

**CITY OF LANCASTER
FAIRFIELD COUNTY, OHIO**

Independent Auditors' Reports on
Internal Controls and Compliance
and Schedule of Expenditures of Federal Awards

December 31, 2015



Dave Yost • Auditor of State

City Council
City of Lancaster
104 East Main Street
Lancaster, Ohio 43130

We have reviewed the *Independent Auditors' Report* of the City of Lancaster, Fairfield County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Lancaster is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 31, 2015

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

City Council
City of Lancaster
104 East Main Street
Lancaster, Ohio 43130

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, Ohio (the "City") as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2016, wherein we noted the City adopted the provisions of GASB Statements No. 68 and 71 for the year ended December 31, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 29, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

City Council
City of Lancaster
104 East Main Street
Lancaster, Ohio 43130

Report on Compliance for Each Major Federal Program

We have audited the City of Lancaster, Ohio's (the City) compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

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Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 29, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 29, 2016

CITY OF LANCASTER
FAIRFIELD COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Final Federal Schedule Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
Home Investment Partnerships Program (HOME)	N/A	14.239	\$ 20,649
Community Development Block Grants (CDBG) Entitlement Grants Program	N/A	14.218	<u>275,067</u>
Total U.S. Department of Housing and Urban Development			<u>295,716</u>
<u>U.S. DEPARTMENT OF JUSTICE:</u>			
<i>Passed Through Ohio Office of Criminal Justice:</i>			
Violence Against Women Formula Grants Program	2012-WF-VA5-8422A	16.588	8,696
	2014-WF-VA5-8422	16.588	<u>40,676</u>
Total Violence Against Women Formula Grants Program			49,372
Edward Byrne Memorial Justice Assistance Grant Program	2014-DJ-BX-0840	16.738	10,702
	2014-JG-D01-6589	16.738	<u>46,667</u>
			<u>57,369</u>
Total U.S. Department of Justice			<u>106,741</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction Grant	PID 94748	20.205	818,229
	PID 92066	20.205	1,454
	PID 88333	20.205	9,423
	PID 96498	20.205	8,491
	PID 90885	20.205	<u>6,835</u>
Total Highway Planning and Construction Grant			844,433
Formula Grants for Other than Urbanized Areas	RPTF-0107-035-152	20.509	71,477
	RPTM-0107-035-152	20.509	87,018
	RPTF-4107-035-151	20.509	<u>510,295</u>
Total Formula Grants for Other than Urbanized Areas			668,790
Bus and Facilities Program	BABF-0107-014-151	20.526	46,872
	BABF-0107-014-151	20.526	<u>128,006</u>
Total Bus and Facilities Program			174,878
Total U.S. Department of Transportation			<u>1,688,101</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Hazard Mitigation Grant Program	FEMA-DR-4077-OH	97.039	<u>969,801</u>
Total Federal Awards Expenditures			<u>\$ 3,060,358</u>

The accompanying notes are an integral part of this schedule.

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the City of Lancaster, Fairfield County, Ohio, (the City) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, activities and cash flows of the City for the year ended December 31, 2015.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE B - SUBRECIPIENTS

The City passes certain federal awards received from the U.S. Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note A describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The City did not pass any federal awards received to subrecipients during the year ended December 31, 2015.

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

The City has a revolving loan fund (RLF) program to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2015 is as follows:

Beginning loans receivable balance as of January 1, 2015	\$ 1,081,383
Loans made	\$ -
Loan principal repaid	\$ (44,549)
Interest accrued during the year	\$ 1,245
Ending loans receivable balance as of December 31, 2015	<u>\$ 1,082,628</u>

Cash balance on hand in the revolving loan fund as of December 31, 2015 \$ 25,844

NOTE D - 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.

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Noncompliance material to financial statements noted?	None noted

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	None noted
Identification of major programs:	
CFDA 20.205 – Highway Planning and Construction	
CFDA 97.039 – Hazard Mitigation Grant Program	
Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted

2014-001: Noncompliance – Federal Schedule Adjustments

The City included federal expenditures for a project on its Schedule of Expenditure of Federal Awards in error and required audit adjustment.

Status: No such errors were noted during the current audit.



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success.

CITY OF LANCASTER, OHIO

Fairfield County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2015



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2015

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 29, 2016

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, 2015.

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 Auditor's 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.

The City's reporting entity includes the financial activities of the Lancaster Port Authority, a blended component unit.

***Letter of Transmittal
For the Year Ended December 31, 2015***

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.

A complete discussion of the City's reporting entity is provided in Note 1 of the Notes to the Basic Financial Statements.

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, 2015***

ECONOMIC CONDITION AND OUTLOOK

2015 was a robust construction year as the Fairfield Medical Center completed its thirty-eight million dollar expansion in June 2015. The project added surgery rooms and single patient rooms. The design of the addition provides for growth of the medical facility. Three of five new elementary buildings were completed in 2015 and the final two of the eighty plus million dollar improvement projects began June 2015. The Lancaster Port Authority also began construction on a 50,400 square foot “spec” building in 2015 that will be twenty-eight feet clear that will enhance Lancaster’s ability to attract new industry. The downtown Municipal Court project was in construction in 2015 and will be completed in 2016. Lancaster remains one of the lowest cost cities in the United States to do business for communities of less than fifty-thousand. The low costs mean a faster return on investment properties to continue our community growth.

Lancaster marketing efforts continue to attract foreign and domestic clients. Lancaster is the main supporter and founder of the Fairfield 33 Development Alliance, is a partner with Columbus 2020 and we have expanded our marketing efforts to not only reach domestic companies but international as well.

Continuous infrastructure improvements, global marketing efforts, existing business retention and expansion plans, new schools, expanded and renovated Medical Center, long term road improvement projects, Certified Shovel Ready industrial sites, spec building creation, low cost of doing business combine to make Lancaster a destination for investment.

Long-term Financial Planning:

The City of Lancaster citizens passed a ten-year 3 mill property tax levy to support the City’s ten-year street improvement plan. The ten-year street improvement and ten year STP (Surface Transportation Program) project plans will work together to help the City maintain 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 projects. In 2016, the City is going to complete an advance refunding on its 2008 Waste Water Revenue Bond, due to the lower interest rates it will save approximately \$1,200,000 over the life of the bond.

***Letter of Transmittal
For the Year Ended December 31, 2015***

MAJOR INIATIVES

Lancaster is one of five “Large Cities” outside of the designated Metropolitan Planning Organizations areas that the Ohio Department of Transportation provides an annual apportionment of federal surface transportation program funds (STP). The use of those funds is limited to Federal-Aid Off-System streets, but those eligible streets are the City’s major streets. The funding provides 80 percent of the project costs with the City being responsible for the local 20 percent match. Recent changes to this program have changed the Federal and Local distribution to be a 95/5 split. The City has programmed the use of federal surface transportation program (STP) funds for several street rehabilitation projects.

The Pierce Avenue/Fair Avenue Intersection Improvements (FAI-CR54-4.00, PID 92066) will use STP funds to upgrade this major intersection. The project will upgrade the traffic signal equipment and bring the equipment and curb ramps into conformity with current American with Disabilities (ADA) standards. The pavement in the intersection will be resurfaced and curb replacement will also be constructed. This project was completed in the summer of 2015.

Another much needed project to use STP funds is the West Fair Avenue/Collins Road Improvements (FAI-CR54/CR68-VAR, PID 94748). This is a “mill and fill” resurfacing project of Collins Road from Fair Avenue north to the railroad and of West Fair Avenue from the railroad to Memorial Drive. The project will include other ancillary work such as pavement repairs, guardrail replacement, traffic sign replacement and curb ramps. The project was completed in the summer of 2015.

The City of Lancaster filed for funding with ODOT via the Municipal Bridge Program in 2008. The project is being designed in-house. Stage #3 plans were finished in late 2014 and went out to bid in 2015. This project was awarded to BUDS Inc. in November of 2015 and the project is anticipated to start construction in July of 2016.

A citizens group spearheaded a successful street levy proposal that will provide \$2 million per year for the next ten years for street projects in the City. The City began receiving the revenues from this 3.0 mil property tax in 2014. The street levy is much needed since there were limited funds for street maintenance programs, no funds for a local street paving programs and no funds to provide local match monies to outside grants; the City was using outside funding sources to provide match to fund needed projects.

2015 was the second year of construction for the 3.0 mil street levy. The 2015 paving program included Wheeling Road, Rainbow Drive, Sells Road, Marietta Road, and Independence Blvd. The work included Stabilized Base Course, pavement overlays, pavement repairs, ADA upgrades and other miscellaneous work.

In 2015 the City of Lancaster also constructed Safe Routes to Schools (Phases 1 and 2). This project consisted of approximately 4000 Lineal Feet of sidewalk, plus all ADA ramps at each intersection. The SRTS – Sheridan Drive project is anticipated to be constructed in 2016 along Sheridan Drive from Medill Elementary to Tiki Lane.

***Letter of Transmittal
For the Year Ended December 31, 2015***

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.

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 help 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, help 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.

***Letter of Transmittal
For the Year Ended December 31, 2015***

OTHER INFORMATION

Independent Audit

This report includes an unmodified audit report regarding the City's financial statements. The audit was conducted by Clark Schaefer Hackett, which was selected by the Auditor of State's Office. 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.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ending December 31, 2014. This was the twenty-eighth year the City has won this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements, and I am again submitting it to the GFOA to determine its eligibility for another certificate.

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, 2015***

Acknowledgments

A special thanks is extended to my staff Amy Burwell, Jody Sheets, Paula Wahl, and Anitra Scott, 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

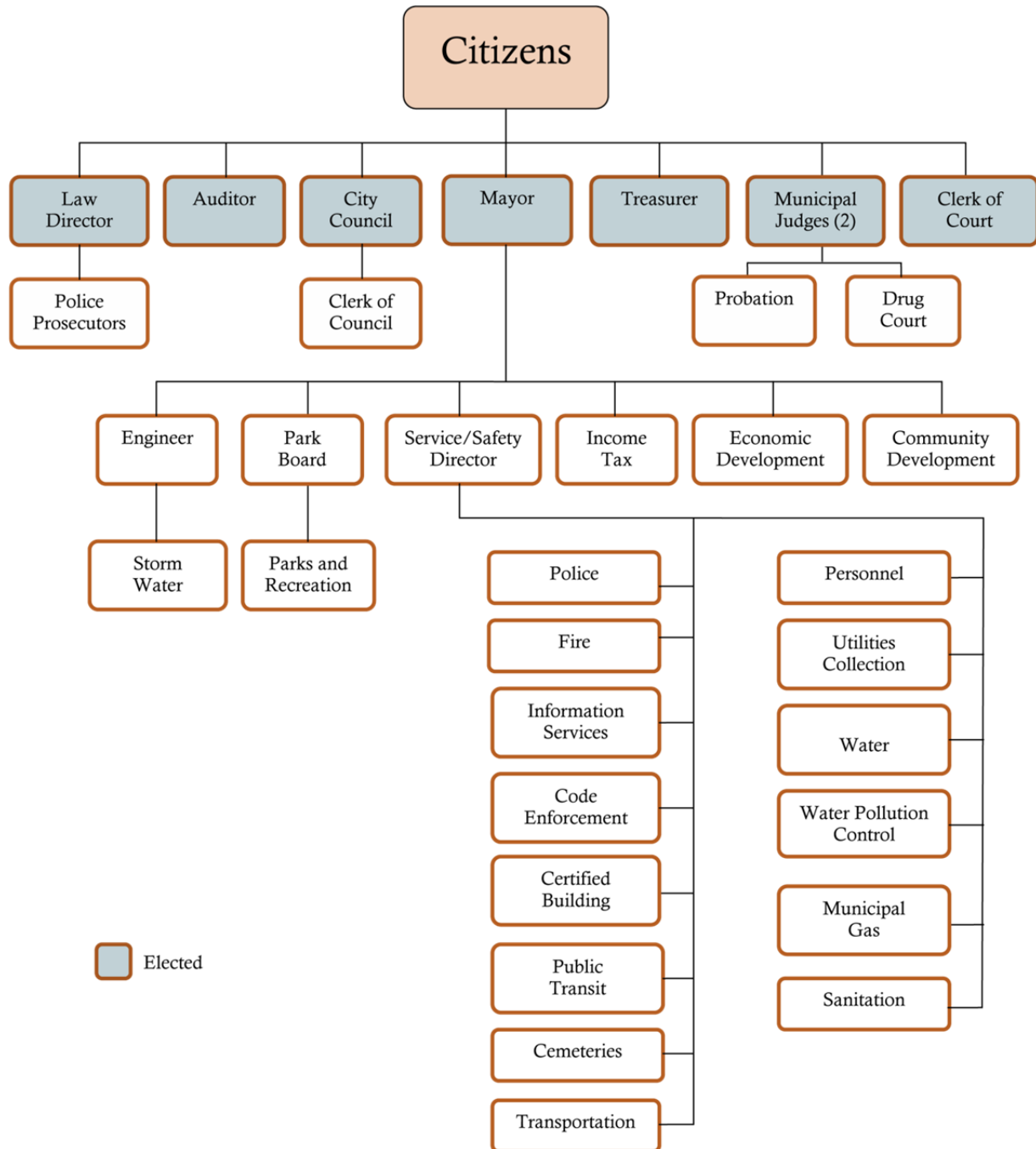
***List of Principal Officials
For the Year Ended December 31, 2015***

<u><i>Name</i></u>	<u><i>Title</i></u>
<i>Executive Officials</i>	
David Smith*	Mayor
Patricia Nettles	Auditor
Randall Ullom	Law Director
Robert Wolfinger	Treasurer
<i>Legislative Officials</i>	
Cathy Bitler	President of Council
Jon Hale	Council-at-Large
Gina Bentle	Council-at-Large
Robert Hedges	Council-at-Large
Melody Bobbitt	Council - 1st Ward
Mike Fracassa	Council - 2nd Ward
Randy Groff	Council - 3rd Ward
Tom Stoughton	Council - 4th Ward
Harry Hiles	Council - 5th Ward
Becky Tener	Council - 6th Ward
<i>Administrative Officials</i>	
Brian Kuhn*	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

As of January 1, 2016, Brian Kuhn was elected Mayor.

**City Organizational Chart
For the Year Ended December 31, 2015**



***Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting***



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Lancaster
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

City Council
City of Lancaster
104 East Main Street
Lancaster, Ohio 43130

Report on the Financial Statements

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, Ohio (the "City") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

14 east main street, ste. 500
springfield, oh 45502

www.cshco.com
p. 937.399.2000
f. 937.399.5433

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, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund and the .45 Police and Fire Levy Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standards

As discussed in Note 2, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5 – 15) and schedules of proportionate share of net pension liability and pension contributions (pages 98 – 99) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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 assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 29, 2016



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, 2015. 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 2015 are as follows:

- ❑ In total, net position increased \$8,596,396. Net position of governmental activities increased \$3,628,378 which represents a 11.7% increase from 2014. Net position of business-type activities increased \$4,968,018 or 106.7% from 2014.
- ❑ General revenues accounted for \$26,918,040 in revenue or 30.6% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$61,070,231, 69.4% of total revenues of \$87,988,271.
- ❑ The City had \$36,718,331 in expenses related to governmental activities; only \$13,428,669 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$18,301,385 in revenues and other financing sources and \$18,076,952 in expenditures and other financing uses. The general fund's fund balance increased from \$7,002,808 to \$7,230,152.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplemental information*, 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 position includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 position and how they have changed. Net-position (the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position 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, sanitation services and a port authority 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 programs. The City's major funds are the General Fund, the .45 Police and Fire Levy Fund, and the Columbian Construction Fund. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CITY OF LANCASTER, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2015**

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 Assets and Liabilities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net position for 2015 compared to 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
Current and other assets	\$35,952,804	\$40,256,654	\$517,243,839	\$472,691,071	\$553,196,643	\$512,947,725
Capital assets, Net	56,848,567	47,756,039	123,648,714	121,693,369	180,497,281	169,449,408
Total assets	92,801,371	88,012,693	640,892,553	594,384,440	733,693,924	682,397,133
Deferred outflows of resources	4,366,314	2,915,313	11,404,881	14,770,795	15,771,195	17,686,108
Long-term debt outstanding	19,953,732	20,959,712	381,095,856	398,948,943	401,049,588	419,908,655
Net Pension Liability	30,921,210	29,326,228	6,063,637	5,926,679	36,984,847	35,252,907
Other liabilities	6,990,480	5,072,430	13,312,109	17,308,605	20,302,589	22,381,035
Total liabilities	57,865,422	55,358,370	400,471,602	422,184,227	458,337,024	477,542,597
Deferred inflows of resources	4,645,531	4,541,282	251,511,164	191,624,358	256,156,695	196,165,640
Net position:						
Net investment in capital assets	41,576,482	38,638,721	54,167,749	46,787,496	95,744,231	85,426,217
Restricted	11,077,774	11,237,072	2,469,078	2,469,033	13,546,852	13,706,105
Unrestricted (Deficit)	(17,997,524)	(18,847,439)	(56,322,159)	(53,909,879)	(74,319,683)	(72,757,318)
Total net position	\$34,656,732	\$31,028,354	\$314,668	(\$4,653,350)	\$34,971,400	\$26,375,004

During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

***Management's Discussion and Analysis
For the Year Ended December 31, 2015***

Unaudited

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

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

In accordance with GASB 68, the City's statements are prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

**Management's Discussion and Analysis
For the Year Ended December 31, 2015**

Unaudited

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014. The net pension liability reduced beginning of year net position by \$26,545,806 in governmental activities and \$5,187,043 in business-type activities.

Changes in Net Position –The following table shows the changes in net position for 2015 compared to 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for Services and Sales	\$7,141,689	\$7,532,752	\$46,189,364	\$52,997,661	\$53,331,053	\$60,530,413
Operating Grants, Contributions and Interest	5,063,305	4,791,064	203,559	149,107	5,266,864	4,940,171
Capital Grants and Contributions	1,223,675	4,326,483	1,248,639	0	2,472,314	4,326,483
Total Program Revenues	13,428,669	16,650,299	47,641,562	53,146,768	61,070,231	69,797,067
General Revenues:						
Property Taxes	4,564,675	4,788,596	0	0	4,564,675	4,788,596
Income Taxes	19,459,814	18,135,381	0	0	19,459,814	18,135,381
Other Local Taxes	644,847	624,904	0	0	644,847	624,904
Intergovernmental Revenues not Restricted to Specific Programs	1,519,113	1,468,722	0	0	1,519,113	1,468,722
Investment Earnings	302,372	328,271	0	0	302,372	328,271
Miscellaneous	427,219	585,543	0	0	427,219	585,543
Total General Revenues	26,918,040	25,931,417	0	0	26,918,040	25,931,417
Total Revenues	40,346,709	42,581,716	47,641,562	53,146,768	87,988,271	95,728,484
Program Expenses						
Security of Persons and Property	17,702,358	16,849,215	0	0	17,702,358	16,849,215
Public Health and Welfare Services	1,232,576	785,007	0	0	1,232,576	785,007
Leisure Time Activities	2,135,524	2,256,990	0	0	2,135,524	2,256,990
Community Environment	725,687	873,446	0	0	725,687	873,446
Transportation	6,477,311	6,817,662	0	0	6,477,311	6,817,662
General Government	7,927,531	7,840,741	0	0	7,927,531	7,840,741
Interest and Fiscal Charges	517,344	416,240	0	0	517,344	416,240
Gas	0	0	13,583,412	15,574,440	13,583,412	15,574,440
Water	0	0	8,163,396	8,468,594	8,163,396	8,468,594
Water Pollution	0	0	9,087,256	9,729,438	9,087,256	9,729,438
Sanitation	0	0	3,226,109	3,274,326	3,226,109	3,274,326
Storm Water	0	0	1,974,803	1,807,062	1,974,803	1,807,062
Port Authority	0	0	6,638,568	17,208,616	6,638,568	17,208,616
Total Expenses	36,718,331	35,839,301	42,673,544	56,062,476	79,391,875	91,901,777
Total Change in Net Position	3,628,378	6,742,415	4,968,018	(2,915,708)	8,596,396	3,826,707
Beginning Net Position, Restated	31,028,354	N/A	(4,653,350)	N/A	26,375,004	N/A
Ending Net Position	\$34,656,732	\$31,028,354	\$314,668	(\$4,653,350)	\$34,971,400	\$26,375,004

***Management's Discussion and Analysis
For the Year Ended December 31, 2015***

Unaudited

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$2,780,422 for Governmental Activities and \$739,636 for Business-type Activities computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$3,092,932 for Governmental Activities and \$659,582 for Business-type Activities.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-type Activities
Total 2015 program expenses under GASB 68	\$36,718,331	\$42,673,544
Pension expense under GASB 68	(3,092,932)	(659,582)
2015 contractually required contribution	2,841,789	747,473
Adjusted 2015 program expenses	36,467,188	42,761,435
Total 2014 program expenses under GASB 27	35,839,301	56,062,476
Increase (Decrease) in program expenses not related to pension	<u>\$627,887</u>	<u>(\$13,301,041)</u>

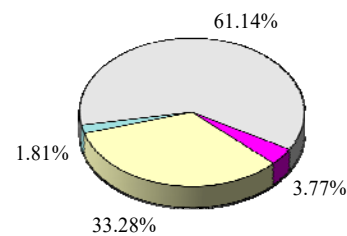
Governmental Activities

Net position of the City's governmental activities increased by \$3,628,378. This increase is due to Income Tax collections which had an increase in both business net profit and withholding taxes. The withholding tax increase was due to school construction. The City managed the expenses to keep them lower than the revenue which helped with the increase in net position.

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 48.2% and 11.3% respectively of revenues for governmental activities for the City in 2015. The City's reliance upon tax revenues is demonstrated by the following graph indicating 61.14% of total revenues from general tax revenues:

Revenue Sources	2015	Percent of Total
General Tax Revenues	\$24,669,336	61.14%
Unrestricted Intergovernmental	1,519,113	3.77%
Program Revenues	13,428,669	33.28%
General Other	729,591	1.81%
Total Revenue	<u>\$40,346,709</u>	<u>100.00%</u>



**Management's Discussion and Analysis
For the Year Ended December 31, 2015**

Unaudited

Business-Type Activities

Net position of the business type activities increased by \$4,968,018. This increase was the result of the Lancaster Port Authority restructuring their 30 year gas purchase contract in August 2014 down to a 5 year contract which changed the derivatives that the gas purchase is calculated. The City's Storm Water Fund received a FEMA grant to help pay for improvements. The Gas Fund had a drop in natural gas purchases due to the warmer weather which had less demand on gas purchases. Interest and fiscal charges dropped approximately \$4.7 million in 2015 due to the Port Authority debt restructuring mentioned above.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$17,122,859, which is a decrease from last year's balance of \$23,677,329. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2015 and 2014:

	Fund Balance December 31, 2015	Fund Balance December 31, 2014	Increase (Decrease)
General	\$7,230,152	\$7,002,808	\$227,344
.45 Police and Fire Levy	553,033	(71,931)	624,964
Columbian Construction	(438,420)	6,759,040	(7,197,460)
Other Governmental	9,778,094	9,987,412	(209,318)
Total	\$17,122,859	\$23,677,329	(\$6,554,470)

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:

	2015 Revenues	2014 Revenues	Increase (Decrease)
Taxes	\$12,819,481	\$12,078,854	\$740,627
Intergovernmental Revenue	1,206,235	1,232,427	(26,192)
Charges for Services	3,171,985	3,434,628	(262,643)
Licenses, Permits, and Fees	22,237	29,088	(6,851)
Investment Earnings	270,545	307,765	(37,220)
Fines and Forfeitures	770,574	821,770	(51,196)
All Other Revenue	40,328	242,951	(202,623)
Total	\$18,301,385	\$18,147,483	\$153,902

General Fund revenues in 2015 increased approximately 0.8% compared to revenues in 2014. Taxes increased due to higher Income Tax collections as a result of an increase in business net profit and withholding collections due to construction of schools. Charges for Services decreased as a result of reduced gasoline prices in 2015 for the fuel depot.

***Management's Discussion and Analysis
For the Year Ended December 31, 2015***

Unaudited

	2015	2014	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$268,024	\$433,084	(\$165,060)
Public Health and Welfare Services	287,960	286,460	1,500
Community Environment	167,943	153,548	14,395
General Government	5,992,653	6,532,708	(540,055)
Debt Service:			
Principal Retirement	93,054	90,479	2,575
Interest and Fiscal Charges	13,212	40,685	(27,473)
Total	<u>\$6,822,846</u>	<u>\$7,536,964</u>	<u>(\$714,118)</u>

General Fund expenditures decreased by \$714,118 or 9.5% compared to the prior year. Security of Persons and Property decreased due to the General Fund reporting a couple of months' expenses in 2014 before the operating expenses of the Police and Fire departments began to be reported in special revenue funds. General Government expenditures decreased due to a 50% credit from BWC and the workers' compensation liability went down because of the credit. There was a reduction on County Auditor settlement fees, no estate tax refunds in 2015, reduction gasoline fuel prices, and Income Tax refunds decreased in 2015.

.45 Police and Fire Levy Fund – The increase in fund balance is due to the General Fund forwarding the .45 Police and Fire Levy Fund cash at year end to cover carryover purchase orders and to pay for employer pension and health insurance obligations.

The Columbian Construction Fund – The decrease in fund balance is due to the payments made to the construction company for the construction of the new Fairfield County Municipal Court building. The spend down of the Fairfield County Municipal Court building will be completed in 2016.

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 2015, the City amended its General Fund budget several times. The final budget basis expenditures of \$21,855,873 did not change significantly from the original budget. The positive variance with the final budget of \$2.7 million was partly the result of the City budgeting for an advance to another fund. The advance did not occur and the budget was not modified.

For the General Fund, final budget basis revenue of \$18,254,253 did not significantly change from the original budget estimates. Overall there was a positive variance with final budgeted revenues this was mostly because of taxes.

**Management's Discussion and Analysis
For the Year Ended December 31, 2015**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015 the City had \$180,497,281 net of accumulated depreciation invested in buildings, equipment and vehicles. Of this total, \$56,848,567 was related to governmental activities and \$123,648,714 to the business-type activities. The following table shows 2015 and 2014 balances:

	Governmental Activities		Increase (Decrease)
	2015	2014	
Land	\$18,055,298	\$18,055,298	\$0
Construction In Progress	9,273,293	1,977,464	7,295,829
Buildings	7,551,586	7,774,652	(223,066)
Improvements Other than Buildings	7,624,876	7,641,573	(16,697)
Machinery and Equipment	5,399,398	4,803,787	595,611
Vehicles	7,353,136	6,900,690	452,446
Infrastructure	31,367,407	29,009,646	2,357,761
Less: Accumulated Depreciation	(29,776,427)	(28,407,071)	(1,369,356)
Totals	<u>\$56,848,567</u>	<u>\$47,756,039</u>	<u>\$9,092,528</u>

The primary increases occurred as a result of major street improvements and the construction improvements to the Columbian Building. The City purchased police cruisers along with other additional equipment in 2015.

	Business-Type Activities		Increase (Decrease)
	2015	2014	
Land	\$3,527,623	\$3,476,307	\$51,316
Construction in Progress	6,977,365	2,010,563	4,966,802
Buildings	81,018,919	81,018,919	0
Improvements	34,776,146	34,776,146	0
Machinery and Equipment	10,616,217	10,548,626	67,591
Vehicles	5,239,488	5,098,070	141,418
Infrastructure	86,473,977	84,234,223	2,239,754
Less: Accumulated Depreciation	(104,981,021)	(99,469,485)	(5,511,536)
Totals	<u>\$123,648,714</u>	<u>\$121,693,369</u>	<u>\$1,955,345</u>

Business type capital assets increased by \$1,955,345. The additions to infrastructure include a completed water pollution project and the construction of gas lines. Construction in Progress increased due to several Stormwater projects. Additional information on the City's capital assets can be found in Note 10.

**Management's Discussion and Analysis
For the Year Ended December 31, 2015**

Unaudited

Debt

At December 31, 2015, the City had \$12,369,244 in general obligation bonds outstanding, \$820,000 due within one year; \$334,188,997 in revenue bonds outstanding, \$14,690,000 due within one year; and \$43,827,681 in Ohio Water Development Authority Loans outstanding, \$3,923,669 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2015 and 2014:

	2015	Restated 2014
Governmental Activities:		
General Obligation Bond Payable	\$12,369,244	\$13,177,942
Special Assessment Bond		
with Government Commitment	150,000	171,000
Housing and Urban Development Loan	130,000	220,000
Ohio Public Works Commission Loan	33,474	39,560
State Infrastructure Bank Loan	0	159,592
Ohio Water Development Authority Loans	329,941	346,088
Installment Loan Payable	1,053,040	1,378,506
Net Pension Liability	30,921,210	29,326,228
Compensated Absences	4,833,527	4,562,870
Capital Leases	737,330	447,016
Pollution Remediation Obligation	317,176	457,138
Total Governmental Activities	<u>\$50,874,942</u>	<u>\$50,285,940</u>
Business-Type Activities:		
Ohio Water Development Authority Loans	\$43,497,740	\$47,606,083
Revenue Bonds Payable	334,188,997	347,855,825
Net Pension Liability	6,063,637	5,926,679
Landfill Postclosure Care Liability	1,122,169	1,205,399
Capital Leases	165,790	233,665
Compensated Absences	2,121,160	2,047,971
Total Business-Type Activities	<u>\$387,159,493</u>	<u>\$404,875,622</u>
Totals	<u><u>\$438,034,435</u></u>	<u><u>\$455,161,562</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, 2015, 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 Fairfield Medical Center completed its thirty-eight million dollar expansion in June 2015. Industrial activity continues to grow at a steady pace. The Lancaster Port Authority completed a brownfield redevelopment project that will create a small business center on the City's east side. The Port Authority also began building a 50,400 square foot "spec" building that will enhance the City's ability to attract new industry. The new "spec" building will be completed in 2016.

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 Position
December 31, 2015**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 7,610,497	\$ 3,719,544	\$ 11,330,041
Cash and Cash Equivalents with Fiscal Agent	2,803,607	0	2,803,607
Investments	11,247,770	30,615,525	41,863,295
Receivables:			
Taxes	9,836,267	0	9,836,267
Accounts	236,866	4,837,172	5,074,038
Intergovernmental	2,646,011	0	2,646,011
Interest	79,228	34,616	113,844
Special Assessments	224,098	0	224,098
Loans	1,611,737	0	1,611,737
Internal Balances	(1,057,694)	1,057,694	0
Inventory of Supplies	440,504	2,964,299	3,404,803
Prepaid Items	62,422	61,081	123,503
Prepaid Gas Supply - Current	0	13,369,524	13,369,524
Prepaid Gas Supply	0	199,882,603	199,882,603
Land Held for Resale	0	140,400	140,400
Fair Value of Derivative Instruments	0	251,404,639	251,404,639
Restricted Assets:			
Cash and Cash Equivalents	207,820	8,622,425	8,830,245
Cash and Cash Equivalents with Fiscal Agent	3,671	0	3,671
Investments	0	534,317	534,317
Capital Assets Not Being Depreciated	27,328,591	10,504,988	37,833,579
Capital Assets Being Depreciated, Net	29,519,976	113,143,726	142,663,702
Total Assets	92,801,371	640,892,553	733,693,924
Deferred Outflows of Resources:			
Deferred Loss on Early Retirement of Debt	121,402	746,726	868,128
Pension	4,244,912	1,071,010	5,315,922
Deferred Outflow from Derivative Instruments	0	9,587,145	9,587,145
Total Deferred Outflows of Resources	4,366,314	11,404,881	15,771,195
Liabilities:			
Accounts Payable	2,136,004	1,143,690	3,279,694
Accrued Wages and Benefits	701,098	255,629	956,727
Intergovernmental Payable	172,560	15,611	188,171
Claims Payable	374,320	0	374,320
Retainage Payable	207,820	135,156	342,976
Due to Others, Payable from Restricted Assets	0	155,860	155,860
Unearned Revenue	0	94,500	94,500
Accrued Interest Payable	42,338	1,093,518	1,135,856
General Obligation Notes Payable	3,356,340	831,000	4,187,340
Fair Value of Derivative Instruments	0	9,587,145	9,587,145
Long Term Liabilities:			
Due within one year	2,107,357	18,891,605	20,998,962
Due in More than One Year:			
Net Pension Liability	30,921,210	6,063,637	36,984,847
Other Amounts Due in More than One Year	17,846,375	362,204,251	380,050,626
Total Liabilities	57,865,422	400,471,602	458,337,024

CITY OF LANCASTER, OHIO

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Taxes	4,524,880	0	4,524,880
Pension	120,651	106,525	227,176
Deferred Inflow from Derivative Instruments	0	251,404,639	251,404,639
Total Deferred Inflows of Resources	4,645,531	251,511,164	256,156,695
Net Position:			
Net Investment in Capital Assets	41,576,482	54,167,749	95,744,231
Restricted For:			
Streets and Highways	3,580,488	0	3,580,488
Community Development	2,363,027	0	2,363,027
Security of Persons and Property	3,328,290	0	3,328,290
Public Health and Welfare	474,166	0	474,166
Debt Service	254,991	2,469,078	2,724,069
Perpetual Care, Nonexpendable	1,051,351	0	1,051,351
Other Purposes	25,461	0	25,461
Unrestricted (Deficit)	(17,997,524)	(56,322,159)	(74,319,683)
Total Net Position	\$ 34,656,732	\$ 314,668	\$ 34,971,400

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Activities
For the Year Ended December 31, 2015**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 17,702,358	\$ 2,195,779	\$ 188,102	\$ 0
Public Health and Welfare Services	1,232,576	206,503	498,945	0
Leisure Time Activities	2,135,524	346,570	45,000	0
Community Environment	725,687	75,115	557,796	0
Transportation	6,477,311	1,414,529	3,533,751	1,223,675
General Government	7,927,531	2,903,193	239,711	0
Interest and Fiscal Charges	517,344	0	0	0
Total Governmental Activities	36,718,331	7,141,689	5,063,305	1,223,675
Business-Type Activities:				
Gas	13,583,412	14,060,793	0	0
Water	8,163,396	8,229,806	22,043	0
Water Pollution	9,087,256	11,442,588	82,446	0
Sanitation	3,226,109	3,767,681	1,986	0
Storm Water	1,974,803	3,015,638	95,613	1,081,670
Port Authority	6,638,568	5,672,858	1,471	166,969
Total Business-Type Activities	42,673,544	46,189,364	203,559	1,248,639
Totals	\$ 79,391,875	\$ 53,331,053	\$ 5,266,864	\$ 2,472,314

General Revenues:

Property Taxes Levied for:
General Purposes
Special Purposes
Debt Service
Capital Outlay
Income Taxes
Other Local Taxes
Intergovernmental Revenues not Restricted to Specific Programs
Investment Earnings
Miscellaneous
Total General Revenues
Change in Net Position
Net Position Beginning of Year, Restated
Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (15,318,477)	\$ 0	\$ (15,318,477)
(527,128)	0	(527,128)
(1,743,954)	0	(1,743,954)
(92,776)	0	(92,776)
(305,356)	0	(305,356)
(4,784,627)	0	(4,784,627)
(517,344)	0	(517,344)
<u>(23,289,662)</u>	<u>0</u>	<u>(23,289,662)</u>
0	477,381	477,381
0	88,453	88,453
0	2,437,778	2,437,778
0	543,558	543,558
0	2,218,118	2,218,118
0	(797,270)	(797,270)
<u>0</u>	<u>4,968,018</u>	<u>4,968,018</u>
<u>(23,289,662)</u>	<u>4,968,018</u>	<u>(18,321,644)</u>
1,768,791	0	1,768,791
2,288,683	0	2,288,683
331,769	0	331,769
175,432	0	175,432
19,459,814	0	19,459,814
644,847	0	644,847
1,519,113	0	1,519,113
302,372	0	302,372
427,219	0	427,219
<u>26,918,040</u>	<u>0</u>	<u>26,918,040</u>
3,628,378	4,968,018	8,596,396
<u>31,028,354</u>	<u>(4,653,350)</u>	<u>26,375,004</u>
<u>\$ 34,656,732</u>	<u>\$ 314,668</u>	<u>\$ 34,971,400</u>

CITY OF LANCASTER, OHIO

**Balance Sheet
Governmental Funds
December 31, 2015**

	General	.45 Police and Fire Levy	Columbian Construction
Assets:			
Cash and Cash Equivalents	\$ 389,453	\$ 374,958	\$ 158,573
Investments	5,660,806	0	2,754,010
Receivables:			
Taxes	4,592,786	1,261,890	0
Accounts	225,001	0	0
Intergovernmental	582,703	0	0
Interest	74,590	0	0
Special Assessments	0	0	0
Loans	0	0	0
Inventory of Supplies	159,499	0	0
Prepaid Items	27,435	21,957	0
Restricted Assets:			
Cash and Cash Equivalents	0	0	207,820
Cash and Cash Equivalents with Fiscal Agent	3,671	0	0
Total Assets	\$ 11,715,944	\$ 1,658,805	\$ 3,120,403
Liabilities:			
Accounts Payable	\$ 197,966	\$ 87,620	\$ 1,550,559
Accrued Wages and Benefits Payable	221,554	319,578	0
Intergovernmental Payable	171,125	0	0
Retainage Payable	0	0	207,820
Due to Other Funds	65,356	0	0
Accrued Interest Payable	0	0	444
General Obligation Notes Payable	0	0	1,800,000
Advances from Other Funds	0	0	0
Total Liabilities	656,001	407,198	3,558,823
Deferred Inflows of Resources:			
Property Taxes	1,724,000	0	0
Unavailable Revenue	2,105,791	698,574	0
Total Deferred Inflows of Resources	3,829,791	698,574	0
Fund Balances:			
Nonspendable	186,934	21,957	0
Restricted	0	531,076	0
Committed	0	0	0
Assigned	1,358,651	0	0
Unassigned	5,684,567	0	(438,420)
Total Fund Balances	7,230,152	553,033	(438,420)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,715,944	\$ 1,658,805	\$ 3,120,403

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 6,284,164	\$ 7,207,148
2,832,954	11,247,770
3,981,591	9,836,267
11,865	236,866
2,063,308	2,646,011
4,638	79,228
224,098	224,098
1,611,737	1,611,737
276,799	436,298
13,030	62,422
0	207,820
0	3,671
<u>\$ 17,304,184</u>	<u>\$ 33,799,336</u>
\$ 288,067	\$ 2,124,212
141,780	682,912
1,435	172,560
0	207,820
0	65,356
0	444
1,556,340	3,356,340
195,600	195,600
<u>2,183,222</u>	<u>6,805,244</u>
2,800,880	4,524,880
2,541,988	5,346,353
<u>5,342,868</u>	<u>9,871,233</u>
2,952,917	3,161,808
6,539,690	7,070,766
2,006,007	2,006,007
0	1,358,651
(1,720,520)	3,525,627
<u>9,778,094</u>	<u>17,122,859</u>
<u>\$ 17,304,184</u>	<u>\$ 33,799,336</u>

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2015***

Total Governmental Fund Balances		\$ 17,122,859
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		55,912,977
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		5,346,353
Internal Service Funds are used by management to charge the costs of insurance and information services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		2,319,867
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	4,170,834	
Deferred Inflows - Pension	(113,283)	
Net Pension Liability	<u>(30,501,812)</u>	(26,444,261)
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	(130,000)	
Special Assessment Bonds Payable	(150,000)	
Ohio Public Works Commission Loans Payable	(33,474)	
General Obligation Bonds Payable	(12,369,244)	
Less: Deferred Charge on Refunding	121,402	
Ohio Water Development Authority Loan Payable	(329,941)	
Installment Loan	(928,024)	
Pollution Remediation Obligation	(317,176)	
Capital Leases Payable	(737,330)	
Compensated Absences Payable	(4,685,561)	
Accrued Interest Payable	<u>(41,715)</u>	
		<u>(19,601,063)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 34,656,732</u>

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, 2015**

	General	.45 Police and Fire Levy	Columbian Construction
Revenues:			
Taxes	\$ 12,819,481	\$ 4,653,425	\$ 0
Intergovernmental Revenues	1,206,235	0	0
Charges for Services	3,171,985	0	0
Licenses, Permits and Fees	22,237	0	0
Investment Earnings	270,545	0	0
Special Assessments	0	0	0
Fines and Forfeitures	770,574	0	0
All Other Revenue	40,328	5,663	0
Total Revenue	18,301,385	4,659,088	0
Expenditures:			
Current:			
Security of Persons and Property	268,024	14,369,307	0
Public Health and Welfare Services	287,960	0	0
Leisure Time Activities	0	0	0
Community Environment	167,943	0	0
Transportation	0	0	0
General Government	5,992,653	0	0
Capital Outlay	0	0	7,197,016
Debt Service:			
Principal Retirement	93,054	0	0
Interest and Fiscal Charges	13,212	0	444
Total Expenditures	6,822,846	14,369,307	7,197,460
Excess (Deficiency) of Revenues Over Expenditures	11,478,539	(9,710,219)	(7,197,460)
Other Financing Sources (Uses):			
Transfers In	0	10,335,183	0
Transfers Out	(11,254,106)	0	0
Other Financing Source - Capital Lease	0	0	0
Total Other Financing Sources (Uses)	(11,254,106)	10,335,183	0
Net Change in Fund Balances	224,433	624,964	(7,197,460)
Fund Balances at Beginning of Year	7,002,808	(71,931)	6,759,040
Increase (Decrease) in Inventory	2,911	0	0
Fund Balances End of Year	\$ 7,230,152	\$ 553,033	\$ (438,420)

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 6,329,379	\$ 23,802,285
6,368,571	7,574,806
1,991,528	5,163,513
2,290	24,527
11,308	281,853
112,508	112,508
1,568,418	2,338,992
349,130	395,121
<u>16,733,132</u>	<u>39,693,605</u>
2,123,543	16,760,874
961,057	1,249,017
1,847,968	1,847,968
556,160	724,103
7,635,265	7,635,265
1,587,125	7,579,778
1,764,839	8,961,855
1,265,281	1,358,335
508,003	521,659
<u>18,249,241</u>	<u>46,638,854</u>
(1,516,109)	(6,945,249)
1,551,921	11,887,104
(697,486)	(11,951,592)
469,044	469,044
<u>1,323,479</u>	<u>404,556</u>
(192,630)	(6,540,693)
9,987,412	23,677,329
(16,688)	(13,777)
<u>\$ 9,778,094</u>	<u>\$ 17,122,859</u>

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, 2015***

Net Change in Fund Balances - Total Governmental Funds \$ (6,540,693)

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 capital outlay exceeded depreciation expense in the current period.

Capital Outlay	11,364,067	
Depreciation Expense	<u>(2,015,608)</u>	9,348,459

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

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.		(209,109)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

579,433

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

2,790,089

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.

(3,047,311)

The issuance of long-term debt (e.g. notes, leases) provides current financial resources to governmental funds, but has no effect on net position. Also governmental funds report the effect of premiums and similar items when debt is first issued, whereas, the amounts are deferred and amortized in the statement of activities.

Capital Lease Payable		(469,044)
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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 position.

Housing and Urban Development Loan Payable	90,000	
Special Assessment Bonds Payable	21,000	
Ohio Public Works Commission Loans Payable	6,086	
General Obligation Bonds Payable	800,000	
Ohio Water Development Authority Loan Payable	16,147	
Installment Loan Payable	265,510	
State Infrastructure Bank Loan Payable	159,592	
Pollution Remediation Obligation Payable	139,962	
Capital Leases Payable	<u>178,730</u>	1,677,027

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

13,552

(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	(266,394)	
Change in Inventory	(13,777)	
Amortization of Deferred Charge on Refunding	(13,489)	
Amortization of Bond Premium	8,698	(284,962)

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.

(229,063)

Change in Net Position of Governmental Activities

\$ 3,628,378

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, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 12,366,136	\$ 12,064,726	\$ 12,617,808	\$ 553,082
Intergovernmental Revenue	916,519	879,748	1,176,673	296,925
Charges for Services	4,235,761	4,235,761	3,900,257	(335,504)
Licenses, Permits and Fees	22,400	22,400	22,237	(163)
Investment Earnings	218,168	218,168	332,738	114,570
Fines and Forfeitures	763,450	763,450	776,554	13,104
All Other Revenues	70,000	70,000	101,784	31,784
Total Revenues	<u>18,592,434</u>	<u>18,254,253</u>	<u>18,928,051</u>	<u>673,798</u>
Expenditures:				
Current:				
Security of Persons and Property	326,000	326,000	291,949	34,051
Public Health and Welfare Services	287,960	287,960	287,960	0
Community Environment	191,960	193,037	168,710	24,327
General Government	7,938,297	8,077,366	7,079,895	997,471
Debt Service:				
Principal Retirement	93,053	93,054	93,054	0
Interest and Fiscal Charges	15,542	19,941	13,212	6,729
Total Expenditures	<u>8,852,812</u>	<u>8,997,358</u>	<u>7,934,780</u>	<u>1,062,578</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,739,622	9,256,895	10,993,271	1,736,376
Other Financing Sources (Uses):				
Transfers Out	(11,177,850)	(11,426,415)	(11,254,106)	172,309
Advances Out	<u>(1,432,100)</u>	<u>(1,432,100)</u>	<u>0</u>	<u>1,432,100</u>
Total Other Financing Sources (Uses):	<u>(12,609,950)</u>	<u>(12,858,515)</u>	<u>(11,254,106)</u>	<u>1,604,409</u>
Net Change in Fund Balance	(2,870,328)	(3,601,620)	(260,835)	3,340,785
Fund Balance at Beginning of Year	5,987,243	5,987,243	5,987,243	0
Prior Year Encumbrances	169,204	169,204	169,204	0
Fund Balance at End of Year	<u>\$ 3,286,119</u>	<u>\$ 2,554,827</u>	<u>\$ 5,895,612</u>	<u>\$ 3,340,785</u>

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)
Special Revenue Fund - .45 Police and Fire Levy Fund
For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,387,423	\$ 4,559,111	\$ 4,559,111	\$ 0
All Other Revenues	0	5,663	5,663	0
Total Revenues	4,387,423	4,564,774	4,564,774	0
Expenditures:				
Current:				
Security of Persons and Property	15,538,216	15,359,073	15,082,890	276,183
Total Expenditures	15,538,216	15,359,073	15,082,890	276,183
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,150,793)	(10,794,299)	(10,518,116)	276,183
Other Financing Sources (Uses):				
Transfers In	10,906,515	11,155,080	10,335,183	(819,897)
Total Other Financing Sources (Uses):	10,906,515	11,155,080	10,335,183	(819,897)
Net Change in Fund Balance	(244,278)	360,781	(182,933)	(543,714)
Fund Balance at Beginning of Year	18,609	18,609	18,609	0
Prior Year Encumbrances	244,276	244,276	244,276	0
Fund Balance at End of Year	\$ 18,607	\$ 623,666	\$ 79,952	\$ (543,714)

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2015**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Assets:				
Current assets:				
Cash and Cash Equivalents	\$ 599,033	\$ 320,315	\$ 785,734	\$ 176,420
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Investments	9,748,437	4,149,616	11,778,100	2,318,809
Accounts receivable	1,807,903	938,055	1,332,331	420,371
Interest receivable	0	7,872	25,327	1,417
Due from Other Funds	0	40,521	24,835	0
Inventory	1,769,932	1,024,394	100,762	43,398
Prepaid Items	23,452	13,949	20,641	2,615
Prepaid Gas Supply - current	0	0	0	0
Total current assets	<u>13,948,757</u>	<u>6,494,722</u>	<u>14,067,730</u>	<u>2,963,030</u>
Noncurrent assets:				
Restricted Assets:				
Cash and Cash Equivalents	113,772	581,358	1,929,808	0
Investments	0	0	0	534,317
Total restricted assets	<u>113,772</u>	<u>581,358</u>	<u>1,929,808</u>	<u>534,317</u>
Prepaid Gas Supply	0	0	0	0
Land Held for Resale	0	0	0	0
Fair Value of Derivative Instruments	0	0	0	0
Advance to Other Funds	0	0	0	195,600
Capital assets:				
Capital Assets Not Being Depreciated	443,565	690,186	5,282,788	105,120
Capital Assets Being Depreciated	10,745,805	28,086,215	58,303,356	1,180,187
Total capital assets (net of accumulated depreciation)	<u>11,189,370</u>	<u>28,776,401</u>	<u>63,586,144</u>	<u>1,285,307</u>
Total noncurrent assets	<u>11,303,142</u>	<u>29,357,759</u>	<u>65,515,952</u>	<u>2,015,224</u>
Total Assets	<u>25,251,899</u>	<u>35,852,481</u>	<u>79,583,682</u>	<u>4,978,254</u>
Deferred Outflows of Resources:				
Deferred Loss on Early Retirement of Debt	0	467,064	279,662	0
Pension	221,272	328,822	210,271	150,693
Deferred Outflow from Derivative Instruments	0	0	0	0
Total Deferred Outflows of Resources	<u>221,272</u>	<u>795,886</u>	<u>489,933</u>	<u>150,693</u>

CITY OF LANCASTER, OHIO

<u>Storm Water</u>	<u>Port Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 203,998	\$ 842,154	\$ 2,927,654	\$ 1,195,239
0	0	0	2,803,607
2,620,563	0	30,615,525	0
338,512	0	4,837,172	0
0	0	34,616	0
0	364,103	429,459	0
0	0	2,938,486	30,019
0	0	60,657	424
0	13,369,524	13,369,524	0
<u>3,163,073</u>	<u>14,575,781</u>	<u>55,213,093</u>	<u>4,029,289</u>
0	5,997,487	8,622,425	0
0	0	534,317	0
0	5,997,487	9,156,742	0
0	199,882,603	199,882,603	0
0	140,400	140,400	0
0	251,404,639	251,404,639	0
0	0	195,600	0
2,447,794	1,535,535	10,504,988	0
<u>14,013,399</u>	<u>737,381</u>	<u>113,066,343</u>	<u>1,012,973</u>
<u>16,461,193</u>	<u>2,272,916</u>	<u>123,571,331</u>	<u>1,012,973</u>
<u>16,461,193</u>	<u>459,698,045</u>	<u>584,351,315</u>	<u>1,012,973</u>
<u>19,624,266</u>	<u>474,273,826</u>	<u>639,564,408</u>	<u>5,042,262</u>
0	0	746,726	0
43,547	0	954,605	190,483
0	9,587,145	9,587,145	0
<u>43,547</u>	<u>9,587,145</u>	<u>11,288,476</u>	<u>190,483</u>

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2015**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Liabilities:				
Current liabilities:				
Accounts Payable	293,446	114,236	237,911	111,090
Accrued Wages and Benefits	52,614	77,392	51,570	35,389
Intergovernmental Payable	2,286	0	0	13,325
Claims Payable	0	0	0	0
Retainage Payable	0	0	0	0
Due to Others, Payable from Restricted Assets	113,772	21,044	21,044	0
Due to Other Funds	364,103	0	0	0
Unearned Revenue	0	0	0	0
Accrued Interest Payable	0	261,087	570,066	16,132
General Obligation Notes Payable	0	0	0	0
Capital Leases Payable - Current	0	5,296	0	0
Revenue Bond Payable - Current	0	305,000	840,000	0
Installment Loan Payable - Current	0	0	0	0
OWDA Loans Payable - Current	0	1,466,897	2,180,460	259,635
Landfill Postclosure Care Liability - Current	0	0	0	78,600
Compensated Absences Payable - Current	21,127	61,470	33,838	10,640
Total Current Liabilities	847,348	2,312,422	3,934,889	524,811
Noncurrent Liabilities:				
Capital Leases Payable	0	3,218	0	0
Installment Loans Payable	0	0	0	0
Revenue Bonds Payable	0	5,414,155	19,984,641	0
OWDA Loans Payable	0	10,941,141	28,098,607	551,000
Landfill Postclosure Care Liability	0	0	0	1,043,569
Compensated Absences Payable	350,009	608,505	454,141	244,130
Net Pension Liability	1,252,751	1,861,666	1,190,472	853,162
Fair Value of Derivative Instruments	0	0	0	0
Total noncurrent liabilities	1,602,760	18,828,685	49,727,861	2,691,861
Total Liabilities	2,450,108	21,141,107	53,662,750	3,216,672
Deferred Inflows of Resources:				
Pension	22,008	32,706	20,914	14,988
Deferred Inflow from Derivative Instruments	0	0	0	0
Total Deferred Inflow of Resources	22,008	32,706	20,914	14,988
Net Position:				
Net Investment in Capital Assets	11,189,370	11,107,758	12,762,098	1,285,307
Restricted for Debt Service	0	560,314	1,908,764	0
Unrestricted	11,811,685	3,806,482	11,719,089	611,980
Total Net Position	\$ 23,001,055	\$ 15,474,554	\$ 26,389,951	\$ 1,897,287

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
Total Net Position 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>
38,236	324,000	1,118,919	36,563
10,304	0	227,269	46,546
0	0	15,611	0
0	0	0	374,320
0	135,156	135,156	0
0	0	155,860	0
0	0	364,103	0
0	94,500	94,500	0
6,124	240,109	1,093,518	179
831,000	0	831,000	0
60,663	0	65,959	3,905
0	13,545,000	14,690,000	0
0	0	0	61,635
0	0	3,906,992	0
0	0	78,600	0
12,391	0	139,466	16,264
<u>958,718</u>	<u>14,338,765</u>	<u>22,916,953</u>	<u>539,412</u>
83,853	0	87,071	8,855
0	0	0	63,381
0	294,100,201	319,498,997	0
0	0	39,590,748	0
0	0	1,043,569	0
72,370	0	1,729,155	384,241
246,548	0	5,404,599	1,078,436
0	9,587,145	9,587,145	0
<u>402,771</u>	<u>303,687,346</u>	<u>376,941,284</u>	<u>1,534,913</u>
<u>1,361,489</u>	<u>318,026,111</u>	<u>399,858,237</u>	<u>2,074,325</u>
4,331	0	94,947	18,946
0	251,404,639	251,404,639	0
<u>4,331</u>	<u>251,404,639</u>	<u>251,499,586</u>	<u>18,946</u>
15,485,677	2,272,916	54,103,126	875,197
0	0	2,469,078	0
2,816,316	(87,842,695)	(57,077,143)	2,264,277
<u>\$ 18,301,993</u>	<u>\$ (85,569,779)</u>	<u>\$ (504,939)</u>	<u>\$ 3,139,474</u>
		<u>819,607</u>	
		<u>\$ 314,668</u>	

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Operating Revenues:				
Charges for Services	\$ 13,846,220	\$ 8,185,682	\$ 11,412,966	\$ 3,718,318
Other Operating Revenues	214,573	3,603	4,787	49,363
Total Operating Revenues	14,060,793	8,189,285	11,417,753	3,767,681
Operating Expenses:				
Personal Services	1,713,776	3,066,781	1,817,629	1,292,207
Contractual Services	1,074,464	1,314,616	1,134,715	1,497,864
Cost of Gas Sold	9,551,764	0	0	0
Materials and Supplies	578,741	1,441,237	977,793	241,779
Depreciation	692,083	1,674,300	3,216,480	152,812
Health Insurance Claims	0	0	0	0
Total Operating Expenses	13,610,828	7,496,934	7,146,617	3,184,662
Operating Income (Loss)	449,965	692,351	4,271,136	583,019
Non-Operating Revenue (Expenses):				
Interest Income	0	22,043	81,446	1,986
Interest and Fiscal Charges	0	(659,412)	(1,955,087)	(34,771)
Loss on Disposal of Capital Assets	0	0	0	(17,973)
Intergovernmental Grants	0	0	1,000	0
Other Nonoperating Revenue	0	40,521	24,835	0
Total Non-Operating Revenues (Expenses)	0	(596,848)	(1,847,806)	(50,758)
Income (Loss) Before Contributions and Transfers	449,965	95,503	2,423,330	532,261
Capital Contributions	0	0	0	0
Transfers In	0	0	0	0
Change in Net Position	449,965	95,503	2,423,330	532,261
Net Position Beginning of Year, Restated	22,551,090	15,379,051	23,966,621	1,365,026
Net Position End of Year	\$ 23,001,055	\$ 15,474,554	\$ 26,389,951	\$ 1,897,287

Change in Net Position of Enterprise Funds

Adjustment to reflect the consolidation of internal
service fund activities related to enterprise funds.
Change in Net Position 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>
\$ 3,009,540	\$ 5,666,848	\$ 45,839,574	\$ 8,608,533
6,098	0	278,424	77,658
<u>3,015,638</u>	<u>5,666,848</u>	<u>46,117,998</u>	<u>8,686,191</u>
366,285	0	8,256,678	1,668,089
1,347,453	122,208	6,491,320	408,687
0	168,770	9,720,534	0
10,033	0	3,249,583	196,353
245,031	17,757	5,998,463	142,157
0	0	0	6,492,187
<u>1,968,802</u>	<u>308,735</u>	<u>33,716,578</u>	<u>8,907,473</u>
1,046,836	5,358,113	12,401,420	(221,282)
0	1,471	106,946	0
(27,713)	(6,162,864)	(8,839,847)	(4,446)
0	(166,969)	(184,942)	0
95,613	0	96,613	0
0	6,010	71,366	0
<u>67,900</u>	<u>(6,322,352)</u>	<u>(8,749,864)</u>	<u>(4,446)</u>
1,114,736	(964,239)	3,651,556	(225,728)
1,081,670	166,969	1,248,639	0
0	0	0	64,488
2,196,406	(797,270)	4,900,195	(161,240)
<u>16,105,587</u>	<u>(84,772,509)</u>	<u>(5,405,134)</u>	<u>3,300,714</u>
<u>\$ 18,301,993</u>	<u>\$ (85,569,779)</u>	<u>\$ (504,939)</u>	<u>\$ 3,139,474</u>
		\$ 4,900,195	
		<u>67,823</u>	
		<u>\$ 4,968,018</u>	

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$15,044,295	\$8,166,938	\$11,344,850	\$3,756,915
Cash Received from Swap Providers	0	0	0	0
Cash Received from Interfund Services	0	0	0	0
Cash Payments for Goods and Services	(10,340,215)	(2,877,143)	(2,052,675)	(1,789,803)
Cash Payments to and on behalf of Employees	(1,774,474)	(3,115,438)	(1,859,869)	(1,436,509)
Cash Payments for Claims	0	0	0	0
Customer Deposits Received	130,061	24,052	24,052	0
Customer Deposits Returned	(116,307)	(21,509)	(21,509)	0
Net Cash Provided (Used) by Operating Activities	2,943,360	2,176,900	7,434,849	530,603
<u>Cash Flows from Noncapital Financing Activities:</u>				
Intergovernmental Grants Received	0	0	1,000	0
Receipt of Interfund Advance Repayment	0	0	0	8,600
Principal Paid on Revenue Bond Payable	0	0	0	0
Principal Paid on Ohio Water Development Authority Loans	0	0	0	(249,603)
Interest Paid on Debt	0	0	0	(39,738)
Transfers In from Other Funds	0	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	1,000	(280,741)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Intergovernmental Grants Received	0	0	0	0
Proceeds from General Obligation Notes	0	0	0	0
Acquisition and Construction of Assets	(1,545,068)	(44,743)	(2,618,694)	(498,956)
Principal Paid on Installment Loan	0	0	0	0
Principal Paid on General Obligation Notes	0	0	0	0
Capital Lease Payments	0	(5,030)	0	0
Principal Paid on Revenue Bonds Payable	0	(300,000)	(815,000)	0
Principal Paid on Ohio Water Development Authority Loans	0	(1,310,369)	(2,548,371)	0
Interest Paid on All Debt	0	(675,495)	(1,988,263)	0
Net Cash Used by Capital and Related Financing Activities	(1,545,068)	(2,335,637)	(7,970,328)	(498,956)
<u>Cash Flows from Investing Activities:</u>				
Sale of Investments	0	0	0	83,543
Purchase of Investments	(1,810,918)	(101,866)	(375,840)	0
Receipt of Investment Earnings	0	26,457	95,590	1,183
Net Cash Provided (Used) for Investing Activities	(1,810,918)	(75,409)	(280,250)	84,726
Net Decrease in Cash and Cash Equivalents	(412,626)	(234,146)	(814,729)	(164,368)
Cash and Cash Equivalents at Beginning of Year	1,125,431	1,135,819	3,530,271	340,788
Cash and Cash Equivalents at End of Year	\$712,805	\$901,673	\$2,715,542	\$176,420
<u>Reconciliation of Cash and</u>				
<u>Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$599,033	\$320,315	\$785,734	\$176,420
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Restricted Cash and Cash Equivalents	113,772	581,358	1,929,808	0
Cash and Cash Equivalents at End of Year	\$712,805	\$901,673	\$2,715,542	\$176,420

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Totals	Internal Service Funds
\$3,007,100	\$6,032,433	\$47,352,531	\$0
0	13,570,733	13,570,733	0
0	0	0	8,686,191
(1,347,436)	(122,208)	(18,529,480)	(638,598)
(377,005)	0	(8,563,295)	(1,697,990)
0	0	0	(6,658,756)
0	0	178,165	0
0	0	(159,325)	0
<u>1,282,659</u>	<u>19,480,958</u>	<u>33,849,329</u>	<u>(309,153)</u>
95,613	0	96,613	0
0	0	8,600	0
0	(12,825,000)	(12,825,000)	0
0	0	(249,603)	0
0	(5,831,014)	(5,870,752)	0
0	0	0	64,488
<u>95,613</u>	<u>(18,656,014)</u>	<u>(18,840,142)</u>	<u>64,488</u>
1,081,670	0	1,081,670	0
831,000	0	831,000	0
(2,023,346)	(970,179)	(7,700,986)	(103,097)
0	0	0	(59,956)
(1,131,000)	0	(1,131,000)	0
(59,149)	0	(64,179)	(3,696)
0	0	(1,115,000)	0
0	0	(3,858,740)	0
<u>(31,853)</u>	<u>0</u>	<u>(2,695,611)</u>	<u>(4,532)</u>
<u>(1,332,678)</u>	<u>(970,179)</u>	<u>(14,652,846)</u>	<u>(171,281)</u>
0	0	83,543	0
(186,686)	0	(2,475,310)	0
0	1,471	124,701	0
<u>(186,686)</u>	<u>1,471</u>	<u>(2,267,066)</u>	<u>0</u>
(141,092)	(143,764)	(1,910,725)	(415,946)
<u>345,090</u>	<u>6,983,405</u>	<u>13,460,804</u>	<u>4,414,792</u>
<u>\$203,998</u>	<u>\$6,839,641</u>	<u>\$11,550,079</u>	<u>\$3,998,846</u>
\$203,998	\$842,154	\$2,927,654	\$1,195,239
0	0	0	2,803,607
0	5,997,487	8,622,425	0
<u>\$203,998</u>	<u>\$6,839,641</u>	<u>\$11,550,079</u>	<u>\$3,998,846</u>

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$449,965	\$692,351	\$4,271,136	\$583,019
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	692,083	1,674,300	3,216,480	152,812
Miscellaneous Nonoperating Revenue	0	0	0	0
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
(Increase) Decrease in Accounts Receivable	983,502	(22,347)	(72,903)	(10,766)
Decrease in Due to Other Funds	0	0	0	0
(Increase) Decrease in Inventory	1,295,833	(98,367)	(5,924)	5,097
Increase in Prepaid Items	(583)	(118)	(1,831)	(21)
Decrease in Prepaid Gas Supply	0	0	0	0
Increase in Deferred Outflows of Resources	(68,463)	(101,738)	(65,058)	(46,625)
Increase (Decrease) in Accounts Payable	(73,388)	(22,847)	67,575	27,060
Decrease in Accrued Wages and Benefits	(59,342)	(93,056)	(59,963)	(46,544)
Decrease in Due to Other Funds	(359,575)	0	0	0
Increase in Intergovernmental Payable	2,286	0	0	940
Increase in Customer Deposits	13,754	2,543	2,543	0
Decrease in Landfill Postclosure Care Liability	0	0	0	(83,230)
Increase (Decrease) in Compensated Absences	16,983	71,425	34,992	(85,397)
Increase in Net Pension Liability	28,297	42,048	26,888	19,270
Increase in Deferred Inflows of Resources	22,008	32,706	20,914	14,988
Decrease in Claims Payable	0	0	0	0
Total Adjustments	<u>2,493,395</u>	<u>1,484,549</u>	<u>3,163,713</u>	<u>(52,416)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$2,943,360</u>	<u>\$2,176,900</u>	<u>\$7,434,849</u>	<u>\$530,603</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2015, the Gas, Water Pollution, Storm Water, and Information Services Funds had outstanding liabilities of \$8,295, \$19,496, \$16,926 and \$3,671 respectively for certain capital assets.

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Totals	Internal Service Funds
\$1,046,836	\$5,358,113	\$12,401,420	(\$221,282)
245,031	17,757	5,998,463	142,157
0	6,010	6,010	0
(8,538)	0	868,948	0
0	359,575	359,575	0
0	0	1,196,639	(722)
0	0	(2,553)	(77)
0	13,739,503	13,739,503	0
(13,474)	0	(295,358)	(58,936)
10,050	0	8,450	(32,811)
(11,632)	0	(270,537)	(49,181)
0	0	(359,575)	0
0	0	3,226	0
0	0	18,840	0
0	0	(83,230)	0
4,485	0	42,488	34,964
5,570	0	122,073	24,358
4,331	0	94,947	18,946
0	0	0	(166,569)
<u>235,823</u>	<u>14,122,845</u>	<u>21,447,909</u>	<u>(87,871)</u>
<u>\$1,282,659</u>	<u>\$19,480,958</u>	<u>\$33,849,329</u>	<u>(\$309,153)</u>

CITY OF LANCASTER, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2015***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 326,196
Due from Other Funds	<u>4,481</u>
Total Assets	<u>\$ 330,677</u>
Liabilities:	
Due to Other Funds	\$ 4,481
Intergovernmental Payable	4,481
Due to Others	<u>321,715</u>
Total Liabilities	<u>\$ 330,677</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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, 2015 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,"* as amended by GASB 61, 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 Executive Director of the Port Authority also serves as the General Manager to the Lancaster Municipal Gas Department. In addition, the City Treasurer voluntarily serves as the Treasurer to the Port Authority. Separately issued financial statements can be obtained from Lancaster Port Authority, 104 East Main Street, Lancaster, OH 43130.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, 2015***

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, uses and balances of financial resources). The following are the City's major governmental funds:

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.

.45 Police and Fire Levy Fund - This fund is used to account for a .45% voted income tax levy to be used for the operations of the Police and Fire Departments.

Columbian Construction Fund - This fund is used to account for the financial resources for the construction of the Fairfield County Municipal Court

Proprietary Funds

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

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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, fee collections to be distributed to the law library, and overpayment of utility bills due back to utility customers. 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 position 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, 2015***

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, deferred outflows of resources, current liabilities, and deferred inflows of resources, 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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. 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, 2015***

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.

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.

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 and major special revenue funds are 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.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 2015.

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 2015, 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, 2015**

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 and major special revenue fund:

	Net Change in Fund Balance	
	General Fund	.45 Police and Fire Levy Fund
GAAP Basis (as reported)	\$224,433	\$624,964
Increase (Decrease):		
Accrued Revenues at December 31, 2015 received during 2016	(1,702,910)	(563,316)
Accrued Revenues at December 31, 2014 received during 2015	1,509,609	469,002
Accrued Expenditures at December 31, 2015 paid during 2016	656,001	407,198
Accrued Expenditures at December 31, 2014 paid during 2015	(818,718)	(824,587)
2014 Prepays for 2015	27,554	20,769
2015 Prepays for 2016	(27,435)	(21,957)
Adjustment to Fair Value	69,999	0
Outstanding Encumbrances	(199,368)	(295,006)
Budget Basis	<u>(\$260,835)</u>	<u>(\$182,933)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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 2015. 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, 2015. 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 position, with an offsetting deferred inflow or outflow. At December 31, 2015, the fair value and negative fair value of the City's derivative instruments are offset by a deferred inflow and outflow, 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, 2015***

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, 2015, 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 Position, 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, 2015***

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 Position 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, 2015**

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
Special Assessment Bond Payable	Special Assessment Retirement Fund
Installment Loan	General Fund, Street, Construction, Maintenance and Repair Fund, .15 Fire Levy Fund, Fire Impact-District One Fund, Information Services Fund
Capital Leases	General Fund, 45 Police and Fire Levy 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 Net Pension Liability	General Fund, .45 Police and Fire Levy Fund, Cemetery Fund, Street Construction, Maintenance and Repair Fund, Parks and Recreation Fund Lancaster Community Development 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, 2015***

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 Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net position is 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 resources are available.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balances (Continued)

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 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) 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. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.

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, landfill postclosure 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 position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has three items that qualifies for reporting in this category. One is the deferred charge on refunding reported in the government-wide and proprietary statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another is the cumulative decrease from derivative instruments reported in the proprietary statement of net position and the government wide statement of net position. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, hedging derivatives and unavailable revenue. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. The cumulative increase in the hedging derivative is reported as a deferred inflow on both the proprietary statement of net position and government wide statement of net position. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position explained in Note 11.

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 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For 2015, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

	Governmental Activities	Business-type Activities	Gas Fund	Water Fund
Net Position December 31, 2014	\$57,574,160	\$533,693	\$23,622,735	\$16,971,585
Adjustments:				
Net Pension Liability	(29,326,228)	(5,926,679)	(1,224,454)	(1,819,618)
Deferred Outflows - Payments Subsequent to Measurement Date	<u>2,780,422</u>	<u>739,636</u>	<u>152,809</u>	<u>227,084</u>
Restated Net Position December 31, 2014	<u>\$31,028,354</u>	<u>(\$4,653,350)</u>	<u>\$22,551,090</u>	<u>\$15,379,051</u>

	Water Pollution Fund	Sanitation Fund	Stormwater Fund	Internal Service Funds
Net Position December 31, 2014	\$24,984,992	\$2,094,850	\$16,316,492	\$4,223,245
Adjustments:				
Net Pension Liability	(1,163,584)	(833,892)	(240,978)	(1,054,078)
Deferred Outflows - Payments Subsequent to Measurement Date	<u>145,213</u>	<u>104,068</u>	<u>30,073</u>	<u>131,547</u>
Restated Net Position December 31, 2014	<u>\$23,966,621</u>	<u>\$1,365,026</u>	<u>\$16,105,587</u>	<u>\$3,300,714</u>

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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	.45 Police and Fire Levy Fund	Columbian Construction Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$27,435	\$21,957	\$0	\$13,030	\$62,422
Supplies Inventory	159,499	0	0	276,799	436,298
Endowment	0	0	0	1,051,351	1,051,351
Loans Receivable	0	0	0	1,611,737	1,611,737
Total Nonspendable	186,934	21,957	0	2,952,917	3,161,808
Restricted:					
Transportation Projects	0	0	0	2,237,558	2,237,558
Cemetery	0	0	0	529,592	529,592
Court Projects	0	0	0	1,842,624	1,842,624
Public Transportation	0	0	0	268,710	268,710
911 Services	0	0	0	165,395	165,395
Police and Fire Operations	0	531,076	0	1,220,292	1,751,368
Pension for Public Safety	0	0	0	32,350	32,350
Community Development	0	0	0	170,561	170,561
Debt Retirement	0	0	0	72,608	72,608
Total Restricted	0	531,076	0	6,539,690	7,070,766
Committed:					
Parks and Recreation	0	0	0	566,385	566,385
Capital Improvements	0	0	0	1,439,622	1,439,622
Total Committed	0	0	0	2,006,007	2,006,007
Assigned:					
Projected budgetary deficit	1,264,612	0	0	0	1,264,612
Services and Supplies	94,039	0	0	0	94,039
Total Assigned	1,358,651	0	0	0	1,358,651
Unassigned:					
	5,684,567	0	(438,420)	(1,720,520)	3,525,627
Total Fund Balances	\$7,230,152	\$553,033	(\$438,420)	\$9,778,094	\$17,122,859

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

The fund deficits at December 31, 2015 of \$438,420 in the Columbian Construction Fund and \$1,720,520 in the Ety Road TIF Project Fund (capital projects funds) are the result of recording notes payable amounts in the individual fund balance sheets. The accumulated deficit of \$85,569,779 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.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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

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;
- 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the City'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 \$28,973,256 and the bank balance was \$29,575,375. Federal depository insurance covered \$957,230 of the bank balance and \$28,618,145 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>\$28,618,145</u>
Total Balance	<u><u>\$28,618,145</u></u>

Investment earnings of \$223,228 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, 2015**

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

B. Investments

The City's investments at December 31, 2015 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)			
			less than 1	1-3	3-5	more than 5
STAR Ohio	\$56,307	AAAm ¹	\$56,307	\$0	\$0	\$0
City of Lancaster Bond Payable	150,000	AAA ¹	22,000	47,500	52,500	28,000
Negotiable CD's ^a	8,450,538	N/A ³	1,993,666	3,490,564	2,966,308	0
FNMA ^b	7,272,524	AA+ ¹ , Aaa ²	0	1,798,830	5,473,694	0
FHLB ^b	7,313,189	AA+ ¹ , Aaa ²	0	3,348,139	3,965,050	0
FFCB ^b	5,279,770	AA+ ¹ , Aaa ²	0	3,785,935	1,493,835	0
FHLMC ^b	8,195,788	AA+ ¹ , Aaa ²	0	3,228,197	4,967,591	0
Total Investments	\$36,718,116		\$2,071,973	\$15,699,165	\$18,918,978	\$28,000

¹ Standard & Poor's

² Moody's Investor Service

³ All are fully FDIC insured

^a \$498,010 of these negotiable CDs are callable through September 2017.

^b \$9,369,081 of these securities were called in 2016, \$18,290,138 are callable through November 2020.

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, 0.4% are in municipal bonds, 23.0% are in negotiable CDs, 19.8% are FNMA, 19.9% are FHLB, 14.4% are FFCB, and 22.3% 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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

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. STAR Ohio is treated as a cash equivalent. 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	\$23,293,760	\$42,397,612
Certificates of Deposit (with maturities of more than 3 months)	5,735,803	(5,735,803)
Investments:		
STAR Ohio	(56,307)	56,307
Per GASB Statements No. 3 and 40	<u>\$28,973,256</u>	<u>\$36,718,116</u>

* Includes Cash with Fiscal Agent

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 2015 were levied after October 1, 2014 on assessed values as of January 1, 2014, 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 2013. 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.

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, 2015***

NOTE 6 - TAXES (Continued)

A. Property Taxes (Continued)

The full tax rate for the City's operations for the year ended December 31, 2015 was \$6.40 per \$1,000 of assessed value. The assessed value upon which the 2015 property tax receipts were based was \$719,521,390. This amount constitutes \$699,205,550 in real property assessed value and \$20,315,840 in public utility 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 .64% (6.40 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, 2015 consisted of taxes, accounts, special assessments, interest, loans and intergovernmental receivables arising from shared revenues. These amounts are shown separately on the face of the financial statements with the exception of property and income taxes receivable in the amount of \$4,928,916 and \$4,907,351 respectively. Delinquents are included in the amounts presented.

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 8 – INTERFUND ACCOUNTS

Interfund balances at December 31, 2015 consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$0	\$65,356
Enterprise Fund:		
Gas	0	364,103
Water	40,521	0
Water Pollution	24,835	0
Port Authority	364,103	0
Total Enterprise Funds	<u>429,459</u>	<u>364,103</u>
Agency Funds:		
Municipal Court	0	4,481
Law Library	4,481	0
Total Agency Funds	<u>4,481</u>	<u>4,481</u>
Totals	<u>\$433,940</u>	<u>\$433,940</u>
	<u>Advance to Other Funds</u>	<u>Advance from Other Funds</u>
Nonmajor Governmental Funds	\$0	\$195,600
Enterprise Fund:		
Sanitation Fund	195,600	0
Totals	<u>\$195,600</u>	<u>\$195,600</u>

The Due to Other Funds is a payment for gas purchases to the Port Authority. The Advance Loan consists of a long-term loan to be paid back in annual installments through 2031.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2015:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$11,254,106
.45 Police and Fire Levy Fund	10,335,183	0
Nonmajor Governmental Funds	1,551,921	697,486
Internal Service Funds	64,488	0
Total Transfers	<u>\$11,951,592</u>	<u>\$11,951,592</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, 2015**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2015:
Historical Cost:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
<i>Capital assets not being depreciated:</i>				
Land	\$18,055,298	\$0	\$0	\$18,055,298
Construction in Progress	1,977,464	7,574,162	(278,333)	9,273,293
Subtotal	20,032,762	7,574,162	(278,333)	27,328,591
<i>Capital assets being depreciated:</i>				
Buildings	7,774,652	0	(223,066)	7,551,586
Improvements Other than Buildings	7,641,573	15,038	(31,735)	7,624,876
Machinery and Equipment	4,803,787	896,762	(301,151)	5,399,398
Vehicles	6,900,690	604,517	(152,071)	7,353,136
Infrastructure	29,009,646	2,629,637	(271,876)	31,367,407
Subtotal	56,130,348	4,145,954	(979,899)	59,296,403
Total Cost	\$76,163,110	\$11,720,116	(\$1,258,232)	\$86,624,994

Accumulated Depreciation:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Buildings	(\$3,874,497)	(\$175,335)	\$40,814	(\$4,009,018)
Improvements Other than Buildings	(4,371,895)	(275,204)	30,205	(4,616,894)
Machinery and Equipment	(3,494,881)	(320,422)	297,537	(3,517,766)
Vehicles	(4,613,105)	(698,495)	131,772	(5,179,828)
Infrastructure	(12,052,693)	(670,690)	270,462	(12,452,921)
Total Depreciation	(\$28,407,071)	(\$2,140,146) *	\$770,790	(\$29,776,427)
<i>Net Value:</i>	\$47,756,039			\$56,848,567

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$493,715)
Leisure Time Activities	(233,968)
Community Environment	(3,276)
Public Health & Welfare	(8,423)
Transportation	(1,101,245)
General Government	(174,981)
Internal Service Fund Capital Assets	(124,538)
Total Depreciation Expense	(\$2,140,146)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 10 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2015:

Historical Cost:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
<i>Capital assets not being depreciated:</i>				
Land	\$3,476,307	\$51,316	\$0	\$3,527,623
Construction in Progress	2,010,563	5,761,252	(794,450)	6,977,365
Subtotal	5,486,870	5,812,568	(794,450)	10,504,988
<i>Capital assets being depreciated:</i>				
Buildings	81,018,919	166,969	(166,969)	81,018,919
Improvements	34,776,146	0	0	34,776,146
Machinery and Equipment	10,548,626	121,680	(54,089)	10,616,217
Vehicles	5,098,070	588,280	(446,862)	5,239,488
Infrastructure	84,234,223	2,239,754	0	86,473,977
Subtotal	215,675,984	3,116,683	(667,920)	218,124,747
Total Cost	\$221,162,854	\$8,929,251	(\$1,462,370)	\$228,629,735

Accumulated Depreciation:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Buildings	(\$18,594,470)	(\$1,954,255)	\$0	(\$20,548,725)
Improvements	(28,632,193)	(1,159,082)	0	(29,791,275)
Machinery and Equipment	(9,286,712)	(307,765)	54,089	(9,540,388)
Vehicles	(4,407,253)	(323,242)	446,862	(4,283,633)
Infrastructure	(38,548,857)	(2,268,143)	0	(40,817,000)
Total Depreciation	(\$99,469,485)	(\$6,012,487)	\$500,951	(\$104,981,021)
<i>Net Value:</i>	\$121,693,369			\$123,648,714

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, \$935,590 and \$77,383 of internal service funds capital assets, net of depreciation are included in the respective above amounts. Also, \$124,538 and \$17,619 of depreciation expense for the internal service funds are included in the respective above amounts.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$1,594,047 for 2015.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$1,995,215 for 2015.

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

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$12,931,207	\$24,053,640	\$36,984,847
Proportion of the Net Pension Liability	0.107214%	0.4643186%	
Pension Expense	\$1,406,615	\$2,345,899	\$3,752,514

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$689,970	\$1,036,690	\$1,726,660
City contributions subsequent to the measurement date	<u>1,594,047</u>	<u>1,995,215</u>	<u>3,589,262</u>
Total Deferred Outflows of Resources	<u>\$2,284,017</u>	<u>\$3,031,905</u>	<u>\$5,315,922</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	<u>\$227,176</u>	<u>\$0</u>	<u>\$227,176</u>

\$3,589,262 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2016	\$67,673	\$259,173	\$326,846
2017	67,673	259,173	326,846
2018	154,956	259,172	414,128
2019	<u>172,494</u>	<u>259,172</u>	<u>431,666</u>
Total	<u>\$462,796</u>	<u>\$1,036,690</u>	<u>\$1,499,486</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$23,789,714	\$12,931,207	\$3,785,726

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2014 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	120.00 %	

* levered 2x

OPF’s Board of Trustees has incorporated the “risk parity” concept into OPF’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$33,269,822	\$24,053,640	\$16,250,335

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 coverage, deposits to a Health Reimbursement Arrangement, 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 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. Please see the Plan Statement in the OPERS 2014 CAFR for details.

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.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by making a written request to OPERS, 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 2015, 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.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee’s Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

The City's contributions for health care to the OPERS for the years ending December 31, 2015, 2014, and 2013 were \$265,674, \$275,983 and \$131,276, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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.

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. That report is also available on OP&F’s website at www.op-f.org.

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.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

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 2015, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

The City's contributions for health care to the OP&F for the years ending December 31, 2015, 2014, and 2013 were \$22,363, \$21,564 and \$130,993 for police and \$24,371, \$23,901 and \$148,740 for firefighters, respectively, which were equal to the required contributions for each year.

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, 2015	Additions	(Reductions)	Balance December 31, 2015
Capital Projects Notes Payable:					
2.533% Street Improvement 2014	12/31/2015	\$1,158,540	\$0	(\$1,158,540)	\$0
2.500% Street Improvement 2015	12/31/2016	0	1,187,886	0	1,187,886
2.533% Island Capital Note 2014	12/31/2015	359,351	0	(359,351)	0
2.533% Island Capital Note 2015	12/31/2016	0	368,454	0	368,454
1.000% Columbian Construction Note 2015	12/22/2016	0	1,800,000	0	1,800,000
Total Capital Projects Notes Payable		<u>\$1,517,891</u>	<u>\$3,356,340</u>	<u>(\$1,517,891)</u>	<u>\$3,356,340</u>
Enterprise Funds Notes Payable:					
1.25% Storm Water Improvement	4/7/2015	\$1,131,000	\$0	(\$1,131,000)	\$0
1.00% Storm Water Improvement	4/5/2016	0	831,000	0	831,000
Total Enterprise Notes Payable		<u>\$1,131,000</u>	<u>\$831,000</u>	<u>(\$1,131,000)</u>	<u>\$831,000</u>

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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

Long-term debt and other long-term obligations of the City at December 31, 2015 were as follows:

	Restated Balance December 31, 2014	Additions	(Reductions)	Balance December 31, 2015	Due Within One Year
Business-Type Activities:					
Ohio Water Development Authority Loans (OWDA):					
2003 2.00% Water Treatment Plant/Clearwells/Wellfield	\$133,336	\$0	(\$6,221)	\$127,115	\$6,347
2001 4.14% Water Transmission Line/Waste Force Main	2,730,730	0	(294,435)	2,436,295	306,750
2001 3.90% Water Treatment Plant/Clearwells/Wellfield	10,854,341	0	(1,009,713)	9,844,628	1,153,800
1993 2.94% Water Pollution Control Plant (Supplement)	1,307,968	0	(865,601)	442,367	442,367
1996 3.16% Water Pollution Control Plant (Supplement)	972,643	0	(314,104)	658,539	324,108
2009 3.27% Water Pollution Control Plant	30,546,827	0	(1,368,666)	29,178,161	1,413,985
1997 3.98% Landfill Postclosure Care	1,060,238	0	(249,603)	810,635	259,635
Total Ohio Water Development Authority Loans	47,606,083	0	(4,108,343)	43,497,740	3,906,992
Revenue Bonds Payable:					
2012 2-3.5% Refunding Water System Improvement Revenue Bond	5,745,000	0	(300,000)	5,445,000	305,000
Premium	293,737	0	(19,582)	274,155	0
2008 3-4.375% Wastewater System Improvement Revenue Bond	17,825,000	0	(625,000)	17,200,000	645,000
2012 2-3.5% Refunding Wastewater System Improvement Revenue Bond	3,650,000	0	(190,000)	3,460,000	195,000
Premium	175,586	0	(10,945)	164,641	0
2014 variable Refunding Port Authority Gas Supply Revenue Bond	321,685,000	0	(12,825,000)	308,860,000	13,545,000
Discount	(1,518,498)	0	303,699	(1,214,799)	0
Total Revenue Bonds Payable	347,855,825	0	(13,666,828)	334,188,997	14,690,000
Net Pension Liability-Ohio Public Employees Retirement System	5,926,679	136,958	0	6,063,637	0
Landfill Postclosure Care Liability	1,205,399	0	(83,230)	1,122,169	78,600
Capital Leases	233,665	0	(67,875)	165,790	69,864
Compensated Absences	2,047,971	613,312	(540,123)	2,121,160	146,149
Total Business-Type Long-Term Debt	\$404,875,622	\$750,270	(\$18,466,399)	\$387,159,493	\$18,891,605

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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

	Restated Balance December 31, 2014	Additions	(Reductions)	Balance December 31, 2015	Due Within One Year
Governmental Activities Long-Term Debt:					
2005 3-4.375% General Obligation Bond Payable	\$200,000	\$0	(\$200,000)	\$0	\$0
2010 2-3.125% General Obligation Bond Payable - Ety Road TIF	1,450,000	0	(295,000)	1,155,000	300,000
2014 2-3% Refunding General Obligation Bond Payable	2,355,000	0	(30,000)	2,325,000	240,000
Premium	35,030	0	(4,460)	30,570	0
2014 2-4% General Obligation Bond Payable-Court Facility	7,980,000	0	(185,000)	7,795,000	185,000
Premium	122,912	0	(4,238)	118,674	0
2014 1-3.45% General Obligation Bond Payable - Land	1,035,000	0	(90,000)	945,000	95,000
Total General Obligation Bonds Payable	<u>13,177,942</u>	<u>0</u>	<u>(808,698)</u>	<u>12,369,244</u>	<u>820,000</u>
2001 5.00% Special Assessment Bond Payable with Governmental Commitment	171,000	0	(21,000)	150,000	22,000
2008 2.84-4.4% Housing and Urban Development Loan Payable	220,000	0	(90,000)	130,000	90,000
2000 0.00% Ohio Public Works Commission Loan Payable	39,560	0	(6,086)	33,474	6,086
2007 3.00% State Infrastructure Bank Loan	159,592	0	(159,592)	0	0
2010 3.25% Ohio Water Development Authority Loan	346,088	0	(16,147)	329,941	16,677
Installment Loans Payable:					
2011 3.30% Fire Medic	63,195	0	(41,785)	21,410	21,410
2012 2.75% Fire Medic #2	139,963	0	(45,367)	94,596	46,637
2012 3.25% Fire Engine	329,824	0	(61,713)	268,111	63,747
2012 2.75% Street Equipment	231,215	0	(74,944)	156,271	77,044
2012 2.75% Narrow Banding Project	184,972	0	(59,956)	125,016	61,635
2013 3.30% Fire Aerial Truck Platform	429,337	0	(41,701)	387,636	43,085
Total Installment Loans Payable	<u>1,378,506</u>	<u>0</u>	<u>(325,466)</u>	<u>1,053,040</u>	<u>313,558</u>
Net Pension Liability:					
Ohio Public Employees Retirement System	6,712,455	155,115	0	6,867,570	0
Ohio Police and Fire Pension Fund	22,613,773	1,439,867	0	24,053,640	0
Total Net Pension Liability	<u>29,326,228</u>	<u>1,594,982</u>	<u>0</u>	<u>30,921,210</u>	<u>0</u>
Compensated Absences	4,562,870	1,722,794	(1,452,137)	4,833,527	343,705
Capital Leases	447,016	469,044	(178,730)	737,330	178,155
Pollution Remediation Obligation	457,138	0	(139,962)	317,176	317,176
Total Governmental Activities	<u>\$50,285,940</u>	<u>\$3,786,820</u>	<u>(\$3,197,818)</u>	<u>\$50,874,942</u>	<u>\$2,107,357</u>

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, \$147,966 and \$252,539 of internal service funds compensated absences are included in the respective above amounts. Also, \$125,016 of an internal service fund installment loan is recorded in governmental activities and \$12,760 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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

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.

A. Gas Supply Revenue Bonds, Series 2014

In July 2014, the Port Authority issued \$321,685,000 of gas supply revenue refunding bonds to refund the March, 2008 gas supply revenue bonds which were issued 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 City will purchase the scheduled monthly gas at a specified index less a discount from such index price for the entire term of April 2008 through March 2038. The revenue bonds are secured by a pledge of the gas supply revenues derived from the related prepay transaction. On August 1, 2019, the Series 2014 Bonds may either be refunded with a new series of bonds issued for a subsequent five-year period (or such shorter or longer period as may be agreed upon by the Port Authority and Royal Bank of Canada), or remarketed for a subsequent five-year period (or such shorter or longer period as may be agreed upon by the Port Authority and Royal Bank of Canada).

The Port Authority entered into an interest rate swap with Royal Bank of Canada in connection with the Series 2014, Gas Supply Revenue Refunding 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 1.84701%. The principal and interest remaining to be paid on these bonds is \$327,501,334. Principal and interest paid for the current year and total customer net revenues were \$15,284,079 and \$5,377,341, respectively.

B. Water and Wastewater Revenue Bonds

The City has pledged future customer revenues, net of specified operating expenses, to repay Water Revenue Bonds, series 2012. The 2012 bonds were issued to partially refund 2004 bonds which were originally issued to pay the cost of constructing two 2 million gallon storage tanks and various water lines. The principal and interest remaining to be paid on these bonds is \$7,179,780. Principal and interest paid for the current year and total customer net revenues were \$514,981 and \$2,388,694, respectively.

The City has pledged future customer revenues, net of specified operating expenses, to repay Wastewater Revenue Bonds, series 2008 and 2012. The 2012 bonds were issued to partially refund 2004 bonds which were originally issued to pay the cost of acquiring land for a new wastewater treatment plant and installing various sewer lines. The 2008 bonds were issued to pay the cost of constructing a new wastewater treatment plant. The principal and interest remaining to be paid on these bonds is \$30,339,812. Principal and interest paid for the current year and total customer net revenues were \$1,753,812 and \$7,569,062, respectively.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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

C. Ohio Water Development Authority Loans

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.

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 \$21,064,709. This loan is payable from water charges and the proceeds were used for the water treatment plant, clearwells and wellfield.

In 2003, 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 \$34,396,999. The proceeds were used to build the Upper Hocking Wastewater Treatment Plant.

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 \$398,675. The proceeds were used to build a salt storage barn and wash bays.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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

D. 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, 2015 follows:

Governmental Activities:

Years	General Obligation Bond Payable		Special Assessment Bond Payable		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$820,000	\$375,664	\$22,000	\$7,500	\$16,677	\$10,589
2017	845,000	363,346	23,000	6,400	17,223	10,042
2018	645,000	348,072	24,500	5,250	17,787	9,478
2019	645,000	336,583	25,500	4,025	18,370	8,895
2020	670,000	323,484	27,000	2,750	18,972	8,293
2021-2025	2,795,000	1,364,422	28,000	1,400	104,601	31,725
2026-2030	1,230,000	1,060,750	0	0	122,897	13,429
2031-2035	1,490,000	799,400	0	0	13,414	219
2036-2040	1,810,000	476,000	0	0	0	0
2041-2043	1,270,000	103,000	0	0	0	0
Totals	\$12,220,000	\$5,550,721	\$150,000	\$27,325	\$329,941	\$92,670

Years	HUD Loan		OPWC Loan		Installment Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$90,000	\$5,856	\$6,086	\$0	\$313,558	\$29,450
2017	40,000	1,824	6,086	0	300,989	20,598
2018	0	0	6,086	0	114,100	13,247
2019	0	0	6,086	0	117,904	9,446
2020	0	0	6,086	0	49,114	6,414
2021-2023	0	0	3,044	0	157,375	9,207
Totals	\$130,000	\$7,680	\$33,474	\$0	\$1,053,040	\$88,362

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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

D. Future Long-Term Financing Requirements (Continued)

Business-Type Activities:		Revenue		
		OWDA Loans		Bonds Payable
Years	Principal	Interest	Principal	Interest
2016	\$3,906,992	\$1,470,169	\$14,690,000	\$6,661,786
2017	3,590,396	1,337,896	15,320,000	6,364,972
2018	3,375,697	1,210,217	15,825,000	6,047,386
2019	3,207,655	1,088,919	267,880,000	3,788,501
2020	3,324,697	971,876	1,335,000	931,931
2021-2025	13,289,576	3,163,379	7,500,000	3,840,606
2026-2030	10,485,361	1,342,152	8,485,000	2,041,238
2030-2034	2,317,366	56,996	3,930,000	379,050
Totals	<u>\$43,497,740</u>	<u>\$10,641,604</u>	<u>\$334,965,000</u>	<u>\$30,055,470</u>

E. Defeased Debt

In June 2012, the City defeased \$5,915,000 of Water Revenue Bonds dated September, 2004 (the "2004 Bonds") through the issuance of \$5,795,000 of Water Revenue Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$5,640,000 at December 31, 2015, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In June 2012, the City defeased \$3,665,000 of Wastewater Revenue Bonds dated September, 2004 (the "2004 Bonds") through the issuance of \$3,680,000 of Wastewater Revenue Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$3,495,000 at December 31, 2015, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 15 - CAPITALIZED LEASES

Under capital leases the City leases eight copiers, two mailing machines, two street sweepers, a chip spreader, distributor and roller, three pickup trucks, a utility sign truck, a hot box on a trailer, and a tractor with mower. 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 \$1,393,425.

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, 2015:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2016	\$207,946	\$74,483
2017	204,603	93,781
2018	201,782	4,508
2019	<u>192,837</u>	<u>376</u>
Minimum Lease Payments	807,168	173,148
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(69,838)</u>	<u>(7,358)</u>
Present value of minimum lease payments	<u>\$737,330</u>	<u>\$165,790</u>

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 16 - DERIVATIVE INSTRUMENTS

A. Composition of Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2015, 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	47,795,321 mmbtu	\$	251,404,639	A+/A-1
Negative Cash Flow Hedge:				
Pay-fixed, receive variable interest rate swap	\$ 321,685,000	\$	(9,587,145)	AA-/A-1+

All fair values are classified as derivative instruments on the Statement of Net Position. The increase in fair values of these derivatives instruments was \$63,424,231 for 2015. As these commodity and interest rate swaps are considered hedging derivatives instruments, the change in fair value is reflected within deferred outflows and inflows on the Statement of Net Position. 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 LIBOR 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, 2015**

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 hedging derivative instruments outstanding at December 31, 2015:

<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 2014 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.	2019	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 1.84701%, on the notional amount and receives a variable payment equal to the rate actually borne by the Series 2014 Bonds, which is based upon the LIBOR 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, 2015***

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 2014 Bonds, and is to receive an amount equal to the LIBOR index. In the event the rate actually borne by the Series 2014 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, 2015***

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 fourteen 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.

The agreement with SCOIC considers medical, surgical, and prescription drug programs to also be self insured programs. The City retains the risk for the first \$100,000 of a covered individual medical claim.

Claims are paid by the City to the SCOIC. SCOIC contracts with Employee Benefits Management Corporation for claims servicing. The City has shared risk pool coverage with Jefferson Health Plan for covered individual medical claims in excess of \$100,000 up to \$500,000 per employee per year. The City also has a stop loss coverage insurance policy, purchased through Jefferson Health Plan, 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, 2015**

NOTE 17 - INSURANCE AND RISK MANAGEMENT (Continued)

The claims liability of \$374,320 reported at December 31, 2015 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>
2014	\$651,557	\$6,028,119	(\$6,138,787)	\$540,889
2015	\$540,889	\$6,492,187	(\$6,658,756)	\$374,320

NOTE 18 - CONSTRUCTION COMMITMENTS

As of December 31, 2015, the City had the following commitments with respect to capital improvements:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>
Wastewater CSO-Allen Street	\$54,992
Wastewater –Park Street	32,350
South Broad Street Express Sewer	716,207
Union Mulberry/Glasco Park	1,321,234
Stormwater Projects	176,731
Columbiana Building	1,368,474

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 Landfill 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 \$1,122,169. 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 \$534,317 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, 2015***

NOTE 20 – POLLUTION REMEDIATION OBLIGATION

In 2012, the City began the pollution remediation for the Lancaster Glass Property for which it was awarded a Clean Ohio Grant of \$2,499,500. The remediation is expected to be completed in 2016 and a liability of \$317,176 has been recorded for these obligations.

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, 2015***

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, 2015***

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 one designee appointed by each of the members of the SCOIC. Members include the following school districts, governmental entities and county owned hospital: Amanda Clearcreek, Berne Union, Bloom-Carroll, Canal Winchester, Fairfield Union, Liberty Union-Thurston, Logan Hocking Local, Zanes Trace Local, and Miami Trace Local School Districts, Fairfield County Education Service Center, Lancaster and Washington Court House City School Districts, Hocking Valley Community Hospital, and City of Lancaster. The Liberty Union-Thurston Local School District serves as the fiscal agent for the SCOIC.

SCOIC contracts with the Jefferson Health Plan, a risk sharing, claims servicing, and insurance purchasing pool, for medical, and prescription drug coverage on a self-insured basis. The SCOIC members are considered self insured and pay a monthly premium to the fiscal agent 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. SCOIC members participate in the shared risk pool through Jefferson Health Plan for individual claims from \$100,000 to \$500,000. SCOIC members are then covered under stop loss coverage for claims over \$500,000. SCOIC contracts with Employee Benefits Management Corporation to service the claims.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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. To obtain financial information for the SCOIC, write to the fiscal agent, Liberty Union-Thurston Local School District, 1108 S. Main 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, 2015 to December 31, 2015, 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 June, 2016, the City authorized the issuance of \$15,395,000 of revenue mortgage bonds to advance refund the Wastewater System Improvement Revenue Bonds, Series 2008.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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.

B. Current Economic Conditions

The Port Authority survived the past few years of economic decline with relatively minor implications of both industrial demand for natural gas and the overall economy and revenue. The City of Lancaster's growth of all economic sectors of residential, commercial, and industrial activities has resumed to pre-recession levels and is expected to grow its population at historic level of approximately one percent per year

The Port Authority continually monitors the demand for natural gas against the provisions of the pre-pay transaction to assess the long-term feasibility of continuing the program as it is currently structured. The Port Authority continues to make all financial decisions and commitments with available cash and will not borrow funds against this transaction. The Port Authority is exploring other types of projects as it moves forward to maintain its overall goal of improving the economic development within the City of Lancaster.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF LANCASTER, OHIO

***Schedule of City's Proportionate Share of the Net Pension Liability
Last Two Years***

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.107214%	0.107214%
City's proportionate share of the net pension liability (asset)	\$12,639,134	\$12,931,207
City's covered-employee payroll	\$12,633,231	\$13,144,467
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	100.05%	98.38%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%

Source: City Auditor's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.464319%	0.464319%
City's proportionate share of the net pension liability (asset)	\$22,613,773	\$24,053,640
City's covered-employee payroll	\$8,245,423	\$9,092,747
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	274.26%	264.54%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%

Source: City Auditor's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

CITY OF LANCASTER, OHIO

***Schedule of City Contributions
Last Three Years***

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$1,642,320	\$1,577,336	\$1,594,047
Contributions in relation to the contractually required contribution	<u>1,642,320</u>	<u>1,577,336</u>	<u>1,594,047</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$12,633,231	\$13,144,467	\$13,283,725
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%

Source: City Auditor's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$1,521,402	\$1,942,722	\$1,995,215
Contributions in relation to the contractually required contribution	<u>1,521,402</u>	<u>1,942,722</u>	<u>1,995,215</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$8,245,423	\$9,092,747	\$9,346,715
Contributions as a percentage of covered-employee payroll	18.45%	21.37%	21.35%

Source: City Auditor's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.



*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.

Street Levy Fund

To account for 3 mill voted levy designated for road improvements.

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.

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.

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.

(Continued)

Special Revenue Funds (Continued)

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.

Safe Routes to School Fund

To account for grant monies to develop programs to enable children to walk or bike to school safely.

.15 Fire Levy Fund

To accumulate .15% voted income taxes designated for operations of the Fire Department.

DOJ Equitable Sharing Grant Fund

To account for grant monies to be used for purchasing law enforcement equipment.

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.

LDOT (Lancaster Department of Transportation) Improvement Fund

To account for financial resources other than the 3 mill voted levy for road and bridge improvement.

Parks Improvement Fund

To account for Capital improvement and maintenance of City parks and recreation.

Capital Improvement Fund

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

Fire Capital Improvement Fund

To account for financial resources for the purchase of a new medic unit. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 4,840,731	\$ 72,608	\$ 1,110,888	\$ 259,937	\$ 6,284,164
Investments	1,672,900	0	368,640	791,414	2,832,954
Receivables (net of allowance for doubtful accounts):					
Taxes	3,319,585	330,869	331,137	0	3,981,591
Accounts	11,865	0	0	0	11,865
Intergovernmental	1,994,494	0	68,814	0	2,063,308
Interest	4,638	0	0	0	4,638
Special Assessments	0	224,098	0	0	224,098
Loans	1,611,737	0	0	0	1,611,737
Inventory of Supplies	276,799	0	0	0	276,799
Prepaid Items	13,030	0	0	0	13,030
Total Assets	\$ 13,745,779	\$ 627,575	\$ 1,879,479	\$ 1,051,351	\$ 17,304,184
Liabilities:					
Accounts Payable	\$ 173,213	\$ 0	\$ 114,854	\$ 0	\$ 288,067
Accrued Wages and Benefits Payable	141,780	0	0	0	141,780
Intergovernmental Payable	1,435	0	0	0	1,435
General Obligation Notes Payable	0	0	1,556,340	0	1,556,340
Advances from Other Funds	0	0	195,600	0	195,600
Total Liabilities	316,428	0	1,866,794	0	2,183,222
Deferred Inflows of Resources:					
Property Taxes	2,223,000	330,869	247,011	0	2,800,880
Unavailable Revenue	2,271,318	224,098	46,572	0	2,541,988
Total Deferred Inflows of Resources	4,494,318	554,967	293,583	0	5,342,868
Fund Balances:					
Nonspendable	1,901,566	0	0	1,051,351	2,952,917
Restricted	6,467,082	72,608	0	0	6,539,690
Committed	566,385	0	1,439,622	0	2,006,007
Unassigned	0	0	(1,720,520)	0	(1,720,520)
Total Fund Balances	8,935,033	72,608	(280,898)	1,051,351	9,778,094
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,745,779	\$ 627,575	\$ 1,879,479	\$ 1,051,351	\$ 17,304,184

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 5,511,950	\$ 331,769	\$ 485,660	\$ 0	\$ 6,329,379
Intergovernmental Revenues	4,903,179	133,972	1,331,420	0	6,368,571
Charges for Services	1,869,715	0	98,167	23,646	1,991,528
Licenses, Permits and Fees	2,290	0	0	0	2,290
Investment Earnings	11,308	0	0	0	11,308
Special Assessments	73,269	39,239	0	0	112,508
Fines and Forfeitures	1,568,418	0	0	0	1,568,418
All Other Revenue	297,261	11,869	40,000	0	349,130
Total Revenue	14,237,390	516,849	1,955,247	23,646	16,733,132
Expenditures:					
Current:					
Security of Persons and Property	2,123,543	0	0	0	2,123,543
Public Health and Welfare Services	961,057	0	0	0	961,057
Leisure Time Activities	1,847,968	0	0	0	1,847,968
Community Environment	556,160	0	0	0	556,160
Transportation	7,635,265	0	0	0	7,635,265
General Government	1,571,731	1,748	13,646	0	1,587,125
Capital Outlay	0	0	1,764,839	0	1,764,839
Debt Service:					
Principal Retirement	209,851	952,017	103,413	0	1,265,281
Interest and Fiscal Charges	28,245	408,026	71,732	0	508,003
Total Expenditures	14,933,820	1,361,791	1,953,630	0	18,249,241
Excess (Deficiency) of Revenues Over Expenditures	(696,430)	(844,942)	1,617	23,646	(1,516,109)
Other Financing Sources (Uses):					
Transfers In	648,669	864,752	38,500	0	1,551,921
Transfers Out	(594,498)	0	(102,988)	0	(697,486)
Other Financing Source - Capital Lease	469,044	0	0	0	469,044
Total Other Financing Sources (Uses)	523,215	864,752	(64,488)	0	1,323,479
Net Change in Fund Balances	(173,215)	19,810	(62,871)	23,646	(192,630)
Fund Balances at Beginning of Year	9,124,936	52,798	(218,027)	1,027,705	9,987,412
Decrease in Inventory Reserve	(16,688)	0	0	0	(16,688)
Fund Balances End of Year	\$ 8,935,033	\$ 72,608	\$ (280,898)	\$ 1,051,351	\$ 9,778,094

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Street Levy Fund	Parks and Recreation Fund
Assets:				
Cash and Cash Equivalents	\$ 235,490	\$ 70,411	\$ 497,606	\$ 417,823
Investments	0	1,222,861	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	28,042	0	2,041,322	420,630
Accounts	0	100	0	11,765
Intergovernmental	0	902,256	118,000	0
Interest	1,431	0	0	0
Loans	0	0	0	0
Inventory of Supplies	0	271,583	0	3,185
Prepaid Items	765	7,360	0	4,905
Total Assets	\$ 265,728	\$ 2,474,571	\$ 2,656,928	\$ 858,308
Liabilities:				
Accounts Payable	\$ 2,288	\$ 29,450	\$ 0	\$ 19,437
Accrued Wages and Benefits Payable	7,457	45,135	0	30,103
Intergovernmental Payable	0	0	0	1,435
Total Liabilities	9,745	74,585	0	50,975
Deferred Inflows of Resources:				
Property Taxes	0	0	1,852,000	0
Unavailable Revenue	15,524	605,000	307,322	232,858
Total Deferred Inflows of Resources	15,524	605,000	2,159,322	232,858
Fund Balances:				
Nonspendable	765	278,943	0	8,090
Restricted	239,694	1,516,043	497,606	0
Committed	0	0	0	566,385
Total Fund Balances	240,459	1,794,986	497,606	574,475
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 265,728	\$ 2,474,571	\$ 2,656,928	\$ 858,308

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
\$ 285,706	\$ 165,395	\$ 428	\$ 23,815	\$ 29,271	\$ 350
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
187,236	0	0	11,543	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	683	0
0	0	0	0	0	0
<u>\$ 472,942</u>	<u>\$ 165,395</u>	<u>\$ 428</u>	<u>\$ 35,358</u>	<u>\$ 29,954</u>	<u>\$ 350</u>
\$ 21,901	\$ 0	\$ 0	\$ 0	\$ 169	\$ 0
3,552	0	0	1,506	4,324	0
0	0	0	0	0	0
<u>25,453</u>	<u>0</u>	<u>0</u>	<u>1,506</u>	<u>4,493</u>	<u>0</u>
0	0	0	0	0	0
178,779	0	0	0	0	0
<u>178,779</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	683	0
268,710	165,395	428	33,852	24,778	350
0	0	0	0	0	0
<u>268,710</u>	<u>165,395</u>	<u>428</u>	<u>33,852</u>	<u>25,461</u>	<u>350</u>
<u>\$ 472,942</u>	<u>\$ 165,395</u>	<u>\$ 428</u>	<u>\$ 35,358</u>	<u>\$ 29,954</u>	<u>\$ 350</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015**

	Police and Fire Pension Fund	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund	Law Enforcement and Education Fund
Assets:				
Cash and Cash Equivalents	\$ 32,350	\$ 46,765	\$ 152,915	\$ 86,660
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	408,961	0	0	0
Accounts	0	0	0	0
Intergovernmental	24,000	0	0	0
Interest	0	0	0	0
Loans	0	0	0	0
Inventory of Supplies	0	244	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 465,311	\$ 47,009	\$ 152,915	\$ 86,660
Liabilities:				
Accounts Payable	\$ 0	\$ 4,361	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	250	0	0
Intergovernmental Payable	0	0	0	0
Total Liabilities	0	4,611	0	0
Deferred Inflows of Resources:				
Property Taxes	371,000	0	0	0
Unavailable Revenue	61,961	0	0	0
Total Deferred Inflows of Resources	432,961	0	0	0
Fund Balances:				
Nonspendable	0	244	0	0
Restricted	32,350	42,154	152,915	86,660
Committed	0	0	0	0
Total Fund Balances	32,350	42,398	152,915	86,660
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 465,311	\$ 47,009	\$ 152,915	\$ 86,660

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
\$ 45,186	\$ 146,834	\$ 374,141	\$ 1,269,869	\$ 18,435	\$ 11,655
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	5,832
0	0	0	0	0	0
0	1,104	0	0	0	0
0	0	0	0	0	0
<u>\$ 45,186</u>	<u>\$ 147,938</u>	<u>\$ 374,141</u>	<u>\$ 1,269,869</u>	<u>\$ 18,435</u>	<u>\$ 17,487</u>
\$ 92	\$ 548	\$ 8,242	\$ 31,541	\$ 0	\$ 1,096
0	14,907	3,149	896	0	3,323
0	0	0	0	0	0
<u>92</u>	<u>15,455</u>	<u>11,391</u>	<u>32,437</u>	<u>0</u>	<u>4,419</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	1,104	0	0	0	0
45,094	131,379	362,750	1,237,432	18,435	13,068
0	0	0	0	0	0
<u>45,094</u>	<u>132,483</u>	<u>362,750</u>	<u>1,237,432</u>	<u>18,435</u>	<u>13,068</u>
<u>\$ 45,186</u>	<u>\$ 147,938</u>	<u>\$ 374,141</u>	<u>\$ 1,269,869</u>	<u>\$ 18,435</u>	<u>\$ 17,487</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015**

	Ohio Peace Officers Training Fund	DARE Officer Retention Grant Fund	Safe Routes to School Fund	.15 Fire Levy Fund
Assets:				
Cash and Cash Equivalents	\$ 7,260	\$ 15,337	\$ 2,780	\$ 733,612
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	420,630
Accounts	0	0	0	0
Intergovernmental	0	0	3,648	0
Interest	0	0	0	0
Loans	0	0	0	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 7,260	\$ 15,337	\$ 6,428	\$ 1,154,242
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 1,568
Accrued Wages and Benefits Payable	0	0	0	27,178
Intergovernmental Payable	0	0	0	0
Total Liabilities	0	0	0	28,746
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	0	232,858
Total Deferred Inflows of Resources	0	0	0	232,858
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	7,260	15,337	6,428	892,638
Committed	0	0	0	0
Total Fund Balances	7,260	15,337	6,428	892,638
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,260	\$ 15,337	\$ 6,428	\$ 1,154,242

CITY OF LANCASTER, OHIO

DOJ Equitable Sharing Grant Fund	CDBG Fund	State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Total Nonmajor Special Revenue Funds
\$ 186	\$ 106,723	\$ 11,509	\$ 16,550	\$ 35,669	\$ 4,840,731
0	0	196,093	0	253,946	1,672,900
0	0	0	0	0	3,319,585
0	0	0	0	0	11,865
0	696,927	45,052	0	0	1,994,494
0	0	2,764	0	443	4,638
0	1,611,737	0	0	0	1,611,737
0	0	0	0	0	276,799
0	0	0	0	0	13,030
<u>\$ 186</u>	<u>\$ 2,415,387</u>	<u>\$ 255,418</u>	<u>\$ 16,550</u>	<u>\$ 290,058</u>	<u>\$ 13,745,779</u>
\$ 0	\$ 52,360	\$ 0	\$ 0	\$ 160	\$ 173,213
0	0	0	0	0	141,780
0	0	0	0	0	1,435
<u>0</u>	<u>52,360</u>	<u>0</u>	<u>0</u>	<u>160</u>	<u>316,428</u>
0	0	0	0	0	2,223,000
0	605,507	31,509	0	0	2,271,318
<u>0</u>	<u>605,507</u>	<u>31,509</u>	<u>0</u>	<u>0</u>	<u>4,494,318</u>
0	1,611,737	0	0	0	1,901,566
186	145,783	223,909	16,550	289,898	6,467,082
0	0	0	0	0	566,385
<u>186</u>	<u>1,757,520</u>	<u>223,909</u>	<u>16,550</u>	<u>289,898</u>	<u>8,935,033</u>
<u>\$ 186</u>	<u>\$ 2,415,387</u>	<u>\$ 255,418</u>	<u>\$ 16,550</u>	<u>\$ 290,058</u>	<u>\$ 13,745,779</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, 2015***

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Street Levy Fund	Parks and Recreation Fund
Revenues:				
Taxes	\$ 103,410	\$ 0	\$ 1,917,564	\$ 1,551,142
Intergovernmental Revenues	0	1,848,154	508,683	45,000
Charges for Services	168,322	635,669	0	323,412
Licenses, Permits and Fees	0	0	0	2,290
Investment Earnings	2,165	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	13,196	113,318	0	20,868
Total Revenue	287,093	2,597,141	2,426,247	1,942,712
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	447,050	0	0	0
Leisure Time Activities	0	0	0	1,847,968
Community Environment	0	0	0	0
Transportation	0	3,301,191	2,638,179	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	91,091	0	0
Interest and Fiscal Charges	0	16,784	0	0
Total Expenditures	447,050	3,409,066	2,638,179	1,847,968
Excess (Deficiency) of Revenues Over Expenditures	(159,957)	(811,925)	(211,932)	94,744
Other Financing Sources (Uses):				
Transfers In	175,000	349,000	0	0
Transfers Out	0	0	0	0
Other Financing Source - Capital Lease	0	450,000	0	0
Total Other Financing Sources (Uses)	175,000	799,000	0	0
Net Change in Fund Balances	15,043	(12,925)	(211,932)	94,744
Fund Balances (Deficit) at Beginning of Year	225,416	1,823,065	709,538	478,972
Increase (Decrease) in Inventory	0	(15,154)	0	759
Fund Balances End of Year	\$ 240,459	\$ 1,794,986	\$ 497,606	\$ 574,475

CITY OF LANCASTER, OHIO

Special Improvement District Fund	Lancaster Public Transit Program Fund	911 Tariff Fund	Edward Byrne Grant Fund	Law Director Victim Assistance Fund	Lancaster Community Development Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	1,007,290	84,348	0	60,337	109,461
0	727,271	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
73,269	0	0	0	0	0
0	0	0	0	0	0
0	115,107	0	0	3	0
<u>73,269</u>	<u>1,849,668</u>	<u>84,348</u>	<u>0</u>	<u>60,340</u>	<u>109,461</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
73,269	0	0	0	0	129,146
0	1,695,895	0	0	0	0
0	0	0	0	64,162	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>73,269</u>	<u>1,695,895</u>	<u>0</u>	<u>0</u>	<u>64,162</u>	<u>129,146</u>
0	153,773	84,348	0	(3,822)	(19,685)
0	73,000	0	0	16,669	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>73,000</u>	<u>0</u>	<u>0</u>	<u>16,669</u>	<u>0</u>
0	226,773	84,348	0	12,847	(19,685)
0	43,637	81,047	428	21,005	45,158
0	(1,700)	0	0	0	(12)
<u>\$ 0</u>	<u>\$ 268,710</u>	<u>\$ 165,395</u>	<u>\$ 428</u>	<u>\$ 33,852</u>	<u>\$ 25,461</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, 2015***

	Law Enforcement Block Grant Fund	Police and Fire Pension Fund	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund
Revenues:				
Taxes	\$ 0	\$ 388,692	\$ 0	\$ 0
Intergovernmental Revenues	11,052	47,410	46,198	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	144,684
All Other Revenue	0	0	13	0
Total Revenue	<u>11,052</u>	<u>436,102</u>	<u>46,211</u>	<u>144,684</u>
Expenditures:				
Current:				
Security of Persons and Property	10,702	425,804	62,893	100,000
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>10,702</u>	<u>425,804</u>	<u>62,893</u>	<u>100,000</u>
Excess (Deficiency) of Revenues Over Expenditures	350	10,298	(16,682)	44,684
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Other Financing Source - Capital Lease	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	350	10,298	(16,682)	44,684
Fund Balances (Deficit) at Beginning of Year	0	22,052	59,080	108,231
Increase (Decrease) in Inventory	0	0	0	0
Fund Balances End of Year	<u>\$ 350</u>	<u>\$ 32,350</u>	<u>\$ 42,398</u>	<u>\$ 152,915</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	41,000	0	0	0
0	0	0	0	0	506
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,056	51,736	390,727	217,253	756,348	0
0	0	92	23	31,991	0
<u>2,056</u>	<u>51,736</u>	<u>431,819</u>	<u>217,276</u>	<u>788,339</u>	<u>506</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	203,426	492,840	234,322	452,674	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>203,426</u>	<u>492,840</u>	<u>234,322</u>	<u>452,674</u>	<u>0</u>
2,056	(151,690)	(61,021)	(17,046)	335,665	506
0	0	0	0	0	0
0	0	0	0	(494,498)	0
0	0	0	19,044	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>19,044</u>	<u>(494,498)</u>	<u>0</u>
2,056	(151,690)	(61,021)	1,998	(158,833)	506
84,604	196,784	194,085	360,752	1,396,265	17,929
0	0	(581)	0	0	0
<u>\$ 86,660</u>	<u>\$ 45,094</u>	<u>\$ 132,483</u>	<u>\$ 362,750</u>	<u>\$ 1,237,432</u>	<u>\$ 18,435</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, 2015***

	Municipal Drug Court Fund	Ohio Peace Officers Training Fund	DARE Officer Retention Grant Fund	Safe Routes to School Fund
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	64,189	4,960	16,157	501,753
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	804	0	0	0
Total Revenue	64,993	4,960	16,157	501,753
Expenditures:				
Current:				
Security of Persons and Property	0	3,300	820	0
Public Health and Welfare Services	0	0	0	501,312
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	124,307	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	124,307	3,300	820	501,312
Excess (Deficiency) of Revenues Over Expenditures	(59,314)	1,660	15,337	441
Other Financing Sources (Uses):				
Transfers In	35,000	0	0	0
Transfers Out	0	0	0	0
Other Financing Source - Capital Lease	0	0	0	0
Total Other Financing Sources (Uses)	35,000	0	0	0
Net Change in Fund Balances	(24,314)	1,660	15,337	441
Fund Balances (Deficit) at Beginning of Year	37,382	5,600	0	5,987
Increase (Decrease) in Inventory	0	0	0	0
Fund Balances End of Year	\$ 13,068	\$ 7,260	\$ 15,337	\$ 6,428

CITY OF LANCASTER, OHIO

.15 Fire Levy Fund	DOJ Equitable Sharing Grant Fund	CDBG Fund	State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Total Nonmajor Special Revenue Funds
\$ 1,551,142	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,511,950
0	0	413,715	93,472	0	0	4,903,179
0	0	0	0	0	14,535	1,869,715
0	0	0	0	0	0	2,290
0	0	2,003	6,500	16	624	11,308
0	0	0	0	0	0	73,269
0	0	0	0	5,614	0	1,568,418
0	0	1,846	0	0	0	297,261
<u>1,551,142</u>	<u>0</u>	<u>417,564</u>	<u>99,972</u>	<u>5,630</u>	<u>15,159</u>	<u>14,237,390</u>
1,509,542	9,814	0	0	668	0	2,123,543
0	0	0	0	0	12,695	961,057
0	0	0	0	0	0	1,847,968
0	0	353,745	0	0	0	556,160
0	0	0	0	0	0	7,635,265
0	0	0	0	0	0	1,571,731
28,760	0	90,000	0	0	0	209,851
1,708	0	9,753	0	0	0	28,245
<u>1,540,010</u>	<u>9,814</u>	<u>453,498</u>	<u>0</u>	<u>668</u>	<u>12,695</u>	<u>14,933,820</u>
11,132	(9,814)	(35,934)	99,972	4,962	2,464	(696,430)
0	0	0	0	0	0	648,669
0	0	0	(100,000)	0	0	(594,498)
0	0	0	0	0	0	469,044
<u>0</u>	<u>0</u>	<u>0</u>	<u>(100,000)</u>	<u>0</u>	<u>0</u>	<u>523,215</u>
11,132	(9,814)	(35,934)	(28)	4,962	2,464	(173,215)
881,506	10,000	1,793,454	223,937	11,588	287,434	9,124,936
0	0	0	0	0	0	(16,688)
<u>\$ 892,638</u>	<u>\$ 186</u>	<u>\$ 1,757,520</u>	<u>\$ 223,909</u>	<u>\$ 16,550</u>	<u>\$ 289,898</u>	<u>\$ 8,935,033</u>

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2015**

	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 11,869	\$ 60,739	\$ 72,608
Receivables (net of allowance for doubtful accounts):			
Taxes	330,869	0	330,869
Special Assessments	<u>0</u>	<u>224,098</u>	<u>224,098</u>
Total Assets	<u>\$ 342,738</u>	<u>\$ 284,837</u>	<u>\$ 627,575</u>
Liabilities:			
Deferred Inflows of Resources:			
Property Taxes	330,869	0	330,869
Unavailable Revenue	<u>0</u>	<u>224,098</u>	<u>224,098</u>
Total Deferred Inflows of Resources	<u>330,869</u>	<u>224,098</u>	<u>554,967</u>
Fund Balances:			
Restricted	<u>11,869</u>	<u>60,739</u>	<u>72,608</u>
Total Fund Balances	<u>11,869</u>	<u>60,739</u>	<u>72,608</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 342,738</u>	<u>\$ 284,837</u>	<u>\$ 627,575</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, 2015**

	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$ 331,769	\$ 0	\$ 331,769
Intergovernmental Revenues	133,972	0	133,972
Special Assessments	0	39,239	39,239
All Other Revenue	11,869	0	11,869
Total Revenue	<u>477,610</u>	<u>39,239</u>	<u>516,849</u>
Expenditures:			
General Government	0	1,748	1,748
Debt Service:			
Principal Retirement	931,017	21,000	952,017
Interest and Fiscal Charges	399,476	8,550	408,026
Total Expenditures	<u>1,330,493</u>	<u>31,298</u>	<u>1,361,791</u>
Excess (Deficiency) of Revenues Over Expenditures	(852,883)	7,941	(844,942)
Other Financing Sources (Uses):			
Transfers In	864,752	0	864,752
Total Other Financing Sources (Uses)	<u>864,752</u>	<u>0</u>	<u>864,752</u>
Net Change in Fund Balances	11,869	7,941	19,810
Fund Balances at Beginning of Year	<u>0</u>	<u>52,798</u>	<u>52,798</u>
Fund Balances End of Year	<u>\$ 11,869</u>	<u>\$ 60,739</u>	<u>\$ 72,608</u>

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2015**

	LDOT Improvement Fund	Parks Improvement Fund	Capital Improvement Fund	Fire Impact - District One Fund
Assets:				
Cash and Cash Equivalents	\$ 199,018	\$ 199,626	\$ 21,226	\$ 653,698
Investments	0	0	368,640	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	28,042	56,084	0
Intergovernmental	68,814	0	0	0
Total Assets	\$ 267,832	\$ 227,668	\$ 445,950	\$ 653,698
Liabilities:				
Accounts Payable	\$ 108,954	\$ 0	\$ 0	\$ 0
General Obligation Notes Payable	0	0	0	0
Advances from Other Funds	0	0	0	0
Total Liabilities	108,954	0	0	0
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	0	15,524	31,048	0
Total Deferred Inflows of Resources	0	15,524	31,048	0
Fund Balances:				
Committed	158,878	212,144	414,902	653,698
Unassigned	0	0	0	0
Total Fund Balances	158,878	212,144	414,902	653,698
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 267,832	\$ 227,668	\$ 445,950	\$ 653,698

CITY OF LANCASTER, OHIO

Ety Road TIF Project Fund	Total Nonmajor Capital Projects Funds
\$ 37,320	\$ 1,110,888
0	368,640
247,011	331,137
0	68,814
<u>\$ 284,331</u>	<u>\$ 1,879,479</u>
\$ 5,900	\$ 114,854
1,556,340	1,556,340
195,600	195,600
<u>1,757,840</u>	<u>1,866,794</u>
247,011	247,011
0	46,572
<u>247,011</u>	<u>293,583</u>
0	1,439,622
<u>(1,720,520)</u>	<u>(1,720,520)</u>
<u>(1,720,520)</u>	<u>(280,898)</u>
<u>\$ 284,331</u>	<u>\$ 1,879,479</u>

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2015**

	LDOT Improvement Fund	Parks Improvement Fund	Capital Improvement Fund	Fire Capital Improvement Fund
Revenues:				
Taxes	\$ 0	\$ 103,410	\$ 206,818	\$ 0
Intergovernmental Revenues	1,225,129	0	66,291	0
Charges for Services	0	0	0	0
All Other Revenue	40,000	0	0	0
Total Revenue	<u>1,265,129</u>	<u>103,410</u>	<u>273,109</u>	<u>0</u>
Expenditures:				
Current:				
General Government	0	0	0	0
Capital Outlay	1,309,664	69,478	143,390	4,923
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>1,309,664</u>	<u>69,478</u>	<u>143,390</u>	<u>4,923</u>
Excess (Deficiency) of Revenues Over Expenditures	(44,535)	33,932	129,719	(4,923)
Other Financing Sources (Uses):				
Transfers In	38,500	0	0	0
Transfers Out	0	0	(102,988)	0
Total Other Financing Sources (Uses)	<u>38,500</u>	<u>0</u>	<u>(102,988)</u>	<u>0</u>
Net Change in Fund Balances	(6,035)	33,932	26,731	(4,923)
Fund Balances at Beginning of Year	<u>164,913</u>	<u>178,212</u>	<u>388,171</u>	<u>4,923</u>
Fund Balances End of Year	<u>\$ 158,878</u>	<u>\$ 212,144</u>	<u>\$ 414,902</u>	<u>\$ 0</u>

CITY OF LANCASTER, OHIO

Fire Impact - District One Fund	Ety Road TIF Project Fund	Total Nonmajor Capital Projects Funds
\$ 0	\$ 175,432	\$ 485,660
40,000	0	1,331,420
98,167	0	98,167
0	0	40,000
<u>138,167</u>	<u>175,432</u>	<u>1,955,247</u>
0	13,646	13,646
115,316	122,068	1,764,839
103,413	0	103,413
23,935	47,797	71,732
<u>242,664</u>	<u>183,511</u>	<u>1,953,630</u>
(104,497)	(8,079)	1,617
0	0	38,500
<u>0</u>	<u>0</u>	<u>(102,988)</u>
<u>0</u>	<u>0</u>	<u>(64,488)</u>
(104,497)	(8,079)	(62,871)
758,195	(1,712,441)	(218,027)
<u>\$ 653,698</u>	<u>\$ (1,720,520)</u>	<u>\$ (280,898)</u>

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, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 12,366,136	\$ 12,064,726	\$ 12,617,808	\$ 553,082
Intergovernmental Revenues	916,519	879,748	1,176,673	296,925
Charges for Services	4,235,761	4,235,761	3,900,257	(335,504)
License, Permits and Fees	22,400	22,400	22,237	(163)
Investment Earnings	218,168	218,168	332,738	114,570
Fines and Forfeitures	763,450	763,450	776,554	13,104
All Other Revenues	70,000	70,000	101,784	31,784
Total Revenues	18,592,434	18,254,253	18,928,051	673,798
Expenditures:				
Security of Persons and Property:				
Street Lighting:				
Operations and Maintenance	326,000	326,000	291,949	34,051
Total Security of Persons and Property	326,000	326,000	291,949	34,051
Public Health and Welfare Services:				
Health:				
Operations and Maintenance	284,960	284,960	284,960	0
Total Health	284,960	284,960	284,960	0
Assistance to Needy:				
Operations and Maintenance	3,000	3,000	3,000	0
Total Public Health and Welfare Services	287,960	287,960	287,960	0
Community Environment:				
Zoning, Planning, Tree Commissions:				
Personal Services	7,441	7,981	6,576	1,405
Operations and Maintenance	124,048	124,048	102,503	21,545
Total Zoning, Planning, Tree Commission	131,489	132,029	109,079	22,950
Economic Development:				
Personal Services	16,371	16,908	16,427	481
Operations and Maintenance	44,100	44,100	43,204	896
Total Economic Development	60,471	61,008	59,631	1,377
Total Community Environment	191,960	193,037	168,710	24,327

(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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
General Government:				
Council:				
Personal Services	120,003	120,003	118,485	1,518
Operations and Maintenance	<u>5,240</u>	<u>5,240</u>	<u>3,140</u>	<u>2,100</u>
Total Council	125,243	125,243	121,625	3,618
Mayor:				
Personal Services	153,577	154,617	147,333	7,284
Operations and Maintenance	9,607	9,607	6,683	2,924
Capital Outlay	<u>500</u>	<u>500</u>	<u>498</u>	<u>2</u>
Total Mayor	163,684	164,724	154,514	10,210
Personnel:				
Personal Services	72,500	74,955	64,846	10,109
Operations and Maintenance	<u>23,921</u>	<u>23,921</u>	<u>13,126</u>	<u>10,795</u>
Total Personnel	96,421	98,876	77,972	20,904
Auditor:				
Personal Services	372,603	380,459	367,179	13,280
Operations and Maintenance	<u>41,296</u>	<u>41,296</u>	<u>20,123</u>	<u>21,173</u>
Total Auditor	413,899	421,755	387,302	34,453
Treasurer:				
Personal Services	28,938	28,938	28,835	103
Operations and Maintenance	<u>3,900</u>	<u>3,900</u>	<u>1,941</u>	<u>1,959</u>
Total Treasurer	32,838	32,838	30,776	2,062
Law Director:				
Personal Services	504,404	486,302	474,252	12,050
Operations and Maintenance	2,500	35,160	22,630	12,530
Capital Outlay	<u>2,669</u>	<u>6,209</u>	<u>6,210</u>	<u>(1)</u>
Total Law Director	509,573	527,671	503,092	24,579
Law Director-Prosecution Contract:				
Personal Services	157,985	162,763	162,268	495
Operations and Maintenance	<u>89,770</u>	<u>94,570</u>	<u>85,156</u>	<u>9,414</u>
Total Law Director-Prosecution Contract	247,755	257,333	247,424	9,909

(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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Law Director-Code Enforcement:				
Personal Services	110,835	114,040	105,949	8,091
Operations and Maintenance	42,235	42,235	36,552	5,683
Capital Outlay	3,000	3,000	0	3,000
Total Law Director-Code Enforcement	156,070	159,275	142,501	16,774
Municipal Court:				
Personal Services	861,479	876,177	858,509	17,668
Operations and Maintenance	84,854	81,917	77,816	4,101
Capital Outlay	0	2,920	2,916	4
Total Municipal Court	946,333	961,014	939,241	21,773
Judicial:				
Personal Services	702,850	744,951	736,667	8,284
Operations and Maintenance	58,998	50,998	46,010	4,988
Capital Outlay	2,000	10,000	9,660	340
Total Judicial	763,848	805,949	792,337	13,612
Civil Service:				
Personal Services	6,352	6,352	5,772	580
Operations and Maintenance	27,350	33,350	29,653	3,697
Total Civil Service	33,702	39,702	35,425	4,277
City Hall Maintenance:				
Personal Services	61,745	64,016	60,749	3,267
Operations and Maintenance	127,714	127,714	99,675	28,039
Capital Outlay	3,705	3,705	3,701	4
Total City Hall Maintenance	193,164	195,435	164,125	31,310
City Hall Maintenance-Annex:				
Operations and Maintenance	42,710	42,710	32,044	10,666
Total City Hall Maintenance-Annex	42,710	42,710	32,044	10,666
Columbian Building:				
Operations and Maintenance	25,500	25,500	0	25,500
Total Columbian Building	25,500	25,500	0	25,500
Fuel Depot:				
Operations and Maintenance	635,000	635,000	370,381	264,619
Total Fuel Depot	635,000	635,000	370,381	264,619

(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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Service Safety Director:				
Personal Services	184,065	191,454	190,846	608
Operations and Maintenance	10,510	8,758	6,231	2,527
Total Service Safety Director	194,575	200,212	197,077	3,135
Engineer:				
Personal Services	321,600	332,350	330,292	2,058
Operations and Maintenance	62,731	62,731	33,337	29,394
Capital Outlay	2,400	2,400	1,850	550
Total Engineer	386,731	397,481	365,479	32,002
Certified Building Inspection:				
Personal Services	331,130	321,180	247,345	73,835
Operations and Maintenance	99,343	119,043	110,140	8,903
Capital Outlay	3,565	3,565	2,811	754
Total Certified Building Inspection	434,038	443,788	360,296	83,492
Administration Support:				
Personal Services	33,395	31,395	20,592	10,803
Operations and Maintenance	286,756	288,756	198,928	89,828
Total Administration Support	320,151	320,151	219,520	100,631
Miscellaneous:				
Personal Services	305,000	297,225	287,227	9,998
Operations and Maintenance	953,696	957,071	819,799	137,272
Total Miscellaneous	1,258,696	1,254,296	1,107,026	147,270
Income Tax:				
Personal Services	285,600	295,647	284,460	11,187
Operations and Maintenance	662,766	660,066	535,178	124,888
Capital Outlay	10,000	12,700	12,100	600
Total Income Tax	958,366	968,413	831,738	136,675
Total General Government	7,938,297	8,077,366	7,079,895	997,471
Debt Services:				
Principal Retirement	93,053	93,054	93,054	0
Interest and Fiscal Charges	15,542	19,941	13,212	6,729
Total Expenditures	8,852,812	8,997,358	7,934,780	1,062,578
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,739,622	9,256,895	10,993,271	1,736,376

(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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers Out	(11,177,850)	(11,426,415)	(11,254,106)	172,309
Advances Out	<u>(1,432,100)</u>	<u>(1,432,100)</u>	<u>0</u>	<u>1,432,100</u>
Total Other Financing Sources (Uses)	<u>(12,609,950)</u>	<u>(12,858,515)</u>	<u>(11,254,106)</u>	<u>1,604,409</u>
Net Change in Fund Balance	(2,870,328)	(3,601,620)	(260,835)	3,340,785
Fund Balance at Beginning of Year	5,987,243	5,987,243	5,987,243	0
Prior Year Encumbrances	<u>169,204</u>	<u>169,204</u>	<u>169,204</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,286,119</u>	<u>\$ 2,554,827</u>	<u>\$ 5,895,612</u>	<u>\$ 3,340,785</u>

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund - .45 Police and Fire Levy Fund
For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,387,423	\$ 4,559,111	\$ 4,559,111	\$ 0
All Other Revenues	0	5,663	5,663	0
Total Revenues	4,387,423	4,564,774	4,564,774	0
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	8,075,587	7,836,563	7,815,365	21,198
Operations and Maintenance	563,964	564,578	470,542	94,036
Capital Outlay	103,797	89,513	83,303	6,210
Total Police	8,743,348	8,490,654	8,369,210	121,444
Fire:				
Personal Services	5,997,210	6,065,037	6,018,139	46,898
Operations and Maintenance	531,842	598,147	494,437	103,710
Capital Outlay	265,816	205,235	201,104	4,131
Total Fire	6,794,868	6,868,419	6,713,680	154,739
Total Expenditures	15,538,216	15,359,073	15,082,890	276,183
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,150,793)	(10,794,299)	(10,518,116)	276,183
Other Financing Sources (Uses):				
Transfers In	10,906,515	11,155,080	10,335,183	(819,897)
Total Other Financing Sources (Uses)	10,906,515	11,155,080	10,335,183	(819,897)
Net Change in Fund Balance	(244,278)	360,781	(182,933)	(543,714)
Fund Balance at Beginning of Year	18,609	18,609	18,609	0
Prior Year Encumbrances	244,276	244,276	244,276	0
Fund Balance at End of Year	\$ 18,607	\$ 623,666	\$ 79,952	\$ (543,714)

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund – Columbian Construction Fund
For the Year Ended December 31, 2015**

	<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:				
General Government:				
Operations and Maintenance	0	6,950	6,950	0
Capital Outlay	<u>7,630,000</u>	<u>9,000,005</u>	<u>8,213,670</u>	<u>786,335</u>
Total Expenditures	<u>7,630,000</u>	<u>9,006,955</u>	<u>8,220,620</u>	<u>786,335</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,630,000)	(9,006,955)	(8,220,620)	786,335
Other Financing Sources (Uses):				
General Obligation Notes Issued	<u>0</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>0</u>
Net Change in Fund Balance	(7,630,000)	(7,206,955)	(6,420,620)	786,335
Fund Balance at Beginning of Year	6,576,955	6,576,955	6,576,955	0
Prior Year Encumbrances	<u>630,000</u>	<u>630,000</u>	<u>630,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (423,045)</u>	<u>\$ 0</u>	<u>\$ 786,335</u>	<u>\$ 786,335</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, 2015***

CEMETERY FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 97,498	\$ 101,314	\$ 101,314	\$ 0
Charges for Services	187,800	187,800	168,322	(19,478)
Investment Earnings	2,000	2,000	929	(1,071)
All Other Revenues	100	100	13,196	13,096
Total Revenues	<u>287,398</u>	<u>291,214</u>	<u>283,761</u>	<u>(7,453)</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	315,351	324,460	296,111	28,349
Operations and Maintenance	158,762	158,062	134,665	23,397
Capital Outlay	0	29,700	29,662	38
Total Expenditures	<u>474,113</u>	<u>512,222</u>	<u>460,438</u>	<u>51,784</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(186,715)	(221,008)	(176,677)	44,331
Other Financing Sources (Uses):				
Transfers In	180,000	180,000	175,000	(5,000)
Total Other Financing Sources (Uses)	<u>180,000</u>	<u>180,000</u>	<u>175,000</u>	<u>(5,000)</u>
Net Change in Fund Balance	(6,715)	(41,008)	(1,677)	39,331
Fund Balance at Beginning of Year	229,773	229,773	229,773	0
Prior Year Encumbrances	2,063	2,063	2,063	0
Fund Balance at End of Year	<u>\$ 225,121</u>	<u>\$ 190,828</u>	<u>\$ 230,159</u>	<u>\$ 39,331</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, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				
Revenues:				
Intergovernmental Revenues	\$ 1,860,000	\$ 1,860,000	\$ 1,854,076	\$ (5,924)
Charges for Services	642,050	642,050	635,669	(6,381)
All Other Revenues	40,000	40,000	124,270	84,270
Total Revenues	2,542,050	2,542,050	2,614,015	71,965
Expenditures:				
Transportation:				
Personal Services	1,878,468	1,844,179	1,761,906	82,273
Operations and Maintenance	845,263	977,012	920,360	56,652
Capital Outlay	279,118	758,494	751,902	6,592
Total Transportation	3,002,849	3,579,685	3,434,168	145,517
Debt Service:				
Principal Retirement	0	91,091	91,091	0
Interest and Fiscal Charges	0	16,784	16,784	0
Total Debt Service	0	107,875	107,875	0
Total Expenditures	3,002,849	3,687,560	3,542,043	145,517
Excess (Deficiency) of Revenues Over (Under) Expenditures	(460,799)	(1,145,510)	(928,028)	217,482
Other Financing Sources (Uses):				
Transfers In	349,000	349,000	349,000	0
Other Financing Source - Capital Lease	0	0	450,000	450,000
Total Other Financing Sources (Uses)	349,000	349,000	799,000	450,000
Net Change in Fund Balance	(111,799)	(796,510)	(129,028)	667,482
Fund Balance at Beginning of Year	1,284,415	1,284,415	1,284,415	0
Prior Year Encumbrances	110,769	110,769	110,769	0
Fund Balance at End of Year	\$ 1,283,385	\$ 598,674	\$ 1,266,156	\$ 667,482

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, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,940,000	\$ 1,940,000	\$ 1,917,564	\$ (22,436)
Intergovernmental Revenues	<u>239,000</u>	<u>510,630</u>	<u>508,683</u>	<u>(1,947)</u>
Total Revenues	<u>2,179,000</u>	<u>2,450,630</u>	<u>2,426,247</u>	<u>(24,383)</u>
Expenditures:				
Transportation:				
Operations and Maintenance	2,218,000	2,606,630	2,595,479	11,151
Capital Outlay	<u>0</u>	<u>43,000</u>	<u>42,700</u>	<u>300</u>
Total Expenditures	<u>2,218,000</u>	<u>2,649,630</u>	<u>2,638,179</u>	<u>11,451</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,000)	(199,000)	(211,932)	(12,932)
Fund Balance at Beginning of Year	<u>709,538</u>	<u>709,538</u>	<u>709,538</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 670,538</u>	<u>\$ 510,538</u>	<u>\$ 497,606</u>	<u>\$ (12,932)</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, 2015***

PARKS AND RECREATION FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,462,474	\$ 1,519,704	\$ 1,519,704	\$ 0
Intergovernmental Revenues	40,000	40,000	45,000	5,000
Charges for Services	335,000	335,000	320,642	(14,358)
Licenses, Permits and Fees	0	0	2,290	2,290
All Other Revenues	35,000	35,000	11,873	(23,127)
Total Revenues	<u>1,872,474</u>	<u>1,929,704</u>	<u>1,899,509</u>	<u>(30,195)</u>
Expenditures:				
Leisure Time Activities:				
Personal Services	1,269,153	1,332,653	1,292,267	40,386
Operations and Maintenance	688,718	678,718	586,541	92,177
Capital Outlay	28,780	28,780	28,779	1
Total Expenditures	<u>1,986,651</u>	<u>2,040,151</u>	<u>1,907,587</u>	<u>132,564</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(114,177)	(110,447)	(8,078)	102,369
Fund Balance at Beginning of Year	411,322	411,322	411,322	0
Prior Year Encumbrances	6,408	6,408	6,408	0
Fund Balance at End of Year	<u>\$ 303,553</u>	<u>\$ 307,283</u>	<u>\$ 409,652</u>	<u>\$ 102,369</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	<u>\$ 75,800</u>	<u>\$ 75,800</u>	<u>\$ 73,269</u>	<u>\$ (2,531)</u>
Total Revenues	<u>75,800</u>	<u>75,800</u>	<u>73,269</u>	<u>(2,531)</u>
Expenditures:				
Community Environment:				
Operations and Maintenance	<u>75,800</u>	<u>73,269</u>	<u>73,269</u>	<u>0</u>
Total Expenditures	<u>75,800</u>	<u>73,269</u>	<u>73,269</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	2,531	0	(2,531)
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>\$ 2,531</u>	<u>\$ 0</u>	<u>\$ (2,531)</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, 2015**

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	\$ 1,200,937	\$ 1,259,937	\$ 998,833	\$ (261,104)
Charges for Services	650,000	650,000	729,746	79,746
All Other Revenues	30,000	30,000	119,946	89,946
Total Revenues	<u>1,880,937</u>	<u>1,939,937</u>	<u>1,848,525</u>	<u>(91,412)</u>
Expenditures:				
Transportation:				
Personal Services	148,742	152,842	145,678	7,164
Operations and Maintenance	1,544,299	1,535,699	1,458,618	77,081
Capital Outlay	257,133	321,133	319,305	1,828
Total Expenditures	<u>1,950,174</u>	<u>2,009,674</u>	<u>1,923,601</u>	<u>86,073</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,237)	(69,737)	(75,076)	(5,339)
Other Financing Sources (Uses):				
Transfers In	73,000	73,000	73,000	0
Total Other Financing Sources (Uses)	<u>73,000</u>	<u>73,000</u>	<u>73,000</u>	<u>0</u>
Net Change in Fund Balance	3,763	3,263	(2,076)	(5,339)
Fund Balance at Beginning of Year	250,200	250,200	250,200	0
Prior Year Encumbrances	3,698	3,698	3,698	0
Fund Balance at End of Year	<u>\$ 257,661</u>	<u>\$ 257,161</u>	<u>\$ 251,822</u>	<u>\$ (5,339)</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 82,545</u>	<u>\$ 82,545</u>	<u>\$ 84,348</u>	<u>\$ 1,803</u>
Total Revenues	<u>82,545</u>	<u>82,545</u>	<u>84,348</u>	<u>1,803</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>0</u>	<u>0</u>	<u>289</u>	<u>(289)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>289</u>	<u>(289)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	82,545	82,545	84,059	1,514
Fund Balance at Beginning of Year	<u>81,336</u>	<u>81,336</u>	<u>81,336</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 163,881</u>	<u>\$ 163,881</u>	<u>\$ 165,395</u>	<u>\$ 1,514</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, 2015***

	<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:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>428</u>	<u>428</u>	<u>428</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 428</u>	<u>\$ 428</u>	<u>\$ 428</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, 2015***

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	\$ 49,537	\$ 49,537	\$ 48,794	\$ (743)
All Other Revenues	<u>0</u>	<u>0</u>	<u>3</u>	<u>3</u>
Total Revenues	<u>49,537</u>	<u>49,537</u>	<u>48,797</u>	<u>(740)</u>
Expenditures:				
General Government:				
Personal Services	66,131	66,131	66,129	2
Capital Outlay	<u>780</u>	<u>780</u>	<u>764</u>	<u>16</u>
Total Expenditures	<u>66,911</u>	<u>66,911</u>	<u>66,893</u>	<u>18</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,374)	(17,374)	(18,096)	(722)
Other Financing Sources (Uses):				
Transfers In	<u>16,668</u>	<u>16,668</u>	<u>16,669</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>16,668</u>	<u>16,668</u>	<u>16,669</u>	<u>1</u>
Net Change in Fund Balance	(706)	(706)	(1,427)	(721)
Fund Balance at Beginning of Year	<u>25,242</u>	<u>25,242</u>	<u>25,242</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 24,536</u>	<u>\$ 24,536</u>	<u>\$ 23,815</u>	<u>\$ (721)</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, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 141,350</u>	<u>\$ 141,350</u>	<u>\$ 109,461</u>	<u>\$ (31,889)</u>
Total Revenues	<u>141,350</u>	<u>141,350</u>	<u>109,461</u>	<u>(31,889)</u>
Expenditures:				
Community Environment:				
Personal Services	<u>137,350</u>	<u>141,905</u>	<u>132,077</u>	<u>9,828</u>
Operations and Maintenance	<u>4,000</u>	<u>4,000</u>	<u>1,700</u>	<u>2,300</u>
Total Expenditures	<u>141,350</u>	<u>145,905</u>	<u>133,777</u>	<u>12,128</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>(4,555)</u>	<u>(24,316)</u>	<u>(19,761)</u>
Fund Balance at Beginning of Year	<u>52,890</u>	<u>52,890</u>	<u>52,890</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 52,890</u>	<u>\$ 48,335</u>	<u>\$ 28,574</u>	<u>\$ (19,761)</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, 2015***

LAW ENFORCEMENT BLOCK GRANT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 11,052</u>	<u>\$ 11,052</u>	<u>\$ 0</u>
Total Revenues	<u>0</u>	<u>11,052</u>	<u>11,052</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u>0</u>	<u>11,052</u>	<u>10,702</u>	<u>350</u>
Total Expenditures	<u>0</u>	<u>11,052</u>	<u>10,702</u>	<u>350</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>350</u>	<u>350</u>
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>\$ 350</u>	<u>\$ 350</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 426,000	\$ 426,000	\$ 388,692	\$ (37,308)
Intergovernmental Revenues	<u>0</u>	<u>0</u>	<u>47,410</u>	<u>47,410</u>
Total Revenues	<u>426,000</u>	<u>426,000</u>	<u>436,102</u>	<u>10,102</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	418,000	418,000	418,000	0
Operations and Maintenance	<u>8,000</u>	<u>8,000</u>	<u>7,804</u>	<u>196</u>
Total Expenditures	<u>426,000</u>	<u>426,000</u>	<u>425,804</u>	<u>196</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	10,298	10,298
Fund Balance at Beginning of Year	<u>22,052</u>	<u>22,052</u>	<u>22,052</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 22,052</u>	<u>\$ 22,052</u>	<u>\$ 32,350</u>	<u>\$ 10,298</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 84,791	\$ 84,791	\$ 67,396	\$ (17,395)
All Other Revenues	<u>0</u>	<u>0</u>	<u>13</u>	<u>13</u>
Total Revenues	<u>84,791</u>	<u>84,791</u>	<u>67,409</u>	<u>(17,382)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	70,010	57,510	40,406	17,104
Operations and Maintenance	<u>14,781</u>	<u>27,281</u>	<u>23,443</u>	<u>3,838</u>
Total Expenditures	<u>84,791</u>	<u>84,791</u>	<u>63,849</u>	<u>20,942</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	3,560	3,560
Fund Balance at Beginning of Year	<u>43,205</u>	<u>43,205</u>	<u>43,205</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 43,205</u>	<u>\$ 43,205</u>	<u>\$ 46,765</u>	<u>\$ 3,560</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 145,112</u>	<u>\$ 95,112</u>
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>145,112</u>	<u>95,112</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u>125,000</u>	<u>125,000</u>	<u>100,000</u>	<u>25,000</u>
Total Expenditures	<u>125,000</u>	<u>125,000</u>	<u>100,000</u>	<u>25,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(75,000)</u>	<u>(75,000)</u>	<u>45,112</u>	<u>120,112</u>
Fund Balance at Beginning of Year	<u>80,824</u>	<u>80,824</u>	<u>80,824</u>	<u>0</u>
Prior Year Encumbrances	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 30,824</u>	<u>\$ 30,824</u>	<u>\$ 150,936</u>	<u>\$ 120,112</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,916</u>	<u>\$ 1,916</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>1,916</u>	<u>1,916</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	1,916	1,916
Other Financing Sources (Uses):				
Transfers Out	<u>(2,500)</u>	<u>(2,500)</u>	<u>0</u>	<u>2,500</u>
Total Other Financing Sources (Uses)	<u>(2,500)</u>	<u>(2,500)</u>	<u>0</u>	<u>2,500</u>
Net Change in Fund Balance	(2,500)	(2,500)	1,916	4,416
Fund Balance at Beginning of Year	<u>84,494</u>	<u>84,494</u>	<u>84,494</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 81,994</u>	<u>\$ 81,994</u>	<u>\$ 86,410</u>	<u>\$ 4,416</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 53,000</u>	<u>\$ 53,000</u>	<u>\$ 51,995</u>	<u>\$ (1,005)</u>
Total Revenues	<u>53,000</u>	<u>53,000</u>	<u>51,995</u>	<u>(1,005)</u>
Expenditures:				
General Government:				
Operations and Maintenance	45,595	79,845	74,977	4,868
Capital Outlay	<u>200,000</u>	<u>165,750</u>	<u>163,133</u>	<u>2,617</u>
Total Expenditures	<u>245,595</u>	<u>245,595</u>	<u>238,110</u>	<u>7,485</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(192,595)	(192,595)	(186,115)	6,480
Fund Balance at Beginning of Year	192,875	192,875	192,875	0
Prior Year Encumbrances	<u>595</u>	<u>595</u>	<u>595</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 875</u>	<u>\$ 875</u>	<u>\$ 7,355</u>	<u>\$ 6,480</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 41,000	\$ 41,000	\$ 41,000	\$ 0
Fines and Forfeitures	383,000	383,000	401,022	18,022
All Other Revenues	<u>105,008</u>	<u>105,008</u>	<u>92</u>	<u>(104,916)</u>
Total Revenues	<u>529,008</u>	<u>529,008</u>	<u>442,114</u>	<u>(86,894)</u>
Expenditures:				
General Government:				
Personal Services	566,546	581,124	497,280	83,844
Operations and Maintenance	<u>17,500</u>	<u>17,500</u>	<u>8,921</u>	<u>8,579</u>
Total Expenditures	<u>584,046</u>	<u>598,624</u>	<u>506,201</u>	<u>92,423</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,038)	(69,616)	(64,087)	5,529
Fund Balance at Beginning of Year	<u>190,145</u>	<u>190,145</u>	<u>190,145</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 135,107</u>	<u>\$ 120,529</u>	<u>\$ 126,058</u>	<u>\$ 5,529</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, 2015***

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	\$ 190,000	\$ 190,000	\$ 217,662	\$ 27,662
All Other Revenues	<u>0</u>	<u>0</u>	<u>23</u>	<u>23</u>
Total Revenues	<u>190,000</u>	<u>190,000</u>	<u>217,685</u>	<u>27,685</u>
Expenditures:				
General Government:				
Personal Services	102,811	106,135	105,794	341
Operations and Maintenance	191,722	201,722	85,759	115,963
Capital Outlay	<u>156,189</u>	<u>142,865</u>	<u>103,765</u>	<u>39,100</u>
Total Expenditures	<u>450,722</u>	<u>450,722</u>	<u>295,318</u>	<u>155,404</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(260,722)	(260,722)	(77,633)	183,089
Fund Balance at Beginning of Year	351,130	351,130	351,130	0
Prior Year Encumbrances	<u>722</u>	<u>722</u>	<u>722</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 91,130</u>	<u>\$ 91,130</u>	<u>\$ 274,219</u>	<u>\$ 183,089</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, 2015**

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	\$ 675,000	\$ 675,000	\$ 758,704	\$ 83,704
All Other Revenues	<u>0</u>	<u>0</u>	<u>31,991</u>	<u>31,991</u>
Total Revenues	<u>675,000</u>	<u>675,000</u>	<u>790,695</u>	<u>115,695</u>
Expenditures:				
General Government:				
Personal Services	49,653	51,290	51,269	21
Operations and Maintenance	213,287	400,287	314,980	85,307
Capital Outlay	<u>1,480,000</u>	<u>896,864</u>	<u>175,035</u>	<u>721,829</u>
Total Expenditures	<u>1,742,940</u>	<u>1,348,441</u>	<u>541,284</u>	<u>807,157</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,067,940)	(673,441)	249,411	922,852
Other Financing Sources (Uses):				
Transfers In	100,000	100,000	0	(100,000)
Transfers Out	<u>0</u>	<u>(494,498)</u>	<u>(494,498)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>(394,498)</u>	<u>(494,498)</u>	<u>(100,000)</u>
Net Change in Fund Balance	(967,940)	(1,067,939)	(245,087)	822,852
Fund Balance at Beginning of Year	1,340,735	1,340,735	1,340,735	0
Prior Year Encumbrances	<u>17,880</u>	<u>17,880</u>	<u>17,880</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 390,675</u>	<u>\$ 290,676</u>	<u>\$ 1,113,528</u>	<u>\$ 822,852</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, 2015**

	<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>\$ 506</u>	<u>\$ 506</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>506</u>	<u>506</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	506	506
Fund Balance at Beginning of Year	<u>17,914</u>	<u>17,914</u>	<u>17,914</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,914</u>	<u>\$ 17,914</u>	<u>\$ 18,420</u>	<u>\$ 506</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
MUNICIPAL DRUG COURT FUND				
Revenues:				
Intergovernmental Revenues	\$ 60,000	\$ 60,000	\$ 66,809	\$ 6,809
All Other Revenues	0	0	804	804
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>67,613</u>	<u>7,613</u>
Expenditures:				
General Government:				
Personal Services	104,910	109,200	108,554	646
Operations and Maintenance	<u>43,500</u>	<u>32,387</u>	<u>21,577</u>	<u>10,810</u>
Total Expenditures	<u>148,410</u>	<u>141,587</u>	<u>130,131</u>	<u>11,456</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,410)	(81,587)	(62,518)	19,069
Other Financing Sources (Uses):				
Transfers In	<u>90,000</u>	<u>90,000</u>	<u>35,000</u>	<u>(55,000)</u>
Total Other Financing Sources (Uses)	<u>90,000</u>	<u>90,000</u>	<u>35,000</u>	<u>(55,000)</u>
Net Change in Fund Balance	1,590	8,413	(27,518)	(35,931)
Fund Balance at Beginning of Year	<u>39,173</u>	<u>39,173</u>	<u>39,173</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 40,763</u>	<u>\$ 47,586</u>	<u>\$ 11,655</u>	<u>\$ (35,931)</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 4,960</u>	<u>\$ 4,960</u>	<u>\$ 0</u>
Total Revenues	<u>0</u>	<u>4,960</u>	<u>4,960</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u>0</u>	<u>3,500</u>	<u>3,300</u>	<u>200</u>
Total Expenditures	<u>0</u>	<u>3,500</u>	<u>3,300</u>	<u>200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	1,460	1,660	200
Fund Balance at Beginning of Year	<u>5,600</u>	<u>5,600</u>	<u>5,600</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,600</u>	<u>\$ 7,060</u>	<u>\$ 7,260</u>	<u>\$ 200</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 820</u>	<u>\$ 16,157</u>	<u>\$ 15,337</u>
Total Revenues	<u>0</u>	<u>820</u>	<u>16,157</u>	<u>15,337</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u>0</u>	<u>820</u>	<u>820</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>820</u>	<u>820</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	15,337	15,337
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>\$ 15,337</u>	<u>\$ 15,337</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, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 506,168</u>	<u>\$ 506,168</u>	<u>\$ 0</u>
Total Revenues	<u>0</u>	<u>506,168</u>	<u>506,168</u>	<u>0</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	<u>0</u>	<u>3,207</u>	<u>3,207</u>	<u>0</u>
Operations and Maintenance	<u>0</u>	<u>502,961</u>	<u>502,961</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>506,168</u>	<u>506,168</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at Beginning of Year	<u>2,780</u>	<u>2,780</u>	<u>2,780</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,780</u>	<u>\$ 2,780</u>	<u>\$ 2,780</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, 2015***

.15 FIRE LEVY FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 1,462,474	\$ 1,519,704	\$ 1,519,704	\$ 0
Total Revenues	<u>1,462,474</u>	<u>1,519,704</u>	<u>1,519,704</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	1,549,227	1,611,177	1,537,033	74,144
Operations and Maintenance	29,661	29,661	29,661	0
Capital Outlay	<u>78,912</u>	<u>78,912</u>	<u>78,912</u>	<u>0</u>
Total Security of Persons and Property	1,657,800	1,719,750	1,645,606	74,144
Debt Service:				
Principal Retirement	28,760	28,760	28,760	0
Interest and Fiscal Charges	<u>1,708</u>	<u>1,708</u>	<u>1,708</u>	<u>0</u>
Total Debt Service	<u>30,468</u>	<u>30,468</u>	<u>30,468</u>	<u>0</u>
Total Expenditures	<u>1,688,268</u>	<u>1,750,218</u>	<u>1,676,074</u>	<u>74,144</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(225,794)	(230,514)	(156,370)	74,144
Fund Balance at Beginning of Year	730,410	730,410	730,410	0
Prior Year Encumbrances	<u>79,011</u>	<u>79,011</u>	<u>79,011</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 583,627</u>	<u>\$ 578,907</u>	<u>\$ 653,051</u>	<u>\$ 74,144</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, 2015**

DOJ EQUITABLE SHARING GRANT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	0	10,000	9,814	186
Total Expenditures	0	10,000	9,814	186
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(10,000)	(9,814)	186
Fund Balance at Beginning of Year	10,000	10,000	10,000	0
Fund Balance at End of Year	<u>\$ 10,000</u>	<u>\$ 0</u>	<u>\$ 186</u>	<u>\$ 186</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
COMMUNITY DEVELOPMENT BLOCK GRANT FUND				
Revenues:				
Intergovernmental Revenues	\$ 932,370	\$ 1,387,068	\$ 382,915	\$ (1,004,153)
All Other Revenues	<u>0</u>	<u>0</u>	<u>5,273</u>	<u>5,273</u>
Total Revenues	<u>932,370</u>	<u>1,387,068</u>	<u>388,188</u>	<u>(998,880)</u>
Expenditures:				
Community Environment:				
Operations and Maintenance	54,939	54,939	1,392	53,547
Capital Outlay	<u>867,936</u>	<u>323,459</u>	<u>290,840</u>	<u>32,619</u>
Total Community Environment	<u>922,875</u>	<u>378,398</u>	<u>292,232</u>	<u>86,166</u>
Debt Service:				
Principal Retirement	90,000	90,000	90,000	0
Interest and Fiscal Charges	<u>9,753</u>	<u>9,753</u>	<u>9,753</u>	<u>0</u>
Total Debt Service	<u>99,753</u>	<u>99,753</u>	<u>99,753</u>	<u>0</u>
Total Expenditures	<u>1,022,628</u>	<u>478,151</u>	<u>391,985</u>	<u>86,166</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(90,258)	908,917	(3,797)	(912,714)
Fund Balance at Beginning of Year	<u>110,520</u>	<u>110,520</u>	<u>110,520</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 20,262</u>	<u>\$ 1,019,437</u>	<u>\$ 106,723</u>	<u>\$ (912,714)</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 94,448	\$ 94,448
Investment Earnings	<u>0</u>	<u>0</u>	<u>8,802</u>	<u>8,802</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>103,250</u>	<u>103,250</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	103,250	103,250
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	0	(100,000)	3,250	103,250
Fund Balance at Beginning of Year	<u>208,144</u>	<u>208,144</u>	<u>208,144</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 208,144</u>	<u>\$ 108,144</u>	<u>\$ 211,394</u>	<u>\$ 103,250</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, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 0	\$ 0	\$ 14,535	\$ 14,535
Investment Earnings	<u>0</u>	<u>0</u>	<u>244</u>	<u>244</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>14,779</u>	<u>14,779</u>
Expenditures:				
Public Health and Welfare Services:				
Operations and Maintenance	<u>32,000</u>	<u>32,000</u>	<u>13,795</u>	<u>18,205</u>
Total Expenditures	<u>32,000</u>	<u>32,000</u>	<u>13,795</u>	<u>18,205</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,000)	(32,000)	984	32,984
Fund Balance at Beginning of Year	<u>288,631</u>	<u>288,631</u>	<u>288,631</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 256,631</u>	<u>\$ 256,631</u>	<u>\$ 289,615</u>	<u>\$ 32,984</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, 2015***

GENERAL BOND RETIREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 133,972	\$ 133,972	\$ 133,972	\$ 0
All Other Revenues	<u>0</u>	<u>0</u>	<u>11,869</u>	<u>11,869</u>
Total Revenues	<u>133,972</u>	<u>133,972</u>	<u>145,841</u>	<u>11,869</u>
Expenditures:				
Debt Service:				
Principal Retirement	636,017	636,017	636,017	0
Interest and Fiscal Charges	<u>362,707</u>	<u>362,707</u>	<u>362,707</u>	<u>0</u>
Total Expenditures	<u>998,724</u>	<u>998,724</u>	<u>998,724</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(864,752)	(864,752)	(852,883)	11,869
Other Financing Sources (Uses):				
Transfers In	<u>864,752</u>	<u>864,752</u>	<u>864,752</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>864,752</u>	<u>864,752</u>	<u>864,752</u>	<u>0</u>
Net Change in Fund Balance	0	0	11,869	11,869
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>\$ 11,869</u>	<u>\$ 11,869</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, 2015***

SPECIAL ASSESSMENT DEBT RETIREMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 41,800	\$ 41,800	\$ 39,239	\$ (2,561)
Total Revenues	<u>41,800</u>	<u>41,800</u>	<u>39,239</u>	<u>(2,561)</u>
Expenditures:				
General Government:				
Operations and Maintenance	2,500	2,500	1,748	752
Debt Service:				
Principal Retirement	74,000	74,000	21,000	53,000
Interest and Fiscal Charges	8,550	8,550	8,550	0
Total Expenditures	<u>85,050</u>	<u>85,050</u>	<u>31,298</u>	<u>53,752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,250)	(43,250)	7,941	51,191
Fund Balance at Beginning of Year	<u>52,798</u>	<u>52,798</u>	<u>52,798</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,548</u>	<u>\$ 9,548</u>	<u>\$ 60,739</u>	<u>\$ 51,191</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 1,166,071	\$ 1,171,876	\$ 5,805
All Other Revenues	<u>80,000</u>	<u>80,000</u>	<u>40,000</u>	<u>(40,000)</u>
Total Revenues	<u>80,000</u>	<u>1,246,071</u>	<u>1,211,876</u>	<u>(34,195)</u>
Expenditures:				
Capital Outlay	<u>204,913</u>	<u>1,409,484</u>	<u>1,256,412</u>	<u>153,072</u>
Total Expenditures	<u>204,913</u>	<u>1,409,484</u>	<u>1,256,412</u>	<u>153,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(124,913)	(163,413)	(44,536)	118,877
Other Financing Sources (Uses):				
Transfers In	<u>0</u>	<u>38,500</u>	<u>38,500</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>38,500</u>	<u>38,500</u>	<u>0</u>
Net Change in Fund Balance	(124,913)	(124,913)	(6,036)	118,877
Fund Balance at Beginning of Year	<u>164,913</u>	<u>164,913</u>	<u>164,913</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 158,877</u>	<u>\$ 118,877</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, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	<u>\$ 97,498</u>	<u>\$ 101,314</u>	<u>\$ 101,314</u>	<u>\$ 0</u>
Total Revenues	<u>97,498</u>	<u>101,314</u>	<u>101,314</u>	<u>0</u>
Expenditures:				
Capital Outlay	<u>72,000</u>	<u>72,000</u>	<u>69,478</u>	<u>2,522</u>
Total Expenditures	<u>72,000</u>	<u>72,000</u>	<u>69,478</u>	<u>2,522</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,498	29,314	31,836	2,522
Fund Balance at Beginning of Year	<u>167,790</u>	<u>167,790</u>	<u>167,790</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 193,288</u>	<u>\$ 197,104</u>	<u>\$ 199,626</u>	<u>\$ 2,522</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, 2015**

CAPITAL IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 194,997	\$ 202,627	\$ 202,627	\$ 0
Intergovernmental Revenues	966,133	2,162,267	66,291	(2,095,976)
Total Revenues	<u>1,161,130</u>	<u>2,364,894</u>	<u>268,918</u>	<u>(2,095,976)</u>
Expenditures:				
Capital Outlay	81,401	147,692	143,390	4,302
Total Expenditures	<u>81,401</u>	<u>147,692</u>	<u>143,390</u>	<u>4,302</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,079,729	2,217,202	125,528	(2,091,674)
Other Financing Sources (Uses):				
Transfers In	194,997	194,997	0	(194,997)
Transfers Out	(114,600)	(153,100)	(102,988)	50,112
Total Other Financing Sources (Uses)	<u>80,397</u>	<u>41,897</u>	<u>(102,988)</u>	<u>(144,885)</u>
Net Change in Fund Balance	1,160,126	2,259,099	22,540	(2,236,559)
Fund Balance at Beginning of Year	<u>367,326</u>	<u>367,326</u>	<u>367,326</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,527,452</u>	<u>\$ 2,626,425</u>	<u>\$ 389,866</u>	<u>\$ (2,236,559)</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, 2015***

	<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>12,819</u>	<u>13,676</u>	<u>13,676</u>	<u>0</u>
Total Expenditures	<u>12,819</u>	<u>13,676</u>	<u>13,676</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,819)	(13,676)	(13,676)	0
Fund Balance at Beginning of Year	857	857	857	0
Prior Year Encumbrances	<u>12,819</u>	<u>12,819</u>	<u>12,819</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 857</u>	<u>\$ 0</u>	<u>\$ 0</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 Capital Projects Funds
For the Year Ended December 31, 2015***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 40,000	\$ 40,000	\$ 0
Charges for Services	<u>100,000</u>	<u>100,000</u>	<u>98,167</u>	<u>(1,833)</u>
Total Revenues	<u>100,000</u>	<u>140,000</u>	<u>138,167</u>	<u>(1,833)</u>
Expenditures:				
Capital Outlay	0	115,316	115,316	0
Debt Service:				
Principal Retirement	103,500	103,500	103,413	87
Interest and Fiscal Charges	<u>24,000</u>	<u>24,000</u>	<u>23,935</u>	<u>65</u>
Total Expenditures	<u>127,500</u>	<u>242,816</u>	<u>242,664</u>	<u>152</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,500)	(102,816)	(104,497)	(1,681)
Fund Balance at Beginning of Year	<u>758,195</u>	<u>758,195</u>	<u>758,195</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 730,695</u>	<u>\$ 655,379</u>	<u>\$ 653,698</u>	<u>\$ (1,681)</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, 2015**

ETY ROAD TIF PROJECT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 489,000	\$ 489,000	\$ 507,201	\$ 18,201
Total Revenues	<u>489,000</u>	<u>489,000</u>	<u>507,201</u>	<u>18,201</u>
Expenditures:				
General Government:				
Operations and Maintenance	31,000	31,000	21,646	9,354
Capital Outlay	0	123,097	123,097	0
Debt Service:				
Principal Retirement	295,000	1,812,891	1,812,891	0
Interest and Fiscal Charges	46,117	121,587	121,587	0
Total Expenditures	<u>372,117</u>	<u>2,088,575</u>	<u>2,079,221</u>	<u>9,354</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	116,883	(1,599,575)	(1,572,020)	27,555
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	1,556,340	1,556,340	0
Advances Out	(8,600)	(8,600)	(8,600)	0
Total Other Financing Sources (Uses)	<u>(8,600)</u>	<u>1,547,740</u>	<u>1,547,740</u>	<u>0</u>
Net Change in Fund Balance	108,283	(51,835)	(24,280)	27,555
Fund Balance at Beginning of Year	44,600	44,600	44,600	0
Prior Year Encumbrances	9,000	9,000	9,000	0
Fund Balance at End of Year	<u>\$ 161,883</u>	<u>\$ 1,765</u>	<u>\$ 29,320</u>	<u>\$ 27,555</u>

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2015**

CEMETERY TRUST FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Charges for Services	\$ 0	\$ 0	\$ 23,646	\$ 23,646
Total Revenues	<u>0</u>	<u>0</u>	<u>23,646</u>	<u>23,646</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	23,646	23,646
Fund Balance at Beginning of Year	<u>1,027,705</u>	<u>1,027,705</u>	<u>1,027,705</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,027,705</u>	<u>\$ 1,027,705</u>	<u>\$ 1,051,351</u>	<u>\$ 23,646</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 Position
Internal Service Funds
December 31, 2015***

	Utilities Collection	Information Services	Health Insurance Management	Total
Assets:				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 791,890	\$ 327,464	\$ 75,885	\$ 1,195,239
Cash and Cash Equivalents with Fiscal Agent	0	0	2,803,607	2,803,607
Inventory of Supplies at Cost	25,813	4,206	0	30,019
Prepaid Items	424	0	0	424
<i>Total Current Assets</i>	818,127	331,670	2,879,492	4,029,289
<i>Non Current Assets:</i>				
Capital Assets Being Depreciated, Net	77,383	935,590	0	1,012,973
Total capital assets (net of accumulated depreciation)	77,383	935,590	0	1,012,973
Total Assets	895,510	1,267,260	2,879,492	5,042,262
Deferred Outflows of Resources:				
Pension	116,405	74,078	0	190,483
Liabilities:				
<i>Current Liabilities:</i>				
Accounts Payable	24,771	11,792	0	36,563
Accrued Wages and Benefits	28,360	18,186	0	46,546
Claims Payable	0	0	374,320	374,320
Accrued Interest Payable	0	179	0	179
Capital Lease Payable-Current	3,905	0	0	3,905
Installment Loan Payable - Current	0	61,635	0	61,635
Compensated Absences Payable - Current	6,683	9,581	0	16,264
<i>Total Current Liabilities</i>	63,719	101,373	374,320	539,412
<i>Long Term Liabilities:</i>				
Capital Leases Payable	8,855	0	0	8,855
Compensated Absences Payable	245,856	138,385	0	384,241
Installment Loans Payable	0	63,381	0	63,381
Net Pension Liability	659,038	419,398	0	1,078,436
Total Liabilities	977,468	722,537	374,320	2,074,325
Deferred Inflows of Resources:				
Pension	11,578	7,368	0	18,946
Net Position:				
Net Investment in Capital Assets	64,623	810,574	0	875,197
Unrestricted	(41,754)	(199,141)	2,505,172	2,264,277
Total Net Position	\$ 22,869	\$ 611,433	\$ 2,505,172	\$ 3,139,474

CITY OF LANCASTER, OHIO**Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2015**

	Utilities Collection	Information Services	Health Insurance Management	Total
Operating Revenues:				
Charges for Services	\$ 1,718,943	\$ 843,832	\$ 6,045,758	\$ 8,608,533
Other Operating Revenue	43,880	33,778	0	77,658
Total Operating Revenues	1,762,823	877,610	6,045,758	8,686,191
Operating Expenses:				
Personal Services	1,064,648	603,441	0	1,668,089
Contractual Services	295,676	113,011	0	408,687
Materials and Supplies	177,399	18,954	0	196,353
Depreciation	17,619	124,538	0	142,157
Health Insurance Claims	0	0	6,492,187	6,492,187
Total Operating Expenses	1,555,342	859,944	6,492,187	8,907,473
Operating Income (Loss)	207,481	17,666	(446,429)	(221,282)
Nonoperating Revenue (Expenses):				
Interest Expense	0	(4,446)	0	(4,446)
Total Nonoperating Revenues (Expenses)	0	(4,446)	0	(4,446)
Income (Loss) Before Operating Transfers	207,481	13,220	(446,429)	(225,728)
Transfers In	0	64,488	0	64,488
Change in Net Position	207,481	77,708	(446,429)	(161,240)
Net Position Beginning of Year, Restated	(184,612)	533,725	2,951,601	3,300,714
Net Position End of Year	\$ 22,869	\$ 611,433	\$ 2,505,172	\$ 3,139,474

CITY OF LANCASTER, OHIO

***Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2015***

	Utilities Collection	Information Services	Health Insurance Management	Totals
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Interfund Services	\$1,762,823	\$877,610	\$6,045,758	\$8,686,191
Cash Payments for Goods and Services	(467,762)	(170,836)	0	(638,598)
Cash Payments to and on behalf of Employees	(1,073,856)	(624,134)	0	(1,697,990)
Cash Payments for Claims	0	0	(6,658,756)	(6,658,756)
Net Cash Provided (Used) by Operating Activities	221,205	82,640	(612,998)	(309,153)
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	0	64,488	0	64,488
Net Cash Provided by Noncapital Financing Activities	0	64,488	0	64,488
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(23,034)	(80,063)	0	(103,097)
Principal Paid on Installment Loan	0	(59,956)	0	(59,956)
Capital Lease Payments	(3,696)	0	0	(3,696)
Interest Paid on All Debt	0	(4,532)	0	(4,532)
Net Cash Used by Capital and Related Financing Activities	(26,730)	(144,551)	0	(171,281)
Net Increase (Decrease) in Cash and Cash Equivalents	194,475	2,577	(612,998)	(415,946)
Cash and Cash Equivalents at Beginning of Year	597,415	324,887	3,492,490	4,414,792
Cash and Cash Equivalents at End of Year	\$791,890	\$327,464	\$2,879,492	\$3,998,846
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$207,481	\$17,666	(\$446,429)	(\$221,282)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	17,619	124,538	0	142,157
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Increase in Inventory	(87)	(635)	0	(722)
Increase in Prepaid Items	(77)	0	0	(77)
Increase in Deferred Outflows of Resources	(36,016)	(22,920)	0	(58,936)
Increase (Decrease) in Accounts Payable	5,431	(38,242)	0	(32,811)
Decrease in Accrued Wages and Benefits	(30,310)	(18,871)	0	(49,181)
Increase in Compensated Absences	30,701	4,263	0	34,964
Increase in Net Pension Liability	14,885	9,473	0	24,358
Increase in Deferred Outflows of Resources	11,578	7,368	0	18,946
Decrease in Claims Payable	0	0	(166,569)	(166,569)
Total Adjustments	13,724	64,974	(166,569)	(87,871)
Net Cash Provided (Used) by Operating Activities	\$221,205	\$82,640	(\$612,998)	(\$309,153)

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2015 the Information Services Fund had outstanding liabilities of \$3,671 for certain capital assets.

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.

Utility Overpayment Fund

Established to account for overpayment of utility bills due back to utility customers.

CITY OF LANCASTER, OHIO

***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2015***

	Balance December 31, 2014	Additions	Deductions	Balance December 31, 2015
<u>Street Deposit Fund</u>				
Assets:				
Cash and Cash Equivalents	\$7,000	\$0	\$0	\$7,000
Total Assets	<u>\$7,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,000</u>
Liabilities:				
Due to Others	\$7,000	\$0	\$0	\$7,000
Total Liabilities	<u>\$7,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,000</u>
<u>Municipal Court Fund</u>				
Assets:				
Cash and Cash Equivalents	\$155,583	\$5,186,700	(\$5,162,571)	\$179,712
Total Assets	<u>\$155,583</u>	<u>\$5,186,700</u>	<u>(\$5,162,571)</u>	<u>\$179,712</u>
Liabilities:				
Due to Other Funds	\$4,469	\$2,271,185	(\$2,271,173)	\$4,481
Intergovernmental Payable	0	1,130,997	(1,130,997)	0
Due to Others	151,114	1,784,518	(1,760,401)	175,231
Total Liabilities	<u>\$155,583</u>	<u>\$5,186,700</u>	<u>(\$5,162,571)</u>	<u>\$179,712</u>
<u>Law Library Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$55,910	(\$55,910)	\$0
Due from Other Funds	4,469	4,481	(4,469)	4,481
Total Assets	<u>\$4,469</u>	<u>\$60,391</u>	<u>(\$60,379)</u>	<u>\$4,481</u>
Liabilities:				
Intergovernmental Payable	\$4,469	\$60,391	(\$60,379)	\$4,481
Total Liabilities	<u>\$4,469</u>	<u>\$60,391</u>	<u>(\$60,379)</u>	<u>\$4,481</u>
<u>Utility Overpayment Fund</u>				
Assets:				
Cash and Cash Equivalents	\$320,395	\$216,854	(\$397,765)	\$139,484
Total Assets	<u>\$320,395</u>	<u>\$216,854</u>	<u>(\$397,765)</u>	<u>\$139,484</u>
Liabilities:				
Due to Others	\$320,395	\$216,854	(\$397,765)	\$139,484
Total Liabilities	<u>\$320,395</u>	<u>\$216,854</u>	<u>(\$397,765)</u>	<u>\$139,484</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$482,978	\$5,459,464	(\$5,616,246)	\$326,196
Due from Other Funds	4,469	4,481	(4,469)	4,481
Total Assets	<u>\$487,447</u>	<u>\$5,463,945</u>	<u>(\$5,620,715)</u>	<u>\$330,677</u>
Liabilities:				
Due to Other Funds	\$4,469	\$2,271,185	(\$2,271,173)	\$4,481
Intergovernmental Payables	4,469	1,191,388	(1,191,376)	4,481
Due to Others	478,509	2,001,372	(2,158,166)	321,715
Total Liabilities	<u>\$487,447</u>	<u>\$5,463,945</u>	<u>(\$5,620,715)</u>	<u>\$330,677</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.	

City of Lancaster

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	2006	2007	2008	Restated 2009
Governmental Activities:				
Net Investment in Capital Assets	\$23,975,773	\$25,645,197	\$29,763,541	\$30,016,277
Restricted	7,586,314	9,988,647	7,482,942	8,350,592
Unrestricted	4,724,339	4,038,840	2,697,692	2,643,683
Total Governmental Activities Net Position	<u>\$36,286,426</u>	<u>\$39,672,684</u>	<u>\$39,944,175</u>	<u>\$41,010,552</u>
Business-type Activities:				
Net Investment in Capital Assets	\$30,722,799	\$33,974,969	\$37,984,626	\$38,448,219
Restricted	1,054,021	1,051,465	2,561,847	3,854,911
Unrestricted (Deficit)	31,203,849	30,810,822	25,478,180	1,665,210
Total Business-type Activities Net Position	<u>\$62,980,669</u>	<u>\$65,837,256</u>	<u>\$66,024,653</u>	<u>\$43,968,340</u>
Primary Government:				
Net Investment in Capital Assets	\$54,698,572	\$59,620,166	\$67,748,167	\$68,464,496
Restricted	8,640,335	11,040,112	10,044,789	12,205,503
Unrestricted	35,928,188	34,849,662	28,175,872	4,308,893
Total Primary Government Net Position	<u>\$99,267,095</u>	<u>\$105,509,940</u>	<u>\$105,968,828</u>	<u>\$84,978,892</u>

Source: City Auditor's Office

City of Lancaster

2010	Restated 2011	2012	2013	Restated 2014	2015
\$29,963,075	\$29,585,924	\$30,705,182	\$34,859,182	\$38,638,721	\$41,576,482
8,914,509	10,612,142	10,328,275	10,580,754	11,237,072	11,077,774
1,265,734	169,239	3,783,554	5,391,809	(18,847,439)	(17,997,524)
<u>\$40,143,318</u>	<u>\$40,367,305</u>	<u>\$44,817,011</u>	<u>\$50,831,745</u>	<u>\$31,028,354</u>	<u>\$34,656,732</u>
\$42,163,722	\$40,715,175	\$40,307,130	\$42,495,213	\$46,787,496	\$54,167,749
2,553,537	2,553,685	2,479,228	2,469,200	2,469,033	2,469,078
(10,991,395)	(23,896,398)	(32,023,328)	(41,515,012)	(53,909,879)	(56,322,159)
<u>\$33,725,864</u>	<u>\$19,372,462</u>	<u>\$10,763,030</u>	<u>\$3,449,401</u>	<u>(\$4,653,350)</u>	<u>\$314,668</u>
\$72,126,797	\$70,301,099	\$71,012,312	\$77,354,395	\$85,426,217	\$95,744,231
11,468,046	13,165,827	12,807,503	13,049,954	13,706,105	13,546,852
(9,725,661)	(23,727,159)	(28,239,774)	(36,123,203)	(72,757,318)	(74,319,683)
<u>\$73,869,182</u>	<u>\$59,739,767</u>	<u>\$55,580,041</u>	<u>\$54,281,146</u>	<u>\$26,375,004</u>	<u>\$34,971,400</u>

City of Lancaster

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2006	2007	2008	2009
Expenses				
Governmental Activities:				
Security of Persons and Property	\$16,104,691	\$16,857,036	\$18,208,576	\$17,891,385
Public Health and Welfare Services	878,467	889,715	913,831	876,750
Leisure Time Activities	2,124,266	2,278,778	1,703,779	1,853,442
Community Environment	959,561	670,861	921,428	671,940
Transportation	4,342,096	5,109,759	4,540,208	4,801,342
General Government	7,223,816	9,709,530	7,903,080	7,644,288
Interest and Fiscal Charges	322,513	474,299	530,870	442,382
<i>Total Governmental Activities Expenses</i>	<u>31,955,410</u>	<u>35,989,978</u>	<u>34,721,772</u>	<u>34,181,529</u>
Business-type Activities:				
Gas	23,771,384	23,856,601	29,486,089	19,307,808
Water	8,513,968	8,508,514	9,024,527	9,251,932
Water Pollution	7,226,506	7,387,509	8,085,696	7,864,490
Sanitation	3,033,340	3,149,630	3,364,602	3,352,104
Storm Water	1,159,357	1,797,201	1,624,711	1,546,057
Port Authority	0	0	0	0
<i>Total Business-type Activities Expenses</i>	<u>43,704,555</u>	<u>44,699,455</u>	<u>51,585,625</u>	<u>41,322,391</u>
<i>Total Primary Government Expenses</i>	<u>\$75,659,965</u>	<u>\$80,689,433</u>	<u>\$86,307,397</u>	<u>\$75,503,920</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$1,871,567	\$2,056,919	\$2,100,254	\$2,384,863
Public Health and Welfare Services	270,286	260,296	233,239	240,408
Leisure Time Activities	369,508	364,720	530,383	376,401
Community Environment	100,329	101,951	99,804	96,235
Transportation	821,284	1,366,382	770,556	790,241
General Government	2,072,411	1,884,603	1,998,226	1,943,677
Operating Grants and Contributions	3,606,523	5,641,639	6,257,136	5,070,598
Capital Grants and Contributions	2,054,029	2,965,310	1,248,952	0
<i>Total Governmental Activities Program Revenues</i>	<u>11,165,937</u>	<u>14,641,820</u>	<u>13,238,550</u>	<u>10,902,423</u>

City of Lancaster

2010	Restated 2011	2012	2013	2014	2015
\$17,701,539	\$17,530,462	\$15,424,941	\$16,617,988	\$16,849,215	\$17,702,358
824,685	754,085	744,949	857,082	785,007	1,232,576
1,953,298	1,958,087	1,893,828	1,810,306	2,256,990	2,135,524
842,850	817,834	825,620	688,405	873,446	725,687
5,224,430	5,037,685	6,385,975	4,825,294	6,817,662	6,477,311
9,532,402	7,369,038	9,512,336	7,943,615	7,840,741	7,927,531
343,326	339,535	329,507	355,061	416,240	517,344
<u>36,422,530</u>	<u>33,806,726</u>	<u>35,117,156</u>	<u>33,097,751</u>	<u>35,839,301</u>	<u>36,718,331</u>
16,287,581	14,805,525	12,339,382	14,481,150	15,574,440	13,583,412
8,959,229	9,136,690	8,689,156	8,193,295	8,468,594	8,163,396
7,223,678	8,441,640	9,525,692	9,576,190	9,729,438	9,087,256
3,333,154	3,533,473	3,205,787	3,197,770	3,274,326	3,226,109
2,052,733	1,786,087	1,717,429	1,941,058	1,807,062	1,974,803
23,188,889	21,285,796	17,564,850	18,664,845	17,208,616	6,638,568
<u>61,045,264</u>	<u>58,989,211</u>	<u>53,042,296</u>	<u>56,054,308</u>	<u>56,062,476</u>	<u>42,673,544</u>
<u>\$97,467,794</u>	<u>\$92,795,937</u>	<u>\$88,159,452</u>	<u>\$89,152,059</u>	<u>\$91,901,777</u>	<u>\$79,391,875</u>
\$2,300,078	\$2,161,188	\$2,355,439	\$2,720,979	\$2,231,913	\$2,195,779
216,399	251,757	242,805	235,910	230,884	206,503
415,566	396,589	509,880	351,611	502,389	346,570
85,720	97,824	88,238	65,761	77,256	75,115
825,039	813,495	777,280	955,710	1,378,452	1,414,529
2,302,119	2,151,906	2,522,371	2,438,708	3,111,858	2,903,193
4,358,354	5,523,719	8,668,164	5,242,074	4,791,064	5,063,305
797,834	498,035	169,670	3,173,702	4,326,483	1,223,675
<u>11,301,109</u>	<u>11,894,513</u>	<u>15,333,847</u>	<u>15,184,455</u>	<u>16,650,299</u>	<u>13,428,669</u>

(continued)

City of Lancaster

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2006	2007	2008	2009
Business-type Activities:				
Charges for Services				
Gas	26,107,359	23,183,618	26,425,358	22,023,964
Water	8,616,566	9,320,183	8,626,257	8,408,759
Water Pollution	7,314,131	7,794,051	8,194,701	8,231,224
Sanitation	3,577,116	3,605,141	3,570,408	3,592,904
Storm Water	1,828,503	1,775,357	1,745,794	1,899,584
Port Authority	0	0	0	0
Operating Grants and Contributions	0	0	0	146,543
Capital Grants and Contributions	2,371,650	1,945,692	1,340,484	47,589
<i>Total Business-type</i>				
<i>Activities Program Revenues</i>	49,815,325	47,624,042	49,903,002	44,350,567
<i>Total Primary</i>				
<i>Government Program Revenues</i>	60,981,262	62,265,862	63,141,552	55,252,990
Net (Expense)/Revenue				
Governmental Activities	(20,789,473)	(21,348,158)	(21,483,222)	(23,279,106)
Business-type Activities	6,110,770	2,924,587	(1,682,623)	3,028,176
<i>Total Primary Government</i>				
<i>Net (Expense)/Revenue</i>	(\$14,678,703)	(\$18,423,571)	(\$23,165,845)	(\$20,250,930)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$1,935,850	\$2,036,017	\$1,946,225	\$2,093,725
Special Purposes	413,013	432,511	383,601	417,000
Debt Service	0	0	0	0
Capital Outlay	0	0	0	0
Income Taxes	15,641,005	16,129,114	17,366,985	17,456,314
Other Local Taxes	516,698	550,548	577,976	517,840
Intergovernmental Revenue, Unrestricted	2,604,474	3,048,567	3,170,617	2,739,915
Investment Earnings	1,159,085	1,352,560	802,558	529,545
Miscellaneous	722,979	1,117,099	588,164	806,267
Transfers	0	68,000	(1,428,140)	(215,123)
<i>Total Governmental Activities</i>	22,993,104	24,734,416	23,407,986	24,345,483
Business-type Activities:				
Special Item - Legal Settlement	0	0	441,880	0
Transfers	0	(68,000)	1,428,140	215,123
<i>Total Business-type Activities</i>	0	(68,000)	1,870,020	215,123
<i>Total Primary Government</i>	\$22,993,104	\$24,666,416	\$25,278,006	\$24,560,606
Change in Net Position				
Governmental Activities	\$2,203,631	\$3,386,258	\$1,924,764	\$1,066,377
Business-type Activities	6,110,770	2,856,587	187,397	3,243,299
<i>Total Primary Government</i>				
<i>Change in Net Position</i>	\$8,314,401	\$6,242,845	\$2,112,161	\$4,309,676

Source: City Auditor's Office

City of Lancaster

2010	Restated 2011	2012	2013	2014	2015
17,258,590	15,206,268	12,786,252	15,121,742	17,597,507	14,060,793
8,243,228	7,917,801	8,172,166	7,891,739	7,991,000	8,229,806
8,708,143	10,010,386	10,620,930	11,082,399	11,278,415	11,442,588
3,572,689	3,583,806	3,687,918	3,635,892	3,655,721	3,767,681
2,107,985	2,327,529	2,726,348	2,956,331	3,000,829	3,015,638
9,350,923	8,626,192	5,798,134	7,748,116	9,474,189	5,672,858
194,145	256,255	163,697	198,065	149,107	203,559
1,042,287	144,389	432,880	106,395	0	1,248,639
<u>50,477,990</u>	<u>48,072,626</u>	<u>44,388,325</u>	<u>48,740,679</u>	<u>53,146,768</u>	<u>47,641,562</u>
<u>61,779,099</u>	<u>59,967,139</u>	<u>59,722,172</u>	<u>63,925,134</u>	<u>69,797,067</u>	<u>61,070,231</u>
(25,121,421)	(21,912,213)	(19,783,309)	(17,913,296)	(19,189,002)	(23,289,662)
<u>(10,567,274)</u>	<u>(10,916,585)</u>	<u>(8,653,971)</u>	<u>(7,313,629)</u>	<u>(2,915,708)</u>	<u>4,968,018</u>
<u>(\$35,688,695)</u>	<u>(\$32,828,798)</u>	<u>(\$28,437,280)</u>	<u>(\$25,226,925)</u>	<u>(\$22,104,710)</u>	<u>(\$18,321,644)</u>
\$1,914,780	\$1,967,069	\$1,787,647	\$1,775,753	\$1,769,125	\$1,768,791
394,315	446,119	404,582	392,439	2,530,507	2,288,683
228,307	332,919	332,419	331,819	331,119	331,769
258,061	38,576	158,607	135,935	157,845	175,432
17,212,521	15,838,417	18,218,093	17,948,988	18,135,381	19,459,814
543,579	585,100	617,585	618,634	624,904	644,847
3,076,212	2,313,912	1,493,621	1,794,651	1,468,722	1,519,113
328,465	326,671	272,735	110,281	328,271	302,372
622,745	308,819	992,265	819,530	585,543	427,219
(324,798)	(21,402)	(44,539)	0	0	0
<u>24,254,187</u>	<u>22,136,200</u>	<u>24,233,015</u>	<u>23,928,030</u>	<u>25,931,417</u>	<u>26,918,040</u>
0	0	0	0	0	0
324,798	21,402	44,539	0	0	0
<u>324,798</u>	<u>21,402</u>	<u>44,539</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$24,578,985</u>	<u>\$22,157,602</u>	<u>\$24,277,554</u>	<u>\$23,928,030</u>	<u>\$25,931,417</u>	<u>\$26,918,040</u>
(\$867,234)	\$223,987	\$4,449,706	\$6,014,734	\$6,742,415	\$3,628,378
<u>(10,242,476)</u>	<u>(10,895,183)</u>	<u>(8,609,432)</u>	<u>(7,313,629)</u>	<u>(2,915,708)</u>	<u>4,968,018</u>
<u>(\$11,109,710)</u>	<u>(\$10,671,196)</u>	<u>(\$4,159,726)</u>	<u>(\$1,298,895)</u>	<u>\$3,826,707</u>	<u>\$8,596,396</u>

City of Lancaster

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	447,451	290,959	269,862	309,687
Unreserved	<u>4,042,869</u>	<u>3,759,946</u>	<u>3,153,883</u>	<u>2,829,674</u>
<i>Total General Fund</i>	<u>4,490,320</u>	<u>4,050,905</u>	<u>3,423,745</u>	<u>3,139,361</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	2,776,859	2,829,102	2,801,159	3,044,531
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	3,035,341	3,580,847	3,670,910	4,082,531
Capital Projects Funds	<u>(1,543,724)</u>	<u>(4,231,667)</u>	<u>(5,744,111)</u>	<u>(4,330,894)</u>
<i>Total All Other Governmental Funds</i>	<u>4,268,476</u>	<u>2,178,282</u>	<u>727,958</u>	<u>2,796,168</u>
<i>Total Governmental Funds</i>	<u><u>\$8,758,796</u></u>	<u><u>\$6,229,187</u></u>	<u><u>\$4,151,703</u></u>	<u><u>\$5,935,529</u></u>

Source: City Auditor's Office

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

City of Lancaster

2010	2011	2012	2013	2014	2015
\$0	\$211,052	\$237,825	\$218,362	\$184,142	\$186,934
0	430,940	1,581,288	1,242,718	1,335,785	1,358,651
0	3,341,770	3,614,790	5,251,121	5,482,881	5,684,567
311,485	0	0	0	0	0
3,362,329	0	0	0	0	0
<u>3,673,814</u>	<u>3,983,762</u>	<u>5,433,903</u>	<u>6,712,201</u>	<u>7,002,808</u>	<u>7,230,152</u>
0	2,919,211	3,037,984	3,019,060	3,018,879	2,974,874
0	5,972,886	5,980,246	6,525,938	13,494,830	7,070,766
0	1,000,075	1,560,269	1,323,924	1,965,953	2,006,007
0	(2,224,855)	(2,249,664)	(2,656,486)	(1,805,141)	(2,158,940)
3,023,660	0	0	0	0	0
4,848,172	0	0	0	0	0
(2,010,441)	0	0	0	0	0
<u>5,861,391</u>	<u>7,667,317</u>	<u>8,328,835</u>	<u>8,212,436</u>	<u>16,674,521</u>	<u>9,892,707</u>
<u>\$9,535,205</u>	<u>\$11,651,079</u>	<u>\$13,762,738</u>	<u>\$14,924,637</u>	<u>\$23,677,329</u>	<u>\$17,122,859</u>

City of Lancaster

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

	2006	2007	2008	2009
Revenues:				
Taxes	\$17,981,983	\$18,767,446	\$19,650,167	\$19,672,863
Intergovernmental Revenues	6,933,762	8,513,743	8,188,157	8,496,589
Charges for Services	4,232,866	4,710,409	4,345,079	4,192,295
Licenses and Permits	24,279	26,759	24,362	30,148
Investment Earnings	1,151,742	1,372,732	864,986	541,123
Special Assessments	136,327	140,058	137,351	128,276
Fines and Forfeitures	1,522,814	1,535,541	1,633,932	1,892,301
All Other Revenue	884,284	1,168,788	712,682	740,067
Total Revenue	<u>32,868,057</u>	<u>36,235,476</u>	<u>35,556,716</u>	<u>35,693,662</u>
Expenditures:				
Current:				
Security of Persons and Property	15,901,921	16,710,584	17,825,296	17,282,106
Public Health and Welfare Services	921,993	893,308	947,332	861,469
Leisure Time Activities	1,959,713	2,194,345	2,138,133	1,930,845
Community Environment	1,204,194	683,621	938,993	914,314
Transportation	3,805,510	4,094,796	4,126,802	4,405,233
General Government	6,946,297	7,784,196	7,667,476	7,342,691
Capital Outlay	2,221,974	7,193,369	3,172,798	825,694
Debt Service:				
Principal Retirement	259,586	265,086	1,139,743	413,171
Interest and Fiscal Charges	298,633	461,330	539,724	448,980
Total Expenditures	<u>33,519,821</u>	<u>40,280,635</u>	<u>38,496,297</u>	<u>34,424,503</u>
Excess (Deficiency) of Revenues Over Expenditures	(651,764)	(4,045,159)	(2,939,581)	1,269,159

City of Lancaster

2010	2011	2012	2013	2014	2015
\$20,068,678	\$19,653,652	\$20,167,837	\$20,522,054	\$22,629,962	\$23,802,285
8,720,285	8,205,296	10,125,086	9,925,610	10,402,482	7,574,806
4,398,036	4,110,825	4,463,521	5,018,577	5,376,488	5,163,513
23,460	24,320	26,190	21,320	30,544	24,527
343,123	311,047	314,243	117,176	322,355	281,853
118,993	140,063	122,408	99,710	116,689	112,508
2,039,847	2,071,956	2,313,306	2,111,093	2,339,400	2,338,992
729,522	442,006	1,089,910	849,946	770,866	395,121
<u>36,441,944</u>	<u>34,959,165</u>	<u>38,622,501</u>	<u>38,665,486</u>	<u>41,988,786</u>	<u>39,693,605</u>

17,765,918	16,737,295	16,629,053	16,396,860	16,387,166	16,760,874
827,523	744,821	759,395	897,647	791,543	1,249,017
1,891,191	1,819,231	1,901,633	1,840,118	1,994,089	1,847,968
840,683	825,150	827,142	687,389	884,703	724,103
4,572,787	3,920,300	4,309,998	4,443,455	6,722,387	7,635,265
8,317,591	7,115,172	7,290,528	7,490,162	8,216,413	7,579,778
703,024	920,837	4,489,551	4,721,837	6,324,867	8,961,855
643,299	747,956	769,591	969,263	1,390,042	1,358,335
351,966	325,674	332,330	352,094	395,077	521,659
<u>35,913,982</u>	<u>33,156,436</u>	<u>37,309,221</u>	<u>37,798,825</u>	<u>43,106,287</u>	<u>46,638,854</u>

527,962	1,802,729	1,313,280	866,661	(1,117,501)	(6,945,249)
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(Continued)

City of Lancaster

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

	2006	2007	2008	2009
Other Financing Sources (Uses):				
State Infrastructure Bank Loan	0	1,155,949	0	0
Other Financing Sources - Capital Leases	10,079	440,386	126,409	518,545
Housing and Urban Development Loan	0	0	760,000	0
Ohio Water Development Authority Loans	0	0	0	0
General Obligation Bonds Issued	0	0	0	0
Premium on General Obligation Bonds	0	0	0	0
Refunding General Obligation Bonds Issued	0	0	0	0
Premium on Refunding General Obligation Bonds	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Installment Loan	0	0	0	0
Transfers In	1,986,619	2,479,004	1,762,994	1,989,769
Transfers Out	(1,986,619)	(2,523,754)	(1,786,988)	(2,032,945)
Total Other Financing Sources (Uses)	<u>10,079</u>	<u>1,551,585</u>	<u>862,415</u>	<u>475,369</u>
Net Change in Fund Balance	<u>(\$641,685)</u>	<u>(\$2,493,574)</u>	<u>(\$2,077,166)</u>	<u>\$1,744,528</u>
Debt Service as a Percentage of Noncapital Expenditures	1.93%	2.07%	4.70%	2.63%

Source: City Auditor's Office

City of Lancaster

2010	2011	2012	2013	2014	2015
0	0	0	0	0	0
18,882	0	9,806	20,751	423,428	469,044
0	0	0	0	0	0
337,247	61,428	0	0	0	0
2,800,000	0	0	0	9,350,000	0
0	0	0	0	127,150	0
0	0	0	0	2,380,000	0
0	0	0	0	38,212	0
0	0	0	0	(2,359,891)	0
0	199,141	1,049,337	470,575	0	0
1,803,367	1,267,822	1,288,514	2,035,399	11,404,518	11,887,104
(1,878,889)	(1,289,224)	(1,633,053)	(2,214,087)	(11,469,006)	(11,951,592)
<u>3,080,607</u>	<u>239,167</u>	<u>714,604</u>	<u>312,638</u>	<u>9,894,411</u>	<u>404,556</u>
<u>\$3,608,569</u>	<u>\$2,041,896</u>	<u>\$2,027,884</u>	<u>\$1,179,299</u>	<u>\$8,776,910</u>	<u>(\$6,540,693)</u>
2.91%	3.40%	3.10%	4.07%	4.95%	5.33%

City of Lancaster

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Income Tax Rate	1.75%	1.75%	1.75%	1.75%
Estimated Personal Income (in thousands)	\$1,124,579	\$1,165,637	\$1,201,987	\$1,211,789
Total Tax Collected	\$15,550,666	\$16,264,316	\$16,746,431	\$16,819,420
Income Tax Receipts				
Withholding	12,067,107	12,695,987	12,953,012	12,867,716
Percentage	77.60%	78.06%	77.35%	76.51%
Corporate	1,515,792	1,514,077	1,707,499	2,005,248
Percentage	9.75%	9.31%	10.20%	11.92%
Individuals	1,967,767	2,054,252	2,085,920	1,946,456
Percentage	12.65%	12.63%	12.45%	11.57%

Source: City Income Tax Department

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

City of Lancaster

2010	2011	2012	2013	2014	2015
1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
\$1,214,457	\$1,301,806	\$1,396,920	\$1,543,778	\$1,566,749	\$1,563,765
\$17,320,421	\$16,703,561	\$17,457,624	\$17,750,771	\$17,809,533	\$18,672,494
13,193,795	13,238,524	13,557,810	13,659,993	13,883,166	14,439,064
76.17%	79.25%	77.66%	76.96%	77.96%	77.34%
2,192,628	1,609,683	1,649,607	1,932,043	1,897,976	2,067,737
12.66%	9.64%	9.45%	10.88%	10.66%	11.07%
1,933,998	1,855,354	2,250,207	2,158,735	2,028,391	2,165,693
11.17%	11.11%	12.89%	12.16%	11.38%	11.59%



City of Lancaster

*Income Tax Collections
Current Year and Nine Years Ago*

Calendar Year 2015

<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%	\$5,077,779	27.19%
All Others	9,858	99.90%	13,594,715	72.81%
Total	9,868	100.00%	\$18,672,494	100.00%

Calendar Year 2006

<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	0.09%	\$4,680,259	30.10%
All Others	11,023	99.91%	10,870,407	69.90%
Total	11,033	100.00%	\$15,550,666	100.00%

Source: City Income Tax Department

City of Lancaster

Ratio of Outstanding Debt By Type Last Ten Years

	2006	2007	2008	2009
Governmental Activities ⁽¹⁾				
Housing and Urban Development Loan Payable	\$940,000	\$850,000	\$760,000	\$670,000
Ohio Public Works Commission Loan Payable	88,248	82,162	76,076	69,990
Ohio Water Development Authority Loans Payable	0	0	0	0
Special Assessment Bonds Payable	306,000	292,000	277,000	261,500
General Obligation Bonds Payable	3,815,000	3,660,000	3,500,000	3,335,000
State Infrastructure Bank Loan Payable	0	1,155,949	1,047,292	910,707
Installment Loan Payable	0	0	0	0
Capital Leases	617,050	859,143	641,890	750,733
Business-type Activities ⁽¹⁾				
Ohio Water Development Authority Loans Payable	\$41,823,289	\$39,171,688	\$36,365,393	\$41,534,180
Revenue Bonds Payable	12,824,754	12,476,503	379,339,585	373,688,481
Ohio Rail Development Commission Loan	0	0	0	100,808
Capital Leases	26,714	425,521	343,706	287,311
Total Primary Government	<u>\$60,441,055</u>	<u>\$58,972,966</u>	<u>\$422,350,942</u>	<u>\$421,608,710</u>
Population ⁽²⁾				
City of Lancaster	36,380	36,375	36,608	37,680
Outstanding Debt Per Capita	\$1,661	\$1,621	\$11,537	\$11,189
Income ⁽³⁾				
Personal (in thousands)	1,124,579	1,165,637	1,201,987	1,211,789
Percentage of Personal Income	5.37%	5.06%	35.14%	34.79%

Sources:

- (1) Source: City Auditor's Office
- (2) Lancaster Community Development Department estimates (2006- 2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2015)
- (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

2010	2011	2012	2013	2014	2015
\$580,000	\$490,000	\$400,000	\$310,000	\$220,000	\$130,000
63,904	57,818	54,775	45,646	39,560	33,474
337,247	391,485	376,754	361,723	346,088	329,941
245,000	228,000	210,000	191,000	171,000	150,000
5,745,000	5,295,000	4,835,000	4,360,000	13,177,942	12,369,244
769,994	610,821	464,867	314,502	159,592	0
0	180,634	1,492,108	1,695,230	1,378,506	1,053,040
532,216	356,584	184,820	114,214	447,016	737,330
\$58,381,455	\$60,996,820	\$56,434,105	\$52,134,520	\$47,606,083	\$43,497,740
369,297,377	365,281,273	361,341,879	356,703,101	347,855,825	334,188,997
53,060	4,136	0	0	0	0
200,470	83,832	325,974	280,665	233,665	165,790
<u>\$436,205,723</u>	<u>\$433,976,403</u>	<u>\$426,120,282</u>	<u>\$416,510,601</u>	<u>\$411,635,277</u>	<u>\$392,655,556</u>

37,243	38,780	38,880	39,359	38,854	38,780
\$11,712	\$11,191	\$10,960	\$10,582	\$10,594	\$10,125

1,214,457	1,301,806	1,396,920	1,543,778	1,566,749	1,563,765
35.92%	33.34%	30.50%	26.98%	26.27%	25.11%

City of Lancaster

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2006	2007	2008	2009
Population ⁽¹⁾	36,380	36,375	36,608	37,680
Assessed Value ⁽²⁾	\$708,753,525	\$697,186,961	\$759,216,664	\$745,611,660
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$3,815,000	\$3,660,000	\$3,500,000	\$3,335,000
Resources Available to Pay Principal ⁽⁴⁾	\$97,729	\$97,729	\$97,729	\$97,729
Net General Bonded Debt	\$3,717,271	\$3,562,271	\$3,402,271	\$3,237,271
Ratio of Net Bonded Debt to Assessed Value	0.52%	0.51%	0.45%	0.43%
Net Bonded Debt per Capita	\$102.18	\$97.93	\$92.94	\$85.91

Source:

- (1) Lancaster Community Development Department estimates (2006- 2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2015)
- (2) Fairfield County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.
- (4) Includes only Debt Service funds available for general obligation bonded debt supported
by property taxes.

City of Lancaster

2010	2011	2012	2013	2014	2015
37,243	38,780	38,880	39,359	38,854	38,780
\$737,068,930	\$718,274,700	\$723,028,400	\$727,831,260	\$722,645,450	\$719,521,390
\$5,745,000	\$5,295,000	\$4,835,000	\$4,360,000	\$13,177,942	\$12,369,244
\$91,191	\$91,191	\$91,191	\$91,191	\$0	\$11,869
\$5,653,809	\$5,203,809	\$4,743,809	\$4,268,809	\$13,177,942	\$12,357,375
0.77%	0.72%	0.66%	0.59%	1.82%	1.72%
\$151.81	\$134.19	\$122.01	\$108.46	\$339.17	\$318.65



City of Lancaster

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2015*

<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)	\$14,803,029	100.00%	\$14,803,029
Overlapping:				
Lancaster City School District	(2)	63,836,351	78.23%	49,939,177
Fairfield County	(3)	43,277,367	21.35%	9,239,718
			Subtotal	<u>59,178,895</u>
			Total	<u><u>\$73,981,924</u></u>

Source:

- (1) City Auditor's Office
- (2) Lancaster City School District, as of June 30, 2015, 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	2006	2007	2008	2009
Total Debt				
Net Assessed Valuation	\$708,753,525	\$697,186,961	\$759,216,664	\$745,611,660
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	74,419,120	73,204,631	79,717,750	78,289,224
City Debt Outstanding (2)	6,026,600	5,897,600	3,500,000	3,335,000
Less: Applicable Debt Service Fund Amounts	<u>(97,729)</u>	<u>(97,729)</u>	<u>(97,729)</u>	<u>(97,729)</u>
Net Indebtedness Subject to Limitation	<u>5,928,871</u>	<u>5,799,871</u>	<u>3,402,271</u>	<u>3,237,271</u>
Overall Legal Debt Margin	<u><u>\$68,490,249</u></u>	<u><u>\$67,404,760</u></u>	<u><u>\$76,315,479</u></u>	<u><u>\$75,051,953</u></u>
Unvoted Debt				
Net Assessed Valuation	\$708,753,525	\$697,186,961	\$759,216,664	\$745,611,660
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	38,981,444	38,345,283	41,756,917	41,008,641
City Debt Outstanding (2)	6,026,600	5,897,600	3,500,000	3,335,000
Less: Applicable Debt Service Fund Amounts	<u>(97,729)</u>	<u>(97,729)</u>	<u>(97,729)</u>	<u>(97,729)</u>
Net Indebtedness Subject to Limitation	<u>5,928,871</u>	<u>5,799,871</u>	<u>3,402,271</u>	<u>3,237,271</u>
Overall Legal Debt Margin	<u><u>\$33,052,573</u></u>	<u><u>\$32,545,412</u></u>	<u><u>\$38,354,646</u></u>	<u><u>\$37,771,370</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

2010	2011	2012	2013	2014	2015
\$737,068,930	\$718,274,700	\$723,028,400	\$727,831,260	\$722,645,450	\$719,521,390
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
77,392,238	75,418,844	75,917,982	76,422,282	75,877,772	75,549,746
5,745,000	5,295,000	4,835,000	4,360,000	13,177,942	12,369,244
(91,191)	(91,191)	(91,191)	(91,191)	0	(11,869)
5,653,809	5,203,809	4,743,809	4,268,809	13,177,942	12,357,375
\$71,738,429	\$70,215,035	\$71,174,173	\$72,153,473	\$62,699,830	\$63,192,371
\$737,068,930	\$718,274,700	\$723,028,400	\$727,831,260	\$722,645,450	\$719,521,390
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
40,538,791	39,505,109	39,766,562	40,030,719	39,745,500	39,573,676
5,745,000	5,295,000	4,835,000	4,360,000	13,177,942	12,369,244
(91,191)	(91,191)	(91,191)	(91,191)	0	(11,869)
5,653,809	5,203,809	4,743,809	4,268,809	13,177,942	12,357,375
\$34,884,982	\$34,301,300	\$35,022,753	\$35,761,910	\$26,567,558	\$27,216,301

City of Lancaster

Pledged Revenue Coverage Last Ten Years

	2006	2007	2008	2009
Water Mortgage Bonds (1 a)				
Gross Revenues (2)	\$8,613,246	\$9,320,183	\$8,626,257	\$8,432,910
Direct Operating Expenses (3)	5,348,084	5,436,732	5,714,908	5,798,198
Net Revenue Available for Debt Service	3,265,162	3,883,451	2,911,349	2,634,712
Annual Debt Service Requirement	561,869	562,256	562,006	566,094
Coverage	5.81	6.91	5.18	4.65
Water Pollution Mortgage Bonds (1 b)				
Gross Revenues (2)	\$7,314,131	\$7,794,051	\$8,194,701	\$8,339,280
Direct Operating Expenses (3)	3,925,494	3,991,924	4,103,624	3,893,941
Net Revenue Available for Debt Service	3,388,637	3,802,127	4,091,077	4,445,339
Annual Debt Service Requirement	351,641	348,716	518,214	1,786,742
Coverage	9.64	10.90	7.89	2.49
Port Authority Gas Supply Revenue Bonds (1 c)				
Gross Revenues (2)	\$0	\$0	N/A	N/A
Direct Operating Expenses (3)	0	0	N/A	N/A
Net Revenue Available for Debt Service	0	0	N/A	N/A
Annual Debt Service Requirement	0	0	8,062,363	6,166,070
Coverage	0.00	0.00	N/A	N/A
Special Assessment Bonds (1 d)				
Special Assessment Collections	\$35,998	\$38,107	\$37,547	\$35,202
Debt Service				
Principal	13,500	14,000	15,000	15,500
Interest	15,975	15,638	6,963	13,850
Coverage	1.22	1.29	1.71	1.20

(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

2010	2011	2012	2013	2014	2015
\$8,307,429	\$7,979,328	\$8,210,753	\$7,885,740	\$8,023,002	\$8,211,328
5,845,492	5,796,524	5,919,515	5,453,543	5,802,924	5,822,634
2,461,937	2,182,804	2,291,238	2,432,197	2,220,078	2,388,694
564,344	561,869	519,035	416,144	516,081	514,981
4.36	3.88	4.41	5.84	4.30	4.64
\$8,834,129	\$10,115,464	\$10,715,711	\$11,072,967	\$11,378,708	\$11,499,199
3,542,641	3,568,981	4,297,101	4,054,109	4,403,285	3,930,137
5,291,488	6,546,483	6,418,610	7,018,858	6,975,423	7,569,062
1,786,941	1,786,179	1,761,279	1,749,669	1,749,756	1,753,812
2.96	3.67	3.64	4.01	3.99	4.32
\$9,347,281	\$8,628,422	\$5,758,552	\$7,732,965	\$9,475,747	\$5,668,319
9,830,408	8,217,550	4,540,457	5,819,723	6,531,561	290,978
(483,127)	410,872	1,218,095	1,913,242	2,944,186	5,377,341
4,440,158	3,737,119	3,741,661	3,884,923	2,852,227	15,284,079
(0.11)	0.11	0.33	0.49	1.03	0.35
\$36,342	\$46,203	\$37,246	\$36,571	\$41,881	\$39,239
16,500	17,000	18,000	19,000	20,000	21,000
13,075	12,250	11,400	10,500	9,550	8,550
1.23	1.58	1.27	1.24	1.42	1.33

City of Lancaster

Demographic and Economic Statistics Last Ten Years

Calendar Year	2006	2007	2008	2009	2010
Population					
City of Lancaster (2)	36,380	36,375	36,608	37,680	37,243
Fairfield County (1)	139,637	142,557	144,252	143,712	143,712
Income (3) (a)					
Total Personal (in thousands)	1,124,579	1,165,637	1,201,987	1,211,789	1,214,457
Per Capita	30,912	32,045	32,834	32,160	32,609
Unemployment Rate (4)					
Federal	5.0%	4.6%	5.8%	9.3%	9.6%
State	5.9%	5.6%	6.6%	10.2%	10.1%
Fairfield County	4.8%	5.0%	5.6%	8.5%	8.8%
Civilian Work Force Estimates (4)					
State	5,934,000	5,976,500	5,986,400	5,970,200	5,897,600
Fairfield County	74,200	76,300	77,100	76,100	75,300
Lancaster	18,400	18,700	18,600	18,600	17,900

Sources:

- (1) US Bureau of Census of Population
- (2) Lancaster Community Development Department estimates (2006- 2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2015)
- (3) US Department of Commerce, Bureau of Economic Analysis information is only available through 2014
for the presentation of 2015 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

City of Lancaster

2011	2012	2013	2014	2015
38,780	38,880	39,359	38,854	38,780
146,156	147,747	148,797	150,381	150,381
1,301,806	1,396,920	1,543,778	1,566,749	1,563,765
33,569	35,929	39,223	40,324	40,324
8.9%	8.1%	7.4%	6.2%	5.3%
8.6%	7.2%	7.4%	5.7%	4.9%
7.7%	6.3%	6.4%	5.0%	4.3%
5,762,000	5,747,900	5,765,700	5,719,500	5,700,300
74,400	74,800	75,600	74,900	75,400
1,770	17,500	17,700	17,900	17,900



City of Lancaster

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2015		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	2,085	1	12.19%
Anchor Hocking	Glass Manufacturer	1,150	2	6.73%
Fairfield County	Government	872	3	5.10%
Lancaster City Schools	Education	720	4	4.21%
City of Lancaster	Government	422	5	2.47%
Ralston Foods/Con Agra	Manufacturer	342	6	2.00%
Kroger	Food	313	7	1.83%
Diamond Power	Metal Fabrication	303	8	1.77%
Crestview**	Nursing Care	215	9	1.26%
Fairfield Homes**	Construction	185	10	1.08%
Total		6,607		38.64%
Total Employment within the City		17,100		

Employer	Nature of Business	2006		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical	2,000	1	11.49%
Anchor Hocking	Glass Manufacturer	1,003	2	5.76%
Fairfield County	Government	825	3	4.74%
Lancaster City Schools	Education	687	4	3.95%
Diamond Power	Metal Fabrication	500	5	2.87%
Ralston Foods	Cereal	450	6	2.59%
City of Lancaster	Government	449	7	2.58%
Crestview	Nursing Care	260	8	1.49%
Gorsuch Enterprises	Real Estate, Builder	250	9	1.44%
Glasfloss	Fiberglass Manufacturer	250	10	1.44%
Total		6,674		38.36%
Total Employment within the City		17,400		

Sources:

Source for 2015 total employment is from the Ohio Labor Market Information Website.
 2015 Company information is from the Fairfield County Chamber of Commerce webpage:
www.businesscounty.com

** And information from companies responding via telephone.

City of Lancaster

Full Time Equivalent Employees by Function Last Ten Years

	2006	2007	2008	2009	2010
Governmental Activities					
General Government					
Auditor	6.00	6.00	6.00	6.00	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00
Legal	9.00	9.00	10.00	10.00	9.00
City Council	11.00	11.00	11.00	11.00	11.00
Court	32.00	33.00	35.00	35.00	34.00
Administration	4.00	4.00	4.00	4.00	4.00
Engineering	8.00	8.00	8.00	5.00	4.00
Certified Building	6.00	6.00	4.00	4.00	4.00
Income Tax	5.00	5.00	6.00	5.00	5.00
Maintenance	2.00	2.00	2.00	1.00	1.00
Electric	0.00	0.00	0.00	0.00	0.00
Information Systems	6.00	6.00	7.00	6.00	6.00
Security of Persons and Property					
Police	83.00	84.00	86.00	83.00	83.00
Fire	94.00	94.00	95.00	92.00	84.00
Public Health and Welfare					
Cemetery	5.00	5.00	5.00	5.00	5.00
Transportation					
Street	29.00	29.00	28.00	25.00	24.00
Leisure Time Activities					
Parks	25.00	25.00	27.00	25.00	26.00
Community Environment					
Community Development	3.00	3.00	3.00	2.00	3.00
Public Transit	1.00	1.00	1.00	1.00	1.00
Civil Service	1.00	1.00	1.00	1.00	1.00
Business-Type Activities					
Utilities					
Gas	24.00	22.00	23.00	24.00	24.00
Water	43.00	44.00	45.00	46.00	44.00
Water Pollution	23.00	22.00	22.00	21.00	22.00
Sanitation	24.00	23.00	23.00	23.00	22.00
Storm Water	3.00	3.00	3.00	3.00	3.00
Utilities Collection	21.00	21.00	20.00	17.00	17.00
<i>Total Employees</i>	<u>470.00</u>	<u>469.00</u>	<u>477.00</u>	<u>457.00</u>	<u>444.00</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

2011	2012	2013	2014	2015
4.00	4.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00
8.00	9.00	7.00	9.00	7.00
11.00	11.00	11.00	11.00	11.00
33.00	33.00	33.00	36.00	36.00
4.00	4.00	5.00	5.00	4.00
4.00	3.00	4.00	3.00	3.00
3.00	3.00	3.00	3.00	3.00
4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00
0.00	0.00	0.00	0.00	0.00
7.00	7.00	7.00	8.00	8.00
81.00	83.00	80.00	83.00	82.00
70.00	70.00	70.00	72.00	72.00
1.00	1.00	1.00	2.00	2.00
4.00	4.00	4.00	4.00	4.00
22.00	21.00	22.00	22.00	23.00
16.00	25.00	24.00	26.00	25.00
3.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	2.00
1.00	1.00	1.00	1.00	1.00
25.00	25.00	25.00	25.00	25.00
43.00	42.00	41.00	39.00	38.00
24.00	24.00	23.00	24.00	24.00
21.00	21.00	21.00	21.00	20.00
2.00	4.00	4.00	5.00	5.00
15.00	15.00	15.00	15.00	15.00
<u>409.00</u>	<u>420.00</u>	<u>416.00</u>	<u>429.00</u>	<u>424.00</u>

City of Lancaster

Operating Indicators by Function Last Ten Years

	2006	2007	2008	2009
Governmental Activities				
General Government				
Court				
Number of Traffic Cases	11,285	11,700	15,164	12,429
Number of Open Cases	1,282	1,437	1,718	1,344
Licenses and Permits				
Number of Building Permits	795	973	1,135	1,011
Number of Building Inspections	4,075	3,672	3,191	2,610
Security of Persons and Property				
Police				
Number of Calls Received	56,311	50,565	59,000	60,948
Number of Traffic Citations	3,671	3,828	4,411	4,003
Number of Arrests	3,863	2,276	2,545	2,645
Parking Tickets Written	1,856	1,176	1,189	1,136
Fire				
Number of Fire Calls	1,586	1,681	1,750	1,750
Number of EMS Runs	5,508	5,830	6,314	6,151
Number of Inspections	2,527	2,610	3,350	3,744
Leisure Time Activities				
Parks				
Number of Programs Offered	16	21	41	43
Number of Pool Passes Issued	19,071	26,321	25,296	21,165
Business-Type Activities				
Water				
Number of Service Connections	15,110	15,185	15,199	15,242
Daily Average Consumption (thousands of gallons)	4.1M	4.2M	4.5M	4.31M
Peak Daily Consumption (thousands of gallons) (1)	16.5M	8.6M	7.8M	5.76M
Water Pollution				
Number of Service Connections	14,794	14,855	14,869	14,961
Maximum Daily Capacity (2)	6.82M	7.56M	14.7M	12.5M
Daily Average Sewage Treatment (thousands of gallons) (2)	12.5M	12.5M	8.4M	6.60M
Sanitation				
Number of Customers	15,185	14,200	15,279	14,985
Storm Water				
Number of Customers	14,291	14,356	14,376	14,439

Source: City Auditor's Office

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

(2) New plant opened in 2011

City of Lancaster

2010	2011	2012	2013	2014	2015
14,199	16,242	17,053	17,933	17,898	17,631
1,254	1,444	1,345	1,606	1,335	1,271
1,254	1,070	1,146	1,156	1,049	1,258
2,857	2,283	2,566	2,983	2,436	2,878
59,216	63,969	62,591	58,228	56,254	60,578
4,424	5,185	4,361	5,079	2,616	4,205
1,750	4,071	1,543	1,647	1,494	1,481
1,001	1,001	984	833	696	598
1,526	1,595	1,709	1,530	1,569	1,767
6,314	6,304	6,729	6,819	6,931	7,259
3,041	3,142	2,363	1,464	1,433	1,503
49	56	57	63	61	62
31,492	33,258	28,533	18,758	18,283	19,022
15,306	15,260	15,275	15,363	15,424	15,464
3.87M	3.88M	3.79M	3.58M	3.75M	4.57M
5.785M	5.69M	5.23M	5.89M	5.76M	5.89M
14,994	14,966	14,974	15,088	15,129	15,095
12.5M	14.5M	14M	14M	14M	14M
6.47M	9.7M	6.96M	7.10M	7.23M	6.84M
15,597	15,370	15,441	15,468	15,490	15,518
14,608	14,619	14,680	14,750	14,820	14,832

City of Lancaster

Capital Asset Statistics by Function Last Ten Years

	2006	2007	2008	2009
Governmental Activities				
General Government				
Public Land and Buildings				
Land (square miles)	18.505	18.590	18.590	18.590
Buildings	36	36	36	36
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles (1)	17	16	16	31
Fire				
Stations	3	3	3	3
Vehicles	22	22	22	22
Public Health & Welfare				
Cemetery				
Land (acres)	150	150	150	150
Transportation				
Street				
Streets (lane miles)	160	185	185	185
Street Lights	2,360	2,360	2,360	2,360
Traffic Signals	92	92	92	85
Leisure Time Activities				
Parks				
Land (acres)	720	720	720	733
Buildings	21	21	21	21
Parks	27	27	27	27
Playgrounds	12	12	12	12
Swimming Pools	2	2	2	3
Tennis Courts	10	10	10	13
Baseball/Softball Diamonds	26	26	26	26
Soccer Fields	8	8	8	22

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

City of Lancaster

2010	2011	2012	2013	2014	2015
18,590	18,590	18,590	18,598	18,598	18,598
36	36	36	36	36	36
1	1	1	1	1	1
31	33	38	34	38	37
3	3	3	3	3	3
20	20	21	20	18	18
150	150	150	150	150	150
185	185	185	185	185	185
2,464	2,466	2,300	2,476	2,476	2,476
85	85	85	85	86	86
733	733	733	733	733	733
21	21	21	21	21	21
27	27	27	27	27	27
12	12	12	12	12	12
2	2	2	2	2	2
13	13	13	13	13	13
26	26	26	26	26	26
22	22	22	22	22	22

(Continued)

City of Lancaster

Capital Asset Statistics by Function Last Ten Years

	2006	2007	2008	2009
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	170	171	171	174
Pump Stations	2	2	2	2
Number of Hydrants	1,600	1,670	1,670	1,791
Storage Capacity (thousands of gallons)	16.5M	16.5M	16.5M	17.5M
Water Pollution				
Sewerlines (Miles)	170	185	185	186
Lift Stations	9	9	9	10
Sanitation				
Packers	9	9	9	10
Storm Water				
Storm Sewers (Miles)	61	61	61	63
Gas				
Gaslines (Miles)	N/A	N/A	N/A	N/A

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

City of Lancaster

2010	2011	2012	2013	2014	2015
179	180	181	182	182	182
2	2	2	2	2	2
1,800	1,835	1,842	1,848	1,885	1,892
9.8M	9.8M	9.8M	9.8M	9.8M	9.8M
186	186	186	186	186	186
10	10	11	11	11	11
10	10	9	9	10	9
63	63	64	66	88	88
N/A	260	260	249	249	249





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
SEPTEMBER 13, 2016