

THE CITY OF LANCASTER, OHIO

FAIRFIELD COUNTY

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 1999

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Office of the Auditor

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CITY OF LANCASTER, OHIO

OFFICE OF THE AUDITOR

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MARY F. GREEN, Auditor

June 5, 2000

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 fiscal year ended December 31, 1999.

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.

The Report

The CAFR is divided into three sections as follows:

1. The **Introductory Section** contains this letter of transmittal which addresses the organization, accomplishments and operational structure of the City, a list of principal officials, and an organizational chart of the City;
2. The **Financial Section** begins with the Auditor's Report and includes the general purpose financial statements (GPFS) which provide an overview of the City's financial position and operating results and the combining financial statements of the individual funds and account groups which furnish detailed information relative to the general purpose financial statements;
3. The **Statistical Section** presents social and economic data, financial trend information, and demonstrates the fiscal capacity of the City.

This CAFR was prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB) and other authoritative pronouncements.

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 participates in the following Jointly Governed Organizations: Fairfield Metropolitan Housing Authority, Community Action Board, Fairfield Regional Planning Commission, Fairfield Family, Adult and Children First, Fairfield County Multi-System Youth Committee, and Community Corrections Board.

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

City Overview

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

History abounds in Lancaster and the surrounding area. Colonel Ebenezer Zane, a famous trailblazing pioneer and soldier, is generally considered the founding father of Lancaster. In 1796, Zane petitioned Congress to grant him a contract to open a road through Ohio, a distance of two hundred sixty-six (266) miles, which stretched from Wheeling, West Virginia, to Limestone, Kentucky, (1797 "ZANES TRACE" opened). In payment for Zane's work, he received three square mile tracts of land where Lancaster now stands. He sold some of his real estate and the town began to take root and was named New Lancaster. His two sons, Noah and John, laid out the original town from Pearl Street on the east to Front Street (now Memorial Drive) on the west and included Chestnut, Main, Wheeling and Mulberry Streets running east and west between Pearl and Front Streets. The town was named New Lancaster at the request of the early German settlers from Lancaster, Pennsylvania, but was shortened to Lancaster in 1805.

Items of Local Interest

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

Culture and Education

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

ECONOMIC CONDITION AND OUTLOOK

Commercial development in the US Route 33 Northwest Corridor remained active in 1999. White Castle Systems, a national fast-food restaurant chain, opened in a new building at the southwest corner of Schorrrway and Hillcrest Drives. A National motel chain opened a new 78-unit motel along Schorrrway Drive in the Overlook Plaza, building out that commercial development. Across Memorial Drive in the River Valley Complex, the former Lowes building on Riverway Drive had new owners, U-Haul International, who will reopen the 40,000 square foot building for storage and truck leasing.

Also in the northwest corridor along the section of North Columbus Street annexed into the City in 1992, a new business opened and two others relocated and expanded. Dodds added a self-serve car wash to their relocated pool supply and construction operation at Hubbard Drive and Columbus Street. Smalley and Associates, an environmental engineering firm, relocated to a vacated industrial supply building and were constructing an adjoining laboratory building at year's end. Lancaster Shell constructed a new filling station, drive-thru car wash, convenience store and additional retail space in the northwest quadrant of Columbus Street and Ety Road. Additional retail space at this site is planned for the future.

Further south on North Memorial Drive, two vacant buildings were being converted to new uses. A long closed bank in the Memorial Drive Plaza was being refurbished as a BW-3 Restaurant and Bar, a regional chain. The long-closed Union 76 filling station and car wash at the southwest corner of Memorial Drive and Fair Avenue was demolished and a four-unit retail center was under construction in its place. The developer expects to have the center fully rented when construction is complete. In addition, at the southwest corner of Lincoln Avenue, US Route 22 and Memorial Drive, CVS Pharmacy, a national drugstore chain, constructed and opened a new, 10,000 square-foot plus drugstore utilizing part of a former industrial site.

In 1999, construction activity was underway in the Rock Mill Corporate Park on the City's far west side. Porta-Kleen is constructing an office and maintenance facility on Mill Park Drive to move its operations to the City. Across the street Dysart is constructing a fifth building of 160,000 square feet to further expand its operations. At the East End Industrial Park, Fabricated Packaging Materials set up operations in the closed Hordis Brothers facility on Quarry Road.

Community Bank, new to Lancaster, built and opened one facility and is underway rehabilitating a downtown retail building for its operations. The bank constructed a new building at the northwest corner of Livingston Avenue and Main Street on a site that previously housed a residence and a wholesaler. It is also rehabilitating the closed Stewart Brothers-Alban Company building at the northwest corner of Columbus and Wheeling Streets for offices and a banking facility. In addition, on the opposite side of Wheeling Street, the bank demolished the former Stewart Brothers-Alban Company's warehouse and is erecting a drive-thru facility to complement its office in the former retail space.

The downtown experienced other activity in 1999 in addition to the Community Bank. The White Cottage, a popular local sandwich shop, relocated to a vacant retail space on West Main Street. Developers' interest in the upper floors of downtown buildings continued. Planning for senior citizen housing in the Kirn Building continued with work on the project known as Canal Place expected to begin in 2000. Two floors of the Shaw Building were renovated for office space for the County Prosecutor's office. Work in the Rising Building continued as another downtown living space was created. Work on the architecturally significant Reese-Peters House in historic Block 13 of the Original Town plat began on its conversion to the Decorative Arts Center of Central Ohio. Also of major significance for the downtown, the County Commissioners made a commitment to keeping County offices in the downtown. County offices have outgrown the space available in the existing county-owned buildings and additional space is needed for their operations. At year's end, a task force of community leaders is working with the Commissioners to locate sites in the downtown for the relocation of county offices.

Area growth was driving the need for local institutions to expand their facilities in 1999. The Family Y received a large gift from the Fox family to allow it to begin a major expansion of its West Sixth Avenue facility. A new natatorium with additional recreational space will allow it to better serve the area's growing population. Construction plans were being prepared at year's end. The Fairfield Medical Center (FMC) also began a major addition to the hospital on North Ewing Street. A 5,200 square-foot addition to the emergency room and renovations to the northeast corner of the hospital were to be constructed in 2000. Also, a 4,600 square-foot addition and renovation to the south side of the hospital is planned. In addition, due to space considerations, FMC will renovate an existing 11,000 square-foot retail space in the Kroger East Main Shopping Center for a physical/occupational therapy department.

Preliminary planning for industrial sites on the City's far west side was underway in anticipation of the US Route 33 Lancaster Bypass. The Lancaster Area Community Improvement Corporation (CIC) was continuing efforts to expand the Rock Mill Corporate Park south to State Route 188. This tract lies immediately east of the US Route 33 Lancaster Bypass proposed alignment. The CIC must obtain permits from the US Army Corp of Engineers and Federal Emergency Management Agency to relocate a stream through the property. Permit applications have been filed. Also, another property owner on the far west side was developing plans to create a small industrial park off of Whiley Road along the west side of the Bypass alignment. This park would serve smaller industrial concerns.

Other health care facilities were also expanding at year's end. Construction of Altercare of Lancaster was underway at the northeast corner of Monmouth and Chartwell Drives. It will have a 50-bed conventional nursing home, 20-bed Alzheimer care facility and a 42-unit assisted living facility. On Becks Knob Road, Phase 2 of the Carriage Court nursing home facility was nearing completion.

Lutheran Social Services (LSS) had one facility under construction and another in the planning stages to serve disadvantaged people. LSS was constructing Fair Haven Place on the western most part of the Former County Children's Home property along the north side of East Main Street. The facility will provide temporary housing for the homeless until more permanent housing can be found for their tenants. LSS is also proposing to construct 50-units of rent assisted apartments for low-income seniors under a US Department of Housing and Urban Development grant. It will occupy the northeast quadrant of Chartwell Drive and Fuller Court.

Another organization was in the process of developing lots to provide housing to low-income families at year's end. Habitat for Humanity of Fairfield County is developing Habitat Valley Subdivision. A northerly extension of Chartwell Drive and the construction of a new street, Fuller Court will create 21

lots for this not-for-profit organization to construct homes for needy families. The organization is bearing the cost of the infrastructure improvements to serve this development.

Housing activity in general remained strong in 1999. City Council accepted six plats totaling 186 lots for single residence homes. The greatest activity remained in Dominion Homes' and Rockford Homes' River Valley Highlands subdivision lying adjacent to the US 33 Northwest Corridor. Eight of nine sections for this subdivision were either nearly complete or in a stage of construction. Section 9 construction plans were under review at year's end. The build-out of the original three preliminary plat areas of this subdivision is occurring in approximately one-half the time originally expected due to stronger demand than anticipated.

A preliminary plat for an additional 300 lots to the River Valley Highlands was under review at year's end. If approved, this development will total over 1,000 lots when built out. Dominion Homes is also in the process of obtaining other adjacent properties that will increase this number more.

A total of 134 building permits for new home construction were issued in 1999.

Two annexations totaling 12.65 acres were accepted in 1999. The Schultz annexation involved 11.51 acres and the Morris annexation involved 1.14 acres, both of which were from Pleasant Township.

Unemployment Rates

The City of Lancaster's economic outlook continued to improve in 1999. During 1999 when the state and the nation experienced an unemployment rate of 4.2%, the City continued to experience an estimated average unemployment rate of 3.8%.

MAJOR INITIATIVES

Growth in the US Route 33 Northwest Corridor created the need for infrastructure improvements to this area. The Northwest Sewer Extension, Phase 3 was begun and finished in 1999. This project extended a sanitary trunk sewer main from just east of Ety Road along the US 33 right-of-way to Schorrway Drive and then along Schorrway Drive to Hillcrest Drive. This trunk sewer will allow the development of undeveloped commercial tracts in this corridor as well as eliminate the private lift stations that were operating at the businesses along Schorrway Drive between Memorial and Hillcrest Drives. This is the final phase of trunk sewer extensions to service areas recently annexed into the City along this corridor.

Development in the northwest corridor has also spurred upgrades to the City's water distribution system. The third phase of a multi-phase program to ensure adequate water flow to the rapidly developing northwest corridor and River Valley Highlands was nearly complete at year's end. A new 12-inch water main from Reber Avenue to Hillcrest Drive will replace an undersized and deteriorated 6-inch water line. This line will loop the two previous improvements, a water main connection under Memorial Drive and up Schorrway Drive with the 12-inch water main installed in Reber and Forest Rose Avenues as part of Phase 2. This project will ensure sufficient fire-fighting water flows in the northwest corridor. At year's end design work was beginning on the next phase of improvements. A water pressure booster station on Baltimore Road and a 1 million-gallon storage tank on high ground adjacent to Baltimore Road will provide adequate water for development in the future.

Plans and bidding documents were nearly complete on the Whittier Drive Lift Station Removal project to eliminate a sewage lift station in the northwest corridor. A gravity sanitary sewer will be bored under

Memorial Drive and tie into the sewer system in the River Valley Complex. This sewer will eliminate the Whittier Street Lift Station at Whittier and Schorrway Drives. The developer of Schorrway Drive installed the lift station to allow development along Schorrway Drive between Whittier and Hillcrest Drives prior to the City extending a gravity sewer under Memorial Drive. The elimination of the lift station will remove a high-maintenance facility from the City's sewerage collection system.

Closure work on the Stonewall Cemetery Road Landfill was substantially completed in 1999. The City operated a solid waste landfill for its municipal waste until 1976 at a 60-acre tract along Stonewall Cemetery Road in Hocking Township. In August 1979, the Ohio Environmental Protection Agency (OEPA) issued orders to correct problems at the landfill site that the City acted on, but OEPA found that work inadequate. In December 1986, OEPA filed a Notice of Enforcement Action and in August 1988 the state Attorney General filed an action for a complete closure and penalties. Subsequently the City selected a consulting engineer for professional design services involving the landfill closure, and legal counsel to represent the city in the state's action against it. The City negotiated a consent order for a preliminary injunction with the state, and the city agreed to perform certain remedial work to correct deficiencies. The City's consultant performed several studies to develop a remedial work plan. Construction drawings and specifications for the OEPA approved remedial work plan were prepared, and a bid for the work was let in March 1998. The City filed a *Landfill Closure Certification Report* with OEPA in January 1999. At year's end the contractor was performing "punch-list" and warranty work items.

The Lancaster Community Improvement Project was bid and commenced in 1999. This project will revitalize the City's downtown area between Memorial Drive on the west and High Street on the east and from Chestnut Street on the south to Wheeling Street on the north. Columbus and Broad Streets between Walnut and Chestnut Streets are also being improved. Area improvements include new pigmented-colored concrete sidewalk with brick accents, brick curb ramps, brick and colored concrete street intersection areas, new curbing, installation of new storm sewers, resurfacing of streets, new street lighting system with ornate poles and lamps, and new traffic control signals on ornate poles. Funds for this project come from several sources. The project was approximately half complete at year's end.

The first phase of the Champion Fairfield Upgrade project was completed in 1999. Prior to the project, the neighborhood did not have storm sewers, and the streets were narrow with a chip-sealed pavement and lacked curbing. The project removed the existing macadamized pavement, installed a storm sewer system, and installed curb and gutter, and constructed new full-width, full-depth asphalt streets. The US Department of Housing and Urban Development's Community Development Block Grant (CDBG) program provided funding for the improvements.

The Ohio Department of Transportation (ODOT) let bids for repairs to the State Route 793, South Broad Street bridge over the Hocking River. A new deck, wearing course, walks and rails were placed on this bridge. The work was complete at year's end.

The City did not have a contract street-resurfacing program in 1999. However, the Division of Streets had a greatly expanded street resurfacing program as a result of better than expected income tax receipts. The additional funding allowed the Division to place approximately four times the typical tonnage of asphalt concrete it places in a given year. This greatly helped the City to cut into the backlog of streets needing resurfacing.

ODOT let bids for the resurfacing of State Route 158, North Columbus Street/Baltimore Road, and State Route 793, South Broad Street south of US Route 33 in the City in 1999. Work is expected to begin after the asphalt plants reopen in 2000. ODOT had not been resurfacing state or federal routes within any

municipalities for the past three years due to a revised policy that those routes within the corporation limits of a municipality were that municipality's responsibility. ODOT is expected to return to an earlier policy of cost sharing on an 80/20 percent basis with local jurisdictions. This is good news for the City since most of the state routes in the City need work.

ODOT continued progress toward construction of the US Route 33 Lancaster Bypass. This project is needed to eliminate traffic congestion in the City, and has been in the planning stages since the 1970's. ODOT resurrected the project in 1994, and has made steady progress toward initiation of construction since then. A preferred alignment for this \$105M project was refined in 1999. A Draft Environmental Impact Assessment was complete at year's end, and will be presented to the public in January 2000. After the public comment period and the comments received are addressed, ODOT can submit the draft to the Federal Highway Administration for its review and approval. Once approved, the FHWA can disburse federal funds for the bypass construction. ODOT has begun acquiring properties identified for the bypass right-of-way and is working on the design of the first phase. This phase will connect US 33 north of the City to SR 188 west of the City. Construction of this phase is programmed for 2001. Completion of the bypass is anticipated in mid 2005.

Design work continued on a new water treatment plant, wellfield and transmission main for the City. The City acquired property along the Hocking River in the vicinity of Horns Mill in Berne Township in 1993 for this purpose. Three production water wells have been installed on the site with future expansion to five wells possible when demand requires. A feasibility study completed in 1998 determined that an eight million gallon per day (mgd) membrane type treatment plant with the capability to expand to 11 (mgd) in the future was needed. Design work on the plant was 85 percent complete at year's end. Funding options were being reviewed and loan applications were being prepared. Construction on the plant and wellfield piping could begin in late 2000 if permits are obtained and funding secured. The design for a 30-inch water transmission main from the proposed plant site to tie into the existing City distribution system was substantially completed in 1999. Easements and permits still need to be obtained. Bids for this main can be solicited after these items are obtained.

Recent amendments to the federal Clean Water Act have directed pollution mitigation efforts to other water pollution sources, namely 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 will fill beyond capacity and the system outlets the excess flow to streams and rivers. These outlet points are CSO's. The Water Pollution Control Division has retained a consulting engineer to help keep the City in compliance with the new regulations. The City is on schedule and the required nine minimum controls mandated in the regulations have been implemented. The City submitted the *Combined Sewer System Characterization Report* and the *Combined Sewer System Operational Plan* to the Ohio Environmental Protection Agency in 1999. Work on the next requirement, development of the *Combined Sewer Overflow Long Term Control Plan* was in progress in 1999 and will be submitted to OEPA by June 2000.

Three neighborhood improvement projects utilizing Community Development Block Grant (CDBG) funds were in various stages of development. Construction drawings and specifications for the second phase of the Champion Fairfield Upgrade project were nearly complete. A bid letting in the spring of 2000 is anticipated for this project.

Construction drawings for the Hubert Reese Storm Sewer and Flood Pump Improvements were being revised for additional work at year's end due to the availability of additional funding. This area has suffered from flooding problems since it was developed in the early 1950's due to an inadequate storm sewer system and grading plan for the area during the development. The low-lying ground elevations of

this flood plain area aggravate the situation since the outlets of the storm sewers become inundated during high flows in the Hocking River. When the river elevations is above the flap gates on the ends of those sewers they close off and storm water backs up into the low-lying areas. This situation requires flood pumps with a force main to remove storm water from the storm sewer system during these events. The original budget for the project did not allow for a backup generator and remote telemetry for the flood pumps. Additional funding from the City's general fund will allow these items to be included.

Construction plans were in the early development phase for improvements to Nolder and Barr Drives in the Lanreco Farms Addition. The area was developed prior to annexations into the City. The area does not have a storm water system and the streets are narrow, and lack curbs and gutters. This project will remove the existing macadamized pavement and install storm sewers, curbs and gutters, and a full width, full-depth asphalt concrete pavement. A construction date has not been programmed for this project. This project will be funded with CDBG and City general fund monies.

Lancaster Parks and Recreation

Activities continued to expand within the parks and recreation system. Nature oriented programming and special events remain popular with the community. Wellness programs at Olivedale are improving the way senior citizens live. The cooperative effort between Lancaster Parks and Recreation and Fairfield Medical Center is a model that will be utilized in the future. Pubic and private partnerships are a perfect example of how government can be improved and benefit the community. Years of discussion and planning came to fruition at the dedication of the new Keller-Kirn Nature Park on May 1, 1999. Those in attendance were made aware of this significant contribution to the citizens present and future. Parks and recreation continues to strive to improve the quality of life in Lancaster.

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.

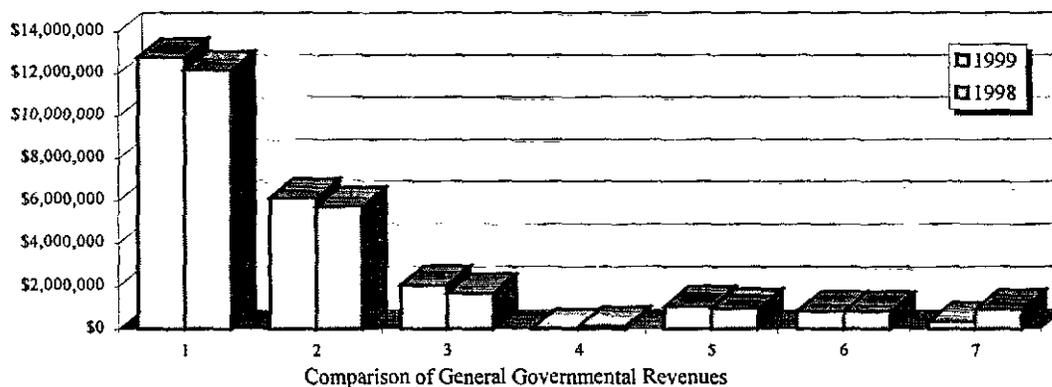
The Auditor's Office is responsible for the auditing and analysis of all purchase orders of the City. Personnel of the Auditor's Office carefully review purchase orders to ensure the availability of monies in the proper funds and accounts prior to the certification and subsequent payment of approved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

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

General Governmental Functions

The following schedule presents a summary of general governmental functions (including general, special revenue, and debt service funds), revenues for the year ended December 31, 1998, and the amount and percentage of increases and decreases relative to the prior year's revenue.

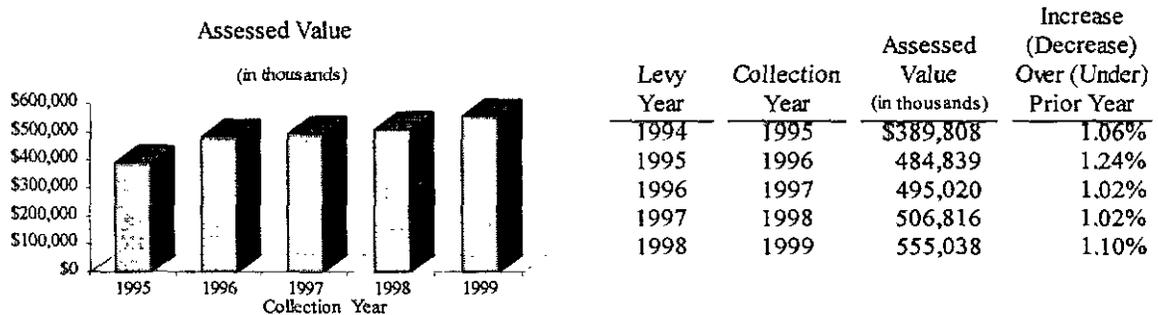
Revenue Source	Total 1999 Revenues	Percent of Total	Total 1998 Revenues	Increase (Decrease) over 1998	% Increase (Decrease) over 1998
1 Taxes	\$12,797,171	55.0%	\$12,173,615	\$623,556	5.1%
2 Intergovernmental Revenue	6,125,138	26.3%	5,734,421	390,717	6.8%
3 Charges for Service	2,042,576	8.8%	1,665,352	377,224	22.7%
4 Licenses and Permits	22,110	0.1%	132,198	(110,088)	(83.3%)
5 Investment Earnings	1,069,738	4.6%	960,475	109,263	11.4%
6 Fines and Forfeitures	838,955	3.6%	827,158	11,797	1.4%
7 All Other Revenue	359,523	1.6%	918,493	(558,970)	(60.9%)
Total	\$23,255,211	100.0%	\$22,411,712	\$843,499	



Revenue Narrative

The \$.6 million increase in tax revenues is the result of an expanding tax base, both property and income, in the City. Property taxes are levied and collected at the county level. Lancaster lies within Fairfield County. After collection, the county distributes a portion of the taxes collected to the various political subdivisions within its geographical boundaries. The property tax rate for the City is 3.4 mills which represents \$3.40 per \$1,000 of taxable valuation. Increases in the property tax rate can only occur with the approval of the City's voters. Revenues from property taxes are used for general fund operations and partial funding of police and fire pension costs.

Total assessed values in the City over the past five years are shown below:



Investment earnings increased approximately 11% over 1998 because the amount of funds invested during the year increased and interest rates have increased slightly. The City's investment policies are discussed in more detail under the topic of "Cash Management."

The increase of \$377,224 in charges for service is the result of a 100% increase in the fees charged by the engineering department, and more efficient billing procedures in the health department which resulted in the collection of overdue bills during 1999 coupled with the reclassification of licenses and permits mentioned below.

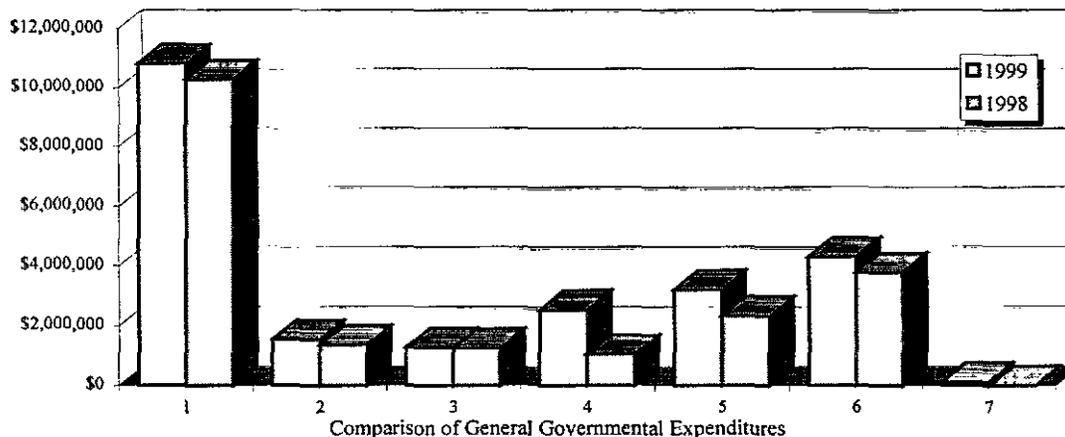
Licenses and permits decreased as a result of reclassifying several Health Department charges from licenses and permits to charges for service.

The decrease in other revenue is attributable to a refund of workers' compensation premiums from the State in 1998, which was not repeated in 1999.

Expenditure Narrative

Expenditures for general governmental purposes (as defined previously) totaled \$23,831,408, an increase of \$3,736,032 over 1998. Expenditures for the major functions of the City, increases/(decreases) over 1998 and percentages of the total are shown in the following table:

Function	Total 1999 Expenditures	Percent of Total	Total 1998 Expenditures	Increase (Decrease) over 1998	% Increase (Decrease) over 1998
1 Security of Persons and Property	\$10,823,478	45.4%	\$10,291,943	\$531,535	5.2%
2 Public Health and Welfare	1,545,281	6.5%	1,368,687	176,594	12.9%
3 Leisure Time Activities	1,277,405	5.4%	1,252,835	24,570	2.0%
4 Community Environment	2,540,844	10.7%	1,054,629	1,486,215	140.9%
5 Transportation	3,205,369	13.4%	2,337,205	868,164	37.2%
6 General Government	4,317,811	18.1%	3,783,666	534,145	14.1%
7 Debt Service	121,220	0.5%	6,411	114,809	1790.8%
Total	\$23,831,408	100.0%	\$20,095,376	\$3,736,032	



Increases in security of persons and property and leisure time activities expenditures are attributable to routine increases for materials, supplies and services and wage increases. The increase in public health and welfare is due to the addition of two new personnel and audit fees. The increase in community environment is a result of increased expenditures for the downtown revitalization project which began in 1998 and will continue through 2000. Transportation expenditures for sand, gravel, fuel etc. increased as a result of extensive street repair work performed in 1999. Increases in general government expenditures stemmed from a variety of reasons, including new personnel in the law director's office and the engineering department, consultants for labor negotiations and City Hall building renovations, and increased maintenance needs from these renovations. Debt service expenditures increased because the City received a new loan from the Department of Housing and Development, which they began paying back in 1999.

Proprietary Operations

Enterprise Funds

The City's enterprise operations consist of gas, water distribution, sewer collections systems and refuse collection. The enterprise funds are supported by revenues derived from user charges.

Certain pertinent data relating to the enterprise operations of the City is indicated below:

	Total Assets	Net Income (Loss)	Return on Assets
Gas	\$8,520,574	\$718,690	8.43%
Water	13,928,107	491,245	3.53%
Water Pollution	35,243,042	(182,751)	(0.52%)
Sanitation	2,730,356	340,423	12.47%

Fiduciary Operations

Trust and agency funds are established 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. The City maintains an expendable trust fund with assets totaling \$178,116 and a nonexpendable trust fund with assets totaling \$643,133. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Debt Administration

The debt service fund accumulates resources for the payment of principal, interest and associated *administrative costs on the City's general and special assessment long-term debt*. Typically resources are derived from property taxes (real and personal), special assessments, income taxes and operating transfers. Currently the City has no general obligation bonded debt. The City did receive a loan from the Department of Housing and Urban Development for the downtown revitalization project, which has a balance of \$1,570,000. The loan is expected to be paid back from the City's entitlement community development block grant program over the next twenty years.

Debt expected to be paid from enterprise revenues is reported as a liability of the enterprise funds. The major *enterprise fund liabilities* are loans from the Ohio Water Development Authority (OWDA) which are being used to finance the improvement of the water pollution control facility and closure costs for the solid waste landfill. At December 31, 1999 the amount of the loans were \$27,520,453.

General Obligation Notes outstanding at December 31, 1999 were \$3,125,000. The proceeds are being used for the law enforcement building, downtown revitalization, and water system improvements.

The ratio of property tax supported general bonded debt to assessed value and the amount of bonded debt per capita are considered to be good indicators to municipal managers, citizens and investors in general governmental debt of the City's debt position. The City's debt position as of December 31, 1999 was as follows:

Overall Legal Debt Margin	\$56,086,918
Unvoted Legal Debt Margin	\$28,335,013
Net Bonded Debt to Assessed Value	0%
Net Bonded Debt per Capita	\$0

A more thorough presentation of the calculation of these figures is located in the statistical section of the enclosed report.

OTHER INFORMATION

Independent Audit

This report includes an unqualified audit report regarding the City's financial statements. The audit was conducted by Ciuni & Panichi, Inc., CPAs. The Independent Auditor's Report on the general purpose 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, 1998. This was the thirteenth consecutive 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.

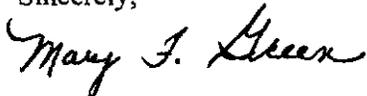
Public Disclosure

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, Angela Bezouska, Assistant Auditor, Marsha Conrad, Catherine Ryan and Jody Sheets, 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,



Mary F. Green, City Auditor

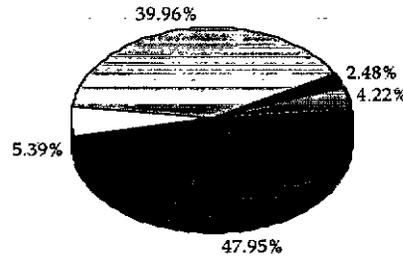
Cash Management

Cash management is a vital component of the City of Lancaster's overall financial strategy. The primary objective of the City's investment activity is the preservation of capital and the protection of invested principal. The City pools its cash for maximum investing efficiency, except for the cash held by fiscal and escrow agents and certain debt service and trust and agency funds.

Public funds are invested to achieve maximum return on the portfolio without assuming unreasonable risk. The City purchases investments only through member banks of the Federal Reserve System or broker-dealers registered with the U.S. Securities and Exchange Commission. Investments are diversified to avoid incurring unreasonable risks relating to a specific type of security or to a particular individual financial institution. Portfolio investments remain sufficiently liquid to ensure that all operating requirements are satisfied in a timely manner.

The City's cash resources were invested at December 31, 1999 as follows:

		1999
State and Local Securities	\$925,000	4.22%
STAR Ohio	10,500,000	47.95%
Certificates of Deposit	1,179,471	5.39%
Repurchase Agreements	8,748,617	39.96%
Cash	542,841	2.48%
Total Resources	<u>\$21,895,929</u>	<u>100.00%</u>



The City earned interest of \$1,174,053 on investments for fiscal year 1999. Except for earnings on investment held by fiscal and escrow agents and trust funds, interest earned was allocated to the governmental funds.

At December 31, 1999, the City had deposits of \$1,722,312 which were collateralized by pooled collateral. The Ohio Revised Code provides for the establishment of collateral pools by financial institutions designed to safeguard public deposits. The face value of the pooled collateral must equal at least 110 percent of the public funds on deposit with the financial institution. The collateral is held by the financial institution. Since the collateral is held as a pool rather than in the name of the City, the deposits protected by the pool are classified as Category 3 (see Note 3 of the financial statements). All deposits are made under contracts with local banking institutions pursuant to statute.

Risk Management

The City is adequately insured in all areas including buildings, contents, vehicles, equipment and general liability. The City is also covered under the State Worker's Compensation Fund. The City makes every effort to monitor insurance costs and related risk of accident to ensure proper fiscal management in this area.

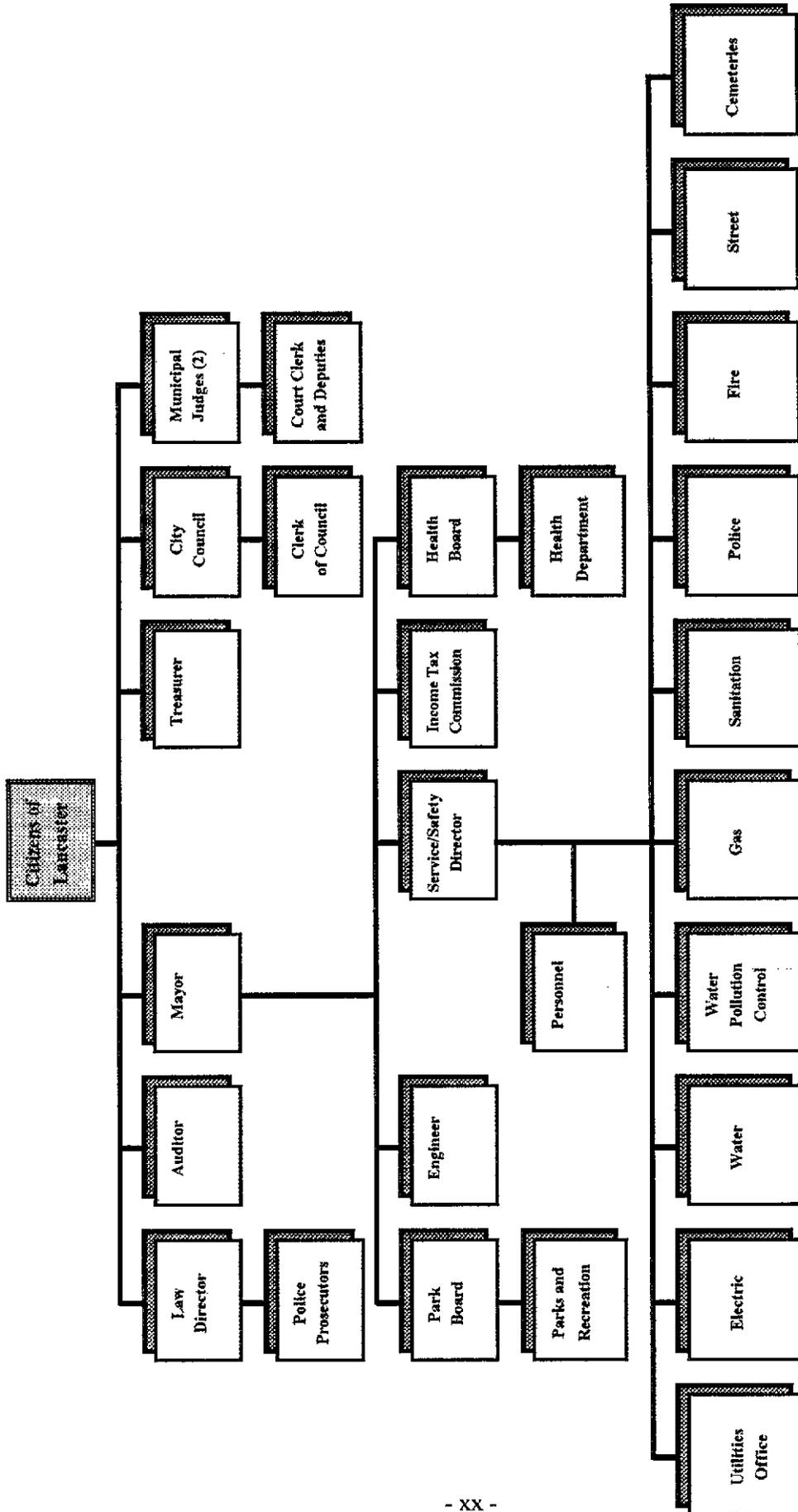
**THE CITY OF LANCASTER, OHIO
FAIRFIELD COUNTY
LIST OF PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 1999**

<i>Name</i>	<i>Title</i>
<i>Executive Officials</i>	
Arthur M. Wallace	Mayor
Mary F. Green	Auditor
Terre Vandervoort	Law Director
A. Gene Ash	Treasurer
<i>Legislative Officials</i>	
Robert Ubbing	President of Council
Carl Tatman	Council-at-Large
Dwight Andrews	Council-at-Large
Karl Justus	Council-at-Large
William Mallory	Council - 1st Ward
Kenneth Metcalf	Council - 2nd Ward
Steven Jackson	Council - 3rd Ward
W. Dean Scholl	Council - 4th Ward
Steve Davis	Council - 5th Ward
Robert Harvey	Council - 6th Ward
<i>Administrative Officials</i>	
Earl (Butch) Strawn	Service/Safety Director
James Loffree	Income Tax Commissioner
L. Kent Huston	City Engineer

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

The City of Lancaster, Ohio

Organizational Chart



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, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.




President


Executive Director





STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Members of City Council
City of Lancaster
Lancaster, Ohio 43130

We have reviewed the Independent Auditor's Report of the City of Lancaster, Fairfield County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 1999 through December 31, 1999. 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, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO
Auditor of State

July 31, 2000

INDEPENDENT AUDITORS' REPORT

Members of the City Council of the
City of Lancaster, Ohio

We have audited the accompanying general purpose financial statements of the City of Lancaster, Ohio as of and for the year ended December 31, 1999, as listed in the *Table of Contents*. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lancaster, Ohio as of December 31, 1999 and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

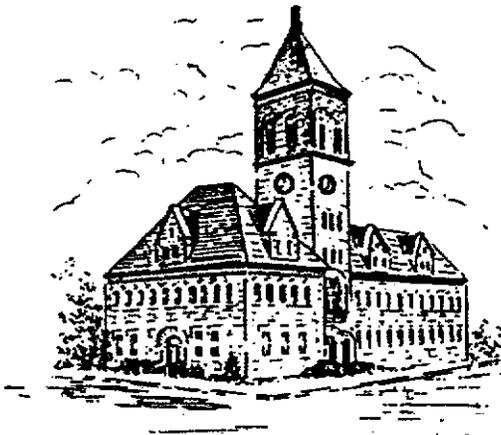
In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2000 on our consideration of the City of Lancaster, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The combining and individual fund and account group financial statements and schedules listed in the *Table of Contents* are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Lancaster, Ohio. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

We did not audit the introductory and statistical information as listed in the *Table of Contents* and therefore express no opinion thereon.

Ciuni & Panichi, Inc.

Cleveland, Ohio
April 27, 2000



GENERAL PURPOSE FINANCIAL STATEMENTS

THE FOLLOWING GENERAL PURPOSE FINANCIAL STATEMENTS, ALONG WITH THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, PRESENT AN OVERVIEW OF THE CITY'S FINANCIAL POSITION AT DECEMBER 31, 1999 AND THE RESULTS OF OPERATIONS AND CASH FLOWS OF ITS PROPRIETARY AND NONEXPENDABLE TRUST FUNDS FOR THE YEAR THEN ENDED.

THE CITY OF LANCASTER, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$1,789,300	\$1,691,578	\$7,919	\$3,802,964
Investments	925,000	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	3,884,673	612,967	0	51,852
Accounts	201,280	45,812	0	0
Interest	90,154	2,582	0	3,535
Loans	0	710,223	0	0
Due from Other Funds	54,341	5,149	0	5,795
Intergovernmental Receivables	261,975	97,171	0	0
Inventory of Supplies at Cost	74,986	204,842	0	0
Prepaid Items	33,359	10,149	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	278,635	0	0
Investments	0	0	0	0
Cash with Fiscal Agent	13,034	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Construction in Progress	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$7,328,102</u>	<u>\$3,659,108</u>	<u>\$7,919</u>	<u>\$3,864,146</u>

THE CITY OF LANCASTER, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$11,268,667	\$569,628	\$69,446	\$0	\$0	\$19,199,502
0	0	754,014	0	0	1,679,014
0	0	0	0	0	4,549,492
3,707,426	0	8,982	0	0	3,963,500
8,811	0	3,962	0	0	109,044
0	0	0	0	0	710,223
0	0	5,904	0	0	71,189
0	0	0	0	0	359,146
2,320,528	205,294	0	0	0	2,805,650
19,953	2,062	0	0	0	65,523
176,560	0	0	0	0	455,195
425,457	0	0	0	0	425,457
0	0	123,727	0	0	136,761
39,316,349	615,415	0	7,552,052	0	47,483,816
3,178,328	0	0	1,057,176	0	4,235,504
0	0	0	0	7,919	7,919
0	0	0	0	4,182,007	4,182,007
<u>\$60,422,079</u>	<u>\$1,392,399</u>	<u>\$966,035</u>	<u>\$8,609,228</u>	<u>\$4,189,926</u>	<u>\$90,438,942</u>

(Continued)

THE CITY OF LANCASTER, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$208,681	\$71,678	\$0	\$895,434
Accrued Wages and Benefits	789,815	207,836	0	0
Due to Other Funds	0	0	0	0
Intergovernmental Payables	0	5,622	0	0
Due to Others	0	0	0	0
Accrued Interest Payable	0	0	0	38,249
Deferred Revenue	1,818,399	371,064	0	6,495
General Obligation Notes Payable	0	0	0	2,200,000
Compensated Absences Payable	0	0	0	0
Landfill Postclosure Care Liability	0	0	0	0
Capital Lease Payable	0	0	0	0
Claims Payable	0	0	0	0
Housing and Urban				
Development Loans Payable	0	0	0	0
Ohio Water Development				
Authority Loans Payable	0	0	0	0
Total Liabilities	2,816,895	656,200	0	3,140,178
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved:	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	516,104	768,620	0	414,806
Reserved for Supplies Inventory	74,986	204,842	0	0
Reserved for Prepaid Items	33,359	10,149	0	0
Reserved for Debt Service	0	0	7,919	0
Reserved for Loans Receivable	0	710,223	0	0
Reserved for Endowments	0	0	0	0
Unreserved:				
Undesignated	3,886,758	1,309,074	0	309,162
Total Equity and Other Credits	4,511,207	3,002,908	7,919	723,968
Total Liabilities, Equity and Other Credits	\$7,328,102	\$3,659,108	\$7,919	\$3,864,146

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF LANCASTER, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

<i>Proprietary Fund Types</i>	<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)	
Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	Totals (Memorandum Only)
\$1,476,745	\$15,668	\$0	\$0	\$0	\$2,668,206
342,985	73,712	0	0	0	1,414,348
0	0	71,189	0	0	71,189
0	0	18,259	0	0	23,881
176,560	0	55,338	0	0	231,898
31,222	0	0	0	0	69,471
0	0	1,096	0	0	2,197,054
925,000	0	0	0	0	3,125,000
779,512	168,361	0	0	1,449,099	2,396,972
2,358,000	0	0	0	0	2,358,000
0	1,797	0	0	1,170,827	1,172,624
0	338,162	0	0	0	338,162
0	0	0	0	1,570,000	1,570,000
<u>27,520,453</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,520,453</u>
<u>33,610,477</u>	<u>597,700</u>	<u>145,882</u>	<u>0</u>	<u>4,189,926</u>	<u>45,157,258</u>
0	0	0	8,609,228	0	8,609,228
2,776,270	84,751	0	0	0	2,861,021
24,035,332	709,948	0	0	0	24,745,280
0	0	0	0	0	1,699,530
0	0	0	0	0	279,828
0	0	0	0	0	43,508
0	0	0	0	0	7,919
0	0	0	0	0	710,223
0	0	643,133	0	0	643,133
0	0	177,020	0	0	5,682,014
<u>26,811,602</u>	<u>794,699</u>	<u>820,153</u>	<u>8,609,228</u>	<u>0</u>	<u>45,281,684</u>
<u>\$60,422,079</u>	<u>\$1,392,399</u>	<u>\$966,035</u>	<u>\$8,609,228</u>	<u>\$4,189,926</u>	<u>\$90,438,942</u>

THE CITY OF LANCASTER, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expensible Trust Fund	
Revenues:						
Taxes	\$11,302,392	\$1,494,779	\$0	\$230,127	\$0	\$13,027,298
Intergovernmental Revenues	2,707,759	3,417,379	0	572,762	0	6,697,900
Charges for Services	966,391	1,076,185	0	0	28,995	2,071,571
Licenses, Permits and Fees	21,735	375	0	0	0	22,110
Investment Earnings	1,045,773	23,965	0	38,983	7,492	1,116,213
Fines and Forfeitures	692,522	146,433	0	98,990	0	937,945
All Other Revenues	296,974	62,549	0	388,812	0	748,335
Total Revenues	<u>17,033,546</u>	<u>6,221,665</u>	<u>0</u>	<u>1,329,674</u>	<u>36,487</u>	<u>24,621,372</u>
Expenditures:						
Current:						
Security of Persons and Property	10,251,680	571,798	0	0	0	10,823,478
Public Health and Welfare Services	8,137	1,537,144	0	0	26,380	1,571,661
Leisure Time Activities	16,692	1,260,713	0	0	0	1,277,405
Community Environment	51,004	2,489,840	0	0	0	2,540,844
Transportation	0	3,205,369	0	0	0	3,205,369
General Government	4,271,307	46,504	0	0	0	4,317,811
Capital Outlay	0	0	0	2,507,284	0	2,507,284
Debt Service:						
Principal Retirement	0	90,000	0	0	0	90,000
Interest and Fiscal Charges	6,070	25,150	0	99,391	0	130,611
Total Expenditures	<u>14,604,890</u>	<u>9,226,518</u>	<u>0</u>	<u>2,606,675</u>	<u>26,380</u>	<u>26,464,463</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,428,656	(3,004,853)	0	(1,277,001)	10,107	(1,843,091)
Other Financing Sources (Uses):						
Proceeds from Housing and Urban Development Loan	0	1,660,000	0	0	0	1,660,000
Operating Transfers In	388,342	1,955,860	0	980,125	0	3,324,327
Operating Transfers Out	(2,780,843)	(215,884)	0	0	0	(2,996,727)
Other Financing Sources-Capital Lease	8,869	290,315	0	826,721	0	1,125,905
Total Other Financing Sources (Uses)	<u>(2,383,632)</u>	<u>3,690,291</u>	<u>0</u>	<u>1,806,846</u>	<u>0</u>	<u>3,113,505</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	45,024	685,438	0	529,845	10,107	1,270,414
Fund Balance Beginning of Year	4,464,111	2,301,827	7,919	194,123	166,913	7,134,893
Increase in Inventory Reserve	2,072	15,643	0	0	0	17,715
Fund Balance End of Year	<u>\$4,511,207</u>	<u>\$3,002,908</u>	<u>\$7,919</u>	<u>\$723,968</u>	<u>\$177,020</u>	<u>\$8,423,022</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF LANCASTER, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$11,279,801	\$11,286,983	\$7,182	\$1,347,939	\$1,493,381	\$145,442
Intergovernmental Revenues	2,723,415	2,675,995	(47,420)	4,427,902	3,418,824	(1,009,078)
Charges for Services	969,151	969,278	127	1,147,043	1,081,823	(65,220)
Licenses and Permits	35,278	26,208	(9,070)	121,700	375	(121,325)
Investment Earnings	1,025,241	1,025,508	267	20,000	23,457	3,457
Fines and Forfeitures	730,800	690,835	(39,965)	64,500	145,368	80,868
All Other Revenues	290,682	298,263	7,581	291,934	61,449	(230,485)
Total Revenues	<u>17,054,368</u>	<u>16,973,070</u>	<u>(81,298)</u>	<u>7,421,018</u>	<u>6,224,677</u>	<u>(1,196,341)</u>
Expenditures:						
Current:						
Security of Persons and Property	10,977,000	10,591,575	385,425	812,033	601,652	210,381
Public Health and Welfare	10,500	8,137	2,363	1,615,186	1,572,545	42,641
Leisure Time Activities	36,945	34,945	2,000	1,339,019	1,296,496	42,523
Community Environment	56,875	55,513	1,362	3,801,898	2,796,872	1,005,026
Transportation	0	0	0	3,275,974	3,069,092	206,882
General Government	5,593,805	4,523,983	1,069,822	116,500	76,623	39,877
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	250,000	250,000	0	90,000	90,000	0
Interest and Fiscal Charges	11,133	11,133	0	25,150	25,150	0
Total Expenditures	<u>16,936,258</u>	<u>15,475,286</u>	<u>1,460,972</u>	<u>11,075,760</u>	<u>9,528,430</u>	<u>1,547,330</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	118,110	1,497,784	1,379,674	(3,654,742)	(3,303,753)	350,989
Other Financing Sources (Uses):						
Proceeds from General Obligation Notes	0	100,000	100,000	0	0	0
Proceeds from Housing and Urban Development Loan	0	0	0	1,821,018	1,135,000	(686,018)
Operating Transfers In	388,342	388,342	0	1,923,605	1,955,860	32,255
Operating Transfers Out	(2,797,528)	(2,780,843)	16,685	(215,884)	(215,884)	0
Other Financing Sources - Capital Lease	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>(2,409,186)</u>	<u>(2,292,501)</u>	<u>116,685</u>	<u>3,528,739</u>	<u>2,874,976</u>	<u>(653,763)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,291,076)	(794,717)	1,496,359	(126,003)	(428,777)	(302,774)
Fund Balance at Beginning of Year	2,484,833	2,484,833	0	1,078,966	1,078,966	0
Prior Year Encumbrances	340,063	340,063	0	218,280	218,280	0
Fund Balance at End of Year	<u>\$533,820</u>	<u>\$2,030,179</u>	<u>\$1,496,359</u>	<u>\$1,171,243</u>	<u>\$868,469</u>	<u>(\$302,774)</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF LANCASTER, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$0	\$0	\$0	\$220,250	\$229,865	\$9,615	\$12,847,990	\$13,010,229	\$162,239
0	0	0	553,660	553,660	0	7,704,977	6,648,479	(1,056,498)
0	0	0	0	0	0	2,116,194	2,051,101	(65,093)
0	0	0	0	0	0	156,978	26,583	(130,395)
0	0	0	0	35,448	35,448	1,045,241	1,084,413	39,172
0	0	0	83,000	98,562	15,562	878,300	934,765	56,465
0	0	0	450,853	388,812	(62,041)	1,033,469	748,524	(284,945)
0	0	0	1,307,763	1,306,347	(1,416)	25,783,149	24,504,094	(1,279,055)
0	0	0	0	0	0	11,789,033	11,193,227	595,806
0	0	0	0	0	0	1,625,686	1,580,682	45,004
0	0	0	0	0	0	1,375,964	1,331,441	44,523
0	0	0	0	0	0	3,858,773	2,852,385	1,006,388
0	0	0	0	0	0	3,275,974	3,069,092	206,882
0	0	0	0	0	0	5,710,305	4,600,606	1,109,699
0	0	0	6,583,204	2,393,702	4,189,502	6,583,204	2,393,702	4,189,502
0	0	0	1,902,666	1,902,666	0	2,242,666	2,242,666	0
0	0	0	75,411	75,411	0	111,694	111,694	0
0	0	0	8,561,281	4,371,779	4,189,502	36,573,299	29,375,495	7,197,804
0	0	0	(7,253,518)	(3,065,432)	4,188,086	(10,790,150)	(4,871,401)	5,918,749
0	0	0	2,853,130	2,451,333	(401,797)	2,853,130	2,551,333	(301,797)
0	0	0	0	0	0	1,821,018	1,135,000	(686,018)
0	0	0	3,480,125	980,125	(2,500,000)	5,792,072	3,324,327	(2,467,745)
0	0	0	(739,000)	0	739,000	(3,752,412)	(2,996,727)	755,685
0	0	0	0	826,721	826,721	0	826,721	826,721
0	0	0	5,594,255	4,258,179	(1,336,076)	6,713,808	4,840,654	(1,873,154)
0	0	0	(1,659,263)	1,192,747	2,852,010	(4,076,342)	(30,747)	4,045,595
7,919	7,919	0	1,511,976	1,511,976	0	5,083,694	5,083,694	0
0	0	0	147,287	147,287	0	705,630	705,630	0
\$7,919	\$7,919	\$0	\$0	\$2,852,010	\$2,852,010	\$1,712,982	\$5,758,577	\$4,045,595

THE CITY OF LANCASTER, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Proprietary</i>		<i>Fiduciary</i>	Totals (Memorandum Only)
	<i>Fund Types</i>		<i>Fund Type</i>	
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
<u>Operating Revenues:</u>				
Charges for Services	\$24,990,744	\$4,692,699	\$36,258	\$29,719,701
Other Operating Revenues	349,410	16,575	0	365,985
Investment Earnings	0	0	36,691	36,691
Total Operating Revenues	25,340,154	4,709,274	72,949	30,122,377
<u>Operating Expenses:</u>				
Personal Services	5,784,032	4,096,237	0	9,880,269
Materials and Supplies	10,511,510	152,493	0	10,664,003
Contractual Services	2,937,823	207,723	0	3,145,546
Depreciation	2,746,098	111,130	0	2,857,228
Landfill Postclosure Care Costs	252,987	0	0	252,987
Other Operating Expenses	20,163	0	0	20,163
Total Operating Expenses	22,252,613	4,567,583	0	26,820,196
Operating Income	3,087,541	141,691	72,949	3,302,181
<u>Non-Operating Revenues (Expenses):</u>				
Intergovernmental Grants	20,371	0	0	20,371
Investment Earnings	21,149	0	0	21,149
Interest and Fiscal Charges	(1,399,767)	0	0	(1,399,767)
Loss on Disposal of Fixed Assets	(1,687)	(1,690)	0	(3,377)
Total Non-Operating Revenues (Expenses)	(1,359,934)	(1,690)	0	(1,361,624)
Income Before Operating Transfers	1,727,607	140,001	72,949	1,940,557
<u>Operating Transfers:</u>				
Operating Transfers In	0	75,000	0	75,000
Operating Transfers Out	(360,000)	(10,600)	(32,000)	(402,600)
Total Operating Transfers	(360,000)	64,400	(32,000)	(327,600)
Net Income	1,367,607	204,401	40,949	1,612,957
Add: Depreciation Charged on Contributed Capital	184,696	0	0	184,696
Retained Earnings/				
Fund Balance at Beginning of Year	22,483,029	505,547	602,184	23,590,760
Retained Earnings/Fund Balance at End of Year	\$24,035,332	\$709,948	\$643,133	\$25,388,413

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF LANCASTER, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Proprietary</i>		<i>Fiduciary</i>	Totals (Memorandum Only)
	<i>Fund Types</i>		<i>Fund Type</i>	
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$24,878,099	\$4,775,564	\$39,899	\$29,693,562
Cash Payments for Goods and Services	(13,988,806)	(404,981)	0	(14,393,787)
Cash Payments to Employees	(5,770,228)	(4,479,542)	0	(10,249,770)
Customer Deposits Received	155,735	0	0	155,735
Customer Deposits Returned	(141,040)	0	0	(141,040)
Net Cash Provided (Used) by Operating Activities	5,133,760	(108,959)	39,899	5,064,700
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Grants Received	20,371	0	0	20,371
Transfers In from Other Funds	0	75,000	0	75,000
Transfers Out to Other Funds	(360,000)	(10,600)	(32,000)	(402,600)
Net Cash Provided (Used) by Noncapital Financing Activities	(339,629)	64,400	(32,000)	(307,229)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Proceeds from Ohio Water Development Authority Loans	68,277	0	0	68,277
Proceeds from General Obligation Notes	925,000	0	0	925,000
Principal Paid on General Obligation Notes	(1,100,000)	0	0	(1,100,000)
Acquisition and Construction of Assets	(3,052,559)	(150,257)	0	(3,202,816)
Capital Lease Payments	0	(562)	0	(562)
Principal Paid on Ohio				
Water Development Authority Loans	(1,185,748)	0	0	(1,185,748)
Interest Paid on All Debt	(1,394,824)	0	0	(1,394,824)
Net Cash Used for Capital and Related Financing Activities	(5,739,854)	(150,819)	0	(5,890,673)
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investments	(18,410)	0	(60,000)	(78,410)
Receipts of Interest	18,409	0	36,220	54,629
Net Cash Used for Investing Activities	(1)	0	(23,780)	(23,781)
Net Decrease in Cash and Cash Equivalents	(945,724)	(195,378)	(15,881)	(1,156,983)
Cash and Cash Equivalents at Beginning of Year	12,390,951	765,006	36,502	13,192,459
Cash and Cash Equivalents at End of Year	\$11,445,227	\$569,628	\$20,621	\$12,035,476

(Continued)

THE CITY OF LANCASTER, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Proprietary</i>		<i>Fiduciary</i>	Totals (Memorandum Only)
	<i>Fund Types</i>		<i>Fund Type</i>	
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
Reconciliation of Cash and				
<u>Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$11,268,667	\$569,628	\$69,446	\$11,907,741
Less: Cash and Cash Equivalents in				
Agency and Expendable Trust Funds	0	0	(48,825)	(48,825)
Restricted Cash and Cash Equivalents	176,560	0	0	176,560
Restricted Cash with Fiscal Agent	0	0	123,727	123,727
Less Restricted Cash in Agency Funds	0	0	(123,727)	(123,727)
Cash and Cash Equivalents at End of Year	<u>\$11,445,227</u>	<u>\$569,628</u>	<u>\$20,621</u>	<u>\$12,035,476</u>
Reconciliation of Operating Income to Net Cash				
<u>Provided (Used) by Operating Activities:</u>				
Operating Income	\$3,087,541	\$141,691	\$72,949	\$3,302,181
Adjustments to Reconcile Operating Income (Loss) to				
Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	2,746,098	111,130	0	2,857,228
Interest on Investments	0	0	(36,691)	(36,691)
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(441,892)	66,290	3,641	(371,961)
(Increase) Decrease in Inventory	1,023,413	(52,969)	0	970,444
Decrease in Prepaid Items	138	50	0	188
Decrease in Accounts Payable	(1,098,230)	(36,852)	0	(1,135,082)
Decrease in Accrued Wages and Benefits	(66,669)	(15,682)	0	(82,351)
Increase in Customer Deposits	14,695	0	0	14,695
Decrease in Retainage Payable	(68,009)	0	0	(68,009)
Decrease in Landfill Postclosure Care Liability	(72,149)	0	0	(72,149)
Increase in Compensated Absences	8,824	13,856	0	22,680
Decrease in Claims Payable	0	(336,473)	0	(336,473)
Total Adjustments	<u>2,046,219</u>	<u>(250,650)</u>	<u>(33,050)</u>	<u>1,762,519</u>
Net Cash Provided (Used) by Operating Activities	<u>\$5,133,760</u>	<u>(\$108,959)</u>	<u>\$39,899</u>	<u>\$5,064,700</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 1999, the Water, the Water Pollution, the Sanitation, and the Electrical Funds had outstanding liabilities of \$518,099, \$750, \$47,944 and \$109 respectively for certain capital assets. During 1999, the Sanitation Fund incurred liabilities of \$421,551 to the Ohio Water Development Authority for construction payments made by the Authority directly to contractors.

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF LANCASTER, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

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 accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types and the cash flows of the proprietary and nonexpendable trust funds. The financial statements are presented as of December 31, 1999 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 general purpose financial statements comply with the provisions of the GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, 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.

1. Jointly Governed Organization

The City participates in several Jointly Governed Organizations that are further described in Note 18.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

Governmental Funds

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

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.

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

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, general obligation principal and interest other than those accounted for in the proprietary funds.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).

Proprietary Funds

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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 maintains separate enterprise funds for its water, water pollution, gas and sanitation services.

Internal Service Funds - These funds are used to account for the financing of services provided by one department to other departments or agencies of the governmental unit or to other governmental units on a cost-reimbursement basis.

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City maintains an expendable trust fund, a nonexpendable trust fund and agency funds. The expendable trust fund is accounted for and reported similarly to governmental funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt of the City except those accounted for in the proprietary funds.

C. Basis of Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

The modified accrual basis of accounting is followed by the governmental funds and the expendable trust and agency 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 for the City is considered 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.

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, state levied locally shared taxes (including motor vehicle license fees and local government assistance). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Income taxes other than those withheld by employers, licenses, permits, charges for service and other miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes, which are measurable at December 31, 1999 but are not intended to finance 1999 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred revenue as further described in Note 4.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and the nonexpendable trust fund. Revenues are recognized when they are earned and expenses recognized when incurred.

Pursuant to GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,"* the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental 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.

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 on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Appropriations (Continued)

of appropriations among departments and objects within a fund may only be modified during the year by an ordinance of City Council. During 1999, several supplemental appropriations were legally enacted by Council. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances outstanding at year end are reported as reservations of fund balances for subsequent year expenditures in the accompanying general purpose financial statements. However, encumbrances outstanding at year end are reported as expenditures in the budgetary basis statement in the general purpose financial statements.

5. 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.

6. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)6. **Budgetary Basis of Accounting** (Continued)

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

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds
GAAP Basis (as reported)	\$45,024	\$685,438	\$0	\$529,845
Increase (Decrease):				
Accrued Revenues at December 31, 1999 received during 2000	(2,687,058)	(1,381,475)	0	(54,687)
Accrued Revenues at December 31, 1998 received during 1999	2,614,778	1,151,358	0	200,462
Accrued Expenditures at December 31, 1999 paid during 2000	998,496	285,136	0	933,683
Accrued Expenditures at December 31, 1998 paid during 1999	(933,899)	(346,138)	0	(14,269)
1998 Prepays for 1999	35,422	10,162	0	0
1999 Prepays for 2000	(33,359)	(10,149)	0	0
Note Proceeds	100,000	0	0	2,451,333
Note Retirements	(250,000)	0	0	(1,902,666)
Outstanding Encumbrances	(684,121)	(823,109)	0	(950,954)
Budget Basis	<u>(\$794,717)</u>	<u>(\$428,777)</u>	<u>\$0</u>	<u>\$1,192,747</u>

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, repurchase agreements, the State Treasury Asset Reserve (STAR Ohio) and certificates of deposit with original maturity dates of three months or less. See Note 3, "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 3, "Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

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

The City has invested funds in the STAR Ohio during 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 1999. See Note 3, "Cash, Cash Equivalents and Investments."

G. Inventory

Inventory is stated at cost in the governmental funds and at the lower of cost or market in the proprietary funds 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.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City; therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

1. Property, Plant and Equipment - General Governmental Purposes (Continued)

The City has elected to record depreciation in the General Fixed Assets Account Group. Depreciation has been determined by allocating the cost of fixed assets over the estimated useful lives of the assets on a straight line basis over the following estimated useful lives:

Description	Estimated Lives (Years)
Buildings	40
Improvements other than Buildings	20 - 25
Machinery, Equipment, Furniture and Fixtures	3 - 10

2. Property, Plant and Equipment - Proprietary Funds

Property, plant and equipment acquired by the proprietary funds are stated at cost or estimated historical cost, including interest capitalized during construction, where applicable. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (Years)
Buildings	40
Improvements other than Buildings	20 - 25
Machinery, Equipment, Furniture and Fixtures	3 - 10

I. Long-Term Obligations

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

Obligation	Fund
OWDA Loans	Water Pollution Fund
	Sanitation Fund
Capital Leases	General Fund
	Street Construction Maintenance and Repair Fund
	City Health District Fund
	Capital Improvement Fund
Housing and Urban Development Loan	Electric Fund
	Community Development Block Grant Fund

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long-Term Obligations (Continued)

Obligation	Fund
Compensated Absences	General Fund
	Cemetery Fund
	City Health District Fund
	Parks and Recreation Fund
	Street Construction, Maintenance and Repair Fund
	Community Development Block Grant Fund
	Parks and Recreation Fund
	Gas Fund
	Water Fund
	Water Pollution Fund
	Sanitation Fund
	Utilities Fund
	Electric Fund

J. 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 up to a maximum of 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. For governmental funds, the portion of unpaid compensated absences expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The remaining portion of the liability is reported in the General Long-Term Obligations Account Group. In proprietary funds, the entire compensated absences amount is reported as a fund liability.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pensions

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

L. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund and "Operating Transfers Out" by the disbursing fund.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. The City did not perform any residual equity transfers in 1999.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations.

M. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for prepaid items, inventories, loans receivable, debt service, endowments and encumbered amounts not accrued at year end.

N. Contributed Capital

Proprietary fund type contributed capital is recorded at the fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from grants, entitlements and shared revenues is closed to contributed capital.

O. Total Columns on Combined Financial Statements

Total columns on the combined financial statements are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equities

The accumulated deficit at December 31, 1999 of \$335,141 in the Health Insurance Management Fund (internal service fund) arises from the recognition of claims payable on the accrual basis. The accumulated deficit of \$3,673,918 in the Sanitation Fund (enterprise fund) is the result of recognizing a liability for landfill postclosure care costs and loans payable to the Ohio Water Development Authority for landfill postclosure care costs. The General Fund provides operating transfers, upon City Council's approval when cash is required not when accruals occur.

B. Excess Expenditures over Appropriations

For the year ended December 31, 1999, expenditures exceeded appropriations at the object level (i.e., the legal level of budgetary control) as follows:

Fund	Excess
Special Revenue Fund:	
Drug Enforcement:	
Security of Persons and Property:	
Operations and Maintenance	\$76,248

The excess expenditures were funded from available fund balance.

C. Excess Appropriations over Estimated Revenues

Ohio Revised Code requires that appropriations do not exceed estimated revenues. Appropriations exceeded estimated revenues in the Fairfield County Surveillance Fund and the Community Development Block Grant Fund (special revenue funds) by \$4,632, and \$1,461,608 respectively.

NOTE 3 - 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.

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 two 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.

NOTE 3 - 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;
- 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, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, *"Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,"* collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

The GASB has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investments:

- Category 1 Insured or registered with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. Deposits

At year end the carrying amount of the City's deposits was \$1,722,312 (including cash with fiscal agents) and the bank balance was \$2,133,223. Federal depository insurance covered \$436,000 of the bank balance. All remaining deposits were classified as Category 3.

Investment earnings of \$905,660 earned by other funds was credited to the General Fund as required by state statute.

B. Investments

The City's investments at December 31, 1999 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
State and Local Securities	\$925,000	\$0	\$925,000
Repurchase Agreement	0	8,748,617	8,748,617
Total Categorized Investments	925,000	8,748,617	9,673,617
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	10,500,000
Total Non-Categorized Investments	N/A	N/A	10,500,000
Total Investments	\$925,000	\$8,748,617	\$20,173,617

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

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

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

	Cash and Cash Equivalents *	Investments
Per Combined Balance Sheet	\$19,791,458	\$2,104,471
Certificates of Deposit (with maturities of more than 3 months)	1,179,471	(1,179,471)
Investments:		
STAR Ohio	(10,500,000)	10,500,000
Repurchase Agreement	(8,748,617)	8,748,617
Per GASB Statement No. 3	<u>\$1,722,312</u>	<u>\$20,173,617</u>

* Includes Cash with Fiscal Agent

NOTE 4 - 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 1999 were levied after October 1, 1998 on assessed values as of January 1, 1998, 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 for tax year 1998. 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.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; the remainder payable by September 20.

NOTE 4 - TAXES (Continued)

A. Property Taxes (Continued)

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.

The full tax rate for the City's operations for the year ended December 31, 1999 was \$3.40 per \$1,000 of assessed value. The assessed value upon which the 1999 property tax receipts were based was \$555,038,081. This amount constitutes \$449,803,070 in real property assessed value, \$24,420 in public utility assessed value, \$87,390,191 in tangible personal property assessed value and \$17,820,400 in public utility personal 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 .0034% (3.40 mills) of assessed value.

B. Income Tax

The City levies a tax of 1.6%, .6% 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. In the latter case, the City allows a credit of 100% of the 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 5 - RECEIVABLES

Receivables at December 31, 1999 consisted of taxes, accounts, interest, loans and intergovernmental receivables arising from shared revenues.

NOTE 6 – DUE FROM/DUE TO OTHER FUNDS

Interfund balances at December 31, 1999 consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$54,341	\$0
Special Revenue Funds:		
Indigent Drivers Alcohol Treatment	1,462	0
Law Enforcement and Education	225	0
Municipal Court Computerization	3,462	0
Total Special Revenue Funds	<u>5,149</u>	<u>0</u>
Capital Projects Fund:		
Municipal Court Improvement	5,795	0
Agency Funds:		
Municipal Court	0	71,189
Law Library	5,904	0
Total Agency Funds	<u>5,904</u>	<u>71,189</u>
Totals	<u>\$71,189</u>	<u>\$71,189</u>

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NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 1999:

Fund	Transfer In	Transfer Out
General Fund	\$388,342	\$2,780,843
Special Revenue Funds:		
Cemetery	270,990	10,600
Street Construction, Maintenance and Repair	1,326,685	40,000
Parks and Recreation	0	108,600
Taxi Token	12,000	0
Law Director Victim Assistance	8,335	0
Law Enforcement Block Grant	5,235	0
Lancaster Community Development	22,438	0
City Health District	310,177	0
State Highway	0	56,684
Total Special Revenue Funds	1,955,860	215,884
Capital Projects Funds:		
Capital Improvements	980,125	0
Enterprise Funds:		
Gas	0	90,000
Water Fund	0	90,000
Water Pollution	0	90,000
Sanitation	0	90,000
Total Enterprise Funds	0	360,000
Internal Service Funds:		
Electrical Fund	0	10,600
Health Insurance Management	75,000	0
Total Internal Service Funds	75,000	10,600
Nonexpendable Trust Fund:		
Cemetery Trust	0	32,000
Totals	\$3,399,327	\$3,399,327

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by Category of Changes in General Fixed Assets:

Category	December 31, 1998	Additions	Deletions	December 31, 1999
Land	\$1,491,359	\$0	\$0	\$1,491,359
Buildings	5,272,404	0	0	5,272,404
Improvements	2,932,906	209,896	0	3,142,802
Vehicles	2,892,264	216,923	0	3,109,187
Equipment	2,656,148	537,915	(45,450)	3,148,613
Totals	15,245,081	964,734	(45,450)	16,164,365
Less: Accumulated Depreciation	(7,924,423)	(731,865)	43,975	(8,612,313)
Construction in Progress	0	1,057,176	0	1,057,176
Net	\$7,320,658	\$1,290,045	(\$1,475)	\$8,609,228

B. Proprietary Fixed Assets

Summary by Category at December 31, 1999:

Category	Historic Cost	Accumulated Depreciation	Book Value
Enterprise			
Land	\$1,148,029	\$0	\$1,148,029
Buildings	11,203,525	(4,924,790)	6,278,735
Improvements	29,465,085	(8,382,482)	21,082,603
Infrastructure	23,567,412	(14,308,974)	9,258,438
Machinery and Equipment	4,961,215	(4,157,835)	803,380
Vehicles	2,357,002	(1,611,838)	745,164
Construction in Progress	3,178,328	0	3,178,328
Property, Plant and Equipment	\$75,880,596	(\$33,385,919)	\$42,494,677
Internal Service			
Buildings	\$78,100	(\$48,065)	\$30,035
Improvements	24,221	(11,824)	12,397
Infrastructure	879,726	(529,968)	349,758
Machinery and Equipment	507,497	(345,924)	161,573
Vehicles	300,991	(239,339)	61,652
Property, Plant and Equipment	\$1,790,535	(\$1,175,120)	\$615,415

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

A. Public Employees Retirement System (the "PERS of Ohio")

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

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 1999 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.35% to fund the pension and 4.2% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the PERS of Ohio for the years ending December 31, 1999, 1998 and 1997 were \$1,374,219, \$1,306,808 and \$1,244,655, respectively, which were equal to the required contributions for each year.

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 1999 employer contribution rate (identified above) that was used to fund health care for the year 1999 was 4.2% of covered payroll which amounted to \$425,957.

Other Postemployment Benefits (OPEB) are financed through employer contributions and investment earnings thereon. Funding and accounting were on a pay-as-you-go basis. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for other postemployment benefits during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**A. Public Employees Retirement System (the “PERS of Ohio”) (Continued)**

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 1999, 1998 and 1997 were \$455,617, \$447,465 and \$436,840 for police and \$750,809, \$711,147 and \$718,069 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 1999 covered payroll that was used to fund postemployment health care benefits was \$163,555 representing 7.00% of covered payroll for police and \$218,986 representing 7.00% of covered payroll for fire. The Board defined allocation was 6.5 % in 1998 and will be 7.25% in 2000. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 1998, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 11,424 for police and 9,186 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 1998 were \$78,596,790, which was net of member contributions of \$5,331,515.

NOTE 10 - 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. The City has purchased its own Notes Payable for the Water System Improvement. This is recorded as an investment in the General Fund.

	Maturity Date	Balance January 1, 1999	Issued (Retired)	Balance December 31, 1999
General Fund Notes Payable:				
4.00% Fire Pumper Truck	02/26/1999	\$150,000	(\$150,000)	\$0
5.50% Fire Pumper Truck	12/17/1999	0	100,000	
			(100,000)	0
Total General Fund Notes Payable		150,000	(150,000)	0
Capital Projects Notes Payable:				
4.00% Mall Street Improvement	05/21/1999	326,333	(326,333)	0
4.00% Mall Street Improvement	12/17/1999	0	251,333	
			(251,333)	0
3.50% Law Enforcement Building	11/18/1999	900,000	(900,000)	0
4.25% Law Enforcement Building	11/16/2000	0	800,000	800,000
4.25% Olivedale Senior Center	12/10/1999	425,000	(425,000)	0
3.60% Downtown Revitalization	04/27/2000	0	1,400,000	1,400,000
Total Capital Projects Notes Payable		1,651,333	548,667	2,200,000
Water Fund Note Payable:				
4.00% Water System Improvement	02/26/1999	1,100,000	(1,100,000)	0
4.00% Water System Improvement	05/25/2000	0	925,000	925,000
Total Enterprise Fund Notes Payable		1,100,000	(175,000)	925,000
Total Notes Payable		\$2,901,333	\$223,667	\$3,125,000

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 1999 were as follows:

	Balance December 31, 1998	Issued (Retired)	Balance December 31, 1999
Enterprise Funds:			
Ohio Water Development Authority Loans (OWDA):			
1989 8.48% Water Pollution Control Plant	\$7,967,733	(\$282,658)	\$7,685,075
1990 7.74% Water Pollution Control Plant (Supplement)	166,911	(6,273)	160,638
1993 2.94% Water Pollution Control Plant (Supplement)	11,914,706	(560,795)	11,353,911
1996 3.16% Water Pollution Control Plant (Supplement)	4,758,214	(200,379)	4,557,835
1997 3.98% Landfill Postclosure Care	3,408,809	489,828	
		(135,643)	3,762,994
Total Ohio Water Development Authority Loans	<u>28,216,373</u>	<u>(695,920)</u>	<u>27,520,453</u>
Total Enterprise Long-Term Debt	<u>\$28,216,373</u>	<u>(\$695,920)</u>	<u>\$27,520,453</u>
Internal Service Funds:			
Capital Leases	\$2,359	(\$562)	\$1,797
Total Internal Service Long-Term Debt	<u>\$2,359</u>	<u>(\$562)</u>	<u>\$1,797</u>
Other Long-Term Obligations:			
Housing and Urban Development Loan	\$0	\$1,660,000	
		(90,000)	1,570,000
Compensated Absences	1,370,552	78,547	1,449,099
Capital Leases	204,258	1,125,905	
		(159,336)	1,170,827
Total Other Long-Term Obligations	<u>\$1,574,810</u>	<u>\$2,615,116</u>	<u>\$4,189,926</u>

A. Ohio Water Development Authority Loans

In 1993, the City entered into an agreement with the Ohio Water Development Authority (OWDA), as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive approximately \$13,751,941. The amount is subject to change and has not been finalized. The interest rate on this loan is 2.94% per annum. This loan, like other OWDA loans, is payable from sanitary sewerage charges. Uniquely, the loan can only be received by the City in increments as the project is completed. As of December 31, 1999, the City had received \$13,502,148 from OWDA. The City began repaying the loan in semiannual payments in 1996 based on a loan amount of \$13,751,941 to be paid through 2016. An estimate of future financing requirements has been made based on the actual remaining loan balance of \$11,353,911 at December 31, 1999.

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Ohio Water Development Authority Loans (Continued)

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 approximately \$5,234,745. The amount is subject to change and has not been finalized. The interest rate on this loan is 3.16% per annum. This loan, like other OWDA loans, is payable from sanitary sewerage charges and is received by the City in increments as the project is completed. As of December 31, 1999, the City had received \$5,047,247 from OWDA. The City began repaying the loan in semiannual payments beginning in 1997 based on a loan amount of \$5,234,745 to be paid through 2017. An estimate of future financing requirements has been made based on the remaining loan balance of \$4,557,835 at December 31, 1999.

In 1998, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive approximately \$3,968,355. The amount is subject to change and has not been finalized. The interest rate on this loan is 3.98% per annum. This loan is payable from sanitation charges for landfill closure and postclosure care costs and is received by the City in increments as the project is completed. As of December 31, 1999, the City had received \$3,964,480 from OWDA. The City began repaying the loan in semiannual payments beginning in 1998 based on a loan amount of \$3,968,355 to be paid through 2018. An estimate of future financing requirements has been made based on the remaining loan balance of \$3,762,994 at December 31, 1999.

B. 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, 1999 follows:

Years	OWDA Loans		HUD Loan	
	Principal	Interest	Principal	Interest
2000	\$1,217,913	\$1,284,660	\$90,000	\$92,898
2001	1,273,162	1,229,411	90,000	88,227
2002	1,331,580	1,170,993	90,000	83,457
2003	1,393,389	1,109,184	90,000	78,597
2004	1,458,827	1,043,746	90,000	73,647
2005-2009	8,421,759	4,091,107	450,000	291,537
2010-2014	9,798,194	1,737,158	450,000	157,257
2015-2018	2,625,629	134,343	220,000	25,695
Totals	<u>\$27,520,453</u>	<u>\$11,800,602</u>	<u>\$1,570,000</u>	<u>\$891,315</u>

NOTE 12 - CAPITALIZED LEASES

Under capital leases the City leases five copiers, a four-wheel loader, fourteen police cruisers, two street sweepers and various building improvement. The cost of the improvements and equipment obtained under capital leases is included in the appropriate proprietary fund or the General Fixed Assets Account Group and the related liability is included in the appropriate proprietary fund or the General Long-Term Obligations Account Group.

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, 1999:

Year Ending December 31,	General Long-Term Obligation Account Group	Proprietary Funds
2000	\$261,211	\$730
2001	154,268	730
2002	152,967	548
2003	152,968	0
2004	149,513	0
2005-2009	620,834	0
Minimum Lease Payments	1,491,761	2,008
Less amount representing interest at the City's incremental borrowing rate of interest	(320,934)	(211)
Present value of minimum lease payments	<u>\$1,170,827</u>	<u>\$1,797</u>

NOTE 13 - 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. During 1999, the City contracted with The Cincinnati Insurance Company for vehicles, property and general liability insurance while police and professional liability are protected by The National Casualty Company.

Insurance for property holds a \$500 deductible, general liability holds a \$5,000 deductible, and medic units and fire trucks hold a \$1,000 deductible. The City carries a \$25,000 deductible for both police and professional liability insurance.

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

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

NOTE 13 - INSURANCE AND RISK MANAGEMENT (Continued)

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 Insurance Consortium, a formalized risk management program. 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 plan is administered by a third party administrator, Professional Risk Management, Inc., which monitors all claim payments. An excess coverage insurance policy premium covers individual claims in excess of \$40,000. There is a lifetime maximum coverage per person of \$2,000,000.

The claims liability of \$338,162 reported in the fund at December 31, 1999 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
1998	\$0	\$2,424,788	(\$1,750,153)	\$674,635
1999	674,635	2,918,918	(3,255,391)	338,162

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.

NOTE 14 - CONSTRUCTION COMMITMENTS

As of December 31, 1999, the City had the following commitments with respect to capital improvements:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Sanitation Garage	\$600,000	Summer 2000

NOTE 15 - CONTRIBUTED CAPITAL

A schedule of changes in contributed capital is presented below:

	Enterprise			Internal Service
	Water	Water Pollution	Total	Electrical
Balance at Beginning of Year	\$6,988	\$2,953,978	\$2,960,966	\$84,751
Reductions:				
Depreciation on Fixed Assets	0	(184,696)	(184,696)	0
Balance at End of Year	\$6,988	\$2,769,282	\$2,776,270	\$84,751

NOTE 16 - SEGMENT INFORMATION

Included in the services provided by the City which are financed primarily by user charges are gas service, water treatment and distribution, wastewater collection and treatment, and refuse collection and disposal. The key financial information for the year ended December 31, 1999 for these enterprise activities is as follows:

	Gas	Water	Water Pollution	Sanitation	Total
Operating Revenues	\$12,147,555	\$4,622,468	\$5,409,066	\$3,161,065	\$25,340,154
Depreciation	323,839	502,754	1,801,230	118,275	2,746,098
Operating Income	788,319	658,154	1,077,811	563,257	3,087,541
Intergovernmental Grants:					
Operating	20,371	0	0	0	20,371
Operating Transfers Out	(90,000)	(90,000)	(90,000)	(90,000)	(360,000)
Net Income (Loss)	718,690	491,245	(182,751)	340,423	1,367,607
Property, Plant and Equipment:					
Additions	310,408	1,810,127	917,057	318,967	3,356,559
Deletions	0	(26,386)	0	(63,662)	(90,048)
Total Assets	8,520,574	13,928,107	35,243,042	2,730,356	60,422,079
Net Working Capital	3,803,845	3,383,551	6,037,579	1,324,458	14,549,433
Notes and Loans Payable	0	925,000	23,757,459	3,762,994	28,445,453
Total Equity/ (Accumulated Deficit)	7,414,479	11,914,590	11,156,451	(3,673,918)	26,811,602

NOTE 17 - 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 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 \$2,358,000. These costs will be 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 \$425,457 which has been placed in an escrow account. The estimated costs of postclosure care are subject to changes corresponding to the effects of inflation, revision of laws and other variables.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

A. Fairfield Metropolitan Housing Authority (the "Authority")

The Authority is a statutorily created entity. It has a five member board of which two are appointed by the City. The remaining three members are appointed by Fairfield County. The Authority adopts its own appropriations, is its own contracting authority, hires/fires personnel, authorizes all expenditures, and does not rely on the City or the County to finance its deficits. All monies are received directly by the Authority in their name. Although the City appoints members to the board, the City is not financially accountable for the Authority, nor is the Authority dependent on the City. The Authority has no outstanding debt.

B. Community Action Board (the "Board")

The Board is made up of fifteen members. Of these members, only one is appointed by the City Auditor. The City is not fiscally accountable for this agency. There are various Not For Profit Agencies' representatives and representatives from Fairfield County, a Village, and a School District on the Board. The City has no ongoing fiduciary responsibility, nor are they liable for the Board's debts.

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 the Commission has no outstanding debt.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Fairfield 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 Health Commissioner of the City's 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 and has received a federal grant, Early Childhood Intervention Grant, with the assistance of the Council. Continued existence of the Council is not dependent on the City's continued participation. There is no equity interest and the Council has no outstanding debt.

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, the Lancaster City Health Department, and the Lancaster City Board of Education. Operations are paid out of a balance of remaining state and federal grants. Continued existence of the Committee is not dependent on the City's continued participation. There is no equity interest and the Committee has no outstanding debt.

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 the Board has no outstanding debt.

NOTE 19 - 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, 1999 to December 31, 1999, 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.

*COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE THE
GENERAL FUND, SPECIAL REVENUE FUNDS, CAPITAL PROJECTS FUNDS,
ENTERPRISE FUNDS, INTERNAL SERVICE FUNDS, FIDUCIARY FUNDS AND
THE GENERAL FIXED ASSETS ACCOUNT GROUP.*

GENERAL FUND

The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 1999

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Taxes	\$11,279,801	\$11,286,983	\$7,182
Intergovernmental Revenues	2,723,415	2,675,995	(47,420)
Charges for Services	969,151	969,278	127
Licenses, Permits and Fees	35,278	26,208	(9,070)
Investment Earnings	1,025,241	1,025,508	267
Fines and Forfeitures	730,800	690,835	(39,965)
All Other Revenues	290,682	298,263	7,581
Total Revenues	<u>17,054,368</u>	<u>16,973,070</u>	<u>(81,298)</u>
Expenditures:			
Security of Persons and Property:			
Police:			
Personal Services	4,282,868	4,177,707	105,161
Operations and Maintenance	752,436	654,760	97,676
Capital Outlay	356,845	352,034	4,811
Total Police	<u>5,392,149</u>	<u>5,184,501</u>	<u>207,648</u>
Fire:			
Personal Services	4,668,011	4,533,530	134,481
Operations and Maintenance	459,329	417,842	41,487
Capital Outlay	265,292	264,688	604
Total Fire	<u>5,392,632</u>	<u>5,216,060</u>	<u>176,572</u>
Street Lighting:			
Operations and Maintenance	192,219	191,014	1,205
Total Street Lighting	<u>192,219</u>	<u>191,014</u>	<u>1,205</u>
Total Security of Persons and Property	<u>10,977,000</u>	<u>10,591,575</u>	<u>385,425</u>
Public Health and Welfare Services:			
Assistance to Needy:			
Operations and Maintenance	10,500	8,137	2,363
Total Public Health and Welfare Services	<u>10,500</u>	<u>8,137</u>	<u>2,363</u>
Leisure Time Activities:			
Mumaugh Memorial:			
Personal Services	11,531	11,531	0
Operations and Maintenance	4,924	4,924	0
Capital Outlay	20,490	18,490	2,000
Total Leisure Time Activities	<u>36,945</u>	<u>34,945</u>	<u>2,000</u>

(Continued)

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 1999

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Community Environment:			
Zoning, Planning, Tree Commissions:			
Operations and Maintenance	56,875	55,513	1,362
Total Community Environment	<u>56,875</u>	<u>55,513</u>	<u>1,362</u>
General Government:			
Council:			
Personal Services	56,752	56,021	731
Operations and Maintenance	31,941	30,014	1,927
Total Council	<u>88,693</u>	<u>86,035</u>	<u>2,658</u>
Mayor:			
Personal Services	110,588	110,441	147
Operations and Maintenance	7,790	5,683	2,107
Capital Outlay	500	500	0
Total Mayor	<u>118,878</u>	<u>116,624</u>	<u>2,254</u>
Personnel:			
Personal Services	48,190	47,988	202
Operations and Maintenance	6,436	5,516	920
Capital Outlay	1,746	1,746	0
Total Personnel	<u>56,372</u>	<u>55,250</u>	<u>1,122</u>
Auditor:			
Personal Services	239,301	235,938	3,363
Operations and Maintenance	68,919	68,776	143
Capital Outlay	19,730	19,730	0
Total Auditor	<u>327,950</u>	<u>324,444</u>	<u>3,506</u>
Treasurer:			
Personal Services	18,685	18,685	0
Operations and Maintenance	1,810	236	1,574
Total Treasurer	<u>20,495</u>	<u>18,921</u>	<u>1,574</u>
Law Director:			
Personal Services	316,793	315,919	874
Operations and Maintenance	59,091	52,298	6,793
Capital Outlay	5,105	5,105	0
Total Law Director	<u>380,989</u>	<u>373,322</u>	<u>7,667</u>

(Continued)

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 1999

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Municipal Court:			
Personal Services	432,627	416,268	16,359
Operations and Maintenance	57,935	55,526	2,409
Total Municipal Court	<u>490,562</u>	<u>471,794</u>	<u>18,768</u>
Judicial:			
Personal Services	367,379	362,396	4,983
Operations and Maintenance	81,253	39,630	41,623
Total Judicial	<u>448,632</u>	<u>402,026</u>	<u>46,606</u>
Civil Service:			
Personal Services	5,100	0	5,100
Operations and Maintenance	27,340	20,446	6,894
Total Civil Service	<u>32,440</u>	<u>20,446</u>	<u>11,994</u>
City Hall Maintenance:			
Personal Services	88,828	87,468	1,360
Operations and Maintenance	52,122	50,399	1,723
Total City Hall Maintenance	<u>140,950</u>	<u>137,867</u>	<u>3,083</u>
Service Safety Director:			
Personal Services	110,856	107,861	2,995
Operations and Maintenance	6,936	4,708	2,228
Capital Outlay	675	675	0
Total Service Safety Director	<u>118,467</u>	<u>113,244</u>	<u>5,223</u>
Engineer:			
Personal Services	521,248	488,246	33,002
Operations and Maintenance	75,136	51,235	23,901
Capital Outlay	52,547	46,536	6,011
Total Engineer	<u>648,931</u>	<u>586,017</u>	<u>62,914</u>
Administration Support:			
Personal Services	31,274	31,274	0
Operations and Maintenance	198,479	194,214	4,265
Total Administration Support	<u>229,753</u>	<u>225,488</u>	<u>4,265</u>
Miscellaneous:			
Personal Services	360,480	358,564	1,916
Operations and Maintenance	1,506,791	664,431	842,360
Capital Outlay	55,000	55,000	0
Total Miscellaneous	<u>1,922,271</u>	<u>1,077,995</u>	<u>844,276</u>

(Continued)

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 1999

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Income Tax:			
Personal Services	262,359	254,485	7,874
Operations and Maintenance	284,967	239,585	45,382
Capital Outlay	21,096	20,440	656
Total Income Tax	<u>568,422</u>	<u>514,510</u>	<u>53,912</u>
Total General Government	<u>5,593,805</u>	<u>4,523,983</u>	<u>1,069,822</u>
Debt Service:			
Principal Retirement	250,000	250,000	0
Interest and Fiscal Charges	11,133	11,133	0
Total Debt Service	<u>261,133</u>	<u>261,133</u>	<u>0</u>
Total Expenditures	<u>16,936,258</u>	<u>15,475,286</u>	<u>1,460,972</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	118,110	1,497,784	1,379,674
Other Financing Sources (Uses):			
Proceeds from Notes	0	100,000	100,000
Operating Transfers In	388,342	388,342	0
Operating Transfers Out	<u>(2,797,528)</u>	<u>(2,780,843)</u>	<u>16,685</u>
Total Other Financing Sources (Uses)	<u>(2,409,186)</u>	<u>(2,292,501)</u>	<u>116,685</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,291,076)	(794,717)	1,496,359
Fund Balance at Beginning of Year	2,484,833	2,484,833	0
Prior Year Encumbrances	340,063	340,063	0
Fund Balance at End of Year	<u>\$533,820</u>	<u>\$2,030,179</u>	<u>\$1,496,359</u>

SPECIAL REVENUE FUNDS

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

Cemetery Fund

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

Street Construction, Maintenance and Repair Fund

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

Parks and Recreation Fund

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

Taxi Token Fund

To account for monies received from individuals and state assistance grants for a program that issues tokens to be used for taxi services.

Law Director Victim Assistance Fund

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

Lancaster Community Development Fund

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

Law Enforcement Block Grant Fund

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

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.

(Continued)

SPECIAL REVENUE FUNDS

City Health District Fund

To account for the monies collected for health services provided to the community and for monies received from federal, state and local governments for health protection.

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 Computerization Fund

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

Drug Enforcement Fund

To account for monies received from fines to be used for drug enforcement activities.

Community Development Block Grant Fund

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

State Highway Fund

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

THE CITY OF LANCASTER, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 1999

	Cemetery	Street Construction, Maintenance and Repair	Parks and Recreation	Taxi Token	Law Director Victim Assistance
<u>Assets:</u>					
Cash and Cash Equivalents	\$61,777	\$532,527	\$245,042	\$251	\$4,478
Receivables (net of allowances for doubtful accounts)					
Taxes	17,284	0	259,258	0	0
Accounts	37,329	0	2,739	5,744	0
Interest	0	0	0	0	0
Loans	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Intergovernmental Receivables	0	68,171	0	25,819	0
Inventory of Supplies at Cost	4,373	165,147	5,746	0	0
Prepaid Items	739	3,041	2,529	0	0
<u>Restricted Assets:</u>					
Cash and Cash Equivalents	0	0	0	0	0
Total Assets	<u>\$121,502</u>	<u>\$768,886</u>	<u>\$515,314</u>	<u>\$31,814</u>	<u>\$4,478</u>
<u>Liabilities and Fund Equity:</u>					
<u>Liabilities:</u>					
Accounts Payable	\$5,407	\$16,281	\$19,622	\$12,115	\$0
Accrued Wages and Benefits	23,807	76,945	42,958	0	98
Intergovernmental Payables	0	0	0	0	0
Deferred Revenue	2,165	0	32,474	0	0
Total Liabilities	<u>31,379</u>	<u>93,226</u>	<u>95,054</u>	<u>12,115</u>	<u>98</u>
<u>Fund Equity:</u>					
Reserved for Encumbrances	8,088	103,021	10,803	251	0
Reserved for Supplies Inventory	4,373	165,147	5,746	0	0
Reserved for Prepaid Items	739	3,041	2,529	0	0
Reserved for Loans Receivable	0	0	0	0	0
Unreserved	76,923	404,451	401,182	19,448	4,380
Total Fund Equity	<u>90,123</u>	<u>675,660</u>	<u>420,260</u>	<u>19,699</u>	<u>4,380</u>
Total Liabilities and Fund Equity	<u>\$121,502</u>	<u>\$768,886</u>	<u>\$515,314</u>	<u>\$31,814</u>	<u>\$4,478</u>

THE CITY OF LANCASTER, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 1999

Lancaster Community Development	Law Enforcement Block Grant	Police and Fire Pension	City Health District	Fairfield County Court Surveillance	Indigent Drivers Alcohol Treatment	Law Enforcement and Education
\$58,576	\$57,527	\$0	\$90,929	\$19,572	\$215,795	\$39,919
0	0	336,425	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	1,462	225
0	0	0	0	0	144	0
1,288	0	0	28,288	0	0	0
0	0	0	3,840	0	0	0
0	0	0	0	0	0	0
\$59,864	\$57,527	\$336,425	\$123,057	\$19,572	\$217,401	\$40,144
\$0	\$0	\$0	\$13,369	\$427	\$0	\$0
8,742	0	0	50,962	4,324	0	0
0	0	0	5,622	0	0	0
0	0	336,425	0	0	0	0
8,742	0	336,425	69,953	4,751	0	0
0	7,946	0	30,578	917	0	0
1,288	0	0	28,288	0	0	0
0	0	0	3,840	0	0	0
0	0	0	0	0	0	0
49,834	49,581	0	(9,602)	13,904	217,401	40,144
51,122	57,527	0	53,104	14,821	217,401	40,144
\$59,864	\$57,527	\$336,425	\$123,057	\$19,572	\$217,401	\$40,144

(Continued)

THE CITY OF LANCASTER, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 1999

	Municipal Court Computerization	Drug Enforcement	Community Development Block Grant	State Highway	Totals
Assets:					
Cash and Cash Equivalents	\$70,909	\$42,094	\$100,967	\$151,215	\$1,691,578
Receivables (net of allowances for doubtful accounts)					
Taxes	0	0	0	0	612,967
Accounts	0	0	0	0	45,812
Interest	0	0	290	2,292	2,582
Loans	0	0	710,223	0	710,223
Due from Other Funds	3,462	0	0	0	5,149
Intergovernmental Receivables	0	0	0	3,037	97,171
Inventory of Supplies at Cost	0	0	0	0	204,842
Prepaid Items	0	0	0	0	10,149
Restricted Assets:					
Cash and Cash Equivalents	0	0	278,635	0	278,635
Total Assets	\$74,371	\$42,094	\$1,090,115	\$156,544	\$3,659,108
Liabilities and Fund Equity:					
Liabilities:					
Accounts Payable	\$4,457	\$0	\$0	\$0	\$71,678
Accrued Wages and Benefits	0	0	0	0	207,836
Intergovernmental Payables	0	0	0	0	5,622
Deferred Revenue	0	0	0	0	371,064
Total Liabilities	4,457	0	0	0	656,200
Fund Equity:					
Reserved for Encumbrances	19,077	0	587,939	0	768,620
Reserved for Supplies Inventory	0	0	0	0	204,842
Reserved for Prepaid Items	0	0	0	0	10,149
Reserved for Loans Receivable	0	0	710,223	0	710,223
Unreserved	50,837	42,094	(208,047)	156,544	1,309,074
Total Fund Equity	69,914	42,094	1,090,115	156,544	3,002,908
Total Liabilities and Fund Equity	\$74,371	\$42,094	\$1,090,115	\$156,544	\$3,659,108

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Cemetery	Street Construction, Maintenance and Repair	Parks and Recreation	Taxi Token	Law Director Victim Assistance
Revenues:					
Taxes	\$75,623	\$0	\$1,120,785	\$0	\$0
Intergovernmental Revenues	0	1,420,969	0	282,156	0
Charges for Services	150,263	0	297,632	116,579	0
Licenses, Permits and Fees	0	0	375	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenues	0	27,672	7,554	0	0
Total Revenues	225,886	1,448,641	1,426,346	398,735	0
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	0	37,034
Public Health and Welfare Services	477,592	0	0	0	0
Leisure Time Activities	0	0	1,260,713	0	0
Community Environment	0	0	0	0	0
Transportation	0	2,774,409	0	430,960	0
General Government	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
Total Expenditures	477,592	2,774,409	1,260,713	430,960	37,034
Excess (Deficiency) of Revenues Over (Under) Expenditures	(251,706)	(1,325,768)	165,633	(32,225)	(37,034)
Other Financing Sources (Uses):					
Proceeds from Housing and Urban Development Loan	0	0	0	0	0
Operating Transfers In	270,990	1,326,685	0	12,000	8,335
Operating Transfers Out	(10,600)	(40,000)	(108,600)	0	0
Other Financing Sources - Capital Lease	0	275,166	0	0	0
Total Other Financing Sources (Uses)	260,390	1,561,851	(108,600)	12,000	8,335
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	8,684	236,083	57,033	(20,225)	(28,699)
Fund Balance (Deficit) at Beginning of Year	80,652	423,768	362,812	39,924	33,079
Increase (Decrease) in Inventory Reserve	787	15,809	415	0	0
Fund Balance at End of Year	\$90,123	\$675,660	\$420,260	\$19,699	\$4,380

(Continued)

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Lancaster Community Development	Law Enforcement Block Grant	Police and Fire Pension	City Health District	Fairfield County Court Surveillance
Revenues:					
Taxes	\$0	\$0	\$298,371	\$0	\$0
Intergovernmental Revenues	185,527	48,269	34,831	281,513	89,875
Charges for Services	0	0	0	511,387	324
Licenses, Permits and Fees	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenues	0	0	0	13,157	0
Total Revenues	185,527	48,269	333,202	806,057	90,199
Expenditures:					
Current:					
Security of Persons and Property	0	46,883	333,202	0	78,431
Public Health and Welfare Services	0	0	0	1,059,552	0
Leisure Time Activities	0	0	0	0	0
Community Environment	182,962	0	0	0	0
Transportation	0	0	0	0	0
General Government	0	0	0	0	0
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
Total Expenditures	182,962	46,883	333,202	1,059,552	78,431
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,565	1,386	0	(253,495)	11,768
Other Financing Sources (Uses):					
Proceeds from Housing and Urban Development Loan	0	0	0	0	0
Operating Transfers In	22,438	5,235	0	310,177	0
Operating Transfers Out	0	0	0	0	0
Other Financing Sources - Capital Lease	0	0	0	15,149	0
Total Other Financing Sources (Uses)	22,438	5,235	0	325,326	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	25,003	6,621	0	71,831	11,768
Fund Balance (Deficit) at Beginning of Year	26,346	50,906	0	(17,586)	3,053
Increase (Decrease) in Inventory Reserve	(227)	0	0	(1,141)	0
Fund Balance at End of Year	\$51,122	\$57,527	\$0	\$53,104	\$14,821

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

Indigent Drivers Alcohol Treatment	Law Enforcement and Education	Municipal Court Computerization	Drug Enforcement	Community Development Block Grant	State Highway	Totals
\$0	\$0	\$0	\$0	\$0	\$0	\$1,494,779
0	0	0	0	1,019,530	54,709	3,417,379
0	0	0	0	0	0	1,076,185
0	0	0	0	0	0	375
0	0	0	675	0	23,290	23,965
29,558	4,007	43,323	69,545	0	0	146,433
0	0	0	0	14,166	0	62,549
<u>29,558</u>	<u>4,007</u>	<u>43,323</u>	<u>70,220</u>	<u>1,033,696</u>	<u>77,999</u>	<u>6,221,665</u>
0	0	0	76,248	0	0	571,798
0	0	0	0	0	0	1,537,144
0	0	0	0	0	0	1,260,713
0	0	0	0	2,306,878	0	2,489,840
0	0	0	0	0	0	3,205,369
0	0	46,504	0	0	0	46,504
0	0	0	0	90,000	0	90,000
0	0	0	0	25,150	0	25,150
<u>0</u>	<u>0</u>	<u>46,504</u>	<u>76,248</u>	<u>2,422,028</u>	<u>0</u>	<u>9,226,518</u>
29,558	4,007	(3,181)	(6,028)	(1,388,332)	77,999	(3,004,853)
0	0	0	0	1,660,000	0	1,660,000
0	0	0	0	0	0	1,955,860
0	0	0	0	0	(56,684)	(215,884)
0	0	0	0	0	0	290,315
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,660,000</u>	<u>(56,684)</u>	<u>3,690,291</u>
29,558	4,007	(3,181)	(6,028)	271,668	21,315	685,438
187,843	36,137	73,095	48,122	818,447	135,229	2,301,827
0	0	0	0	0	0	15,643
<u>\$217,401</u>	<u>\$40,144</u>	<u>\$69,914</u>	<u>\$42,094</u>	<u>\$1,090,115</u>	<u>\$156,544</u>	<u>\$3,002,908</u>

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

CEMETERY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$73,504	\$75,536	\$2,032
Charges for Services	179,655	154,864	(24,791)
Total Revenues	<u>253,159</u>	<u>230,400</u>	<u>(22,759)</u>
<u>Expenditures:</u>			
Public Health and Welfare:			
Personal Services	424,957	415,748	9,209
Operations and Maintenance	79,085	56,069	23,016
Capital Outlay	31,712	22,363	9,349
Total Expenditures	<u>535,754</u>	<u>494,180</u>	<u>41,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(282,595)	(263,780)	18,815
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	259,832	270,990	11,158
Operating Transfers Out	(10,600)	(10,600)	0
Total Other Financing Sources (Uses)	<u>249,232</u>	<u>260,390</u>	<u>11,158</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(33,363)	(3,390)	29,973
Fund Balance at Beginning of Year	48,341	48,341	0
Prior Year Encumbrances	4,148	4,148	0
Fund Balance at End of Year	<u>\$19,126</u>	<u>\$49,099</u>	<u>\$29,973</u>

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental Revenues	\$1,364,367	\$1,433,451	\$69,084
All Other Revenues	23,955	27,672	3,717
Total Revenues	<u>1,388,322</u>	<u>1,461,123</u>	<u>72,801</u>
Expenditures:			
Transportation:			
Personal Services	1,362,925	1,327,763	35,162
Operations and Maintenance	1,344,231	1,208,721	135,510
Capital Outlay	106,556	106,556	0
Total Expenditures	<u>2,813,712</u>	<u>2,643,040</u>	<u>170,672</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,425,390)	(1,181,917)	243,473
Other Financing Sources (Uses):			
Operating Transfers In	1,305,588	1,326,685	21,097
Operating Transfers Out	(40,000)	(40,000)	0
Total Other Financing Sources (Uses)	<u>1,265,588</u>	<u>1,286,685</u>	<u>21,097</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(159,802)	104,768	264,570
Fund Balance at Beginning of Year	204,501	204,501	0
Prior Year Encumbrances	104,549	104,549	0
Fund Balance at End of Year	<u>\$149,248</u>	<u>\$413,818</u>	<u>\$264,570</u>

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

PARKS AND RECREATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$999,435	\$1,119,474	\$120,039
Intergovernmental Revenues	10,000	0	(10,000)
Charges for Services	306,500	300,717	(5,783)
Licenses and Permits	1,700	375	(1,325)
All Other Revenues	227,337	7,554	(219,783)
Total Revenues	1,544,972	1,428,120	(116,852)
<u>Expenditures:</u>			
Leisure Time Activities:			
Personal Services	863,436	846,987	16,449
Operations and Maintenance	448,386	424,081	24,305
Capital Outlay	27,197	25,428	1,769
Total Expenditures	1,339,019	1,296,496	42,523
Excess (Deficiency) of Revenues Over (Under) Expenditures	205,953	131,624	(74,329)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(108,600)	(108,600)	0
Total Other Financing Sources (Uses)	(108,600)	(108,600)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	97,353	23,024	(74,329)
Fund Balance at Beginning of Year	180,167	180,167	0
Prior Year Encumbrances	17,352	17,352	0
Fund Balance at End of Year	\$294,872	\$220,543	(\$74,329)

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

TAXI TOKEN FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$250,000	\$260,621	\$10,621
Charges for Services	183,000	114,215	(68,785)
All Other Revenues	5,642	0	(5,642)
Total Revenues	438,642	374,836	(63,806)
<u>Expenditures:</u>			
Transportation:			
Operations and Maintenance	453,402	418,398	35,004
Capital Outlay	8,860	7,654	1,206
Total Expenditures	462,262	426,052	36,210
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,620)	(51,216)	(27,596)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	12,000	12,000	0
Total Other Financing Sources (Uses)	12,000	12,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(11,620)	(39,216)	(27,596)
Fund Balance at Beginning of Year	34,277	34,277	0
Prior Year Encumbrances	4,939	4,939	0
Fund Balance at End of Year	\$27,596	\$0	(\$27,596)

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

LAW DIRECTOR VICTIM ASSISTANCE FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental Revenues	\$25,005	\$0	(\$25,005)
Total Revenues	25,005	0	(25,005)
Expenditures:			
Security of Persons and Property:			
Personal Services	61,755	36,289	25,466
Total Expenditures	61,755	36,289	25,466
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,750)	(36,289)	461
Other Financing Sources (Uses):			
Operating Transfers In	8,335	8,335	0
Total Other Financing Sources (Uses)	8,335	8,335	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(28,415)	(27,954)	461
Fund Balance at Beginning of Year	32,432	32,432	0
Fund Balance at End of Year	\$4,017	\$4,478	\$461

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

LANCASTER COMMUNITY DEVELOPMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$2,046,935	\$185,527	(\$1,861,408)
Total Revenues	2,046,935	185,527	(1,861,408)
<u>Expenditures:</u>			
Community Environment:			
Personal Services	189,171	163,417	25,754
Operations and Maintenance	10,238	5,923	4,315
Capital Outlay	20,000	18,900	1,100
Total Expenditures	219,409	188,240	31,169
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,827,526	(2,713)	(1,830,239)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	22,438	22,438	0
Total Other Financing Sources (Uses)	22,438	22,438	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,849,964	19,725	(1,830,239)
Fund Balance at Beginning of Year	38,851	38,851	0
Fund Balance at End of Year	\$1,888,815	\$58,576	(\$1,830,239)

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

LAW ENFORCEMENT BLOCK GRANT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental Revenues	\$47,111	\$48,269	\$1,158
Total Revenues	47,111	48,269	1,158
Expenditures:			
Security of Persons and Property:			
Operations and Maintenance	69,733	25,332	44,401
Capital Outlay	52,750	52,750	0
Total Expenditures	122,483	78,082	44,401
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,372)	(29,813)	45,559
Other Financing Sources (Uses):			
Operating Transfers In	5,235	5,235	0
Total Other Financing Sources (Uses)	5,235	5,235	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(70,137)	(24,578)	45,559
Fund Balance at Beginning of Year	21,409	21,409	0
Prior Year Encumbrances	52,750	52,750	0
Fund Balance at End of Year	\$4,022	\$49,581	\$45,559

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

POLICE AND FIRE PENSION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$275,000	\$298,371	\$23,371
Intergovernmental Revenues	60,000	34,831	(25,169)
Total Revenues	335,000	333,202	(1,798)
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	335,000	333,202	1,798
Total Expenditures	335,000	333,202	1,798
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

CITY HEALTH DISTRICT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental Revenues	\$189,263	\$281,513	\$92,250
Charges for Services	477,888	511,703	33,815
Licenses and Permits	120,000	0	(120,000)
All Other Revenues	0	13,157	13,157
Total Revenues	787,151	806,373	19,222
Expenditures:			
Public Health and Welfare:			
Personal Services	826,480	826,480	0
Operations and Maintenance	223,444	222,395	1,049
Capital Outlay	29,508	29,490	18
Total Expenditures	1,079,432	1,078,365	1,067
Excess (Deficiency) of Revenues Over (Under) Expenditures	(292,281)	(271,992)	20,289
Other Financing Sources (Uses):			
Operating Transfers In	310,177	310,177	0
Total Other Financing Sources (Uses)	310,177	310,177	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	17,896	38,185	20,289
Fund Balance at Beginning of Year	1,999	1,999	0
Prior Year Encumbrances	4,418	4,418	0
Fund Balance at End of Year	\$24,313	\$44,602	\$20,289

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

FAIRFIELD COUNTY COURT SURVEILLANCE FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental Revenues	\$70,503	\$89,875	\$19,372
Charges for Services	0	324	324
Total Revenues	70,503	90,199	19,696
Expenditures:			
Security of Persons and Property:			
Personal Services	50,090	50,090	0
Operations and Maintenance	14,346	11,072	3,274
Capital Outlay	16,677	16,669	8
Total Expenditures	81,113	77,831	3,282
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,610)	12,368	22,978
Fund Balance at Beginning of Year	2,695	2,695	0
Prior Year Encumbrances	3,283	3,283	0
Fund Balance at End of Year	(\$4,632)	\$18,346	\$22,978

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

INDIGENT DRIVERS ALCOHOL TREATMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$25,000	\$29,113	\$4,113
Total Revenues	25,000	29,113	4,113
<u>Expenditures:</u>			
Security of Persons and Property:			
Operations and Maintenance	211,682	0	211,682
Total Expenditures	211,682	0	211,682
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(186,682)	29,113	215,795
Fund Balance at Beginning of Year	186,682	186,682	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$215,795</u>	<u>\$215,795</u>

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

LAW ENFORCEMENT AND EDUCATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$4,500	\$4,212	(\$288)
Total Revenues	4,500	4,212	(288)
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,500	4,212	(288)
Fund Balance at Beginning of Year	35,707	35,707	0
Fund Balance at End of Year	<u>\$40,207</u>	<u>\$39,919</u>	<u>(\$288)</u>

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

MUNICIPAL COURT COMPUTERIZATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$35,000	\$42,498	\$7,498
Total Revenues	35,000	42,498	7,498
<u>Expenditures:</u>			
General Government:			
Operations and Maintenance	116,500	76,623	39,877
Total Expenditures	116,500	76,623	39,877
Excess (Deficiency) of Revenues Over (Under) Expenditures	(81,500)	(34,125)	47,375
Fund Balance at Beginning of Year	54,659	54,659	0
Prior Year Encumbrances	26,841	26,841	0
Fund Balance at End of Year	\$0	\$47,375	\$47,375

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

DRUG ENFORCEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$0	\$675	\$675
Fines and Forfeitures	0	69,545	69,545
Total Revenues	0	70,220	70,220
<u>Expenditures:</u>			
Security of Persons and Property:			
Operations and Maintenance	0	76,248	(76,248)
Total Expenditures	0	76,248	(76,248)
Excess (Deficiency) of Revenues Over Expenditures	0	(6,028)	(6,028)
Fund Balance at Beginning of Year	48,122	48,122	0
Fund Balance at End of Year	<u>\$48,122</u>	<u>\$42,094</u>	<u>(\$6,028)</u>

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental Revenues	\$319,718	\$1,028,449	\$708,731
All Other Revenues	35,000	13,066	(21,934)
Total Revenues	354,718	1,041,515	686,797
Expenditures:			
Community Environment:			
Operations and Maintenance	2,000	1,872	128
Capital Outlay	3,580,489	2,606,760	973,729
Total Community Environment	3,582,489	2,608,632	973,857
Debt Service:			
Principal Retirement	90,000	90,000	0
Interest and Fiscal Charges	25,150	25,150	0
Total Debt Service	115,150	115,150	0
Total Expenditures	3,697,639	2,723,782	973,857
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,342,921)	(1,682,267)	1,660,654
Other Financing Sources (Uses):			
Proceeds of HUD Loan	1,821,018	1,135,000	(686,018)
Total Other Financing Sources (Uses)	1,821,018	1,135,000	(686,018)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,521,903)	(547,267)	974,636
Fund Balance at Beginning of Year	60,295	60,295	0
Fund Balance (Deficit) at End of Year	(\$1,461,608)	(\$486,972)	\$974,636

THE CITY OF LANCASTER, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

STATE HIGHWAY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$45,000	\$56,288	\$11,288
Investment Earnings	20,000	22,782	2,782
Total Revenues	<u>65,000</u>	<u>79,070</u>	<u>14,070</u>
<u>Expenditures:</u>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	65,000	79,070	14,070
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	<u>(56,684)</u>	<u>(56,684)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(56,684)</u>	<u>(56,684)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	8,316	22,386	14,070
Fund Balance at Beginning of Year	<u>128,829</u>	<u>128,829</u>	<u>0</u>
Fund Balance at End of Year	<u>\$137,145</u>	<u>\$151,215</u>	<u>\$14,070</u>

CAPITAL PROJECTS FUNDS

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

Capital Improvement Fund

To account for financial resources used for the major capital construction and/or improvement projects undertaken by the City.

Municipal Court Improvement Fund

To account for an extra three dollar fee charged by the municipal court on all cases. The money received from this fee is used for capital improvement projects within the municipal court.

**THE CITY OF LANCASTER, OHIO
 COMBINING BALANCE SHEET
 CAPITAL PROJECT FUNDS
 DECEMBER 31, 1999**

	Capital Improvement	Municipal Court Improvement	Totals
Assets:			
Cash and Cash Equivalents	\$3,688,591	\$114,373	\$3,802,964
Receivables (net of allowances for doubtful accounts)			
Taxes	51,852	0	51,852
Interest	3,535	0	3,535
Due from Other Funds	0	5,795	5,795
Total Assets	\$3,743,978	\$120,168	\$3,864,146
Liabilities and Fund Equity:			
Liabilities:			
Accounts Payable	\$888,434	\$7,000	\$895,434
Accrued Interest Payable	38,249	0	38,249
Deferred Revenue	6,495	0	6,495
General Obligation Notes Payable	2,200,000	0	2,200,000
Total Liabilities	3,133,178	7,000	3,140,178
Fund Equity:			
Reserved for Encumbrances	410,170	4,636	414,806
Unreserved	200,630	108,532	309,162
Total Fund Equity	610,800	113,168	723,968
Total Liabilities and Fund Equity	\$3,743,978	\$120,168	\$3,864,146

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Capital Improvement	Municipal Court Improvement	Totals
Revenues:			
Taxes	\$230,127	\$0	\$230,127
Intergovernmental Revenues	572,762	0	572,762
Investment Earnings	38,983	0	38,983
Fines and Forfeitures	0	98,990	98,990
All Other Revenues	388,812	0	388,812
Total Revenues	1,230,684	98,990	1,329,674
Expenditures:			
Capital Outlay	2,470,083	37,201	2,507,284
Debt Service:			
Interest and Fiscal Charges	99,391	0	99,391
Total Expenditures	2,569,474	37,201	2,606,675
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,338,790)	61,789	(1,277,001)
Other Financing Sources (Uses):			
Operating Transfers In	980,125	0	980,125
Other Financing Sources - Capital Leases	826,721	0	826,721
Total Other Financing Sources (Uses)	1,806,846	0	1,806,846
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	468,056	61,789	529,845
Fund Balance at Beginning of Year	142,744	51,379	194,123
Fund Balance at End of Year	\$610,800	\$113,168	\$723,968

THE CITY OF LANCASTER OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

CAPITAL IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Taxes	\$220,250	\$229,865	\$9,615
Intergovernmental Revenues	553,660	553,660	0
Investment Earnings	0	35,448	35,448
All Other Revenues	450,853	388,812	(62,041)
Total Revenues	1,224,763	1,207,785	(16,978)
Expenditures:			
Capital Outlay	6,454,192	2,351,865	4,102,327
Debt Service:			
Principal Retirement	1,902,666	1,902,666	0
Interest and Fiscal Charges	75,411	75,411	0
Total Expenditures	8,432,269	4,329,942	4,102,327
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,207,506)	(3,122,157)	4,085,349
Other Financing Sources (Uses):			
Proceeds of General Obligation Notes	2,853,130	2,451,333	(401,797)
Other Financing Sources-Capital Lease	0	826,721	826,721
Operating Transfers In	3,480,125	980,125	(2,500,000)
Operating Transfers Out	(739,000)	0	739,000
Total Other Financing Sources (Uses)	5,594,255	4,258,179	(1,336,076)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,613,251)	1,136,022	2,749,273
Fund Balance at Beginning of Year	1,466,614	1,466,614	0
Prior Year Encumbrances	146,637	146,637	0
Fund Balance at End of Year	\$0	\$2,749,273	\$2,749,273

THE CITY OF LANCASTER OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

MUNICIPAL COURT IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Fines and Forfeitures	\$83,000	\$98,562	\$15,562
Total Revenues	83,000	98,562	15,562
Expenditures:			
Capital Outlay	129,012	41,837	87,175
Total Expenditures	129,012	41,837	87,175
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,012)	56,725	102,737
Fund Balance at Beginning of Year	45,362	45,362	0
Prior Year Encumbrances	650	650	0
Fund Balance at End of Year	\$0	\$102,737	\$102,737

ENTERPRISE FUNDS

The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, whereby the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City has decided that periodic determination of net income is appropriate for accountability purposes.

Gas Fund

To account for the provision of natural gas service to residential and commercial users of the City.

Water Fund

To account for the provision of water distribution service to residential and commercial users of the City.

Water Pollution Fund

To account for the provision of water treatment service to residential and commercial users of the City.

Sanitation Fund

To account for the provision of refuse collection service to residential and commercial users of the City.

THE CITY OF LANCASTER, OHIO
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
DECEMBER 31, 1999

	Gas	Water	Water Pollution	Sanitation	Totals
Assets:					
Cash and Cash Equivalents	\$780,177	\$3,872,544	\$5,512,963	\$1,102,983	\$11,268,667
Receivables (net of allowances for doubtful accounts):					
Accounts	2,135,990	552,435	632,212	386,789	3,707,426
Interest	0	0	0	8,811	8,811
Inventory of Supplies at Cost	1,602,054	677,468	16,810	24,196	2,320,528
Prepaid Items	9,275	4,752	3,488	2,438	19,953
Restricted Assets:					
Cash and Cash Equivalents	128,886	23,837	23,837	0	176,560
Investments	0	0	0	425,457	425,457
Property, Plant and Equipment	8,789,087	14,148,398	47,938,083	1,826,700	72,702,268
Less: Accumulated Depreciation	(4,924,895)	(8,425,174)	(18,954,425)	(1,081,425)	(33,385,919)
Net Fixed Assets	3,864,192	5,723,224	28,983,658	745,275	39,316,349
Construction in Progress	0	3,073,847	70,074	34,407	3,178,328
Total Assets	<u>\$8,520,574</u>	<u>\$13,928,107</u>	<u>\$35,243,042</u>	<u>\$2,730,356</u>	<u>\$60,422,079</u>
Liabilities and Fund Equity:					
Liabilities:					
Accounts Payable	\$635,399	\$658,021	\$56,397	\$126,928	\$1,476,745
Accrued Wages and Benefits	88,252	109,405	71,497	73,831	342,985
Due to Others - Refundable Deposits	128,886	23,837	23,837	0	176,560
Interest Payable	0	31,222	0	0	31,222
General Obligation Notes Payable	0	925,000	0	0	925,000
Compensated Absences Payable	253,558	266,032	177,401	82,521	779,512
Landfill Postclosure Care Liability	0	0	0	2,358,000	2,358,000
Ohio Water Development Authority Loans Payable	0	0	23,757,459	3,762,994	27,520,453
Total Liabilities	<u>1,106,095</u>	<u>2,013,517</u>	<u>24,086,591</u>	<u>6,404,274</u>	<u>33,610,477</u>
Fund Equity:					
Contributed Capital	0	6,988	2,769,282	0	2,776,270
Retained Earnings:					
Unreserved	7,414,479	11,907,602	8,387,169	(3,673,918)	24,035,332
Total Fund Equity	<u>7,414,479</u>	<u>11,914,590</u>	<u>11,156,451</u>	<u>(3,673,918)</u>	<u>26,811,602</u>
Total Liabilities and Fund Equity	<u>\$8,520,574</u>	<u>\$13,928,107</u>	<u>\$35,243,042</u>	<u>\$2,730,356</u>	<u>\$60,422,079</u>

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Gas	Water	Water Pollution	Sanitation	Totals
Operating Revenues:					
Charges for Services	\$11,798,181	\$4,622,456	\$5,409,053	\$3,161,054	\$24,990,744
Other Operating Revenues	349,374	12	13	11	349,410
Total Operating Revenues	12,147,555	4,622,468	5,409,066	3,161,065	25,340,154
Operating Expenses:					
Personal Services	1,491,256	1,952,606	1,149,237	1,190,933	5,784,032
Materials and Supplies	9,036,188	1,053,436	336,954	84,932	10,511,510
Contractual Services	498,612	451,808	1,038,698	948,705	2,937,823
Depreciation	323,839	502,754	1,801,230	118,275	2,746,098
Landfill Postclosure Care Costs	0	0	0	252,987	252,987
Other Operating Expenses	9,341	3,710	5,136	1,976	20,163
Total Operating Expenses	11,359,236	3,964,314	4,331,255	2,597,808	22,252,613
Operating Income	788,319	658,154	1,077,811	563,257	3,087,541
Non-Operating Revenues (Expenses):					
Intergovernmental Grants	20,371	0	0	0	20,371
Investment Earnings	0	0	0	21,149	21,149
Interest and Fiscal Charges	0	(75,222)	(1,170,562)	(153,983)	(1,399,767)
Loss on Disposal of Fixed Assets	0	(1,687)	0	0	(1,687)
Total Non-Operating Revenues (Expenses)	20,371	(76,909)	(1,170,562)	(132,834)	(1,359,934)
Income (Loss) Before Operating Transfers	808,690	581,245	(92,751)	430,423	1,727,607
Operating Transfers:					
Operating Transfers Out	(90,000)	(90,000)	(90,000)	(90,000)	(360,000)
Total Operating Transfers	(90,000)	(90,000)	(90,000)	(90,000)	(360,000)
Net Income (Loss)	718,690	491,245	(182,751)	340,423	1,367,607
Add: Depreciation Charged to Contributed Capital	0	0	184,696	0	184,696
Retained Earnings/					
Accumulated Deficit at Beginning of Year	6,695,789	11,416,357	8,385,224	(4,014,341)	22,483,029
Retained Earnings/Accumulated					
Deficit at End of Year	<u>\$7,414,479</u>	<u>\$11,907,602</u>	<u>\$8,387,169</u>	<u>(\$3,673,918)</u>	<u>\$24,035,332</u>

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Gas	Water	Water Pollution	Sanitation	Totals
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$11,892,899	\$4,557,115	\$5,306,547	\$3,121,538	\$24,878,099
Cash Payments for Goods and Services	(9,707,410)	(1,470,123)	(1,342,617)	(1,468,656)	(13,988,806)
Cash Payments to Employees	(1,512,913)	(1,872,893)	(1,161,542)	(1,222,880)	(5,770,228)
Customer Deposits Received	113,687	21,024	21,024	0	155,735
Customer Deposits Returned	(102,960)	(19,040)	(19,040)	0	(141,040)
Net Cash Provided by Operating Activities	<u>683,303</u>	<u>1,216,083</u>	<u>2,804,372</u>	<u>430,002</u>	<u>5,133,760</u>
<u>Cash Flows from Noncapital Financing Activities:</u>					
Operating Grants Received	20,371	0	0	0	20,371
Transfers Out to Other Funds	(90,000)	(90,000)	(90,000)	(90,000)	(360,000)
Net Cash Used for Noncapital Financing Activities	<u>(69,629)</u>	<u>(90,000)</u>	<u>(90,000)</u>	<u>(90,000)</u>	<u>(339,629)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Proceeds from Ohio Water					
Development Authority Loans	0	0	0	68,277	68,277
Proceeds from General Obligation Notes	0	925,000	0	0	925,000
Principal Paid on General Obligation Notes	0	(1,100,000)	0	0	(1,100,000)
Acquisition and Construction of Assets	(390,285)	(1,473,367)	(917,113)	(271,794)	(3,052,559)
Principal Paid on Ohio Water					
Development Authority Loans	0	0	(1,050,105)	(135,643)	(1,185,748)
Interest Paid on All Debt	0	(44,000)	(1,196,841)	(153,983)	(1,394,824)
Net Cash Used for Capital and Related Financing Activities	<u>(390,285)</u>	<u>(1,692,367)</u>	<u>(3,164,059)</u>	<u>(493,143)</u>	<u>(5,739,854)</u>
<u>Cash Flows from Investing Activities:</u>					
Purchase of Investments	0	0	0	(18,410)	(18,410)
Receipt of Investment Earnings	0	0	0	18,409	18,409
Net Cash Used for Investing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1)</u>	<u>(1)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	223,389	(566,284)	(449,687)	(153,142)	(945,724)
Cash and Cash Equivalents at Beginning of Year	685,674	4,462,665	5,986,487	1,256,125	12,390,951
Cash and Cash Equivalents at End of Year	<u>\$909,063</u>	<u>\$3,896,381</u>	<u>\$5,536,800</u>	<u>\$1,102,983</u>	<u>\$11,445,227</u>
<u>Reconciliation of Cash and</u>					
<u>Cash Equivalents per the Balance Sheet:</u>					
Cash and Cash Equivalents	\$780,177	\$3,872,544	\$5,512,963	\$1,102,983	\$11,268,667
Restricted Cash and Cash Equivalents	128,886	23,837	23,837	0	176,560
Cash and Cash Equivalents at End of Year	<u>\$909,063</u>	<u>\$3,896,381</u>	<u>\$5,536,800</u>	<u>\$1,102,983</u>	<u>\$11,445,227</u>

(Continued)

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Gas	Water	Water Pollution	Sanitation	Totals
Reconciliation of Operating Income to Net Cash					
Provided by Operating Activities:					
Operating Income	\$788,319	\$658,154	\$1,077,811	\$563,257	\$3,087,541
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation Expense	323,839	502,754	1,801,230	118,275	2,746,098
Changes in Assets and Liabilities:					
Increase in Accounts Receivable	(245,315)	(61,643)	(97,383)	(37,551)	(441,892)
Decrease in Inventory	967,935	43,289	10,798	1,391	1,023,413
(Increase) Decrease in Prepaid Items	202	821	(118)	(767)	138
Increase (Decrease) in Accounts Payable	(1,140,519)	61,586	22,897	(42,194)	(1,098,230)
Decrease in Accrued Wages and Benefits	(15,936)	(23,797)	(15,772)	(11,164)	(66,669)
Increase in Customer Deposits	10,727	1,984	1,984	0	14,695
Decrease in Retainage Payable	0	0	0	(68,009)	(68,009)
Decrease in Landfill Postclosure Care Liability	0	0	0	(72,149)	(72,149)
Increase (Decrease) in Compensated Absences	(5,949)	32,935	2,925	(21,087)	8,824
Total Adjustments	(105,016)	557,929	1,726,561	(133,255)	2,046,219
Net Cash Provided by Operating Activities	<u>\$683,303</u>	<u>\$1,216,083</u>	<u>\$2,804,372</u>	<u>\$430,002</u>	<u>\$5,133,760</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 1999, the Water, the Water Pollution and the Sanitation Funds had outstanding liabilities of \$518,099, \$750, and \$47,944 respectively for certain capital assets. During 1999, the Sanitation Fund incurred liabilities of \$421,551 to the Ohio Water Development Authority for construction payments made by the Authority directly to contractors.

INTERNAL SERVICE FUNDS

The internal service funds account for the financing of services provided by one department or agency to other departments or agencies 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.

Electrical Fund

To account for the operation of the electrical 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.

THE CITY OF LANCASTER, OHIO
COMBINING BALANCE SHEET
INTERNAL SERVICES FUNDS
DECEMBER 31, 1999

	Utilities Collection	Electrical	Health Insurance Management	Totals
Assets:				
Cash and Cash Equivalents	\$464,445	\$101,731	\$3,452	\$569,628
Inventory of Supplies at Cost	12,976	192,318	0	205,294
Prepaid Items	934	1,128	0	2,062
Property, Plant and Equipment	358,733	1,431,802	0	1,790,535
Less: Accumulated Depreciation	(229,901)	(945,219)	0	(1,175,120)
Net Fixed Assets	128,832	486,583	0	615,415
Total Assets	<u>\$607,187</u>	<u>\$781,760</u>	<u>\$3,452</u>	<u>\$1,392,399</u>
Liabilities and Fund Equity:				
Liabilities:				
Accounts Payable	\$7,231	\$8,006	\$431	\$15,668
Accrued Wages and Benefits	45,763	27,949	0	73,712
Compensated Absences Payable	116,171	52,190	0	168,361
Capital Leases Payable	0	1,797	0	1,797
Claims Payable	0	0	338,162	338,162
Total Liabilities	<u>169,165</u>	<u>89,942</u>	<u>338,593</u>	<u>597,700</u>
Fund Equity:				
Contributed Capital	0	84,751	0	84,751
Retained Earnings:				
Unreserved	438,022	607,067	(335,141)	709,948
Total Fund Equity	<u>438,022</u>	<u>691,818</u>	<u>(335,141)</u>	<u>794,699</u>
Total Liabilities and Fund Equity	<u>\$607,187</u>	<u>\$781,760</u>	<u>\$3,452</u>	<u>\$1,392,399</u>

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
INTERNAL SERVICES FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Utilities Collection	Electrical	Health Insurance Management	Totals
Operating Revenues:				
Charges for Services	\$1,027,900	\$682,692	\$2,982,107	\$4,692,699
Other Operating Revenues	1,951	14,624	0	16,575
Total Operating Revenues	1,029,851	697,316	2,982,107	4,709,274
Operating Expenses:				
Personal Services	770,945	451,164	2,874,128	4,096,237
Materials and Supplies	115,011	37,482	0	152,493
Contractual Services	76,624	131,099	0	207,723
Depreciation	35,702	75,428	0	111,130
Total Operating Expenses	998,282	695,173	2,874,128	4,567,583
Operating Income	31,569	2,143	107,979	141,691
Non-Operating Revenues (Expenses):				
Loss on Disposal of Fixed Assets	(893)	(797)	0	(1,690)
Total Non-Operating Revenues (Expenses)	(893)	(797)	0	(1,690)
Income Before Operating Transfers	30,676	1,346	107,979	140,001
Operating Transfers:				
Operating Transfers In	0	0	75,000	75,000
Operating Transfers Out	0	(10,600)	0	(10,600)
Total Operating Transfers	0	(10,600)	75,000	64,400
Net Income (Loss)	30,676	(9,254)	182,979	204,401
Retained Earnings/				
Accumulated Deficit at Beginning of Year	407,346	616,321	(518,120)	505,547
Retained Earnings/				
Accumulated Deficit at End of Year	\$438,022	\$607,067	(\$335,141)	\$709,948

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Utilities Collection	Electrical	Health Insurance Management	Totals
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$1,029,851	\$697,528	\$3,048,185	\$4,775,564
Cash Payments for Goods and Services	(185,184)	(219,797)	0	(404,981)
Cash Payments to Employees	(778,967)	(445,184)	(3,255,391)	(4,479,542)
Net Cash Provided (Used) by Operating Activities	<u>65,700</u>	<u>32,547</u>	<u>(207,206)</u>	<u>(108,959)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	0	0	75,000	75,000
Transfers Out to Other Funds	0	(10,600)	0	(10,600)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>0</u>	<u>(10,600)</u>	<u>75,000</u>	<u>64,400</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(98,873)	(51,384)	0	(150,257)
Capital Lease Payments	0	(562)	0	(562)
Net Cash Used for Capital and Related Financing Activities	<u>(98,873)</u>	<u>(51,946)</u>	<u>0</u>	<u>(150,819)</u>
Net Decrease in Cash and Cash Equivalents	(33,173)	(29,999)	(132,206)	(195,378)
Cash and Cash Equivalents at Beginning of Year	497,618	131,730	135,658	765,006
Cash and Cash Equivalents at End of Year	<u>\$464,445</u>	<u>\$101,731</u>	<u>\$3,452</u>	<u>\$569,628</u>
<u>Reconciliation of Operating Income to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Income	\$31,569	\$2,143	\$107,979	\$141,691
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) for Operating Activities:				
Depreciation	35,702	75,428	0	111,130
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	0	212	66,078	66,290
(Increase) Decrease in Inventory	362	(53,331)	0	(52,969)
Decrease in Prepaid Items	0	50	0	50
Increase (Decrease) in Accounts Payable	5,879	2,059	(44,790)	(36,852)
Decrease in Accrued Wages and Benefits	(12,160)	(3,522)	0	(15,682)
Increase in Compensated Absences	4,348	9,508	0	13,856
Decrease in Claims Payable	0	0	(336,473)	(336,473)
Total Adjustments	<u>34,131</u>	<u>30,404</u>	<u>(315,185)</u>	<u>(250,650)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$65,700</u>	<u>\$32,547</u>	<u>(\$207,206)</u>	<u>(\$108,959)</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 1999, the Electrical Fund had outstanding liabilities of \$109 for certain capital assets.

FIDUCIARY FUND TYPES

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.

EXPENDABLE TRUST FUND

Cemetery Interment Fund

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

NONEXPENDABLE TRUST FUND

Cemetery Trust Fund

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

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.

THE CITY OF LANCASTER, OHIO
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 1999

	<u><i>Expendable</i></u> <u><i>Trust Fund</i></u>	<u><i>Nonexpendable</i></u> <u><i>Trust Fund</i></u>
	Cemetery Interment Trust	Cemetery Trust
<u>Assets:</u>		
Cash and Cash Equivalents	\$33,670	\$20,621
Investments	142,000	612,014
Receivables (net of allowance for doubtful accounts):		
Accounts	1,096	7,886
Interest	1,350	2,612
Due from Other Funds	0	0
Restricted Assets:		
Cash with Fiscal Agent	0	0
Total Assets	<u>\$178,116</u>	<u>\$643,133</u>
<u>Liabilities and Fund Equity:</u>		
<u>Liabilities:</u>		
Due to Other Funds	\$0	\$0
Intergovernmental Payables	0	0
Due to Others	0	0
Deferred Revenue	1,096	0
Total Liabilities	<u>1,096</u>	<u>0</u>
<u>Fund Equity:</u>		
Reserved for Endowments	0	643,133
Unreserved	177,020	0
Total Fund Equity	<u>177,020</u>	<u>643,133</u>
Total Liabilities and Fund Equity	<u>\$178,116</u>	<u>\$643,133</u>

THE CITY OF LANCASTER, OHIO
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 1999

Agency Funds

Street Deposit	Municipal Court	Law Library	Totals
\$2,800	\$0	\$12,355	\$69,446
0	0	0	754,014
0	0	0	8,982
0	0	0	3,962
0	0	5,904	5,904
0	123,727	0	123,727
<u>\$2,800</u>	<u>\$123,727</u>	<u>\$18,259</u>	<u>\$966,035</u>
\$0	\$71,189	\$0	\$71,189
0	0	18,259	18,259
2,800	52,538	0	55,338
0	0	0	1,096
<u>2,800</u>	<u>123,727</u>	<u>18,259</u>	<u>145,882</u>
0	0	0	643,133
0	0	0	177,020
0	0	0	820,153
<u>\$2,800</u>	<u>\$123,727</u>	<u>\$18,259</u>	<u>\$966,035</u>

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Balance December 31, 1998	Additions	Deductions	Balance December 31, 1999
<u>Street Deposit Fund</u>				
Assets:				
Cash and Cash Equivalents	\$3,600	\$700	(\$1,500)	\$2,800
Total Assets	<u>\$3,600</u>	<u>\$700</u>	<u>(\$1,500)</u>	<u>\$2,800</u>
Liabilities:				
Due to Others	\$3,600	\$700	(\$1,500)	\$2,800
Total Liabilities	<u>\$3,600</u>	<u>\$700</u>	<u>(\$1,500)</u>	<u>\$2,800</u>
<u>Municipal Court Fund</u>				
Assets:				
Restricted Assets:				
Cash with Fiscal Agent	\$92,732	\$2,205,978	(\$2,174,983)	\$123,727
Total Assets	<u>\$92,732</u>	<u>\$2,205,978</u>	<u>(\$2,174,983)</u>	<u>\$123,727</u>
Liabilities:				
Due to Other Funds	\$67,384	\$891,485	(\$887,680)	\$71,189
Intergovernmental Payable	0	892,139	(892,139)	0
Due to Others	25,348	422,354	(395,164)	52,538
Total Liabilities	<u>\$92,732</u>	<u>\$2,205,978</u>	<u>(\$2,174,983)</u>	<u>\$123,727</u>
<u>Law Library Fund</u>				
Assets:				
Cash and Cash Equivalents	\$1	\$72,354	(\$60,000)	\$12,355
Due from Other Funds	5,070	5,904	(5,070)	5,904
Total Assets	<u>\$5,071</u>	<u>\$78,258</u>	<u>(\$65,070)</u>	<u>\$18,259</u>
Liabilities:				
Intergovernmental Payable	\$5,071	\$78,258	(\$65,070)	\$18,259
Total Liabilities	<u>\$5,071</u>	<u>\$78,258</u>	<u>(\$65,070)</u>	<u>\$18,259</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$3,601	\$73,054	(\$61,500)	\$15,155
Due from Other Funds	5,070	5,904	(5,070)	5,904
Restricted Assets:				
Cash with Fiscal Agent	92,732	2,205,978	(2,174,983)	123,727
Total Assets	<u>\$101,403</u>	<u>\$2,284,936</u>	<u>(\$2,241,553)</u>	<u>\$144,786</u>
Liabilities:				
Due to Other Funds	\$67,384	\$891,485	(\$887,680)	\$71,189
Intergovernmental Payables	5,071	970,397	(957,209)	18,259
Due to Others	28,948	423,054	(396,664)	55,338
Total Liabilities	<u>\$101,403</u>	<u>\$2,284,936</u>	<u>(\$2,241,553)</u>	<u>\$144,786</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets Account Group is used to account for fixed assets other than those accounted for in the Proprietary Funds.

THE CITY OF LANCASTER, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 1999

General Fixed Assets:

Land	\$1,491,359
Buildings	5,272,404
Improvements Other Than Buildings	3,142,802
Vehicles	3,109,187
Equipment	3,148,613
Subtotal	<u>16,164,365</u>
Less: Accumulated Depreciation	<u>(8,612,313)</u>
Subtotal	7,552,052
Construction in Progress	<u>1,057,176</u>
Total General Fixed Assets	<u><u>\$8,609,228</u></u>

Investment in General Fixed Assets from:

General Fund	\$3,951,254
Special Revenue Funds	<u>4,657,974</u>
Total Investment in General Fixed Assets	<u><u>\$8,609,228</u></u>

THE CITY OF LANCASTER, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 1999

Function and Activity	Land	Buildings	Improvements Other Than Buildings
<u>General Government:</u>			
Mayor	\$0	\$0	\$930
Personnel	0	0	0
City Hall	25,000	105,000	476,232
Auditor	0	0	1,243
Income Tax	0	0	0
Treasurer	0	0	0
Safety Director	0	0	0
Engineer	0	0	882
Prosecutor	0	0	0
Court-Clerk	0	0	21,276
Court-Judicial	0	0	44,870
Court Electronic Surveillance	0	0	0
Total	25,000	105,000	545,433
<u>Security of Persons and Property:</u>			
Police	141,962	2,010,264	124,195
Fire	25,600	234,473	495,100
Total	167,562	2,244,737	619,295
<u>Public Health and Welfare Services:</u>			
Public Health	0	0	0
Cemetery	14,897	1,000	89,485
Total	14,897	1,000	89,485
<u>Transportation:</u>			
Street Construction	1,000	142,521	18,901
<u>Community Environment:</u>			
Community Development	0	0	0
<u>Leisure Time Activities:</u>			
Park	1,282,900	2,779,146	1,863,948
Mumaugh	0	0	5,740
Total	1,282,900	2,779,146	1,869,688
Total General Fixed Assets	\$1,491,359	\$5,272,404	\$3,142,802
Less: Accumulated Depreciation			
Total Net General Fixed Assets			

THE CITY OF LANCASTER, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 1999

Vehicles	Machinery and Equipment	Construction in Progress	Total
\$0	\$3,240	\$0	\$4,170
0	4,770	0	4,770
0	59,598	1,039,455	1,705,285
0	60,496	0	61,739
0	53,092	0	53,092
0	1,437	0	1,437
0	48,829	0	48,829
49,015	73,116	0	123,013
0	33,957	0	33,957
0	283,731	0	305,007
0	60,135	0	105,005
0	15,672	0	15,672
<u>49,015</u>	<u>698,073</u>	<u>1,039,455</u>	<u>2,461,976</u>
452,295	647,625	0	3,376,341
1,429,659	489,777	0	2,674,609
<u>1,881,954</u>	<u>1,137,402</u>	<u>0</u>	<u>6,050,950</u>
31,191	95,377	0	126,568
110,295	167,315	0	382,992
<u>141,486</u>	<u>262,692</u>	<u>0</u>	<u>509,560</u>
<u>721,351</u>	<u>701,439</u>	<u>0</u>	<u>1,585,212</u>
0	33,276	0	33,276
315,381	312,847	17,721	6,571,943
0	2,884	0	8,624
<u>315,381</u>	<u>315,731</u>	<u>17,721</u>	<u>6,580,567</u>
<u>\$3,109,187</u>	<u>\$3,148,613</u>	<u>\$1,057,176</u>	<u>17,221,541</u>
			(8,612,313)
			<u>\$8,609,228</u>

THE CITY OF LANCASTER, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 1999

Function and Activity	December 31, 1998	Transfers	Additions	Deletions	December 31, 1999
General Government:					
Mayor	\$4,170	\$0	\$0	\$0	\$4,170
Personnel	4,770	0	0	0	4,770
City Hall	450,440	0	1,254,845	0	1,705,285
Auditor	83,284	0	22,047	(43,592)	61,739
Income Tax	47,233	0	5,859	0	53,092
Treasurer	1,437	0	0	0	1,437
Safety Director	44,505	0	4,324	0	48,829
Engineer	104,943	12,377	5,693	0	123,013
Prosecutor	30,344	0	3,613	0	33,957
Court-Clerk	287,070	0	17,937	0	305,007
Court-Judicial	112,688	(12,377)	4,694	0	105,005
Court-Electronic Surveillance	1,508	0	14,164	0	15,672
Total	<u>1,172,392</u>	<u>0</u>	<u>1,333,176</u>	<u>(43,592)</u>	<u>2,461,976</u>
Security of Persons and Property:					
Police	3,346,597	0	29,744	0	3,376,341
Fire	2,541,935	0	132,674	0	2,674,609
Total	<u>5,888,532</u>	<u>0</u>	<u>162,418</u>	<u>0</u>	<u>6,050,950</u>
Public Health and Welfare Services:					
Public Health	109,694	0	16,874	0	126,568
Cemetery	365,757	0	18,235	(1,000)	382,992
Total	<u>475,451</u>	<u>0</u>	<u>35,109</u>	<u>(1,000)</u>	<u>509,560</u>
Transportation:					
Street Construction	1,157,286	0	427,926	0	1,585,212
Community Environment:					
Community Development	14,728	0	18,548	0	33,276
Leisure Time Activities:					
Park	6,528,068	0	44,733	(858)	6,571,943
Mummaugh	8,624	0	0	0	8,624
Total	<u>6,536,692</u>	<u>0</u>	<u>44,733</u>	<u>(858)</u>	<u>6,580,567</u>
Total General Fixed Assets	<u>15,245,081</u>	<u>0</u>	<u>2,021,910</u>	<u>(45,450)</u>	<u>17,221,541</u>
Less: Accumulated Depreciation	<u>(7,924,423)</u>	<u>0</u>	<u>(731,865)</u>	<u>43,975</u>	<u>(8,612,313)</u>
Total Net General Fixed Assets	<u>\$7,320,658</u>	<u>\$0</u>	<u>\$1,290,045</u>	<u>(\$1,475)</u>	<u>\$8,609,228</u>

STATISTICAL TABLES

THE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.

THE CITY OF LANCASTER, OHIO
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

LAST TEN YEARS

(Amounts in Thousands)

Year	Security of Persons and Property	Public Health and Welfare	Leisure Time Activities	Community Development	Transportation	General Government	Miscellaneous (1)	Total
1990 a	\$6,383	\$0	\$14	\$24	\$371	\$1,659	\$93	\$8,544
1991 a	6,568	0	24	24	0	2,290	114	9,020
1992 a	7,260	0	23	22	0	2,672	89	10,066
1993 a	7,794	0	23	22	0	2,695	76	10,610
1994 b	9,032	1,113	978	821	2,049	3,002	99	17,094
1995 b	9,341	1,287	1,023	705	2,221	4,128	22	18,727
1996 b	9,650	1,359	1,066	488	2,171	3,828	14	18,576
1997 b	9,460	1,293	1,140	781	2,330	3,606	8	18,618
1998 b	10,292	1,369	1,253	1,055	2,337	3,783	6	20,095
1999 b	10,824	1,545	1,277	2,541	3,205	4,318	121	23,831

a Includes General Fund only.

b Includes General Fund, Special Revenue Funds, and Debt Service Fund.

(1) Includes Debt Retirement.

THE CITY OF LANCASTER, OHIO
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN YEARS

(Amounts in Thousands)

Year	Taxes	Inter-Governmental Revenue	Charges for Service	Licenses and Permits	Fines and Forfeitures	Miscellaneous (1)	Total
1990 a	\$5,898	\$1,317	\$446	\$40	\$538	\$1,062	\$9,301
1991 a	7,002	1,759	107	36	592	765	10,261
1992 a	6,703	1,752	167	46	630	642	9,940
1993 a	7,691	1,811	62	55	495	512	10,626
1994 b	9,431	4,268	933	49	842	625	16,148
1995 b	9,747	4,444	1,115	59	803	1,319	17,487
1996 b	10,095	4,458	1,192	70	843	1,463	18,121
1997 b	10,975	5,306	1,253	77	810	1,610	20,031
1998 b	12,174	5,735	1,665	132	827	1,879	22,412
1999 b	12,797	6,125	2,043	22	839	1,429	23,255

a Includes General Fund only.

b Includes General Fund, Special Revenue Funds, and Debt Service Fund.

(1) Includes Investment Earnings and All Other Revenues.

THE CITY OF LANCASTER, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN YEARS

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections		Accumulated		Percentage of Accumulated Delinquent Taxes to Total Tax Levy
					To Tax Levy	To Tax Levy	Outstanding Delinquent Taxes	Delinquent Taxes to Total Tax Levy	
1990	\$1,083,263	\$1,060,514	\$22,714	\$1,083,228	100.00%	100.00%	\$32,003	2.95%	
1991	866,211	841,099	17,573	858,672	99.13%	99.13%	32,593	3.76%	
1992	877,071	844,723	23,158	867,881	98.95%	98.95%	39,141	4.46%	
1993	1,175,443	1,127,546	33,870	1,161,416	98.81%	98.81%	51,841	4.41%	
1994	1,183,000	1,140,876	26,296	1,167,172	98.66%	98.66%	35,519	3.00%	
1995	1,204,616	1,145,997	35,360	1,181,357	98.07%	98.07%	61,899	5.14%	
1996	1,473,231	1,371,964	27,110	1,399,074	94.97%	94.97%	88,397	6.00%	
1997	1,479,239	1,408,609	71,076	1,479,685	100.03%	100.03%	63,577	4.30%	
1998	1,236,332	1,204,481	25,408	1,229,889	99.48%	99.48%	59,679	4.83%	
1999	1,394,840	1,343,887	35,544	1,379,431	98.90%	98.90%	59,076	4.24%	

Source: Fairfield County Auditor

THE CITY OF LANCASTER, OHIO
ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS

Collection Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1990	\$273,469,560	\$781,341,600	\$19,659,840	\$57,823,059	\$70,693,773	\$243,771,631	\$363,823,173	\$1,082,936,290	33.60%
1991	273,516,610	781,476,029	19,659,840	57,823,059	69,467,115	257,258,606	362,643,565	1,096,557,694	33.07%
1992	275,903,260	788,295,030	19,830,910	58,326,205	70,958,941	272,919,004	366,693,111	1,119,540,239	32.75%
1993	287,722,060	981,199,620	20,750,450	61,030,735	73,390,867	293,563,468	381,863,377	1,335,793,823	28.59%
1994	290,330,380	829,515,370	21,053,310	61,921,500	74,778,327	299,113,308	386,162,017	1,190,550,178	32.44%
1995	292,032,160	834,377,600	20,262,540	59,595,706	77,513,166	310,032,664	389,807,866	1,204,025,970	32.38%
1996	379,220,150	1,083,486,143	19,775,910	58,164,441	85,842,560	343,370,240	484,838,620	1,485,020,824	32.65%
1997	387,768,000	1,107,908,571	19,583,870	57,599,618	87,668,105	350,672,420	495,019,975	1,516,180,609	32.65%
1998	397,922,750	1,136,922,143	19,806,210	58,253,559	89,086,789	356,347,156	506,815,749	1,551,522,858	32.67%
1999	449,827,490	1,285,221,400	17,820,400	52,412,941	87,390,191	349,560,764	555,038,081	1,687,195,105	32.90%

Source: Fairfield County Auditor

THE CITY OF LANCASTER, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS

Collection Year	City of Lancaster				Total City	Lancaster		Fairfield County	Total
	General Fund	Police and Fire		City School District		Fairfield County			
		Pension Fund							
1990	2.80	0.60		46.70	3.40	8.55	58.65		
1991	2.80	0.60		56.70	3.40	8.55	68.65		
1992	2.80	0.60		56.70	3.40	8.55	68.65		
1993	2.80	0.60		56.70	3.40	8.55	68.65		
1994	2.80	0.60		56.70	3.40	8.55	68.65		
1995	2.80	0.60		56.70	3.40	7.05	67.15		
1996	2.80	0.60		56.70	3.40	7.05	67.15		
1997	2.80	0.60		56.70	3.40	7.05	67.15		
1998	2.80	0.60		64.60	3.40	7.05	75.05		
1999	2.80	0.60		64.60	3.40	7.05	75.05		

Source: Fairfield County Auditor
Fairfield County Treasurer

THE CITY OF LANCASTER, OHIO
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1990	\$15,215	\$13,925	91.52%
1991	12,130	7,318	60.33%
1992	11,227	5,290	47.12%
1993	11,277	4,533	40.20%
1994	11,884	6,673	56.15%
1995	8,630	7,885	91.37%
1996	2,897	0	0.00%
1997	0	0	0.00%
1998	0	0	0.00%
1999	0	0	0.00%

Source: Fairfield County Auditor

THE CITY OF LANCASTER, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 1999

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$555,038,081	\$555,038,081
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	58,278,999	30,527,094
Applicable City Debt Outstanding (2)	2,200,000	2,200,000
Less: Applicable Debt Service Fund Amounts	(7,919)	(7,919)
Net Indebtedness Subject to Limitation	2,192,081	2,192,081
Legal Debt Margin	\$56,086,918	\$28,335,013

(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 Notes.
 Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin.

THE CITY OF LANCASTER, OHIO
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of	
						Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1990	34,507	\$363,823,173	\$50,000	\$7,000	\$43,000	0.01%	\$1.25
1991	34,917	362,643,565	25,000	1,000	24,000	0.01%	0.69
1992	35,371	366,693,111	0	4,000	0	0.00%	0.00
1993	35,567	381,863,377	0	3,000	0	0.00%	0.00
1994	35,808	386,162,000	0	19,000	0	0.00%	0.00
1995	36,195	389,807,866	0	7,919	0	0.00%	0.00
1996	36,535	484,838,620	0	4,812	0	0.00%	0.00
1997	37,826	495,019,975	0	7,919	0	0.00%	0.00
1998	38,254	506,815,749	0	7,919	0	0.00%	0.00
1999	38,983	555,038,081	0	7,919	0	0.00%	0.00

(1) Source: U.S. Bureau of Census, Federal 1990 Census.

(2) Source: Fairfield County Auditor

(3) Includes all general obligation bonded debt supported by property taxes.

THE CITY OF LANCASTER, OHIO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS

Fiscal Year	Debt Principal	Debt Interest	Total Debt Service	Total General Governmental Expenditures		Ratio of Tax Debt Service to General Governmental Expenditures
				Debt Service	General Governmental Expenditures	
1990	a \$25,000	\$8,250	\$33,250	\$8,544,140		0.39%
1991	a 25,000	5,500	30,500	9,020,129		0.34%
1992	a 25,000	2,750	27,750	10,065,436		0.28%
1993	a 0	0	0	10,610,221		0.00%
1994	b 0	0	0	17,094,331		0.00%
1995	b 0	0	0	18,726,844		0.00%
1996	b 0	0	0	18,576,144		0.00%
1997	b 0	0	0	18,618,394		0.00%
1998	b 0	0	0	20,095,376		0.00%
1999	b 0	0	0	23,831,408		0.00%

a Includes General Fund only.

b Includes General Fund, Special Revenue Funds and Debt Service Fund.

Source: Lancaster City Auditor

THE CITY OF LANCASTER, OHIO
COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
DECEMBER 31, 1999

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Lancaster (2)	Amount Applicable to City of Lancaster
Direct			
City of Lancaster (1)	\$2,192,081	100.00%	\$2,192,081
Overlapping Subdivisions			
Lancaster City School District	0	81.26%	0
Fairfield County	2,515,000	28.73%	722,560
			722,560
Total			\$2,914,641

(1) Includes general obligation notes.

(2) Overlapping percentage was calculated by dividing each overlapping subdivisions assessed valuation within the City by the subdivision's total assessed valuation.

Source:

(a) City of Lancaster Auditor's Office.

(b) Fairfield County Auditor. Amount of debt does not include balances in debt service funds.

THE CITY OF LANCASTER, OHIO
REVENUE BOND COVERAGE - WATER MORTGAGE BONDS
LAST TEN YEARS

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue		Debt Service Requirement	Coverage
			Available For Debt Service			
1990	\$3,187,924	\$2,095,694	\$1,092,230		\$45,631	23.94
1991	3,400,946	2,324,345	1,076,601		42,087	25.58
1992	3,267,241	2,546,907	720,334		38,544	18.69
1993	3,486,481	3,288,094	198,387		0	0.00
1994	3,586,016	3,395,058	190,958		0	0.00
1995	3,770,664	2,831,331	939,333		0	0.00
1996	4,087,721	3,023,730	1,063,991		0	0.00
1997	4,167,866	3,006,192	1,161,674		0	0.00
1998	4,438,947	2,942,331	1,496,616		0	0.00
1999	4,622,468	3,461,560	1,160,908		0	0.00

(1) Gross revenues include total operating revenues plus investment earnings.

(2) Direct operating expenses include total operating expenses less depreciation.

THE CITY OF LANCASTER, OHIO
REVENUE BOND COVERAGE - WATER POLLUTION MORTGAGE BONDS
LAST TEN YEARS

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirement	Coverage
1990	\$3,378,121	\$2,016,516	\$1,361,605	\$119,000	11.44
1991	4,015,082	1,516,110	2,498,972	114,250	21.87
1992	3,797,585	1,963,637	1,833,948	109,500	16.75
1993	4,213,618	3,282,163	931,455	104,750	8.89
1994	5,493,499	4,816,255	677,244	0	0.00
1995	4,876,118	2,155,250	2,720,868	0	0.00
1996	5,302,185	3,128,786	2,173,399	0	0.00
1997	5,449,829	2,896,980	2,552,849	0	0.00
1998	5,346,551	2,819,346	2,527,205	0	0.00
1999	5,409,066	2,530,025	2,879,041	0	0.00

(1) Gross revenues include total operating revenues plus investment earnings.

(2) Direct operating expenses include total operating expenses less depreciation.

THE CITY OF LANCASTER, OHIO
DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Year	Population		Housing Statistics		
	City of Lancaster	Fairfield County	City of Lancaster	1990	1999 (1)
1990	34,507	103,461			
1991 (1)	34,917	104,315	Total Housing Units	15,186	16,943
1992 (1)	35,371	104,850			
1993 (1)	35,567	112,380	Owner Occupied	60%	58%
1994 (1)	35,808	114,738			
1995 (1)	36,195	117,556	Vacancy Rate	5.2%	5.1%
1996 (1)	36,535	119,182			
1997 (1)	37,826	131,809			
1998 (1)	38,254	136,351			
1999 (1)	38,983	126,723			
	(1) Estimated				

Source: U.S. Bureau of Census; Lancaster Community Development Department.

THE CITY OF LANCASTER, OHIO
DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Year	Labor Force (1)		Employment (1)		Unemployment Rate			
	City of Lancaster	Fairfield County	City of Lancaster	Fairfield County	City of Lancaster	Fairfield County	State of Ohio	United States
1990	20,100	52,800	18,700	49,600	6.80%	6.10%	5.70%	5.50%
1991	20,500	52,900	19,100	48,800	6.40%	8.10%	6.40%	6.70%
1992	20,500	53,900	16,200	51,200	8.50%	6.60%	7.20%	7.40%
1993	17,900	55,400	16,400	51,900	8.02%	6.30%	6.02%	6.04%
1994	18,300	57,200	17,300	54,800	5.04%	4.01%	4.02%	5.01%
1995	18,300	57,100	17,200	54,600	5.06%	4.03%	4.08%	5.06%
1996	19,500	60,800	18,600	59,300	4.07%	3.71%	4.86%	5.42%
1997	20,000	62,600	19,100	60,600	4.20%	3.20%	4.55%	4.95%
1998	20,400	63,500	19,600	61,600	3.09%	3.00%	4.30%	4.50%
1999	20,800	65,400	20,000	65,500	3.80%	2.90%	4.20%	4.20%

(1) Estimates

Source: Labor Market Information Division Ohio Bureau of Employment Services

CITY OF LANCASTER, OHIO
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN YEARS

Year	Residential (1)		Commercial (1)		Bank Deposits (2) (in Thousands)
	Number of Permits	Property Value	Number of Permits	Property Value	
1990	22	\$1,225,940	25	\$5,994,200	\$75,567
1991	19	1,300,700	20	17,819,000	90,208
1992	18	1,554,000	20	4,430,685	26,410
1993	362	10,673,730	61	2,701,956	114,237
1994	52	4,831,339	17	16,973,867	125,635
1995	97	11,161,223	14	4,916,116	149,434
1996	117	14,114,049	47	18,869,600	163,183
1997	165	20,187,790	54	6,004,000	172,771
1998	176	23,901,412	3	1,290,000	190,113
1999	134	18,635,408	63	25,723,471	247,807

(1) Source: City of Lancaster Engineering Department.

(2) Source: Federal Reserve Bank of Cleveland - amounts are for Fairfield County.

THE CITY OF LANCASTER, OHIO
PRINCIPAL TAXPAYERS (PERSONAL PROPERTY TAX)
DECEMBER 31, 1999

Taxpayer	Type of Business	1999 Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
1. Anchor Hocking Glass Consumer	Glass	\$15,736,716	18.01%
2. Ralcorp Holdings, Inc.	Food	6,136,210	7.02%
3. McDermott Inc.	Electronics	5,602,690	6.41%
4. Scotts Miracle Gro	Horticulture	2,409,490	2.76%
5. Anchor Hocking Packaging	Glass	2,217,460	2.54%
6. Lancaster Glass	Glass	1,990,920	2.28%
7. Anchor Hocking Corporation	Glass	1,598,525	1.83%
8. Lowes Home Centers, Inc.	Retail Home Improvement	1,502,720	1.72%
9. Sonoco Products	Paper	1,316,390	1.51%
10. Taylor Chevrolet	Automobile Dealership	1,258,630	1.44%
	Subtotal	39,769,751	45.52%
	All Others	47,620,440	54.48%
	Total	\$87,390,191	100.00%

Based on valuation of property taxes levied in 1999.
Source: Fairfield County Auditor - Land and Buildings.

THE CITY OF LANCASTER, OHIO
PRINCIPAL TAXPAYERS (REAL PROPERTY AND PUBLIC UTILITY PERSONAL PROPERTY TAX)
DECEMBER 31, 1999

Taxpayer	1999 Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
1. Glimcher Holdings	\$24,823,920	5.31%
2. Ohio Power Company	11,710,820	2.50%
3. Ohio Bell Telephone	5,603,330	1.20%
4. Anchor Hocking Glass Corporation	5,767,280	1.23%
5. Lowes Home Centers, Inc.	4,298,350	0.92%
6. Mount Carmel Health Systems	4,186,680	0.90%
7. Lancaster Phase One Group	3,383,510	0.72%
8. Fairfield Medical Center	2,692,430	0.58%
9. Ralston Purina Company Checkerboard	2,599,910	0.56%
10. Glimcher Center LTD Partnership	2,367,360	0.51%
	67,433,590	14.43%
	400,214,300	85.57%
	<u>\$467,647,890</u>	<u>100.00%</u>

Based on valuation of property taxes collected in 1999.
Source: Fairfield County Auditor - Land and Buildings.

City of Lancaster, Ohio

SINGLE AUDIT REPORTS

DECEMBER 31, 1999

CITY OF LANCASTER, OHIO

FOR THE YEAR ENDED DECEMBER 31, 1999

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**Report On Compliance And On Internal Control Over Financial
Reporting Based On An Audit Of Financial Statements Performed
In Accordance With *Government Auditing Standards***

Members of the City Council of the
City of Lancaster, Ohio

We have audited the financial statements of the City of Lancaster, Ohio as of and for the year ended December 31, 1999, and have issued our report thereon dated April 27, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Lancaster, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as Item 99-01. Also, we noted certain immaterial instances of noncompliance that we have reported to management of the City of Lancaster, Ohio, in a separate letter dated April 27, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Lancaster, Ohio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City of Lancaster in a separate letter dated April 27, 2000.

This report is intended for the information and use of the City Council, management, the Auditor of State, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi, Inc.

Cleveland, Ohio
April 27, 2000

**Report On Compliance With Requirements Applicable To Each
Major Program And Internal Control Over Compliance And
On The Schedule Of Expenditures Of Federal Awards In
Accordance With OMB Circular A-133**

Members of the City Council of the
City of Lancaster, Ohio

Compliance

We have audited the compliance of the City of Lancaster, Ohio with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The City of Lancaster, Ohio's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Lancaster, Ohio's management. Our responsibility is to express an opinion on the City of Lancaster, Ohio's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City of Lancaster, Ohio'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. Our audit does not provide a legal determination of the City of Lancaster, Ohio's compliance with those requirements.

In our opinion, the City of Lancaster, Ohio complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the City of Lancaster, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Lancaster, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the City of Lancaster, Ohio as of and for the year ended December 31, 1999, and have issued our report thereon dated April 27, 2000. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended for the information and use of the City Council, management, the Auditor of State, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Curtis F. Panatier, Inc.

Cleveland, Ohio
April 27, 2000

CITY OF LANCASTER, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 1999

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Community Development Block Grant:			
CDBG 94	14.218	N/A	\$ 20,651
CDBG 95			16,411
CDBG 96			1,499,598
CDBG 97			159,937
CDBG 98			301,855
CDBG 99			<u>36,798</u>
Total CDBG			2,035,250
Home/Community Housing Improvement Program (CHIP)	14.239	N/A	<u>98,722</u>
Total Department of Housing and Urban Development			\$ 2,133,972
U.S. Department of Transportation:			
Passed through Ohio Department of Transportation:			
Urban Mass Transportation Capital and Operating Assistance Grants	20.507	RPT4023 015981	<u>91,855</u>
Total U.S. Department of Transportation			91,855
U.S. Department of Justice:			
Violence Against Women Act Grant	16.588	N/A	25,416
Local Law Enforcement Block Grant	16.592	N/A	<u>70,079</u>
U.S. Department of Education:			
Passed-Through Ohio Department of Education			
Title X Family Planning	93.217		44,955
Early Childhood Intervention	84.181	198-G	<u>97,784</u>
Total Expenditures of Federal Awards			\$ <u>2,464,061</u>

CITY OF LANCASTER, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE 2 – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN PROGRAMS

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-to-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The initial loan of this money is recorded as an expenditure on the accompanying Schedule of Federal Awards Expenditures (the "Schedule"). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as expenditures on the Schedule.

These loans are collateralized by mortgage on the property. At December 31, 1999, the gross amount of loans outstanding under this program were \$596,273.

During 1998, the City was granted a Section 108 loan to help with the revitalization of the downtown district. The City received the loan of \$1,660,000 during 1999, which is payable from future CDBG funds. The balance of the loan at December 31, 1999 was \$1,570,000.

NOTE 3 – MATCHING REQUIREMENTS

Certain Federal program require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE 4 – SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the City provided Federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant Entitlement Grants	14.218	\$ 79,650

CITY OF LANCASTER, OHIO

SCHEDULE OF FINDINGS OMB CIRCULAR A-133 SECTION .505

DECEMBER 31, 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .501?	No
(d)(I)(vii)	Major Programs	Community Development Block Grant CFDA No. 14.218
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A:>\$300,000 Type B:>All Others
(d)(I)(ix)	Low Risk Auditee?	Yes

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

Ohio Rev. Code Section 5705.36 requires total appropriations made during the fiscal year from any fund shall not exceed the amount set forth as available for expenditure from such fund in the official certificate of estimated resources, or any amendment thereof, certified prior to the making of the appropriation or supplemental appropriation.

Appropriations exceeded estimated revenues in the Community Development Block Grant and Fairfield County Court Surveillance Special Revenue Funds by \$1,461,608 and \$4,632, respectively.

CITY OF LANCASTER, OHIO

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

DECEMBER 31, 1999

3. FINDINGS FOR FEDERAL AWARDS

There were no findings for federal awards to report in 1999.

CITY OF LANCASTER, OHIO

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 SECTION .315(b)**

DECEMBER 31, 1999

Finding No.	Finding Summary	Fully Corrected?	Explanation
1998-20623-001	Year 2000 Compliance – Lancaster Utility Department, City’s 911 System and Community Development Department	Yes	

CITY OF LANCASTER, OHIO
104 EAST MAIN STREET
LANCASTER, OHIO 43130
(740) 687-6331

**Response To Findings Associated With Audit Conducted
In Accordance With *Government Auditing Standards*
For The Year Ended December 31, 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
99-01	Due to the City of Lancaster being a federal entitlement CDBG grantee and the City reporting on a calendar year basis versus the CDBG accrual base reporting per the letter of credit, an unfavorable variance occurred. The City of Lancaster will revise procedures necessary to ensure that appropriations do not exceed estimated resources within grant funds in the future.	12/31/00	Mary F. Green, City Auditor



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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.

By: Susan Babbitt

Date: AUGUST 15, 2000