Employers Current Year and Nine Years Ago

| Employer | Nature of Business | 2011 | | |
|----------------------------------|--------------------|---------------------|------|--------------------------------|
| | | Number of Employees | Rank | Percentage of Total Employment |
| Fairfield Medical Center | Medical Services | 2,039 | 1 | 11.72% |
| Anchor Hocking | Glass Manufacturer | 1,148 | 2 | 6.60% |
| Lancaster City Schools | Education | 1,014 | 3 | 5.83% |
| Fairfield County | Government | 922 | 4 | 5.30% |
| City of Lancaster | Government | 408 | 5 | 2.34% |
| Ralston Foods | Cereal | 387 | 6 | 2.22% |
| Giant Eagle | Food | 350 | 7 | 2.01% |
| Diamond Power | Metal Fabrication | 310 | 8 | 1.78% |
| Wal-Mart * | Food | 300 | 9 | 1.72% |
| Kroger * | Food | 255 | 10 | 1.47% |
| Total | | 7,133 | | 40.99% |
| Total Employment within the City | | 17,400 | | |

| Employer | Nature of Business | 2002 | | |
|----------------------------------|--------------------|---------------------|------|--------------------------------|
| | | Number of Employees | Rank | Percentage of Total Employment |
| Fairfield Medical Center | Medical Services | 1,624 | 1 | 9.07% |
| Anchor Hocking | Glass Manufacturer | 1,298 | 2 | 7.25% |
| Lancaster City Schools | Education | 725 | 3 | 4.05% |
| Fairfield County | Government | 623 | 4 | 3.48% |
| Diamond Power | Metal Fabrication | 392 | 5 | 2.19% |
| Ralston Foods | Cereal | 371 | 6 | 2.07% |
| City of Lancaster | Government | 356 | 7 | 1.99% |
| Glassfloss | Industrial | 267 | 8 | 1.49% |
| Lancaster Glass | Glass Manufacturer | 258 | 9 | 1.44% |
| Crestview | Nursing Care | 258 | 10 | 1.44% |
| Total | | 6,172 | | 34.47% |
| Total Employment within the City | | 17,900 | | |

Sources:

Source for 2011 total employment is from the Ohio Labor Market Information Website.
 2011 Company information is from the Fairfield County Chamber of Commerce webpage:
www.businesscounty.com

*And information given during direct interviews with management at these locations.

2002 Information is from the State of Ohio Labor Market Information Website and a % calculation for the individual employers from previous years.

City of Lancaster

Full Time Equivalent Employees by Function Last Ten Years

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Governmental Activities | | | | | |
| General Government | | | | | |
| Auditor | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Treasurer | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Legal | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| City Council | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 |
| Court | 25.00 | 27.00 | 25.00 | 30.00 | 32.00 |
| Administration | 5.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Engineering | 10.00 | 12.00 | 12.00 | 11.00 | 8.00 |
| Certified Building | 0.00 | 0.00 | 3.00 | 4.00 | 6.00 |
| Income Tax | 6.00 | 6.00 | 6.00 | 6.00 | 5.00 |
| Maintenance | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Electric | 9.00 | 9.00 | 0.00 | 0.00 | 0.00 |
| Information Systems | 2.00 | 2.00 | 4.00 | 4.00 | 6.00 |
| Security of Persons and Property | | | | | |
| Police | 88.00 | 84.00 | 84.00 | 84.00 | 83.00 |
| Fire | 83.00 | 79.00 | 79.00 | 88.00 | 94.00 |
| Public Health and Welfare | | | | | |
| Cemetery | 10.00 | 9.00 | 9.00 | 6.00 | 5.00 |
| Transportation | | | | | |
| Street | 28.00 | 26.00 | 29.00 | 31.00 | 29.00 |
| Leisure Time Activities | | | | | |
| Parks | 26.00 | 25.00 | 25.00 | 25.00 | 25.00 |
| Community Environment | | | | | |
| Community Development | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Public Transit | 0.00 | 2.00 | 1.00 | 1.00 | 1.00 |
| Civil Service | 2.00 | 3.00 | 1.00 | 1.00 | 1.00 |
| Business-Type Activities | | | | | |
| Utilities | | | | | |
| Gas | 27.00 | 26.00 | 25.00 | 24.00 | 24.00 |
| Water | 48.00 | 47.00 | 43.00 | 44.00 | 43.00 |
| Water Pollution | 22.00 | 24.00 | 23.00 | 23.00 | 23.00 |
| Sanitation | 27.00 | 26.00 | 26.00 | 24.00 | 24.00 |
| Storm Water | 0.00 | 2.00 | 3.00 | 3.00 | 3.00 |
| Utilities Collection | 19.00 | 19.00 | 20.00 | 21.00 | 21.00 |
| <i>Total Employees</i> | <u>470.00</u> | <u>465.00</u> | <u>455.00</u> | <u>467.00</u> | <u>470.00</u> |

Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: City Auditor's Office

City of Lancaster

| 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------|---------------|---------------|---------------|---------------|
| 6.00 | 6.00 | 6.00 | 5.00 | 4.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 9.00 | 10.00 | 10.00 | 9.00 | 8.00 |
| 11.00 | 11.00 | 11.00 | 11.00 | 11.00 |
| 33.00 | 35.00 | 35.00 | 34.00 | 33.00 |
| 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| 8.00 | 8.00 | 5.00 | 4.00 | 4.00 |
| 6.00 | 4.00 | 4.00 | 4.00 | 3.00 |
| 5.00 | 6.00 | 5.00 | 5.00 | 4.00 |
| 2.00 | 2.00 | 1.00 | 1.00 | 1.00 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 6.00 | 7.00 | 6.00 | 6.00 | 7.00 |
| 84.00 | 86.00 | 83.00 | 83.00 | 81.00 |
| 94.00 | 95.00 | 92.00 | 84.00 | 70.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 5.00 | 5.00 | 5.00 | 5.00 | 4.00 |
| 29.00 | 28.00 | 25.00 | 24.00 | 22.00 |
| 25.00 | 27.00 | 25.00 | 26.00 | 16.00 |
| 3.00 | 3.00 | 2.00 | 3.00 | 3.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 22.00 | 23.00 | 24.00 | 24.00 | 25.00 |
| 44.00 | 45.00 | 46.00 | 44.00 | 43.00 |
| 22.00 | 22.00 | 21.00 | 22.00 | 24.00 |
| 23.00 | 23.00 | 23.00 | 22.00 | 21.00 |
| 3.00 | 3.00 | 3.00 | 3.00 | 2.00 |
| 21.00 | 20.00 | 17.00 | 17.00 | 15.00 |
| <u>469.00</u> | <u>477.00</u> | <u>457.00</u> | <u>444.00</u> | <u>409.00</u> |

City of Lancaster

Operating Indicators by Function Last Ten Years

| | 2002 | 2003 | 2004 | 2005 |
|---|--------|--------|--------|--------|
| Governmental Activities | | | | |
| General Government | | | | |
| Court | | | | |
| Number of Traffic Cases | 17,213 | 13,510 | 11,378 | 12,021 |
| Number of Open Cases | 1,026 | 560 | 603 | 1,310 |
| Licenses and Permits | | | | |
| Number of Building Permits | 169 | 161 | 161 | 824 |
| Number of Building Inspections | 2,760 | 2,820 | 3,630 | 4,921 |
| Security of Persons and Property | | | | |
| Police | | | | |
| Number of Calls Received | 54,555 | 56,440 | 46,923 | 56,486 |
| Number of Traffic Citations | 4,242 | 4,685 | 4,735 | 4,121 |
| Number of Arrests | 3,715 | 4,031 | 4,333 | 3,918 |
| Parking Tickets Written | 2,928 | 2,770 | 2,162 | 1,744 |
| Fire | | | | |
| Number of Fire Calls | 1,753 | 1,755 | 1,751 | 1,633 |
| Number of EMS Runs | 5,029 | 5,197 | 5,526 | 5,407 |
| Number of Inspections | 2,487 | 2,865 | 4,208 | 2,783 |
| Leisure Time Activities | | | | |
| Parks | | | | |
| Number of Programs Offered | 13 | 13 | 13 | 15 |
| Number of Pool Passes Issued | 17,108 | 15,236 | 18,186 | 22,338 |
| Business-Type Activities | | | | |
| Water | | | | |
| Number of Service Connections | 14,275 | 14,741 | 14,240 | 14,240 |
| Daily Average Consumption (thousands of gallons) | 5.1M | 5.1M | 5.1M | 4.5M |
| Peak Daily Consumption (thousands of gallons) (1) | 16.5M | 8.5M | 8.5M | 8.5M |
| Water Pollution | | | | |
| Number of Service Connections | 13,885 | 13,885 | 13,707 | 13,707 |
| Maximum Daily Capacity (3) | 12.5M | 6M | 5.8M | 5.8M |
| Daily Average Sewage Treatment (thousands of gallons) (3) | 7M | 12.5M | 12.5M | 12.5M |
| Sanitation | | | | |
| Number of Customers | 14,400 | 14,600 | 15,000 | 15,185 |
| Storm Water | | | | |
| Number of Customers (2) | 0 | 0 | 13,898 | 13,989 |

Source: City Auditor's Office

N/A = Not Available

(1) New plant opened for a full year in 2006

(2) Storm Water Department began billing customers in 2004

(3) New plant opened in 2011

City of Lancaster

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------|--------|--------|--------|--------|--------|
| 11,285 | 11,700 | 15,164 | 12,429 | 14,199 | 16,242 |
| 1,282 | 1,437 | 1,718 | 1,344 | 1,254 | 1,444 |
| 795 | 973 | 1,135 | 1,011 | 1,254 | 1,070 |
| 4,075 | 3,672 | 3,191 | 2,610 | 2,857 | 2,283 |
| 56,311 | 50,565 | 59,000 | 60,948 | 59,216 | 63,969 |
| 3,671 | 3,828 | 4,411 | 4,003 | 4,424 | 5,185 |
| 3,863 | 2,276 | 2,545 | 2,645 | 1,750 | 4,071 |
| 1,856 | 1,176 | 1,189 | 1,136 | 1,001 | 1,001 |
| 1,586 | 1,681 | 1,750 | 1,750 | 1,526 | 1,595 |
| 5,508 | 5,830 | 6,314 | 6,151 | 6,314 | 6,304 |
| 2,527 | 2,610 | 3,350 | 3,744 | 3,041 | 3,142 |
| 16 | 21 | 41 | 43 | 49 | 56 |
| 19,071 | 26,321 | 25,296 | 21,165 | 31,492 | 33,258 |
| 15,110 | 15,185 | 15,199 | 15,242 | 15,306 | 15,260 |
| 4.1M | 4.2M | 4.5M | 4.31M | 3.87M | 3.88M |
| 16.5M | 8.6M | 7.8M | 5.76M | 5.785M | 5.69M |
| 14,794 | 14,855 | 14,869 | 14,961 | 14,994 | 14,966 |
| 6.82M | 7.56M | 14.7M | 12.5M | 12.5M | 14.5M |
| 12.5M | 12.5M | 8.4M | 6.60M | 6.47M | 9.7M |
| 15,185 | 14,200 | 15,279 | 14,985 | 15,597 | 15,370 |
| 14,291 | 14,356 | 14,376 | 14,439 | 14,608 | 14,619 |

City of Lancaster

Capital Asset Statistics by Function Last Ten Years

| | 2002 | 2003 | 2004 | 2005 |
|----------------------------------|--------|--------|--------|--------|
| Governmental Activities | | | | |
| General Government | | | | |
| Public Land and Buildings | | | | |
| Land (square miles) | 17.954 | 18.047 | 18.047 | 18.360 |
| Buildings | 35 | 36 | 36 | 36 |
| Security of Persons and Property | | | | |
| Police | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Vehicles (1) | 13 | 16 | 17 | 17 |
| Fire | | | | |
| Stations | 3 | 3 | 3 | 3 |
| Vehicles | 21 | 20 | 20 | 21 |
| Public Health & Welfare | | | | |
| Cemetery | | | | |
| Land (acres) | 150 | 150 | 150 | 150 |
| Transportation | | | | |
| Street | | | | |
| Streets (lane miles) | 141 | 144 | 144 | 160 |
| Street Lights | 2,085 | 2,355 | 2,355 | 2,360 |
| Traffic Signals | 88 | 92 | 92 | 92 |
| Leisure Time Activities | | | | |
| Parks | | | | |
| Land (acres) | 657 | 701 | 701 | 720 |
| Buildings | 21 | 21 | 21 | 21 |
| Parks | 25 | 26 | 26 | 27 |
| Playgrounds | 12 | 12 | 12 | 12 |
| Swimming Pools | 2 | 2 | 2 | 2 |
| Tennis Courts | 12 | 10 | 10 | 10 |
| Baseball/Softball Diamonds | 26 | 26 | 26 | 26 |
| Soccer Fields | 8 | 8 | 8 | 8 |

(1) Previous to 2009, only marked vehicles were reported.

City of Lancaster

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------|--------|--------|--------|--------|--------|
| 18,505 | 18,590 | 18,590 | 18,590 | 18,590 | 18,590 |
| 36 | 36 | 36 | 36 | 36 | 36 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 17 | 16 | 16 | 31 | 31 | 33 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 22 | 22 | 22 | 22 | 20 | 20 |
| 150 | 150 | 150 | 150 | 150 | 150 |
| 160 | 185 | 185 | 185 | 185 | 185 |
| 2,360 | 2,360 | 2,360 | 2,360 | 2,464 | 2,466 |
| 92 | 92 | 92 | 85 | 85 | 85 |
| 720 | 720 | 720 | 733 | 733 | 733 |
| 21 | 21 | 21 | 21 | 21 | 21 |
| 27 | 27 | 27 | 27 | 27 | 27 |
| 12 | 12 | 12 | 12 | 12 | 12 |
| 2 | 2 | 2 | 3 | 2 | 2 |
| 10 | 10 | 10 | 13 | 13 | 13 |
| 26 | 26 | 26 | 26 | 26 | 26 |
| 8 | 8 | 8 | 22 | 22 | 22 |

(Continued)

City of Lancaster

Capital Asset Statistics by Function Last Ten Years

| | 2002 | 2003 | 2004 | 2005 |
|---|-------|-------|-------|-------|
| Business-Type Activities | | | | |
| Utilities | | | | |
| Water | | | | |
| Waterlines (Miles) | 162 | 162 | 162 | 162 |
| Pump Stations | 1 | 1 | 2 | 2 |
| Number of Hydrants | 1,400 | 1,425 | 1,425 | 1,425 |
| Storage Capacity (thousands of gallons) | 8.5M | 8.5M | 16.5M | 16.5M |
| Water Pollution | | | | |
| Sewerlines (Miles) | 170 | 170 | 170 | 170 |
| Lift Stations | 7 | 8 | 9 | 9 |
| Sanitation | | | | |
| Packers | 8 | 9 | 9 | 9 |
| Storm Water | | | | |
| Storm Sewers (Miles) | 0 | 0 | 58 | 60 |
| Gas | | | | |
| Gaslines (Miles) | N/A | N/A | N/A | N/A |

Source: City Auditor's Office
N/A = Not Available

City of Lancaster

| 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------|-------|-------|-------|-------|-------|
| 170 | 171 | 171 | 174 | 179 | 180 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1,600 | 1,670 | 1,670 | 1,791 | 1,800 | 1,835 |
| 16.5M | 16.5M | 16.5M | 17.5M | 9.8M | 9.8M |
| 170 | 185 | 185 | 186 | 186 | 186 |
| 9 | 9 | 9 | 10 | 10 | 10 |
| 9 | 9 | 9 | 10 | 10 | 10 |
| 61 | 61 | 61 | 63 | 63 | 63 |
| N/A | N/A | N/A | N/A | N/A | 260 |





Dave Yost • Auditor of State

CITY OF LANCASTER

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
AUGUST 16, 2012