

**CITY OF LANCASTER
FAIRFIELD COUNTY, OHIO**

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

December 31, 2017



Dave Yost • Auditor of State

City Council
City of Lancaster
104 East Main Street, Room 107
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, 2017 through December 31, 2017. 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 15, 2018

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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, 2017, 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 28, 2018.

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 opinions 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.

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 City'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 28, 2018

**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 City of Lancaster, Ohio's (the "City") compliance with the types of compliance requirements described in the *OMB 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, 2017. The City's major federal programs are identified in the summary of auditors' 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 of Lancaster, Ohio 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, 2017.

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 a 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 28, 2018, 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 expenditures 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 28, 2018

CITY OF LANCASTER
FAIRFIELD COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

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>			
<u>CDBG - Entitlement Grant Cluster</u>			
Community Development Block Grants (CDBG) Entitlement Grants Program	B-17-MC-39-0027	14.218	\$ 438,409
Total CDBG - Entitlement Grant Cluster			438,409
Home Investment Partnerships Program (HOME)	A-C-14-2CE-1	14.239	63,690
Total U.S. Department of Housing and Urban Development			502,099
<u>U.S. DEPARTMENT OF JUSTICE:</u>			
<i>Passed Through Ohio Office of Criminal Justice:</i>			
Violence Against Women Formula Grants Program	2016-WF-VA5-8422	16.588	54,667
Edward Byrne Memorial Justice Assistance Grant Program	2015-DJ-BX-0650 2016-JG-D02-6589	16.738 16.738	(5,389) 53,342 <u>47,953</u>
<i>Directly funded from the US Department of Justice</i> Bulletproof Vest Partnership Program	N/A	16.607	2,403
Total U.S. Department of Justice			105,023
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Transportation</i>			
<u>Highway Planning and Construction Cluster</u>			
Highway Planning and Construction Grant	PID 96995	20.205	375,123
Total Highway Planning and Construction Cluster			375,123
Formula Grants for Other than Urbanized Areas	RPTF-4107-050-171 RPTF-0107-017-200 RPTF-0107-050-171	20.509 20.509 20.509	595,362 17,472 84,993 <u>697,827</u>
Total Formula Grants for Other than Urbanized Areas			697,827
<u>Federal Transit Cluster</u>			
Bus and Facilities Program	RPTF-0107-050-171	20.526	30,423
Total Federal Transit Cluster			30,423
Total U.S. Department of Transportation			1,103,373
<u>U. S. ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Passed Through Ohio Environmental Protection Agency</i>			
Nonpoint Source Implementation Program	N/A	66.460	39,480
Total U.S. Environmental Protection Agency			39,480
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Directly funded from the US Department of Health and Human Services</i>			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	5H79TI026670-02	93.243	313,941
<i>Passed Through Ohio Mental Health and Addiction Services</i> Block Grants for Prevention and Treatment of Substance Abuse	TI026670	93.959	40,000
Total U.S. Department of Health and Human Services			353,941
Total Federal Awards Expenditures			\$ 2,103,916

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, 2017**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the City of Lancaster, Fairfield County, Ohio, (the City's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting. 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, 2017.

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. 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 did not pass any federal awards received to subrecipients during the year ended December 31, 2017.

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 2017 is as follows:

Beginning loans receivable balance as of January 1, 2017	\$ 1,052,687
Loans made	-
Loan principal repaid	(80,383)
Ending loans receivable balance as of December 31, 2017	<u>\$ 972,304</u>
Cash balance on hand in the revolving loan fund as of December 31, 2017	\$ 22,665

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 20.509 – Formula Grants for Rural Areas	
Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted



CITY OF LANCASTER, OHIO

Fairfield County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017

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 28, 2018

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, 2017.

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, 2017***

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 and Athens Counties Council of Governments on Major Crimes Investigations.

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 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, 2017***

ECONOMIC CONDITION AND OUTLOOK

The City of Lancaster continues to lead the county in investment. Lancaster City Schools completed five new elementary buildings in 2016 and has begun construction of two middle schools in 2017. Fairfield Medical Center's new twenty-five million dollar off campus facility with a Health and Wellness center housing a second emergency department, wellness facility, urgent care, and testing labs on North Memorial Drive is under construction. Lancaster Department of Transportation continues to improve road surfaces in its' fifth year of a (\$10M) transportation improvement plan. The Lancaster downtown continues to expand and there are waiting lists for available buildings. One example is the owner of Diamond Jim's Pizza on North Columbus retired and closed the business and JB's Downtown Grill moved in and expected opening date is July 2018. The Mill Party and Event Center was completed in 2017 and has helped drive reinvestment to the south of downtown while the same owner continues his efforts of restoring the former Mithoff Hotel in the downtown proper.

Two new manufacturers purchased buildings in 2017 and as of May 1st 2018, Midwest Coatings has begun operations with over thirty-five employees and Complete Filter Media LLC has begun installing machinery and expects to run its first Polyester line in August 2018. The City is also increasing manufacturing opportunities with Certified Sites. Lancaster was one of the very first Cities in Ohio to have two Certified Sites: Rock Mill Industrial Park is Austin-Ady Certified and the Lancaster Colony 106-acre site is AEP Certified. In 2017, Ohio rolled out its own certification program called Ohio Onesite. Lancaster has submitted Rock Mill, Lancaster Colony, and the Ruble property into this certification process and is close to having the three sites certified in the program. The former US Corrugated facility sold to Westrock, a national corrugator and has increased employment by nearly fifty percent. The former LS department store is being repurposed to an electronic testing facility and the company that started this testing facility has plans to re-shore Chinese jobs back to Lancaster with more building acquisition.

The retail market has had a few setbacks as have most of the country but vacancies do not last long as others find this market attractive and building get repurposed. The Tree Church purchased the former Rose's 80,000 square foot building and is in the process of expanding its footprint in the community. The 2.5 million-dollar renovation is expected to be completed September 2018. The former Kroger on the west side is open and the vacated store is under construction to house Home Goods and a Pet supply retailer.

The City of Lancaster continues to grow its population and business activity while positioning for Industrial growth with certified sites, improved transportation routes, school improvements, medical facilities, and a workforce that wants to work in its hometown.

***Letter of Transmittal
For the Year Ended December 31, 2017***

Long-term Financial Planning:

In May of 2013, 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 annual levy proceeds (\$2,000,000) along with STP (Surface Transportation Program) funds will work together to help the City maintain the street and bridge repairs/replacement that are on the ten-year street improvement plan. During the next couple of years a plan will be developed to renew the street improvement levy. All City debt including Enterprise Departments are always being reviewed for reduced cost opportunities. The City is in the initial stages of developing a long term Capital Expenditure Plan. The City currently has a 1.75% City Income Tax. A review of future General Fund needs is being evaluated that might result in the need to place an income tax increase on the ballot within the next couple of years.

MAJOR INITIATIVES

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 various street rehabilitation projects.

During the 2017 calendar year several Federal Aid and State Aid projects were in the design phase for a 2017 build. The first project (FAI CR 50 07.03 – North Ewing Street) consists of rehabilitating approximately 0.5 miles of North Ewing Street, which is along the Fairfield Medical Center (FMC) frontage. This critical piece of infrastructure serves as the corridor for all Emergency Room runs to FMC. Design was completed in the early Fall of 2016 and was bid out near the end of 2016. Construction was completed in 2017. The North Ewing Street project is being funded through the City's STP dollars and local match funding (3 Mil Levy). In 2018 the Pierce Avenue paving project from Cedar Hill Road to Memorial Drive will be constructed. Future projects are in various stages of design and include Fair Avenue, Ety Road and a continuation of the Sheridan Drive Safe Routes to School project.

Another important roadway rehabilitation project is the South Ewing Street project. This roadway rehabilitation project is an extension of the North Ewing Street project; however, a different funding source was used to complete this project. The Ohio Public Works Commission, ODOT Jobs and Commerce, and Local funds are being utilized to complete this project. South Ewing Street has the highest average daily traffic of any of our City's "local" streets (7,000 +/-). This corridor also serves as the main emergency access for township fire departments coming from the south side of Fairfield County. South Ewing St was completed in 2017.

A citizens group spearheaded a successful street levy proposal that provides \$2M per year for 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 program and no funds to provide local match monies to outside grants; the City was using outside funding sources to provide matching funds to fund needed projects.

***Letter of Transmittal
For the Year Ended December 31, 2017***

2017 was the fourth year of construction for the 3.0 mil street levy. The 2017 paving program included paving on Edgewood Ave, Harrison Ave, Lewis Ave, Spring St, Williamsburg Ln, Ridgemere Way, Linda Lane and Elizabeth Dr. The work included asphalt milling, resurfacing, ADA upgrades, curb replacement, pavement markings, and utility casting adjustments. In 2018 and estimated \$1,369,000 will be spent on the paving program.

The City applied for an Ohio Public Works grant to fund the upgrade of Commerce and Quarry Roads in 2017. The grant will be awarded in 2018 and the project will be bid in the fall of 2018 for construction in 2018 and 2019.

Amendments to the federal Clean Water Act have directed pollution mitigation efforts to other water pollution sources, one being combined sewer overflows (CSO's). Older cities like Lancaster have combined sewers that carry both sanitary and storm flows in the same conduits. During and after rain events those sewers become filled beyond capacity and the system outlets the excess flow to streams and rivers. Those outlet points are CSO's. The CSO's are permitted under the City's recently issued National Pollution Discharge Elimination System (NPDES) permit. However, under the new permit, the City is required to reduce the number of overflow events at its CSO's. Prior to the new permit, the City retained a consulting engineer to develop a plan of improvements and schedule for construction of those improvements to meet the stricter permit conditions. The City and the Ohio Environmental Protection Agency finalized negotiations of this pollution mitigation plan, and that plan is part of the City's NPDES permit. The City anticipates spending \$70M over the next 15-years to construct the required improvements to the City's sewerage system. To date the City has reduced the number of CSO locations from 33 in 1995 to 9 at the end of 2013. In 2017 the CSO 1019 sewer project was bid to connect the overflow with a downstream sewer to decrease overflows.

In conjunction with the Community Development Block Grant program, the Cherokee Drive project was bid in 2017 for 2018 construction. The project will separate combined sewers in the Cherokee Drive area and upgrade sidewalks. Paving will be completed in 2019.

In 2013, the City entered into a 10 year maintenance agreement for the various water storage tanks. Initial work will include inspection and evaluation with needed maintenance and repairs included in the contract.

***Letter of Transmittal
For the Year Ended December 31, 2017***

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, 2017***

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, 2016. This was the thirtieth 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.

Acknowledgments

A special thanks is extended to my staff Amy Hamilton, 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

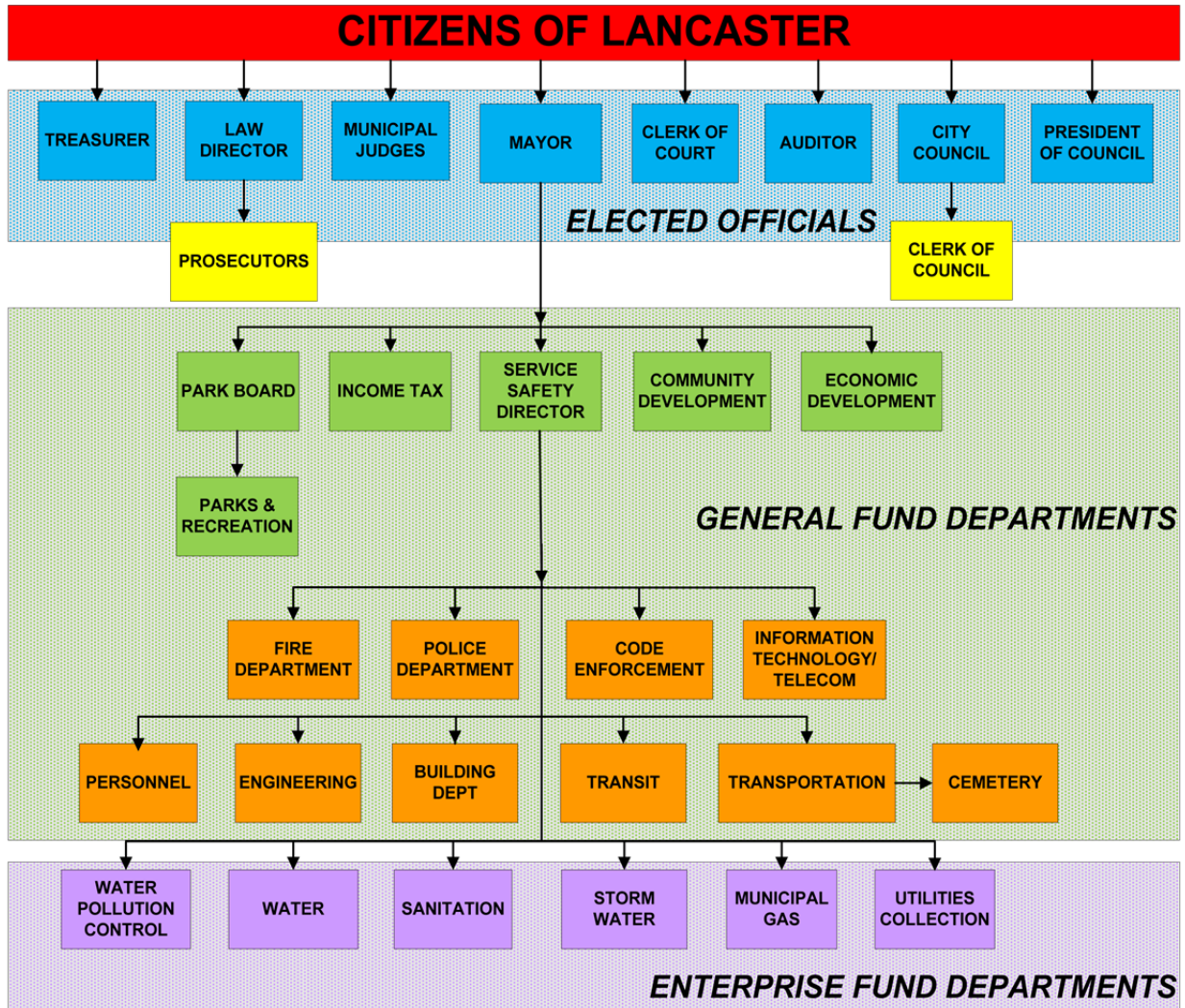
CITY OF LANCASTER, OHIO

***List of Principal Officials
For the Year Ended December 31, 2017***

<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>	
Robert Hedges	President of Council
Jon Hale	Council-at-Large
John Baus	Council-at-Large
David Uhl	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>	
Paul Martin	Service/Safety Director
Andrew Yost	Income Tax Commissioner
Mitch Noland	City Engineer

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

*City Organizational Chart
For the Year Ended December 31, 2017*



***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, 2016

Christopher P. Morrill

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, 2017, 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 auditor's 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.

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, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (pages 5 – 15) and schedules of proportionate share of net pension liability and pension contributions (pages 97 – 98) 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 28, 2018 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 solely 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 the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 28, 2018



***Management's Discussion and Analysis
For the Year Ended December 31, 2017***

Unaudited

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, 2017. 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 2017 are as follows:

- ❑ In total, net position increased \$5,006,980. Net position of governmental activities decreased \$822,055 which represents a 2.4% decrease from 2016. Net position of business-type activities increased \$5,829,035 from 2016.
- ❑ General revenues accounted for \$27,365,726 in revenue or 30.2% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$63,237,994 in revenues or 69.8% of total revenues of \$90,603,720.
- ❑ The City had \$41,530,482 in expenses related to governmental activities; only \$13,342,701 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$18,886,620 in revenues and other financing sources and \$18,650,009 in expenditures and other financing uses. The general fund's fund balance increased from \$8,054,254 to \$8,198,075.

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 and the .45 Police and Fire Levy 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.

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

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 2017 compared to 2016:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$32,284,260	\$33,095,837	\$467,096,075	\$474,707,031	\$499,380,335	\$507,802,868
Capital assets, Net	61,253,188	59,549,309	123,012,328	125,108,432	184,265,516	184,657,741
Total assets	93,537,448	92,645,146	590,108,403	599,815,463	683,645,851	692,460,609
Deferred outflows of resources	9,834,519	10,824,738	7,047,722	10,365,722	16,882,241	21,190,460
Long-term debt outstanding	17,960,316	18,947,177	346,405,668	365,358,526	364,365,984	384,305,703
Net Pension Liability	41,101,098	39,912,001	10,758,418	8,478,759	51,859,516	48,390,760
Other liabilities	5,347,141	5,362,410	4,045,399	8,104,563	9,392,540	13,466,973
Total liabilities	64,408,555	64,221,588	361,209,485	381,941,848	425,618,040	446,163,436
Deferred inflows of resources	5,300,358	4,763,187	221,832,997	219,954,729	227,133,355	224,717,916
Net position:						
Net investment in capital assets	46,837,859	44,062,621	62,067,035	59,487,303	108,904,894	103,549,924
Restricted	9,467,802	10,154,360	2,351,745	2,342,642	11,819,547	12,497,002
Unrestricted (Deficit)	(22,642,607)	(19,731,872)	(50,305,137)	(53,545,337)	(72,947,744)	(73,277,209)
Total net position	\$33,663,054	\$34,485,109	\$14,113,643	\$8,284,608	\$47,776,697	\$42,769,717

The implementation of GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," in 2015, significantly revised 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, 2017***

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 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.

CITY OF LANCASTER, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

Changes in Net Position –The following table shows the changes in net position for 2017 compared to 2016:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for Services and Sales	\$7,261,079	\$6,953,860	\$48,154,026	\$45,486,390	\$55,415,105	\$52,440,250
Operating Grants, Contributions and Interest	4,626,308	4,697,405	1,107,583	1,647,722	5,733,891	6,345,127
Capital Grants and Contributions	1,455,314	863,655	633,684	1,082,611	2,088,998	1,946,266
Total Program Revenues	13,342,701	12,514,920	49,895,293	48,216,723	63,237,994	60,731,643
General Revenues:						
Property Taxes	4,737,193	4,572,076	0	0	4,737,193	4,572,076
Income Taxes	19,528,225	20,293,739	0	0	19,528,225	20,293,739
Other Local Taxes	683,298	621,499	0	0	683,298	621,499
Intergovernmental Revenues						
not Restricted to Specific Programs	1,260,634	1,261,622	0	0	1,260,634	1,261,622
Investment Earnings	431,605	130,686	0	0	431,605	130,686
Miscellaneous	724,771	590,063	0	0	724,771	590,063
Total General Revenues	27,365,726	27,469,685	0	0	27,365,726	27,469,685
Total Revenues	40,708,427	39,984,605	49,895,293	48,216,723	90,603,720	88,201,328
Program Expenses						
Security of Persons and Property	19,504,799	19,853,945	0	0	19,504,799	19,853,945
Public Health and Welfare Services	903,382	855,731	0	0	903,382	855,731
Leisure Time Activities	2,490,616	2,336,363	0	0	2,490,616	2,336,363
Community Environment	821,972	995,091	0	0	821,972	995,091
Transportation	6,897,020	6,887,838	0	0	6,897,020	6,887,838
General Government	10,430,660	8,712,430	0	0	10,430,660	8,712,430
Interest and Fiscal Charges	482,033	505,547	0	0	482,033	505,547
Gas	0	0	13,411,673	11,271,767	13,411,673	11,271,767
Water	0	0	8,455,739	8,100,342	8,455,739	8,100,342
Water Pollution	0	0	9,597,039	9,565,843	9,597,039	9,565,843
Sanitation	0	0	3,871,760	3,274,150	3,871,760	3,274,150
Storm Water	0	0	2,561,602	1,778,616	2,561,602	1,778,616
Port Authority	0	0	6,168,445	6,265,348	6,168,445	6,265,348
Total Expenses	41,530,482	40,146,945	44,066,258	40,256,066	85,596,740	80,403,011
Change in Net Position before transfers	(822,055)	(162,340)	5,829,035	7,960,657	5,006,980	7,798,317
Transfers	0	(9,283)	0	9,283	0	0
Total Change in Net Position	(822,055)	(171,623)	5,829,035	7,969,940	5,006,980	7,798,317
Beginning Net Position	34,485,109	34,656,732	8,284,608	314,668	42,769,717	34,971,400
Ending Net Position	\$33,663,054	\$34,485,109	\$14,113,643	\$8,284,608	\$47,776,697	\$42,769,717

CITY OF LANCASTER, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

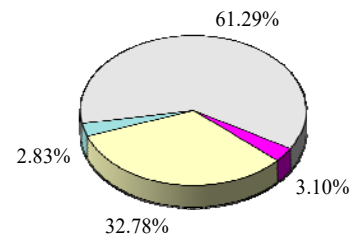
Governmental Activities

Net position of the City's governmental activities decreased by \$822,055. This decrease is due to several factors including building repairs, increased contract labor, a one-time large income tax refund, and hiring new employees within the City.

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 48.0% and 11.6% respectively of revenues for governmental activities for the City in 2017. The City's reliance upon tax revenues is demonstrated by the following graph indicating 61.29% of total revenues from general tax revenues:

Revenue Sources	2017	Percent of Total
General Tax Revenues	\$24,948,716	61.29%
Unrestricted Intergovernmental	1,260,634	3.10%
Program Revenues	13,342,701	32.78%
General Other	1,156,376	2.83%
Total Revenue	\$40,708,427	100.00%



Business-Type Activities

Net position of the business type activities increased by \$5,829,035. Several factors increased the net position of the utility funds. These include an increase in water rates and sewer rates at the beginning of 2017 as well as higher natural gas collections due to the colder winter season as compared to the previous winter seasons.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$15,578,933, which is a decrease from last year's balance of \$16,242,862. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2017 and 2016:

	Fund Balance December 31, 2017	Fund Balance December 31, 2016	Increase (Decrease)
General	\$8,198,075	\$8,054,254	\$143,821
.45 Police and Fire Levy	329,818	544,877	(215,059)
Other Governmental	7,051,040	7,643,731	(592,691)
Total	\$15,578,933	\$16,242,862	(\$663,929)

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:

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

	2017 Revenues	2016 Revenues	Increase (Decrease)
Taxes	\$13,548,396	\$13,694,288	(\$145,892)
Intergovernmental Revenue	929,253	1,034,136	(104,883)
Charges for Services	2,964,333	3,106,796	(142,463)
Licenses, Permits, and Fees	18,905	20,880	(1,975)
Investment Earnings	411,786	133,854	277,932
Fines and Forfeitures	766,204	694,666	71,538
All Other Revenue	247,743	133,906	113,837
Total	<u>\$18,886,620</u>	<u>\$18,818,526</u>	<u>\$68,094</u>

General Fund revenues in 2017 increased approximately 0.4% compared to revenues in 2016. The increase was mainly due to the increase in Investment Earnings, which is a result of a steady rising interest rate environment. This increase was somewhat offset by the decreases in Taxes, Intergovernmental Revenue and Charges for Services

	2017 Expenditures	2016 Expenditures	Increase (Decrease)
Security of Persons and Property	\$239,253	\$256,819	(\$17,566)
Public Health and Welfare Services	302,688	299,567	3,121
Community Environment	113,105	146,269	(33,164)
General Government	7,103,344	6,386,887	716,457
Debt Service:			
Principal Retirement	69,016	63,724	5,292
Interest and Fiscal Charges	6,168	7,208	(1,040)
Total	<u>\$7,833,574</u>	<u>\$7,160,474</u>	<u>\$673,100</u>

General Fund expenditures increased by \$673,100 or 9.4% compared to the prior year. General Government increased due to equipment purchases, building repairs, increased contract labor, a one-time large income tax refund, and hiring new employees within the City.

.45 Police and Fire Levy Fund – The decrease in fund balance is the result of lower tax revenue.

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 2017, the City amended its General Fund budget several times. The final budget basis expenditures of \$20,877,688, increased \$865,886 from the original budget. The increase was due in part to an increase in transfers out to the .45 Police and Fire Fund and in part to increases in contract labor and one time large income tax refunds. The positive variance with the final budget of \$1.2 million was partly the result of the City budgeting for transfers out in 2017 that did not occur and for budgeted expenditures that did not occur.

For the General Fund, final budget basis revenue of \$18,530,572 did not change from the original budget estimates. Overall there was a positive variance with final budgeted revenues this was mostly because of additional income taxes.

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**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017 the City had \$184,265,516 net of accumulated depreciation invested in buildings, equipment and vehicles. Of this total, \$61,253,188 was related to governmental activities and \$123,012,328 to the business-type activities. The following table shows 2017 and 2016 balances:

	Governmental Activities		Increase (Decrease)
	2017	2016	
Land	\$18,387,081	\$18,190,577	\$196,504
Construction In Progress	54,201	158,171	(103,970)
Buildings	18,053,846	18,036,821	17,025
Improvements Other than Buildings	7,651,486	7,644,796	6,690
Machinery and Equipment	6,521,226	6,014,825	506,401
Vehicles	8,243,335	7,738,743	504,592
Infrastructure	35,948,250	33,381,227	2,567,023
Less: Accumulated Depreciation	(33,606,237)	(31,615,851)	(1,990,386)
Totals	<u>\$61,253,188</u>	<u>\$59,549,309</u>	<u>\$1,703,879</u>

The primary increases occurred as a result of major street improvements. The City also purchased multiple street sweepers and vehicles in 2017.

	Business-Type Activities		Increase (Decrease)
	2017	2016	
Land	\$3,688,125	\$3,527,623	\$160,502
Construction in Progress	1,046,176	463,671	582,505
Buildings	83,560,194	83,245,555	314,639
Improvements	34,785,186	34,760,536	24,650
Machinery and Equipment	10,908,912	10,688,857	220,055
Vehicles	5,725,608	5,688,165	37,443
Infrastructure	99,399,730	97,392,160	2,007,570
Less: Accumulated Depreciation	(116,101,603)	(110,658,135)	(5,443,468)
Totals	<u>\$123,012,328</u>	<u>\$125,108,432</u>	<u>(\$2,096,104)</u>

Business type capital assets decreased by \$2,096,104. The additions to infrastructure include completed water pollution, and storm water projects, the construction of gas lines and subdivision infrastructure that was contributed to the City. Construction in Progress increased due to a new sewer liner project and the Gas Department's Spectra Energy Project. 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, 2017**

Unaudited

Debt

At December 31, 2017, the City had \$10,688,126 in general obligation bonds outstanding, \$645,000 due within one year; \$306,054,973 in revenue bonds outstanding, \$15,835,000 due within one year; and \$36,296,392 in Ohio Water Development Authority Loans outstanding, \$3,393,484 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Governmental Activities:		
General Obligation Bond Payable	\$10,688,126	\$11,541,185
Special Assessment Bond		
with Government Commitment	99,050	128,000
Housing and Urban Development Loan	0	40,000
Ohio Public Works Commission Loan	192,686	240,859
Ohio Water Development Authority Loans	296,041	313,264
Installment Loan Payable	438,492	739,482
Net Pension Liability	41,101,098	39,912,001
Compensated Absences	4,948,120	4,934,948
Capital Leases	1,175,358	780,396
Pollution Remediation Obligation	122,443	229,043
Total Governmental Activities	<u>\$59,061,414</u>	<u>\$58,859,178</u>
Business-Type Activities:		
Ohio Water Development Authority Loans	\$36,000,351	\$39,590,748
Revenue Bonds Payable	306,054,973	321,226,153
Installment Loan Payable	700,000	1,050,000
Net Pension Liability	10,758,418	8,478,759
Landfill Postclosure Care Liability	955,391	1,048,368
Capital Leases	360,429	108,017
Compensated Absences	2,334,524	2,335,240
Total Business-Type Activities	<u>\$357,164,086</u>	<u>\$373,837,285</u>
Totals	<u>\$416,225,500</u>	<u>\$432,696,463</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, 2017, 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. Industrial activity continues to grow at a steady pace. The Lancaster Port Authority has completed a four thousand square foot light industrial building that is available for lease or sale to prospective tenants. The Lancaster Port Authority also has a 50,400 sq. ft. spec building available for sale/lease. In the 4th quarter of 2017 Mid-West Fabricating opened a 160,000 sq. ft. manufacturing facility. A 125 acre fully serviced industrial site has been added to the Rockmill Industrial Park area. A thirty eight million dollar correctional facility completed in mid-2017. The Lancaster City Schools are beginning work on 2 new junior high school in 2017 with an estimated completion date in 2020. Fairfield Medical Center has started constructions on an \$18 million dollar outpatient facility on the north end of Lancaster. The completion date is estimated in the 1st quarter of 2019. Lancaster and Fairfield County have experienced a significate drop in unemployment numbers during the past year.

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, 2017**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 6,519,900	\$ 5,564,530	\$ 12,084,430
Cash and Cash Equivalents with Fiscal Agent	2,469,752	0	2,469,752
Investments	9,259,458	33,522,147	42,781,605
Receivables:			
Taxes	9,203,230	0	9,203,230
Accounts	387,972	5,736,541	6,124,513
Intergovernmental	2,797,104	39,480	2,836,584
Interest	76,328	57,119	133,447
Special Assessments	142,563	0	142,563
Loans	1,596,477	0	1,596,477
Internal Balances	(662,691)	662,691	0
Inventory of Supplies	423,017	3,116,678	3,539,695
Prepaid Items	66,438	63,442	129,880
Prepaid Gas Supply - Current	0	12,249,056	12,249,056
Prepaid Gas Supply	0	174,692,448	174,692,448
Land Held for Resale	0	140,400	140,400
Fair Value of Derivative Instruments	0	221,625,763	221,625,763
Restricted Assets:			
Cash and Cash Equivalents	0	9,088,523	9,088,523
Cash and Cash Equivalents with Fiscal Agent	4,712	0	4,712
Investments	0	537,257	537,257
Capital Assets Not Being Depreciated	18,441,282	4,734,301	23,175,583
Capital Assets Being Depreciated, Net	42,811,906	118,278,027	161,089,933
Total Assets	93,537,448	590,108,403	683,645,851
Deferred Outflows of Resources:			
Deferred Loss on Early Retirement of Debt Pension	94,424	1,897,933	1,992,357
Deferred Outflow from Derivative Instruments	0	993,899	993,899
Total Deferred Outflows of Resources	9,834,519	7,047,722	16,882,241
Liabilities:			
Accounts Payable	703,749	955,793	1,659,542
Accrued Wages and Benefits	657,050	237,906	894,956
Intergovernmental Payable	169,876	12,576	182,452
Claims Payable	761,843	0	761,843
Retainage Payable	0	79,183	79,183
Due to Others, Payable from Restricted Assets	0	165,521	165,521
Accrued Interest Payable	34,878	1,019,521	1,054,399
General Obligation Notes Payable	3,019,745	581,000	3,600,745
Fair Value of Derivative Instruments	0	993,899	993,899
Long Term Liabilities:			
Due within one year	1,730,595	19,887,837	21,618,432
Due in More than One Year:			
Net Pension Liability	41,101,098	10,758,418	51,859,516
Other Amounts Due in More than One Year	16,229,721	326,517,831	342,747,552
Total Liabilities	64,408,555	361,209,485	425,618,040

CITY OF LANCASTER, OHIO

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Taxes	4,290,890	0	4,290,890
Pension	1,009,468	207,234	1,216,702
Deferred Inflow from Derivative Instruments	0	221,625,763	221,625,763
Total Deferred Inflows of Resources	5,300,358	221,832,997	227,133,355
Net Position:			
Net Investment in Capital Assets	46,837,859	62,067,035	108,904,894
Restricted For:			
Streets and Highways	3,470,989	0	3,470,989
Community Development	2,322,017	0	2,322,017
Security of Persons and Property	1,984,740	0	1,984,740
Public Health and Welfare	518,372	0	518,372
Debt Service	180,799	2,351,745	2,532,544
Perpetual Care, Nonexpendable	990,885	0	990,885
Unrestricted (Deficit)	(22,642,607)	(50,305,137)	(72,947,744)
Total Net Position	\$ 33,663,054	\$ 14,113,643	\$ 47,776,697

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Activities
For the Year Ended December 31, 2017**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 19,504,799	\$ 2,306,416	\$ 148,741	\$ 0
Public Health and Welfare Services	903,382	231,257	559	0
Leisure Time Activities	2,490,616	388,952	40,000	133,030
Community Environment	821,972	72,519	555,984	0
Transportation	6,897,020	1,537,874	3,019,028	1,322,284
General Government	10,430,660	2,724,061	861,996	0
Interest and Fiscal Charges	482,033	0	0	0
Total Governmental Activities	41,530,482	7,261,079	4,626,308	1,455,314
Business-Type Activities:				
Gas	13,411,673	13,346,170	0	0
Water	8,455,739	8,947,621	45,048	86,574
Water Pollution	9,597,039	12,599,473	146,226	173,180
Sanitation	3,871,760	3,839,528	1,694	0
Storm Water	2,561,602	2,892,094	0	373,930
Port Authority	6,168,445	6,529,140	914,615	0
Total Business-Type Activities	44,066,258	48,154,026	1,107,583	633,684
Totals	\$ 85,596,740	\$ 55,415,105	\$ 5,733,891	\$ 2,088,998

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
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
\$ (17,049,642)	\$ 0	\$ (17,049,642)
(671,566)	0	(671,566)
(1,928,634)	0	(1,928,634)
(193,469)	0	(193,469)
(1,017,834)	0	(1,017,834)
(6,844,603)	0	(6,844,603)
(482,033)	0	(482,033)
<u>(28,187,781)</u>	<u>0</u>	<u>(28,187,781)</u>
0	(65,503)	(65,503)
0	623,504	623,504
0	3,321,840	3,321,840
0	(30,538)	(30,538)
0	704,422	704,422
0	1,275,310	1,275,310
<u>0</u>	<u>5,829,035</u>	<u>5,829,035</u>
<u>(28,187,781)</u>	<u>5,829,035</u>	<u>(22,358,746)</u>
1,886,173	0	1,886,173
2,387,133	0	2,387,133
334,119	0	334,119
129,768	0	129,768
19,528,225	0	19,528,225
683,298	0	683,298
1,260,634	0	1,260,634
431,605	0	431,605
724,771	0	724,771
<u>27,365,726</u>	<u>0</u>	<u>27,365,726</u>
(822,055)	5,829,035	5,006,980
<u>34,485,109</u>	<u>8,284,608</u>	<u>42,769,717</u>
<u>\$ 33,663,054</u>	<u>\$ 14,113,643</u>	<u>\$ 47,776,697</u>

CITY OF LANCASTER, OHIO

**Balance Sheet
Governmental Funds
December 31, 2017**

	General	.45 Police and Fire Levy	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 898,362	\$ 314,193	\$ 4,773,747	\$ 5,986,302
Investments	6,371,147	0	2,888,311	9,259,458
Receivables:				
Taxes	4,453,828	1,203,237	3,546,165	9,203,230
Accounts	274,834	0	90,226	365,060
Intergovernmental	493,854	0	2,303,250	2,797,104
Interest	71,406	0	4,922	76,328
Special Assessments	0	0	142,563	142,563
Loans	0	0	1,596,477	1,596,477
Inventory of Supplies	112,948	0	276,469	389,417
Prepaid Items	27,832	24,298	14,308	66,438
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	4,712	0	0	4,712
Total Assets	\$ 12,708,923	\$ 1,541,728	\$ 15,636,438	\$ 29,887,089
Liabilities:				
Accounts Payable	\$ 151,943	\$ 78,859	\$ 393,276	\$ 624,078
Accrued Wages and Benefits Payable	118,074	393,714	132,151	643,939
Intergovernmental Payable	169,876	0	0	169,876
Accrued Interest Payable	0	0	519	519
General Obligation Notes Payable	0	0	3,019,745	3,019,745
Advances from Other Funds	0	0	177,300	177,300
Total Liabilities	439,893	472,573	3,722,991	4,635,457
Deferred Inflows of Resources:				
Property Taxes	1,784,000	0	2,506,890	4,290,890
Unavailable Revenue	2,286,955	739,337	2,355,517	5,381,809
Total Deferred Inflows of Resources	4,070,955	739,337	4,862,407	9,672,699
Fund Balances:				
Nonspendable	140,780	24,298	1,281,662	1,446,740
Restricted	0	305,520	6,775,057	7,080,577
Committed	0	0	2,177,475	2,177,475
Assigned	2,987,873	0	0	2,987,873
Unassigned	5,069,422	0	(3,183,154)	1,886,268
Total Fund Balances	8,198,075	329,818	7,051,040	15,578,933
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,708,923	\$ 1,541,728	\$ 15,636,438	\$ 29,887,089

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2017***

Total Governmental Fund Balances		\$ 15,578,933
<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.		60,530,053
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		5,381,809
Internal Service Funds are used by management to charge the costs of insurance, fuel usage 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.		1,976,107
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	9,507,818	
Deferred Inflows - Pension	(997,886)	
Net Pension Liability	<u>(40,499,799)</u>	(31,989,867)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Special Assessment Bonds Payable	(99,050)	
Ohio Public Works Commission Loans Payable	(192,686)	
General Obligation Bonds Payable	(10,688,126)	
Less: Deferred Charge on Refunding	94,424	
Ohio Water Development Authority Loan Payable	(296,041)	
Installment Loan	(438,492)	
Pollution Remediation Obligation	(122,443)	
Capital Leases Payable	(1,175,358)	
Compensated Absences Payable	(4,861,850)	
Accrued Interest Payable	<u>(34,359)</u>	
		<u>(17,813,981)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 33,663,054</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, 2017**

	General	.45 Police and Fire Levy	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 13,548,396	\$ 4,596,242	\$ 6,299,946	\$ 24,444,584
Intergovernmental Revenues	929,253	16,454	5,772,298	6,718,005
Charges for Services	2,964,333	0	2,404,411	5,368,744
Licenses, Permits and Fees	18,905	0	440	19,345
Investment Earnings	411,786	0	29,505	441,291
Special Assessments	0	0	109,350	109,350
Fines and Forfeitures	766,204	0	1,457,684	2,223,888
All Other Revenue	247,743	2,467	490,438	740,648
Total Revenue	18,886,620	4,615,163	16,564,072	40,065,855
Expenditures:				
Current:				
Security of Persons and Property	239,253	14,605,538	2,801,940	17,646,731
Public Health and Welfare Services	302,688	0	602,878	905,566
Leisure Time Activities	0	0	2,152,419	2,152,419
Community Environment	113,105	0	671,908	785,013
Transportation	0	0	7,592,879	7,592,879
General Government	7,103,344	0	1,764,407	8,867,751
Capital Outlay	0	0	1,492,592	1,492,592
Debt Service:				
Principal Retirement	69,016	0	1,193,881	1,262,897
Interest and Fiscal Charges	6,168	0	472,635	478,803
Total Expenditures	7,833,574	14,605,538	18,745,539	41,184,651
Excess (Deficiency) of Revenues Over Expenditures	11,053,046	(9,990,375)	(2,181,467)	(1,118,796)
Other Financing Sources (Uses):				
Transfers In	0	9,775,316	2,072,282	11,847,598
Transfers Out	(10,816,435)	0	(1,107,582)	(11,924,017)
Other Financing Source - Capital Lease	0	0	625,000	625,000
Total Other Financing Sources (Uses)	(10,816,435)	9,775,316	1,589,700	548,581
Net Change in Fund Balances	236,611	(215,059)	(591,767)	(570,215)
Fund Balances at Beginning of Year	8,054,254	544,877	7,643,731	16,242,862
Decrease in Inventory Reserve	(92,790)	0	(924)	(93,714)
Fund Balances End of Year	\$ 8,198,075	\$ 329,818	\$ 7,051,040	\$ 15,578,933

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2017***

Net Change in Fund Balances - Total Governmental Funds \$ (570,215)

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

Capital Outlay	3,692,894	
Depreciation Expense	<u>(2,331,309)</u>	1,361,585

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

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		459,447
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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.		17,674
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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.		183,125
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		3,016,625
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Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(5,927,356)
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The issuance of long-term debt (e.g. loans, leases) provides current financial resources to governmental funds, but has no effect on net position.		(625,000)
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Repayment of bond, loan and lease 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	40,000	
Special Assessment Bonds Payable	28,950	
Ohio Public Works Commission Loans Payable	48,173	
General Obligation Bonds Payable	845,000	
Ohio Water Development Authority Loan Payable	17,223	
Installment Loan Payable	237,609	
Pollution Remediation Obligation Payable	106,600	
Capital Leases Payable	<u>230,038</u>	1,553,593

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		3,219
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(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	(6,680)	
Change in Inventory	(93,714)	
Amortization of Deferred Charge on Refunding	(13,489)	
Amortization of Bond Premium	<u>8,059</u>	(105,824)

Internal Service Funds used by management to charge the costs of insurance, fuel use and 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.

(188,928)

Change in Net Position of Governmental Activities

\$ (822,055)

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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 12,978,927	\$ 12,978,927	\$ 13,736,518	\$ 757,591
Intergovernmental Revenue	942,069	942,069	1,009,287	67,218
Charges for Services	3,498,852	3,498,852	3,697,886	199,034
Licenses, Permits and Fees	22,700	22,700	18,905	(3,795)
Investment Earnings	262,824	262,824	400,052	137,228
Fines and Forfeitures	782,700	782,700	758,971	(23,729)
All Other Revenues	42,500	42,500	254,105	211,605
Total Revenues	<u>18,530,572</u>	<u>18,530,572</u>	<u>19,875,724</u>	<u>1,345,152</u>
Expenditures:				
Current:				
Security of Persons and Property	354,708	354,708	309,331	45,377
Public Health and Welfare Services	299,934	304,934	302,688	2,246
Community Environment	125,552	130,052	107,546	22,506
General Government	7,764,115	8,447,866	8,011,046	436,820
Debt Service:				
Principal Retirement	69,037	69,037	69,016	21
Interest and Fiscal Charges	20,604	20,604	14,168	6,436
Total Expenditures	<u>8,633,950</u>	<u>9,327,201</u>	<u>8,813,795</u>	<u>513,406</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,896,622	9,203,371	11,061,929	1,858,558
Other Financing Sources (Uses):				
Transfers Out	(11,377,852)	(11,550,487)	(10,816,435)	734,052
Total Other Financing Sources (Uses):	<u>(11,377,852)</u>	<u>(11,550,487)</u>	<u>(10,816,435)</u>	<u>734,052</u>
Net Change in Fund Balance	(1,481,230)	(2,347,116)	245,494	2,592,610
Fund Balance at Beginning of Year	6,747,535	6,747,535	6,747,535	0
Prior Year Encumbrances	284,818	284,818	284,818	0
Fund Balance at End of Year	<u>\$ 5,551,123</u>	<u>\$ 4,685,237</u>	<u>\$ 7,277,847</u>	<u>\$ 2,592,610</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,687,730	\$ 4,687,730	\$ 4,687,731	\$ 1
Intergovernmental Revenue	0	13,992	16,454	2,462
All Other Revenues	0	1,864	2,467	603
Total Revenues	<u>4,687,730</u>	<u>4,703,586</u>	<u>4,706,652</u>	<u>3,066</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>15,195,255</u>	<u>15,069,376</u>	<u>14,712,984</u>	<u>356,392</u>
Total Expenditures	<u>15,195,255</u>	<u>15,069,376</u>	<u>14,712,984</u>	<u>356,392</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,507,525)	(10,365,790)	(10,006,332)	359,458
Other Financing Sources (Uses):				
Transfers In	<u>10,333,733</u>	<u>10,506,368</u>	<u>9,775,316</u>	<u>(731,052)</u>
Total Other Financing Sources (Uses):	<u>10,333,733</u>	<u>10,506,368</u>	<u>9,775,316</u>	<u>(731,052)</u>
Net Change in Fund Balance	(173,792)	140,578	(231,016)	(371,594)
Fund Balance at Beginning of Year	239,824	239,824	239,824	0
Prior Year Encumbrances	<u>173,792</u>	<u>173,792</u>	<u>173,792</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 239,824</u>	<u>\$ 554,194</u>	<u>\$ 182,600</u>	<u>\$ (371,594)</u>

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2017**

	Business-Type Activities - Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Assets:				
Current assets:				
Cash and Cash Equivalents	\$ 992,952	\$ 631,824	\$ 1,952,711	\$ 244,532
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Investments	8,890,411	5,168,501	15,589,115	1,951,913
Accounts receivable	2,359,418	1,116,352	1,546,698	394,484
Intergovernmental receivable	0	0	0	0
Interest receivable	0	12,753	42,216	2,150
Due from Other Funds	0	0	0	0
Inventory	2,102,965	876,137	97,326	15,736
Prepaid Items	24,318	14,421	21,891	2,380
Prepaid Gas Supply - current	0	0	0	0
Total current assets	<u>14,370,064</u>	<u>7,819,988</u>	<u>19,249,957</u>	<u>2,611,195</u>
Noncurrent assets:				
Restricted Assets:				
Cash and Cash Equivalents	120,823	585,089	1,811,354	0
Investments	0	0	0	537,257
Total restricted assets	<u>120,823</u>	<u>585,089</u>	<u>1,811,354</u>	<u>537,257</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	177,300
Capital assets:				
Capital Assets Not Being Depreciated	856,725	690,186	2,515,113	265,622
Capital Assets Being Depreciated	11,854,201	25,203,187	56,965,930	1,785,854
Total capital assets (net of accumulated depreciation)	<u>12,710,926</u>	<u>25,893,373</u>	<u>59,481,043</u>	<u>2,051,476</u>
Total noncurrent assets	<u>12,831,749</u>	<u>26,478,462</u>	<u>61,292,397</u>	<u>2,766,033</u>
Total Assets	<u>27,201,813</u>	<u>34,298,450</u>	<u>80,542,354</u>	<u>5,377,228</u>
Deferred Outflows of Resources:				
Deferred Loss on Early Retirement of Debt	0	400,340	1,497,593	0
Pension	874,523	1,225,038	791,006	604,453
Deferred Outflow from Derivative Instruments	0	0	0	0
Total Deferred Outflows of Resources	<u>874,523</u>	<u>1,625,378</u>	<u>2,288,599</u>	<u>604,453</u>

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Total	Internal Service Funds
\$ 240,811	\$ 967,332	\$ 5,030,162	\$ 1,067,966
0	0	0	2,469,752
1,922,207	0	33,522,147	0
319,589	0	5,736,541	22,912
39,480	0	39,480	0
0	0	57,119	0
0	508,193	508,193	0
0	0	3,092,164	58,114
0	0	63,010	432
0	12,249,056	12,249,056	0
<u>2,522,087</u>	<u>13,724,581</u>	<u>60,297,872</u>	<u>3,619,176</u>
79,183	6,492,074	9,088,523	0
0	0	537,257	0
<u>79,183</u>	<u>6,492,074</u>	<u>9,625,780</u>	<u>0</u>
0	174,692,448	174,692,448	0
0	140,400	140,400	0
0	221,625,763	221,625,763	0
0	0	177,300	0
264,659	141,996	4,734,301	0
<u>19,536,626</u>	<u>2,847,959</u>	<u>118,193,757</u>	<u>807,405</u>
<u>19,801,285</u>	<u>2,989,955</u>	<u>122,928,058</u>	<u>807,405</u>
<u>19,880,468</u>	<u>405,940,640</u>	<u>529,189,749</u>	<u>807,405</u>
<u>22,402,555</u>	<u>419,665,221</u>	<u>589,487,621</u>	<u>4,426,581</u>
0	0	1,897,933	0
180,058	0	3,675,078	713,089
0	993,899	993,899	0
<u>180,058</u>	<u>993,899</u>	<u>6,566,910</u>	<u>713,089</u>

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2017**

	Business-Type Activities - Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Liabilities:				
Current liabilities:				
Accounts Payable	325,276	167,691	238,782	131,764
Accrued Wages and Benefits	49,656	73,023	44,405	34,408
Intergovernmental Payable	0	0	0	10,776
Claims Payable	0	0	0	0
Retainage Payable	0	0	0	0
Due to Others, Payable from Restricted Assets	120,823	22,349	22,349	0
Due to Other Funds	508,193	0	0	0
Accrued Interest Payable	0	156,285	454,137	4,214
General Obligation Notes Payable	0	0	0	0
Capital Leases Payable - Current	0	0	0	0
Revenue Bond Payable - Current	0	330,000	920,000	0
Installment Loan Payable - Current	0	0	0	0
OWDA Loans Payable - Current	0	1,586,017	1,508,752	280,928
Landfill Postclosure Care Liability - Current	0	0	0	78,600
Compensated Absences Payable - Current	28,164	63,933	41,628	18,496
Total Current Liabilities	1,032,112	2,399,298	3,230,053	559,186
Noncurrent Liabilities:				
Capital Leases Payable	0	0	0	0
Installment Loans Payable	0	0	0	0
Revenue Bonds Payable	0	4,734,991	19,497,383	0
OWDA Loans Payable	0	7,829,831	24,794,823	0
Landfill Postclosure Care Liability	0	0	0	876,791
Compensated Absences Payable	426,177	658,109	423,878	311,536
Net Pension Liability	2,263,890	3,171,275	2,047,689	1,564,756
Fair Value of Derivative Instruments	0	0	0	0
Total noncurrent liabilities	2,690,067	16,394,206	46,763,773	2,753,083
Total Liabilities	3,722,179	18,793,504	49,993,826	3,312,269
Deferred Inflows of Resources:				
Pension	43,609	61,086	39,443	30,141
Deferred Inflow from Derivative Instruments	0	0	0	0
Total Deferred Inflow of Resources	43,609	61,086	39,443	30,141
Net Position:				
Net Investment in Capital Assets	12,710,926	11,812,874	14,257,678	2,051,476
Restricted for Debt Service	0	562,740	1,789,005	0
Unrestricted	11,599,622	4,693,624	16,751,001	587,795
Total Net Position	\$ 24,310,548	\$ 17,069,238	\$ 32,797,684	\$ 2,639,271

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>
67,766	0	931,279	104,185
9,784	0	211,276	39,741
1,800	0	12,576	0
0	0	0	761,843
79,183	0	79,183	0
0	0	165,521	0
0	0	508,193	0
6,590	398,295	1,019,521	0
581,000	0	581,000	0
63,144	0	63,144	6,917
0	14,585,000	15,835,000	0
0	350,000	350,000	0
0	0	3,375,697	0
0	0	78,600	0
10,352	0	162,573	25,594
<u>819,619</u>	<u>15,333,295</u>	<u>23,373,563</u>	<u>938,280</u>
282,932	0	282,932	7,436
0	350,000	350,000	0
0	265,987,599	290,219,973	0
0	0	32,624,654	0
0	0	876,791	0
82,199	0	1,901,899	330,728
466,121	0	9,513,731	1,845,986
0	993,899	993,899	0
<u>831,252</u>	<u>267,331,498</u>	<u>336,763,879</u>	<u>2,184,150</u>
<u>1,650,871</u>	<u>282,664,793</u>	<u>360,137,442</u>	<u>3,122,430</u>
8,979	0	183,258	35,558
0	221,625,763	221,625,763	0
<u>8,979</u>	<u>221,625,763</u>	<u>221,809,021</u>	<u>35,558</u>
18,874,209	2,289,955	61,997,118	793,052
0	0	2,351,745	0
2,048,554	(85,921,391)	(50,240,795)	1,188,630
<u>\$ 20,922,763</u>	<u>\$ (83,631,436)</u>	<u>\$ 14,108,068</u>	<u>\$ 1,981,682</u>
		<u>5,575</u>	
		<u>\$ 14,113,643</u>	

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017**

	Business-Type Activities - Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Operating Revenues:				
Charges for Services	\$ 12,244,265	\$ 8,893,212	\$ 12,542,887	\$ 3,734,295
Other Operating Revenues	1,101,905	54,409	56,586	105,233
Total Operating Revenues	13,346,170	8,947,621	12,599,473	3,839,528
Operating Expenses:				
Personal Services	2,146,569	3,396,722	2,052,902	1,710,552
Contractual Services	776,528	1,159,473	1,500,414	1,593,720
Cost of Gas Sold	8,948,378	0	0	0
Materials and Supplies	534,646	1,551,862	1,225,131	204,627
Depreciation	815,003	1,649,045	3,179,880	209,305
Health Insurance Claims	0	0	0	0
Total Operating Expenses	13,221,124	7,757,102	7,958,327	3,718,204
Operating Income (Loss)	125,046	1,190,519	4,641,146	121,324
Non-Operating Revenue (Expenses):				
Interest Income	0	45,048	146,226	1,694
Interest and Fiscal Charges	0	(510,694)	(1,494,467)	(10,473)
Gain on Derivative Instrument	0	0	0	0
Loss on Disposal of Capital Assets	0	0	0	(24,900)
Intergovernmental Grants	0	0	0	0
Other Nonoperating Revenue	0	0	0	0
Total Non-Operating Revenues (Expenses)	0	(465,646)	(1,348,241)	(33,679)
Income (Loss) Before Contributions and Transfers	125,046	724,873	3,292,905	87,645
Capital Contributions	0	86,574	173,180	0
Transfers In	0	0	0	0
Change in Net Position	125,046	811,447	3,466,085	87,645
Net Position Beginning of Year	24,185,502	16,257,791	29,331,599	2,551,626
Net Position End of Year	\$ 24,310,548	\$ 17,069,238	\$ 32,797,684	\$ 2,639,271

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>
\$ 2,886,051	\$ 6,526,321	\$ 46,827,031	\$ 9,048,174
6,043	0	1,324,176	61,607
<u>2,892,094</u>	<u>6,526,321</u>	<u>48,151,207</u>	<u>9,109,781</u>
464,740	0	9,771,485	1,830,658
1,528,968	328,795	6,887,898	421,301
0	0	8,948,378	0
4,241	0	3,520,507	862,367
325,225	73,500	6,251,958	160,079
<u>0</u>	<u>0</u>	<u>0</u>	<u>6,815,579</u>
<u>2,323,174</u>	<u>402,295</u>	<u>35,380,226</u>	<u>10,089,984</u>
568,920	6,124,026	12,770,981	(980,203)
0	14,594	207,562	0
(22,309)	(5,766,150)	(7,804,093)	(1,019)
0	870,021	870,021	0
(134,527)	0	(159,427)	(6,637)
0	30,000	30,000	0
<u>0</u>	<u>2,819</u>	<u>2,819</u>	<u>0</u>
<u>(156,836)</u>	<u>(4,848,716)</u>	<u>(6,853,118)</u>	<u>(7,656)</u>
412,084	1,275,310	5,917,863	(987,859)
373,930	0	633,684	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>76,419</u>
786,014	1,275,310	6,551,547	(911,440)
<u>20,136,749</u>	<u>(84,906,746)</u>	<u>7,556,521</u>	<u>2,893,122</u>
<u>\$ 20,922,763</u>	<u>\$ (83,631,436)</u>	<u>\$ 14,108,068</u>	<u>\$ 1,981,682</u>
		\$ 6,551,547	
		<u>(722,512)</u>	
		<u>\$ 5,829,035</u>	

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Cash Flows from Operating Activities:				
Cash Received from Customers	\$13,351,191	\$8,866,782	\$12,545,833	\$3,986,953
Cash Received from Swap Providers	0	0	0	0
Cash Received from Interfund Services	0	0	0	0
Cash Payments for Goods and Services	(9,260,348)	(1,663,638)	(2,084,849)	(1,327,242)
Cash Payments to and on behalf of Employees	(1,820,466)	(3,031,127)	(1,871,230)	(1,427,733)
Cash Payments for Claims	0	0	0	0
Cash Payments for Interfund Services	(779,787)	(985,152)	(609,019)	(558,435)
Customer Deposits Received	140,573	25,997	25,997	0
Customer Deposits Returned	(136,127)	(25,174)	(25,174)	0
Net Cash Provided (Used) by Operating Activities	1,495,036	3,187,688	7,981,558	673,543
Cash Flows from Noncapital Financing Activities:				
Intergovernmental Grants Received	0	0	0	0
Receipt of Interfund Advance Repayment	0	0	0	9,300
Principal Paid on Revenue Bond Payable	0	0	0	0
Principal Paid on Ohio Water Development Authority Loans	0	0	0	(270,072)
Interest Paid on Debt	0	0	0	(14,524)
Transfers In from Other Funds	0	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	0	(275,296)
Cash Flows from Capital and Related Financing Activities:				
Intergovernmental Grants Received	0	0	0	0
Proceeds from General Obligation Notes	0	0	0	0
Proceeds from Capital Lease	0	0	0	0
Acquisition and Construction of Assets	(1,510,542)	(91,096)	(232,803)	(822,145)
Principal Paid on Installment Loan	0	0	0	0
Principal Paid on General Obligation Notes	0	0	0	0
Capital Lease Payments	0	(3,218)	0	0
Principal Paid on Revenue Bonds Payable	0	(310,000)	(885,000)	0
Principal Paid on Ohio Water Development Authority Loans	0	(1,525,293)	(1,795,032)	0
Principal Paid on Loan Payable	0	0	0	0
Interest Paid on All Debt	0	(525,988)	(1,589,003)	0
Net Cash Used by Capital and Related Financing Activities	(1,510,542)	(2,455,595)	(4,501,838)	(822,145)
Cash Flows from Investing Activities:				
Cash Received from Swap Providers	0	0	0	0
Sale of Investments	875,892	0	0	602,164
Purchase of Investments	0	(254,534)	(2,027,392)	0
Receipt of Investment Earnings	0	50,512	172,624	0
Net Cash Provided (Used) for Investing Activities	875,892	(204,022)	(1,854,768)	602,164
Net Increase (Decrease) in Cash and Cash Equivalents	860,386	528,071	1,624,952	178,266
Cash and Cash Equivalents at Beginning of Year	253,389	688,842	2,139,113	66,266
Cash and Cash Equivalents at End of Year	\$1,113,775	\$1,216,913	\$3,764,065	\$244,532
Reconciliation of Cash and				
Cash Equivalents per the Statement of Net Position:				
Cash and Cash Equivalents	\$992,952	\$631,824	\$1,952,711	\$244,532
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Restricted Cash and Cash Equivalents	120,823	585,089	1,811,354	0
Cash and Cash Equivalents at End of Year	\$1,113,775	\$1,216,913	\$3,764,065	\$244,532

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Totals	Internal Service Funds
\$2,929,880	\$6,558,709	\$48,239,348	\$0
0	12,941,099	12,941,099	0
0	0	0	9,107,718
(1,281,661)	(328,795)	(15,946,533)	(1,013,051)
(404,702)	0	(8,555,258)	(1,653,513)
0	0	0	(6,555,858)
(251,564)	0	(3,183,957)	(327,046)
0	0	192,567	0
0	0	(186,475)	0
<u>991,953</u>	<u>19,171,013</u>	<u>33,500,791</u>	<u>(441,750)</u>
0	30,000	30,000	0
0	0	9,300	0
0	(14,135,000)	(14,135,000)	0
0	0	(270,072)	0
0	(5,329,705)	(5,344,229)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>76,419</u>
<u>0</u>	<u>(19,434,705)</u>	<u>(19,710,001)</u>	<u>76,419</u>
107,499	0	107,499	0
581,000	0	581,000	0
420,876	0	420,876	0
(1,129,389)	0	(3,785,975)	(47,255)
0	0	0	(63,381)
(631,000)	0	(631,000)	0
(158,653)	0	(161,871)	(6,593)
0	0	(1,195,000)	0
0	0	(3,320,325)	0
0	(350,000)	(350,000)	0
<u>(20,300)</u>	<u>(28,438)</u>	<u>(2,163,729)</u>	<u>(1,038)</u>
<u>(829,967)</u>	<u>(378,438)</u>	<u>(10,498,525)</u>	<u>(118,267)</u>
0	870,021	870,021	0
0	0	1,478,056	0
28,221	0	(2,253,705)	0
<u>0</u>	<u>14,594</u>	<u>237,730</u>	<u>0</u>
<u>28,221</u>	<u>884,615</u>	<u>332,102</u>	<u>0</u>
190,207	242,485	3,624,367	(483,598)
<u>129,787</u>	<u>7,216,921</u>	<u>10,494,318</u>	<u>4,021,316</u>
<u>\$319,994</u>	<u>\$7,459,406</u>	<u>\$14,118,685</u>	<u>\$3,537,718</u>
\$240,811	\$967,332	\$5,030,162	\$1,067,966
0	0	0	2,469,752
<u>79,183</u>	<u>6,492,074</u>	<u>9,088,523</u>	<u>0</u>
<u>\$319,994</u>	<u>\$7,459,406</u>	<u>\$14,118,685</u>	<u>\$3,537,718</u>

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017**

	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)	\$125,046	\$1,190,519	\$4,641,146	\$121,324
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	815,003	1,649,045	3,179,880	209,305
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	5,021	(80,839)	(53,640)	147,425
Decrease in Due to Other Funds	0	0	0	0
(Increase) Decrease in Inventory	212,344	52,945	(21,398)	443
(Increase) Decrease in Prepaid Items	249	(456)	(133)	(228)
Decrease in Prepaid Gas Supply	0	0	0	0
Increase in Deferred Outflows of Resources	(198,849)	(252,615)	(151,062)	(167,270)
Increase (Decrease) in Accounts Payable	35,201	10,218	53,419	6,727
Increase (Decrease) in Accrued Wages and Benefits	2,983	4,013	(2,076)	1,113
Decrease in Due to Other Funds	(29,569)	0	0	0
Increase in Intergovernmental Payable	0	0	0	(1,392)
Increase in Customer Deposits	4,446	823	823	0
Decrease in Landfill Postclosure Care Liability	0	0	0	(92,977)
Increase (Decrease) in Compensated Absences	26,121	(12,732)	(37,813)	25,602
Increase in Net Pension Liability	487,749	615,072	365,473	415,535
Increase in Deferred Inflows of Resources	9,291	11,695	6,939	7,936
Increase in Claims Payable	0	0	0	0
Total Adjustments	1,369,990	1,997,169	3,340,412	552,219
Net Cash Provided by Operating Activities	\$1,495,036	\$3,187,688	\$7,981,558	\$673,543

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2017, the Gas, Water Pollution, Sanitation and Storm Water Funds had outstanding liabilities of \$23,671, \$35,054, \$49,966 and \$55,441 respectively for certain capital assets.

During 2017 the Water, Water Pollution, and Storm Water Funds received capital contributions from developers of \$86,574, \$173,180, and \$226,951, respectively.

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Totals	Internal Service Funds
\$568,920	\$6,124,026	\$12,770,981	(\$980,203)
325,225	73,500	6,251,958	160,079
0	2,819	2,819	0
37,786	0	55,753	(2,063)
0	29,569	29,569	0
0	0	244,334	(4,858)
0	0	(568)	(26)
0	12,941,099	12,941,099	0
(39,877)	0	(809,673)	(118,960)
(1,779)	0	103,786	(50,764)
342	0	6,375	1,195
0	0	(29,569)	0
1,800	0	408	0
0	0	6,092	0
0	0	(92,977)	0
50	0	1,228	4,548
97,627	0	1,981,456	284,200
1,859	0	37,720	5,381
0	0	0	259,721
423,033	13,046,987	20,729,810	538,453
\$991,953	\$19,171,013	\$33,500,791	(\$441,750)

CITY OF LANCASTER, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2017***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 338,793
Due from Other Funds	<u>3,989</u>
Total Assets	<u><u>\$ 342,782</u></u>
Liabilities:	
Due to Other Funds	\$ 3,989
Intergovernmental Payable	3,989
Due to Others	<u>334,804</u>
Total Liabilities	<u><u>\$ 342,782</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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, 2017 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types are used by the City:

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.

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.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Internal Service Funds - These funds are used to account for the utilities billing services, information services, fuel deposits, 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, 2017***

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, 2017***

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, 2017***

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 2017.

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 2017, 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, 2017**

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)	\$236,611	(\$215,059)
Increase (Decrease):		
Accrued Revenues at December 31, 2017 received during 2018	(1,284,141)	(463,900)
Accrued Revenues at December 31, 2016 received during 2017	1,587,049	555,389
Accrued Expenditures at December 31, 2017 paid during 2018	439,893	472,573
Accrued Expenditures at December 31, 2016 paid during 2017	(480,008)	(448,890)
2016 Prepays for 2017	26,667	24,762
2017 Prepays for 2018	(27,832)	(24,298)
Adjustment to Fair Value	(14,690)	0
Outstanding Encumbrances	(238,055)	(131,593)
Budget Basis	<u>\$245,494</u>	<u>(\$231,016)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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" and GASB Statement No. 72, "Fair Value Measurement and Application", 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.

The City's investment in the State Treasury Asset Reserve of Ohio (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 and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes. See Note 5, "Cash, Cash Equivalents and Investments."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Instrument* and GASB Statement No. 72, *Fair Value Measurement and Application*. 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, 2017, 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.

I. Inventory

Inventory is stated at cost 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, 2017, 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Donated capital assets are recorded at acquisition 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.

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. Donated capital assets are recorded at acquisition 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:

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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 and Street Levy 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, Port Authority Fund, Information Services Fund
Capital Leases	General Fund, .45 Police and Fire Levy Fund, Street Construction, Maintenance and Repair Fund, Parks and Recreation 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, 2017***

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, 2017***

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, 2017***

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, 2017***

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 delinquent 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, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Y. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2017, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,” Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,” Statement No. 80, “Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14,” Statement No. 81, “Irrevocable Split-Interest Agreements,” and Statement No. 82, “Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.”

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions.

GASB Statement No. 74 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments.

GASB Statement No. 81 addresses irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68.

These changes were incorporated in the City’s 2017 financial statements; however, there was no effect on beginning net position/fund balance.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$27,832	\$24,298	\$14,308	\$66,438
Supplies Inventory	112,948	0	276,469	389,417
Endowment	0	0	990,885	990,885
Total Nonspendable	<u>140,780</u>	<u>24,298</u>	<u>1,281,662</u>	<u>1,446,740</u>
Restricted:				
Transportation Projects	0	0	2,260,958	2,260,958
Cemetery	0	0	551,803	551,803
Court Projects	0	0	1,081,958	1,081,958
Public Transportation	0	0	270,956	270,956
911 Services	0	0	121,830	121,830
Police and Fire Operations	0	305,520	621,307	926,827
Pension for Public Safety	0	0	34,272	34,272
Community Development	0	0	1,759,378	1,759,378
Debt Retirement	0	0	72,595	72,595
Total Restricted	<u>0</u>	<u>305,520</u>	<u>6,775,057</u>	<u>7,080,577</u>
Committed:				
Parks and Recreation	0	0	688,628	688,628
Capital Improvements	0	0	1,488,847	1,488,847
Total Committed	<u>0</u>	<u>0</u>	<u>2,177,475</u>	<u>2,177,475</u>
Assigned:				
Projected budgetary deficit	2,844,205	0	0	2,844,205
Services and Supplies	143,668	0	0	143,668
Total Assigned	<u>2,987,873</u>	<u>0</u>	<u>0</u>	<u>2,987,873</u>
Unassigned:				
	<u>5,069,422</u>	<u>0</u>	<u>(3,183,154)</u>	<u>1,886,268</u>
Total Fund Balances	<u>\$8,198,075</u>	<u>\$329,818</u>	<u>\$7,051,040</u>	<u>\$15,578,933</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

The fund deficits at December 31, 2017 of \$1,562,635 in the Ety Road TIF Project Fund and \$1,620,519 in the Columbian Construction Fund (capital projects funds) are the result of recording notes payable amounts in the individual fund balance sheets. The accumulated deficit of \$83,631,436 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 accumulated deficit of \$479,816 in the Utilities Collection Fund (internal service fund) is the result of the recognition of payables in accordance with generally accepted accounting principles. 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, 2017***

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, 2017**

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 the 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). Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the City's deposits was \$26,147,993 and the bank balance was \$27,024,107. Federal depository insurance covered \$1,249,717 of the bank balance and \$25,774,390 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 in the Ohio Pooled Collateral System	<u>\$25,774,390</u>
Total Balance	<u><u>\$25,774,390</u></u>

Investment earnings of \$308,569 earned by other funds was credited to the General Fund as required by state statute.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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

B. Investments

The City's investments at December 31, 2017 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
STAR Ohio	\$57,163	AAAm ¹	\$57,163	\$0	\$0
City of Lancaster Bond Payable	99,050	AAA ¹	24,500	52,500	22,050
Negotiable CD's ^a	6,683,924	N/A ³	1,992,717	4,202,488	488,719
FNMA ^b	12,589,988	AA+ ¹ , Aaa ²	0	5,576,996	7,012,992
FHLB ^b	14,806,889	AA+ ¹ , Aaa ²	2,366,586	1,566,208	10,874,095
FFCB ^b	3,438,057	AA+ ¹ , Aaa ²	0	2,459,534	978,523
FHLMC ^b	3,482,008	AA+ ¹ , Aaa ²	0	0	3,482,008
Total Investments	\$41,157,079		\$4,440,966	\$13,857,726	\$22,858,387

¹ Standard & Poor's

² Moody's Investor Service

³ All are fully FDIC insured

^a \$5,948,666 of the negotiable CDs are callable through September 2022.

^b \$33,918,294 of the securities are callable through October 2022.

The City's investments are valued using quoted market prices (Level 2 inputs).

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, 0.1% are in STAROhio, 0.2% are in municipal bonds, 16.2% are in negotiable CDs, 30.6% are FNMA, 36.0% are FHLB, 8.4% are FFCB, and 8.5% 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, 2017**

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	\$23,986,210	\$43,318,862
Certificates of Deposit (with maturities of more than 3 months)	2,218,946	(2,218,946)
Investments:		
STAR Ohio	(57,163)	57,163
Per GASB Statements No. 3 and 40	<u>\$26,147,993</u>	<u>\$41,157,079</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 2017 were levied after October 1, 2016 on assessed values as of January 1, 2016, 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 2014. 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, 2017***

NOTE 6 - TAXES (Continued)

A. Property Taxes (Continued)

The full tax rate for the City's operations for the year ended December 31, 2017 was \$6.40 per \$1,000 of assessed value. The assessed value upon which the 2017 property tax receipts were based was \$740,245,390. This amount constitutes \$720,449,540 in real property assessed value and \$19,795,850 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, 2017 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 \$4,523,976 and \$4,679,254 respectively. Delinquents are included in the amounts presented.

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 8 – INTERFUND ACCOUNTS

Interfund balances at December 31, 2017 consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Enterprise Funds:		
Gas	\$0	\$508,193
Port Authority	508,193	0
Total Enterprise Funds	<u>508,193</u>	<u>508,193</u>
Agency Funds:		
Municipal Court	0	3,989
Law Library	3,989	0
Total Agency Funds	<u>3,989</u>	<u>3,989</u>
Totals	<u>\$512,182</u>	<u>\$512,182</u>
	<u>Advance to Other Funds</u>	<u>Advance from Other Funds</u>
Nonmajor Governmental Funds	\$0	\$177,300
Enterprise Fund:		
Sanitation Fund	177,300	0
Totals	<u>\$177,300</u>	<u>\$177,300</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 2017:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$10,816,435
.45 Police and Fire Levy Fund	9,775,316	0
Nonmajor Governmental Funds	2,072,282	1,107,582
Internal Service Funds	76,419	0
Total Transfers	<u>\$11,924,017</u>	<u>\$11,924,017</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, 2017**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2017:

Historical Cost:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
<i>Capital assets not being depreciated:</i>				
Land	\$18,190,577	\$196,504	\$0	\$18,387,081
Construction in Progress	158,171	0	(103,970)	54,201
Subtotal	18,348,748	196,504	(103,970)	18,441,282
<i>Capital assets being depreciated:</i>				
Buildings	18,036,821	17,025	0	18,053,846
Improvements Other than Buildings	7,644,796	6,690	0	7,651,486
Machinery and Equipment	6,014,825	652,854	(146,453)	6,521,226
Vehicles	7,738,743	599,919	(95,327)	8,243,335
Infrastructure	33,381,227	2,787,519	(220,496)	35,948,250
Subtotal	72,816,412	4,064,007	(462,276)	76,418,143
Total Cost	\$91,165,160	\$4,260,511	(\$566,246)	\$94,859,425

Accumulated Depreciation:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
Buildings	(\$4,302,975)	(\$401,088)	\$0	(\$4,704,063)
Improvements Other than Buildings	(4,877,673)	(271,145)	0	(5,148,818)
Machinery and Equipment	(3,741,683)	(455,391)	143,389	(4,053,685)
Vehicles	(5,594,528)	(616,447)	110,948	(6,100,027)
Infrastructure	(13,098,992)	(720,127)	219,475	(13,599,644)
Total Depreciation	(\$31,615,851)	(\$2,464,198) *	\$473,812	(\$33,606,237)
<i>Net Value:</i>	\$59,549,309			\$61,253,188

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$398,924)
Leisure Time Activities	(242,828)
Community Environment	(1,137)
Public Health & Welfare	(9,536)
Transportation	(1,177,202)
General Government	(501,682)
Internal Service Fund Capital Assets	(132,889)
Total Depreciation Expense	(\$2,464,198)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 10 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2017:

Historical Cost:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
<i>Capital assets not being depreciated:</i>				
Land	\$3,527,623	\$160,502	\$0	\$3,688,125
Construction in Progress	463,671	610,025	(27,520)	1,046,176
Subtotal	3,991,294	770,527	(27,520)	4,734,301
<i>Capital assets being depreciated:</i>				
Buildings	83,245,555	314,639	0	83,560,194
Improvements	34,760,536	24,650	0	34,785,186
Machinery and Equipment	10,688,857	748,033	(527,978)	10,908,912
Vehicles	5,688,165	505,071	(467,628)	5,725,608
Infrastructure	97,392,160	2,007,570	0	99,399,730
Subtotal	231,775,273	3,599,963	(995,606)	234,379,630
Total Cost	\$235,766,567	\$4,370,490	(\$1,023,126)	\$239,113,931

Accumulated Depreciation:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
Buildings	(\$22,513,068)	(\$1,992,003)	\$0	(\$24,505,071)
Improvements	(30,941,914)	(986,243)	0	(31,928,157)
Machinery and Equipment	(9,577,773)	(317,655)	392,952	(9,502,476)
Vehicles	(4,355,898)	(356,160)	442,728	(4,269,330)
Infrastructure	(43,269,482)	(2,627,087)	0	(45,896,569)
Total Depreciation	(\$110,658,135)	(\$6,279,148)	\$835,680	(\$116,101,603)
<i>Net Value:</i>	\$125,108,432			\$123,012,328

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, \$723,135 and \$84,270 of internal service funds capital assets, net of depreciation are included in the respective above amounts. Also, \$132,889 and \$27,190 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, 2017***

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, 2017**

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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>
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	<u>1.0</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 \$1,809,889 for 2017. Of this amount, \$157,473 is reported as an intergovernmental payable.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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 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, 2017**

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>
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2017 through December 31, 2017	12.25 %	12.25 %
2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2017 through December 31, 2017	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$2,085,992 for 2017. Of this amount, \$142,292 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2016, 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, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. 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	\$23,383,190	\$28,476,326	\$51,859,516
Proportion of the Net Pension Liability-2017	0.102972%	0.449586%	
Proportion of the Net Pension Liability-2016	<u>0.106637%</u>	<u>0.465095%</u>	
Percentage Change	<u>(0.003665%)</u>	<u>(0.015509%)</u>	
Pension Expense	\$4,809,624	\$3,377,112	\$8,186,736

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2017, 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	\$3,482,297	\$2,769,196	\$6,251,493
Changes in assumptions	3,708,860	0	3,708,860
Differences between expected and actual experience	31,694	8,057	39,751
City contributions subsequent to the measurement date	<u>1,809,889</u>	<u>2,085,992</u>	<u>3,895,881</u>
Total Deferred Outflows of Resources	<u>\$9,032,740</u>	<u>\$4,863,245</u>	<u>\$13,895,985</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$139,165	\$65,565	\$204,730
Change in proportionate share	<u>311,252</u>	<u>700,720</u>	<u>1,011,972</u>
Total Deferred Inflows of Resources	<u>\$450,417</u>	<u>\$766,285</u>	<u>\$1,216,702</u>

\$3,895,881 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, 2018. 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:			
2018	\$2,772,651	\$913,470	\$3,686,121
2019	2,876,750	913,470	3,790,220
2020	1,225,108	662,522	1,887,630
2021	(102,075)	(326,123)	(428,198)
2022	0	(138,789)	(138,789)
2023	<u>0</u>	<u>(13,582)</u>	<u>(13,582)</u>
Total	<u>\$6,772,434</u>	<u>\$2,010,968</u>	<u>\$8,783,402</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.

For the 2016 measurement year, OPERS made changes in assumptions based upon an updated experience study that was completed for the five-year period ending December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25% and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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 annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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 2016 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 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 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 7.5 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 (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$35,723,046	\$23,383,190	\$13,100,098

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, 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, 2016, are presented below:

Valuation Date	January 1, 2016
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

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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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, 2016 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected *	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Real Assets	5.00	6.87
Master Limited Partnerships	8.00	7.36
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.

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	\$37,927,092	\$28,476,326	\$20,466,674

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Changes Between Measurement Date and Report Date - In 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25% to 8.00%. Although the exact amount of these changes is not known, the impact to the City’s net pension liability is expected to be significant.

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 trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for 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 2016 CAFR for details.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible benefit recipients. 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

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 may be 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 2017, 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.

Each year, the OPERS Board 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 1.0% during calendar year 2017. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS 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 for Member-Directed Plan participants for 2017 was 4.0%.

The City's contributions for health care to the OPERS for the years ending December 31, 2017, 2016, and 2015 were \$139,222, \$266,225 and \$265,674, respectively, which were equal to the required contributions for each year.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

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 2017, 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.

The City's contributions for health care to the OP&F for the years ending December 31, 2017, 2016, and 2015 were \$24,532, \$23,499 and \$22,363 for police and \$24,548, \$24,530 and \$24,371 for firefighters, respectively, which were equal to the required contributions for each year.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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, 2017	Additions	(Reductions)	Balance December 31, 2017
Capital Projects Notes Payable:					
2.500% Street Improvement 2016	12/31/2017	\$1,112,645	\$0	(\$1,112,645)	\$0
3.095% Street Improvement 2017	12/31/2018	0	1,068,364	0	1,068,364
2.533% Island Capital Note 2016	12/31/2017	345,116	0	(345,116)	0
3.095% Island Capital Note 2017	12/31/2018	0	331,381	0	331,381
1.000% Columbian Construction Note 2016	12/22/2017	1,800,000	0	(1,800,000)	0
1.300% Columbian Construction Note 2017	12/22/2018	0	1,620,000	0	1,620,000
Total Capital Projects Notes Payable		<u>\$3,257,761</u>	<u>\$3,019,745</u>	<u>(\$3,257,761)</u>	<u>\$3,019,745</u>
Enterprise Funds Notes Payable:					
1.00% Storm Water Improvement	4/7/2017	\$631,000	\$0	(\$631,000)	\$0
1.00% Storm Water Improvement	3/29/2018	0	581,000	0	581,000
Total Enterprise Notes Payable		<u>\$631,000</u>	<u>\$581,000</u>	<u>(\$631,000)</u>	<u>\$581,000</u>

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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

Long-term debt and other long-term obligations of the City at December 31, 2017 were as follows:

	Balance December 31, 2016	Additions	(Reductions)	Balance December 31, 2017	Due Within One Year
Business-Type Activities:					
Ohio Water Development Authority Loans (OWDA):					
2003 2.00% Water Treatment Plant/Clearwells/Wellfield	\$120,768	\$0	(\$6,474)	\$114,294	\$6,605
2001 4.14% Water Transmission Line/Waste Force Main	2,129,545	0	(319,582)	1,809,963	332,949
2001 3.90% Water Treatment Plant/Clearwells/Wellfield	8,690,828	0	(1,199,237)	7,491,591	1,246,463
1996 3.16% Water Pollution Control Plant (Supplement)	334,431	0	(334,431)	0	0
2009 3.27% Water Pollution Control Plant	27,764,176	0	(1,460,601)	26,303,575	1,508,752
1997 3.98% Landfill Postclosure Care	551,000	0	(270,072)	280,928	280,928
Total Ohio Water Development Authority Loans	<u>39,590,748</u>	<u>0</u>	<u>(3,590,397)</u>	<u>36,000,351</u>	<u>3,375,697</u>
Revenue Bonds Payable:					
2012 2-3.5% Refunding Water System Improvement Revenue Bond	5,140,000	0	(310,000)	4,830,000	330,000
Premium	254,573	0	(19,582)	234,991	0
2008 3-4.375% Wastewater System Improvement Revenue Bond	670,000	0	(670,000)	0	0
2012 2-3.5% Refunding Wastewater System Improvement Revenue Bond	3,265,000	0	(205,000)	3,060,000	205,000
2016 3-4% Refunding Wastewater System Improvement Revenue Bond	15,395,000	0	(10,000)	15,385,000	715,000
Premium	2,097,680	0	(125,297)	1,972,383	0
2014 variable Refunding Port Authority Gas Supply Revenue Bond	295,315,000	0	(14,135,000)	281,180,000	14,585,000
Discount	(911,100)	0	303,699	(607,401)	0
Total Revenue Bonds Payable	<u>321,226,153</u>	<u>0</u>	<u>(15,171,180)</u>	<u>306,054,973</u>	<u>15,835,000</u>
2016 3.25% Port Authority Loan Payable	1,050,000	0	(350,000)	700,000	350,000
Net Pension Liability-Ohio Public Employees Retirement System	8,478,759	2,279,659	0	10,758,418	0
Landfill Postclosure Care Liability	1,048,368	0	(92,977)	955,391	78,600
Capital Leases	108,017	420,876	(168,464)	360,429	70,061
Compensated Absences	2,335,240	572,940	(573,656)	2,334,524	178,479
Total Business-Type Long-Term Debt	<u>\$373,837,285</u>	<u>\$3,273,475</u>	<u>(\$19,946,674)</u>	<u>\$357,164,086</u>	<u>\$19,887,837</u>

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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

	Balance December 31, 2016	Additions	(Reductions)	Balance December 31, 2017	Due Within One Year
Governmental Activities Long-Term Debt:					
2010 2-3.125% General Obligation Bond Payable - Ety Road TIF	\$855,000	\$0	(\$310,000)	\$545,000	\$105,000
2014 2-3% Refunding General Obligation Bond Payable	2,085,000	0	(250,000)	1,835,000	250,000
Premium	26,749	0	(3,821)	22,928	0
2014 2-4% General Obligation Bond Payable-Court Facility	7,610,000	0	(185,000)	7,425,000	190,000
Premium	114,436	0	(4,238)	110,198	0
2014 1-3.45% General Obligation Bond Payable - Land	850,000	0	(100,000)	750,000	100,000
Total General Obligation Bonds Payable	<u>11,541,185</u>	<u>0</u>	<u>(853,059)</u>	<u>10,688,126</u>	<u>645,000</u>
2000 0.00% Ohio Public Works Commission Loan Payable	30,431	0	(6,087)	24,344	6,086
2016 0.00% Ohio Public Works Commission Loan Payable	210,428	0	(42,086)	168,342	42,085
Total Ohio Public Works Commission Loans Payable	<u>240,859</u>	<u>0</u>	<u>(48,173)</u>	<u>192,686</u>	<u>48,171</u>
2001 5.00% Special Assessment Bond Payable with Governmental Commitment	128,000	0	(28,950)	99,050	24,500
2008 2.84-4.4% Housing and Urban Development Loan Payable	40,000	0	(40,000)	0	0
2010 3.25% Ohio Water Development Authority Loan	313,264	0	(17,223)	296,041	17,787
Installment Loans Payable:					
2012 2.75% Fire Medic #2	47,959	0	(47,959)	0	0
2012 3.25% Fire Engine	204,364	0	(65,898)	138,466	68,097
2012 2.75% Street Equipment	79,227	0	(79,227)	0	0
2012 2.75% Narrow Banding Project	63,381	0	(63,381)	0	0
2013 3.30% Fire Aerial Truck Platform	344,551	0	(44,525)	300,026	46,004
Total Installment Loans Payable	<u>739,482</u>	<u>0</u>	<u>(300,990)</u>	<u>438,492</u>	<u>114,101</u>
Net Pension Liability:					
Ohio Public Employees Retirement System	9,992,114	2,632,658	0	12,624,772	0
Ohio Police and Fire Pension Fund	29,919,887	0	(1,443,561)	28,476,326	0
Total Net Pension Liability	<u>39,912,001</u>	<u>2,632,658</u>	<u>(1,443,561)</u>	<u>41,101,098</u>	<u>0</u>
Compensated Absences	4,934,948	1,500,111	(1,486,939)	4,948,120	410,002
Capital Leases	780,396	625,000	(230,038)	1,175,358	348,591
Pollution Remediation Obligation	229,043	0	(106,600)	122,443	122,443
Total Governmental Activities	<u>\$58,859,178</u>	<u>\$4,757,769</u>	<u>(\$4,555,533)</u>	<u>\$59,061,414</u>	<u>\$1,730,595</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, \$86,270 and \$270,052 of internal service funds compensated absences are included in the respective above amounts. Also, \$14,353 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, 2017***

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 \$288,999,624. Principal and interest paid for the current year and total customer net revenues were \$18,078,461 and \$6,212,120, 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 \$6,155,968. Principal and interest paid for the current year and total customer net revenues were \$509,831 and \$2,884,612, respectively.

The City has pledged future customer revenues, net of specified operating expenses, to repay Wastewater Revenue Bonds, series 2008, 2012 and 2016. 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 2016 bonds were issued to partially refund the 2008 bonds. The principal and interest remaining to be paid on these bonds is \$24,935,850. Principal and interest paid for the current year and total customer net revenues were \$1,637,900 and \$7,967,252, respectively.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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

C. Ohio Water Development Authority Loans

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, 2017**

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, 2017 follows:

Governmental Activities:

Years	General Obligation Bond Payable		Special Assessment Bond Payable		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$645,000	\$348,072	\$24,500	\$3,803	\$17,787	\$8,749
2019	645,000	336,583	25,500	3,727	18,370	8,211
2020	670,000	323,484	27,000	2,453	18,972	7,655
2021	675,000	308,196	22,050	1,102	19,593	7,082
2022	690,000	291,258	0	0	20,236	6,489
2023-2027	1,895,000	1,215,931	0	0	111,567	22,854
2028-2032	1,325,000	964,387	0	0	89,516	5,457
2033-2037	1,615,000	677,800	0	0	0	0
2038-2042	1,955,000	329,000	0	0	0	0
2043	440,000	17,600	0	0	0	0
Totals	<u>\$10,555,000</u>	<u>\$4,812,311</u>	<u>\$99,050</u>	<u>\$11,085</u>	<u>\$296,041</u>	<u>\$66,497</u>

Years	OPWC Loan		Installment Loan	
	Principal	Interest	Principal	Interest
2018	\$48,171	\$0	\$114,101	\$13,247
2019	48,172	0	117,904	9,446
2020	48,171	0	49,114	6,414
2021	48,172	0	50,751	4,776
2022	0	0	52,439	3,088
2023	0	0	54,183	1,343
Totals	<u>\$192,686</u>	<u>\$0</u>	<u>\$438,492</u>	<u>\$38,314</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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

D. Future Long-Term Financing Requirements (Continued)

Business-Type Activities:

Years	OWDA Loans		Revenue Bonds Payable		Loan Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$3,375,697	\$1,053,795	\$15,835,000	\$5,916,886	\$350,000	\$17,062
2019	3,207,655	953,838	267,885,000	3,664,750	350,000	5,688
2020	3,324,697	856,806	1,335,000	815,381	0	0
2021	3,446,053	756,232	1,400,000	761,981	0	0
2022	3,571,882	651,986	1,435,000	712,031	0	0
2023-2027	10,263,236	2,133,750	8,070,000	2,682,963	0	0
2028-2032	8,811,131	605,458	7,230,000	1,031,850	0	0
2033-2034	0	0	1,265,000	50,600	0	0
Totals	\$36,000,351	\$7,011,865	\$304,455,000	\$15,636,442	\$700,000	\$22,750

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 \$5,050,000 at December 31, 2017, 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 \$3,125,000 at December 31, 2017, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In June 2016, the City defeased \$15,885,000 of Wastewater Revenue Bonds dated September, 2008 (the "2008 Bonds") through the issuance of \$15,395,000 of Wastewater Revenue Bonds. The net proceeds of the 2016 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 \$15,885,000 at December 31, 2017, 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, 2017**

NOTE 15 - CAPITALIZED LEASES

Under capital leases the City leases six copiers, two mailing machines, a fire medic, two street sweepers, and several street paving equipment and park and recreation trucks, tractors, mowers. 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 \$2,230,515.

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, 2017:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2018	\$391,465	\$82,177
2019	382,520	78,045
2020	189,684	77,669
2021	163,473	76,473
2022	<u>137,054</u>	<u>83,156</u>
Minimum Lease Payments	1,264,196	397,520
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(88,838)</u>	<u>(37,091)</u>
Present value of minimum lease payments	<u>\$1,175,358</u>	<u>\$360,429</u>

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 16 - DERIVATIVE INSTRUMENTS

A. Composition of Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2017, 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	43,408,310 mmbtu	\$ 221,625,763	A+/A-1
Negative Cash Flow Hedge:			
Pay-fixed, receive variable interest rate swap	\$ 281,180,000	\$ (993,899)	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 \$5,951,331 for 2017. 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. The fair value of the derivatives is calculated based on current market rates (Level 2 inputs).

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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, 2017:

<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, 2017***

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, 2017***

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.

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 nineteen member school districts and governmental entities. The Bloom Carroll 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 \$150,000 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 \$200,000 up to \$1,500,000 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 \$1,500,000 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, 2017**

NOTE 17 - INSURANCE AND RISK MANAGEMENT (Continued)

The claims liability of \$761,843 reported at December 31, 2017 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:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2016	\$374,320	\$6,463,370	(\$6,335,568)	\$502,122
2017	\$502,122	\$6,815,579	(\$6,555,858)	\$761,843

NOTE 18 - SIGNIFICANT COMMITMENTS

As of December 31, 2017, the City had the following commitments with respect to capital improvements:

Capital Projects	Remaining Construction Commitment
Stormwater-Fetters Run	\$189,562
Wastewater –CSO 1019	503,545
Wastewater - River Valley Highlands	159,760

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the significant cash basis commitments for encumbrances were \$1,403,785 in the Gas Fund.

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 \$955,391. 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 \$537,257 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, 2017***

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 2018 and a liability of \$122,443 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, 2017***

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, 2017***

NOTE 21 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

G. Fairfield, Hocking and Athens Counties Council of Governments on Major Crimes Investigations (the “Council”)

The Council 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, Hocking, and Athens Counties to reduce the influence and affects of illegal drug trafficking activities and other major crimes. The Council has a seven 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, City of Logan and City of Athens. The Council also has a twelve member Operating Board which handles the daily operations and reports to the Governing Board. The Operating Board consists of the following: the Fairfield, Hocking, and Athens County Sheriffs and Prosecuting Attorneys, and the Chiefs of Police from the four cities listed above and the Chiefs of Police from the City of Nelsonville and of Ohio University. The Council’s revenues will consist of an annual grant applied for by the Fairfield County Commissioners that is given to the Council 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 a county owned hospital. Amanda Clearcreek Local Schools, Berne Union Local Schools, Bloom Carroll Local Schools, Fairfield Union Local Schools, Liberty Union-Thurston Local Schools, Logan Hocking Schools, Zane Trace Local Schools, Miami Trace Local Schools, Fairfield County ESC (Educational Service Center) , Lancaster City Schools, Washington Court House City Schools, Hocking Valley Community Hospital, New Lexington City Schools, Walnut Township Local Schools, Hocking County Commissioners, Hocking Technical College, Noble Local Schools, Caldwell Exempted Village Schools and City of Lancaster. The Bloom Carroll Local School District serves as the fiscal agent for the SCOIC.

SCOIC contracts with the Jefferson Health Plan for risk sharing, 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 risk sharing 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 maintains their own risk pool from \$150,000 to \$200,000. SCOIC members participate in the shared risk pool through Jefferson Health Plan for individual claims from \$200,000 to \$1,500,000. SCOIC members are then covered under stop loss coverage for claims over \$1,500,000. SCOIC contracts with Employee Benefits Management Corporation (EBMC) to service the claims.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 22 – INSURANCE POOL (Continued)

In the event the City of Lancaster would withdraw from SCOIC, the City of Lancaster would be required to give a one hundred eighty day (180) day notice prior to the end of their three year contract, be responsible for all run-out claims, and would have no rights to share in any surplus funds of SCOIC. To obtain financial information for the SCOIC, write to the fiscal agent, Bloom Carroll Local Schools, 5240 Plum Road NW, Carroll OH 43112.

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, 2017 to December 31, 2017, the City received federal and state grants for specific purposes that are subject to reviews and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 24- SUBSEQUENT EVENTS

In April, 2018, the City authorized the issuance of \$381,000 of 1 year renewal general obligation notes payable for storm water improvements.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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 a 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 Four Years***

Ohio Public Employees Retirement System

Year	2013	2014	2015	2016
City's proportion of the net pension liability	0.107214%	0.107214%	0.106637%	0.102972%
City's proportionate share of the net pension liability	\$12,639,134	\$12,931,207	\$18,470,873	\$23,383,190
City's covered payroll	\$12,633,231	\$13,144,467	\$13,283,725	\$13,311,258
City's proportionate share of the net pension liability as a percentage of its covered payroll	100.05%	98.38%	139.05%	175.66%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

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

Ohio Police and Fire Pension Fund

Year	2013	2014	2015	2016
City's proportion of the net pension liability	0.464319%	0.464319%	0.465095%	0.449586%
City's proportionate share of the net pension liability	\$22,613,773	\$24,053,640	\$29,919,887	\$28,476,326
City's covered payroll	\$8,245,423	\$9,092,747	\$9,346,715	\$9,604,901
City's proportionate share of the net pension liability as a percentage of its covered payroll	274.26%	264.54%	320.11%	296.48%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	71.71%	66.77%	68.36%

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.

Change in Assumptions:

For the 2016 measurement year, OPERS made changes in assumptions based upon an updated experience study that was completed for the five-year period ending December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25% and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

CITY OF LANCASTER, OHIO

***Schedule of City Contributions
Last Five Years***

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$1,642,320	\$1,577,336	\$1,594,047	\$1,597,351	\$1,809,889
Contributions in relation to the contractually required contribution	<u>1,642,320</u>	<u>1,577,336</u>	<u>1,594,047</u>	<u>1,597,351</u>	<u>1,809,889</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$12,633,231	\$13,144,467	\$13,283,725	\$13,311,258	\$13,922,223
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%	13.00%

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>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$1,521,402	\$1,942,722	\$1,995,215	\$2,045,844	\$2,085,992
Contributions in relation to the contractually required contribution	<u>1,521,402</u>	<u>1,942,722</u>	<u>1,995,215</u>	<u>2,045,844</u>	<u>2,085,992</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$8,245,423	\$9,092,747	\$9,346,715	\$9,604,901	\$9,816,433
Contributions as a percentage of covered payroll	18.45%	21.37%	21.35%	21.30%	21.25%

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 or committed 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 restricted 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.

(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.

(Continued)

Special Revenue Funds (Continued)

Ohio Peace Officers Training Fund

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

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 restricted 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 restricted 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 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.

Columbian Construction Fund

To account for financial resources to be used for for the construction of the Fairfield County Municipal Court.

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, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 3,550,280	\$ 72,595	\$ 956,198	\$ 194,674	\$ 4,773,747
Investments	1,552,712	0	539,388	796,211	2,888,311
Receivables (net of allowance for doubtful accounts):					
Taxes	3,213,059	252,890	80,216	0	3,546,165
Accounts	85,958	0	4,268	0	90,226
Intergovernmental	2,196,650	0	106,600	0	2,303,250
Interest	4,922	0	0	0	4,922
Special Assessments	0	142,563	0	0	142,563
Loans	1,596,477	0	0	0	1,596,477
Inventory of Supplies	276,469	0	0	0	276,469
Prepaid Items	14,308	0	0	0	14,308
Total Assets	\$ 12,490,835	\$ 468,048	\$ 1,686,670	\$ 990,885	\$ 15,636,438
Liabilities:					
Accounts Payable	\$ 259,152	\$ 0	\$ 134,124	\$ 0	\$ 393,276
Accrued Wages and Benefits Payable	132,151	0	0	0	132,151
Accrued Interest Payable	0	0	519	0	519
General Obligation Notes Payable	0	0	3,019,745	0	3,019,745
Advances from Other Funds	0	0	177,300	0	177,300
Total Liabilities	391,303	0	3,331,688	0	3,722,991
Deferred Inflows of Resources:					
Property Taxes	2,254,000	252,890	0	0	2,506,890
Unavailable Revenue	2,163,665	142,563	49,289	0	2,355,517
Total Deferred Inflows of Resources	4,417,665	395,453	49,289	0	4,862,407
Fund Balances:					
Nonspendable	290,777	0	0	990,885	1,281,662
Restricted	6,702,462	72,595	0	0	6,775,057
Committed	688,628	0	1,488,847	0	2,177,475
Unassigned	0	0	(3,183,154)	0	(3,183,154)
Total Fund Balances	7,681,867	72,595	(1,694,307)	990,885	7,051,040
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,490,835	\$ 468,048	\$ 1,686,670	\$ 990,885	\$ 15,636,438

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 5,529,642	\$ 334,119	\$ 436,185	\$ 0	\$ 6,299,946
Intergovernmental Revenues	4,813,961	0	958,337	0	5,772,298
Charges for Services	2,110,578	0	269,293	24,540	2,404,411
Licenses, Permits and Fees	440	0	0	0	440
Investment Earnings	29,504	0	1	0	29,505
Special Assessments	71,046	38,304	0	0	109,350
Fines and Forfeitures	1,457,684	0	0	0	1,457,684
All Other Revenue	384,805	0	105,633	0	490,438
Total Revenue	14,397,660	372,423	1,769,449	24,540	16,564,072
Expenditures:					
Current:					
Security of Persons and Property	2,801,940	0	0	0	2,801,940
Public Health and Welfare Services	602,878	0	0	0	602,878
Leisure Time Activities	2,152,419	0	0	0	2,152,419
Community Environment	671,908	0	0	0	671,908
Transportation	7,592,879	0	0	0	7,592,879
General Government	1,756,791	1,548	6,068	0	1,764,407
Capital Outlay	0	0	1,492,592	0	1,492,592
Debt Service:					
Principal Retirement	209,508	873,950	110,423	0	1,193,881
Interest and Fiscal Charges	13,454	370,897	88,284	0	472,635
Total Expenditures	15,801,777	1,246,395	1,697,367	0	18,745,539
Excess (Deficiency) of Revenues Over Expenditures	(1,404,117)	(873,972)	72,082	24,540	(2,181,467)
Other Financing Sources (Uses):					
Transfers In	847,354	874,228	350,700	0	2,072,282
Transfers Out	(933,163)	0	(64,419)	(110,000)	(1,107,582)
Other Financing Source - Capital Lease	625,000	0	0	0	625,000
Total Other Financing Sources (Uses)	539,191	874,228	286,281	(110,000)	1,589,700
Net Change in Fund Balances	(864,926)	256	358,363	(85,460)	(591,767)
Fund Balances at Beginning of Year	8,547,717	72,339	(2,052,670)	1,076,345	7,643,731
Decrease in Inventory	(924)	0	0	0	(924)
Fund Balances End of Year	\$ 7,681,867	\$ 72,595	\$ (1,694,307)	\$ 990,885	\$ 7,051,040

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Street Levy Fund	Parks and Recreation Fund
Assets:				
Cash and Cash Equivalents	\$ 272,888	\$ 141,121	\$ 299,556	\$ 604,930
Investments	0	1,126,464	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	26,739	0	1,979,044	401,079
Accounts	0	34,850	0	0
Intergovernmental	0	931,173	365,694	0
Interest	1,523	0	0	0
Loans	0	0	0	0
Inventory of Supplies	0	272,229	0	3,185
Prepaid Items	749	8,500	0	5,059
Total Assets	\$ 301,899	\$ 2,514,337	\$ 2,644,294	\$ 1,014,253
Liabilities:				
Accounts Payable	\$ 6,358	\$ 74,539	\$ 1,993	\$ 42,525
Accrued Wages and Benefits Payable	6,589	42,147	0	28,410
Total Liabilities	12,947	116,686	1,993	70,935
Deferred Inflows of Resources:				
Property Taxes	0	0	1,871,000	0
Unavailable Revenue	17,761	615,000	223,044	246,446
Total Deferred Inflows of Resources	17,761	615,000	2,094,044	246,446
Fund Balances:				
Nonspendable	749	280,729	0	8,244
Restricted	270,442	1,501,922	548,257	0
Committed	0	0	0	688,628
Total Fund Balances	271,191	1,782,651	548,257	696,872
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 301,899	\$ 2,514,337	\$ 2,644,294	\$ 1,014,253

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	Police and Fire Pension Fund
\$ 306,421	\$ 117,642	\$ 428	\$ 34,419	\$ 41,671	\$ 34,272
0	0	0	0	0	0
0	0	0	0	0	405,118
51,108	0	0	0	0	0
188,573	4,188	0	13,792	0	24,000
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	1,055	0
0	0	0	0	0	0
<u>\$ 546,102</u>	<u>\$ 121,830</u>	<u>\$ 428</u>	<u>\$ 48,211</u>	<u>\$ 42,726</u>	<u>\$ 463,390</u>
\$ 94,582	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
4,433	0	0	1,951	3,956	0
<u>99,015</u>	<u>0</u>	<u>0</u>	<u>1,951</u>	<u>3,956</u>	<u>0</u>
0	0	0	0	0	383,000
176,131	0	0	0	0	46,118
<u>176,131</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>429,118</u>
0	0	0	0	1,055	0
270,956	121,830	428	46,260	37,715	34,272
0	0	0	0	0	0
<u>270,956</u>	<u>121,830</u>	<u>428</u>	<u>46,260</u>	<u>38,770</u>	<u>34,272</u>
<u>\$ 546,102</u>	<u>\$ 121,830</u>	<u>\$ 428</u>	<u>\$ 48,211</u>	<u>\$ 42,726</u>	<u>\$ 463,390</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017**

	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund	Law Enforcement and Education Fund	Municipal Court Judicial Computer Fund
Assets:				
Cash and Cash Equivalents	\$ 28,154	\$ 216,829	\$ 89,315	\$ 43,720
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	0	0	0	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	\$ 28,154	\$ 216,829	\$ 89,315	\$ 43,720
Liabilities:				
Accounts Payable	\$ 0	\$ 240	\$ 0	\$ 870
Accrued Wages and Benefits Payable	0	0	0	0
Total Liabilities	0	240	0	870
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	28,154	216,589	89,315	42,850
Committed	0	0	0	0
Total Fund Balances	28,154	216,589	89,315	42,850
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,154	\$ 216,829	\$ 89,315	\$ 43,720

CITY OF LANCASTER, OHIO

Municipal Court Probation Fund	Municipal Court Computerization Fund	Municipal Court Special Projects Fund	Municipal Court Family Violence Fund	Municipal Drug Court Fund	Ohio Peace Officers Training Fund
\$ 160,290	\$ 157,699	\$ 579,451	\$ 19,316	\$ 94,197	\$ 16,835
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
6,131	0	0	0	20,718	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 166,421</u>	<u>\$ 157,699</u>	<u>\$ 579,451</u>	<u>\$ 19,316</u>	<u>\$ 114,915</u>	<u>\$ 16,835</u>
\$ 6,162	\$ 3,096	\$ 15,614	\$ 0	\$ 5,468	\$ 0
14,358	2,822	0	0	3,048	0
<u>20,520</u>	<u>5,918</u>	<u>15,614</u>	<u>0</u>	<u>8,516</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
145,901	151,781	563,837	19,316	106,399	16,835
0	0	0	0	0	0
<u>145,901</u>	<u>151,781</u>	<u>563,837</u>	<u>19,316</u>	<u>106,399</u>	<u>16,835</u>
<u>\$ 166,421</u>	<u>\$ 157,699</u>	<u>\$ 579,451</u>	<u>\$ 19,316</u>	<u>\$ 114,915</u>	<u>\$ 16,835</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017**

	DARE Officer Retention Grant Fund	Safe Routes to School Fund	.15 Fire Levy Fund	DOJ Equitable Sharing Grant Fund
Assets:				
Cash and Cash Equivalents	\$ 2	\$ 2,780	\$ 127,812	\$ 5,186
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	401,079	0
Accounts	0	0	0	0
Intergovernmental	0	0	0	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	\$ 2	\$ 2,780	\$ 528,891	\$ 5,186
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 3,853	\$ 0
Accrued Wages and Benefits Payable	0	0	24,437	0
Total Liabilities	0	0	28,290	0
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	246,446	0
Total Deferred Inflows of Resources	0	0	246,446	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	2	2,780	254,155	5,186
Committed	0	0	0	0
Total Fund Balances	2	2,780	254,155	5,186
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2	\$ 2,780	\$ 528,891	\$ 5,186

CITY OF LANCASTER, OHIO

CDBG Fund	State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Total Nonmajor Special Revenue Funds
\$ 94,089	\$ 21,866	\$ 13,477	\$ 25,914	\$ 3,550,280
0	170,864	0	255,384	1,552,712
0	0	0	0	3,213,059
0	0	0	0	85,958
596,533	45,848	0	0	2,196,650
0	3,241	0	158	4,922
1,596,477	0	0	0	1,596,477
0	0	0	0	276,469
0	0	0	0	14,308
<u>\$ 2,287,099</u>	<u>\$ 241,819</u>	<u>\$ 13,477</u>	<u>\$ 281,456</u>	<u>\$ 12,490,835</u>
\$ 3,852	\$ 0	\$ 0	\$ 0	\$ 259,152
0	0	0	0	132,151
<u>3,852</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>391,303</u>
0	0	0	0	2,254,000
561,584	31,040	0	95	2,163,665
<u>561,584</u>	<u>31,040</u>	<u>0</u>	<u>95</u>	<u>4,417,665</u>
0	0	0	0	290,777
1,721,663	210,779	13,477	281,361	6,702,462
0	0	0	0	688,628
<u>1,721,663</u>	<u>210,779</u>	<u>13,477</u>	<u>281,361</u>	<u>7,681,867</u>
<u>\$ 2,287,099</u>	<u>\$ 241,819</u>	<u>\$ 13,477</u>	<u>\$ 281,456</u>	<u>\$ 12,490,835</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, 2017**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Street Levy Fund	Parks and Recreation Fund
Revenues:				
Taxes	\$ 102,139	\$ 0	\$ 1,961,525	\$ 1,532,080
Intergovernmental Revenues	0	1,892,898	480,037	40,000
Charges for Services	187,067	818,809	0	374,108
Licenses, Permits and Fees	0	0	0	440
Investment Earnings	5,818	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	15,359	232,841	0	14,595
Total Revenue	310,383	2,944,548	2,441,562	1,961,223
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	579,405	0	0	0
Leisure Time Activities	0	0	0	2,152,419
Community Environment	0	0	0	55,870
Transportation	0	3,309,521	2,432,235	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	96,450	42,086	0
Interest and Fiscal Charges	0	9,559	0	0
Total Expenditures	579,405	3,415,530	2,474,321	2,208,289
Excess (Deficiency) of Revenues Over Expenditures	(269,022)	(470,982)	(32,759)	(247,066)
Other Financing Sources (Uses):				
Transfers In	285,000	165,000	0	71,900
Transfers Out	0	(150,000)	0	0
Other Financing Source - Capital Lease	0	425,000	0	200,000
Total Other Financing Sources (Uses)	285,000	440,000	0	271,900
Net Change in Fund Balances	15,978	(30,982)	(32,759)	24,834
Fund Balances (Deficit) at Beginning of Year	255,213	1,814,152	581,016	671,519
Increase (Decrease) in Inventory	0	(519)	0	519
Fund Balances End of Year	\$ 271,191	\$ 1,782,651	\$ 548,257	\$ 696,872

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	846,217	85,580	0	54,667	154,090
0	670,128	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
71,046	0	0	0	0	0
0	0	0	0	0	0
0	108,506	0	0	0	0
<u>71,046</u>	<u>1,624,851</u>	<u>85,580</u>	<u>0</u>	<u>54,667</u>	<u>154,090</u>
0	0	152,215	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
71,046	0	0	0	0	140,489
0	1,851,123	0	0	0	0
0	0	0	0	67,146	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>71,046</u>	<u>1,851,123</u>	<u>152,215</u>	<u>0</u>	<u>67,146</u>	<u>140,489</u>
0	(226,272)	(66,635)	0	(12,479)	13,601
0	73,000	0	0	19,183	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>19,183</u>	<u>0</u>
0	(153,272)	(66,635)	0	6,704	13,601
0	424,228	188,465	428	39,556	25,237
0	0	0	0	0	(68)
<u>\$ 0</u>	<u>\$ 270,956</u>	<u>\$ 121,830</u>	<u>\$ 428</u>	<u>\$ 46,260</u>	<u>\$ 38,770</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, 2017***

	Police and Fire Pension Fund	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund	Law Enforcement and Education Fund
Revenues:				
Taxes	\$ 401,818	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	47,438	12,500	0	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	46,071	1,421
All Other Revenue	0	14	0	0
Total Revenue	449,256	12,514	46,071	1,421
Expenditures:				
Current:				
Security of Persons and Property	439,334	29,567	8,611	0
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	439,334	29,567	8,611	0
Excess (Deficiency) of Revenues Over Expenditures	9,922	(17,053)	37,460	1,421
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)	0	0	0	0
Net Change in Fund Balances	9,922	(17,053)	37,460	1,421
Fund Balances (Deficit) at Beginning of Year	24,350	45,207	179,129	87,894
Increase (Decrease) in Inventory	0	0	0	0
Fund Balances End of Year	\$ 34,272	\$ 28,154	\$ 216,589	\$ 89,315

CITY OF LANCASTER, OHIO

<u>Municipal Court Judicial Computer Fund</u>	<u>Municipal Court Probation Fund</u>	<u>Municipal Court Computerization Fund</u>	<u>Municipal Court Special Projects Fund</u>	<u>Municipal Court Family Violence Fund</u>	<u>Municipal Drug Court Fund</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	230,819	0	0	0	363,346
0	40,327	0	0	489	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
51,845	342,411	201,227	809,798	0	0
108	7,175	2,183	1,142	0	1,409
<u>51,953</u>	<u>620,732</u>	<u>203,410</u>	<u>810,940</u>	<u>489</u>	<u>364,755</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
44,704	672,891	223,835	428,315	0	319,900
0	0	0	0	0	0
0	0	0	0	0	0
<u>44,704</u>	<u>672,891</u>	<u>223,835</u>	<u>428,315</u>	<u>0</u>	<u>319,900</u>
7,249	(52,159)	(20,425)	382,625	489	44,855
0	133,271	0	100,000	0	0
0	0	0	(658,163)	0	0
0	0	0	0	0	0
<u>0</u>	<u>133,271</u>	<u>0</u>	<u>(558,163)</u>	<u>0</u>	<u>0</u>
7,249	81,112	(20,425)	(175,538)	489	44,855
35,601	65,645	172,206	739,375	18,827	61,544
0	(856)	0	0	0	0
<u>\$ 42,850</u>	<u>\$ 145,901</u>	<u>\$ 151,781</u>	<u>\$ 563,837</u>	<u>\$ 19,316</u>	<u>\$ 106,399</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, 2017***

	Ohio Peace Officers Training Fund	DARE Officer Retention Grant Fund	Safe Routes to School Fund	.15 Fire Levy Fund
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 1,532,080
Intergovernmental Revenues	13,860	17,947	0	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	0
All Other Revenue	0	0	0	0
Total Revenue	13,860	17,947	0	1,532,080
Expenditures:				
Current:				
Security of Persons and Property	6,640	17,947	0	2,140,699
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	30,972
Interest and Fiscal Charges	0	0	0	2,071
Total Expenditures	6,640	17,947	0	2,173,742
Excess (Deficiency) of Revenues Over Expenditures	7,220	0	0	(641,662)
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)	0	0	0	0
Net Change in Fund Balances	7,220	0	0	(641,662)
Fund Balances (Deficit) at Beginning of Year	9,615	2	2,780	895,817
Increase (Decrease) in Inventory	0	0	0	0
Fund Balances End of Year	\$ 16,835	\$ 2	\$ 2,780	\$ 254,155

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
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,529,642
5,000	472,780	96,782	0	0	4,813,961
0	0	0	0	19,650	2,110,578
0	0	0	0	0	440
0	2,317	20,799	11	559	29,504
0	0	0	0	0	71,046
0	0	0	4,911	0	1,457,684
0	1,473	0	0	0	384,805
5,000	476,570	117,581	4,922	20,209	14,397,660
0	0	0	6,927	0	2,801,940
0	0	0	0	23,473	602,878
0	0	0	0	0	2,152,419
0	404,503	0	0	0	671,908
0	0	0	0	0	7,592,879
0	0	0	0	0	1,756,791
0	40,000	0	0	0	209,508
0	1,824	0	0	0	13,454
0	446,327	0	6,927	23,473	15,801,777
5,000	30,243	117,581	(2,005)	(3,264)	(1,404,117)
0	0	0	0	0	847,354
0	0	(125,000)	0	0	(933,163)
0	0	0	0	0	625,000
0	0	(125,000)	0	0	539,191
5,000	30,243	(7,419)	(2,005)	(3,264)	(864,926)
186	1,691,420	218,198	15,482	284,625	8,547,717
0	0	0	0	0	(924)
\$ 5,186	\$ 1,721,663	\$ 210,779	\$ 13,477	\$ 281,361	\$ 7,681,867

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2017**

	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 0	\$ 72,595	\$ 72,595
Receivables (net of allowance for doubtful accounts):			
Taxes	252,890	0	252,890
Special Assessments	0	142,563	142,563
Total Assets	<u>\$ 252,890</u>	<u>\$ 215,158</u>	<u>\$ 468,048</u>
Liabilities:			
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources:			
Property Taxes	252,890	0	252,890
Unavailable Revenue	0	142,563	142,563
Total Deferred Inflows of Resources	<u>252,890</u>	<u>142,563</u>	<u>395,453</u>
Fund Balances:			
Restricted	0	72,595	72,595
Total Fund Balances	<u>0</u>	<u>72,595</u>	<u>72,595</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 252,890</u>	<u>\$ 215,158</u>	<u>\$ 468,048</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, 2017***

	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$ 334,119	\$ 0	\$ 334,119
Special Assessments	0	38,304	38,304
Total Revenue	<u>334,119</u>	<u>38,304</u>	<u>372,423</u>
Expenditures:			
General Government	0	1,548	1,548
Debt Service:			
Principal Retirement	845,000	28,950	873,950
Interest and Fiscal Charges	363,347	7,550	370,897
Total Expenditures	<u>1,208,347</u>	<u>38,048</u>	<u>1,246,395</u>
Excess (Deficiency) of Revenues Over Expenditures	(874,228)	256	(873,972)
Other Financing Sources (Uses):			
Transfers In	874,228	0	874,228
Total Other Financing Sources (Uses)	<u>874,228</u>	<u>0</u>	<u>874,228</u>
Net Change in Fund Balances	0	256	256
Fund Balances at Beginning of Year	<u>0</u>	<u>72,339</u>	<u>72,339</u>
Fund Balances End of Year	<u>\$ 0</u>	<u>\$ 72,595</u>	<u>\$ 72,595</u>

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2017**

	LDOT Improvement Fund	Parks Improvement Fund	Capital Improvement Fund	Fire Impact - District One Fund
Assets:				
Cash and Cash Equivalents	\$ 36,073	\$ 108,202	\$ 67,574	\$ 724,289
Investments	0	0	539,388	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	26,739	53,477	0
Accounts	0	0	0	4,268
Intergovernmental	0	0	106,600	0
Total Assets	\$ 36,073	\$ 134,941	\$ 767,039	\$ 728,557
Liabilities:				
Accounts Payable	\$ 1,560	\$ 15,008	\$ 111,906	\$ 0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Advances from Other Funds	0	0	0	0
Total Liabilities	1,560	15,008	111,906	0
Deferred Inflows of Resources:				
Unavailable Revenue	0	16,430	32,859	0
Total Deferred Inflows of Resources	0	16,430	32,859	0
Fund Balances:				
Committed	34,513	103,503	622,274	728,557
Unassigned	0	0	0	0
Total Fund Balances	34,513	103,503	622,274	728,557
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 36,073	\$ 134,941	\$ 767,039	\$ 728,557

CITY OF LANCASTER, OHIO

Ety Road TIF Project Fund	Columbian Construction Fund	Total Nonmajor Capital Projects Funds
\$ 20,060	\$ 0	\$ 956,198
0	0	539,388
0	0	80,216
0	0	4,268
0	0	106,600
<u>\$ 20,060</u>	<u>\$ 0</u>	<u>\$ 1,686,670</u>
\$ 5,650	\$ 0	\$ 134,124
0	519	519
1,399,745	1,620,000	3,019,745
177,300	0	177,300
<u>1,582,695</u>	<u>1,620,519</u>	<u>3,331,688</u>
<u>0</u>	<u>0</u>	<u>49,289</u>
<u>0</u>	<u>0</u>	<u>49,289</u>
0	0	1,488,847
<u>(1,562,635)</u>	<u>(1,620,519)</u>	<u>(3,183,154)</u>
<u>(1,562,635)</u>	<u>(1,620,519)</u>	<u>(1,694,307)</u>
<u>\$ 20,060</u>	<u>\$ 0</u>	<u>\$ 1,686,670</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, 2017**

	LDOT Improvement Fund	Parks Improvement Fund	Capital Improvement Fund	Fire Impact - District One Fund
Revenues:				
Taxes	\$ 0	\$ 102,139	\$ 204,278	\$ 0
Intergovernmental Revenues	745,173	0	213,164	0
Charges for Services	0	0	13,200	256,093
Investment Earnings	0	0	0	0
All Other Revenue	67,000	473	38,160	0
Total Revenue	812,173	102,612	468,802	256,093
Expenditures:				
Current:				
General Government	0	0	0	0
Capital Outlay	978,070	144,234	220,938	143,700
Debt Service:				
Principal Retirement	0	0	0	110,423
Interest and Fiscal Charges	0	0	0	16,925
Total Expenditures	978,070	144,234	220,938	271,048
Excess (Deficiency) of Revenues Over Expenditures	(165,897)	(41,622)	247,864	(14,955)
Other Financing Sources (Uses):				
Transfers In	150,000	0	0	0
Transfers Out	0	0	(64,419)	0
Total Other Financing Sources (Uses)	150,000	0	(64,419)	0
Net Change in Fund Balances	(15,897)	(41,622)	183,445	(14,955)
Fund Balances at Beginning of Year	50,410	145,125	438,829	743,512
Fund Balances End of Year	\$ 34,513	\$ 103,503	\$ 622,274	\$ 728,557

CITY OF LANCASTER, OHIO

Ety Road TIF Project Fund	Columbian Construction Fund	Total Nonmajor Capital Projects Funds
\$ 129,768	\$ 0	\$ 436,185
0	0	958,337
0	0	269,293
1	0	1
0	0	105,633
<u>129,769</u>	<u>0</u>	<u>1,769,449</u>
6,068	0	6,068
5,650	0	1,492,592
0	0	110,423
<u>50,584</u>	<u>20,775</u>	<u>88,284</u>
<u>62,302</u>	<u>20,775</u>	<u>1,697,367</u>
67,467	(20,775)	72,082
0	200,700	350,700
<u>0</u>	<u>0</u>	<u>(64,419)</u>
<u>0</u>	<u>200,700</u>	<u>286,281</u>
67,467	179,925	358,363
<u>(1,630,102)</u>	<u>(1,800,444)</u>	<u>(2,052,670)</u>
<u>\$ (1,562,635)</u>	<u>\$ (1,620,519)</u>	<u>\$ (1,694,307)</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 12,978,927	\$ 12,978,927	\$ 13,736,518	\$ 757,591
Intergovernmental Revenues	942,069	942,069	1,009,287	67,218
Charges for Services	3,498,852	3,498,852	3,697,886	199,034
License, Permits and Fees	22,700	22,700	18,905	(3,795)
Investment Earnings	262,824	262,824	400,052	137,228
Fines and Forfeitures	782,700	782,700	758,971	(23,729)
All Other Revenues	42,500	42,500	254,105	211,605
Total Revenues	18,530,572	18,530,572	19,875,724	1,345,152
Expenditures:				
Security of Persons and Property:				
Street Lighting:				
Operations and Maintenance	354,708	354,708	309,331	45,377
Total Security of Persons and Property	354,708	354,708	309,331	45,377
Public Health and Welfare Services:				
Health:				
Operations and Maintenance	294,934	294,934	294,934	0
Total Health	294,934	294,934	294,934	0
Assistance to Needy:				
Operations and Maintenance	5,000	10,000	7,754	2,246
Total Public Health and Welfare Services	299,934	304,934	302,688	2,246
Community Environment:				
Zoning, Planning, Tree Commissions:				
Personal Services	7,700	8,067	7,817	250
Operations and Maintenance	43,663	47,796	35,650	12,146
Total Zoning, Planning, Tree Commission	51,363	55,863	43,467	12,396
Economic Development:				
Personal Services	21,571	21,541	16,571	4,970
Operations and Maintenance	52,618	52,648	47,508	5,140
Total Economic Development	74,189	74,189	64,079	10,110
Total Community Environment	125,552	130,052	107,546	22,506

(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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
General Government:				
Council:				
Personal Services	120,068	120,068	119,121	947
Operations and Maintenance	6,860	9,360	9,281	79
Total Council	126,928	129,428	128,402	1,026
Mayor:				
Personal Services	184,459	184,459	155,240	29,219
Operations and Maintenance	10,948	10,529	6,015	4,514
Capital Outlay	500	919	919	0
Total Mayor	195,907	195,907	162,174	33,733
Personnel:				
Personal Services	99,755	99,755	85,866	13,889
Operations and Maintenance	21,454	21,454	10,426	11,028
Total Personnel	121,209	121,209	96,292	24,917
Auditor:				
Personal Services	399,506	399,506	397,446	2,060
Operations and Maintenance	31,795	31,795	21,373	10,422
Total Auditor	431,301	431,301	418,819	12,482
Treasurer:				
Personal Services	30,506	30,506	29,866	640
Operations and Maintenance	4,444	4,444	3,806	638
Total Treasurer	34,950	34,950	33,672	1,278
Law Director:				
Personal Services	567,096	556,807	486,924	69,883
Operations and Maintenance	3,062	571	9	562
Capital Outlay	2,829	4,179	4,020	159
Total Law Director	572,987	561,557	490,953	70,604
Law Director-Prosecution Contract:				
Personal Services	183,610	186,214	177,979	8,235
Operations and Maintenance	70,439	79,267	68,387	10,880
Total Law Director-Prosecution Contract	254,049	265,481	246,366	19,115

(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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Law Director-Code Enforcement:				
Personal Services	124,235	124,235	115,731	8,504
Operations and Maintenance	62,155	62,155	51,650	10,505
Total Law Director-Code Enforcement	186,390	186,390	167,381	19,009
Municipal Court:				
Personal Services	965,537	965,537	951,492	14,045
Operations and Maintenance	92,591	92,592	88,839	3,753
Total Municipal Court	1,058,128	1,058,129	1,040,331	17,798
Judicial:				
Personal Services	781,600	781,600	779,678	1,922
Operations and Maintenance	66,472	74,472	59,027	15,445
Capital Outlay	10,000	2,000	1,200	800
Total Judicial	858,072	858,072	839,905	18,167
Civil Service:				
Personal Services	8,340	8,340	6,875	1,465
Operations and Maintenance	48,420	48,420	43,489	4,931
Total Civil Service	56,760	56,760	50,364	6,396
City Hall Maintenance:				
Personal Services	63,844	63,844	61,503	2,341
Operations and Maintenance	151,698	181,698	152,636	29,062
Capital Outlay	4,074	4,074	3,848	226
Total City Hall Maintenance	219,616	249,616	217,987	31,629
City Hall Maintenance-Annex:				
Operations and Maintenance	49,250	81,150	47,590	33,560
Capital Outlay	0	13,100	13,100	0
Total City Hall Maintenance-Annex	49,250	94,250	60,690	33,560
Fuel Depot:				
Operations and Maintenance	741	741	0	741
Total Fuel Depot	741	741	0	741

(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, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Service Safety Director:				
Personal Services	216,170	216,170	211,860	4,310
Operations and Maintenance	15,109	12,859	5,802	7,057
Capital Outlay	0	2,250	2,250	0
Total Service Safety Director	231,279	231,279	219,912	11,367
Engineer:				
Personal Services	339,450	339,450	333,461	5,989
Operations and Maintenance	91,450	66,050	51,640	14,410
Capital Outlay	4,500	29,900	29,258	642
Total Engineer	435,400	435,400	414,359	21,041
Certified Building Inspection:				
Personal Services	429,500	429,500	390,120	39,380
Operations and Maintenance	126,797	156,797	143,227	13,570
Capital Outlay	3,144	3,144	2,691	453
Total Certified Building Inspection	559,441	589,441	536,038	53,403
Administration Support:				
Personal Services	21,492	21,492	18,563	2,929
Operations and Maintenance	285,510	382,010	324,284	57,726
Total Administration Support	307,002	403,502	342,847	60,655
Miscellaneous:				
Personal Services	309,500	357,000	279,116	77,884
Operations and Maintenance	733,566	687,078	802,352	(115,274)
Total Miscellaneous	1,043,066	1,044,078	1,081,468	(37,390)
Income Tax:				
Personal Services	306,637	306,637	287,489	19,148
Operations and Maintenance	715,002	1,191,543	1,173,723	17,820
Capital Outlay	0	2,195	1,874	321
Total Income Tax	1,021,639	1,500,375	1,463,086	37,289
Total General Government	7,764,115	8,447,866	8,011,046	436,820

(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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Debt Services:				
Principal Retirement	69,037	69,037	69,016	21
Interest and Fiscal Charges	20,604	20,604	14,168	6,436
Total Expenditures	<u>8,633,950</u>	<u>9,327,201</u>	<u>8,813,795</u>	<u>513,406</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,896,622	9,203,371	11,061,929	1,858,558
Other Financing Sources (Uses):				
Transfers Out	<u>(11,377,852)</u>	<u>(11,550,487)</u>	<u>(10,816,435)</u>	<u>734,052</u>
Total Other Financing Sources (Uses)	<u>(11,377,852)</u>	<u>(11,550,487)</u>	<u>(10,816,435)</u>	<u>734,052</u>
Net Change in Fund Balance	(1,481,230)	(2,347,116)	245,494	2,592,610
Fund Balance at Beginning of Year	6,747,535	6,747,535	6,747,535	0
Prior Year Encumbrances	284,818	284,818	284,818	0
Fund Balance at End of Year	<u>\$ 5,551,123</u>	<u>\$ 4,685,237</u>	<u>\$ 7,277,847</u>	<u>\$ 2,592,610</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,687,730	\$ 4,687,730	\$ 4,687,731	\$ 1
Intergovernmental Revenues	0	13,992	16,454	2,462
All Other Revenues	0	1,864	2,467	603
Total Revenues	4,687,730	4,703,586	4,706,652	3,066
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	8,483,041	8,329,200	8,197,749	131,451
Operations and Maintenance	604,273	593,182	516,550	76,632
Capital Outlay	156,971	153,471	146,430	7,041
Total Police	9,244,285	9,075,853	8,860,729	215,124
Fire:				
Personal Services	5,409,945	5,454,088	5,360,039	94,049
Operations and Maintenance	478,944	498,114	452,906	45,208
Capital Outlay	62,081	41,321	39,310	2,011
Total Fire	5,950,970	5,993,523	5,852,255	141,268
Total Expenditures	15,195,255	15,069,376	14,712,984	356,392
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,507,525)	(10,365,790)	(10,006,332)	359,458
Other Financing Sources (Uses):				
Transfers In	10,333,733	10,506,368	9,775,316	(731,052)
Total Other Financing Sources (Uses)	10,333,733	10,506,368	9,775,316	(731,052)
Net Change in Fund Balance	(173,792)	140,578	(231,016)	(371,594)
Fund Balance at Beginning of Year	239,824	239,824	239,824	0
Prior Year Encumbrances	173,792	173,792	173,792	0
Fund Balance at End of Year	\$ 239,824	\$ 554,194	\$ 182,600	\$ (371,594)

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, 2017**

CEMETERY FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 104,172	\$ 104,172	\$ 104,172	\$ 0
Charges for Services	204,500	204,500	187,067	(17,433)
Investment Earnings	2,000	2,000	5,821	3,821
All Other Revenues	150	150	15,359	15,209
Total Revenues	<u>310,822</u>	<u>310,822</u>	<u>312,419</u>	<u>1,597</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	372,635	373,135	326,042	47,093
Operations and Maintenance	159,292	239,142	230,998	8,144
Capital Outlay	0	49,250	49,222	28
Total Expenditures	<u>531,927</u>	<u>661,527</u>	<u>606,262</u>	<u>55,265</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(221,105)	(350,705)	(293,843)	56,862
Other Financing Sources (Uses):				
Transfers In	325,000	435,000	285,000	(150,000)
Total Other Financing Sources (Uses)	<u>325,000</u>	<u>435,000</u>	<u>285,000</u>	<u>(150,000)</u>
Net Change in Fund Balance	103,895	84,295	(8,843)	(93,138)
Fund Balance at Beginning of Year	245,849	245,849	245,849	0
Prior Year Encumbrances	7,347	7,347	7,347	0
Fund Balance at End of Year	<u>\$ 357,091</u>	<u>\$ 337,491</u>	<u>\$ 244,353</u>	<u>\$ (93,138)</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				
Revenues:				
Intergovernmental Revenues	\$ 1,910,000	\$ 1,910,000	\$ 1,880,708	\$ (29,292)
Charges for Services	674,034	674,034	818,809	144,775
All Other Revenues	161,572	261,901	201,451	(60,450)
Total Revenues	2,745,606	2,845,935	2,900,968	55,033
Expenditures:				
Transportation:				
Personal Services	1,851,736	1,852,196	1,802,111	50,085
Operations and Maintenance	963,268	967,566	865,807	101,759
Capital Outlay	385,500	800,063	789,344	10,719
Total Transportation	3,200,504	3,619,825	3,457,262	162,563
Debt Service:				
Principal Retirement	0	96,450	96,450	0
Interest and Fiscal Charges	0	9,559	9,559	0
Total Debt Service	0	106,009	106,009	0
Total Expenditures	3,200,504	3,725,834	3,563,271	162,563
Excess (Deficiency) of Revenues Over (Under) Expenditures	(454,898)	(879,899)	(662,303)	217,596
Other Financing Sources (Uses):				
Transfers In	165,000	165,000	165,000	0
Transfers Out	0	(150,000)	(150,000)	0
Other Financing Source - Capital Lease	0	425,000	425,000	0
Total Other Financing Sources (Uses)	165,000	440,000	440,000	0
Net Change in Fund Balance	(289,898)	(439,899)	(222,303)	217,596
Fund Balance at Beginning of Year	1,246,932	1,246,932	1,246,932	0
Prior Year Encumbrances	95,344	95,344	95,344	0
Fund Balance at End of Year	\$ 1,052,378	\$ 902,377	\$ 1,119,973	\$ 217,596

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, 2017***

STREET LEVY FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,095,000	\$ 2,095,000	\$ 1,961,525	\$ (133,475)
Intergovernmental Revenues	0	0	229,343	229,343
Total Revenues	<u>2,095,000</u>	<u>2,095,000</u>	<u>2,190,868</u>	<u>95,868</u>
Expenditures:				
Transportation:				
Operations and Maintenance	2,285,798	2,568,708	2,449,364	119,344
Total Transportation	<u>2,285,798</u>	<u>2,568,708</u>	<u>2,449,364</u>	<u>119,344</u>
Debt Service:				
Principal Retirement	50,000	42,090	42,086	4
Total Debt Service	<u>50,000</u>	<u>42,090</u>	<u>42,086</u>	<u>4</u>
Total Expenditures	<u>2,335,798</u>	<u>2,610,798</u>	<u>2,491,450</u>	<u>119,348</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(240,798)	(515,798)	(300,582)	215,216
Fund Balance at Beginning of Year	555,951	555,951	555,951	0
Prior Year Encumbrances	40,798	40,798	40,798	0
Fund Balance at End of Year	<u>\$ 355,951</u>	<u>\$ 80,951</u>	<u>\$ 296,167</u>	<u>\$ 215,216</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, 2017**

PARKS AND RECREATION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,562,577	\$ 1,562,577	\$ 1,562,577	\$ 0
Intergovernmental Revenues	40,000	40,000	40,000	0
Charges for Services	337,000	337,000	374,108	37,108
Licenses, Permits and Fees	0	0	440	440
All Other Revenues	12,000	14,410	14,595	185
Total Revenues	1,951,577	1,953,987	1,991,720	37,733
Expenditures:				
Leisure Time Activities:				
Personal Services	1,330,041	1,332,641	1,265,939	66,702
Operations and Maintenance	722,906	740,470	658,182	82,288
Capital Outlay	84,656	266,902	246,691	20,211
Total Leisure Time Activities	2,137,603	2,340,013	2,170,812	169,201
Community Environment:				
Personal Services	71,900	71,900	54,799	17,101
Total Expenditures	2,209,503	2,411,913	2,225,611	186,302
Excess (Deficiency) of Revenues Over (Under) Expenditures	(257,926)	(457,926)	(233,891)	224,035
Other Financing Sources (Uses):				
Transfers In	71,900	71,900	71,900	0
Other Financing Source - Capital Lease	0	200,000	200,000	0
Total Other Financing Sources (Uses)	71,900	271,900	271,900	0
Net Change in Fund Balance	(186,026)	(186,026)	38,009	224,035
Fund Balance at Beginning of Year	509,946	509,946	509,946	0
Prior Year Encumbrances	36,405	36,405	36,405	0
Fund Balance at End of Year	\$ 360,325	\$ 360,325	\$ 584,360	\$ 224,035

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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	<u>\$ 77,000</u>	<u>\$ 77,000</u>	<u>\$ 71,046</u>	<u>\$ (5,954)</u>
Total Revenues	<u>77,000</u>	<u>77,000</u>	<u>71,046</u>	<u>(5,954)</u>
Expenditures:				
Community Environment:				
Operations and Maintenance	<u>77,000</u>	<u>71,046</u>	<u>71,046</u>	<u>0</u>
Total Expenditures	<u>77,000</u>	<u>71,046</u>	<u>71,046</u>	<u>0</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	5,954	0	(5,954)
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>\$ 5,954</u>	<u>\$ 0</u>	<u>\$ (5,954)</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, 2017***

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	\$ 1,276,503	\$ 1,276,503	\$ 1,064,736	\$ (211,767)
Charges for Services	710,000	710,000	630,437	(79,563)
All Other Revenues	61,000	61,000	99,475	38,475
Total Revenues	<u>2,047,503</u>	<u>2,047,503</u>	<u>1,794,648</u>	<u>(252,855)</u>
Expenditures:				
Transportation:				
Personal Services	214,410	214,410	194,930	19,480
Operations and Maintenance	1,630,187	1,630,187	1,530,263	99,924
Capital Outlay	312,879	104,879	103,499	1,380
Total Expenditures	<u>2,157,476</u>	<u>1,949,476</u>	<u>1,828,692</u>	<u>120,784</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(109,973)	98,027	(34,044)	(132,071)
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	(36,973)	171,027	38,956	(132,071)
Fund Balance at Beginning of Year	185,148	185,148	185,148	0
Prior Year Encumbrances	41,896	41,896	41,896	0
Fund Balance at End of Year	<u>\$ 190,071</u>	<u>\$ 398,071</u>	<u>\$ 266,000</u>	<u>\$ (132,071)</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, 2017***

911 TARIFF FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 75,000	\$ 75,000	\$ 85,520	\$ 10,520
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>85,520</u>	<u>10,520</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	145,900	145,900	142,757	3,143
Capital Outlay	11,200	11,200	11,200	0
Total Expenditures	<u>157,100</u>	<u>157,100</u>	<u>153,957</u>	<u>3,143</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(82,100)	(82,100)	(68,437)	13,663
Other Financing Sources (Uses):				
Transfers Out	(22,000)	(22,000)	0	22,000
Total Other Financing Sources (Uses)	<u>(22,000)</u>	<u>(22,000)</u>	<u>0</u>	<u>22,000</u>
Net Change in Fund Balance	(104,100)	(104,100)	(68,437)	35,663
Fund Balance at Beginning of Year	43,937	43,937	43,937	0
Prior Year Encumbrances	140,400	140,400	140,400	0
Fund Balance at End of Year	<u>\$ 80,237</u>	<u>\$ 80,237</u>	<u>\$ 115,900</u>	<u>\$ 35,663</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, 2017***

	<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, 2017***

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	\$ 54,670	\$ 54,670	\$ 50,641	\$ (4,029)
Total Revenues	<u>54,670</u>	<u>54,670</u>	<u>50,641</u>	<u>(4,029)</u>
Expenditures:				
General Government:				
Personal Services	<u>67,306</u>	<u>67,306</u>	<u>66,838</u>	<u>468</u>
Total Expenditures	<u>67,306</u>	<u>67,306</u>	<u>66,838</u>	<u>468</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,636)	(12,636)	(16,197)	(3,561)
Other Financing Sources (Uses):				
Transfers In	<u>19,183</u>	<u>19,183</u>	<u>19,183</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>19,183</u>	<u>19,183</u>	<u>19,183</u>	<u>0</u>
Net Change in Fund Balance	6,547	6,547	2,986	(3,561)
Fund Balance at Beginning of Year	<u>31,433</u>	<u>31,433</u>	<u>31,433</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 37,980</u>	<u>\$ 37,980</u>	<u>\$ 34,419</u>	<u>\$ (3,561)</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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 147,992	\$ 147,992	\$ 158,649	\$ 10,657
Total Revenues	<u>147,992</u>	<u>147,992</u>	<u>158,649</u>	<u>10,657</u>
Expenditures:				
Community Environment:				
Personal Services	143,992	143,992	139,921	4,071
Operations and Maintenance	<u>5,414</u>	<u>5,414</u>	<u>42</u>	<u>5,372</u>
Total Expenditures	<u>149,406</u>	<u>149,406</u>	<u>139,963</u>	<u>9,443</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,414)	(1,414)	18,686	20,100
Fund Balance at Beginning of Year	21,571	21,571	21,571	0
Prior Year Encumbrances	<u>1,414</u>	<u>1,414</u>	<u>1,414</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,571</u>	<u>\$ 21,571</u>	<u>\$ 41,671</u>	<u>\$ 20,100</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, 2017***

POLICE AND FIRE PENSION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 420,000	\$ 420,000	\$ 401,818	\$ (18,182)
Intergovernmental Revenues	0	0	47,438	47,438
Total Revenues	<u>420,000</u>	<u>420,000</u>	<u>449,256</u>	<u>29,256</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	431,600	431,600	431,600	0
Operations and Maintenance	8,400	8,400	7,734	666
Total Expenditures	<u>440,000</u>	<u>440,000</u>	<u>439,334</u>	<u>666</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	(20,000)	9,922	29,922
Fund Balance at Beginning of Year	<u>24,350</u>	<u>24,350</u>	<u>24,350</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,350</u>	<u>\$ 4,350</u>	<u>\$ 34,272</u>	<u>\$ 29,922</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 50,000	\$ 50,000	\$ 25,000	\$ (25,000)
All Other Revenues	0	0	14	14
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>25,014</u>	<u>(24,986)</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u>50,000</u>	<u>50,000</u>	<u>29,795</u>	<u>20,205</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>29,795</u>	<u>20,205</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(4,781)	(4,781)
Fund Balance at Beginning of Year	<u>32,935</u>	<u>32,935</u>	<u>32,935</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 32,935</u>	<u>\$ 32,935</u>	<u>\$ 28,154</u>	<u>\$ (4,781)</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, 2017**

	<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>\$ 46,300</u>	<u>\$ (3,700)</u>
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>46,300</u>	<u>(3,700)</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u>100,000</u>	<u>100,000</u>	<u>8,371</u>	<u>91,629</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>8,371</u>	<u>91,629</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(50,000)	37,929	87,929
Fund Balance at Beginning of Year	<u>177,127</u>	<u>177,127</u>	<u>177,127</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 127,127</u>	<u>\$ 127,127</u>	<u>\$ 215,056</u>	<u>\$ 87,929</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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 0	\$ 0	\$ 1,471	\$ 1,471
Total Revenues	<u>0</u>	<u>0</u>	<u>1,471</u>	<u>1,471</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	0	1,471	1,471
Fund Balance at Beginning of Year	<u>87,819</u>	<u>87,819</u>	<u>87,819</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 87,819</u>	<u>\$ 87,819</u>	<u>\$ 89,290</u>	<u>\$ 1,471</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 45,000	\$ 45,000	\$ 51,573	\$ 6,573
All Other Revenues	0	0	108	108
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>51,681</u>	<u>6,681</u>
Expenditures:				
General Government:				
Operations and Maintenance	37,000	39,000	35,654	3,346
Capital Outlay	<u>24,000</u>	<u>22,000</u>	<u>10,989</u>	<u>11,011</u>
Total Expenditures	<u>61,000</u>	<u>61,000</u>	<u>46,643</u>	<u>14,357</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,000)	(16,000)	5,038	21,038
Fund Balance at Beginning of Year	25,666	25,666	25,666	0
Prior Year Encumbrances	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,666</u>	<u>\$ 18,666</u>	<u>\$ 39,704</u>	<u>\$ 21,038</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, 2017***

MUNICIPAL COURT PROBATION FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 161,000	\$ 221,000	\$ 224,688	\$ 3,688
Charges for Services	0	20,000	40,327	20,327
Fines and Forfeitures	385,000	385,000	348,852	(36,148)
All Other Revenues	0	0	7,175	7,175
Total Revenues	<u>546,000</u>	<u>626,000</u>	<u>621,042</u>	<u>(4,958)</u>
Expenditures:				
General Government:				
Personal Services	731,388	683,025	620,689	62,336
Operations and Maintenance	17,500	60,925	47,675	13,250
Total Expenditures	<u>748,888</u>	<u>743,950</u>	<u>668,364</u>	<u>75,586</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(202,888)	(117,950)	(47,322)	70,628
Other Financing Sources (Uses):				
Transfers In	133,271	133,271	133,271	0
Total Other Financing Sources (Uses)	<u>133,271</u>	<u>133,271</u>	<u>133,271</u>	<u>0</u>
Net Change in Fund Balance	(69,617)	15,321	85,949	70,628
Fund Balance at Beginning of Year	<u>50,695</u>	<u>50,695</u>	<u>50,695</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (18,922)</u>	<u>\$ 66,016</u>	<u>\$ 136,644</u>	<u>\$ 70,628</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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 180,000	\$ 180,000	\$ 200,178	\$ 20,178
All Other Revenues	0	0	2,183	2,183
Total Revenues	<u>180,000</u>	<u>180,000</u>	<u>202,361</u>	<u>22,361</u>
Expenditures:				
General Government:				
Personal Services	109,258	109,258	107,538	1,720
Operations and Maintenance	219,640	192,757	95,720	97,037
Capital Outlay	77,549	47,207	29,271	17,936
Total Expenditures	<u>406,447</u>	<u>349,222</u>	<u>232,529</u>	<u>116,693</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(226,447)	(169,222)	(30,168)	139,054
Fund Balance at Beginning of Year	167,369	167,369	167,369	0
Prior Year Encumbrances	1,846	1,846	1,846	0
Fund Balance at End of Year	<u>\$ (57,232)</u>	<u>\$ (7)</u>	<u>\$ 139,047</u>	<u>\$ 139,054</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, 2017***

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	\$ 700,000	\$ 700,000	\$ 804,727	\$ 104,727
All Other Revenues	0	0	1,142	1,142
Total Revenues	<u>700,000</u>	<u>700,000</u>	<u>805,869</u>	<u>105,869</u>
Expenditures:				
General Government:				
Operations and Maintenance	258,950	258,950	192,991	65,959
Capital Outlay	<u>987,249</u>	<u>529,786</u>	<u>352,276</u>	<u>177,510</u>
Total Expenditures	<u>1,246,199</u>	<u>788,736</u>	<u>545,267</u>	<u>243,469</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(546,199)	(88,736)	260,602	349,338
Other Financing Sources (Uses):				
Transfers In	100,000	100,000	100,000	0
Transfers Out	<u>0</u>	<u>(658,163)</u>	<u>(658,163)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>(558,163)</u>	<u>(558,163)</u>	<u>0</u>
Net Change in Fund Balance	(446,199)	(646,899)	(297,561)	349,338
Fund Balance at Beginning of Year	405,064	405,064	405,064	0
Prior Year Encumbrances	<u>400,699</u>	<u>400,699</u>	<u>400,699</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 359,564</u>	<u>\$ 158,864</u>	<u>\$ 508,202</u>	<u>\$ 349,338</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, 2017**

MUNICIPAL COURT FAMILY VIOLENCE FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 0	\$ 0	\$ 470	\$ 470
Total Revenues	<u>0</u>	<u>0</u>	<u>470</u>	<u>470</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	470	470
Fund Balance at Beginning of Year	<u>18,812</u>	<u>18,812</u>	<u>18,812</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,812</u>	<u>\$ 18,812</u>	<u>\$ 19,282</u>	<u>\$ 470</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, 2017***

MUNICIPAL DRUG COURT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 234,262	\$ 280,789	\$ 350,955	\$ 70,166
All Other Revenues	0	0	1,409	1,409
Total Revenues	<u>234,262</u>	<u>280,789</u>	<u>352,364</u>	<u>71,575</u>
Expenditures:				
General Government:				
Personal Services	134,601	134,261	133,519	742
Operations and Maintenance	64,100	190,353	183,833	6,520
Total Expenditures	<u>198,701</u>	<u>324,614</u>	<u>317,352</u>	<u>7,262</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,561	(43,825)	35,012	78,837
Other Financing Sources (Uses):				
Transfers In	10,000	10,000	0	(10,000)
Transfers Out	(44,386)	0	0	0
Total Other Financing Sources (Uses)	<u>(34,386)</u>	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>
Net Change in Fund Balance	1,175	(33,825)	35,012	68,837
Fund Balance at Beginning of Year	<u>59,185</u>	<u>59,185</u>	<u>59,185</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 60,360</u>	<u>\$ 25,360</u>	<u>\$ 94,197</u>	<u>\$ 68,837</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 5,200	\$ 5,200	\$ 13,860	\$ 8,660
Total Revenues	<u>5,200</u>	<u>5,200</u>	<u>13,860</u>	<u>8,660</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u>10,000</u>	<u>10,000</u>	<u>7,240</u>	<u>2,760</u>
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>7,240</u>	<u>2,760</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,800)	(4,800)	6,620	11,420
Fund Balance at Beginning of Year	<u>9,615</u>	<u>9,615</u>	<u>9,615</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,815</u>	<u>\$ 4,815</u>	<u>\$ 16,235</u>	<u>\$ 11,420</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 17,947	\$ 17,947	\$ 0
Total Revenues	<u>0</u>	<u>17,947</u>	<u>17,947</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	0	7,970	7,970	0
Operations and Maintenance	<u>0</u>	<u>9,977</u>	<u>9,977</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>17,947</u>	<u>17,947</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</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, 2017**

	<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>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, 2017**

.15 FIRE LEVY FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,562,577	\$ 1,562,577	\$ 1,562,577	\$ 0
Total Revenues	<u>1,562,577</u>	<u>1,562,577</u>	<u>1,562,577</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	2,387,042	2,152,393	2,094,889	57,504
Operations and Maintenance	<u>73,855</u>	<u>73,855</u>	<u>72,644</u>	<u>1,211</u>
Total Security of Persons and Property	2,460,897	2,226,248	2,167,533	58,715
Debt Service:				
Principal Retirement	30,987	30,987	30,972	15
Interest and Fiscal Charges	<u>2,071</u>	<u>2,071</u>	<u>2,071</u>	<u>0</u>
Total Debt Service	<u>33,058</u>	<u>33,058</u>	<u>33,043</u>	<u>15</u>
Total Expenditures	<u>2,493,955</u>	<u>2,259,306</u>	<u>2,200,576</u>	<u>58,730</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(931,378)	(696,729)	(637,999)	58,730
Fund Balance at Beginning of Year	760,484	760,484	760,484	0
Prior Year Encumbrances	<u>1,057</u>	<u>1,057</u>	<u>1,057</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (169,837)</u>	<u>\$ 64,812</u>	<u>\$ 123,542</u>	<u>\$ 58,730</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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 5,000	\$ 5,000	\$ 0
Total Revenues	<u>0</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	0	5,000	0	5,000
Total Expenditures	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	5,000	5,000
Fund Balance at Beginning of Year	<u>186</u>	<u>186</u>	<u>186</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 186</u>	<u>\$ 186</u>	<u>\$ 5,186</u>	<u>\$ 5,000</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, 2017***

COMMUNITY DEVELOPMENT BLOCK GRANT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 644,528	\$ 1,150,956	\$ 515,862	\$ (635,094)
All Other Revenues	0	0	17,656	17,656
Total Revenues	<u>644,528</u>	<u>1,150,956</u>	<u>533,518</u>	<u>(617,438)</u>
Expenditures:				
Community Environment:				
Operations and Maintenance	49,097	49,097	1,256	47,841
Capital Outlay	617,579	460,322	460,321	1
Total Community Environment	<u>666,676</u>	<u>509,419</u>	<u>461,577</u>	<u>47,842</u>
Debt Service:				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	1,824	1,824	1,824	0
Total Debt Service	<u>41,824</u>	<u>41,824</u>	<u>41,824</u>	<u>0</u>
Total Expenditures	<u>708,500</u>	<u>551,243</u>	<u>503,401</u>	<u>47,842</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(63,972)	599,713	30,117	(569,596)
Fund Balance at Beginning of Year	<u>63,972</u>	<u>63,972</u>	<u>63,972</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 663,685</u>	<u>\$ 94,089</u>	<u>\$ (569,596)</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 94,000	\$ 94,000	\$ 96,386	\$ 2,386
Investment Earnings	0	0	11,168	11,168
Total Revenues	<u>94,000</u>	<u>94,000</u>	<u>107,554</u>	<u>13,554</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	94,000	94,000	107,554	13,554
Other Financing Sources (Uses):				
Transfers Out	<u>0</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>0</u>
Net Change in Fund Balance	94,000	(31,000)	(17,446)	13,554
Fund Balance at Beginning of Year	<u>213,853</u>	<u>213,853</u>	<u>213,853</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 307,853</u>	<u>\$ 182,853</u>	<u>\$ 196,407</u>	<u>\$ 13,554</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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 0	\$ 0	\$ 19,650	\$ 19,650
Investment Earnings	0	0	559	559
Total Revenues	<u>0</u>	<u>0</u>	<u>20,209</u>	<u>20,209</u>
Expenditures:				
Public Health and Welfare Services:				
Operations and Maintenance	<u>32,000</u>	<u>32,000</u>	<u>24,108</u>	<u>7,892</u>
Total Expenditures	<u>32,000</u>	<u>32,000</u>	<u>24,108</u>	<u>7,892</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,000)	(32,000)	(3,899)	28,101
Fund Balance at Beginning of Year	<u>285,197</u>	<u>285,197</u>	<u>285,197</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 253,197</u>	<u>\$ 253,197</u>	<u>\$ 281,298</u>	<u>\$ 28,101</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, 2017**

GENERAL BOND RETIREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Operations and Maintenance	66,765	0	0	0
Debt Service:				
Principal Retirement	535,000	535,000	535,000	0
Interest and Fiscal Charges	272,463	339,228	339,228	0
Total Expenditures	874,228	874,228	874,228	0
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(874,228)	(874,228)	(874,228)	0
Other Financing Sources (Uses):				
Transfers In	874,228	874,228	874,228	0
Total Other Financing Sources (Uses)	874,228	874,228	874,228	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 41,000	\$ 41,000	\$ 38,304	\$ (2,696)
Total Revenues	<u>41,000</u>	<u>41,000</u>	<u>38,304</u>	<u>(2,696)</u>
Expenditures:				
General Government:				
Operations and Maintenance	2,300	2,300	1,548	752
Debt Service:				
Principal Retirement	28,950	28,950	28,950	0
Interest and Fiscal Charges	<u>7,550</u>	<u>7,550</u>	<u>7,550</u>	<u>0</u>
Total Expenditures	<u>38,800</u>	<u>38,800</u>	<u>38,048</u>	<u>752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,200	2,200	256	(1,944)
Fund Balance at Beginning of Year	<u>72,339</u>	<u>72,339</u>	<u>72,339</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 74,539</u>	<u>\$ 74,539</u>	<u>\$ 72,595</u>	<u>\$ (1,944)</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, 2017**

LDOT IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 745,173	\$ 745,173	\$ 0
All Other Revenues	60,000	120,000	67,000	(53,000)
Total Revenues	<u>60,000</u>	<u>865,173</u>	<u>812,173</u>	<u>(53,000)</u>
Expenditures:				
Capital Outlay	60,000	1,005,583	976,510	29,073
Total Expenditures	<u>60,000</u>	<u>1,005,583</u>	<u>976,510</u>	<u>29,073</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	(140,410)	(164,337)	(23,927)
Other Financing Sources (Uses):				
Transfers In	0	150,000	150,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Net Change in Fund Balance	0	9,590	(14,337)	(23,927)
Fund Balance at Beginning of Year	50,410	50,410	50,410	0
Fund Balance at End of Year	<u>\$ 50,410</u>	<u>\$ 60,000</u>	<u>\$ 36,073</u>	<u>\$ (23,927)</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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 104,172	\$ 104,172	\$ 104,172	\$ 0
All Other Revenues	0	0	473	473
Total Revenues	<u>104,172</u>	<u>104,172</u>	<u>104,645</u>	<u>473</u>
Expenditures:				
Capital Outlay	<u>198,651</u>	<u>198,651</u>	<u>138,991</u>	<u>59,660</u>
Total Expenditures	<u>198,651</u>	<u>198,651</u>	<u>138,991</u>	<u>59,660</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(94,479)	(94,479)	(34,346)	60,133
Fund Balance at Beginning of Year	<u>132,783</u>	<u>132,783</u>	<u>132,783</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 38,304</u>	<u>\$ 38,304</u>	<u>\$ 98,437</u>	<u>\$ 60,133</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, 2017***

CAPITAL IMPROVEMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 208,344	\$ 208,344	\$ 208,344	\$ 0
Intergovernmental Revenues	996,359	996,359	147,559	(848,800)
Charges for Services	0	0	13,200	13,200
All Other Revenues	0	0	38,160	38,160
Total Revenues	<u>1,204,703</u>	<u>1,204,703</u>	<u>407,263</u>	<u>(797,440)</u>
Expenditures:				
Capital Outlay	1,155,289	1,050,247	261,897	788,350
Debt Service:				
Principal Retirement	113,382	0	0	0
Interest and Fiscal Charges	1,107	0	0	0
Total Expenditures	<u>1,269,778</u>	<u>1,050,247</u>	<u>261,897</u>	<u>788,350</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(65,075)	154,456	145,366	(9,090)
Other Financing Sources (Uses):				
Transfers In	24,000	24,000	0	(24,000)
Transfers Out	0	(114,489)	(64,419)	50,070
Total Other Financing Sources (Uses)	<u>24,000</u>	<u>(90,489)</u>	<u>(64,419)</u>	<u>26,070</u>
Net Change in Fund Balance	(41,075)	63,967	80,947	16,980
Fund Balance at Beginning of Year	353,183	353,183	353,183	0
Prior Year Encumbrances	60,926	60,926	60,926	0
Fund Balance at End of Year	<u>\$ 373,034</u>	<u>\$ 478,076</u>	<u>\$ 495,056</u>	<u>\$ 16,980</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, 2017***

FIRE IMPACT-DISTRICT ONE FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 100,000	\$ 100,000	\$ 362,797	\$ 262,797
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>362,797</u>	<u>262,797</u>
Expenditures:				
Security of Persons and Property:				
Capital Outlay	143,700	143,700	143,700	0
Debt Service:				
Principal Retirement	110,424	110,425	110,423	2
Interest and Fiscal Charges	<u>16,926</u>	<u>16,925</u>	<u>16,925</u>	<u>0</u>
Total Expenditures	<u>271,050</u>	<u>271,050</u>	<u>271,048</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(171,050)	(171,050)	91,749	262,799
Fund Balance at Beginning of Year	488,840	488,840	488,840	0
Prior Year Encumbrances	<u>143,700</u>	<u>143,700</u>	<u>143,700</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 461,490</u>	<u>\$ 461,490</u>	<u>\$ 724,289</u>	<u>\$ 262,799</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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ETY ROAD TIF PROJECT FUND				
Revenues:				
Taxes	\$ 550,000	\$ 550,000	\$ 463,887	\$ (86,113)
Investment Earnings	0	0	1	1
Total Revenues	<u>550,000</u>	<u>550,000</u>	<u>463,888</u>	<u>(86,112)</u>
Expenditures:				
General Government:				
Operations and Maintenance	32,000	32,000	11,868	20,132
Debt Service:				
Principal Retirement	310,000	1,767,761	1,767,761	0
Interest and Fiscal Charges	31,583	74,703	74,703	0
Total Expenditures	<u>373,583</u>	<u>1,874,464</u>	<u>1,854,332</u>	<u>20,132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	176,417	(1,324,464)	(1,390,444)	(65,980)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	1,457,760	1,399,745	(58,015)
Advances Out	(9,300)	(9,300)	(9,300)	0
Total Other Financing Sources (Uses)	<u>(9,300)</u>	<u>1,448,460</u>	<u>1,390,445</u>	<u>(58,015)</u>
Net Change in Fund Balance	167,117	123,996	1	(123,995)
Fund Balance at Beginning of Year	10,059	10,059	10,059	0
Prior Year Encumbrances	10,000	10,000	10,000	0
Fund Balance at End of Year	<u>\$ 187,176</u>	<u>\$ 144,055</u>	<u>\$ 20,060</u>	<u>\$ (123,995)</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, 2017**

	<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:				
Debt Service:				
Principal Retirement	0	1,800,000	1,800,000	0
Interest and Fiscal Charges	<u>0</u>	<u>20,700</u>	<u>20,700</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>1,820,700</u>	<u>1,820,700</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(1,820,700)	(1,820,700)	0
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	1,620,000	1,620,000	0
Transfers In	<u>0</u>	<u>200,700</u>	<u>200,700</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,820,700</u>	<u>1,820,700</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
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>\$ 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 Permanent Fund
For the Year Ended December 31, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CEMETERY TRUST FUND				
Revenues:				
Charges for Services	\$ 0	\$ 0	\$ 24,540	\$ 24,540
Total Revenues	0	0	24,540	24,540
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	24,540	24,540
Other Financing Sources (Uses):				
Transfers Out	0	(110,000)	(110,000)	0
Total Other Financing Sources (Uses)	0	(110,000)	(110,000)	0
Net Change in Fund Balance	0	(110,000)	(85,460)	24,540
Fund Balance at Beginning of Year	1,076,345	1,076,345	1,076,345	0
Fund Balance at End of Year	\$ 1,076,345	\$ 966,345	\$ 990,885	\$ 24,540

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.

Fuel Depot Fund

To account for the operation of the fuel depot for services provided for departments within the City and outside agencies that are exempt from the federal excise tax.

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, 2017**

	Utilities Collection	Fuel Depot	Information Services	Health Insurance Management	Total
Assets:					
<i>Current Assets:</i>					
Cash and Cash Equivalents	\$ 534,368	\$ 96,295	\$ 293,325	\$ 143,978	\$ 1,067,966
Cash and Cash Equivalents with Fiscal Agent	0	0	0	2,469,752	2,469,752
<i>Receivables:</i>					
Accounts	0	22,912	0	0	22,912
Inventory of Supplies at Cost	24,514	19,624	13,976	0	58,114
Prepaid Items	432	0	0	0	432
Total Current Assets	559,314	138,831	307,301	2,613,730	3,619,176
<i>Non Current Assets:</i>					
Capital Assets Being Depreciated, Net	84,270	0	723,135	0	807,405
Total capital assets (net of accumulated depreciation)	84,270	0	723,135	0	807,405
Total Assets	643,584	138,831	1,030,436	2,613,730	4,426,581
Deferred Outflows of Resources:					
Pension	480,812	0	232,277	0	713,089
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	24,514	72,464	7,207	0	104,185
Accrued Wages and Benefits	26,630	0	13,111	0	39,741
Claims Payable	0	0	0	761,843	761,843
Capital Lease Payable-Current	6,917	0	0	0	6,917
Compensated Absences Payable - Current	15,906	0	9,688	0	25,594
Total Current Liabilities	73,967	72,464	30,006	761,843	938,280
<i>Long Term Liabilities:</i>					
Capital Leases Payable	7,436	0	0	0	7,436
Compensated Absences Payable	254,146	0	76,582	0	330,728
Net Pension Liability	1,244,687	0	601,299	0	1,845,986
Total Liabilities	1,580,236	72,464	707,887	761,843	3,122,430
Deferred Inflows of Resources:					
Pension	23,976	0	11,582	0	35,558
Net Position:					
Net Investment in Capital Assets	69,917	0	723,135	0	793,052
Unrestricted	(549,733)	66,367	(179,891)	1,851,887	1,188,630
Total Net Position	\$ (479,816)	\$ 66,367	\$ 543,244	\$ 1,851,887	\$ 1,981,682

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2017**

	Utilities Collection	Fuel Depot	Information Services	Health Insurance Management	Total
Operating Revenues:					
Charges for Services	\$ 1,137,151	\$ 724,323	\$ 792,935	\$ 6,393,765	\$ 9,048,174
Other Operating Revenue	44,451	0	17,156	0	61,607
Total Operating Revenues	1,181,602	724,323	810,091	6,393,765	9,109,781
Operating Expenses:					
Personal Services	1,313,364	0	517,294	0	1,830,658
Contractual Services	234,653	9,301	177,347	0	421,301
Materials and Supplies	177,264	677,973	7,130	0	862,367
Depreciation	27,190	0	132,889	0	160,079
Health Insurance Claims	0	0	0	6,815,579	6,815,579
Total Operating Expenses	1,752,471	687,274	834,660	6,815,579	10,089,984
Operating Income (Loss)	(570,869)	37,049	(24,569)	(421,814)	(980,203)
Nonoperating Revenue (Expenses):					
Interest Expense	0	0	(1,019)	0	(1,019)
Loss on Disposal of Capital Assets	(499)	0	(6,138)	0	(6,637)
Total Nonoperating Revenues (Expenses)	(499)	0	(7,157)	0	(7,656)
Income (Loss) Before Transfers	(571,368)	37,049	(31,726)	(421,814)	(987,859)
Transfers In	0	0	64,419	12,000	76,419
Change in Net Position	(571,368)	37,049	32,693	(409,814)	(911,440)
Net Position Beginning of Year	91,552	29,318	510,551	2,261,701	2,893,122
Net Position End of Year	\$ (479,816)	\$ 66,367	\$ 543,244	\$ 1,851,887	\$ 1,981,682

CITY OF LANCASTER, OHIO

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2017**

	Utilities Collection	Fuel Depot	Information Services	Health Insurance Management	Totals
Cash Flows from Operating Activities:					
Cash Received from Interfund Services	\$1,181,602	\$722,260	\$810,091	\$6,393,765	\$9,107,718
Cash Payments for Goods and Services	(204,498)	(683,265)	(125,288)	0	(1,013,051)
Cash Payments to and on behalf of Employees	(1,129,868)	0	(523,645)	0	(1,653,513)
Cash Payments for Claims	0	0	0	(6,555,858)	(6,555,858)
Cash Payments for Interfund Services	(253,107)	0	(73,939)	0	(327,046)
Net Cash Provided (Used) by Operating Activities	(405,871)	38,995	87,219	(162,093)	(441,750)
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	0	0	64,419	12,000	76,419
Net Cash Provided by Noncapital Financing Activities	0	0	64,419	12,000	76,419
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Assets	(43,055)	0	(4,200)	0	(47,255)
Principal Paid on Installment Loan	0	0	(63,381)	0	(63,381)
Capital Lease Payments	(6,593)	0	0	0	(6,593)
Interest Paid on All Debt	0	0	(1,038)	0	(1,038)
Net Cash Used by Capital and Related Financing Activities	(49,648)	0	(68,619)	0	(118,267)
Net Increase (Decrease) in Cash and Cash Equivalents	(455,519)	38,995	83,019	(150,093)	(483,598)
Cash and Cash Equivalents at Beginning of Year	989,887	57,300	210,306	2,763,823	4,021,316
Cash and Cash Equivalents at End of Year	\$534,368	\$96,295	\$293,325	\$2,613,730	\$3,537,718
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	(\$570,869)	\$37,049	(\$24,569)	(\$421,814)	(\$980,203)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	27,190	0	132,889	0	160,079
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
Increase in Accounts Receivable	0	(2,063)	0	0	(2,063)
(Increase) Decrease in Inventory	(1,411)	8,796	(12,243)	0	(4,858)
Increase in Prepaid Items	(26)	0	0	0	(26)
(Increase) Decrease in Deferred Outflows of Resour	(120,754)	0	1,794	0	(118,960)
Decrease in Accounts Payable	(43,498)	(4,787)	(2,479)	0	(50,764)
Increase (Decrease) in Accrued Wages and Benefits	1,550	0	(355)	0	1,195
Increase (Decrease) in Compensated Absences	(1,944)	0	6,492	0	4,548
Increase (Decrease) in Net Pension Liability	298,203	0	(14,003)	0	284,200
Increase (Decrease) in Deferred Outflows of Resour	5,688	0	(307)	0	5,381
Increase in Claims Payable	0	0	0	259,721	259,721
Total Adjustments	164,998	1,946	111,788	259,721	538,453
Net Cash Provided (Used) by Operating Activities	(\$405,871)	\$38,995	\$87,219	(\$162,093)	(\$441,750)

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, 2017**

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
Street Deposit Fund				
Assets:				
Cash and Cash Equivalents	\$7,000	\$0	(\$7,000)	\$0
Total Assets	<u>\$7,000</u>	<u>\$0</u>	<u>(\$7,000)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$7,000	\$0	(\$7,000)	\$0
Total Liabilities	<u>\$7,000</u>	<u>\$0</u>	<u>(\$7,000)</u>	<u>\$0</u>
Municipal Court Fund				
Assets:				
Cash and Cash Equivalents	\$144,341	\$4,855,825	(\$4,842,981)	\$157,185
Total Assets	<u>\$144,341</u>	<u>\$4,855,825</u>	<u>(\$4,842,981)</u>	<u>\$157,185</u>
Liabilities:				
Due to Other Funds	\$4,177	\$2,280,023	(\$2,280,211)	\$3,989
Intergovernmental Payable	0	1,149,273	(1,149,273)	0
Due to Others	140,164	1,426,529	(1,413,497)	153,196
Total Liabilities	<u>\$144,341</u>	<u>\$4,855,825</u>	<u>(\$4,842,981)</u>	<u>\$157,185</u>
Law Library Fund				
Assets:				
Cash and Cash Equivalents	\$0	\$57,104	(\$57,104)	\$0
Due from Other Funds	4,177	3,989	(4,177)	3,989
Total Assets	<u>\$4,177</u>	<u>\$61,093</u>	<u>(\$61,281)</u>	<u>\$3,989</u>
Liabilities:				
Intergovernmental Payable	\$4,177	\$61,093	(\$61,281)	\$3,989
Total Liabilities	<u>\$4,177</u>	<u>\$61,093</u>	<u>(\$61,281)</u>	<u>\$3,989</u>
Utility Overpayment Fund				
Assets:				
Cash and Cash Equivalents	\$190,208	\$33,561	(\$42,161)	\$181,608
Total Assets	<u>\$190,208</u>	<u>\$33,561</u>	<u>(\$42,161)</u>	<u>\$181,608</u>
Liabilities:				
Due to Others	\$190,208	\$33,561	(\$42,161)	\$181,608
Total Liabilities	<u>\$190,208</u>	<u>\$33,561</u>	<u>(\$42,161)</u>	<u>\$181,608</u>
Totals - All Agency Funds				
Assets:				
Cash and Cash Equivalents	\$341,549	\$4,946,490	(\$4,949,246)	\$338,793
Due from Other Funds	4,177	3,989	(4,177)	3,989
Total Assets	<u>\$345,726</u>	<u>\$4,950,479</u>	<u>(\$4,953,423)</u>	<u>\$342,782</u>
Liabilities:				
Due to Other Funds	\$4,177	\$2,280,023	(\$2,280,211)	\$3,989
Intergovernmental Payables	4,177	1,210,366	(1,210,554)	3,989
Due to Others	337,372	1,460,090	(1,462,658)	334,804
Total Liabilities	<u>\$345,726</u>	<u>\$4,950,479</u>	<u>(\$4,953,423)</u>	<u>\$342,782</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, Ohio

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

	2008	Restated 2009	2010	Restated 2011
Governmental Activities:				
Net Investment in Capital Assets	\$29,763,541	\$30,016,277	\$29,963,075	\$29,585,924
Restricted	7,482,942	8,350,592	8,914,509	10,612,142
Unrestricted	2,697,692	2,643,683	1,265,734	169,239
Total Governmental Activities Net Position	<u>\$39,944,175</u>	<u>\$41,010,552</u>	<u>\$40,143,318</u>	<u>\$40,367,305</u>
Business-type Activities:				
Net Investment in Capital Assets	\$37,984,626	\$38,448,219	\$42,163,722	\$40,715,175
Restricted	2,561,847	3,854,911	2,553,537	2,553,685
Unrestricted (Deficit)	25,478,180	1,665,210	(10,991,395)	(23,896,398)
Total Business-type Activities Net Position	<u>\$66,024,653</u>	<u>\$43,968,340</u>	<u>\$33,725,864</u>	<u>\$19,372,462</u>
Primary Government:				
Net Investment in Capital Assets	\$67,748,167	\$68,464,496	\$72,126,797	\$70,301,099
Restricted	10,044,789	12,205,503	11,468,046	13,165,827
Unrestricted	28,175,872	4,308,893	(9,725,661)	(23,727,159)
Total Primary Government Net Position	<u>\$105,968,828</u>	<u>\$84,978,892</u>	<u>\$73,869,182</u>	<u>\$59,739,767</u>

Source: City Auditor's Office

City of Lancaster, Ohio

2012	2013	Restated 2014	2015	2016	2017
\$30,705,182	\$34,859,182	\$38,638,721	\$41,576,482	\$44,062,621	\$46,837,859
10,328,275	10,580,754	11,237,072	11,077,774	10,154,360	9,467,802
3,783,554	5,391,809	(18,847,439)	(17,997,524)	(19,731,872)	(22,642,607)
<u>\$44,817,011</u>	<u>\$50,831,745</u>	<u>\$31,028,354</u>	<u>\$34,656,732</u>	<u>\$34,485,109</u>	<u>\$33,663,054</u>
\$40,307,130	\$42,495,213	\$46,787,496	\$54,167,749	\$59,487,303	\$62,067,035
2,479,228	2,469,200	2,469,033	2,469,078	2,342,642	2,351,745
(32,023,328)	(41,515,012)	(53,909,879)	(56,322,159)	(53,545,337)	(50,305,137)
<u>\$10,763,030</u>	<u>\$3,449,401</u>	<u>(\$4,653,350)</u>	<u>\$314,668</u>	<u>\$8,284,608</u>	<u>\$14,113,643</u>
\$71,012,312	\$77,354,395	\$85,426,217	\$95,744,231	\$103,549,924	\$108,904,894
12,807,503	13,049,954	13,706,105	13,546,852	12,497,002	11,819,547
(28,239,774)	(36,123,203)	(72,757,318)	(74,319,683)	(73,277,209)	(72,947,744)
<u>\$55,580,041</u>	<u>\$54,281,146</u>	<u>\$26,375,004</u>	<u>\$34,971,400</u>	<u>\$42,769,717</u>	<u>\$47,776,697</u>

City of Lancaster, Ohio

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

	2008	2009	2010	Restated 2011
Expenses				
Governmental Activities:				
Security of Persons and Property	\$18,208,576	\$17,891,385	\$17,701,539	\$17,530,462
Public Health and Welfare Services	913,831	876,750	824,685	754,085
Leisure Time Activities	1,703,779	1,853,442	1,953,298	1,958,087
Community Environment	921,428	671,940	842,850	817,834
Transportation	4,540,208	4,801,342	5,224,430	5,037,685
General Government	7,903,080	7,644,288	9,532,402	7,369,038
Interest and Fiscal Charges	530,870	442,382	343,326	339,535
<i>Total Governmental Activities Expenses</i>	34,721,772	34,181,529	36,422,530	33,806,726
Business-type Activities:				
Gas	29,486,089	19,307,808	16,287,581	14,805,525
Water	9,024,527	9,251,932	8,959,229	9,136,690
Water Pollution	8,085,696	7,864,490	7,223,678	8,441,640
Sanitation	3,364,602	3,352,104	3,333,154	3,533,473
Storm Water	1,624,711	1,546,057	2,052,733	1,786,087
Port Authority	0	0	23,188,889	21,285,796
<i>Total Business-type Activities Expenses</i>	51,585,625	41,322,391	61,045,264	58,989,211
<i>Total Primary Government Expenses</i>	\$86,307,397	\$75,503,920	\$97,467,794	\$92,795,937
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$2,100,254	\$2,384,863	\$2,300,078	\$2,161,188
Public Health and Welfare Services	233,239	240,408	216,399	251,757
Leisure Time Activities	530,383	376,401	415,566	396,589
Community Environment	99,804	96,235	85,720	97,824
Transportation	770,556	790,241	825,039	813,495
General Government	1,998,226	1,943,677	2,302,119	2,151,906
Operating Grants and Contributions	6,257,136	5,070,598	4,358,354	5,523,719
Capital Grants and Contributions	1,248,952	0	797,834	498,035
<i>Total Governmental Activities Program Revenues</i>	13,238,550	10,902,423	11,301,109	11,894,513

City of Lancaster, Ohio

2012	2013	2014	2015	2016	2017
\$15,424,941	\$16,617,988	\$16,849,215	\$17,702,358	\$19,853,945	\$19,504,799
744,949	857,082	785,007	1,232,576	855,731	903,382
1,893,828	1,810,306	2,256,990	2,135,524	2,336,363	2,490,616
825,620	688,405	873,446	725,687	995,091	821,972
6,385,975	4,825,294	6,817,662	6,477,311	6,887,838	6,897,020
9,512,336	7,943,615	7,840,741	7,927,531	8,712,430	10,430,660
329,507	355,061	416,240	517,344	505,547	482,033
<u>35,117,156</u>	<u>33,097,751</u>	<u>35,839,301</u>	<u>36,718,331</u>	<u>40,146,945</u>	<u>41,530,482</u>
12,339,382	14,481,150	15,574,440	13,583,412	11,271,767	13,411,673
8,689,156	8,193,295	8,468,594	8,163,396	8,100,342	8,455,739
9,525,692	9,576,190	9,729,438	9,087,256	9,565,843	9,597,039
3,205,787	3,197,770	3,274,326	3,226,109	3,274,150	3,871,760
1,717,429	1,941,058	1,807,062	1,974,803	1,778,616	2,561,602
17,564,850	18,664,845	17,208,616	6,638,568	6,265,348	6,168,445
<u>53,042,296</u>	<u>56,054,308</u>	<u>56,062,476</u>	<u>42,673,544</u>	<u>40,256,066</u>	<u>44,066,258</u>
<u>\$88,159,452</u>	<u>\$89,152,059</u>	<u>\$91,901,777</u>	<u>\$79,391,875</u>	<u>\$80,403,011</u>	<u>\$85,596,740</u>
\$2,355,439	\$2,720,979	\$2,231,913	\$2,195,779	\$2,214,724	\$2,306,416
242,805	235,910	230,884	206,503	216,640	231,257
509,880	351,611	502,389	346,570	369,206	388,952
88,238	65,761	77,256	75,115	79,245	72,519
777,280	955,710	1,378,452	1,414,529	1,289,483	1,537,874
2,522,371	2,438,708	3,111,858	2,903,193	2,784,562	2,724,061
8,668,164	5,242,074	4,791,064	5,063,305	4,697,405	4,626,308
169,670	3,173,702	4,326,483	1,223,675	863,655	1,455,314
<u>15,333,847</u>	<u>15,184,455</u>	<u>16,650,299</u>	<u>13,428,669</u>	<u>12,514,920</u>	<u>13,342,701</u>

(continued)

City of Lancaster, Ohio

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

	2008	2009	2010	Restated 2011
Business-type Activities:				
Charges for Services				
Gas	26,425,358	22,023,964	17,258,590	15,206,268
Water	8,626,257	8,408,759	8,243,228	7,917,801
Water Pollution	8,194,701	8,231,224	8,708,143	10,010,386
Sanitation	3,570,408	3,592,904	3,572,689	3,583,806
Storm Water	1,745,794	1,899,584	2,107,985	2,327,529
Port Authority	0	0	9,350,923	8,626,192
Operating Grants and Contributions	0	146,543	194,145	256,255
Capital Grants and Contributions	1,340,484	47,589	1,042,287	144,389
<i>Total Business-type Activities Program Revenues</i>	49,903,002	44,350,567	50,477,990	48,072,626
<i>Total Primary Government Program Revenues</i>	63,141,552	55,252,990	61,779,099	59,967,139
Net (Expense)/Revenue				
Governmental Activities	(21,483,222)	(23,279,106)	(25,121,421)	(21,912,213)
Business-type Activities	(1,682,623)	3,028,176	(10,567,274)	(10,916,585)
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$23,165,845)	(\$20,250,930)	(\$35,688,695)	(\$32,828,798)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$1,946,225	\$2,093,725	\$1,914,780	\$1,967,069
Special Purposes	383,601	417,000	394,315	446,119
Debt Service	0	0	228,307	332,919
Capital Outlay	0	0	258,061	38,576
Income Taxes	17,366,985	17,456,314	17,212,521	15,838,417
Other Local Taxes	577,976	517,840	543,579	585,100
Intergovernmental Revenue, Unrestricted	3,170,617	2,739,915	3,076,212	2,313,912
Investment Earnings	802,558	529,545	328,465	326,671
Miscellaneous	588,164	806,267	622,745	308,819
Transfers	(1,428,140)	(215,123)	(324,798)	(21,402)
<i>Total Governmental Activities</i>	23,407,986	24,345,483	24,254,187	22,136,200
Business-type Activities:				
Special Item - Legal Settlement	441,880	0	0	0
Transfers	1,428,140	215,123	324,798	21,402
<i>Total Business-type Activities</i>	1,870,020	215,123	324,798	21,402
<i>Total Primary Government</i>	\$25,278,006	\$24,560,606	\$24,578,985	\$22,157,602
Change in Net Position				
Governmental Activities	\$1,924,764	\$1,066,377	(\$867,234)	\$223,987
Business-type Activities	187,397	3,243,299	(10,242,476)	(10,895,183)
<i>Total Primary Government Change in Net Position</i>	\$2,112,161	\$4,309,676	(\$11,109,710)	(\$10,671,196)

Source: City Auditor's Office

City of Lancaster, Ohio

2012	2013	2014	2015	2016	2017
12,786,252	15,121,742	17,597,507	14,060,793	12,419,202	13,346,170
8,172,166	7,891,739	7,991,000	8,229,806	8,645,087	8,947,621
10,620,930	11,082,399	11,278,415	11,442,588	12,175,681	12,599,473
3,687,918	3,635,892	3,655,721	3,767,681	3,914,303	3,839,528
2,726,348	2,956,331	3,000,829	3,015,638	3,041,305	2,892,094
5,798,134	7,748,116	9,474,189	5,672,858	5,290,812	6,529,140
163,697	198,065	149,107	203,559	1,647,722	1,107,583
432,880	106,395	0	1,248,639	1,082,611	633,684
<u>44,388,325</u>	<u>48,740,679</u>	<u>53,146,768</u>	<u>47,641,562</u>	<u>48,216,723</u>	<u>49,895,293</u>
<u>59,722,172</u>	<u>63,925,134</u>	<u>69,797,067</u>	<u>61,070,231</u>	<u>60,731,643</u>	<u>63,237,994</u>
(19,783,309)	(17,913,296)	(19,189,002)	(23,289,662)	(27,632,025)	(28,187,781)
<u>(8,653,971)</u>	<u>(7,313,629)</u>	<u>(2,915,708)</u>	<u>4,968,018</u>	<u>7,960,657</u>	<u>5,829,035</u>
<u>(\$28,437,280)</u>	<u>(\$25,226,925)</u>	<u>(\$22,104,710)</u>	<u>(\$18,321,644)</u>	<u>(\$19,671,368)</u>	<u>(\$22,358,746)</u>
\$1,787,647	\$1,775,753	\$1,769,125	\$1,768,791	\$1,746,676	\$1,886,173
404,582	392,439	2,530,507	2,288,683	2,247,405	2,387,133
332,419	331,819	331,119	331,769	330,869	334,119
158,607	135,935	157,845	175,432	247,126	129,768
18,218,093	17,948,988	18,135,381	19,459,814	20,293,739	19,528,225
617,585	618,634	624,904	644,847	621,499	683,298
1,493,621	1,794,651	1,468,722	1,519,113	1,261,622	1,260,634
272,735	110,281	328,271	302,372	130,686	431,605
992,265	819,530	585,543	427,219	590,063	724,771
(44,539)	0	0	0	(9,283)	0
<u>24,233,015</u>	<u>23,928,030</u>	<u>25,931,417</u>	<u>26,918,040</u>	<u>27,460,402</u>	<u>27,365,726</u>
0	0	0	0	0	0
44,539	0	0	0	9,283	0
<u>44,539</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,283</u>	<u>0</u>
<u>\$24,277,554</u>	<u>\$23,928,030</u>	<u>\$25,931,417</u>	<u>\$26,918,040</u>	<u>\$27,469,685</u>	<u>\$27,365,726</u>
\$4,449,706	\$6,014,734	\$6,742,415	\$3,628,378	(\$171,623)	(\$822,055)
(8,609,432)	(7,313,629)	(2,915,708)	4,968,018	7,969,940	5,829,035
<u>(\$4,159,726)</u>	<u>(\$1,298,895)</u>	<u>\$3,826,707</u>	<u>\$8,596,396</u>	<u>\$7,798,317</u>	<u>\$5,006,980</u>

City of Lancaster, Ohio

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

	2008	2009	2010	2011
General Fund				
Nonspendable	\$0	\$0	\$0	\$211,052
Assigned	0	0	0	430,940
Unassigned	0	0	0	3,341,770
Reserved	269,862	309,687	311,485	0
Unreserved	3,153,883	2,829,674	3,362,329	0
Total General Fund	<u>3,423,745</u>	<u>3,139,361</u>	<u>3,673,814</u>	<u>3,983,762</u>
All Other Governmental Funds				
Nonspendable	0	0	0	2,919,211
Restricted	0	0	0	5,972,886
Committed	0	0	0	1,000,075
Unassigned	0	0	0	(2,224,855)
Reserved	2,801,159	3,044,531	3,023,660	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	3,670,910	4,082,531	4,848,172	0
Capital Projects Funds	(5,744,111)	(4,330,894)	(2,010,441)	0
Total All Other Governmental Funds	<u>727,958</u>	<u>2,796,168</u>	<u>5,861,391</u>	<u>7,667,317</u>
Total Governmental Funds	<u><u>\$4,151,703</u></u>	<u><u>\$5,935,529</u></u>	<u><u>\$9,535,205</u></u>	<u><u>\$11,651,079</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, Ohio

2012	2013	2014	2015	2016	2017
\$237,825	\$218,362	\$184,142	\$186,934	\$232,405	\$140,780
1,581,288	1,242,718	1,335,785	1,358,651	1,303,159	2,987,873
3,614,790	5,251,121	5,482,881	5,684,567	6,518,690	5,069,422
0	0	0	0	0	0
0	0	0	0	0	0
<u>5,433,903</u>	<u>6,712,201</u>	<u>7,002,808</u>	<u>7,230,152</u>	<u>8,054,254</u>	<u>8,198,075</u>
3,037,984	3,019,060	3,018,879	2,974,874	1,392,532	1,305,960
5,980,246	6,525,938	13,494,830	7,070,766	8,185,382	7,080,577
1,560,269	1,323,924	1,965,953	2,006,007	2,041,240	2,177,475
(2,249,664)	(2,656,486)	(1,805,141)	(2,158,940)	(3,430,546)	(3,183,154)
0	0	0	0	0	0
0	0	0	0	0	0
<u>8,328,835</u>	<u>8,212,436</u>	<u>16,674,521</u>	<u>9,892,707</u>	<u>8,188,608</u>	<u>7,380,858</u>
<u>\$13,762,738</u>	<u>\$14,924,637</u>	<u>\$23,677,329</u>	<u>\$17,122,859</u>	<u>\$16,242,862</u>	<u>\$15,578,933</u>

City of Lancaster, Ohio

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

	2008	2009	2010	2011
Revenues:				
Taxes	\$19,650,167	\$19,672,863	\$20,068,678	\$19,653,652
Intergovernmental Revenues	8,188,157	8,496,589	8,720,285	8,205,296
Charges for Services	4,345,079	4,192,295	4,398,036	4,110,825
Licenses and Permits	24,362	30,148	23,460	24,320
Investment Earnings	864,986	541,123	343,123	311,047
Special Assessments	137,351	128,276	118,993	140,063
Fines and Forfeitures	1,633,932	1,892,301	2,039,847	2,071,956
All Other Revenue	712,682	740,067	729,522	442,006
Total Revenue	35,556,716	35,693,662	36,441,944	34,959,165
Expenditures:				
Current:				
Security of Persons and Property	17,825,296	17,282,106	17,765,918	16,737,295
Public Health and Welfare Services	947,332	861,469	827,523	744,821
Leisure Time Activities	2,138,133	1,930,845	1,891,191	1,819,231
Community Environment	938,993	914,314	840,683	825,150
Transportation	4,126,802	4,405,233	4,572,787	3,920,300
General Government	7,667,476	7,342,691	8,317,591	7,115,172
Capital Outlay	3,172,798	825,694	703,024	920,837
Debt Service:				
Principal Retirement	1,139,743	413,171	643,299	747,956
Interest and Fiscal Charges	539,724	448,980	351,966	325,674
Total Expenditures	38,496,297	34,424,503	35,913,982	33,156,436
Excess (Deficiency) of Revenues Over Expenditures	(2,939,581)	1,269,159	527,962	1,802,729

City of Lancaster, Ohio

2012	2013	2014	2015	2016	2017
\$20,167,837	\$20,522,054	\$22,629,962	\$23,802,285	\$25,039,914	\$24,444,584
10,125,086	9,925,610	10,402,482	7,574,806	6,146,543	6,718,005
4,463,521	5,018,577	5,376,488	5,163,513	5,205,674	5,368,744
26,190	21,320	30,544	24,527	21,640	19,345
314,243	117,176	322,355	281,853	138,918	441,291
122,408	99,710	116,689	112,508	120,658	109,350
2,313,306	2,111,093	2,339,400	2,338,992	2,011,572	2,223,888
1,089,910	849,946	770,866	395,121	599,899	740,648
<u>38,622,501</u>	<u>38,665,486</u>	<u>41,988,786</u>	<u>39,693,605</u>	<u>39,284,818</u>	<u>40,065,855</u>

16,629,053	16,396,860	16,387,166	16,760,874	17,243,275	17,646,731
759,395	897,647	791,543	1,249,017	822,750	905,566
1,901,633	1,840,118	1,994,089	1,847,968	1,912,169	2,152,419
827,142	687,389	884,703	724,103	982,147	785,013
4,309,998	4,443,455	6,722,387	7,635,265	6,911,218	7,592,879
7,290,528	7,490,162	8,216,413	7,579,778	8,526,437	8,867,751
4,489,551	4,721,837	6,324,867	8,961,855	2,399,353	1,492,592
769,591	969,263	1,390,042	1,358,335	1,226,164	1,262,897
332,330	352,094	395,077	521,659	501,561	478,803
<u>37,309,221</u>	<u>37,798,825</u>	<u>43,106,287</u>	<u>46,638,854</u>	<u>40,525,074</u>	<u>41,184,651</u>

1,313,280	866,661	(1,117,501)	(6,945,249)	(1,240,256)	(1,118,796)
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(Continued)

City of Lancaster, Ohio

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

	2008	2009	2010	2011
Other Financing Sources (Uses):				
Other Financing Sources - Capital Leases	126,409	518,545	18,882	0
Housing and Urban Development Loan	760,000	0	0	0
Ohio Public Works Commission Loan	0	0	0	0
Ohio Water Development Authority Loans	0	0	337,247	61,428
General Obligation Bonds Issued	0	0	2,800,000	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	199,141
Transfers In	1,762,994	1,989,769	1,803,367	1,267,822
Transfers Out	(1,786,988)	(2,032,945)	(1,878,889)	(1,289,224)
Total Other Financing Sources (Uses)	<u>862,415</u>	<u>475,369</u>	<u>3,080,607</u>	<u>239,167</u>
Net Change in Fund Balance	<u>(\$2,077,166)</u>	<u>\$1,744,528</u>	<u>\$3,608,569</u>	<u>\$2,041,896</u>
Debt Service as a Percentage of Noncapital Expenditures	4.70%	2.63%	2.91%	3.40%

Source: City Auditor's Office

City of Lancaster, Ohio

2012	2013	2014	2015	2016	2017
9,806	20,751	423,428	469,044	244,069	625,000
0	0	0	0	0	0
0	0	0	0	210,428	0
0	0	0	0	0	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	0
1,049,337	470,575	0	0	0	0
1,288,514	2,035,399	11,404,518	11,887,104	11,523,088	11,847,598
(1,633,053)	(2,214,087)	(11,469,006)	(11,951,592)	(11,664,159)	(11,924,017)
<u>714,604</u>	<u>312,638</u>	<u>9,894,411</u>	<u>404,556</u>	<u>313,426</u>	<u>548,581</u>
<u>\$2,027,884</u>	<u>\$1,179,299</u>	<u>\$8,776,910</u>	<u>(\$6,540,693)</u>	<u>(\$926,830)</u>	<u>(\$570,215)</u>
3.10%	4.07%	4.95%	5.33%	4.75%	4.65%

City of Lancaster, Ohio

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Income Tax Rate	1.75%	1.75%	1.75%	1.75%
Estimated Personal Income (in thousands)	\$1,201,987	\$1,211,789	\$1,214,457	\$1,301,806
Total Tax Collected	\$16,746,431	\$16,819,420	\$17,320,421	\$16,703,561
Income Tax Receipts				
Withholding	12,953,012	12,867,716	13,193,795	13,238,524
Percentage	77.35%	76.51%	76.17%	79.25%
Corporate	1,707,499	2,005,248	2,192,628	1,609,683
Percentage	10.20%	11.92%	12.66%	9.64%
Individuals	2,085,920	1,946,456	1,933,998	1,855,354
Percentage	12.45%	11.57%	11.17%	11.11%

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, Ohio

2012	2013	2014	2015	2016	2017
1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
\$1,396,920	\$1,543,778	\$1,566,749	\$1,595,603	\$1,675,569	\$1,675,569
\$17,457,624	\$17,750,771	\$17,809,533	\$18,672,494	\$20,100,001	\$19,944,236
13,557,810	13,659,993	13,883,166	14,439,064	15,248,970	15,278,799
77.66%	76.96%	77.96%	77.34%	75.88%	76.62%
1,649,607	1,932,043	1,897,976	2,067,737	2,444,653	2,413,546
9.45%	10.88%	10.66%	11.07%	12.16%	12.10%
2,250,207	2,158,735	2,028,391	2,165,693	2,406,378	2,251,891
12.89%	12.16%	11.38%	11.59%	11.96%	11.28%



City of Lancaster, Ohio

*Income Tax Collections
Current Year and Nine Years Ago*

Calendar Year 2017				
<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%	\$5,787,944	29.02%
All Others	9,719	99.90%	14,156,292	70.98%
Total	9,729	100.00%	\$19,944,236	100.00%

Calendar Year 2008				
<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%	\$4,943,002	29.52%
All Others	10,766	99.91%	11,803,429	70.48%
Total	10,776	100.00%	\$16,746,431	100.00%

Source: City Income Tax Department

City of Lancaster, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	2008	2009	2010	2011
Governmental Activities ⁽¹⁾				
Housing and Urban Development Loan Payable	\$760,000	\$670,000	\$580,000	\$490,000
Ohio Public Works Commission Loan Payable	76,076	69,990	63,904	57,818
Ohio Water Development Authority Loans Payable	0	0	337,247	391,485
Special Assessment Bonds Payable	277,000	261,500	245,000	228,000
General Obligation Bonds Payable	3,500,000	3,335,000	5,745,000	5,295,000
State Infrastructure Bank Loan Payable	1,047,292	910,707	769,994	610,821
Installment Loan Payable	0	0	0	180,634
Capital Leases	641,890	750,733	532,216	356,584
Business-type Activities ⁽¹⁾				
Ohio Water Development Authority Loans Payable	\$36,365,393	\$41,534,180	\$58,381,455	\$60,996,820
Revenue Bonds Payable	379,339,585	373,688,481	369,297,377	365,281,273
Installment Loan Payable	0	0	0	0
Ohio Rail Development Commission Loan	0	100,808	53,060	4,136
Capital Leases	343,706	287,311	200,470	83,832
Total Primary Government	<u>\$422,350,942</u>	<u>\$421,608,710</u>	<u>\$436,205,723</u>	<u>\$433,976,403</u>
Population ⁽²⁾				
City of Lancaster	36,608	37,680	37,243	38,780
Outstanding Debt Per Capita	\$11,537	\$11,189	\$11,712	\$11,191
Income ⁽³⁾				
Personal (in thousands)	1,201,987	1,211,789	1,214,457	1,301,806
Percentage of Personal Income	35.14%	34.79%	35.92%	33.34%

Sources:

- (1) Source: City Auditor's Office
- (2) Lancaster Community Development Department estimates (2008- 2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2017)
- (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, Ohio

2012	2013	2014	2015	2016	2017
\$400,000	\$310,000	\$220,000	\$130,000	\$40,000	\$0
54,775	45,646	39,560	33,474	240,859	192,686
376,754	361,723	346,088	329,941	313,264	296,041
210,000	191,000	171,000	150,000	128,000	99,050
4,835,000	4,360,000	13,177,942	12,369,244	11,541,185	10,688,126
464,867	314,502	159,592	0	0	0
1,492,108	1,695,230	1,378,506	1,053,040	739,482	438,492
184,820	114,214	447,016	737,330	780,396	1,175,358
\$56,434,105	\$52,134,520	\$47,606,083	\$43,497,740	\$39,590,748	\$36,000,351
361,341,879	356,703,101	347,855,825	334,188,997	321,226,153	306,054,973
0	0	0	0	1,050,000	700,000
0	0	0	0	0	0
325,974	280,665	233,665	165,790	108,017	360,429
<u>\$426,120,282</u>	<u>\$416,510,601</u>	<u>\$411,635,277</u>	<u>\$392,655,556</u>	<u>\$375,758,104</u>	<u>\$356,005,506</u>
38,880	39,359	38,854	38,780	39,848	39,848
\$10,960	\$10,582	\$10,594	\$10,125	\$9,430	\$8,934
1,396,920	1,543,778	1,566,749	1,595,603	1,675,569	1,675,569
30.50%	26.98%	26.27%	24.61%	22.43%	21.25%

City of Lancaster, Ohio

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2008	2009	2010	2011
Population ⁽¹⁾	36,608	37,680	37,243	38,780
Assessed Value ⁽²⁾	\$759,216,664	\$745,611,660	\$737,068,930	\$718,274,700
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$3,500,000	\$3,335,000	\$5,745,000	\$5,295,000
Resources Available to Pay Principal ⁽⁴⁾	\$97,729	\$97,729	\$91,191	\$91,191
Net General Bonded Debt	\$3,402,271	\$3,237,271	\$5,653,809	\$5,203,809
Ratio of Net Bonded Debt to Assessed Value	0.45%	0.43%	0.77%	0.72%
Net Bonded Debt per Capita	\$92.94	\$85.91	\$151.81	\$134.19

Source:

- (1) Lancaster Community Development Department estimates (2008- 2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2017)
- (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, Ohio

2012	2013	2014	2015	2016	2017
38,880	39,359	38,854	38,780	39,848	39,848
\$723,028,400	\$727,831,260	\$722,645,450	\$719,521,390	\$722,023,270	\$740,245,390
\$4,835,000	\$4,360,000	\$13,177,942	\$12,369,244	\$11,541,185	\$10,688,126
\$91,191	\$91,191	\$0	\$11,869	\$0	\$0
\$4,743,809	\$4,268,809	\$13,177,942	\$12,357,375	\$11,541,185	\$10,688,126
0.66%	0.59%	1.82%	1.72%	1.60%	1.44%
\$122.01	\$108.46	\$339.17	\$318.65	\$289.63	\$268.22



City of Lancaster, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2017*

<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)	\$12,889,753	100.00%	\$12,889,753
Overlapping:				
Lancaster City School District	(2)	93,011,462	44.60%	41,483,112
Fairfield County	(3)	38,784,598	20.50%	7,950,843
			Subtotal	<u>49,433,955</u>
			Total	<u><u>\$62,323,708</u></u>

Source:

- (1) City Auditor's Office
- (2) Lancaster City School District, as of June 30, 2017, 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, Ohio

Debt Limitations Last Ten Years

Collection Year	2008	2009	2010	2011
Total Debt				
Net Assessed Valuation	\$759,216,664	\$745,611,660	\$737,068,930	\$718,274,700
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	79,717,750	78,289,224	77,392,238	75,418,844
City Debt Outstanding (2)	3,500,000	3,335,000	5,745,000	5,295,000
Less: Applicable Debt Service Fund Amounts	(97,729)	(97,729)	(91,191)	(91,191)
Net Indebtedness Subject to Limitation	<u>3,402,271</u>	<u>3,237,271</u>	<u>5,653,809</u>	<u>5,203,809</u>
Overall Legal Debt Margin	<u>\$76,315,479</u>	<u>\$75,051,953</u>	<u>\$71,738,429</u>	<u>\$70,215,035</u>
Unvoted Debt				
Net Assessed Valuation	\$759,216,664	\$745,611,660	\$737,068,930	\$718,274,700
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	41,756,917	41,008,641	40,538,791	39,505,109
City Debt Outstanding (2)	3,500,000	3,335,000	5,745,000	5,295,000
Less: Applicable Debt Service Fund Amounts	(97,729)	(97,729)	(91,191)	(91,191)
Net Indebtedness Subject to Limitation	<u>3,402,271</u>	<u>3,237,271</u>	<u>5,653,809</u>	<u>5,203,809</u>
Overall Legal Debt Margin	<u>\$38,354,646</u>	<u>\$37,771,370</u>	<u>\$34,884,982</u>	<u>\$34,301,300</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, Ohio

2012	2013	2014	2015	2016	2017
\$723,028,400	\$727,831,260	\$722,645,450	\$719,521,390	\$722,023,270	\$740,245,390
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
75,917,982	76,422,282	75,877,772	75,549,746	75,812,443	77,725,766
4,835,000	4,360,000	13,177,942	12,369,244	11,541,185	10,688,126
(91,191)	(91,191)	0	(11,869)	0	0
4,743,809	4,268,809	13,177,942	12,357,375	11,541,185	10,688,126
\$71,174,173	\$72,153,473	\$62,699,830	\$63,192,371	\$64,271,258	\$67,037,640
\$723,028,400	\$727,831,260	\$722,645,450	\$719,521,390	\$722,023,270	\$740,245,390
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
39,766,562	40,030,719	39,745,500	39,573,676	39,711,280	40,713,496
4,835,000	4,360,000	13,177,942	12,369,244	11,541,185	10,688,126
(91,191)	(91,191)	0	(11,869)	0	0
4,743,809	4,268,809	13,177,942	12,357,375	11,541,185	10,688,126
\$35,022,753	\$35,761,910	\$26,567,558	\$27,216,301	\$28,170,095	\$30,025,370

City of Lancaster, Ohio

Pledged Revenue Coverage Last Ten Years

	2008	2009	2010	2011
Water Mortgage Bonds (1 a)				
Gross Revenues (2)	\$8,626,257	\$8,432,910	\$8,307,429	\$7,979,328
Direct Operating Expenses (3)	5,714,908	5,798,198	5,845,492	5,796,524
Net Revenue Available for Debt Service	2,911,349	2,634,712	2,461,937	2,182,804
Annual Debt Service Requirement	562,006	566,094	564,344	561,869
Coverage	5.18	4.65	4.36	3.88
Water Pollution Mortgage Bonds (1 b)				
Gross Revenues (2)	\$8,194,701	\$8,339,280	\$8,834,129	\$10,115,464
Direct Operating Expenses (3)	4,103,624	3,893,941	3,542,641	3,568,981
Net Revenue Available for Debt Service	4,091,077	4,445,339	5,291,488	6,546,483
Annual Debt Service Requirement	518,214	1,786,742	1,786,941	1,786,179
Coverage	7.89	2.49	2.96	3.67
Port Authority Gas Supply Revenue Bonds (1 c)				
Gross Revenues (2)	N/A	N/A	\$9,347,281	\$8,628,422
Direct Operating Expenses (3)	N/A	N/A	9,830,408	8,217,550
Net Revenue Available for Debt Service	N/A	N/A	(483,127)	410,872
Annual Debt Service Requirement	8,062,363	6,166,070	4,440,158	3,737,119
Coverage	N/A	N/A	(0.11)	0.11
Special Assessment Bonds (1 d)				
Special Assessment Collections	\$37,547	\$35,202	\$36,342	\$46,203
Debt Service				
Principal	15,000	15,500	16,500	17,000
Interest	6,963	13,850	13,075	12,250
Coverage	1.71	1.20	1.23	1.58

(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, Ohio

2012	2013	2014	2015	2016	2017
\$8,210,753	\$7,885,740	\$8,023,002	\$8,211,328	\$8,643,136	\$8,992,669
5,919,515	5,453,543	5,802,924	5,822,634	5,914,565	6,108,057
2,291,238	2,432,197	2,220,078	2,388,694	2,728,571	2,884,612
519,035	416,144	516,081	514,981	513,981	509,831
4.41	5.84	4.30	4.64	5.31	5.66
\$10,715,711	\$11,072,967	\$11,378,708	\$11,499,199	\$12,185,806	\$12,745,699
4,297,101	4,054,109	4,403,285	3,930,137	4,609,387	4,778,447
6,418,610	7,018,858	6,975,423	7,569,062	7,576,419	7,967,252
1,761,279	1,749,669	1,749,756	1,753,812	1,688,038	1,637,900
3.64	4.01	3.99	4.32	4.49	4.86
\$5,758,552	\$7,732,965	\$9,475,747	\$5,668,319	\$5,291,860	\$6,540,915
4,540,457	5,819,723	6,531,561	290,978	242,969	328,795
1,218,095	1,913,242	2,944,186	5,377,341	5,048,891	6,212,120
3,741,661	3,884,923	2,852,227	15,284,079	16,505,174	18,078,461
0.33	0.49	1.03	0.35	0.31	0.34
\$37,246	\$36,571	\$41,881	\$39,239	\$43,231	\$38,304
18,000	19,000	20,000	21,000	22,000	28,950
11,400	10,500	9,550	8,550	7,500	7,550
1.27	1.24	1.42	1.33	1.47	1.05

City of Lancaster, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	2008	2009	2010	2011	2012
Population					
City of Lancaster (2)	36,608	37,680	37,243	38,780	38,880
Fairfield County (1)	144,252	143,712	143,712	146,156	147,747
Income (3) (a)					
Total Personal (in thousands)	1,201,987	1,211,789	1,214,457	1,301,806	1,396,920
Per Capita	32,834	32,160	32,609	33,569	35,929
Unemployment Rate (4)					
Federal	5.8%	9.3%	9.6%	8.9%	8.1%
State	6.6%	10.2%	10.1%	8.6%	7.2%
Fairfield County	5.6%	8.5%	8.8%	7.7%	6.3%
Civilian Work Force Estimates (4)					
State	5,986,400	5,970,200	5,897,600	5,762,000	5,747,900
Fairfield County	77,100	76,100	75,300	74,400	74,800
Lancaster	18,600	18,600	17,900	1,770	17,500

Sources:

- (1) US Bureau of Census of Population
- (2) Lancaster Community Development Department estimates (2008- 2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2017)
- (3) US Department of Commerce, Bureau of Economic Analysis information is only available through 2016
for the presentation of 2017 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, Ohio

2013	2014	2015	2016	2017
39,359	38,854	38,780	39,848	39,848
148,797	150,381	151,408	152,597	152,597
1,543,778	1,566,749	1,595,603	1,675,569	1,675,569
39,223	40,324	41,145	42,049	42,049
7.4%	6.2%	5.3%	4.9%	4.4%
7.4%	5.7%	4.9%	4.9%	5.0%
6.4%	5.0%	4.3%	4.2%	4.3%
5,765,700	5,719,500	5,700,300	5,713,100	5,780,000
75,600	74,900	75,400	75,800	77,400
17,700	17,900	17,900	17,900	17,400



City of Lancaster, Ohio

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2017		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	2,099	1	12.06%
Fairfield County	Government	947	2	5.44%
Anchor Hocking	Manufacturer	900	3	5.17%
Lancaster City Schools	Education	745	4	4.28%
City of Lancaster	Government	430	5	2.47%
Kroger - Lancaster Locations	Grocer	412	6	2.37%
Treehouse Private Brands	Manufacturer	341	7	1.96%
Crestview Manor Nursing	Medical Services	230	8	1.32%
Fairfield Homes	Housing Industry	185	9	1.06%
Glassfloss Industries	Manufacturer	175	10	1.01%
Total		6,464		37.14%
Total Employment within the City		17,400		

Employer	Nature of Business	2008		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical	1,503	1	8.49%
Anchor Hocking	Glass Manufacturer	1,299	2	7.34%
Fairfield County	Government	926	3	5.23%
Lancaster City Schools	Education	577	4	3.26%
City of Lancaster	Government	460	5	2.60%
Ralston Foods	Cereal	397	6	2.24%
Diamond Power	Metal Fabrication	390	7	2.20%
Kroger Company	Grocer	339	8	1.92%
Crestview Manor Nursing Home	Nursing Care	245	9	1.38%
Cyrill Scott	Paper Manufacturer	243	10	1.37%
Total		6,379		36.04%
Total Employment within the City		17,700		

Sources:

Source for 2017 total employment is from the Ohio Labor Market Information Website.
2017 Company information is from the Fairfield County Economic Development webpage, compiled as of May 2018, the latest data available.

City of Lancaster, Ohio

Full Time Equivalent Employees by Function Last Ten Years

	2008	2009	2010	2011	2012
Governmental Activities					
General Government					
Auditor	6.00	6.00	5.00	4.00	4.00
Treasurer	1.00	1.00	1.00	1.00	1.00
Legal	10.00	10.00	9.00	8.00	9.00
City Council	11.00	11.00	11.00	11.00	11.00
Court	35.00	35.00	34.00	33.00	33.00
Administration	4.00	4.00	4.00	4.00	4.00
Engineering	8.00	5.00	4.00	4.00	3.00
Certified Building	4.00	4.00	4.00	3.00	3.00
Income Tax	6.00	5.00	5.00	4.00	4.00
Maintenance	2.00	1.00	1.00	1.00	1.00
Electric	0.00	0.00	0.00	0.00	0.00
Information Systems	7.00	6.00	6.00	7.00	7.00
Security of Persons and Property					
Police	86.00	83.00	83.00	81.00	83.00
Fire	95.00	92.00	84.00	70.00	70.00
Public Health and Welfare					
Cemetery	5.00	5.00	5.00	4.00	4.00
Transportation					
Street	28.00	25.00	24.00	22.00	21.00
Leisure Time Activities					
Parks	27.00	25.00	26.00	16.00	25.00
Community Environment					
Community Development	3.00	2.00	3.00	3.00	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	23.00	24.00	24.00	25.00	25.00
Water	45.00	46.00	44.00	43.00	42.00
Water Pollution	22.00	21.00	22.00	24.00	24.00
Sanitation	23.00	23.00	22.00	21.00	21.00
Storm Water	3.00	3.00	3.00	2.00	4.00
Utilities Collection	20.00	17.00	17.00	15.00	15.00
<i>Total Employees</i>	<u>477.00</u>	<u>457.00</u>	<u>444.00</u>	<u>409.00</u>	<u>420.00</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, Ohio

2013	2014	2015	2016	2017
5.00	5.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00
7.00	9.00	7.00	10.00	11.00
11.00	11.00	11.00	11.00	11.00
33.00	36.00	36.00	39.00	39.00
5.00	5.00	4.00	4.00	5.00
4.00	3.00	3.00	3.00	3.00
3.00	3.00	3.00	4.00	5.00
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	8.00	8.00	8.00	6.00
80.00	83.00	82.00	85.00	84.00
70.00	72.00	72.00	70.00	72.00
1.00	2.00	2.00	2.00	2.00
4.00	4.00	4.00	4.00	4.00
22.00	22.00	23.00	23.00	23.00
24.00	26.00	25.00	29.00	28.00
3.00	3.00	3.00	3.00	3.00
1.00	1.00	2.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00
25.00	25.00	25.00	25.00	26.00
41.00	39.00	38.00	38.00	39.00
23.00	24.00	24.00	25.00	23.00
21.00	21.00	20.00	21.00	21.00
4.00	5.00	5.00	5.00	5.00
15.00	15.00	15.00	15.00	16.00
<u>416.00</u>	<u>429.00</u>	<u>424.00</u>	<u>439.00</u>	<u>441.00</u>

City of Lancaster, Ohio

Operating Indicators by Function Last Ten Years

	2008	2009	2010	2011
Governmental Activities				
General Government				
Court				
Number of Traffic Cases	15,164	12,429	14,199	16,242
Number of Open Cases	1,718	1,344	1,254	1,444
Licenses and Permits				
Number of Building Permits	1,135	1,011	1,254	1,070
Number of Building Inspections	3,191	2,610	2,857	2,283
Security of Persons and Property				
Police				
Number of Calls Received	59,000	60,948	59,216	63,969
Number of Traffic Citations	4,411	4,003	4,424	5,185
Number of Arrests	2,545	2,645	1,750	4,071
Parking Tickets Written	1,189	1,136	1,001	1,001
Fire				
Number of Fire Calls	1,750	1,750	1,526	1,595
Number of EMS Runs	6,314	6,151	6,314	6,304
Number of Inspections	3,350	3,744	3,041	3,142
Leisure Time Activities				
Parks				
Number of Programs Offered	41	43	49	56
Number of Pool Admissions	25,296	21,165	31,492	33,258
Business-Type Activities				
Water				
Number of Service Connections	15,199	15,242	15,306	15,260
Daily Average Consumption (thousands of gallons)	4.5M	4.31M	3.87M	3.88M
Peak Daily Consumption (thousands of gallons)	7.8M	5.76M	5.785M	5.69M
Water Pollution				
Number of Service Connections	14,869	14,961	14,994	14,966
Maximum Daily Capacity (2)	14.7M	12.5M	12.5M	14.5M
Daily Average Sewage Treatment (thousands of gallons) (1)	8.4M	6.60M	6.47M	9.7M
Sanitation				
Number of Customers	15,279	14,985	15,597	15,370
Storm Water				
Number of Customers	14,376	14,439	14,608	14,619

Source: City Auditor's Office

(1) New plant opened in 2011

City of Lancaster, Ohio

2012	2013	2014	2015	2016	2017
17,053	17,933	17,898	17,631	16,678	17,733
1,345	1,606	1,335	1,271	1,449	1,673
1,146	1,156	1,049	1,258	1,338	2,233
2,566	2,983	2,436	2,878	3,759	4,145
62,591	58,228	56,254	60,578	60,685	62,306
4,361	5,079	2,616	4,205	2,412	4,399
1,543	1,647	1,494	1,481	1,447	1,991
984	833	696	598	451	929
1,709	1,530	1,569	1,767	1,910	2,005
6,729	6,819	6,931	7,259	7,358	7,696
2,363	1,464	1,433	1,503	1,596	1,584
57	63	61	62	62	62
28,533	18,758	18,283	19,022	24,597	13,380
15,275	15,363	15,424	15,464	15,499	15,554
3.79M	3.58M	3.75M	4.57M	3.67M	3.63M
5.23M	5.89M	5.76M	5.89M	5.64M	6.18M
14,974	15,088	15,129	15,095	15,215	15,264
14M	14M	14M	14M	14M	14M
6.96M	7.10M	7.23M	6.84M	7.07M	7.56M
15,441	15,468	15,490	15,518	15,566	15,622
14,680	14,750	14,820	14,832	14,876	14,954

City of Lancaster, Ohio

Capital Asset Statistics by Function Last Ten Years

	2008	2009	2010	2011
Governmental Activities				
General Government				
Public Land and Buildings				
Land (2)	18,590	18,590	18,590	18,590
Buildings	36	36	36	36
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles (1)	16	31	31	33
Fire				
Stations	3	3	3	3
Vehicles	22	22	20	20
Public Health & Welfare				
Cemetery				
Land (acres)	150	150	150	150
Transportation				
Street				
Streets (lane miles)	185	185	185	185
Street Lights	2,360	2,360	2,464	2,466
Traffic Signals	92	85	85	85
Leisure Time Activities				
Parks				
Land (acres)	720	733	733	733
Buildings	21	21	21	21
Parks	27	27	27	27
Playgrounds	12	12	12	12
Swimming Pools	2	3	2	2
Tennis Courts	10	13	13	13
Baseball/Softball Diamonds	26	26	26	26
Soccer Fields	8	22	22	22

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

(2) Previous to 2016, total land (shown in square miles) within the corporate boundaries of the City was being reported.

Beginning in 2016, only City owned land (shown in acres) is reported.

City of Lancaster, Ohio

2012	2013	2014	2015	2016	2017
18,590	18,598	18,598	18,598	1,453.94	1,453.94
36	36	36	36	37	38
1	1	1	1	1	1
38	34	38	37	38	40
3	3	3	3	3	3
21	20	18	18	19	20
150	150	150	150	150	150
185	185	185	185	185	185
2,300	2,476	2,476	2,476	2,476	2,476
85	85	86	86	88	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, Ohio

Capital Asset Statistics by Function Last Ten Years

	2008	2009	2010	2011
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	171	174	179	180
Pump Stations	2	2	2	2
Number of Hydrants	1,670	1,791	1,800	1,835
Storage Capacity (thousands of gallons)	16.5M	17.5M	9.8M	9.8M
Water Pollution				
Sewerlines (Miles)	185	186	186	186
Lift Stations	9	10	10	10
Sanitation				
Packers	9	10	10	10
Storm Water				
Storm Sewers (Miles)	61	63	63	63
Gas				
Gaslines (Miles)	N/A	N/A	N/A	260

Source: City Auditor's Office

N/A = Not Available

City of Lancaster, Ohio

2012	2013	2014	2015	2016	2017
181	182	182	182	182	183
2	2	2	2	2	2
1,842	1,848	1,885	1,892	1,900	1,864
9.8M	9.8M	9.8M	9.8M	9.8M	9.8M
186	186	186	186	186	186
11	11	11	11	11	10
9	9	10	9	9	9
64	66	88	88	88	88
260	249	249	249	255	254





Dave Yost • Auditor of State

CITY OF LANCASTER

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST, 28 2018