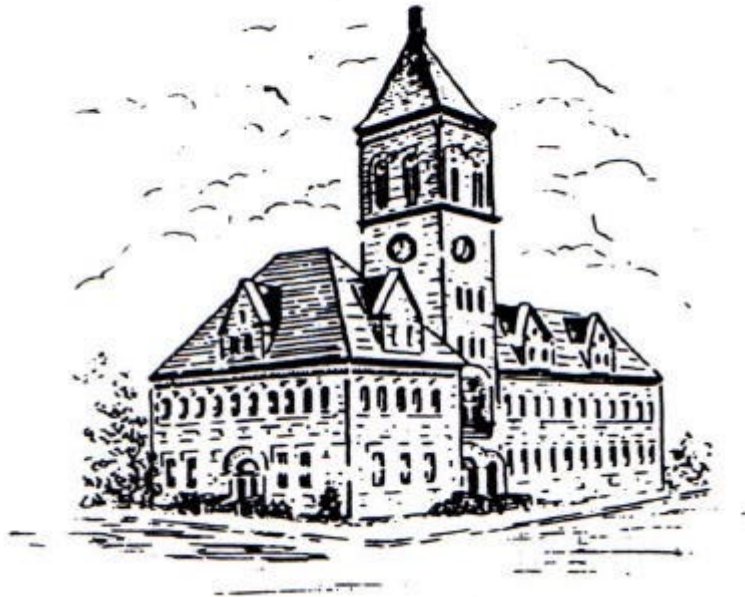


THE CITY OF LANCASTER, OHIO

FAIRFIELD COUNTY



COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2000



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

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, 2000 through December 31, 2000. Based upon this review, we have accepted this report 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".

JIM PETRO
Auditor of State

June 25, 2001

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THE CITY OF LANCASTER, OHIO

FAIRFIELD COUNTY

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2000

Prepared by:
Office of the Auditor

Mary F. Green
City Auditor

Angela Bezouska
Assistant Auditor

Cathy Ryan
Deputy Auditor

Marsha Conrad
Deputy Auditor

Jody Sheets
Deputy Auditor

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INTRODUCTORY SECTION

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CITY OF LANCASTER, OHIO

OFFICE OF THE AUDITOR
104 E. Main
Lancaster, Ohio 43130
687-6611

MARY F. GREEN, Auditor

June 5, 2001

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, 2000.

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, north Memorial Drive, Corridor remained active in 2000. Holiday Inn Express, a national hotel chain, began construction of a new, 72-unit hotel along Riverway Drive in the River Valley Complex. It is expected to open in early 2001.

Farther south on North Memorial Drive, the long vacant Union 76 building was redeveloped. The filling station and car wash at the southwest corner of Memorial Drive and Fair Avenue was demolished and a four-unit retail center was constructed in its place. The center is fully leased at year's end.

Commercial activity also continued on the eastside. Tim Horton's had design plans approved to build a second restaurant on East Main Street at Ann Court, with construction expected to be completed in 2001. Granville Milling built a new facility on East Main Street to relocate from its South Broad Street location. Nation's Rent, a national equipment rental firm, moved to Granville Milling's former quarters on South Broad Street where South Columbus Street crosses it at Carpenter's Circle.

Lancaster Bingo on Quarry Road began its second addition. A two-story, 10,959 square foot addition will be added to the original building built in 1991, and previously expanded in 1996. Also on Quarry Road, Lith Chemical was moving into the closed Premier Glass facility. Lith Chemical will recycle batteries in this building.

Construction activity continued in the Rock Mill Corporate Park on the City's far west side in 2000. Porta-Kleen opened a new office and maintenance facility on Mill Park Drive. Across Mill Park Drive, Dysart constructed its fifth building of 160,000 square feet to further expand its operations. Norwesco, an older facility in the corporate park, was planning an addition to its existing building at the northwest quadrant of Wilson and Campground Roads.

Community Bank opened its home offices in a former retail building in the downtown. The bank rehabilitated the closed Stewart Brothers-Albans 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-Albans Company's warehouse and erected a drive-thru facility to complement its main banking facility.

On the other end of the downtown along Columbus Street, North End Press began a major expansion of its facility. A new structure north of its existing facility will add 18,480 square feet to the existing 12,700 square feet of space that it operates from now. Truck loading docks will also be added. The addition will allow the business to double its staff.

R.I.E. Painting on South Maple Street was another local business expanding in 2000. The firm added a 1400 square foot addition to its existing office, and erected a new 4800 square foot building. The new building will house a paint booth to allow this business to expand into another line of operations.

Developers' interest in downtown buildings continued. Work began on a senior citizen housing facility on the upper floors of the Kirn Building. The project known as Canal Place is expected to open in 2001. The architectural-significant Reese-Peters House in historic Block 13 of the Original Town plat opened as the Decorative Arts Center of Central Ohio.

The County Commissioners were at work trying to develop a plan to provide adequate county government facilities for the future. A task force of community leaders worked with the Commissioners to locate sites in the City for the relocation of county offices. Several concepts have been made public. The Health Department and County Road Department will move their operations to a site southeast of Fair Avenue and Camp Ground Road, with the possible location of a new jail at this site in the future.

Area growth was driving the need for a local institution to expand its facility in 2000. 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. Work was underway at the end of the year.

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) continued its efforts to expand the Rock Mill Corporate Park South to State Route 188. The expansion tract lies immediately east of the US Route 33 Lancaster Bypass' proposed alignment. The construction of an interchange at SR 188 on the US 33 Bypass will provide direct access to the Bypass for Rock Mill Corporate Park traffic after Mill Park Drive is extended south to SR 188 as planned.

Health care facilities also expanded in 2000. Construction of Altercare of Lancaster at the northeast corner of Monmouth and Chartwell Drives was completed in 2000. It has a 50-bed conventional nursing home, 20-bed Alzheimer care facility and a 42-unit assisted living facility. This facility replaces an existing smaller nursing home facility at Ewing and Main Streets.

Lutheran Social Services completed construction on one facility and had another in the design stages to serve disadvantaged people at the end of 2000. LSS built 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 finishing design on a 50-unit, rent-assisted apartment building for low-income seniors under a US quadrant of Chartwell Drive and Fuller Court.

Another nonprofit 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 the Habitat Valley Subdivision. It constructed a northerly expansion of Charwell Drive and a new street, Fuller Court, to create 21 lots. This organization constructs homes for needy families using volunteer and donated labor and materials, along with the self-help of the future homeowner. The organization is bearing the cost of the infrastructure improvements to serve this development. At the end of 2000, the public infrastructure was complete except for the final course of asphalt on the streets. Some of the homes are under construction and are near completion.

Housing activity in general remained strong. The greatest activity remained in Dominion Homes' and Rockford Homes' River Valley Highlands subdivision lying adjacent to the US 33 Northwest Corridor. Portions of all nine sections for this subdivision were designed or are in a stage of construction. 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. Two additional preliminary plats, for a total of 476 lots, were under review at the end of 2000. The Fourth Preliminary Plat Area will create 303 lots and the Fifth Preliminary Plat Area will create 173 lots.

Subdivision activity occurred in other parts of the City. On the north side, work was underway on Ewing Run Estates for 20 single-residence lots in the Sheridan Rainbow master plan area north of Sheridan-Rainbow No. 9 Subdivision. Also on the north side, Sheridan Rainbow Number 11 Subdivision had plans near completion for a 15-lot single-residence development along the east bank of Ewing Run north of Rainbow Drive. Plans were near approval for a 31-lot development off of Hamburg Road on the City's south side for Twin Creeks Subdivision. Also, work was beginning on the single-residence 24-lot City View Subdivision at the end of 2000. This subdivision will tie Cleveland Avenue and Maher Avenue together in the southwest part of the City.

A total of 125 building permits for new home construction were issued in 2000.

One annexation, the Anderson-Claypool tract totaling 55.156 acres, was accepted in 2000.

MAJOR INITIATIVES

Development in the northwest corridor has also created the need to upgrade 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 completed in early 2000. The Memorial Drive Water Line Replacement installed a new 12-inch water main from Reber Avenue to Hillcrest Drive to 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 help ensure sufficient fire fighting water flows to the expanding northwest corridor. Additional projects are still needed however. Design work began on the next phase of the Northwest Distribution System Improvements. Phase 4 involves a booster station near Arlington Avenue and Baltimore Road, a new water storage facility off of Baltimore Road and a water main extension along Baltimore Road to feed the new storage facility. Work is expected to begin in late 2001.

Closure work on the Stonewall Cemetery Road Landfill was completed in 2000. 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 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. Work was substantially completed in 1999. OEPA issued a Landfill Closure Certification in 2000, following completion of the corrective actions.

The Lancaster Community Improvement Project commenced in 1999, with work reaching substantial completion in 2000. This two year project to revitalize the City's downtown included the 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. Area improvements included 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 "punch-list" items were still needed to be completed at year's end.

The City did not have a contract street resurfacing program again in 2000. However, like 1999, 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 more than 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 began and was substantially completed in 2000, with only some issues regarding curb ramps and isolated "bird baths" needing work. This was a tremendous gain for the City since ODOT had not resurfaced state or federal routes within any municipalities for the previous three years due to a revised policy that those routes within the corporation limits of a municipality were that municipality's responsibility. In 2000, ODOT issued a new urban paving policy that provides a cost sharing basis of 80%/20% 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 implementation of construction since then. A preferred alignment for this \$125M project was refined in 1999. The Environmental Impact Assessment was completed and presented to the public in January 2000. A public comment period followed before ODOT submitted the draft to the Federal Highway Administration for its review and approval. ODOT also was acquiring properties identified for the bypass right-of-way and neared completion 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 the middle of 2005.

City officials are working with ODOT District 5 personnel to program two resurfacing projects in the City under the new urban policy. US 22 in the City needs attention due to deteriorated pavement surface. City personnel met with ODOT representatives in 2000 to determine the project scope. ODOT will prepare plans, bid and administer this project to mill and resurface US 22 from the west to east corporation lines.

The other project involves existing US 33 through the City. Most of the existing highway was constructed in the 1950's. The highway has been resurfaced with asphalt and concrete several times since the initial construction, but the underlying portland cement concrete base remains as originally placed. Typical design life for a concrete base is 40 years, so the base is nearing the end of its design life. The drainage system is also near the end of its design life. With completion of the Lancaster Bypass, the US 33 shield will be removed from existing highway, and the existing highway will become a city street to maintain. City officials met with ODOT officials in 2000 to see what assistance the City could obtain from ODOT to reconstruct the existing highway after the bypass is open. ODOT has promised some funding and will prepare plans and oversee limited reconstruction and a mill and resurfacing project of the existing street prior to turning it over to the City. This project will be on going for the next couple of years as design work proceeds.

ODOT is also working on replacing the SR 793, South Broad Street bridge over Tarhe Run. The present structure is functionally obsolete and is a maintenance problem due to its wood plank deck. The alignment of Tarhe Run approaching the bridge poses a structural concern in that high stream flows could create scour holes near the abutments that could undermine the structure. The proposed replacement bridge will require a channel realignment of Tarhe Run to eliminate the "S" curve the channel now takes to pass under the existing bridge, thus minimizing the scour potential. As a result, the proposed bridge and channel will be built slightly south of the existing bridge location. The channel relocation will require an environmental assessment that was underway at year's end. Actual construction is anticipated in 2002.

Design work continued on the South Wellfield and Water Treatment Plant 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 complete at year's end with the bidding process to begin in early 2001. An application for a Water Supply Revolving Loan Account through OEPA was being prepared at year's end to fund the project. Construction on the plant and wellfield piping is expected to begin in mid-2001 if funding is secured.

As part of the improvements for the South Wellfield and Water Plant project, construction on two 500,000 gallon clearwells and appurtenant piping at the water plant site began in 2000. The clearwells will store finished water from the treatment plant before it is pumped to the City's distribution system. The structures were completed in 2000, with yard piping and site restoration needing completion at year's end.

Another part of this project is the installation of a 30-inch water transmission main project from the proposed plant site to the existing City distribution system at Canal and Maple Streets. This project also includes the installation of two large water main lines in Canal, High, Chestnut, Lawrence and Ewing Streets in the City. Bids for this work were opened in December 2000. A Water Supply Revolving Loan application was being completed to apply for a loan to fund the \$5M project. Easements and permits for railroad crossing are still needed. Work will begin in early 2001 after financing has been secured.

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 completed and submitted to OEPA in 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 completed. This project will install storm sewers and storm inlets, and reconstruct the existing chip seal street to full-depth asphalt construction with curb and gutters. At year's end the City was awaiting the relocation of power poles to allow construction to begin. 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 complete at year's end. 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 plain area aggravate the situation since the outlets of the storm sewers become inundated during high flows in the Hocking River. When the river elevation is above the flap gates on the ends of the sewers, they close off and storm water backs up in 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, but these items were deemed essential. Additional funding is being requested to allow the project to proceed.

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, they are of chip seal construction and lack curb and gutter. This project will remove the existing macadamized pavement and install storm sewers, curb 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

Parks and Recreation activities continue to provide beneficial experiences for families of Lancaster. Special events designed with the entire family are more popular than ever. The Pumpkin Hike at Alley Park drew over 6,000 visitors. Nature oriented educational programming increases each year. These programs are coordinated with area school districts and provide valuable opportunities for children. The cooperative effort between Lancaster Parks and Recreation and Fairfield Medical Center continues to benefit senior citizens in our community through a wide variety of wellness and fitness programs. The restoration of the George Hutchins Covered Bridge in Alley Park was a highlight of the year 2000. This project was made possible through the fundraising efforts of the Friends of the Parks and the expertise of the Park Maintenance staff. It was completed and dedicated on October 8, 2000. This bridge now stands for all to see and preserves Fairfield County history for years to come. Lancaster Parks and Recreation continues 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.

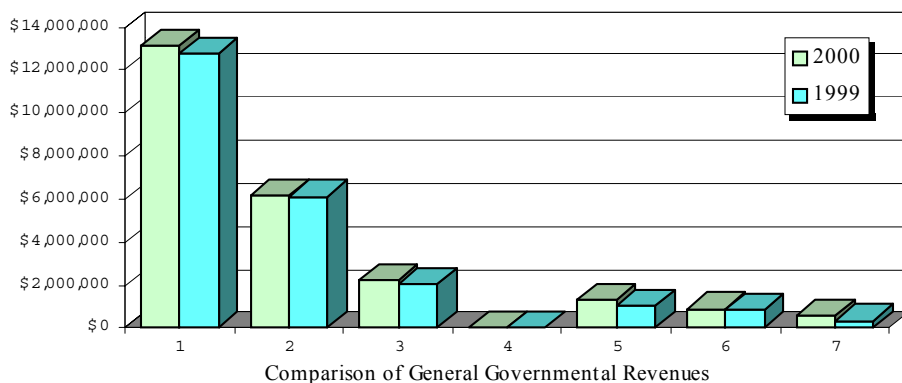
The Auditor's Office is responsible for the auditing and analysis of all purchase orders of the City. Personnel of the Auditor's Office carefully review purchase orders to ensure the availability of monies in the proper funds and accounts prior to the certification and subsequent payment of approved 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, 2000, and the amount and percentage of increases and decreases relative to the prior year's revenue.

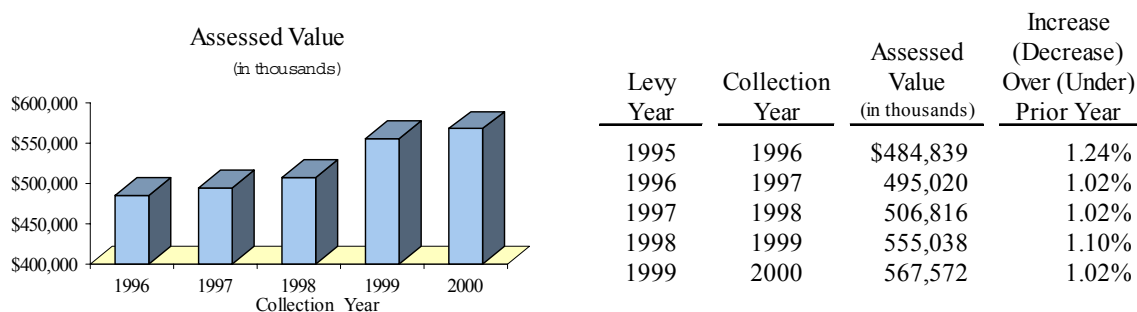
<u>Revenue Source</u>	<u>Total 2000 Revenues</u>	<u>Percent of Total</u>	<u>Total 1999 Revenues</u>	<u>Increase (Decrease) over 1999</u>	<u>% Increase (Decrease) over 1999</u>
1 Taxes	\$13,172,832	53.8%	\$12,797,171	\$375,661	2.9%
2 Intergovernmental Revenue	6,212,163	25.4%	6,125,138	87,025	1.4%
3 Charges for Services	2,205,328	9.0%	2,042,576	162,752	8.0%
4 Licenses and Permits	31,392	0.1%	22,110	9,282	42.0%
5 Investment Earnings	1,357,385	5.5%	1,069,738	287,647	26.9%
6 Fines and Forfeitures	902,654	3.7%	838,955	63,699	7.6%
7 All Other Revenues	617,665	2.5%	359,523	258,142	71.8%
Total	<u>\$24,499,419</u>	<u>100.0%</u>	<u>\$23,255,211</u>	<u>\$1,244,208</u>	



Revenue Narrative

The \$.37 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:



Levy Year	Collection Year	Assessed Value (in thousands)	Increase (Decrease) Over (Under) Prior Year
1995	1996	\$484,839	1.24%
1996	1997	495,020	1.02%
1997	1998	506,816	1.02%
1998	1999	555,038	1.10%
1999	2000	567,572	1.02%

Investment earnings increased approximately 27% over 1999 because the amount of funds invested during the year increased and interest rates increased during 2000. The City's investment policies are discussed in more detail under the topic of "Cash Management."

The increase of \$162,752 in charges for services is from several sources including increased rates for grave sites and services in the Cemetery Department, increased fees in the Engineering Department, an increase in emergency medic transportation services and reimbursements for fuel used by the local Meals on Wheels program.

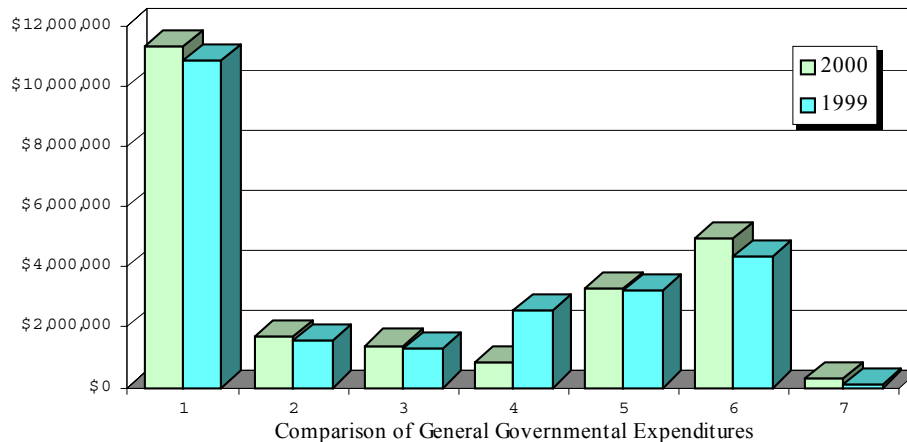
Fines and forfeitures increased as a result of more cases in the court and increased fines.

The increase in other revenues is attributable to refunds of workers' compensation premiums from the State.

Expenditure Narrative

Expenditures for general governmental purposes (as defined previously) totaled \$23,677,902, a decrease of \$153,506 compared to 1999. Expenditures for the major functions of the City, increases/(decreases) over 1999 and percentages of the total are shown in the following table:

Function	Total 2000 Expenditures	Percent of Total	Total 1999 Expenditures	Increase (Decrease) over 1999	% Increase (Decrease) over 1999
1 Security of Persons and Property	\$11,299,152	47.7%	\$10,823,478	\$475,674	4.4%
2 Public Health and Welfare	1,674,330	7.1%	1,545,281	129,049	8.4%
3 Leisure Time Activities	1,393,910	5.9%	1,277,405	116,505	9.1%
4 Community Environment	811,135	3.4%	2,540,844	(1,729,709)	(68.1%)
5 Transportation	3,277,651	13.9%	3,205,369	72,282	2.3%
6 General Government	4,929,982	20.8%	4,317,811	612,171	14.2%
7 Debt Service	291,742	1.2%	121,220	170,522	140.7%
Total	\$23,677,902	100.0%	\$23,831,408	(\$153,506)	



Increases in security of persons and property and transportation expenditures are attributable to routine increases for materials, supplies, services and wage increases. The increase in public health and welfare is due to a full year's salary for personnel hired in 1999 and refunds of grant money to the State. Leisure time activities increased due to more sporting and entertainment activities offered by the Parks and Recreation Department. The decrease in community environment is a result of the completion of the downtown revitalization project which began in 1998. Increases in general government expenditures stemmed from a variety of reasons, including full year's salary for new personnel in the income tax department, the law director's office, the personnel department and the engineering department. Other causes were the payment of compensated absences upon the retirement of two long-time employees, the purchase of a plotter/copier for the engineering department and outside legal services. Debt service expenditures increased because the City began making payments through the Bond Retirement Fund on a capital lease for HVAC improvements.

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:

	<u>Total</u> <u>Assets</u>	<u>Net</u> <u>Income (Loss)</u>	<u>Return</u> <u>on Assets</u>
Gas	\$12,900,397	\$1,076,737	8.35%
Water	16,082,737	1,316,210	8.18%
Water Pollution	34,260,911	(17,347)	(0.05%)
Sanitation	2,905,268	452,864	15.59%

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 \$188,758 and a nonexpendable trust fund with assets totaling \$669,864. 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 \$1,480,000. 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, 2000 the amount of the loans were \$26,281,807.

General Obligation Notes outstanding at December 31, 200 were \$4,497,600. The proceeds are being used for park improvements, 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, 2000 was as follows:

Overall Legal Debt Margin	\$57,303,611
Unvoted Legal Debt Margin	\$28,925,022
Net Bonded Debt to Assessed Value	0%
Net Bonded Debt per Capita	\$0

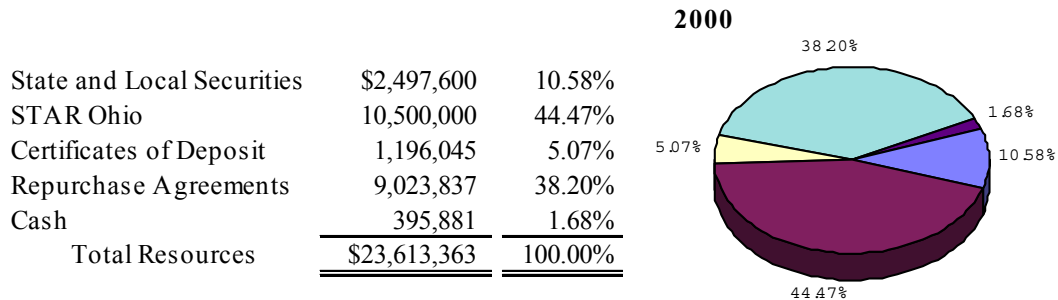
A more thorough presentation of the calculation of these figures is located in the statistical section of the enclosed report.

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, 2000 as follows:



The City earned interest of \$1,453,520 on investments for fiscal year 2000. 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, 2000, the City had deposits of \$1,591,926 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 105 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.

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, 1999. This was the fourteenth 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.

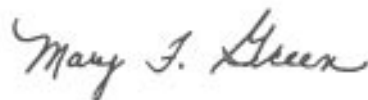
Public Disclosure

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, Jody Sheets, and Denise Hill, 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

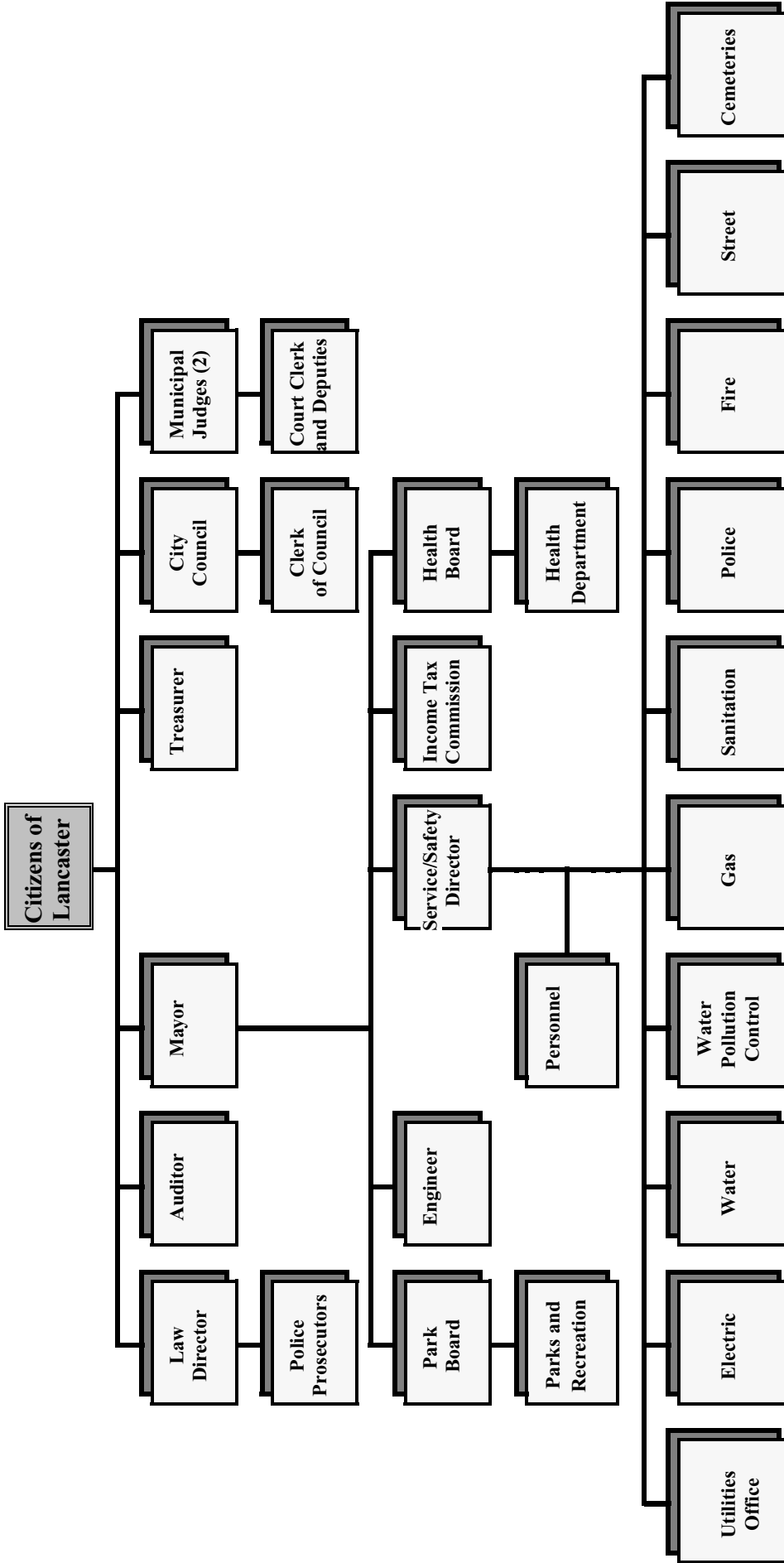
*THE CITY OF LANCASTER, OHIO
FAIRFIELD COUNTY
LIST OF PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 2000*

<u><i>Name</i></u>	<u><i>Title</i></u>
<hr/> <hr/> <i>Executive Officials</i> <hr/> <hr/>	
Arthur M. Wallace	Mayor
Mary F. Green	Auditor
Terre Vandervoort	Law Director
A. Gene Ash	Treasurer
<hr/> <hr/> <i>Legislative Officials</i> <hr/> <hr/>	
Robert Ubbing	President of Council
Steve Davis	Council-at-Large
Dwight Andrews	Council-at-Large
Karl Justus	Council-at-Large
Wayne Roller	Council - 1st Ward
John Zekas	Council - 2nd Ward
David Pusinelli	Council - 3rd Ward
W. Dean Scholl	Council - 4th Ward
Harry Hiles	Council - 5th Ward
Robert Harvey	Council - 6th Ward
<hr/> <hr/> <i>Administrative Officials</i> <hr/> <hr/>	
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, 1999

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.



Anne Spray Kinney
President

Jeffrey L. Essler
Executive Director



FINANCIAL SECTION

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, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Lancaster'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, 2000 and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust fund 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 25, 2001 on our consideration of the City of Lancaster's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 25, 2001



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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, 2000 AND THE RESULTS OF OPERATIONS AND CASH FLOWS OF ITS PROPRIETARY AND NONEXPENDABLE TRUST FUND FOR THE YEAR THEN ENDED.

THE CITY OF LANCASTER, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

	<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	\$2,339,032	\$1,771,597	\$8,575	\$1,789,454
Investments	0	0	0	2,497,600
Receivables (net of allowance for doubtful accounts):				
Taxes	4,139,021	635,481	0	54,427
Accounts	489,978	79,311	0	0
Interest	103,973	2,838	0	661
Loans	0	777,209	0	0
Due from Other Funds	56,788	15,014	0	7,210
Interfund Receivables	900,000	0	0	0
Intergovernmental Receivables	407,086	152,282	0	9,313
Inventory of Supplies at Cost	117,019	169,633	0	0
Prepaid Items	43,681	10,704	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	59,648	0	0
Investments	0	0	0	0
Cash with Fiscal Agent	40,338	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>\$8,636,916</u>	<u>\$3,673,717</u>	<u>\$8,575</u>	<u>\$4,358,665</u>

THE CITY OF LANCASTER, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

<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	
\$12,583,591	\$906,913	\$100,159	\$0	\$0	\$19,499,321
0	0	754,014	0	0	3,251,614
0	0	0	0	0	4,828,929
7,766,955	0	2,235	0	0	8,338,479
13,836	0	5,814	0	0	127,122
0	0	0	0	0	777,209
0	0	5,917	0	0	84,929
0	0	0	0	0	900,000
0	250	0	0	0	568,931
2,347,583	215,760	0	0	0	2,849,995
22,192	2,243	0	0	0	78,820
184,308	0	0	0	0	243,956
442,031	0	0	0	0	442,031
0	0	136,103	0	0	176,441
37,608,243	616,759	0	9,084,581	0	47,309,583
5,180,574	0	0	34,819	0	5,215,393
0	0	0	0	8,575	8,575
0	0	0	0	6,356,530	6,356,530
<u>\$66,149,313</u>	<u>\$1,741,925</u>	<u>\$1,004,242</u>	<u>\$9,119,400</u>	<u>\$6,365,105</u>	<u>\$101,057,858</u>

(Continued)

THE CITY OF LANCASTER, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

	<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	\$239,852	\$130,683	\$0	\$40,789
Accrued Wages and Benefits	998,930	243,933	0	0
Due to Other Funds	0	0	0	4,334
Interfund Payables	0	0	0	0
Intergovernmental Payables	7,000	1,501	0	0
Due to Others	0	0	0	0
Retainage Payable	0	0	0	0
Accrued Interest Payable	0	0	0	44,265
Deferred Revenue	2,063,339	389,189	0	8,247
General Obligation Notes Payable	0	0	0	2,300,000
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 Public Works Commission Loan Pay	0	0	0	0
Ohio Water Development				
Authority Loans Payable	0	0	0	0
Total Liabilities	<u>3,309,121</u>	<u>765,306</u>	<u>0</u>	<u>2,397,635</u>
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	444,101	55,003	0	470,695
Reserved for Supplies Inventory	117,019	169,633	0	0
Reserved for Prepaid Items	43,681	10,704	0	0
Reserved for Debt Service	0	0	8,575	0
Reserved for Loans Receivable	0	777,209	0	0
Reserved for Endowments	0	0	0	0
Unreserved:				
Undesignated	4,722,994	1,895,862	0	1,490,335
Total Equity and Other Credits	<u>5,327,795</u>	<u>2,908,411</u>	<u>8,575</u>	<u>1,961,030</u>
Total Liabilities, Equity and Other Credits	<u>\$8,636,916</u>	<u>\$3,673,717</u>	<u>\$8,575</u>	<u>\$4,358,665</u>

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, 2000

<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	
\$3,412,740	\$16,691	\$0	\$0	\$0	\$3,840,755
372,350	82,631	0	0	0	1,697,844
0	0	80,595	0	0	84,929
900,000	0	0	0	0	900,000
0	0	5,917	0	0	14,418
184,308	0	59,108	0	0	243,416
52,820	0	0	0	0	52,820
31,971	0	0	0	0	76,236
0	0	2,059	0	0	2,462,834
2,197,600	0	0	0	0	4,497,600
790,891	186,891	0	0	1,583,969	2,561,751
2,284,760	0	0	0	0	2,284,760
0	60,288	0	0	1,196,705	1,256,993
0	568,771	0	0	0	568,771
0	0	0	0	1,480,000	1,480,000
0	0	0	0	104,431	104,431
<u>26,281,807</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000,000</u>	<u>28,281,807</u>
<u>36,509,247</u>	<u>915,272</u>	<u>147,679</u>	<u>0</u>	<u>6,365,105</u>	<u>50,409,365</u>
0	0	0	9,119,400	0	9,119,400
2,591,574	84,751	0	0	0	2,676,325
27,048,492	741,902	0	0	0	27,790,394
0	0	0	0	0	969,799
0	0	0	0	0	286,652
0	0	0	0	0	54,385
0	0	0	0	0	8,575
0	0	0	0	0	777,209
0	0	669,864	0	0	669,864
0	0	186,699	0	0	8,295,890
<u>29,640,066</u>	<u>826,653</u>	<u>856,563</u>	<u>9,119,400</u>	<u>0</u>	<u>50,648,493</u>
<u>\$66,149,313</u>	<u>\$1,741,925</u>	<u>\$1,004,242</u>	<u>\$9,119,400</u>	<u>\$6,365,105</u>	<u>\$101,057,858</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, 2000

	<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	\$11,811,587	\$1,361,245	\$0	\$207,249	\$0	\$13,380,081
Intergovernmental Revenues	3,144,838	3,067,325	0	1,082,273	0	7,294,436
Charges for Services	1,050,705	1,154,623	0	0	31,765	2,237,093
Licenses, Permits and Fees	30,327	1,065	0	0	0	31,392
Investment Earnings	1,320,139	37,246	0	28,980	8,381	1,394,746
Fines and Forfeitures	731,275	171,379	0	100,900	0	1,003,554
All Other Revenues	512,667	104,998	0	13,130	0	630,795
Total Revenues	18,601,538	5,897,881	0	1,432,532	40,146	25,972,097
Expenditures:						
Current:						
Security of Persons and Property	10,780,912	518,240	0	0	0	11,299,152
Public Health and Welfare Services	0	1,674,330	0	0	30,467	1,704,797
Leisure Time Activities	36,781	1,357,129	0	0	0	1,393,910
Community Environment	68,008	743,127	0	0	0	811,135
Transportation	0	3,277,651	0	0	0	3,277,651
General Government	4,811,976	118,006	0	0	0	4,929,982
Capital Outlay	0	0	0	3,208,706	0	3,208,706
Debt Service:						
Principal Retirement	0	90,000	73,998	0	0	163,998
Interest and Fiscal Charges	0	92,898	34,846	100,638	0	228,382
Total Expenditures	15,697,677	7,871,381	108,844	3,309,344	30,467	27,017,713
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,903,861	(1,973,500)	(108,844)	(1,876,812)	9,679	(1,045,616)
Other Financing Sources (Uses):						
Proceeds from Ohio Public Works Commission Loan						
	0	0	0	104,431	0	104,431
Proceeds from Ohio Water Development Authority Loan						
	0	0	0	2,000,000	0	2,000,000
Operating Transfers In	528,743	1,810,342	109,500	1,009,443	0	3,458,028
Operating Transfers Out	(2,831,018)	(96,534)	0	0	0	(2,927,552)
Other Financing Sources-Capital Lease	172,969	200,404	0	0	0	373,373
Total Other Financing Sources (Uses)	(2,129,306)	1,914,212	109,500	3,113,874	0	3,008,280
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	774,555	(59,288)	656	1,237,062	9,679	1,962,664
Fund Balance Beginning of Year	4,511,207	3,002,908	7,919	723,968	177,020	8,423,022
Increase (Decrease) in Inventory Reserve	42,033	(35,209)	0	0	0	6,824
Fund Balance End of Year	\$5,327,795	\$2,908,411	\$8,575	\$1,961,030	\$186,699	\$10,392,510

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, 2000

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:						
Taxes	\$11,868,672	\$11,772,789	(\$95,883)	\$1,469,600	\$1,352,522	(\$117,078)
Intergovernmental Revenues	3,004,097	3,037,466	33,369	4,002,576	3,236,740	(765,836)
Charges for Services	1,095,356	1,061,514	(33,842)	1,068,128	1,121,124	52,996
Licenses and Permits	33,000	30,677	(2,323)	2,400	1,065	(1,335)
Investment Earnings	1,305,631	1,305,631	0	20,000	35,365	15,365
Fines and Forfeitures	806,410	728,693	(77,717)	86,000	165,992	79,992
All Other Revenues	406,539	204,596	(201,943)	20,500	104,998	84,498
Total Revenues	18,519,705	18,141,366	(378,339)	6,669,204	6,017,806	(651,398)
Expenditures:						
Current:						
Security of Persons and Property	11,251,929	10,940,748	311,181	855,750	518,029	337,721
Public Health and Welfare	500	0	500	1,800,708	1,693,457	107,251
Leisure Time Activities	46,867	36,742	10,125	1,405,682	1,365,621	40,061
Community Environment	74,343	72,943	1,400	1,305,667	814,091	491,576
Transportation	0	0	0	3,353,250	3,080,126	273,124
General Government	5,452,514	4,873,848	578,666	123,534	122,463	1,071
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	90,000	90,000	0
Interest and Fiscal Charges	0	0	0	92,898	92,898	0
Total Expenditures	16,826,153	15,924,281	901,872	9,027,489	7,776,685	1,250,804
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,693,552	2,217,085	523,533	(2,358,285)	(1,758,879)	599,406
Other Financing Sources (Uses):						
Proceeds from General Obligation Notes	0	0	0	0	0	0
Proceeds from Ohio Public Works Commission Loan	0	0	0	0	0	0
Proceeds from Ohio Water Development Authority Loan	0	0	0	0	0	0
Operating Transfers In	485,000	518,267	33,267	1,851,091	1,810,342	(40,749)
Operating Transfers Out	(2,831,018)	(2,831,018)	0	(139,534)	(96,534)	43,000
Advances Out	(900,000)	(900,000)	0	0	0	0
Total Other Financing Sources (Uses)	(3,246,018)	(3,212,751)	33,267	1,711,557	1,713,808	2,251
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,552,466)	(995,666)	556,800	(646,728)	(45,071)	601,657
Fund Balance at Beginning of Year	2,030,179	2,030,179	0	868,469	868,469	0
Prior Year Encumbrances	684,121	684,121	0	823,109	823,109	0
Fund Balance at End of Year	\$1,161,834	\$1,718,634	\$556,800	\$1,044,850	\$1,646,507	\$601,657

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, 2000

<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	\$205,000	\$210,760	\$5,760	\$13,543,272	\$13,336,071	(\$207,201)
0	0	0	469,527	967,173	497,646	7,476,200	7,241,379	(234,821)
0	0	0	0	0	0	2,163,484	2,182,638	19,154
0	0	0	0	0	0	35,400	31,742	(3,658)
0	0	0	26,942	31,854	4,912	1,352,573	1,372,850	20,277
0	0	0	99,485	99,485	0	991,895	994,170	2,275
0	0	0	8,080	13,130	5,050	435,119	322,724	(112,395)
0	0	0	809,034	1,322,402	513,368	25,997,943	25,481,574	(516,369)
0	0	0	0	0	0	12,107,679	11,458,777	648,902
0	0	0	0	0	0	1,801,208	1,693,457	107,751
0	0	0	0	0	0	1,452,549	1,402,363	50,186
0	0	0	0	0	0	1,380,010	887,034	492,976
0	0	0	0	0	0	3,353,250	3,080,126	273,124
0	0	0	0	0	0	5,576,048	4,996,311	579,737
0	0	0	7,058,528	4,459,402	2,599,126	7,058,528	4,459,402	2,599,126
73,998	73,998	0	2,200,800	2,200,000	800	2,364,798	2,363,998	800
34,846	34,846	0	107,485	87,646	19,839	235,229	215,390	19,839
108,844	108,844	0	9,366,813	6,747,048	2,619,765	35,329,299	30,556,858	4,772,441
(108,844)	(108,844)	0	(8,557,779)	(5,424,646)	3,133,133	(9,331,356)	(5,075,284)	4,256,072
0	0	0	2,000,000	2,300,000	300,000	2,000,000	2,300,000	300,000
0	0	0	104,431	104,431	0	104,431	104,431	0
0	0	0	1,993,024	1,993,024	0	1,993,024	1,993,024	0
108,844	109,500	656	1,059,443	1,009,443	(50,000)	3,504,378	3,447,552	(56,826)
0	0	0	0	0	0	(2,970,552)	(2,927,552)	43,000
0	0	0	0	0	0	(900,000)	(900,000)	0
108,844	109,500	656	5,156,898	5,406,898	250,000	3,731,281	4,017,455	286,174
0	656	656	(3,400,881)	(17,748)	3,383,133	(5,600,075)	(1,057,829)	4,542,246
7,919	7,919	0	2,852,010	2,852,010	0	5,758,577	5,758,577	0
0	0	0	950,954	950,954	0	2,458,184	2,458,184	0
\$7,919	\$8,575	\$656	\$402,083	\$3,785,216	\$3,383,133	\$2,616,686	\$7,158,932	\$4,542,246



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, 2000

	<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Type</i>	Totals (Memorandum Only)
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
<u>Operating Revenues:</u>				
Charges for Services	\$30,737,141	\$4,981,224	\$24,590	\$35,742,955
Other Operating Revenues	1,157,182	29,109	0	1,186,291
Investment Earnings	0	0	37,141	37,141
Total Operating Revenues	<u>31,894,323</u>	<u>5,010,333</u>	<u>61,731</u>	<u>36,966,387</u>
<u>Operating Expenses:</u>				
Personal Services	5,794,236	4,523,011	0	10,317,247
Materials and Supplies	14,843,787	139,718	0	14,983,505
Contractual Services	3,681,089	203,887	0	3,884,976
Depreciation	2,742,953	111,039	0	2,853,992
Other Operating Expenses	209,067	0	0	209,067
Total Operating Expenses	<u>27,271,132</u>	<u>4,977,655</u>	<u>0</u>	<u>32,248,787</u>
Operating Income	4,623,191	32,678	61,731	4,717,600
<u>Non-Operating Revenues (Expenses):</u>				
Intergovernmental Grants	15,357	0	0	15,357
Investment Earnings	21,633	0	0	21,633
Interest and Fiscal Charges	(1,335,675)	0	0	(1,335,675)
Loss on Disposal of Fixed Assets	(566)	(724)	0	(1,290)
Total Non-Operating Revenues (Expenses)	<u>(1,299,251)</u>	<u>(724)</u>	<u>0</u>	<u>(1,299,975)</u>
Income Before Operating Transfers	3,323,940	31,954	61,731	3,417,625
<u>Operating Transfers:</u>				
Operating Transfers Out	(495,476)	0	(35,000)	(530,476)
Total Operating Transfers	<u>(495,476)</u>	<u>0</u>	<u>(35,000)</u>	<u>(530,476)</u>
Net Income	2,828,464	31,954	26,731	2,887,149
Add: Depreciation Charged on Contributed Capital Retained Earnings/	184,696	0	0	184,696
Fund Balance at Beginning of Year	24,035,332	709,948	643,133	25,388,413
Retained Earnings/Fund Balance at End of Year	<u>\$27,048,492</u>	<u>\$741,902</u>	<u>\$669,864</u>	<u>\$28,460,258</u>

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, 2000

	<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Type</i>	Totals (Memorandum Only)
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$27,625,727	\$5,010,083	\$32,122	\$32,667,932
Cash Payments for Goods and Services	(16,326,012)	(352,879)	0	(16,678,891)
Cash Payments to Employees	(5,825,034)	(4,265,194)	0	(10,090,228)
Customer Deposits Received	151,650	0	0	151,650
Customer Deposits Returned	(143,902)	0	0	(143,902)
Net Cash Provided by Operating Activities	<u>5,482,429</u>	<u>392,010</u>	<u>32,122</u>	<u>5,906,561</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Grants Received	15,357	0	0	15,357
Transfers Out to Other Funds	(485,000)	0	(35,000)	(520,000)
Advances In from Other Funds	<u>900,000</u>	<u>0</u>	<u>0</u>	<u>900,000</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>430,357</u>	<u>0</u>	<u>(35,000)</u>	<u>395,357</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Proceeds from General Obligation Notes	2,197,600	0	0	2,197,600
Principal Paid on General Obligation Notes	(925,000)	0	0	(925,000)
Acquisition and Construction of Assets	(3,289,176)	(54,117)	0	(3,343,293)
Capital Lease Payments	0	(608)	0	(608)
Principal Paid on Ohio Water Development Authority Loans	(1,238,646)	0	0	(1,238,646)
Interest Paid on All Debt	<u>(1,334,926)</u>	<u>0</u>	<u>0</u>	<u>(1,334,926)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(4,590,148)</u>	<u>(54,725)</u>	<u>0</u>	<u>(4,644,873)</u>
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investments	(16,574)	0	0	(16,574)
Receipts of Interest	<u>16,608</u>	<u>0</u>	<u>35,070</u>	<u>51,678</u>
Net Cash Provided by Investing Activities	<u>34</u>	<u>0</u>	<u>35,070</u>	<u>35,104</u>
Net Increase in Cash and Cash Equivalents	1,322,672	337,285	32,192	1,692,149
Cash and Cash Equivalents at Beginning of Year	<u>11,445,227</u>	<u>569,628</u>	<u>20,621</u>	<u>12,035,476</u>
Cash and Cash Equivalents at End of Year	<u>\$12,767,899</u>	<u>\$906,913</u>	<u>\$52,813</u>	<u>\$13,727,625</u>

(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, 2000

	<u>Proprietary</u>		<u>Fiduciary</u>	Totals (Memorandum Only)
	<u>Fund Types</u>		<u>Fund Type</u>	
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
<u>Reconciliation of Cash and</u>				
<u>Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$12,583,591	\$906,913	\$100,159	\$13,590,663
Less: Cash and Cash Equivalents in				
Agency and Expendable Trust Funds	0	0	(47,346)	(47,346)
Restricted Cash and Cash Equivalents	184,308	0	0	184,308
Restricted Cash with Fiscal Agent	0	0	136,103	136,103
Less Restricted Cash in Agency Funds	0	0	(136,103)	(136,103)
Cash and Cash Equivalents at End of Year	<u>\$12,767,899</u>	<u>\$906,913</u>	<u>\$52,813</u>	<u>\$13,727,625</u>
<u>Reconciliation of Operating Income to Net Cash</u>				
<u> Provided by Operating Activities:</u>				
Operating Income	\$4,623,191	\$32,678	\$61,731	\$4,717,600
Adjustments to Reconcile Operating Income to				
Net Cash Provided by Operating Activities:				
Depreciation Expense	2,742,953	111,039	0	2,853,992
Interest on Investments	0	0	(37,141)	(37,141)
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(4,059,529)	0	7,532	(4,051,997)
Increase in Intergovernmental Receivable	0	(250)	0	(250)
Increase in Inventory	(27,055)	(10,466)	0	(37,521)
Increase in Prepaid Items	(2,239)	(181)	0	(2,420)
Increase in Accounts Payable	2,229,856	1,132	0	2,230,988
Increase in Accrued Wages and Benefits	29,365	8,919	0	38,284
Increase in Customer Deposits	7,748	0	0	7,748
Decrease in Landfill Postclosure Care Liability	(73,240)	0	0	(73,240)
Increase in Compensated Absences	11,379	18,530	0	29,909
Increase in Claims Payable	0	230,609	0	230,609
Total Adjustments	<u>859,238</u>	<u>359,332</u>	<u>(29,609)</u>	<u>1,188,961</u>
Net Cash Provided by Operating Activities	<u>\$5,482,429</u>	<u>\$392,010</u>	<u>\$32,122</u>	<u>\$5,906,561</u>
<u>Schedule of Noncash Investing, Capital and Financing Activities:</u>				
At December 31, 2000 the Gas, Water, and the Water Pollution Funds had outstanding liabilities of \$227,630, \$98,022, and \$100, respectively for certain capital assets.				
During 2000, the Utilities Fund entered into a \$59,099 capital lease for mailing equipment.				

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, 2000

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, 2000 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, and 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, 2000 but are not intended to finance 2000 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 2000.

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 2000, 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)	\$774,555	(\$59,288)	\$656	\$1,237,062
Increase (Decrease):				
Accrued Revenues at December 31, 2000 received during 2001	(4,073,845)	(1,332,594)	0	(63,364)
Accrued Revenues at December 31, 1999 received during 2000	2,687,058	1,381,475	0	54,687
Accrued Expenditures at December 31, 2000 paid during 2001	1,245,782	376,117	0	89,388
Accrued Expenditures at December 31, 1999 paid during 2000	(998,496)	(285,136)	0	(933,683)
1999 Prepays for 2000	33,359	10,149	0	0
2000 Prepays for 2001	(43,681)	(10,704)	0	0
Note Proceeds	0	0	0	2,300,000
Note Retirements	0	0	0	(2,200,000)
Outstanding Encumbrances	(620,398)	(125,090)	0	(501,838)
Budget Basis	<u>(\$995,666)</u>	<u>(\$45,071)</u>	<u>\$656</u>	<u>(\$17,748)</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 2000. 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, 2000. 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:

<u>Description</u>	<u>Estimated Lives (Years)</u>
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:

<u>Description</u>	<u>Estimated Lives (Years)</u>
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:

<u>Obligation</u>	<u>Fund</u>
Ohio Water Development Authority Loans	General Bond Retirement Fund Water Pollution Fund Sanitation Fund
Ohio Public Works Commission Loan	General Bond Retirement Fund
Capital Leases	General Fund Street Construction, Maintenance and Repair Fund City Health District Fund General Bond Retirement Fund Utilities Collection Fund Electrical Fund

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long-Term Obligations (Continued)

<u>Obligation</u>	<u>Fund</u>
Housing and Urban Development Loan	Community Development Block Grant Fund
Compensated Absences	General Fund Cemetery Fund Street Construction, Maintenance and Repair Fund Parks and Recreation Fund City Health District Fund Community Development Block Grant Fund Gas Fund Water Fund Water Pollution Fund Sanitation Fund Utilities Collection Fund Electrical 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 2000.

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, 2000 of \$361,628 in the Health Insurance Management Fund (internal service fund) arises from the recognition of claims payable on the accrual basis. The accumulated deficit of \$3,221,054 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, 2000, expenditures exceeded appropriations at the object level (i.e., the legal level of budgetary control) as follows:

<u>Fund</u>	<u>Excess</u>
Special Revenue Fund:	
Drug Enforcement:	
Security of Persons and Property:	
Operations and Maintenance	\$19,306

The excess expenditures were funded from available fund balance.

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 five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

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 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. 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 \$1,591,926 (including cash with fiscal agents) and the bank balance was \$1,922,288. Federal depository insurance covered \$436,000 of the bank balance. All remaining deposits were classified as Category 3.

Investment earnings of \$1,180,656 earned by other funds was credited to the General Fund as required by state statute.

B. Investments

The City's investments at December 31, 2000 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
State and Local Securities	\$2,497,600	\$0	\$2,497,600
Repurchase Agreement	0	9,023,837	9,023,837
Total Categorized Investments	<u>2,497,600</u>	<u>9,023,837</u>	<u>11,521,437</u>
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	10,500,000
Total Non-Categorized Investments	<u>N/A</u>	<u>N/A</u>	<u>10,500,000</u>
Total Investments	<u>\$2,497,600</u>	<u>\$9,023,837</u>	<u>\$22,021,437</u>

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	\$19,919,718	\$3,693,645
Certificates of Deposit (with maturities of more than 3 months)	1,196,045	(1,196,045)
Investments:		
STAR Ohio	(10,500,000)	10,500,000
Repurchase Agreement	(9,023,837)	9,023,837
Per GASB Statement No. 3	<u>\$1,591,926</u>	<u>\$22,021,437</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 2000 were levied after October 1, 1999 on assessed values as of January 1, 1999, 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, 2000 was \$3.40 per \$1,000 of assessed value. The assessed value upon which the 2000 property tax receipts were based was \$567,571,771. This amount constitutes \$462,361,180 in real property assessed value, \$87,390,191 in tangible personal property assessed value and \$17,820,400 in public utility property.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .34% (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, 2000 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, 2000 consist of the following individual fund receivables and payables:

A. Due to/from Other Funds

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$56,788	\$0
Special Revenue Funds:		
Cemetery	4,334	0
Indigent Drivers Alcohol Treatment	1,519	0
Law Enforcement and Education	353	0
Municipal Court Computerization	<u>8,808</u>	<u>0</u>
Total Special Revenue Funds	15,014	0
Capital Projects Funds:		
Capital Improvement	0	4,334
Municipal Court Improvement	<u>7,210</u>	<u>0</u>
Total Capital Projects Funds	7,210	4,334
Agency Funds:		
Municipal Court	0	80,595
Law Library	<u>5,917</u>	<u>0</u>
Total Agency Funds	<u>5,917</u>	<u>80,595</u>
Totals	<u><u>\$84,929</u></u>	<u><u>\$84,929</u></u>

B. Interfund Receivable/Payable

<u>Interfund Receivable/Payable</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$900,000	\$0
Enterprise Fund:		
Gas Fund	<u>0</u>	<u>900,000</u>
Totals	<u><u>\$900,000</u></u>	<u><u>\$900,000</u></u>

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2000:

Fund	Transfer In	Transfer Out
General Fund	\$528,743	\$2,831,018
Special Revenue Funds:		
Cemetery	267,310	0
Street Construction, Maintenance and Repair	1,152,338	0
Parks and Recreation	0	30,000
Taxi Token	12,000	0
Law Director Victim Assistance	9,937	0
Law Enforcement Block Grant	9,758	0
City Health District	358,999	0
State Highway	0	66,534
Total Special Revenue Funds	1,810,342	96,534
Debt Service Fund:		
General Bond Retirement	109,500	0
Capital Projects Fund:		
Capital Improvement	1,009,443	0
Enterprise Funds:		
Gas	0	110,476
Water Fund	0	145,000
Water Pollution	0	95,000
Sanitation	0	145,000
Total Enterprise Funds	0	495,476
Nonexpendable Trust Fund:		
Cemetery Trust	0	35,000
Totals	\$3,458,028	\$3,458,028

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by Category of Changes in General Fixed Assets:

Category	December 31, 1999	Additions	Deletions	December 31, 2000
Land	\$1,491,359	\$55,327	\$0	\$1,546,686
Buildings	5,272,404	46,073	0	5,318,477
Improvements				
Other than Buildings	3,142,802	1,347,304	0	4,490,106
Vehicles	3,109,187	361,788	(175,504)	3,295,471
Equipment	3,148,613	513,495	(12,233)	3,649,875
Totals	16,164,365	2,323,987	(187,737)	18,300,615
Less: Accumulated				
Depreciation	(8,612,313)	(760,614)	156,893	(9,216,034)
Construction in Progress	1,057,176	276,145	(1,298,502)	34,819
Net	\$8,609,228	\$1,839,518	(\$1,329,346)	\$9,119,400

B. Proprietary Fixed Assets

Summary by Category at December 31, 2000:

Category	Historic Cost	Accumulated Depreciation	Book Value
Enterprise			
Land	\$1,148,029	\$0	\$1,148,029
Buildings	11,203,525	(5,163,157)	6,040,368
Improvements	29,698,983	(9,772,195)	19,926,788
Infrastructure	23,704,963	(14,951,345)	8,753,618
Machinery and Equipment	5,259,179	(4,320,010)	939,169
Vehicles	2,669,022	(1,868,751)	800,271
Construction in Progress	5,180,574	0	5,180,574
Property, Plant and Equipment	\$78,864,275	(\$36,075,458)	\$42,788,817
Internal Service			
Buildings	\$88,880	(\$50,151)	\$38,729
Improvements	26,261	(12,887)	13,374
Infrastructure	903,564	(571,040)	332,524
Machinery and Equipment	581,809	(385,903)	195,906
Vehicles	300,991	(264,765)	36,226
Property, Plant and Equipment	\$1,901,505	(\$1,284,746)	\$616,759

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 Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local government divisions. The 2000 employer contribution rate for local government employer units was 10.84%, of covered payroll, 6.54% to fund the pension and 4.3% to fund health care. The 1999 and 1998 employer contribution rates were 13.55%. 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, 2000, 1999 and 1998 were \$1,195,547, \$1,374,219 and \$1,306,808, 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. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. 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 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 4.3% of covered payroll which amounted to \$474,248.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Public Employees Retirement System (the “PERS of Ohio”) (Continued)

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio’s latest actuarial review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75%. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 401,339. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 1999 is \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

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, 2000, 1999 and 1998 were \$488,541, \$455,617 and \$447,465 for police and \$820,990, \$750,809 and \$711,147 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 health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. 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.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**B. Ohio Police and Fire Pension Fund (the “OP&F Fund”) (Continued)**

The portion of the 2000 covered payroll that was used to fund postemployment health care benefits was \$181,637 representing 7.25% of covered payroll for police and \$248,007 representing 7.25% of covered payroll for fire. 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, 1999, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 12,467 for police and 9,807 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, 1999 were \$95,004,633, which was net of member contributions of \$5,518,098.

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 Payables for Water System Improvements and Rising Park Improvements. These are recorded as an investment in the Capital Improvement Fund.

	Maturity Date	Balance January 1, 2000	Issued (Retired)	Balance December 31, 2000
Capital Projects Notes Payable:				
4.50% Rising Park Improvement	12/20/2001	\$0	\$300,000	\$300,000
4.25% Law Enforcement Building	11/16/2000	800,000	(800,000)	0
4.25% Law Enforcement Building	11/16/2001	0	700,000	700,000
3.60% Downtown Revitalization	04/27/2000	1,400,000	(1,400,000)	0
4.55% Downtown Revitalization	04/26/2001	0	1,300,000	1,300,000
Total Capital Projects Notes Payable		2,200,000	100,000	2,300,000
Water Fund Note Payable:				
4.00% Water System Improvement	05/25/2000	925,000	(925,000)	0
4.00% Water System Improvement	05/25/2001	0	745,000	745,000
4.00% Water System Improvement	10/04/2001	0	1,452,600	1,452,600
Total Enterprise Fund Notes Payable		925,000	1,272,600	2,197,600
Total Notes Payable		\$3,125,000	\$1,372,600	\$4,497,600

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

Long-term debt and other long-term obligations of the City at December 31, 2000 were as follows:

	Balance December 31, 1999	Issued (Retired)	Balance December 31, 2000
Enterprise Funds:			
Ohio Water Development Authority Loans (OWDA):			
1989 8.48% Water Pollution Control Plant	\$7,685,075	(\$306,628)	\$7,378,447
1990 7.74% Water Pollution Control Plant (Supplement)	160,638	(6,758)	153,880
1993 2.94% Water Pollution Control Plant (Supplement)	11,353,911	(577,403)	10,776,508
1996 3.16% Water Pollution Control Plant (Supplement)	4,557,835	(206,762)	4,351,073
1997 3.98% Landfill Postclosure Care	3,762,994	(141,095)	3,621,899
Total Ohio Water Development Authority Loans	<u>27,520,453</u>	<u>(1,238,646)</u>	<u>26,281,807</u>
Total Enterprise Long-Term Debt	<u>\$27,520,453</u>	<u>(\$1,238,646)</u>	<u>\$26,281,807</u>
Internal Service Funds:			
Capital Leases	\$1,797	\$59,099	
		(608)	60,288
Total Internal Service Long-Term Debt	<u>\$1,797</u>	<u>\$58,491</u>	<u>\$60,288</u>
Other Long-Term Obligations:			
Housing and Urban Development Loan	\$1,570,000	(\$90,000)	\$1,480,000
Ohio Public Works Commission Loan	0	104,431	104,431
Ohio Water Development Authority Loan Payable	0	2,000,000	2,000,000
Compensated Absences	1,449,099	134,870	1,583,969
Capital Leases	1,170,827	373,373	
		(347,495)	1,196,705
Total Other Long-Term Obligations	<u>\$4,189,926</u>	<u>\$2,175,179</u>	<u>\$6,365,105</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, 2000, 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 \$10,776,508 at December 31, 2000.

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, 2000, 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 \$4,351,073 at December 31, 2000.

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, 2000, 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 \$3,621,899 at December 31, 2000.

B. Ohio Public Works Commission Loan

In 1998, the City entered into an agreement with the Ohio Public Works Commission (OPWC), for the City to receive \$155,500. The interest rate on this loan is 0.0% per annum. Uniquely, the loan can only be received by the City in increments as the project is completed. As of December 31, 2000, the City had received \$104,431 from OPWC. The City will begin repaying the loan in semiannual payments in 2001 based on a loan amount of \$155,500 to be paid through 2020. An estimate of future financing requirements has been made based on the current loan balance of \$104,431 at December 31, 2000.

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

C. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2000 follows:

Years	OWDA Loans		HUD Loan		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$1,272,102	\$1,288,790	\$90,000	\$88,227	\$5,222	\$0
2002	1,330,488	1,230,404	90,000	83,457	5,222	0
2003	1,392,264	1,168,628	90,000	78,597	5,222	0
2004	3,457,668	1,103,225	90,000	73,647	5,222	0
2005	1,526,953	973,939	90,000	68,625	5,222	0
2006-2010	8,830,538	3,673,925	450,000	265,446	26,107	0
2011-2015	9,294,842	1,254,594	450,000	129,159	26,107	0
2016-2020	1,176,952	56,973	130,000	11,259	26,107	0
Totals	<u>\$28,281,807</u>	<u>\$10,750,478</u>	<u>\$1,480,000</u>	<u>\$798,417</u>	<u>\$104,431</u>	<u>\$0</u>

NOTE 12 - CAPITALIZED LEASES

Under capital leases the City leases four copiers, eleven police cruisers, two street sweepers, two salt spreaders, mailing equipment and various building improvements. 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 original cost of the assets acquired under capital lease was \$1,560,769.

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, 2000:

Year Ending December 31,	General Long-Term Obligation Account Group	Proprietary Funds
2001	\$255,606	\$25,030
2002	213,231	24,848
2003	180,355	18,225
2004	176,900	0
2005	174,538	0
2006-2009	<u>501,070</u>	<u>0</u>
Minimum Lease Payments	1,501,700	68,103
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(304,995)</u>	<u>(7,815)</u>
Present value of minimum lease payments	<u>\$1,196,705</u>	<u>\$60,288</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 2000, 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.

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 \$568,771 reported in the fund at December 31, 2000 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:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
1999	\$674,635	\$2,918,918	(\$3,255,391)	\$338,162
2000	338,162	3,228,242	(2,997,633)	568,771

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, 2000, the City had the following commitments with respect to capital improvements:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Sanitation Garage	\$110,000	Fall 2001
Gas Building	625,000	Summer 2001

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	\$2,769,282	\$2,776,270	\$84,751
Reductions:				
Depreciation on Fixed Assets	0	(184,696)	(184,696)	0
Balance at End of Year	\$6,988	\$2,584,586	\$2,591,574	\$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, 2000 for these enterprise activities is as follows:

	Gas	Water	Water		Sanitation	Total
			Pollution	Total		
Operating Revenues	\$17,788,449	\$5,180,962	\$5,829,627	\$3,095,285	\$31,894,323	
Depreciation	343,257	494,955	1,783,284	121,457	2,742,953	
Operating Income	1,171,856	1,498,959	1,227,014	725,362	4,623,191	
Intergovernmental Grants:						
Operating	15,357	0	0	0	15,357	
Operating Transfers Out	(110,476)	(145,000)	(95,000)	(145,000)	(495,476)	
Advances In	900,000	0	0	0	900,000	
Net Income (Loss)	1,076,737	1,316,210	(17,347)	452,864	2,828,464	
Property, Plant and Equipment:						
Additions	399,584	1,715,988	326,771	595,316	3,037,659	
Deletions	(17,851)	(31,061)	0	(5,068)	(53,980)	
Total Assets	12,900,397	16,082,737	34,260,911	2,905,268	66,149,313	
Net Working Capital	4,812,535	3,501,777	6,390,484	1,061,880	15,766,676	
Notes and Loans Payable	0	2,197,600	22,659,908	3,621,899	28,479,407	
Total Equity/ (Accumulated Deficit)	8,491,216	13,230,800	11,139,104	(3,221,054)	29,640,066	

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 \$2,284,760. These costs are funded by a sanitation rate increase that became effective April 1, 1997. The rate will remain in effect for twenty-five years to cover annual postclosure care costs. The remaining five years of postclosure care costs will be funded by \$442,031 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, 2000 to December 31, 2000, the City received federal and state grants for specific purposes that are subject to reviews and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 20 – SUBSEQUENT EVENTS

On April 9, 2001, the City Council authorized the issuance and sale of the following debt:

- Bonds in aggregate principal not to exceed \$602,000, for the purpose of paying the property owners' portion, in anticipation of the collection of special assessments levied for the cost of improving various streets in the city.
- \$625,000 notes, in anticipation of the issuance of bonds to pay the City's portion of the costs of improving various streets in the city.

***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, 2000

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$11,868,672	\$11,772,789	(\$95,883)
Intergovernmental Revenues	3,004,097	3,037,466	33,369
Charges for Services	1,095,356	1,061,514	(33,842)
Licenses, Permits and Fees	33,000	30,677	(2,323)
Investment Earnings	1,305,631	1,305,631	0
Fines and Forfeitures	806,410	728,693	(77,717)
All Other Revenues	406,539	204,596	(201,943)
Total Revenues	18,519,705	18,141,366	(378,339)
<u>Expenditures:</u>			
Security of Persons and Property:			
Police:			
Personal Services	4,237,999	4,134,547	103,452
Operations and Maintenance	666,109	585,835	80,274
Capital Outlay	296,590	290,490	6,100
Total Police	5,200,698	5,010,872	189,826
Fire:			
Personal Services	5,027,024	4,936,144	90,880
Operations and Maintenance	494,595	464,810	29,785
Capital Outlay	340,989	340,305	684
Total Fire	5,862,608	5,741,259	121,349
Street Lighting:			
Operations and Maintenance	188,623	188,617	6
Total Street Lighting	188,623	188,617	6
Total Security of Persons and Property	11,251,929	10,940,748	311,181
Public Health and Welfare Services:			
Assistance to Needy:			
Operations and Maintenance	500	0	500
Total Public Health and Welfare Services	500	0	500
Leisure Time Activities:			
Mumaugh Memorial:			
Personal Services	20	20	0
Operations and Maintenance	17,807	15,347	2,460
Capital Outlay	29,040	21,375	7,665
Total Leisure Time Activities	46,867	36,742	10,125

(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, 2000

GENERAL FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
Community Environment:			
Zoning, Planning, Tree Commissions:			
Operations and Maintenance	74,343	72,943	1,400
Total Community Environment	<u>74,343</u>	<u>72,943</u>	<u>1,400</u>
General Government:			
Council:			
Personal Services	87,668	82,512	5,156
Operations and Maintenance	9,352	5,608	3,744
Capital Outlay	2,487	2,422	65
Total Council	<u>99,507</u>	<u>90,542</u>	<u>8,965</u>
Mayor:			
Personal Services	122,180	120,612	1,568
Operations and Maintenance	8,737	6,461	2,276
Capital Outlay	1,300	1,300	0
Total Mayor	<u>132,217</u>	<u>128,373</u>	<u>3,844</u>
Personnel:			
Personal Services	88,540	85,224	3,316
Operations and Maintenance	16,990	16,579	411
Capital Outlay	6,593	6,553	40
Total Personnel	<u>112,123</u>	<u>108,356</u>	<u>3,767</u>
Auditor:			
Personal Services	251,490	246,541	4,949
Operations and Maintenance	57,170	48,326	8,844
Capital Outlay	12,860	11,382	1,478
Total Auditor	<u>321,520</u>	<u>306,249</u>	<u>15,271</u>
Treasurer:			
Personal Services	18,795	18,649	146
Operations and Maintenance	1,300	426	874
Total Treasurer	<u>20,095</u>	<u>19,075</u>	<u>1,020</u>
Law Director:			
Personal Services	406,801	355,190	51,611
Operations and Maintenance	99,040	93,895	5,145
Capital Outlay	6,250	6,250	0
Total Law Director	<u>512,091</u>	<u>455,335</u>	<u>56,756</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, 2000

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Municipal Court:			
Personal Services	483,849	454,922	28,927
Operations and Maintenance	<u>61,975</u>	<u>53,532</u>	<u>8,443</u>
Total Municipal Court	545,824	508,454	37,370
Judicial:			
Personal Services	387,794	375,095	12,699
Operations and Maintenance	<u>83,139</u>	<u>46,753</u>	<u>36,386</u>
Total Judicial	470,933	421,848	49,085
Civil Service:			
Personal Services	5,600	0	5,600
Operations and Maintenance	<u>30,400</u>	<u>29,617</u>	<u>783</u>
Total Civil Service	36,000	29,617	6,383
City Hall Maintenance:			
Personal Services	96,574	92,901	3,673
Operations and Maintenance	<u>54,106</u>	<u>46,759</u>	<u>7,347</u>
Total City Hall Maintenance	150,680	139,660	11,020
Service Safety Director:			
Personal Services	112,820	108,921	3,899
Operations and Maintenance	12,920	11,497	1,423
Capital Outlay	<u>1,477</u>	<u>1,366</u>	<u>111</u>
Total Service Safety Director	127,217	121,784	5,433
Engineer:			
Personal Services	605,600	583,260	22,340
Operations and Maintenance	78,931	61,772	17,159
Capital Outlay	<u>89,996</u>	<u>70,319</u>	<u>19,677</u>
Total Engineer	774,527	715,351	59,176
Administration Support:			
Personal Services	31,483	25,000	6,483
Operations and Maintenance	<u>219,803</u>	<u>188,853</u>	<u>30,950</u>
Total Administration Support	251,286	213,853	37,433
Miscellaneous:			
Personal Services	225,356	96,827	128,529
Operations and Maintenance	863,642	818,723	44,919
Capital Outlay	<u>105,000</u>	<u>55,000</u>	<u>50,000</u>
Total Miscellaneous	1,193,998	970,550	223,448

(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, 2000

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Income Tax:			
Personal Services	291,325	282,019	9,306
Operations and Maintenance	404,505	357,296	47,209
Capital Outlay	8,666	5,486	3,180
Total Income Tax	<u>704,496</u>	<u>644,801</u>	<u>59,695</u>
Total General Government	<u>5,452,514</u>	<u>4,873,848</u>	<u>578,666</u>
Total Expenditures	<u>16,826,153</u>	<u>15,924,281</u>	<u>901,872</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,693,552	2,217,085	523,533
Other Financing Sources (Uses):			
Operating Transfers In	485,000	518,267	33,267
Operating Transfers Out	(2,831,018)	(2,831,018)	0
Advances Out	(900,000)	(900,000)	0
Total Other Financing Sources (Uses)	<u>(3,246,018)</u>	<u>(3,212,751)</u>	<u>33,267</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,552,466)	(995,666)	556,800
Fund Balance at Beginning of Year	2,030,179	2,030,179	0
Prior Year Encumbrances	684,121	684,121	0
Fund Balance at End of Year	<u><u>\$1,161,834</u></u>	<u><u>\$1,718,634</u></u>	<u><u>\$556,800</u></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, 2000

	Cemetery	Street Construction, Maintenance and Repair	Parks and Recreation	Taxi Token	Law Director Victim Assistance
Assets:					
Cash and Cash Equivalents	\$60,788	\$565,276	\$270,529	\$930	\$19,859
Receivables (net of allowances for doubtful accounts)					
Taxes	18,142	0	272,136	0	0
Accounts	75,463	0	0	3,499	0
Interest	0	0	0	0	0
Loans	0	0	0	0	0
Due from Other Funds	4,334	0	0	0	0
Intergovernmental Receivables	0	88,257	0	40,613	0
Inventory of Supplies at Cost	2,545	137,055	5,983	0	0
Prepaid Items	801	3,312	2,751	0	0
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	0	0
Total Assets	<u>\$162,073</u>	<u>\$793,900</u>	<u>\$551,399</u>	<u>\$45,042</u>	<u>\$19,859</u>
Liabilities and Fund Equity:					
Liabilities:					
Accounts Payable	\$4,702	\$65,918	\$24,478	\$26,008	\$0
Accrued Wages and Benefits	25,820	100,199	49,682	0	941
Intergovernmental Payables	0	0	0	0	0
Deferred Revenue	2,749	0	41,237	0	0
Total Liabilities	<u>33,271</u>	<u>166,117</u>	<u>115,397</u>	<u>26,008</u>	<u>941</u>
Fund Equity:					
Reserved for Encumbrances	358	34,401	11,964	0	0
Reserved for Supplies Inventory	2,545	137,055	5,983	0	0
Reserved for Prepaid Items	801	3,312	2,751	0	0
Reserved for Loans Receivable	0	0	0	0	0
Unreserved	125,098	453,015	415,304	19,034	18,918
Total Fund Equity	<u>128,802</u>	<u>627,783</u>	<u>436,002</u>	<u>19,034</u>	<u>18,918</u>
Total Liabilities and Fund Equity	<u>\$162,073</u>	<u>\$793,900</u>	<u>\$551,399</u>	<u>\$45,042</u>	<u>\$19,859</u>

THE CITY OF LANCASTER, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2000

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
\$40,753	\$103,717	\$0	\$78,397	\$20,748	\$205,924	\$43,845
0	0	345,203	0	0	0	0
0	0	0	349	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	1,519	353
0	0	0	0	18,663	0	0
1,341	0	0	22,709	0	0	0
0	0	0	3,840	0	0	0
0	0	0	0	0	0	0
<u>\$42,094</u>	<u>\$103,717</u>	<u>\$345,203</u>	<u>\$105,295</u>	<u>\$39,411</u>	<u>\$207,443</u>	<u>\$44,198</u>
\$0	\$2,287	\$0	\$7,052	\$238	\$0	\$0
8,822	0	0	53,860	4,609	0	0
0	0	0	1,501	0	0	0
0	0	345,203	0	0	0	0
<u>8,822</u>	<u>2,287</u>	<u>345,203</u>	<u>62,413</u>	<u>4,847</u>	<u>0</u>	<u>0</u>
0	0	0	7,673	607	0	0
1,341	0	0	22,709	0	0	0
0	0	0	3,840	0	0	0
0	0	0	0	0	0	0
<u>31,931</u>	<u>101,430</u>	<u>0</u>	<u>8,660</u>	<u>33,957</u>	<u>207,443</u>	<u>44,198</u>
<u>33,272</u>	<u>101,430</u>	<u>0</u>	<u>42,882</u>	<u>34,564</u>	<u>207,443</u>	<u>44,198</u>
<u>\$42,094</u>	<u>\$103,717</u>	<u>\$345,203</u>	<u>\$105,295</u>	<u>\$39,411</u>	<u>\$207,443</u>	<u>\$44,198</u>

(Continued)

THE CITY OF LANCASTER, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2000

	Municipal Court Computerization	Drug Enforcement	Community Development Block Grant	State Highway	Totals
Assets:					
Cash and Cash Equivalents	\$50,543	\$43,142	\$94,175	\$172,971	\$1,771,597
Receivables (net of allowances for doubtful accounts)					
Taxes	0	0	0	0	635,481
Accounts	0	0	0	0	79,311
Interest	0	0	190	2,648	2,838
Loans	0	0	777,209	0	777,209
Due from Other Funds	8,808	0	0	0	15,014
Intergovernmental Receivables	0	0	0	4,749	152,282
Inventory of Supplies at Cost	0	0	0	0	169,633
Prepaid Items	0	0	0	0	10,704
Restricted Assets:					
Cash and Cash Equivalents	0	0	59,648	0	59,648
Total Assets	\$59,351	\$43,142	\$931,222	\$180,368	\$3,673,717
Liabilities and Fund Equity:					
Liabilities:					
Accounts Payable	\$0	\$0	\$0	\$0	\$130,683
Accrued Wages and Benefits	0	0	0	0	243,933
Intergovernmental Payables	0	0	0	0	1,501
Deferred Revenue	0	0	0	0	389,189
Total Liabilities	0	0	0	0	765,306
Fund Equity:					
Reserved for Encumbrances	0	0	0	0	55,003
Reserved for Supplies Inventory	0	0	0	0	169,633
Reserved for Prepaid Items	0	0	0	0	10,704
Reserved for Loans Receivable	0	0	777,209	0	777,209
Unreserved	59,351	43,142	154,013	180,368	1,895,862
Total Fund Equity	59,351	43,142	931,222	180,368	2,908,411
Total Liabilities and Fund Equity	\$59,351	\$43,142	\$931,222	\$180,368	\$3,673,717

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	Cemetery	Street Construction, Maintenance and Repair	Parks and Recreation	Taxi Token	Law Director Victim Assistance
<u>Revenues:</u>					
Taxes	\$69,083	\$0	\$1,036,245	\$0	\$0
Intergovernmental Revenues	0	1,474,541	0	273,179	31,786
Charges for Services	221,192	0	293,547	131,883	0
Licenses, Permits and Fees	0	0	1,065	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenues	6,415	12,856	71,777	0	0
Total Revenues	<u>296,690</u>	<u>1,487,397</u>	<u>1,402,634</u>	<u>405,062</u>	<u>31,786</u>
<u>Expenditures:</u>					
Current:					
Security of Persons and Property	0	0	0	0	27,185
Public Health and Welfare Services	523,493	0	0	0	0
Leisure Time Activities	0	0	1,357,129	0	0
Community Environment	0	0	0	0	0
Transportation	0	2,859,924	0	417,727	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	<u>523,493</u>	<u>2,859,924</u>	<u>1,357,129</u>	<u>417,727</u>	<u>27,185</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(226,803)	(1,372,527)	45,505	(12,665)	4,601
<u>Other Financing Sources (Uses):</u>					
Operating Transfers In	267,310	1,152,338	0	12,000	9,937
Operating Transfers Out	0	0	(30,000)	0	0
Other Financing Sources - Capital Lease	0	200,404	0	0	0
Total Other Financing Sources (Uses)	<u>267,310</u>	<u>1,352,742</u>	<u>(30,000)</u>	<u>12,000</u>	<u>9,937</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	40,507	(19,785)	15,505	(665)	14,538
Fund Balance at Beginning of Year	90,123	675,660	420,260	19,699	4,380
Increase (Decrease) in Inventory Reserve	(1,828)	(28,092)	237	0	0
Fund Balance at End of Year	<u>\$128,802</u>	<u>\$627,783</u>	<u>\$436,002</u>	<u>\$19,034</u>	<u>\$18,918</u>

(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, 2000

	Lancaster Community Development	Law Enforcement Block Grant	Police and Fire Pension	City Health District	Fairfield County Court Surveillance
<u>Revenues:</u>					
Taxes	\$0	\$0	\$255,917	\$0	\$0
Intergovernmental Revenues	111,765	91,707	35,431	278,548	92,474
Charges for Services	0	0	0	508,001	0
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	646	108
Total Revenues	111,765	91,707	291,348	787,195	92,582
<u>Expenditures:</u>					
Current:					
Security of Persons and Property	0	57,562	291,348	0	72,839
Public Health and Welfare Services	0	0	0	1,150,837	0
Leisure Time Activities	0	0	0	0	0
Community Environment	129,668	0	0	0	0
Transportation	0	0	0	0	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	129,668	57,562	291,348	1,150,837	72,839
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,903)	34,145	0	(363,642)	19,743
<u>Other Financing Sources (Uses):</u>					
Operating Transfers In	0	9,758	0	358,999	0
Operating Transfers Out	0	0	0	0	0
Other Financing Sources - Capital Lease	0	0	0	0	0
Total Other Financing Sources (Uses)	0	9,758	0	358,999	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(17,903)	43,903	0	(4,643)	19,743
Fund Balance at Beginning of Year	51,122	57,527	0	53,104	14,821
Increase (Decrease) in Inventory Reserve	53	0	0	(5,579)	0
Fund Balance at End of Year	\$33,272	\$101,430	\$0	\$42,882	\$34,564

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

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	\$1,361,245
0	0	0	0	620,421	57,473	3,067,325
0	0	0	0	0	0	1,154,623
0	0	0	0	0	0	1,065
0	0	0	514	3,847	32,885	37,246
40,042	4,054	107,443	19,840	0	0	171,379
0	0	0	0	13,196	0	104,998
<u>40,042</u>	<u>4,054</u>	<u>107,443</u>	<u>20,354</u>	<u>637,464</u>	<u>90,358</u>	<u>5,897,881</u>
50,000	0	0	19,306	0	0	518,240
0	0	0	0	0	0	1,674,330
0	0	0	0	0	0	1,357,129
0	0	0	0	613,459	0	743,127
0	0	0	0	0	0	3,277,651
0	0	118,006	0	0	0	118,006
0	0	0	0	90,000	0	90,000
0	0	0	0	92,898	0	92,898
<u>50,000</u>	<u>0</u>	<u>118,006</u>	<u>19,306</u>	<u>796,357</u>	<u>0</u>	<u>7,871,381</u>
(9,958)	4,054	(10,563)	1,048	(158,893)	90,358	(1,973,500)
0	0	0	0	0	0	1,810,342
0	0	0	0	0	(66,534)	(96,534)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>200,404</u>
0	0	0	0	0	(66,534)	1,914,212
(9,958)	4,054	(10,563)	1,048	(158,893)	23,824	(59,288)
217,401	40,144	69,914	42,094	1,090,115	156,544	3,002,908
0	0	0	0	0	0	(35,209)
<u>\$207,443</u>	<u>\$44,198</u>	<u>\$59,351</u>	<u>\$43,142</u>	<u>\$931,222</u>	<u>\$180,368</u>	<u>\$2,908,411</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, 2000

CEMETERY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$75,000	\$64,475	(\$10,525)
Charges for Services	166,000	183,058	17,058
All Other Revenues	0	6,415	6,415
Total Revenues	241,000	253,948	12,948
<u>Expenditures:</u>			
Public Health and Welfare:			
Personal Services	440,612	424,949	15,663
Operations and Maintenance	85,904	79,649	6,255
Capital Outlay	20,500	19,828	672
Total Expenditures	547,016	524,426	22,590
Excess (Deficiency) of Revenues Over (Under) Expenditures	(306,016)	(270,478)	35,538
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	271,000	267,310	(3,690)
Total Other Financing Sources (Uses)	271,000	267,310	(3,690)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(35,016)	(3,168)	31,848
Fund Balance at Beginning of Year	49,099	49,099	0
Prior Year Encumbrances	12,678	12,678	0
Fund Balance at End of Year	\$26,761	\$58,609	\$31,848

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, 2000

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$1,410,500	\$1,454,455	\$43,955
All Other Revenues	2,500	12,856	10,356
Total Revenues	<u>1,413,000</u>	<u>1,467,311</u>	<u>54,311</u>
<u>Expenditures:</u>			
Transportation:			
Personal Services	1,435,056	1,383,185	51,871
Operations and Maintenance	1,247,321	1,146,780	100,541
Capital Outlay	146,612	146,327	285
Total Expenditures	<u>2,828,989</u>	<u>2,676,292</u>	<u>152,697</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,415,989)	(1,208,981)	207,008
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	1,159,071	1,152,338	(6,733)
Total Other Financing Sources (Uses)	<u>1,159,071</u>	<u>1,152,338</u>	<u>(6,733)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(256,918)	(56,643)	200,275
Fund Balance at Beginning of Year	413,818	413,818	0
Prior Year Encumbrances	118,709	118,709	0
Fund Balance at End of Year	<u>\$275,609</u>	<u>\$475,884</u>	<u>\$200,275</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, 2000

PARKS AND RECREATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$1,094,600	\$1,032,130	(\$62,470)
Intergovernmental Revenues	0	0	0
Charges for Services	308,700	296,286	(12,414)
Licenses and Permits	2,400	1,065	(1,335)
All Other Revenues	8,000	71,777	63,777
Total Revenues	<u>1,413,700</u>	<u>1,401,258</u>	<u>(12,442)</u>
<u>Expenditures:</u>			
Leisure Time Activities:			
Personal Services	880,318	856,983	23,335
Operations and Maintenance	502,864	487,250	15,614
Capital Outlay	22,500	21,388	1,112
Total Expenditures	<u>1,405,682</u>	<u>1,365,621</u>	<u>40,061</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,018	35,637	27,619
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(21,982)	5,637	27,619
Fund Balance at Beginning of Year	220,543	220,543	0
Prior Year Encumbrances	24,499	24,499	0
Fund Balance at End of Year	<u><u>\$223,060</u></u>	<u><u>\$250,679</u></u>	<u><u>\$27,619</u></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, 2000

TAXI TOKEN FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$397,010	\$258,385	(\$138,625)
Charges for Services	115,000	134,128	19,128
Total Revenues	<u>512,010</u>	<u>392,513</u>	<u>(119,497)</u>
<u>Expenditures:</u>			
Transportation:			
Operations and Maintenance	524,261	403,834	120,427
Total Expenditures	<u>524,261</u>	<u>403,834</u>	<u>120,427</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,251)	(11,321)	930
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	12,000	12,000	0
Total Other Financing Sources (Uses)	<u>12,000</u>	<u>12,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(251)	679	930
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	251	251	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$930</u>	<u>\$930</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, 2000

LAW DIRECTOR VICTIM ASSISTANCE FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$25,000	\$31,786	\$6,786
Total Revenues	<u>25,000</u>	<u>31,786</u>	<u>6,786</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	47,677	26,342	21,335
Total Expenditures	<u>47,677</u>	<u>26,342</u>	<u>21,335</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,677)	5,444	28,121
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	18,272	9,937	(8,335)
Total Other Financing Sources (Uses)	<u>18,272</u>	<u>9,937</u>	<u>(8,335)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,405)	15,381	19,786
Fund Balance at Beginning of Year	4,478	4,478	0
Fund Balance at End of Year	<u>\$73</u>	<u>\$19,859</u>	<u>\$19,786</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, 2000

LANCASTER COMMUNITY DEVELOPMENT FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$181,660	\$111,765	(\$69,895)
Total Revenues	<u>181,660</u>	<u>111,765</u>	<u>(69,895)</u>
<u>Expenditures:</u>			
Community Environment:			
Personal Services	140,641	126,117	14,524
Operations and Maintenance	<u>8,033</u>	<u>3,471</u>	<u>4,562</u>
Total Expenditures	<u>148,674</u>	<u>129,588</u>	<u>19,086</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,986	(17,823)	(50,809)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	<u>22,000</u>	<u>0</u>	<u>(22,000)</u>
Total Other Financing Sources (Uses)	<u>22,000</u>	<u>0</u>	<u>(22,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	54,986	(17,823)	(72,809)
Fund Balance at Beginning of Year	<u>58,576</u>	<u>58,576</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$113,562</u></u>	<u><u>\$40,753</u></u>	<u><u>(\$72,809)</u></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, 2000

LAW ENFORCEMENT BLOCK GRANT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$134,929	\$91,707	(\$43,222)
Total Revenues	134,929	91,707	(43,222)
<u>Expenditures:</u>			
Security of Persons and Property:			
Operations and Maintenance	155,165	57,562	97,603
Total Expenditures	155,165	57,562	97,603
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,236)	34,145	54,381
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	9,758	9,758	0
Total Other Financing Sources (Uses)	9,758	9,758	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(10,478)	43,903	54,381
Fund Balance at Beginning of Year	49,581	49,581	0
Prior Year Encumbrances	7,946	7,946	0
Fund Balance at End of Year	\$47,049	\$101,430	\$54,381

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, 2000

POLICE AND FIRE PENSION FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$300,000	\$255,917	(\$44,083)
Intergovernmental Revenues	<u>35,000</u>	<u>35,431</u>	<u>431</u>
Total Revenues	<u>335,000</u>	<u>291,348</u>	<u>(43,652)</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	<u>335,000</u>	<u>291,348</u>	<u>43,652</u>
Total Expenditures	<u>335,000</u>	<u>291,348</u>	<u>43,652</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></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, 2000

CITY HEALTH DISTRICT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$327,650	\$278,548	(\$49,102)
Charges for Services	478,428	507,652	29,224
All Other Revenues	10,000	646	(9,354)
Total Revenues	816,078	786,846	(29,232)
<u>Expenditures:</u>			
Public Health and Welfare:			
Personal Services	921,349	885,955	35,394
Operations and Maintenance	277,484	234,026	43,458
Capital Outlay	54,859	49,050	5,809
Total Expenditures	1,253,692	1,169,031	84,661
Excess (Deficiency) of Revenues Over (Under) Expenditures	(437,614)	(382,185)	55,429
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	358,990	358,999	9
Total Other Financing Sources (Uses)	358,990	358,999	9
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(78,624)	(23,186)	55,438
Fund Balance at Beginning of Year	44,602	44,602	0
Prior Year Encumbrances	46,327	46,327	0
Fund Balance at End of Year	\$12,305	\$67,743	\$55,438

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, 2000

FAIRFIELD COUNTY COURT SURVEILLANCE FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$72,971	\$73,811	\$840
All Other Revenues	0	108	108
Total Revenues	72,971	73,919	948
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	64,448	61,176	3,272
Operations and Maintenance	14,121	10,816	3,305
Capital Outlay	2,657	1,479	1,178
Total Expenditures	81,226	73,471	7,755
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(8,255)	448	8,703
Fund Balance at Beginning of Year	18,346	18,346	0
Prior Year Encumbrances	1,226	1,226	0
Fund Balance at End of Year	\$11,317	\$20,020	\$8,703

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, 2000

INDIGENT DRIVERS ALCOHOL TREATMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$29,000	\$40,129	\$11,129
Total Revenues	29,000	40,129	11,129
<u>Expenditures:</u>			
Security of Persons and Property:			
Operations and Maintenance	236,682	50,000	186,682
Total Expenditures	236,682	50,000	186,682
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(207,682)	(9,871)	197,811
Fund Balance at Beginning of Year	215,795	215,795	0
Fund Balance at End of Year	\$8,113	\$205,924	\$197,811

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, 2000

LAW ENFORCEMENT AND EDUCATION FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$4,000	\$3,926	(\$74)
Total Revenues	<u>4,000</u>	<u>3,926</u>	<u>(74)</u>
<u>Expenditures:</u>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,000	3,926	(74)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	<u>(43,000)</u>	<u>0</u>	<u>43,000</u>
Total Other Financing Sources (Uses)	<u>(43,000)</u>	<u>0</u>	<u>43,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(39,000)	3,926	42,926
Fund Balance at Beginning of Year	<u>39,919</u>	<u>39,919</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$919</u></u>	<u><u>\$43,845</u></u>	<u><u>\$42,926</u></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, 2000

MUNICIPAL COURT COMPUTERIZATION FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$53,000	\$102,097	\$49,097
Total Revenues	<u>53,000</u>	<u>102,097</u>	<u>49,097</u>
<u>Expenditures:</u>			
General Government:			
Operations and Maintenance	123,534	122,463	1,071
Total Expenditures	<u>123,534</u>	<u>122,463</u>	<u>1,071</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(70,534)	(20,366)	50,168
Fund Balance at Beginning of Year	47,375	47,375	0
Prior Year Encumbrances	<u>23,534</u>	<u>23,534</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$375</u></u>	<u><u>\$50,543</u></u>	<u><u>\$50,168</u></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, 2000

DRUG ENFORCEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$0	\$514	\$514
Fines and Forfeitures	0	19,840	19,840
Total Revenues	0	20,354	20,354
<u>Expenditures:</u>			
Security of Persons and Property: Operations and Maintenance	0	19,306	(19,306)
Total Expenditures	0	19,306	(19,306)
Excess (Deficiency) of Revenues Over Expenditures	0	1,048	1,048
Fund Balance at Beginning of Year	42,094	42,094	0
Fund Balance at End of Year	\$42,094	\$43,142	\$1,048

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, 2000

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$1,362,856	\$845,091	(\$517,765)
Investment Earnings	0	2,322	2,322
All Other Revenues	0	13,196	13,196
Total Revenues	1,362,856	860,609	(502,247)
<u>Expenditures:</u>			
Community Environment:			
Operations and Maintenance	2,000	1,912	88
Capital Outlay	1,154,993	682,591	472,402
Total Community Environment	1,156,993	684,503	472,490
Debt Service:			
Principal Retirement	90,000	90,000	0
Interest and Fiscal Charges	92,898	92,898	0
Total Debt Service	182,898	182,898	0
Total Expenditures	1,339,891	867,401	472,490
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	22,965	(6,792)	(29,757)
Fund Deficit at Beginning of Year	(486,972)	(486,972)	0
Prior Year Encumbrances	587,939	587,939	0
Fund Balance at End of Year	\$123,932	\$94,175	(\$29,757)

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, 2000

STATE HIGHWAY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$55,000	\$55,761	\$761
Investment Earnings	20,000	32,529	12,529
Total Revenues	75,000	88,290	13,290
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	75,000	88,290	13,290
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(66,534)	(66,534)	0
Total Other Financing Sources (Uses)	(66,534)	(66,534)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	8,466	21,756	13,290
Fund Balance at Beginning of Year	151,215	151,215	0
Fund Balance at End of Year	\$159,681	\$172,971	\$13,290

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, 2000

	<u>Capital Improvement</u>	<u>Municipal Court Improvement</u>	<u>Totals</u>
<u>Assets:</u>			
Cash and Cash Equivalents	\$1,639,742	\$149,712	\$1,789,454
Investments	2,497,600	0	2,497,600
Receivables (net of allowances for doubtful accounts)			
Taxes	54,427	0	54,427
Interest	661	0	661
Due from Other Funds	0	7,210	7,210
Intergovernmental Receivables	9,313	0	9,313
Total Assets	<u>\$4,201,743</u>	<u>\$156,922</u>	<u>\$4,358,665</u>
<u>Liabilities and Fund Equity:</u>			
Liabilities:			
Accounts Payable	\$40,789	\$0	\$40,789
Due to Other Funds	4,334	0	4,334
Accrued Interest Payable	44,265	0	44,265
Deferred Revenue	8,247	0	8,247
General Obligation Notes Payable	2,300,000	0	2,300,000
Total Liabilities	<u>2,397,635</u>	<u>0</u>	<u>2,397,635</u>
Fund Equity:			
Reserved for Encumbrances	462,776	7,919	470,695
Unreserved	1,341,332	149,003	1,490,335
Total Fund Equity	<u>1,804,108</u>	<u>156,922</u>	<u>1,961,030</u>
Total Liabilities and Fund Equity	<u>\$4,201,743</u>	<u>\$156,922</u>	<u>\$4,358,665</u>

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Capital Improvement</u>	<u>Municipal Court Improvement</u>	<u>Totals</u>
<u>Revenues:</u>			
Taxes	\$207,249	\$0	\$207,249
Intergovernmental Revenues	1,082,273	0	1,082,273
Investment Earnings	28,980	0	28,980
Fines and Forfeitures	0	100,900	100,900
All Other Revenues	13,130	0	13,130
Total Revenues	<u>1,331,632</u>	<u>100,900</u>	<u>1,432,532</u>
<u>Expenditures:</u>			
Capital Outlay	3,151,560	57,146	3,208,706
Debt Service:			
Interest and Fiscal Charges	<u>100,638</u>	<u>0</u>	<u>100,638</u>
Total Expenditures	<u>3,252,198</u>	<u>57,146</u>	<u>3,309,344</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,920,566)	43,754	(1,876,812)
<u>Other Financing Sources (Uses):</u>			
Proceeds from Ohio Public Works Commission Loan	104,431	0	104,431
Proceeds from Ohio Water Development Authority Loan	2,000,000	0	2,000,000
Operating Transfers In	<u>1,009,443</u>	<u>0</u>	<u>1,009,443</u>
Total Other Financing Sources (Uses)	<u>3,113,874</u>	<u>0</u>	<u>3,113,874</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,193,308	43,754	1,237,062
Fund Balance at Beginning of Year	<u>610,800</u>	<u>113,168</u>	<u>723,968</u>
Fund Balance at End of Year	<u><u>\$1,804,108</u></u>	<u><u>\$156,922</u></u>	<u><u>\$1,961,030</u></u>

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, 2000

CAPITAL IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Taxes	\$205,000	\$210,760	\$5,760
Intergovernmental Revenues	469,527	967,173	497,646
Investment Earnings	26,942	31,854	4,912
All Other Revenues	8,080	13,130	5,050
Total Revenues	709,549	1,222,917	513,368
Expenditures:			
Capital Outlay	6,880,117	4,387,337	2,492,780
Debt Service:			
Principal Retirement	2,200,800	2,200,000	800
Interest and Fiscal Charges	107,485	87,646	19,839
Total Expenditures	9,188,402	6,674,983	2,513,419
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,478,853)	(5,452,066)	3,026,787
Other Financing Sources (Uses):			
Proceeds of General Obligation Notes	2,000,000	2,300,000	300,000
Proceeds of Ohio Public Works Commission Loan	104,431	104,431	0
Proceeds of Ohio Water Development Authority Loan	1,993,024	1,993,024	0
Operating Transfers In	1,059,443	1,009,443	(50,000)
Total Other Financing Sources (Uses)	5,156,898	5,406,898	250,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,321,955)	(45,168)	3,276,787
Fund Balance at Beginning of Year	2,749,273	2,749,273	0
Prior Year Encumbrances	939,318	939,318	0
Fund Balance at End of Year	\$366,636	\$3,643,423	\$3,276,787

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, 2000

MUNICIPAL COURT IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$99,485	\$99,485	\$0
Total Revenues	<u>99,485</u>	<u>99,485</u>	<u>0</u>
<u>Expenditures:</u>			
Capital Outlay	178,411	72,065	106,346
Total Expenditures	<u>178,411</u>	<u>72,065</u>	<u>106,346</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,926)	27,420	106,346
Fund Balance at Beginning of Year	102,737	102,737	0
Prior Year Encumbrances	11,636	11,636	0
Fund Balance at End of Year	<u><u>\$35,447</u></u>	<u><u>\$141,793</u></u>	<u><u>\$106,346</u></u>

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, 2000

	Gas	Water	Water Pollution	Sanitation	Totals
<u>Assets:</u>					
Cash and Cash Equivalents	\$1,198,587	\$4,673,692	\$5,930,858	\$780,454	\$12,583,591
Receivables (net of allowances for doubtful accounts):					
Accounts	6,060,089	645,544	673,128	388,194	7,766,955
Interest	0	0	0	13,836	13,836
Inventory of Supplies at Cost	1,577,395	715,360	29,693	25,135	2,347,583
Prepaid Items	9,265	5,154	5,130	2,643	22,192
Restricted Assets:					
Cash and Cash Equivalents	134,542	24,883	24,883	0	184,308
Investments	0	0	0	442,031	442,031
Property, Plant and Equipment	8,895,331	14,602,111	48,224,012	1,962,247	73,683,701
Less: Accumulated Depreciation	(5,250,301)	(8,889,068)	(20,737,709)	(1,198,380)	(36,075,458)
Net Fixed Assets	3,645,030	5,713,043	27,486,303	763,867	37,608,243
Construction in Progress	275,489	4,305,061	110,916	489,108	5,180,574
Total Assets	<u>\$12,900,397</u>	<u>\$16,082,737</u>	<u>\$34,260,911</u>	<u>\$2,905,268</u>	<u>\$66,149,313</u>
<u>Liabilities and Fund Equity:</u>					
Liabilities:					
Accounts Payable	\$3,032,240	\$135,638	\$170,385	\$74,477	\$3,412,740
Accrued Wages and Benefits	100,561	119,944	77,940	73,905	372,350
Interfund Payable	900,000	0	0	0	900,000
Due to Others - Refundable Deposits	134,542	24,883	24,883	0	184,308
Retainage Payable	0	52,820	0	0	52,820
Interest Payable	0	31,971	0	0	31,971
General Obligation Notes Payable	0	2,197,600	0	0	2,197,600
Compensated Absences Payable	241,838	289,081	188,691	71,281	790,891
Landfill Postclosure Care Liability	0	0	0	2,284,760	2,284,760
Ohio Water Development Authority Loans Payable	0	0	22,659,908	3,621,899	26,281,807
Total Liabilities	<u>4,409,181</u>	<u>2,851,937</u>	<u>23,121,807</u>	<u>6,126,322</u>	<u>36,509,247</u>
Fund Equity:					
Contributed Capital	0	6,988	2,584,586	0	2,591,574
Retained Earnings/Accumulated Deficit:					
Unreserved	8,491,216	13,223,812	8,554,518	(3,221,054)	27,048,492
Total Fund Equity	<u>8,491,216</u>	<u>13,230,800</u>	<u>11,139,104</u>	<u>(3,221,054)</u>	<u>29,640,066</u>
Total Liabilities and Fund Equity	<u>\$12,900,397</u>	<u>\$16,082,737</u>	<u>\$34,260,911</u>	<u>\$2,905,268</u>	<u>\$66,149,313</u>

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	Gas	Water	Water Pollution	Sanitation	Totals
<u>Operating Revenues:</u>					
Charges for Services	\$16,646,260	\$5,180,962	\$5,829,477	\$3,080,442	\$30,737,141
Other Operating Revenues	1,142,189	0	150	14,843	1,157,182
Total Operating Revenues	<u>17,788,449</u>	<u>5,180,962</u>	<u>5,829,627</u>	<u>3,095,285</u>	<u>31,894,323</u>
<u>Operating Expenses:</u>					
Personal Services	1,607,432	1,823,578	1,171,642	1,191,584	5,794,236
Materials and Supplies	13,956,544	382,484	458,370	46,389	14,843,787
Contractual Services	507,671	975,934	1,187,065	1,010,419	3,681,089
Depreciation	343,257	494,955	1,783,284	121,457	2,742,953
Other Operating Expenses	201,689	5,052	2,252	74	209,067
Total Operating Expenses	<u>16,616,593</u>	<u>3,682,003</u>	<u>4,602,613</u>	<u>2,369,923</u>	<u>27,271,132</u>
Operating Income	1,171,856	1,498,959	1,227,014	725,362	4,623,191
<u>Non-Operating Revenues (Expenses):</u>					
Intergovernmental Grants	15,357	0	0	0	15,357
Investment Earnings	0	0	34	21,599	21,633
Interest and Fiscal Charges	0	(37,749)	(1,149,395)	(148,531)	(1,335,675)
Loss on Disposal of Fixed Assets	0	0	0	(566)	(566)
Total Non-Operating Revenues (Expenses)	<u>15,357</u>	<u>(37,749)</u>	<u>(1,149,361)</u>	<u>(127,498)</u>	<u>(1,299,251)</u>
Income Before Operating Transfers	1,187,213	1,461,210	77,653	597,864	3,323,940
<u>Operating Transfers:</u>					
Operating Transfers Out	<u>(110,476)</u>	<u>(145,000)</u>	<u>(95,000)</u>	<u>(145,000)</u>	<u>(495,476)</u>
Total Operating Transfers	<u>(110,476)</u>	<u>(145,000)</u>	<u>(95,000)</u>	<u>(145,000)</u>	<u>(495,476)</u>
Net Income (Loss)	1,076,737	1,316,210	(17,347)	452,864	2,828,464
Add: Depreciation Charged to Contributed Capital	0	0	184,696	0	184,696
Retained Earnings/ Accumulated Deficit at Beginning 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>
Retained Earnings/Accumulated Deficit at End of Year	<u><u>\$8,491,216</u></u>	<u><u>\$13,223,812</u></u>	<u><u>\$8,554,518</u></u>	<u><u>(\$3,221,054)</u></u>	<u><u>\$27,048,492</u></u>

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	Gas	Water	Water Pollution	Sanitation	Totals
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$13,662,661	\$5,082,801	\$5,786,459	\$3,093,806	\$27,625,727
Cash Payments for Goods and Services	(12,270,045)	(1,375,739)	(1,545,290)	(1,134,938)	(16,326,012)
Cash Payments to Employees	(1,607,133)	(1,860,449)	(1,153,941)	(1,203,511)	(5,825,034)
Customer Deposits Received	110,704	20,473	20,473	0	151,650
Customer Deposits Returned	(105,048)	(19,427)	(19,427)	0	(143,902)
Net Cash Provided (Used) by Operating Activities	<u>(208,861)</u>	<u>1,847,659</u>	<u>3,088,274</u>	<u>755,357</u>	<u>5,482,429</u>
<u>Cash Flows from Noncapital Financing Activities:</u>					
Operating Grants Received	15,357	0	0	0	15,357
Transfers Out to Other Funds	(100,000)	(145,000)	(95,000)	(145,000)	(485,000)
Advances In from Other Funds	900,000	0	0	0	900,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>815,357</u>	<u>(145,000)</u>	<u>(95,000)</u>	<u>(145,000)</u>	<u>430,357</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Proceeds from General Obligation Notes	0	2,197,600	0	0	2,197,600
Principal Paid on General Obligation Notes	0	(925,000)	0	0	(925,000)
Acquisition and Construction of Assets	(182,430)	(2,136,065)	(327,421)	(643,260)	(3,289,176)
Principal Paid on Ohio Water Development Authority Loans	0	0	(1,097,551)	(141,095)	(1,238,646)
Interest Paid on All Debt	0	(37,000)	(1,149,395)	(148,531)	(1,334,926)
Net Cash Used for Capital and Related Financing Activities	<u>(182,430)</u>	<u>(900,465)</u>	<u>(2,574,367)</u>	<u>(932,886)</u>	<u>(4,590,148)</u>
<u>Cash Flows from Investing Activities:</u>					
Purchase of Investments	0	0	0	(16,574)	(16,574)
Receipt of Investment Earnings	0	0	34	16,574	16,608
Net Cash Provided by Investing Activities	<u>0</u>	<u>0</u>	<u>34</u>	<u>0</u>	<u>34</u>
Net Increase (Decrease) in Cash and Cash Equivalents	424,066	802,194	418,941	(322,529)	1,322,672
Cash and Cash Equivalents at Beginning 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>
Cash and Cash Equivalents at End of Year	<u><u>\$1,333,129</u></u>	<u><u>\$4,698,575</u></u>	<u><u>\$5,955,741</u></u>	<u><u>\$780,454</u></u>	<u><u>\$12,767,899</u></u>
<u>Reconciliation of Cash and</u>					
<u>Cash Equivalents per the Balance Sheet:</u>					
Cash and Cash Equivalents	\$1,198,587	\$4,673,692	\$5,930,858	\$780,454	\$12,583,591
Restricted Cash and Cash Equivalents	134,542	24,883	24,883	0	184,308
Cash and Cash Equivalents at End of Year	<u><u>\$1,333,129</u></u>	<u><u>\$4,698,575</u></u>	<u><u>\$5,955,741</u></u>	<u><u>\$780,454</u></u>	<u><u>\$12,767,899</u></u>

(Continued)

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Gas</u>	<u>Water</u>	<u>Water Pollution</u>	<u>Sanitation</u>	<u>Totals</u>
<u>Reconciliation of Operating Income to Net Cash</u>					
<u>Provided (Used) by Operating Activities:</u>					
Operating Income	\$1,171,856	\$1,498,959	\$1,227,014	\$725,362	\$4,623,191
Adjustments to Reconcile Operating Income to					
Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	343,257	494,955	1,783,284	121,457	2,742,953
Changes in Assets and Liabilities:					
Increase in Accounts Receivable	(3,924,099)	(93,109)	(40,916)	(1,405)	(4,059,529)
(Increase) Decrease in Inventory	24,659	(37,892)	(12,883)	(939)	(27,055)
(Increase) Decrease in Prepaid Items	10	(402)	(1,642)	(205)	(2,239)
Increase (Decrease) in Accounts Payable	2,169,211	(49,486)	114,638	(4,507)	2,229,856
Increase in Accrued Wages and Benefits	12,309	10,539	6,443	74	29,365
Increase in Customer Deposits	5,656	1,046	1,046	0	7,748
Decrease in Landfill Postclosure Care Liability	0	0	0	(73,240)	(73,240)
Increase (Decrease) in Compensated Absences	(11,720)	23,049	11,290	(11,240)	11,379
Total Adjustments	<u>(1,380,717)</u>	<u>348,700</u>	<u>1,861,260</u>	<u>29,995</u>	<u>859,238</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$208,861)</u>	<u>\$1,847,659</u>	<u>\$3,088,274</u>	<u>\$755,357</u>	<u>\$5,482,429</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2000 the Gas, Water, and the Water Pollution Funds had outstanding liabilities of \$227,630, \$98,022, and \$100, respectively for certain capital assets.



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, 2000

	Utilities Collection	Electrical	Health Insurance Management	Totals
<u>Assets:</u>				
Cash and Cash Equivalents	\$498,844	\$200,926	\$207,143	\$906,913
Intergovernmental Receivable	0	250	0	250
Inventory of Supplies at Cost	16,331	199,429	0	215,760
Prepaid Items	1,015	1,228	0	2,243
Property, Plant and Equipment	421,343	1,480,162	0	1,901,505
Less: Accumulated Depreciation	(265,915)	(1,018,831)	0	(1,284,746)
Net Fixed Assets	155,428	461,331	0	616,759
Total Assets	<u>\$671,618</u>	<u>\$863,164</u>	<u>\$207,143</u>	<u>\$1,741,925</u>
<u>Liabilities and Fund Equity:</u>				
Liabilities:				
Accounts Payable	\$4,777	\$11,914	\$0	\$16,691
Accrued Wages and Benefits	51,089	31,542	0	82,631
Compensated Absences Payable	129,277	57,614	0	186,891
Capital Leases Payable	59,099	1,189	0	60,288
Claims Payable	0	0	568,771	568,771
Total Liabilities	<u>244,242</u>	<u>102,259</u>	<u>568,771</u>	<u>915,272</u>
Fund Equity:				
Contributed Capital	0	84,751	0	84,751
Retained Earnings/Accumulated Deficit:				
Unreserved	427,376	676,154	(361,628)	741,902
Total Fund Equity	<u>427,376</u>	<u>760,905</u>	<u>(361,628)</u>	<u>826,653</u>
Total Liabilities and Fund Equity	<u>\$671,618</u>	<u>\$863,164</u>	<u>\$207,143</u>	<u>\$1,741,925</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, 2000

	Utilities Collection	Electrical	Health Insurance Management	Totals
<u>Operating Revenues:</u>				
Charges for Services	\$997,000	\$782,900	\$3,201,324	\$4,981,224
Other Operating Revenues	7,393	21,716	0	29,109
Total Operating Revenues	<u>1,004,393</u>	<u>804,616</u>	<u>3,201,324</u>	<u>5,010,333</u>
<u>Operating Expenses:</u>				
Personal Services	803,945	491,255	3,227,811	4,523,011
Materials and Supplies	105,866	33,852	0	139,718
Contractual Services	69,214	134,673	0	203,887
Depreciation	36,014	75,025	0	111,039
Total Operating Expenses	<u>1,015,039</u>	<u>734,805</u>	<u>3,227,811</u>	<u>4,977,655</u>
Operating Income (Loss)	(10,646)	69,811	(26,487)	32,678
<u>Non-Operating Revenues (Expenses):</u>				
Loss on Disposal of Fixed Assets	0	(724)	0	(724)
Total Non-Operating Revenues (Expenses)	<u>0</u>	<u>(724)</u>	<u>0</u>	<u>(724)</u>
Net Income (Loss)	(10,646)	69,087	(26,487)	31,954
Retained Earnings/				
Accumulated Deficit at Beginning of Year	<u>438,022</u>	<u>607,067</u>	<u>(335,141)</u>	<u>709,948</u>
Retained Earnings/				
Accumulated Deficit at End of Year	<u>\$427,376</u>	<u>\$676,154</u>	<u>(\$361,628)</u>	<u>\$741,902</u>

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	Utilities Collection	Electrical	Health Insurance Management	Totals
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$1,004,393	\$804,366	\$3,201,324	\$5,010,083
Cash Payments for Goods and Services	(181,163)	(171,716)	0	(352,879)
Cash Payments to Employees	(785,320)	(482,241)	(2,997,633)	(4,265,194)
Net Cash Provided by Operating Activities	<u>37,910</u>	<u>150,409</u>	<u>203,691</u>	<u>392,010</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(3,511)	(50,606)	0	(54,117)
Capital Lease Payments	0	(608)	0	(608)
Net Cash Used for Capital and Related Financing Activities	<u>(3,511)</u>	<u>(51,214)</u>	<u>0</u>	<u>(54,725)</u>
Net Increase in Cash and Cash Equivalents	34,399	99,195	203,691	337,285
Cash and Cash Equivalents at Beginning of Year	464,445	101,731	3,452	569,628
Cash and Cash Equivalents at End of Year	<u>\$498,844</u>	<u>\$200,926</u>	<u>\$207,143</u>	<u>\$906,913</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by Operating Activities:</u>				
Operating Income (Loss)	(\$10,646)	\$69,811	(\$26,487)	\$32,678
Adjustments to Reconcile Operating Income (Loss) to				
Net Cash Provided by Operating Activities:				
Depreciation	36,014	75,025	0	111,039
Changes in Assets and Liabilities:				
Increase in Intergovernmental Receivable	0	(250)	0	(250)
Increase in Inventory	(3,355)	(7,111)	0	(10,466)
Increase in Prepaid Items	(81)	(100)	0	(181)
Increase (Decrease) in Accounts Payable	(2,454)	4,017	(431)	1,132
Increase in Accrued Wages and Benefits	5,326	3,593	0	8,919
Increase in Compensated Absences	13,106	5,424	0	18,530
Increase in Claims Payable	0	0	230,609	230,609
Total Adjustments	<u>48,556</u>	<u>80,598</u>	<u>230,178</u>	<u>359,332</u>
Net Cash Provided by Operating Activities	<u>\$37,910</u>	<u>\$150,409</u>	<u>\$203,691</u>	<u>\$392,010</u>

Schedule of Noncash Investing, Capital and Financing Activities:

During 2000, the Utilities Fund entered into a \$59,099 capital lease for mailing equipment.

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, 2000

	<u><i>Expendable Trust Fund</i></u>	<u><i>Nonexpendable Trust Fund</i></u>
	Cemetery Interment Trust	Cemetery Trust
<u>Assets:</u>		
Cash and Cash Equivalents	\$43,746	\$52,813
Investments	142,000	612,014
Receivables (net of allowance for doubtful accounts):		
Accounts	1,881	354
Interest	1,131	4,683
Due from Other Funds	0	0
Restricted Assets:		
Cash with Fiscal Agent	0	0
Total Assets	<u>\$188,758</u>	<u>\$669,864</u>
<u>Liabilities and Fund Equity:</u>		
Liabilities:		
Due to Other Funds	\$0	\$0
Intergovernmental Payables	0	0
Due to Others	0	0
Deferred Revenue	2,059	0
Total Liabilities	<u>2,059</u>	<u>0</u>
Fund Equity:		
Reserved for Endowments	0	669,864
Unreserved	186,699	0
Total Fund Equity	<u>186,699</u>	<u>669,864</u>
Total Liabilities and Fund Equity	<u>\$188,758</u>	<u>\$669,864</u>

THE CITY OF LANCASTER, OHIO
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2000

<i>Agency Funds</i>			
Street Deposit	Municipal Court	Law Library	Totals
\$3,600	\$0	\$0	\$100,159
0	0	0	754,014
0	0	0	2,235
0	0	0	5,814
0	0	5,917	5,917
0	136,103	0	136,103
\$3,600	\$136,103	\$5,917	\$1,004,242
\$0	\$80,595	\$0	\$80,595
0	0	5,917	5,917
3,600	55,508	0	59,108
0	0	0	2,059
3,600	136,103	5,917	147,679
0	0	0	669,864
0	0	0	186,699
0	0	0	856,563
\$3,600	\$136,103	\$5,917	\$1,004,242

THE CITY OF LANCASTER, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	Balance December 31, 1999	Additions	Deductions	Balance December 31, 2000
<u>Street Deposit Fund</u>				
Assets:				
Cash and Cash Equivalents	\$2,800	\$1,100	(\$300)	\$3,600
Total Assets	<u>\$2,800</u>	<u>\$1,100</u>	<u>(\$300)</u>	<u>\$3,600</u>
Liabilities:				
Due to Others	\$2,800	\$1,100	(\$300)	\$3,600
Total Liabilities	<u>\$2,800</u>	<u>\$1,100</u>	<u>(\$300)</u>	<u>\$3,600</u>
<u>Municipal Court Fund</u>				
Assets:				
Restricted Assets:				
Cash with Fiscal Agent	\$123,727	\$2,443,593	(\$2,431,217)	\$136,103
Total Assets	<u>\$123,727</u>	<u>\$2,443,593</u>	<u>(\$2,431,217)</u>	<u>\$136,103</u>
Liabilities:				
Due to Other Funds	\$71,189	\$1,040,064	(\$1,030,658)	\$80,595
Intergovernmental Payable	0	898,475	(898,475)	0
Due to Others	52,538	505,054	(502,084)	55,508
Total Liabilities	<u>\$123,727</u>	<u>\$2,443,593</u>	<u>(\$2,431,217)</u>	<u>\$136,103</u>
<u>Law Library Fund</u>				
Assets:				
Cash and Cash Equivalents	\$12,355	\$82,726	(\$95,081)	\$0
Due from Other Funds	5,904	5,917	(5,904)	5,917
Total Assets	<u>\$18,259</u>	<u>\$88,643</u>	<u>(\$100,985)</u>	<u>\$5,917</u>
Liabilities:				
Intergovernmental Payable	\$18,259	\$88,643	(\$100,985)	\$5,917
Total Liabilities	<u>\$18,259</u>	<u>\$88,643</u>	<u>(\$100,985)</u>	<u>\$5,917</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$15,155	\$83,826	(\$95,381)	\$3,600
Due from Other Funds	5,904	5,917	(5,904)	5,917
Restricted Assets:				
Cash with Fiscal Agent	123,727	2,443,593	(2,431,217)	136,103
Total Assets	<u>\$144,786</u>	<u>\$2,533,336</u>	<u>(\$2,532,502)</u>	<u>\$145,620</u>
Liabilities:				
Due to Other Funds	\$71,189	\$1,040,064	(\$1,030,658)	\$80,595
Intergovernmental Payables	18,259	987,118	(999,460)	5,917
Due to Others	55,338	506,154	(502,384)	59,108
Total Liabilities	<u>\$144,786</u>	<u>\$2,533,336</u>	<u>(\$2,532,502)</u>	<u>\$145,620</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, 2000

General Fixed Assets:

Land	\$1,546,686
Buildings	5,318,477
Improvements Other Than Buildings	4,490,106
Vehicles	3,295,471
Equipment	<u>3,649,875</u>
Subtotal	18,300,615
Less: Accumulated Depreciation	<u>(9,216,034)</u>
Subtotal	9,084,581
Construction in Progress	<u>34,819</u>
Total General Fixed Assets	<u><u>\$9,119,400</u></u>

Investment in General Fixed Assets from:

General Fund	\$4,345,003
Special Revenue Funds	\$4,764,576
Proprietary Funds	<u>9,821</u>
Total Investment in General Fixed Assets	<u><u>\$9,119,400</u></u>

THE CITY OF LANCASTER, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 2000

Function and Activity	Land	Buildings	Improvements Other Than Buildings
<u>General Government:</u>			
Council	\$0	\$0	\$0
Mayor	0	0	930
Personnel	0	0	0
City Hall	80,327	105,000	1,685,514
Auditor	0	0	1,243
Income Tax	0	0	3,630
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	7,925	48,857
Court Electronic Surveillance	0	0	0
Total	<u>80,327</u>	<u>112,925</u>	<u>1,762,332</u>
<u>Security of Persons and Property:</u>			
Police	141,962	2,010,264	131,845
Fire	25,600	234,473	500,206
Total	<u>167,562</u>	<u>2,244,737</u>	<u>632,051</u>
<u>Public Health and Welfare Services:</u>			
Public Health	0	0	0
Cemetery	14,897	39,148	89,485
Total	<u>14,897</u>	<u>39,148</u>	<u>89,485</u>
<u>Transportation:</u>			
Street Construction	1,000	142,521	18,901
<u>Community Environment:</u>			
Community Development	0	0	0
Economic Development	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>
<u>Leisure Time Activities:</u>			
Park	1,282,900	2,779,146	1,981,597
Mumaugh	0	0	5,740
Total	<u>1,282,900</u>	<u>2,779,146</u>	<u>1,987,337</u>
Total General Fixed Assets	<u>\$1,546,686</u>	<u>\$5,318,477</u>	<u>\$4,490,106</u>
Less: Accumulated Depreciation			
Total Net General Fixed Assets			

THE CITY OF LANCASTER, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 2000

Vehicles	Machinery and Equipment	Construction in Progress	Total
\$0	\$2,422	\$0	\$2,422
0	3,240	0	4,170
0	8,763	0	8,763
0	59,598	0	1,930,439
0	66,194	0	67,437
0	53,092	0	56,722
0	1,437	0	1,437
0	48,829	0	48,829
49,015	112,533	0	162,430
0	33,957	0	33,957
0	352,083	0	373,359
0	66,991	0	123,773
0	15,672	0	15,672
<u>49,015</u>	<u>824,811</u>	<u>0</u>	<u>2,829,410</u>
468,060	763,937	0	3,516,068
<u>1,600,178</u>	<u>579,316</u>	<u>29,079</u>	<u>2,968,852</u>
<u>2,068,238</u>	<u>1,343,253</u>	<u>29,079</u>	<u>6,484,920</u>
31,191	96,877	0	128,068
<u>110,295</u>	<u>180,415</u>	<u>0</u>	<u>434,240</u>
<u>141,486</u>	<u>277,292</u>	<u>0</u>	<u>562,308</u>
<u>721,351</u>	<u>805,337</u>	<u>0</u>	<u>1,689,110</u>
0	33,276	0	33,276
0	10,476	0	10,476
<u>0</u>	<u>43,752</u>	<u>0</u>	<u>43,752</u>
315,381	352,546	5,740	6,717,310
0	2,884	0	8,624
<u>315,381</u>	<u>355,430</u>	<u>5,740</u>	<u>6,725,934</u>
<u>\$3,295,471</u>	<u>\$3,649,875</u>	<u>\$34,819</u>	<u>\$18,335,434</u>
			<u>(9,216,034)</u>
			<u>\$9,119,400</u>

THE CITY OF LANCASTER, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2000

Function and Activity	December 31, 1999	Additions	Deletions	December 31, 2000
<u>General Government:</u>				
Council	\$0	\$2,422	\$0	\$2,422
Mayor	4,170	0	0	4,170
Personnel	4,770	3,993	0	8,763
City Hall	1,705,285	1,413,186	(1,188,032)	1,930,439
Auditor	61,739	5,698	0	67,437
Income Tax	53,092	3,630	0	56,722
Treasurer	1,437	0	0	1,437
Safety Director	48,829	0	0	48,829
Engineer	123,013	39,417	0	162,430
Prosecutor	33,957	0	0	33,957
Court-Clerk	305,007	68,352	0	373,359
Court-Judicial	105,005	18,768	0	123,773
Court-Electronic Surveillance	15,672	0	0	15,672
Total	<u>2,461,976</u>	<u>1,555,466</u>	<u>(1,188,032)</u>	<u>2,829,410</u>
<u>Security of Persons and Property:</u>				
Police	3,376,341	315,231	(175,504)	3,516,068
Fire	2,674,609	294,243	0	2,968,852
Total	<u>6,050,950</u>	<u>609,474</u>	<u>(175,504)</u>	<u>6,484,920</u>
<u>Public Health and Welfare Services:</u>				
Public Health	126,568	1,500	0	128,068
Cemetery	382,992	58,598	(7,350)	434,240
Total	<u>509,560</u>	<u>60,098</u>	<u>(7,350)</u>	<u>562,308</u>
<u>Transportation:</u>				
Street Construction	1,585,212	105,452	(1,554)	1,689,110
<u>Community Environment:</u>				
Community Development	33,276	0	0	33,276
Economic Development	0	10,476	0	10,476
Total	<u>33,276</u>	<u>10,476</u>	<u>0</u>	<u>43,752</u>
<u>Leisure Time Activities:</u>				
Park	6,571,943	259,166	(113,799)	6,717,310
Mumaugh	8,624	0	0	8,624
Total	<u>6,580,567</u>	<u>259,166</u>	<u>(113,799)</u>	<u>6,725,934</u>
Total General Fixed Assets	17,221,541	2,600,132	(1,486,239)	18,335,434
Less: Accumulated Depreciation	(8,612,313)	(760,614)	156,893	(9,216,034)
Total Net General Fixed Assets	<u>\$8,609,228</u>	<u>\$1,839,518</u>	<u>(\$1,329,346)</u>	<u>\$9,119,400</u>

STATISTICAL SECTION

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 Environment	Transportation	General		Total
						Government	Miscellaneous (1)	
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
2000 b	11,299	1,674	1,394	811	3,278	4,930	292	23,678

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	Inter-Governmental		Charges for Services	Licenses, Permits and Fees	Fines and Forfeitures	Miscellaneous (1)		Total
	Taxes	Revenues						
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	
2000 b	13,173	6,212	2,205	31	903	1,975	24,499	

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 To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes to Total Tax Levy
1991	\$866,211	\$841,099	\$17,573	\$858,672	99.13%	\$32,593	3.76%
1992	877,071	844,723	23,158	867,881	98.95%	39,141	4.46%
1993	1,175,443	1,127,546	33,870	1,161,416	98.81%	51,841	4.41%
1994	1,183,000	1,140,876	26,296	1,167,172	98.66%	35,519	3.00%
1995	1,204,616	1,145,997	35,360	1,181,357	98.07%	61,899	5.14%
1996	1,473,231	1,371,964	27,110	1,399,074	94.97%	88,397	6.00%
1997	1,479,239	1,408,609	71,076	1,479,685	100.03%	63,577	4.30%
1998	1,236,332	1,204,481	25,408	1,229,889	99.48%	59,679	4.83%
1999	1,394,840	1,343,887	35,544	1,379,431	98.90%	59,076	4.24%
2000	1,516,709	1,363,847	55,930	1,419,777	93.61%	86,148	5.68%

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	310,052,664	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%
2000	462,361,180	1,321,031,943	17,820,400	52,412,941	87,390,191	349,560,764	567,571,771	1,723,005,648	32.94%

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 City School District	Fairfield County	Total
	General Fund	Police and Fire Pension Fund						
1991	2.80	0.60			3.40	56.70	8.55	68.65
1992	2.80	0.60			3.40	56.70	8.55	68.65
1993	2.80	0.60			3.40	56.70	8.55	68.65
1994	2.80	0.60			3.40	56.70	8.55	68.65
1995	2.80	0.60			3.40	56.70	7.05	67.15
1996	2.80	0.60			3.40	56.70	7.05	67.15
1997	2.80	0.60			3.40	56.70	7.05	67.15
1998	2.80	0.60			3.40	64.60	7.05	75.05
1999	2.80	0.60			3.40	64.60	7.05	75.05
2000	2.80	0.60			3.40	64.60	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>
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%
2000	0	0	0.00%

Source: Fairfield County Auditor

THE CITY OF LANCASTER, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2000

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$567,571,771	\$567,571,771
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	59,595,036	31,216,447
Applicable City Debt Outstanding (2)	2,300,000	2,300,000
Less: Applicable Debt Service Fund Amounts	(8,575)	(8,575)
Net Indebtedness Subject to Limitation	2,291,425	2,291,425
Legal Debt Margin	\$57,303,611	\$28,925,022

(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
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
2000 a)	35,335	567,571,771	0	8,575	0	0.00%	0.00

(1) Source: Lancaster Community Development Department estimates.

a) U.S. Bureau of Census, Federal 2000 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
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%
2000 b	0	0	0	23,677,902	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, 2000

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Lancaster (2)</u>	<u>Amount Applicable to City of Lancaster</u>
Direct			
City of Lancaster (1)	(a) \$2,291,425	100.00%	\$2,291,425
Overlapping Subdivisions			
Lancaster City School District	(b) 0	81.65%	0
Fairfield County	(b) 2,420,000	28.26%	683,892
			683,892
Total			<u>\$2,975,317</u>

(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 Available For Debt Service	Debt Service Requirement	Coverage
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
2000	5,180,962	3,187,048	1,993,914	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
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
2000	5,829,627	2,819,329	3,010,298	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	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
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%
2000	21,600	68,700	20,900	66,600	4.50%	3.40%	4.30%	4.60%

(1) Estimates

Source: Labor Market Information, Ohio Department of Job and Family Services

**THE CITY OF LANCASTER, OHIO
DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

Year	Population		Housing Statistics		
	City of Lancaster	Fairfield County	City of Lancaster	1990	2000 (1)
1991	34,917	104,315			
1992	35,371	104,850	Total Housing Units	15,186	17,100
1993	35,567	112,380			
1994	35,808	114,738	Owner Occupied	60%	58%
1995	36,195	117,556			
1996	36,535	119,182	Vacancy Rate	5.2%	5.1%
1997	37,826	131,809			
1998	38,254	136,351			
1999	38,983	126,723			
2000	a) 35,335	122,759			

Source: Lancaster Community Development Department estimates.

a) U.S. Bureau of Census, Federal 2000 Census.

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	
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
2000	125	17,619,415	100	11,044,336	286,562

(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, 2000

Taxpayer	Type of Business	2000 Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
1. Anchor Hocking Glass Consumer	Glass	\$17,359,260	19.87%
2. Ralcorp Holdings, Inc.	Food	6,855,190	7.85%
3. McDermott Inc.	Electronics	5,201,710	5.95%
4. Scotts Miracle Gro	Horticulture	3,507,170	4.01%
5. International Paper Company	Paper	2,344,820	2.68%
6. Lancaster Glass	Glass	2,299,760	2.63%
7. Crown Cork and Seal Company	Glass Closures	1,956,900	2.24%
8. Taylor Chevrolet	Automobile Dealership	1,819,500	2.08%
9. Lowes Home Centers, Inc.	Retail Home Improvement	1,722,050	1.97%
10. Scotts Company	Publications	1,670,330	1.91%
	Subtotal	44,736,690	51.19%
	All Others	42,653,501	48.81%
	Total	\$87,390,191	100.00%

Based on valuation of property taxes levied in 2000.
Source: Fairfield County Auditor - Land and Buildings.

THE CITY OF LANCASTER, OHIO
PRINCIPAL TAXPAYERS (REAL PROPERTY AND PUBLIC UTILITY PERSONAL PROPERTY TAX)
DECEMBER 31, 2000

Taxpayer	2000 Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
1. Glimcher Holdings	\$21,571,320	4.49%
2. Ohio Power Company	11,710,820	2.44%
3. Anchor Hocking Glass Corporation	5,767,280	1.20%
4. Ohio Bell Telephone	5,603,330	1.17%
5. Lowes Home Centers, Inc.	4,298,350	0.90%
6. Mount Carmel Health Systems	4,186,680	0.87%
7. Lancaster Phase One Group	3,383,510	0.70%
8. Fairfield Medical Center	2,692,430	0.56%
9. Ralston Purina Company Checkerboard	2,599,910	0.54%
10. Glimcher Center LTD Partnership	2,367,360	0.49%
	64,180,990	13.36%
	416,000,590	86.64%
	<u>\$480,181,580</u>	<u>100.00%</u>

Based on valuation of property taxes collected in 2000.
Source: Fairfield County Auditor - Land and Buildings.

City of Lancaster, Ohio

SINGLE AUDIT REPORTS

DECEMBER 31, 2000

CITY OF LANCASTER, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2000

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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, 2000, and have issued our report thereon dated April 25, 2001. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, 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 25, 2001.

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 another matter involving the internal control over financial reporting, have reported to management of the City of Lancaster, Ohio in a separate letter dated April 25, 2001.

This report is intended solely 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 25, 2001

**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, 2000. 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City 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, 2000.

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, 2000, and have issued our report thereon dated April 25, 2001. 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 solely 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.

Cimini & Partners, Inc.

Cleveland, Ohio
April 25, 2001

CITY OF LANCASTER, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2000

<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	\$ 4,105
CDBG 95			5,671
CDBG 96			220,950
CDBG 97			43,691
CDBG 98			229,642
CDBG 99			354,053
CDBG 00			<u>4,999</u>
Total CDBG			863,111
 Home/Community Housing Improvement Program (CHIP)	14.239	N/A	<u>2,379</u>
Total Department of Housing and Urban Development			<u>865,490</u>
 U.S. Department of Transportation: Passed through Ohio Department of Transportation: Urban Mass Transportation Capital and Operating Assistance Grants	20.507	RPT4023 015981	<u>111,420</u>
Total U.S. Department of Transportation			111,420
 U.S. Department of Justice: Violence Against Women Act Grant	16.588	N/A	26,206
Local Law Enforcement Block Grant	16.592	N/A	<u>55,275</u>
Total U.S. Department of Justice			81,481
 U.S. Department of Education: Passed-Through Ohio Department of Education			
Title X Family Planning	93.217		57,000
Early Childhood Intervention	84.181	198-G	<u>86,207</u>
Total U.S. Department of Education			<u>143,207</u>
 Total Expenditures of Federal Awards			\$ <u>1,201,598</u>

CITY OF LANCASTER, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2000

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, 2000, the gross amount of loans outstanding under this program were \$665,245.

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 2000, which is payable from future CDBG funds. The balance of the loan at December 31, 2000 was \$1,480,000.

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	\$ 97,000

CITY OF LANCASTER, OHIO

SCHEDULE OF FINDINGS OMB CIRCULAR A-133 SECTION .505

DECEMBER 31, 2000

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)?	No
(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

There were no findings related to the financial statements required to be reported in accordance with GAGAS in 2000.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings for federal awards to report in 2000.

CITY OF LANCASTER, OHIO

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

DECEMBER 31, 2000

Finding No.	Finding Summary	Fully Corrected?	Explanation
99-01	ORC Section 5705.36 – Appropriations exceeded estimated revenues in the CDBG and Fairfield County Surveillance Special Revenue Funds by \$1,461,608 and \$4,632, respectively.	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, 2000**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
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None





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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 12, 2001**