



**Mary Taylor, CPA**  
Auditor of State



CITY OF LANCASTER  
FAIRFIELD COUNTY

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**CITY OF LANCASTER  
FAIRFIELD COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></b>			
Community Development Block Grants (CDBG) Entitlement Grants Program	N/A	14.218	
CDBG 2003			\$37,441
CDBG 2004			13,326
CDBG 2005			16,351
CDBG 2006			17,609
CDBG 2007			146,191
CDBG 2008			325,879
CDBG 2009			22,083
ARRA - Community Development Block Grant Entitlement Grants Program (CDBG-R)	N/A	14.253	140,807
Total Community Development Block Grant Program			<u>719,687</u>
Home Investment Partnerships Program (CHIP)	N/A	14.239	<u>37,568</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>757,255</u></b>
<b><u>U.S. DEPARTMENT OF THE INTERIOR:</u></b>			
<b><i>Passed Through Ohio Department of Natural Resources:</i></b>			
Natural Outreach and Communication Program	DNRFN018	15.653	<u>500</u>
<b>Total U.S. Department of the Interior</b>			<b><u>500</u></b>
<b><u>U.S. DEPARTMENT OF JUSTICE:</u></b>			
Bulletproof Vest Partnership Program	N/A	16.607	7,350
<b><i>Passed Through Ohio Office of Criminal Justice:</i></b>			
Violence Against Women Formula Grants Program	2009-AR-VA5-1246	16.588	3,757
ARRA - Edward Byrne Memorial Justice Assistance Program / Grants to Units of Local Government	N/A	16.804	23,531
<b><i>Passed Through Ohio Office of Criminal Justice:</i></b>			
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	2007-JG-C01-6589 2008-JG-CO1-6589	16.738	7,148 34,106
ARRA - Edward Byrne Memorial Justice Assistance Program / Grants to States	2009-RA-CO1-2095 2009-RA-DO1-2165	16.803	39,080 32,027
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>135,892</u>
<b><i>Passed Through Fairfield County ADAMHS Board:</i></b>			
Drug Court Discretionary Grant Program	2005-DC-BX-0033	16.585	<u>70,921</u>
<b>Total U.S. Department of Justice</b>			<b><u>217,920</u></b>

(Continued)

**CITY OF LANCASTER  
FAIRFIELD COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF TRANSPORTATION:</u></b>			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning & Construction Program	PID 81392	20.205	\$88,231
	PID 84124		3,534
	PID 85336		3,421
	PID 85642		<u>85,000</u>
Total Highway Planning & Construction Program			180,186
ARRA - Formula Grants for Other than Urbanized Areas	RPT-4023-027-091	20.509	354,229
- Rural Transit Grant Program	RPT-4023-027-093		<u>27,266</u>
Total Formula Grants for Other than Urbanized Areas			<u>381,495</u>
<b>Total U.S. Department of Transportation</b>			<b><u>561,681</u></b>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$1,537,356</u></u></b>

*The accompanying notes are an integral part of this schedule.*

**CITY OF LANCASTER  
FAIRFIELD COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - SUBRECIPIENTS**

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

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the City is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Sub-recipients</u>
Community Development Block Grant Entitlement Grant Program	14.218	\$78,903

**NOTE C - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME INVESTMENT PARTNERSHIPS PROGRAM (CHIP) REVOLVING LOAN PROGRAMS**

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

These loans are collateralized by mortgages on the property. At December 31, 2009, the gross amount of loans outstanding under the CDBG program was \$965,961, and the gross amount of loans outstanding under the CHIP program was \$683,881.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the City 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.

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# Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Fairfield County, Ohio, (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 21, 2010.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

June 21, 2010



# Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

### Compliance

We have audited the compliance of the City of Lancaster, Fairfield County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Lancaster complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009.

### Internal Control Over Compliance

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

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

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

#### **Federal Awards Expenditures Schedule**

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended December 31, 2009, and have issued our report thereon dated June 21, 2010. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Mary Taylor, CPA**  
Auditor of State

June 21, 2010

**CITY OF LANCASTER  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2009**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CDBG Entitlement Grants Program - CFDA #14.218/14.253  Formula Grants for Other than Urbanized Areas - CFDA #20.509
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

**3. FINDING FOR FEDERAL AWARDS**

None

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# **Comprehensive Annual Financial Report**



# **Lancaster, Ohio**

**FOR THE YEAR ENDED  
DECEMBER 31, 2009**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2009

*Prepared by the City Auditor's Office*

Patricia Nettles  
City Auditor



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CITY OF LANCASTER  
FAIRFIELD COUNTY, OHIO

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**CITY OF LANCASTER, OHIO**

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## *INTRODUCTORY SECTION*

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# CITY OF LANCASTER, OHIO

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

Patricia Nettles, Auditor

June 21, 2010

To the Citizens and  
Elected Officials of  
Lancaster, Ohio:

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR), of the City of Lancaster, Ohio, for the year ended December 31, 2009.

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

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

## **The Reporting Entity**

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2009***

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

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

**City Overview**

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

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

**Items of Local Interest**

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

**Culture and Education**

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

***Letter of Transmittal  
For the Year Ended December 31, 2009***

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**ECONOMIC CONDITION AND OUTLOOK**

As one of Ohio's most beautiful towns, the historic City of Lancaster is conveniently located between Columbus, Ohio's capital and fastest growing metropolitan region, and the Hocking Hills, the state's most scenic natural wonderland. Easy access to transportation routes, regional markets, and a skilled workforce, along with a business and family-friendly town atmosphere, makes the City of Lancaster the growing and dynamic City it is.

From its founding in 1800, the City of Lancaster boasts a rich history as a commerce center and birthplace of state and national leaders. This tradition continues today as the town leaders continue to invest in utility infrastructure to maintain the community as a business friendly community. A new thirty-five million dollar waste-water treatment facility is under construction and expected to be complete in 2011. A one million dollar high pressure natural gas distribution pipeline and new interconnect with Texas Eastern Transmission will also be completed in 2011 and will provide the six hundred plus acre Rock Mill Industrial Park with ample capacity and provide access to the natural gas basins of the Gulf of Mexico and the Rocky Mountain Region.

Lancaster is the Fairfield County seat and is home to nearly one-third of the County's 125,000 population. The City is the home to nationally and internationally known companies such as Diamond Power Specialty Company, Anchor Hocking Glass, Ralston Foods, Cyril-Scott, and U.S. Corrugated. As a regional marketplace, Lancaster has added over one million square feet of retail in the past two years and is continuing to grow that sector of its economy with projects like Dick's Sporting Goods, Golden Corral, and others currently under construction. The Fairfield Medical Center also continues to expand services to the region. A current staff of over 2,000 and 400 physicians is dedicated to being the major referral center that serves southeastern and central Ohio.

The Ohio University Lancaster Campus has a record 2,200 students attending the Lancaster campus in 2009 and has completed several facility expansion phases with more to come. An addition of a workforce development administrator is planned for early 2010 and will be a business community tie to faculty and curricular alignment so that a skilled work force can be maintained.

The combined focus to grow manufacturing, distribution, infrastructure, retail, health care, and education along with its strategic location gives Lancaster's future a positive and dynamic outlook.

**MAJOR INITIATIVES**

The City's apportionment of federal surface transportation program (STP) funds had been earmarked the past several years for the Memorial Drive Reconstruction project until 2008. STP funds may only be used on streets on the Federal-Aid Off-System map, but those streets are the City's major streets. One project eligible for those now available funds was bid and completed in 2009. Two badly deteriorated culverts under North Columbus Street were programmed for replacement using STP funds for 80-percent of the construction costs with revenues from the City Stormwater Program funding the local 20-percent match. Culvert NCOL 4 was replaced in late 2008, with the replacement of culvert NCOL 3 being performed in 2009 to complete the project. The new culverts replaced structures estimated to be over 100-years in age.

***Letter of Transmittal  
For the Year Ended December 31, 2009***

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Another STP funded project was bid for 2009. The City and the Fairfield County Engineer's Office (FCEO) agreed on a joint project to resurface Tiki Lane Road and Sheridan Drive. Sheridan Drive lies both in and outside the City. City STP funds were used to pay for 80% of the construction costs while the FCEO provided the local 20% match. The work was completed in 2009. Major deck repairs to the Tiki Lane bridge over Ewing Run were also completed in 2009 as part of this project.

Two North Columbus Street bridges crossing over smaller streams are programmed for replacement. One of the bridges, located southeast of Whittier Drive, was constructed in 1919 and carried a 50-percent load reduction. It was originally programmed for replacement in 2010, but additional Local Transportation Improvement Program funds allowed the project to be moved up into 2009. The original bridge was removed and a new bridge constructed and opened to traffic in 2009.

A project utilizing Community Development Block Grant (CDBG) funds to correct drainage problems in an older neighborhood was on hold due to insufficient funding. Construction plans had previously been prepared to replace the existing macadam pavement and roadside ditches along Nolder Drive with a full-width, full-depth asphalt concrete pavement with curb and gutter, and a closed stormwater collection system. The Community Development Director was able to obtain sufficient American Recovery and Reinvestment Act funds from the U.S. Department of Housing and Urban Development to match with local stormwater funds so the work could begin in late summer 2009. The project was completed in November 2009.

Development in the north-central and northeast portions of the City has also created the need for water system improvements. This area of the City recently experienced renewed residential growth. Also, along with improving fire flows and water pressure for the existing developed areas, demand from developers to serve additional acreage pushed the acquisition of property and the development of bidding documents for an elevated water storage tank near the intersection of Rainbow Drive and Pleasantville Road, SR 188. Tank Construction was completed, and put into service in 2009. The tank site is fed from existing water mains and the Tiki Lane Booster Station erected in the 1990's.

One major component of the permit is the construction of a satellite wastewater treatment plant that will treat flows from the northwest and west sides of the City where the storm and sanitary flows are separated. The elimination of flows from these sections of the City will reduce flows into the combined system, and will reduce the number of overflow events from CSO's. Ground was broken for the Upper Hocking Water Pollution Control Facility along with the related pump station and force main were signed in early 2009. Construction will be completed in 2011.

***Letter of Transmittal  
For the Year Ended December 31, 2009***

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**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 capital asset accounting and payroll. These systems, coupled with the review and examination performed by the City Auditor's Office, ensure that the financial information generated is both accurate and reliable.

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

***Letter of Transmittal  
For the Year Ended December 31, 2009***

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**OTHER INFORMATION**

**Independent Audit**

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

**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, 2008. This was the twenty-third 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, Jeanne North, Assistant Auditor, Catherine Ryan, Administrative Assistant, Marsha Conrad, 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,



Patricia Nettles  
City Auditor

**CITY OF LANCASTER, OHIO**

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**List of Principal Officials  
For the Year Ended December 31, 2009**

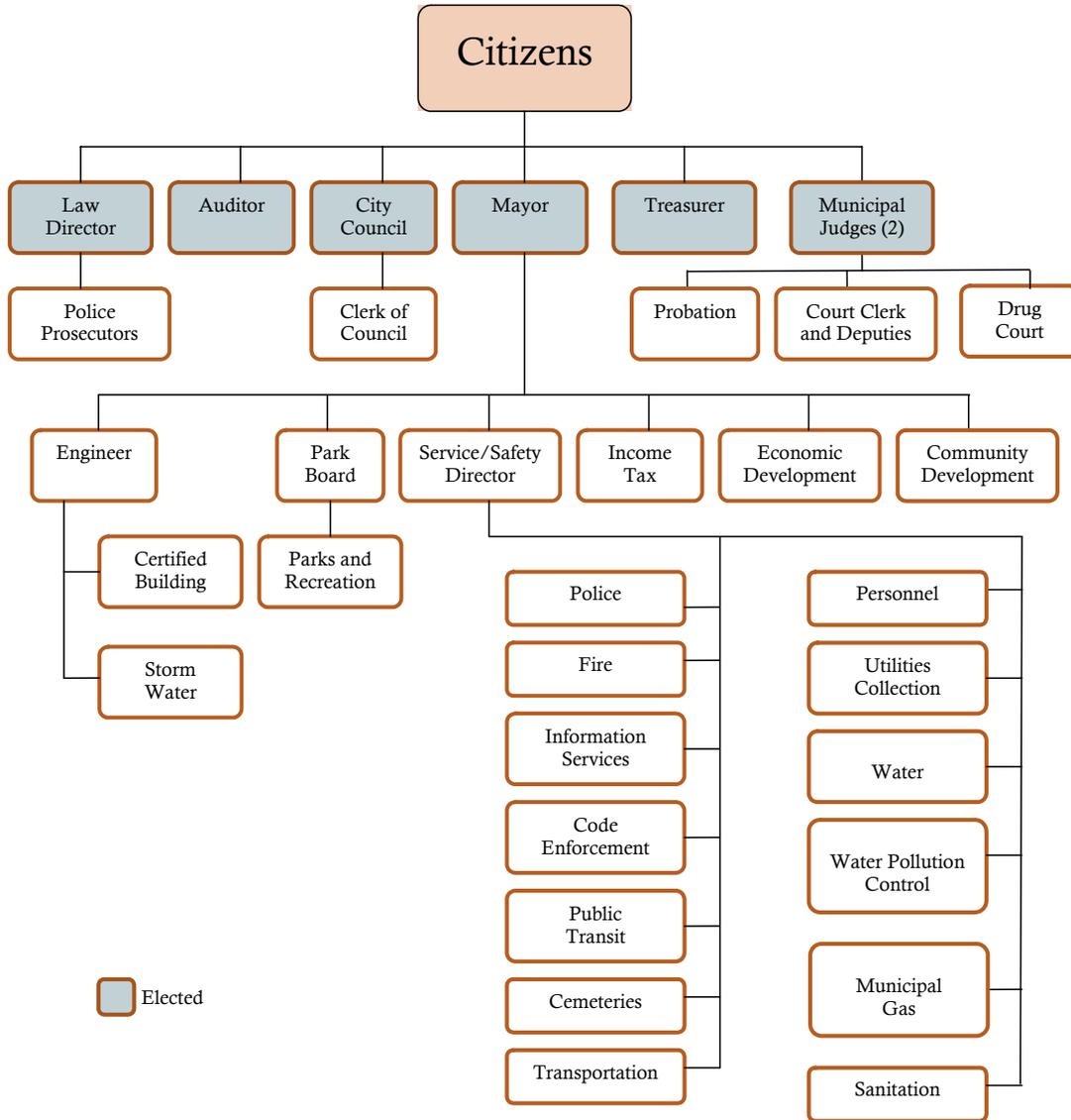
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<u>Name</u>	<u>Title</u>
<b><u>Executive Officials</u></b>	
David Smith	Mayor
Mary F. Green	Auditor *
Terre Vandervoort	Law Director
Robert Wolfinger	Treasurer
<b><u>Legislative Officials</u></b>	
Kenneth Culver	President of Council
Greg Russell	Council-at-Large
Steven F. Jackson	Council-at-Large
Robert Hedges	Council-at-Large
Melody Bobbitt	Council - 1st Ward
John Zekas	Council - 2nd Ward
Ann Kitsmiller	Council - 3rd Ward
Tom Stoughton	Council - 4th Ward
Harry Hiles	Council - 5th Ward
Rudy Touvell	Council - 6th Ward
<b><u>Administrative Officials</u></b>	
Michael Courtney	Service/Safety Director
Andrew Yost	Income Tax Commissioner
Brad W. Fagrell	City Engineer

\*Effective January 6, 2010 Patricia Nettles was appointed to complete the unexpired term of the City Auditor that ends December 31, 2011.

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

**City Organizational Chart  
For the Year Ended December 31, 2009**



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

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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, 2008

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



President

Executive Director



## *FINANCIAL SECTION*

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lancaster, Fairfield County, Ohio (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Fairfield County, Ohio, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provides additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 21, 2010

The discussion and analysis of the City of Lancaster's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2009 are as follows:

- ❑ In total, net assets increased \$4,309,676. Net assets of governmental activities increased \$1,066,377 which represents a 2.7% increase from 2008. Net assets of business-type activities increased \$3,243,299 or 4.9% from 2008.
- ❑ General revenues accounted for \$24,560,606 in revenue or 30.8% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$55,252,990, 69.2% of total revenues of \$79,813,596.
- ❑ The City had \$34,181,529 in expenses related to governmental activities; only \$10,902,423 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$24,560,606 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$24,606,434 in revenues and other financing sources and \$24,902,399 in expenditures and other financing uses. The general fund's fund balance decreased from \$3,423,745 to \$3,139,361.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

These statements are as follows:

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

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

### **Government-wide Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

***Governmental Funds*** – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The City's major funds are the General Fund and the Ety Road TIF Project Fund. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

**Unaudited**

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

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

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The following table provides a summary of the City's net assets for 2009 compared to 2008:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$23,625,229	\$24,822,989	\$49,462,756	\$50,132,098	\$73,087,985	\$74,955,087
Capital assets, Net	38,945,320	39,265,435	103,909,579	95,292,439	142,854,899	134,557,874
Total assets	62,570,549	64,088,424	153,372,335	145,424,537	215,942,884	209,512,961
Long-term debt outstanding	11,207,194	11,319,061	78,268,051	74,004,196	89,475,245	85,323,257
Other liabilities	10,352,803	12,825,188	5,836,332	5,395,688	16,189,135	18,220,876
Total liabilities	21,559,997	24,144,249	84,104,383	79,399,884	105,664,380	103,544,133
Net assets						
Invested in capital assets, net of related debt	30,016,277	29,763,541	37,807,702	37,984,626	67,823,979	67,748,167
Restricted	8,350,592	7,482,942	3,854,911	2,561,847	12,205,503	10,044,789
Unrestricted	2,643,683	2,697,692	27,605,339	25,478,180	30,249,022	28,175,872
Total net assets	\$41,010,552	\$39,944,175	\$69,267,952	\$66,024,653	\$110,278,504	\$105,968,828

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**CITY OF LANCASTER, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

**Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for 2009 compared to 2008:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues:						
Charges for Services and Sales	\$5,831,825	\$5,732,462	\$44,156,435	\$48,562,518	\$49,988,260	\$54,294,980
Operating Grants, Contributions and Interest	5,070,598	6,257,136	146,543	0	5,217,141	6,257,136
Capital Grants and Contributions	0	1,248,952	47,589	1,340,484	47,589	2,589,436
Total Program Revenues	<u>10,902,423</u>	<u>13,238,550</u>	<u>44,350,567</u>	<u>49,903,002</u>	<u>55,252,990</u>	<u>63,141,552</u>
General Revenues:						
Property Taxes	2,510,725	2,329,826	0	0	2,510,725	2,329,826
Income Taxes	17,456,314	17,366,985	0	0	17,456,314	17,366,985
Other Local Taxes	517,840	577,976	0	0	517,840	577,976
Intergovernmental Revenues not Restricted to Specific Programs	2,739,915	3,170,617	0	0	2,739,915	3,170,617
Investment Earnings	529,545	802,558	0	0	529,545	802,558
Miscellaneous	806,267	588,164	0	0	806,267	588,164
Total General Revenues	<u>24,560,606</u>	<u>24,836,126</u>	<u>0</u>	<u>0</u>	<u>24,560,606</u>	<u>24,836,126</u>
Total Revenues	<u>35,463,029</u>	<u>38,074,676</u>	<u>44,350,567</u>	<u>49,903,002</u>	<u>79,813,596</u>	<u>87,977,678</u>
Program Expenses						
Security of Persons and Property	17,891,385	18,208,576	0	0	17,891,385	18,208,576
Public Health and Welfare Services	876,750	913,831	0	0	876,750	913,831
Leisure Time Activities	1,853,442	1,703,779	0	0	1,853,442	1,703,779
Community Environment	671,940	921,428	0	0	671,940	921,428
Transportation	4,801,342	4,540,208	0	0	4,801,342	4,540,208
General Government	7,644,288	7,903,080	0	0	7,644,288	7,903,080
Interest and Fiscal Charges	442,382	530,870	0	0	442,382	530,870
Gas	0	0	19,307,808	29,486,089	19,307,808	29,486,089
Water	0	0	9,251,932	9,024,527	9,251,932	9,024,527
Water Pollution	0	0	7,864,490	8,085,696	7,864,490	8,085,696
Sanitation	0	0	3,352,104	3,364,602	3,352,104	3,364,602
Storm Water	0	0	1,546,057	1,624,711	1,546,057	1,624,711
Total Expenses	<u>34,181,529</u>	<u>34,721,772</u>	<u>41,322,391</u>	<u>51,585,625</u>	<u>75,503,920</u>	<u>86,307,397</u>
Change in Net Assets before transfers and special items	1,281,500	3,352,904	3,028,176	(1,682,623)	4,309,676	1,670,281
Special Item	0	0	0	441,880	0	441,880
Transfers	(215,123)	(1,428,140)	215,123	1,428,140	0	0
Total Change in Net Assets	<u>1,066,377</u>	<u>1,924,764</u>	<u>3,243,299</u>	<u>187,397</u>	<u>4,309,676</u>	<u>2,112,161</u>
Beginning Net Assets	<u>39,944,175</u>	<u>38,019,411</u>	<u>66,024,653</u>	<u>65,837,256</u>	<u>105,968,828</u>	<u>103,856,667</u>
Ending Net Assets	<u>\$41,010,552</u>	<u>\$39,944,175</u>	<u>\$69,267,952</u>	<u>\$66,024,653</u>	<u>\$110,278,504</u>	<u>\$105,968,828</u>

***Management's Discussion and Analysis  
For the Year Ended December 31, 2009***

***Unaudited***

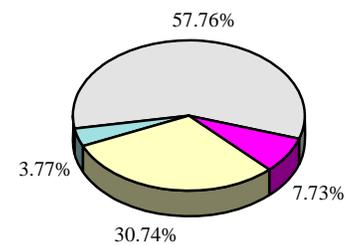
***Governmental Activities***

Net assets of the City's governmental activities increased by \$1,066,377. The increase in net assets is a result of maintaining expenses below revenues.

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

Income taxes and property taxes made up 49.2% and 7.1% respectively of revenues for governmental activities for the City in fiscal year 2009. The City's reliance upon tax revenues is demonstrated by the following graph indicating 57.76% of total revenues from general tax revenues:

Revenue Sources	2009	Percent of Total
General Tax Revenues	\$20,484,879	57.76%
Unrestricted Intergovernmental	2,739,915	7.73%
Program Revenues	10,902,423	30.74%
General Other	1,335,812	3.77%
Total Revenue	<u>\$35,463,029</u>	<u>100.00%</u>



***Business-Type Activities***

Net assets of the business type activities increased by \$3,243,299. This increase was the result of a 40% decrease in the cost of natural gas which resulted in approximately \$10,000,000 in savings for the City.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$5,935,529, which is an increase from last year's balance of \$4,151,703. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2009 and 2008:

	Fund Balance December 31, 2009	Fund Balance December 31, 2008	Increase (Decrease)
General	\$3,139,361	\$3,423,745	(\$284,384)
Ety Road TIF Project	(4,541,532)	(4,520,117)	(21,415)
Other Governmental	7,337,700	5,248,075	2,089,625
Total	<u>\$5,935,529</u>	<u>\$4,151,703</u>	<u>\$1,783,826</u>

**CITY OF LANCASTER, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2009**

**Unaudited**

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

	2009 <u>Revenues</u>	2008 <u>Revenues</u>	Increase <u>(Decrease)</u>
Taxes	\$17,365,774	\$17,486,738	(\$120,964)
Intergovernmental Revenue	2,797,071	3,013,978	(216,907)
Charges for Services	2,660,690	2,732,056	(71,366)
Licenses, Permits, and Fees	27,710	22,442	5,268
Investment Earnings	494,177	788,258	(294,081)
Fines and Forfeitures	828,263	757,148	71,115
All Other Revenue	295,188	353,608	(58,420)
Total	<u>\$24,468,873</u>	<u>\$25,154,228</u>	<u>(\$685,355)</u>

General Fund revenues in 2009 decreased approximately 2.7% compared to revenues in 2008. The City's Local Government funding was reduced and the Local Government Revenue Assistant Fund money was eliminated in 2008. In 2008 there were a couple of one time grants (FEMA and Ohio Department of Development) that the City received, but did not receive in 2009. The Ohio Department of Development Grant was a reimbursement grant to put in a rail spur for the U.S. Corrugated Inc. to build its thirty plus million dollar Midwest facility in Lancaster, Ohio. Investment earnings decreased as a result of declining interest rates during 2009 compared to 2008.

	2009 <u>Expenditures</u>	2008 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$16,644,644	\$17,218,892	(\$574,248)
Public Health and Welfare Services	304,589	274,426	30,163
Community Environment	139,414	150,977	(11,563)
General Government	6,193,011	6,723,951	(530,940)
Debt Service:			
Principal Retirement	29,239	31,247	(2,008)
Interest and Fiscal Charges	15,436	12,910	2,526
Total	<u>\$23,326,333</u>	<u>\$24,412,403</u>	<u>(\$1,086,070)</u>

General Fund expenditures decreased by \$1,086,070 or 4.4% compared to the prior year primarily due to reductions in salaries and wages and the related benefits. In 2009, the Fire Department Union agreed to not take their 2009 salary increases and stay at their 2008 hourly rates to prevent laying off firefighters. The Police Department did not replace employees that left employment with their department to help reduce expenditures. General Government expenditures decreased as a result of laying off seven employees as well as a decrease in workers' compensation premiums paid to the State.

*Ety Road TIF Project Fund* – There was no significant change in fund balance from 2008.

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2009, the City amended its General Fund budget several times. The decrease in the final budget of \$1.2 million was the result of reducing personnel costs in the Fire Department where wages were maintained at 2008 levels and in the Police Department where they did not replace retired or resigned employees. In additions, all departments made an effort to reduce their budgets to stay within the 2009 estimated revenue projection.

For the General Fund, final budget basis revenue of \$25,495,044 did not significantly change from the original budget estimates.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal 2009 the City had \$142,854,899 net of accumulated depreciation invested in buildings, equipment and vehicles. Of this total, \$38,945,320 was related to governmental activities and \$103,909,579 to the business-type activities. The following table shows 2009 and 2008 balances:

	Governmental Activities		Increase (Decrease)
	2009	2008	
Land	\$17,757,755	\$17,229,226	\$528,529
Buildings	6,650,133	6,655,115	(4,982)
Improvements Other than Buildings	5,847,618	5,829,914	17,704
Infrastructure	20,834,709	20,093,289	741,420
Vehicles	6,333,569	6,319,992	13,577
Machinery and Equipment	4,254,839	4,779,458	(524,619)
Construction In Progress	1,193,105	1,734,309	(541,204)
Less: Accumulated Depreciation	(23,926,408)	(23,375,868)	(550,540)
Totals	<u>\$38,945,320</u>	<u>\$39,265,435</u>	<u>(\$320,115)</u>

The primary increases occurred in land and infrastructure, which was the result of completing the Nolder Drive and Sheridan-Tiki street improvements. Construction in Progress decreased as a result of the completion of the Rock Mill Park Roadway Improvement Phase 4.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2009***

***Unaudited***

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	Business-Type Activities		Increase (Decrease)
	2009	2008	
Land	\$3,202,008	\$3,219,477	(\$17,469)
Buildings	34,995,882	34,601,783	394,099
Improvements	34,290,974	32,366,876	1,924,098
Infrastructure	74,270,718	70,602,503	3,668,215
Vehicles	3,826,171	3,894,861	(68,690)
Machinery and Equipment	10,295,449	11,046,131	(750,682)
Construction in Progress	14,490,957	7,036,638	7,454,319
Less: Accumulated Depreciation	(71,462,580)	(67,475,830)	(3,986,750)
Totals	<u>\$103,909,579</u>	<u>\$95,292,439</u>	<u>\$8,617,140</u>

Business type capital assets increased by \$8,617,140. The increase in improvements is the completion of the State Route 188 Water Tank. The additions to infrastructure are the completion of the Lake Allen sewer separation project as well as several other storm water projects. The increase in construction in progress is the continuing construction of the Upper Hocking Wastewater Treatment Plant. Additional information on the City's capital assets can be found in Note 9.

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2009***

***Unaudited***

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***Debt***

At December 31, 2009, the City had \$3,335,000 in general obligation bonds outstanding, \$170,000 due within one year; \$32,488,481 in revenue bonds outstanding, \$910,000 due within one year; and \$41,534,180 in Ohio Water Development Authority Loans outstanding, \$3,078,219 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Governmental Activities:		
General Obligation Bond Payable	\$3,335,000	\$3,500,000
Special Assessment Bond		
with Government Commitment	261,500	277,000
Housing and Urban Development Loan	670,000	760,000
Ohio Public Works Commission Loan	69,990	76,076
State Infrastructure Bank Loan	910,707	1,047,292
Compensated Absences	5,209,264	5,016,803
Capital Leases	750,733	641,890
Total Governmental Activities	<u>\$11,207,194</u>	<u>\$11,319,061</u>
Business-Type Activities:		
Ohio Water Development Authority Loans	\$41,534,180	\$36,365,393
Revenue Bonds Payable	32,488,481	33,384,585
Landfill Postclosure Care Liability	1,615,323	1,696,819
Capital Leases	287,311	343,706
Compensated Absences	2,342,756	2,213,693
Total Business-Type Activities	<u>\$78,268,051</u>	<u>\$74,004,196</u>
Totals	<u><u>\$89,475,245</u></u>	<u><u>\$85,323,257</u></u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2009, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

**ECONOMIC FACTORS**

Lancaster is home to a diversified community of businesses. The more than 150 manufacturing operations in the area are supported by an equal number of service operations that provide a comprehensive network of support. The City of Lancaster saw an active 2009 retail and commercial year. Retail projects in 2009 included Waffle House, IHop, Scramblers and O'Reilly Auto Parts as well as several other small shops and restaurants.

**REQUESTS FOR INFORMATION**

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





**CITY OF LANCASTER, OHIO**

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**Statement of Net Assets**  
**December 31, 2009**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 4,895,324	\$ 9,109,080	\$ 14,004,404
Cash and Cash Equivalents with Fiscal Agent	3,128,675	0	3,128,675
Investments	4,611,025	22,491,166	27,102,191
Receivables:			
Taxes	6,401,427	0	6,401,427
Accounts	131,637	5,279,051	5,410,688
Intergovernmental	3,296,223	0	3,296,223
Interest	105,596	47,609	153,205
Special Assessments	461,580	0	461,580
Loans	1,649,843	0	1,649,843
Internal Balances	(2,751,423)	2,751,423	0
Inventory of Supplies	351,122	4,514,956	4,866,078
Prepaid Items	50,695	38,095	88,790
Deferred Charge	0	612,664	612,664
Restricted Assets:			
Cash and Cash Equivalents	1,084,320	4,095,444	5,179,764
Cash and Cash Equivalents with Fiscal Agent	209,185	0	209,185
Investments	0	523,268	523,268
Capital Assets Not Being Depreciated	18,950,860	17,692,965	36,643,825
Capital Assets Being Depreciated, Net	<u>19,994,460</u>	<u>86,216,614</u>	<u>106,211,074</u>
<b>Total Assets</b>	<u>62,570,549</u>	<u>153,372,335</u>	<u>215,942,884</u>
<b>Liabilities:</b>			
Accounts Payable	331,004	1,920,080	2,251,084
Accrued Wages and Benefits	1,534,739	444,849	1,979,588
Intergovernmental Payable	11,214	10,350	21,564
Claims Payable	398,858	0	398,858
Retainage Payable	0	108,918	108,918
Due to Others, Payable from Restricted Assets	1,084,320	131,615	1,215,935
Unearned Revenue	2,397,000	0	2,397,000
Accrued Interest Payable	71,317	1,292,520	1,363,837
General Obligation Notes Payable	4,524,351	1,928,000	6,452,351
Long Term Liabilities:			
Due within one year	2,028,688	4,660,213	6,688,901
Due in more than one year	<u>9,178,506</u>	<u>73,607,838</u>	<u>82,786,344</u>
<b>Total Liabilities</b>	<u>21,559,997</u>	<u>84,104,383</u>	<u>105,664,380</u>

**CITY OF LANCASTER, OHIO**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	30,016,277	37,807,702	67,823,979
Restricted For:			
Streets and Highways	1,660,613	0	1,660,613
Community Development	2,504,216	0	2,504,216
Security of Persons and Property	2,488,975	0	2,488,975
Capital Projects	204,241	0	204,241
Debt Service	530,433	2,554,911	3,085,344
Perpetual Care, Nonexpendable	962,114	0	962,114
Gas Insurance Deposit	0	1,300,000	1,300,000
Unrestricted	2,643,683	27,605,339	30,249,022
<b>Total Net Assets</b>	<b>\$ 41,010,552</b>	<b>\$ 69,267,952</b>	<b>\$ 110,278,504</b>

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2009**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 17,891,385	\$ 2,384,863	\$ 265,881	\$ 0
Public Health and Welfare Services	876,750	240,408	7,276	0
Leisure Time Activities	1,853,442	376,401	303,813	0
Community Environment	671,940	96,235	795,006	0
Transportation	4,801,342	790,241	2,554,068	0
General Government	7,644,288	1,943,677	1,144,554	0
Interest and Fiscal Charges	442,382	0	0	0
<b>Total Governmental Activities</b>	<b>34,181,529</b>	<b>5,831,825</b>	<b>5,070,598</b>	<b>0</b>
<b>Business-Type Activities:</b>				
Gas	19,307,808	22,023,964	0	0
Water	9,251,932	8,408,759	24,151	0
Water Pollution	7,864,490	8,231,224	108,056	0
Sanitation	3,352,104	3,592,904	14,122	0
Storm Water	1,546,057	1,899,584	214	47,589
<b>Total Business-Type Activities</b>	<b>41,322,391</b>	<b>44,156,435</b>	<b>146,543</b>	<b>47,589</b>
<b>Totals</b>	<b>\$ 75,503,920</b>	<b>\$ 49,988,260</b>	<b>\$ 5,217,141</b>	<b>\$ 47,589</b>

**General Revenues:**

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

Change in Net Assets

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

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

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Net (Expense) Revenue  
and Changes in Net Assets

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Governmental Activities	Business-Type Activities	Total
\$ (15,240,641)	\$ 0	\$ (15,240,641)
(629,066)	0	(629,066)
(1,173,228)	0	(1,173,228)
219,301	0	219,301
(1,457,033)	0	(1,457,033)
(4,556,057)	0	(4,556,057)
(442,382)	0	(442,382)
<u>(23,279,106)</u>	<u>0</u>	<u>(23,279,106)</u>
0	2,716,156	2,716,156
0	(819,022)	(819,022)
0	474,790	474,790
0	254,922	254,922
0	401,330	401,330
<u>0</u>	<u>3,028,176</u>	<u>3,028,176</u>
<u>(23,279,106)</u>	<u>3,028,176</u>	<u>(20,250,930)</u>
2,093,725	0	2,093,725
417,000	0	417,000
17,456,314	0	17,456,314
517,840	0	517,840
2,739,915	0	2,739,915
529,545	0	529,545
806,267	0	806,267
(215,123)	215,123	0
<u>24,345,483</u>	<u>215,123</u>	<u>24,560,606</u>
1,066,377	3,243,299	4,309,676
39,944,175	66,024,653	105,968,828
<u>\$ 41,010,552</u>	<u>\$ 69,267,952</u>	<u>\$ 110,278,504</u>

**CITY OF LANCASTER, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2009**

	General	Ety Road TIF Project	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 521,300	\$ 10,997	\$ 4,074,072	\$ 4,606,369
Cash and Cash Equivalents with Fiscal Agent	180,127	0	0	180,127
Investments	1,586,596	0	3,024,429	4,611,025
Receivables:				
Taxes	5,569,724	0	831,703	6,401,427
Accounts	128,112	0	2,095	130,207
Intergovernmental	1,116,803	0	2,179,420	3,296,223
Interest	99,448	476	5,672	105,596
Special Assessments	0	0	461,580	461,580
Loans	0	0	1,649,843	1,649,843
Due from Other Funds	37,303	0	0	37,303
Interfund Loans Receivable	255,626	0	0	255,626
Inventory of Supplies	164,525	0	178,308	342,833
Prepaid Items	39,879	0	10,816	50,695
Restricted Assets:				
Cash and Cash Equivalents	0	1,084,320	0	1,084,320
Cash and Cash Equivalents with Fiscal Agent	62,293	0	146,892	209,185
<b>Total Assets</b>	<b>\$ 9,761,736</b>	<b>\$ 1,095,793</b>	<b>\$ 12,564,830</b>	<b>\$ 23,422,359</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 158,642	\$ 2,750	\$ 162,390	\$ 323,782
Accrued Wages and Benefits Payable	1,318,274	0	192,681	1,510,955
Intergovernmental Payable	9,726	0	1,488	11,214
Due to Others, Payable from Restricted Assets	0	1,084,320	0	1,084,320
Interfund Loans Payable	205,000	0	1,998,266	2,203,266
Deferred Revenue	4,925,173	246	2,867,738	7,793,157
Accrued Interest Payable	5,560	25,658	4,567	35,785
General Obligation Notes Payable	0	4,524,351	0	4,524,351
<b>Total Liabilities</b>	<b>6,622,375</b>	<b>5,637,325</b>	<b>5,227,130</b>	<b>17,486,830</b>

(Continued)

**CITY OF LANCASTER, OHIO**

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	General	Ety Road TIF Project	Other Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>				
Reserved for Encumbrances	105,283	0	134,666	239,949
Reserved for Prepaid Items	39,879	0	10,816	50,695
Reserved for Supplies Inventory	164,525	0	178,308	342,833
Reserved for Debt Service	0	0	108,784	108,784
Reserved for Loans Receivable	0	0	1,649,843	1,649,843
Reserved for Endowments	0	0	962,114	962,114
Unreserved, Undesignated in:				
General Fund	2,829,674	0	0	2,829,674
Special Revenue Funds	0	0	4,082,531	4,082,531
Capital Projects Funds	0	(4,541,532)	210,638	(4,330,894)
<b>Total Fund Balances</b>	<u>3,139,361</u>	<u>(4,541,532)</u>	<u>7,337,700</u>	<u>5,935,529</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 9,761,736</u>	<u>\$ 1,095,793</u>	<u>\$ 12,564,830</u>	<u>\$ 23,422,359</u>

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2009***

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<b>Total Governmental Fund Balances</b>		\$ 5,935,529
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		38,729,067
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		5,396,157
Internal Service Funds are used by management to charge the costs of insurance, information services and electrical services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		2,094,278
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Housing and Urban Development Loan Payable	(670,000)	
Special Assessment Bonds Payable	(261,500)	
Ohio Public Works Commission Loans Payable	(69,990)	
General Obligation Bonds Payable	(3,335,000)	
State Infrastructure Bank Loan Payable	(910,707)	
Capital Leases Payable	(750,733)	
Compensated Absences Payable	(5,111,017)	
Accrued Interest Payable	(35,532)	
	<u>(11,144,479)</u>	
<b><i>Net Assets of Governmental Activities</i></b>		<u><u>\$ 41,010,552</u></u>

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2009**

	General	Ety Road TIF Project	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 17,365,774	\$ 377,641	\$ 1,929,448	\$ 19,672,863
Intergovernmental Revenues	2,797,071	0	5,699,518	8,496,589
Charges for Services	2,660,690	0	1,531,605	4,192,295
Licenses, Permits and Fees	27,710	0	2,438	30,148
Investment Earnings	494,177	1,538	45,408	541,123
Special Assessments	0	0	128,276	128,276
Fines and Forfeitures	828,263	0	1,064,038	1,892,301
All Other Revenue	295,188	3,500	441,379	740,067
<b>Total Revenue</b>	<b>24,468,873</b>	<b>382,679</b>	<b>10,842,110</b>	<b>35,693,662</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	16,644,644	0	637,462	17,282,106
Public Health and Welfare Services	304,589	0	556,880	861,469
Leisure Time Activities	0	0	1,930,845	1,930,845
Community Environment	139,414	0	774,900	914,314
Transportation	0	0	4,405,233	4,405,233
General Government	6,193,011	104,126	1,045,554	7,342,691
Capital Outlay	0	136,256	689,438	825,694
Debt Service:				
Principal Retirement	29,239	0	383,932	413,171
Interest and Fiscal Charges	15,436	163,712	269,832	448,980
<b>Total Expenditures</b>	<b>23,326,333</b>	<b>404,094</b>	<b>10,694,076</b>	<b>34,424,503</b>
Excess (Deficiency) of Revenues Over Expenditures	1,142,540	(21,415)	148,034	1,269,159
<b>Other Financing Sources (Uses):</b>				
Transfers In	19,016	0	1,970,753	1,989,769
Transfers Out	(1,576,066)	0	(456,879)	(2,032,945)
Other Financing Source - Capital Lease	118,545	0	400,000	518,545
<b>Total Other Financing Sources (Uses)</b>	<b>(1,438,505)</b>	<b>0</b>	<b>1,913,874</b>	<b>475,369</b>
Net Change in Fund Balances	(295,965)	(21,415)	2,061,908	1,744,528
<b>Fund Balances at Beginning of Year</b>	<b>3,423,745</b>	<b>(4,520,117)</b>	<b>5,248,075</b>	<b>4,151,703</b>
Increase in Inventory Reserve	11,581	0	27,717	39,298
<b>Fund Balances End of Year</b>	<b>\$ 3,139,361</b>	<b>\$ (4,541,532)</b>	<b>\$ 7,337,700</b>	<b>\$ 5,935,529</b>

See accompanying notes to the basic financial statements

***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For the Year Ended December 31, 2009***

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**Net Change in Fund Balances - Total Governmental Funds** \$ 1,744,528

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as capital outlays. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital Outlay	1,689,781	
Depreciation Expense	<u>(1,629,649)</u>	60,132

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

The statement of activities reports transfers arising from the contribution of capital assets to the enterprise funds. Conversely, the governmental funds do not report any flow of current financial resources.	(171,947)	
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The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.	<u>(206,884)</u>	(378,831)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (230,633)

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

Capital Leases	<u>(518,545)</u>	(518,545)
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(Continued)

**CITY OF LANCASTER, OHIO**

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

Housing and Urban Development Loan Payable	90,000	
Special Assessment Bonds Payable	15,500	
Ohio Public Works Commission Loans Payable	6,086	
General Obligation Bonds Payable	165,000	
State Infrastructure Bank Loan Payable	136,585	
Capital Leases Payable	<u>409,702</u>	822,873

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 6,598

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	(191,095)	
Change in Inventory	<u>39,298</u>	(151,797)

Internal Service Funds used by management to charge the costs of insurance information services and electrical services to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental activities. (287,948)

***Change in Net Assets of Governmental Activities*** \$ 1,066,377

See accompanying notes to the basic financial statements



**CITY OF LANCASTER, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 17,121,340	\$ 17,366,919	\$ 17,433,862	\$ 66,943
Intergovernmental Revenue	3,008,128	3,021,378	3,079,128	57,750
Charges for Services	3,391,233	3,391,233	3,530,300	139,067
Licenses, Permits and Fees	27,810	27,810	27,885	75
Investment Earnings	515,759	515,759	547,587	31,828
Fines and Forfeitures	779,562	779,562	767,777	(11,785)
All Other Revenues	389,405	392,383	300,648	(91,735)
<b>Total Revenues</b>	<b>25,233,237</b>	<b>25,495,044</b>	<b>25,687,187</b>	<b>192,143</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	17,599,089	16,633,035	16,487,979	145,056
Public Health and Welfare Services	298,095	305,795	304,589	1,206
Community Environment	140,686	149,797	143,952	5,845
General Government	7,786,616	7,317,167	7,057,337	259,830
Debt Service:				
Principal Retirement	115,160	342,928	341,239	1,689
Interest and Fiscal Charges	74,115	77,239	72,504	4,735
<b>Total Expenditures</b>	<b>26,013,761</b>	<b>24,825,961</b>	<b>24,407,600</b>	<b>418,361</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(780,524)	669,083	1,279,587	610,504
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	205,000	205,000	205,000	0
Transfers In	0	0	41,016	41,016
Transfers Out	(1,813,894)	(1,423,066)	(1,423,066)	0
Advances In	80,000	80,000	0	(80,000)
Advances Out	0	0	(104,166)	(104,166)
<b>Total Other Financing Sources (Uses):</b>	<b>(1,528,894)</b>	<b>(1,138,066)</b>	<b>(1,281,216)</b>	<b>(143,150)</b>
<b>Net Change in Fund Balance</b>	<b>(2,309,418)</b>	<b>(468,983)</b>	<b>(1,629)</b>	<b>467,354</b>
Fund Balance at Beginning of Year	1,876,232	1,876,232	1,876,232	0
Prior Year Encumbrances	158,832	158,832	158,832	0
<b>Fund Balance at End of Year</b>	<b>\$ (274,354)</b>	<b>\$ 1,566,081</b>	<b>\$ 2,033,435</b>	<b>\$ 467,354</b>

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2009**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Water	Water Pollution
<b>ASSETS</b>			
Current assets:			
Cash and Cash Equivalents	\$ 158,354	\$ 1,520,243	\$ 2,937,541
Cash and Cash Equivalents with Fiscal Agent	0	0	0
Investments	5,068,176	5,242,668	12,180,322
Accounts receivable	3,027,330	857,303	885,947
Interest receivable	0	22,617	22,543
Interfund Loans Receivable	480,102	500,476	967,062
Inventory of Supplies	3,325,226	1,067,324	38,695
Prepaid Items	13,605	12,395	9,573
Total current assets	<u>12,072,793</u>	<u>9,223,026</u>	<u>17,041,683</u>
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents	1,396,073	740,774	1,958,597
Investments	0	0	0
Total restricted assets	<u>1,396,073</u>	<u>740,774</u>	<u>1,958,597</u>
Deferred Charges	0	145,110	467,554
Capital assets:			
Capital Assets Not Being Depreciated	293,273	707,686	16,477,041
Capital Assets Being Depreciated	<u>7,215,064</u>	<u>37,861,561</u>	<u>27,659,526</u>
Total capital assets (net of accumulated depreciation)	<u>7,508,337</u>	<u>38,569,247</u>	<u>44,136,567</u>
Total noncurrent assets	<u>8,904,410</u>	<u>39,455,131</u>	<u>46,562,718</u>
Total assets	<u>20,977,203</u>	<u>48,678,157</u>	<u>63,604,401</u>

**CITY OF LANCASTER, OHIO**

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<u>Sanitation</u>	<u>Storm Water</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 2,774,584	\$ 1,311,525	\$ 8,702,247	\$ 695,788
0	0	0	2,948,548
0	0	22,491,166	0
359,301	149,170	5,279,051	1,430
2,449	0	47,609	0
0	0	1,947,640	0
48,442	2,941	4,482,628	40,617
1,964	0	37,537	558
<u>3,186,740</u>	<u>1,463,636</u>	<u>42,987,878</u>	<u>3,686,941</u>
0	0	4,095,444	0
523,268	0	523,268	0
<u>523,268</u>	<u>0</u>	<u>4,618,712</u>	<u>0</u>
0	0	612,664	0
105,120	109,845	17,692,965	0
<u>1,107,840</u>	<u>12,253,855</u>	<u>86,097,846</u>	<u>335,021</u>
<u>1,212,960</u>	<u>12,363,700</u>	<u>103,790,811</u>	<u>335,021</u>
<u>1,736,228</u>	<u>12,363,700</u>	<u>109,022,187</u>	<u>335,021</u>
<u>4,922,968</u>	<u>13,827,336</u>	<u>152,010,065</u>	<u>4,021,962</u>

(Continued)

**CITY OF LANCASTER, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2009**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Water	Water Pollution
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	1,151,731	145,316	510,101
Accrued Wages and Benefits	78,570	155,521	76,146
Intergovernmental Payable	0	0	10,350
Claims Payable	0	0	0
Retainage Payable	0	108,918	0
Due to Others, Payable from Restricted Assets	96,073	17,771	17,771
Due to Other Funds	0	0	0
Accrued Interest Payable	0	422,162	808,566
General Obligation Notes Payable	0	0	0
Capital Leases Payable - Current	0	6,161	0
Revenue Bond Payable - Current	0	230,000	680,000
OWDA Loans Payable - Current	0	1,177,973	1,695,284
Landfill Postclosure Care Liability - Current	0	0	0
Compensated Absences Payable - Current	75,700	194,039	90,491
<b>Total Current Liabilities</b>	<b>1,402,074</b>	<b>2,457,861</b>	<b>3,888,709</b>
Noncurrent Liabilities:			
Capital Leases Payable	0	18,597	0
Revenue Bonds Payable	0	7,017,190	24,561,291
OWDA Loans Payable	0	18,873,482	17,616,628
Landfill Postclosure Care Liability	0	0	0
Compensated Absences Payable	341,852	541,065	360,261
<b>Total noncurrent liabilities</b>	<b>341,852</b>	<b>26,450,334</b>	<b>42,538,180</b>
<b>Total Liabilities</b>	<b>1,743,926</b>	<b>28,908,195</b>	<b>46,426,889</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	7,508,337	11,245,844	7,287,587
Restricted for Debt Service	0	614,085	1,940,826
Restricted for Gas Insurance Deposit	1,300,000	0	0
Unrestricted	10,424,940	7,910,033	7,949,099
<b>Total Net Assets</b>	<b>\$ 19,233,277</b>	<b>\$ 19,769,962</b>	<b>\$ 17,177,512</b>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Total Net Assets of Business Type Activities

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

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<u>Sanitation</u>	<u>Storm Water</u>	<u>Total</u>	<u>Internal Service Funds</u>
78,103	5,567	1,890,818	36,484
68,906	11,193	390,336	78,297
0	0	10,350	0
0	0	0	398,858
0	0	108,918	0
0	0	131,615	0
37,303	0	37,303	0
43,199	18,593	1,292,520	0
0	1,928,000	1,928,000	0
0	78,559	84,720	2,121
0	0	910,000	0
204,962	0	3,078,219	0
78,600	0	78,600	0
70,539	14,802	445,571	84,142
<u>581,612</u>	<u>2,056,714</u>	<u>10,386,970</u>	<u>599,902</u>
0	173,123	191,720	8,750
0	0	31,578,481	0
1,965,851	0	38,455,961	0
1,536,723	0	1,536,723	0
281,405	9,630	1,534,213	377,077
<u>3,783,979</u>	<u>182,753</u>	<u>73,297,098</u>	<u>385,827</u>
<u>4,365,591</u>	<u>2,239,467</u>	<u>83,684,068</u>	<u>985,729</u>
1,212,960	10,445,077	37,699,805	324,150
0	0	2,554,911	0
0	0	1,300,000	0
(655,583)	1,142,792	26,771,281	2,712,083
<u>\$ 557,377</u>	<u>\$ 11,587,869</u>	<u>\$ 68,325,997</u>	<u>\$ 3,036,233</u>

941,955  
\$ 69,267,952

**CITY OF LANCASTER, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2009**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Water	Water Pollution
<b>Operating Revenues:</b>			
Charges for Services	\$ 21,489,356	\$ 8,401,033	\$ 8,218,723
Other Operating Revenues	482,809	7,726	12,501
<b>Total Operating Revenues</b>	<b>21,972,165</b>	<b>8,408,759</b>	<b>8,231,224</b>
<b>Operating Expenses:</b>			
Personal Services	1,086,442	3,159,444	1,535,414
Contractual Services	1,372,742	1,245,296	1,622,108
Materials and Supplies	16,258,633	1,393,458	736,419
Depreciation	502,265	2,065,786	2,222,175
Health Insurance Claims	0	0	0
<b>Total Operating Expenses</b>	<b>19,220,082</b>	<b>7,863,984</b>	<b>6,116,116</b>
<b>Operating Income (Loss)</b>	<b>2,752,083</b>	<b>544,775</b>	<b>2,115,108</b>
<b>Non-Operating Revenue (Expenses):</b>			
Interest Income	0	24,151	108,056
Interest and Fiscal Charges	0	(1,150,619)	(1,701,952)
Gain on Sale of Land	51,799	0	0
Loss on Disposal of Capital Assets	(96,913)	(214,690)	(47,000)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(45,114)</b>	<b>(1,341,158)</b>	<b>(1,640,896)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>2,706,969</b>	<b>(796,383)</b>	<b>474,212</b>
Capital Contributions	0	0	0
Transfers In	0	32,336	10,840
<b>Change in Net Assets</b>	<b>2,706,969</b>	<b>(764,047)</b>	<b>485,052</b>
Net Assets Beginning of Year	16,526,308	20,534,009	16,692,460
<b>Net Assets End of Year</b>	<b>\$ 19,233,277</b>	<b>\$ 19,769,962</b>	<b>\$ 17,177,512</b>

Change in Net Assets of Enterprise Funds

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Change in Net Assets of Business Type Activities

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

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<u>Sanitation</u>	<u>Storm Water</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 3,571,552	\$ 1,896,701	\$ 43,577,365	\$ 8,142,280
21,352	2,883	527,271	6,298
<u>3,592,904</u>	<u>1,899,584</u>	<u>44,104,636</u>	<u>8,148,578</u>
1,519,823	228,513	7,529,636	1,715,034
1,269,603	997,802	6,507,551	410,745
278,335	78,077	18,744,922	222,658
176,143	199,525	5,165,894	51,501
0	0	0	6,019,292
<u>3,243,904</u>	<u>1,503,917</u>	<u>37,948,003</u>	<u>8,419,230</u>
349,000	395,667	6,156,633	(270,652)
14,122	214	146,543	0
(87,142)	(42,866)	(2,982,579)	0
0	0	51,799	0
<u>(8,262)</u>	<u>(6,547)</u>	<u>(373,412)</u>	<u>(35,693)</u>
<u>(81,282)</u>	<u>(49,199)</u>	<u>(3,157,649)</u>	<u>(35,693)</u>
267,718	346,468	2,998,984	(306,345)
0	219,536	219,536	0
0	0	43,176	0
267,718	566,004	3,261,696	(306,345)
<u>289,659</u>	<u>11,021,865</u>	<u>65,064,301</u>	<u>3,342,578</u>
<u>\$ 557,377</u>	<u>\$ 11,587,869</u>	<u>\$ 68,325,997</u>	<u>\$ 3,036,233</u>
		\$ 3,261,696	
		(18,397)	
		<u>\$ 3,243,299</u>	

**CITY OF LANCASTER, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2009**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Water	Water Pollution
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$23,381,788	\$8,425,714	\$8,146,884
Cash Received from Interfund Services	0	0	0
Cash Payments for Goods and Services	(16,609,602)	(2,732,294)	(2,369,653)
Cash Payments to and on behalf of Employees	(1,028,889)	(3,069,263)	(1,528,610)
Cash Payments for Claims	0	0	0
Customer Deposits Received	116,921	21,622	21,622
Customer Deposits Returned	(117,585)	(21,745)	(21,745)
Net Cash Provided (Used) for Operating Activities	<u>5,742,633</u>	<u>2,624,034</u>	<u>4,248,498</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Interfund Loan	(480,102)	(500,476)	(967,062)
Receipt of Interfund Loan Repayment	0	150,000	0
Transfers In from Other Funds	0	32,336	10,840
Net Cash Used by Noncapital Financing Activities	<u>(480,102)</u>	<u>(318,140)</u>	<u>(956,222)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Intergovernmental Grants Received	0	0	0
Proceeds from Ohio Water Development Authority Loans	0	0	1,057,767
Proceeds from General Obligation Notes	0	0	0
Proceeds from Sales of Land	69,268	0	0
Acquisition and Construction of Assets	(1,315,430)	(1,106,594)	(3,419,597)
Principal Paid on General Obligation Notes	0	0	0
Capital Lease Payments	0	(7,748)	0
Principal Paid on General Obligation Bonds	0	(225,000)	(660,000)
Principal Paid on Ohio Water Development Authority Loans	0	(1,124,979)	(1,612,511)
Interest Paid on All Debt	0	(1,171,198)	(1,670,972)
Net Cash Used for Capital and Related Financing Activities	<u>(1,246,162)</u>	<u>(3,635,519)</u>	<u>(6,305,313)</u>
<u>Cash Flows from Investing Activities:</u>			
Sale of Investments	0	7,972,951	17,887,036
Purchase of Investments	(5,068,176)	(5,283,257)	(12,258,752)
Receipt of Investment Earnings	0	103,985	253,523
Net Cash Provided (Used) for Investing Activities	<u>(5,068,176)</u>	<u>2,793,679</u>	<u>5,881,807</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,051,807)	1,464,054	2,868,770
Cash and Cash Equivalents at Beginning of Year	<u>2,606,234</u>	<u>796,963</u>	<u>2,027,368</u>
Cash and Cash Equivalents at End of Year	<u>\$1,554,427</u>	<u>\$2,261,017</u>	<u>\$4,896,138</u>
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$158,354	\$1,520,243	\$2,937,541
Cash and Cash Equivalents with Fiscal Agent	0	0	0
Restricted Cash and Cash Equivalents	1,396,073	740,774	1,958,597
Cash and Cash Equivalents at End of Year	<u>\$1,554,427</u>	<u>\$2,261,017</u>	<u>\$4,896,138</u>

**CITY OF LANCASTER, OHIO**

Sanitation	Storm Water	Totals	Internal Service Funds
\$3,588,895	\$1,883,620	\$45,426,901	\$0
0	0	0	8,147,148
(1,628,371)	(1,086,872)	(24,426,792)	(633,299)
(1,440,712)	(220,671)	(7,288,145)	(1,763,300)
0	0	0	(6,053,599)
0	0	160,165	0
0	0	(161,075)	0
<u>519,812</u>	<u>576,077</u>	<u>13,711,054</u>	<u>(303,050)</u>
0	0	(1,947,640)	0
0	0	150,000	0
<u>0</u>	<u>0</u>	<u>43,176</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>(1,754,464)</u>	<u>0</u>
0	47,589	47,589	0
0	0	1,057,767	0
0	1,928,000	1,928,000	0
0	0	69,268	0
(23,950)	(660,906)	(6,526,477)	(82,595)
0	(1,392,000)	(1,392,000)	0
0	(84,751)	(92,499)	(3,226)
0	0	(885,000)	0
(195,481)	0	(2,932,971)	0
<u>(91,032)</u>	<u>(32,968)</u>	<u>(2,966,170)</u>	<u>0</u>
<u>(310,463)</u>	<u>(195,036)</u>	<u>(11,692,493)</u>	<u>(85,821)</u>
481,081	0	26,341,068	0
(523,268)	0	(23,133,453)	0
<u>42,187</u>	<u>0</u>	<u>399,695</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>3,607,310</u>	<u>0</u>
209,349	381,041	3,871,407	(388,871)
<u>2,565,235</u>	<u>930,484</u>	<u>8,926,284</u>	<u>4,033,207</u>
<u>\$2,774,584</u>	<u>\$1,311,525</u>	<u>\$12,797,691</u>	<u>\$3,644,336</u>
\$2,774,584	\$1,311,525	\$8,702,247	\$695,788
0	0	0	2,948,548
0	0	4,095,444	0
<u>\$2,774,584</u>	<u>\$1,311,525</u>	<u>\$12,797,691</u>	<u>\$3,644,336</u>

(Continued)

**CITY OF LANCASTER, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2009**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Water	Water Pollution
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:</u>			
Operating Income (Loss)	\$2,752,083	\$544,775	\$2,115,108
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:			
Depreciation Expense	502,265	2,065,786	2,222,175
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	1,409,623	16,955	(84,340)
(Increase) Decrease in Inventory	1,531,216	(67,460)	(14,379)
(Increase) Decrease in Prepaid Items	(1,462)	597	90
Increase (Decrease) in Accounts Payable	(507,937)	(26,580)	(7,178)
Increase in Accrued Wages and Benefits	13,609	23,942	10,140
Increase in Due to Other Funds	0	0	0
Increase (Decrease) in Intergovernmental Payable	0	0	10,350
Decrease in Customer Deposits	(664)	(123)	(123)
Decrease in Landfill Postclosure Care Liability	0	0	0
Increase (Decrease) in Compensated Absences	43,900	66,142	(3,345)
Decrease in Claims Payable	0	0	0
Total Adjustments	<u>2,990,550</u>	<u>2,079,259</u>	<u>2,133,390</u>
Net Cash Provided (Used) for Operating Activities	<u>\$5,742,633</u>	<u>\$2,624,034</u>	<u>\$4,248,498</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2009 the Gas, Water, Water Pollution, Storm Water, and Utilities Collection Funds had outstanding liabilities of \$8,719, \$11,358, \$456,440, \$5,165 and \$20,121 respectively for certain capital assets.

During 2009, the Water Pollution Fund incurred a liability of \$7,043,991 to the Ohio Water Development Authority for fees, capitalized interest and construction payments made by the Authority directly to contractors.

During 2009 the Storm Water Fund received capital contributions from the Capital Improvement Fund of \$171,947.

During 2009, the Water and Utilities Funds entered into capital lease obligations of \$27,368 and \$12,176, respectively.

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

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<u>Sanitation</u>	<u>Storm Water</u>	<u>Totals</u>	<u>Internal Service Funds</u>
\$349,000	\$395,667	\$6,156,633	(\$270,652)
176,143	199,525	5,165,894	51,501
(4,009)	(15,964)	1,322,265	(1,430)
(697)	(2,791)	1,445,889	3,905
254	0	(521)	6
5,120	(8,202)	(544,777)	(3,795)
11,296	2,008	60,995	1,701
5,795	0	5,795	0
(9,471)	0	879	0
0	0	(910)	0
(81,496)	0	(81,496)	0
67,877	5,834	180,408	(49,979)
0	0	0	(34,307)
<u>170,812</u>	<u>180,410</u>	<u>7,554,421</u>	<u>(32,398)</u>
<u>\$519,812</u>	<u>\$576,077</u>	<u>\$13,711,054</u>	<u>(\$303,050)</u>

**CITY OF LANCASTER, OHIO**

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***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2009***

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	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 199,984
Due from Other Funds	<u>4,266</u>
<b>Total Assets</b>	<u>\$ 204,250</u>
<b>Liabilities:</b>	
Due to Other Funds	\$ 4,266
Intergovernmental Payable	4,266
Due to Others	<u>195,718</u>
<b>Total Liabilities</b>	<u>\$ 204,250</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The financial statements are presented as of December 31, 2009 and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

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

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, cemetery department, planning, zoning, street maintenance, basic utility (water, sewer, electric, gas, and refuse) and other governmental services.

The City participates in several Jointly Governed Organizations, an Insurance Pool and a Related Organization that are further described in Notes 18, 19 and 20.

**B. Basis of Presentation - Fund Accounting**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting (Continued)**

***Governmental Funds***

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

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

Ety Road TIF Project Fund - This fund is used to account for financial resources to be used for Ety Road infrastructure improvements.

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

***Proprietary Funds***

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting (Continued)**

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

***Fiduciary Funds***

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

**C. Basis of Presentation – Financial Statements**

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

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

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

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

**D. Basis of Accounting**

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting** (Continued)

year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual at year end include income taxes, interest on investments, and state levied locally shared taxes, including motor vehicle license fees and local government assistance. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

Special assessment installments and related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenues. Property taxes measurable as of December 31, 2009 but which are not intended to finance 2009 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenues.

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

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

**E. Budgetary Process**

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2009.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level (the legal level of control). The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. The allocation of appropriations among departments and objects within a fund may only be modified during the year by an ordinance of City Council. During 2009, several supplemental appropriations were legally enacted by Council. Administrative control is maintained through the establishment of more detailed line-item budgets. The amounts reported as the original budget amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The budgetary figures which appear on the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual" are presented on a budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**4. Lapsing of Appropriations**

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

**5. Budgetary Basis of Accounting**

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

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

	<u>Net Change in Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	(\$295,965)
Increase (Decrease):	
Accrued Revenues at December 31, 2009 received during 2010	(2,385,452)
Accrued Revenues at December 31, 2008 received during 2009	2,694,963
Accrued Expenditures at December 31, 2009 paid during 2010	1,492,202
Accrued Expenditures at December 31, 2008 paid during 2009	(1,351,378)
2008 Prepays for 2009	41,535
2009 Prepays for 2010	(39,879)
Adjustment to Fair Value	19,322
Outstanding Encumbrances	<u>(176,977)</u>
Budget Basis	<u><u>(\$1,629)</u></u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio) and certificates of deposit with original maturity dates of three months or less. See Note 4, "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 4, "Cash, Cash Equivalents and Investments."

**G. Investments**

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

The City has invested funds in STAR Ohio during 2009. 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, 2009. See Note 4, "Cash, Cash Equivalents and Investments."

**H. Inventory**

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

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500.

**1. Property, Plant and Equipment - Governmental Activities**

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

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

**2. Property, Plant and Equipment – Business Type Activities**

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

**3. Depreciation**

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

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Long-Term Obligations**

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

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

**L. 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Compensated Absences (Continued)**

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

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

**M. Net Assets**

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

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

**N. Pensions**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Interfund services provided and used are not eliminated in the process of consolidation. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**P. 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.

**Q. Restricted Assets**

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

**R. Operating Revenues and Expenses**

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

**S. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables." The amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**T. Bond Issuance Costs**

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

**U. Contributions of Capital**

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

**V. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**W. Special Items**

Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. During 2009, the City had no special items.

**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES**

For 2009, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” and Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants’ and auditing literature into the GASB’s accounting and financial reporting literature for state and local governments. The statement’s guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the City’s financial statements.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

***Deficit Fund Equities*** - The fund deficits at December 31, 2009 of \$622,209 and \$4,541,532 in the Fire Capital Improvement Fund and the Ety Road TIF Project Fund (capital projects funds) are the result of recording interfund loans payable amounts in the individual fund balance sheets. The fund deficit of \$16,119 in the Lancaster Public Transit Program Fund arises from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on a budgetary basis. The General Fund provides transfers, upon City Council's approval when cash is required not when accruals occur.

**NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

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

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- Time certificates of deposits or savings or deposit accounts, including, but not limited to, passbook account;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Securities lending agreements in which the City lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
- Commercial paper notes, corporate notes and banker's acceptances; and,
- Debt interest rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

**A. Deposits**

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

**CITY OF LANCASTER, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**A. Deposits (Continued)**

At year end the carrying amount of the City's deposits was \$30,866,562 and the bank balance was \$33,652,514. Federal depository insurance covered \$860,620 of the bank balance and \$32,791,894 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$32,791,894</u>
Total Balance	<u><u>\$32,791,894</u></u>

Investment earnings of \$440,720 earned by other funds was credited to the General Fund as required by state statute.

**B. Investments**

The City's investments at December 31, 2009 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)			
			less than 1	1-3	3-5	more than 5
STAR Ohio	\$555,478	AAAm <sup>1</sup>	\$555,478	\$0	\$0	\$0
City of Lancaster Bond Payable	261,500	AAA <sup>1</sup>	16,500	35,000	39,000	171,000
Negotiable CDs	2,801,367	AAA <sup>3</sup>	2,801,367	0	0	0
FNMA <sup>a</sup>	1,950,000	AAA <sup>1</sup> , Aaa <sup>2</sup>	0	0	1,950,000	0
FNMA <sup>b</sup>	1,513,590	AAA <sup>1</sup> , Aaa <sup>2</sup>	0	0	1,513,590	0
FNMA <sup>c</sup>	2,988,750	AAA <sup>1</sup> , Aaa <sup>2</sup>	0	0	2,988,750	0
FHLB <sup>d</sup>	1,989,380	AAA <sup>1</sup> , Aaa <sup>2</sup>	0	0	1,989,380	0
FHLB <sup>e</sup>	4,915,619	AAA <sup>1</sup> , Aaa <sup>2</sup>	0	0	4,915,619	0
FHLMC <sup>f</sup>	2,505,225	AAA <sup>1</sup> , Aaa <sup>2</sup>	0	0	2,505,225	0
Total Investments	<u>\$19,480,909</u>		<u>\$3,373,345</u>	<u>\$35,000</u>	<u>\$15,901,564</u>	<u>\$171,000</u>

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

<sup>3</sup> All are fully FDIC insured and therefore have an implied AAA credit rating

<sup>a</sup> These securities were called on January 4, 2010.

<sup>b</sup> Call Options – Callable quarterly beginning March 18, 2010.

<sup>c</sup> Call Options – Callable quarterly beginning November 24, 2010.

<sup>d</sup> These securities were called on January 29, 2010

<sup>e</sup> Call Options – Callable quarterly beginning on June 24, 2010.

<sup>f</sup> These securities are continuously callable from July 15, 2010.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

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**NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**B. Investments** (Continued)

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

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

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. Of the City’s total investments, 2.9% are in STAROhio, 1.3% are in municipal bonds, 14.4% are in negotiable CDs, 33.1% are FNMA, 35.4% are FHLB, and 12.9% are FHLMC.

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

**C. Reconciliation of Cash, Cash Equivalents and Investments**

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

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

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Financial Statements	\$22,722,012	\$27,625,459
Certificates of Deposit (with maturities of more than 3 months)	8,700,028	(8,700,028)
Investments:		
STAR Ohio	(555,478)	555,478
Per GASB Statements No. 3 and 40	<u>\$30,866,562</u>	<u>\$19,480,909</u>

\* Includes Cash with Fiscal Agent

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 5 - 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 2009 were levied after October 1, 2008 on assessed values as of January 1, 2008, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2007. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

Tangible personal property tax (other than public utility property) attach as a lien and were levied, on the true value as of January 1, 2009. Tangible personal property of telephone and telecommunication companies (except for public utilities) is currently assessed for ad valorem taxation purposes at 10 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2012, the City will be fully reimbursed for the lost revenue. In calendar years 2013-2017, the reimbursements will be phased out.

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 5 - TAXES (Continued)**

**A. Property Taxes (Continued)**

The full tax rate for the City's operations for the year ended December 31, 2009 was \$3.40 per \$1,000 of assessed value. The assessed value upon which the 2009 property tax receipts were based was \$745,611,660. This amount constitutes \$730,922,690 in real property assessed value, and \$14,688,970 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 1.75%, .75% of which is voter approved, on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. The City allows a credit of 100% of the first 1.0% unvoted tax paid to another municipality to a maximum of the total amount assessed.

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

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2009 consisted of taxes, accounts, special assessments, interest, loans and intergovernmental receivables arising from shared revenues.

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 7 – INTERFUND ACCOUNTS**

Interfund balances at December 31, 2009 consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$37,303	\$0
Enterprise Fund:		
Sanitation	0	37,303
Agency Funds:		
Municipal Court	0	4,266
Law Library	<u>4,266</u>	<u>0</u>
Total Agency Funds	<u>4,266</u>	<u>4,266</u>
Totals	<u><u>\$41,569</u></u>	<u><u>\$41,569</u></u>
	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$255,626	\$205,000
Nonmajor Governmental Funds	<u>0</u>	<u>1,998,266</u>
Total Governmental Funds	255,626	2,203,266
Enterprise Fund:		
Gas Fund	480,102	0
Water Fund	500,476	0
Water Pollution Fund	<u>967,062</u>	<u>0</u>
Total Enterprise Funds	<u>1,947,640</u>	<u>0</u>
Totals	<u><u>\$2,203,266</u></u>	<u><u>\$2,203,266</u></u>

The Due to Other Funds is a reimbursement of expenditures made by the General Fund. The Interfund Loan consists of a short-term advance of \$104,166 to cover temporary cash deficits and \$2,099,100 of short-term notes issued at 3% to other funds to acquire capital purchases. The City expects to repay all interfund balances within the next year.

**NOTE 8 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2009:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$19,016	\$1,576,066
Nonmajor Governmental Funds	1,970,753	456,879
Enterprise Funds:		
Water Fund	32,336	0
Water Pollution Fund	<u>10,840</u>	<u>0</u>
Total Transfers	<u><u>\$2,032,945</u></u>	<u><u>\$2,032,945</u></u>

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

**CITY OF LANCASTER, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2009:

**Historical Cost:**

Class	December 31, 2008	Additions	Deletions	December 31, 2009
<b>Capital assets not being depreciated:</b>				
Land	\$17,229,226	\$531,029	(\$2,500)	\$17,757,755
Construction in Progress	1,734,309	236,084	(777,288)	1,193,105
Subtotal	18,963,535	767,113	(779,788)	18,950,860
<b>Capital assets being depreciated:</b>				
Buildings	6,655,115	0	(4,982)	6,650,133
Improvements Other than Buildings	5,829,914	92,675	(74,971)	5,847,618
Vehicles	6,319,992	469,552	(455,975)	6,333,569
Machinery and Equipment	4,779,458	139,605	(664,224)	4,254,839
Infrastructure	20,093,289	878,604	(137,184)	20,834,709
Subtotal	43,677,768	1,580,436	(1,337,336)	43,920,868
Total Cost	\$62,641,303	\$2,347,549	(\$2,117,124)	\$62,871,728

**Accumulated Depreciation:**

Class	December 31, 2008	Additions	Deletions	December 31, 2009
Buildings	(\$3,084,973)	(\$146,373)	\$3,698	(\$3,227,648)
Improvements Other than Buildings	(3,670,207)	(192,836)	54,902	(3,808,141)
Vehicles	(4,824,181)	(388,954)	455,978	(4,757,157)
Machinery and Equipment	(3,515,716)	(263,106)	520,747	(3,258,075)
Infrastructure	(8,280,791)	(669,855)	75,259	(8,875,387)
Total Depreciation	(\$23,375,868)	(\$1,661,124) *	\$1,110,584	(\$23,926,408)
<b>Net Value:</b>	\$39,265,435			\$38,945,320

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$369,216)
Leisure Time Activities	(161,358)
Community Environment	(2,585)
Public Health & Welfare	(18,436)
Transportation	(876,668)
General Government	(201,386)
Internal Service Fund Capital Assets	(31,475)
Total Depreciation Expense	(\$1,661,124)

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 9 – CAPITAL ASSETS (Continued)**

**B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2009:

**Historical Cost:**

Class	December 31, 2008	Additions	Deletions	December 31, 2009
<b>Capital assets not being depreciated:</b>				
Land	\$3,219,477	\$0	(\$17,469)	\$3,202,008
Construction in Progress	7,036,638	11,015,271	(3,560,952)	14,490,957
Subtotal	10,256,115	11,015,271	(3,578,421)	17,692,965
<b>Capital assets being depreciated:</b>				
Buildings	34,601,783	396,499	(2,400)	34,995,882
Improvements	32,366,876	1,958,996	(34,898)	34,290,974
Vehicles	3,894,861	268,897	(337,587)	3,826,171
Machinery and Equipment	11,046,131	216,071	(966,753)	10,295,449
Infrastructure	70,602,503	3,912,484	(244,269)	74,270,718
Subtotal	152,512,154	6,752,947	(1,585,907)	157,679,194
Total Cost	\$162,768,269	\$17,768,218	(\$5,164,328)	\$175,372,159

**Accumulated Depreciation:**

Class	December 31, 2008	Additions	Deletions	December 31, 2009
Buildings	(\$9,680,741)	(\$814,759)	\$510	(\$10,494,990)
Improvements	(21,663,075)	(1,211,619)	22,200	(22,852,494)
Vehicles	(2,883,750)	(321,477)	240,052	(2,965,175)
Machinery and Equipment	(8,170,209)	(662,605)	890,965	(7,941,849)
Infrastructure	(25,078,055)	(2,175,460)	45,443	(27,208,072)
Total Depreciation	(\$67,475,830)	(\$5,185,920)	\$1,199,170	(\$71,462,580)
<b>Net Value:</b>	\$95,292,439			\$103,909,579

Internal service funds serve both governmental and business-type funds. Accordingly, capital assets for them are included as part of the above totals for governmental and business-type funds. At year-end, \$216,253 and \$118,768 of internal service funds capital assets, net of depreciation are included in the respective above amounts. Also, \$31,475 and \$20,026 of depreciation expense for internal service fund are included in the respective above amounts. The Storm Water Fund received infrastructure from the Capital Improvement Fund when a project was completed in 2009.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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

Funding Policy - The ORC provides statutory authority for employee and employer contributions. For 2009, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2009 employer contribution rate for local government employer units was 14.0%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2009, from January 1 through March 31, 2009, 7.0% of annual covered salary was the portion used to fund pension obligations, and from April 1 through December 31, 2009, 8.5% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s required contributions for pension obligations to OPERS for the years ending December 31, 2009, 2008, and 2007 were \$1,072,414, \$930,466 and \$1,068,841, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2009 were \$25,490 made by the City, of which \$14,793 funded the pension, and \$18,207 made by the plan members.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2009, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2009, 2008, and 2007 were \$505,643, \$508,342 and \$476,237 for police and \$946,754, \$937,328 and \$883,415 for firefighters, respectively, which were equal to the required contributions for each year.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

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

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, local government employers contributed at a rate of 14.0% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. For 2009, the employer contribution allocated to the health care plan was 7.0% of covered payroll from January 1 through March 31, 2009, and 5.5% from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2009, 2008, and 2007 were \$783,610, \$930,466 and \$703,509, respectively, which were equal to the required contributions for each year.

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2009, 2008, and 2007 were \$267,693, \$269,122 and \$252,125 for police and \$362,908, \$374,422 and \$352,886 for firefighters, respectively, which were equal to the required contributions for each year.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 12 - NOTES PAYABLE**

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

	Maturity Date	Balance January 1, 2009	Additions	(Reductions)	Balance December 31, 2009
<b>Capital Projects Notes Payable:</b>					
3.50% Ety Road TIF	10/15/2009	\$3,325,000	\$0	(\$3,325,000)	\$0
3.50% Ety Road TIF	10/15/2010	0	3,475,000	0	3,475,000
3.50% Street Improvement 2008	12/31/2009	1,320,982	0	(1,320,982)	0
3.50% Street Improvement 2009	12/31/2010	0	1,049,351	0	1,049,351
Total Capital Projects Notes Payable		<u>\$4,645,982</u>	<u>\$4,524,351</u>	<u>(\$4,645,982)</u>	<u>\$4,524,351</u>
<b>Enterprise Funds Notes Payable:</b>					
2.375% Lake Allen/Maple Storm Water	9/24/2009	\$1,392,000	\$0	(\$1,392,000)	\$0
2.00% Lake Allen/Maple Storm Water	7/7/2010	0	1,238,000	0	1,238,000
2.00% Nolder Drive Storm Water	7/7/2010	0	300,000	0	300,000
2.00% Various Storm Water Projects	7/7/2010	0	390,000	0	390,000
Total Enterprise Notes Payable		<u>\$1,392,000</u>	<u>\$1,928,000</u>	<u>(\$1,392,000)</u>	<u>\$1,928,000</u>

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**CITY OF LANCASTER, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2009 were as follows:

	December 31, 2008	Additions	(Reductions)	Balance December 31, 2009	Due Within One Year
<b>Business-Type Activities:</b>					
Ohio Water Development Authority Loans (OWDA):					
2003 2.00%	\$168,174	\$0	(\$5,521)	\$162,653	\$5,632
2001 4.14%	4,265,054	0	(230,257)	4,034,797	239,888
2001 3.90%	16,743,206	0	(889,201)	15,854,005	932,453
1989 8.48%	4,072,483	0	(612,975)	3,459,508	664,956
1990 7.74%	83,292	0	(12,745)	70,547	13,731
1993 2.94%	6,003,068	0	(726,551)	5,276,517	748,068
1996 3.16%	2,663,822	0	(260,240)	2,403,582	268,529
2009 3.27%	0	8,101,758	0	8,101,758	0
1997 3.98%	2,366,294	0	(195,481)	2,170,813	204,962
Total Ohio Water Development Authority Loans	<u>36,365,393</u>	<u>8,101,758</u>	<u>(2,932,971)</u>	<u>41,534,180</u>	<u>3,078,219</u>
Revenue Bonds Payable:					
2004 2-4.75%	7,370,000	0	(225,000)	7,145,000	230,000
	Premium	0	(5,110)	102,190	0
2004 2-4.75%	4,575,000	0	(140,000)	4,435,000	145,000
2008 3-4.375%	21,195,000	0	(520,000)	20,675,000	535,000
	Premium	0	(5,994)	131,291	0
Total Revenue Bonds Payable	<u>33,384,585</u>	<u>0</u>	<u>(896,104)</u>	<u>32,488,481</u>	<u>910,000</u>
Landfill Postclosure Care Liability	1,696,819	0	(81,496)	1,615,323	78,600
Capital Leases	343,706	39,544	(95,939)	287,311	86,841
Compensated Absences	2,213,693	626,490	(497,427)	2,342,756	506,553
Total Business-Type Long-Term Debt	<u>\$74,004,196</u>	<u>\$8,767,792</u>	<u>(\$4,503,937)</u>	<u>\$78,268,051</u>	<u>\$4,660,213</u>
<b>Governmental Activities Long-Term Debt:</b>					
2005 3-4.375%	\$3,500,000	\$0	(\$165,000)	\$3,335,000	\$170,000
2001 5.00%	Special Assessment Bond Payable				
	with Governmental Commitment	277,000	0	(15,500)	261,500
2008 2.84-4.4%	Housing and Urban Development Loan Payable	760,000	0	(90,000)	670,000
2000 0.00%	Ohio Public Works Commission Loan Payable	76,076	0	(6,086)	69,990
2007 3.00%	State Infrastructure Bank Loan	1,047,292	0	(136,585)	910,707
Compensated Absences	5,016,803	1,523,892	(1,331,431)	5,209,264	1,378,360
Capital Leases	641,890	518,545	(409,702)	750,733	227,029
Total Governmental Activities	<u>\$11,319,061</u>	<u>\$2,042,437</u>	<u>(\$2,154,304)</u>	<u>\$11,207,194</u>	<u>\$2,028,688</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

Internal service funds serve both governmental and business-type funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental and business-type funds. At year-end, \$98,247 and \$362,972 of internal service funds compensated absences are included in the respective above amounts. Also, \$10,871 of an internal service fund capital lease is recorded in the business-type activities amount.

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

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

**A. Ohio Water Development Authority Loans**

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

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

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

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

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

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**NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**A. Ohio Water Development Authority Loans (Continued)**

In 2001, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$21,273,840. The amount is subject to change and has not been finalized. The interest rate on the loans is 3.9%, per annum. This loan is payable from water charges and is received by the City in increments as the project is completed. As of December 31, 2009, the City had received \$21,091,478, from OWDA. Subsequent amounts will be received in future years. The City began repaying the loan in semiannual payments beginning in 2003 based on a loan amount of \$21,273,840 to be paid through 2023. An estimate of future financing requirements has been made based on the loan balance of \$15,854,005 at December 31, 2009.

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

**B. Future Long-Term Financing Requirements**

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2009 follows:

**Business-Type Activities:**

Years	OWDA Loans		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2010	\$3,078,220	\$1,375,597	\$910,000	\$1,441,285
2011	3,221,485	1,240,571	935,000	1,413,048
2012	3,665,262	1,351,870	970,000	1,383,097
2013	3,834,682	1,182,450	1,000,000	1,351,499
2014	3,524,881	1,003,494	1,035,000	1,316,922
2015-2019	12,814,558	3,267,352	5,840,000	5,913,675
2020-2024	7,882,018	1,194,942	7,275,000	4,476,669
2025-2029	2,421,190	398,479	9,165,000	2,592,275
2030-2032	1,091,884	44,841	5,125,000	622,488
Totals	<u>\$41,534,180</u>	<u>\$11,059,596</u>	<u>\$32,255,000</u>	<u>\$20,510,958</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

**NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**B. Future Long-Term Financing Requirements (Continued)**

**Governmental Activities:**

Years	General Obligation Bond Payable		Special Assessment Bond Payable		HUD Loan		OPWC Loan		SIB Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$170,000	\$133,938	\$16,500	\$13,075	\$90,000	\$26,412	\$6,086	\$0	\$140,714	\$26,274
2011	175,000	127,987	17,000	12,250	90,000	23,613	6,086	0	144,967	22,021
2012	180,000	122,038	18,000	11,400	90,000	20,517	6,086	0	149,348	17,639
2013	190,000	115,287	19,000	10,500	90,000	17,079	6,086	0	153,862	13,125
2014	195,000	107,688	20,000	9,550	90,000	13,479	6,086	0	158,512	8,475
2015-2019	1,090,000	419,478	116,000	31,725	220,000	17,433	30,430	0	163,304	3,683
2020-2024	1,335,000	177,557	55,000	4,150	0	0	9,130	0	0	0
Totals	\$3,335,000	\$1,203,973	\$261,500	\$92,650	\$670,000	\$118,533	\$69,990	\$0	\$910,707	\$91,217

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

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**NOTE 14 - CAPITALIZED LEASES**

Under capital leases the City leases seven copiers, two street sweepers, one pickup trucks, five dump trucks, a bucket truck, two leaf loaders, five police vehicles, a breaking hammer, a back hoe, and a Niton analyzer. The cost of the improvements and equipment obtained under capital leases is included in the appropriate proprietary fund or Governmental Activities Capital Assets and the related liability is included in the appropriate proprietary fund or in the Governmental Activities Long-Term Liabilities. The original cost of the assets acquired under capital lease was \$1,364,890.

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, 2009:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2010	\$262,136	\$101,647
2011	194,542	101,647
2012	176,225	106,070
2013	188,547	7,781
2014	90,414	1,027
Minimum Lease Payments	911,864	318,172
Less amount representing interest at the City's incremental borrowing rate of interest	(161,131)	(30,861)
Present value of minimum lease payments	<u>\$750,733</u>	<u>\$287,311</u>

**NOTE 15 - 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 2009, the City contracted with Selective Insurance for vehicles, property, EMT and general liability insurance while police and professional liability are protected by Columbia Company.

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

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

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

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

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**NOTE 15 - INSURANCE AND RISK MANAGEMENT (Continued)**

On January 1, 1998, the City established an internal service fund to provide group health, dental, and prescription drug benefits to employees and their eligible dependents through the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool (Note 20). SCOIC currently includes twelve member school districts and governmental entities. The Liberty Union-Thurston Local School District serves as the fiscal agent for the consortium. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Health Insurance Management Fund (internal service fund) are available to pay claims.

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

Claims are paid by the City to the SCOIC. SCOIC contracts with Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) for claims servicing. OME-RESA contracts with Employee Benefits Management Corporation to service the claims of SCOIC members. The City has shared risk pool coverage with OME-RESA for covered individual medical claims in excess of \$50,000 up to \$400,000 per employee per year. The City also has a stop loss coverage insurance policy, purchased through SCOIC, for covered individual medical claims in excess of \$400,000 per employee per year. The City has no stop loss coverage for the dental claims.

The claims liability of \$398,858 reported at December 31, 2009 is based on an estimate provided by an actuary for medical and dental claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two years, including medical, surgical, prescription drug, and dental are as follows:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2008	\$11,900	\$5,992,474	(\$5,571,209)	\$433,165
2009	\$433,165	\$6,019,292	(\$6,053,599)	\$398,858

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009**

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**NOTE 16 - CONSTRUCTION COMMITMENTS**

As of December 31, 2009, the City had the following commitments with respect to capital improvements:

Capital Projects	Remaining Construction Commitment
Upper Hocking Wastewater Treatment Plant	\$3,354,119
Stormwater Projects	178,619
Columbus Street Culverts	33,903
Ewing Run Trunk Sewer	30,969

**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 recognition of a liability for closure and postclosure care costs is based on landfill capacity used to date. The City is at 100% capacity. The consent order was approved in December 1996 by all respective parties involved and filed in January of 1997. The consent order required the City to place a final cover on the landfill site as well as perform certain maintenance and monitoring functions at the site for thirty years after closure.

The City has accrued a liability for landfill closure and postclosure care costs in the Sanitation Fund of \$1,615,323. 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 \$523,268 which has been placed in a restricted account. The estimated costs of postclosure care are subject to changes corresponding to the effects of inflation, revision of laws and other variables.

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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

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

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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

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

**F. Community Corrections Board (the “Board”)**

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 19 – INSURANCE POOL**

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

SCOIC contracts with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool, for medical, dental, and prescription drug coverage on a self-insured basis. The SCOIC members are considered self insured and pay a monthly premium to OME-RESA that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. An additional fee is paid for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. SCOIC members participate in the shared risk pool through OME-RESA for individual claims from \$50,000 to \$400,000. SCOIC members are then covered under stop loss coverage for claims over \$400,000. OME-RESA contracts with Employee Benefits Management Corporation to service the claims of SCOIC members. In the event that the City would withdraw from SCOIC, the City would be required to give a one hundred eighty day notice prior to the end of their three year contract, be responsible for all run-out claims, and would have no rights to share in any surplus funds of SCOIC. In the event SCOIC members would withdraw from OME-RESA, SCOIC members would be required to give a thirty day notice, be responsible for all run-out claims, and have no rights to share in any surplus funds of OME-RESA. To obtain financial information for the SCOIC, write to the fiscal agent, Liberty Union-Thurston Local School District, 600 Washington Street, Baltimore, Ohio 43105.

**NOTE 20 – RELATED ORGANIZATION**

The Lancaster Port Authority, a distinct political subdivision of the State of Ohio, was created under Chapter 4582 of the Ohio Revised Code. The Port Authority is governed by the board of directors appointed by the City Council. The Board of Directors possesses its own contracting and budgeting authority, and does not depend on the City for operational subsidies. Although the City serves as the taxing authority and can issue tax related debt on behalf of the Port Authority, its role is limited to the ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Directors. The Port Authority is not considered a part of the City and its operations are not included within the accompanying financial statements. Financial information can be obtained from the Lancaster Port Authority, 104 E. Main Street, Lancaster, Ohio 43130.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009***

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**NOTE 21 - 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, 2009 to December 31, 2009, 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 22 - SUBSEQUENT EVENTS**

On May 24, 2010, the City authorized \$1,709,000, of general obligation notes for storm water improvements.



*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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

**Cemetery Fund**

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

**Street Construction, Maintenance and Repair Fund**

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

**Parks and Recreation Fund**

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

**Special Improvement District Fund**

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

**Lancaster Public Transit Program Fund**

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

**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.

**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.

(Continued)

***Special Revenue Funds*** (Continued)

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**Indigent Drivers Alcohol Treatment Fund**

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

**Law Enforcement and Education Fund**

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

**Municipal Court Judicial Computer Fund**

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

**Municipal Court Probation Fund**

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

**Municipal Court Computerization Fund**

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

**Municipal Court Special Projects Fund**

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

**Municipal Court Family Violence Fund**

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

**Municipal Drug Court Fund**

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

**Federal Emergency Management Agency (FEMA) Grant Fund**

To account for Federal Emergency Management Agency funds received as reimbursement for storm damage clean up and repair.

**Ohio Peace Officers Training Fund**

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

(Continued)

***Special Revenue Funds*** (Continued)

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**American Recovery and Reinvestment Act (ARRA) Stimulus Fund**

To account for federal grant monies intended to stimulate the local economy by investing in local infrastructure projects. (This fund only exists on a GAAP basis and is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

**DARE Officer Retention Grant Fund**

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

**Community Development Block Grant (CDBG) Fund**

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

**State Highway Fund**

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

**Drug Enforcement Fund**

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

**Cemetery Interment Fund**

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

***Debt Service Funds***

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

**General Bond Retirement Fund**

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

**Special Assessment Debt Retirement Fund**

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

***Capital Projects Fund***

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

**Capital Improvement Fund**

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

**Fire Capital Improvement Fund**

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

**Fire Impact - District One Fund**

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

***Permanent Fund***

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

**Cemetery Trust Fund**

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

**CITY OF LANCASTER, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 3,027,679	\$ 108,784	\$ 752,678	\$ 184,931	\$ 4,074,072
Investments	890,619	0	1,356,627	777,183	3,024,429
Receivables (net of allowance for doubtful accounts):					
Taxes	820,919	0	10,784	0	831,703
Accounts	2,095	0	0	0	2,095
Intergovernmental	2,112,760	0	66,660	0	2,179,420
Interest	5,672	0	0	0	5,672
Special Assessments	0	461,580	0	0	461,580
Loans	1,649,843	0	0	0	1,649,843
Inventory of Supplies	178,308	0	0	0	178,308
Prepaid Items	10,816	0	0	0	10,816
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	146,892	0	0	0	146,892
<b>Total Assets</b>	<b>\$ 8,845,603</b>	<b>\$ 570,364</b>	<b>\$ 2,186,749</b>	<b>\$ 962,114</b>	<b>\$ 12,564,830</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 162,390	\$ 0	\$ 0	\$ 0	\$ 162,390
Accrued Wages and Benefits Payable	192,681	0	0	0	192,681
Intergovernmental Payable	1,488	0	0	0	1,488
Interfund Loans Payable	104,166	0	1,894,100	0	1,998,266
Deferred Revenue	2,328,714	461,580	77,444	0	2,867,738
Accrued Interest Payable	0	0	4,567	0	4,567
<b>Total Liabilities</b>	<b>2,789,439</b>	<b>461,580</b>	<b>1,976,111</b>	<b>0</b>	<b>5,227,130</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	134,666	0	0	0	134,666
Reserved for Prepaid Items	10,816	0	0	0	10,816
Reserved for Supplies Inventory	178,308	0	0	0	178,308
Reserved for Debt Service	0	108,784	0	0	108,784
Reserved for Loans Receivable	1,649,843	0	0	0	1,649,843
Reserved for Endowments	0	0	0	962,114	962,114
Unreserved, Undesignated in:					
Special Revenue Funds	4,082,531	0	0	0	4,082,531
Capital Projects Funds	0	0	210,638	0	210,638
<b>Total Fund Balances</b>	<b>6,056,164</b>	<b>108,784</b>	<b>210,638</b>	<b>962,114</b>	<b>7,337,700</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,845,603</b>	<b>\$ 570,364</b>	<b>\$ 2,186,749</b>	<b>\$ 962,114</b>	<b>\$ 12,564,830</b>

**CITY OF LANCASTER, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 1,850,671	\$ 0	\$ 78,777	\$ 0	\$ 1,929,448
Intergovernmental Revenues	4,042,741	138,095	1,518,682	0	5,699,518
Charges for Services	1,434,741	0	67,949	28,915	1,531,605
Licenses, Permits and Fees	2,438	0	0	0	2,438
Investment Earnings	45,408	0	0	0	45,408
Special Assessments	93,074	35,202	0	0	128,276
Fines and Forfeitures	1,064,038	0	0	0	1,064,038
All Other Revenue	417,067	0	24,312	0	441,379
<b>Total Revenue</b>	<b>8,950,178</b>	<b>173,297</b>	<b>1,689,720</b>	<b>28,915</b>	<b>10,842,110</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	635,328	0	2,134	0	637,462
Public Health and Welfare Services	556,880	0	0	0	556,880
Leisure Time Activities	1,930,845	0	0	0	1,930,845
Community Environment	774,900	0	0	0	774,900
Transportation	4,405,233	0	0	0	4,405,233
General Government	1,044,101	1,453	0	0	1,045,554
Capital Outlay	0	0	689,438	0	689,438
Debt Service:					
Principal Retirement	90,000	293,932	0	0	383,932
Interest and Fiscal Charges	32,686	177,813	59,333	0	269,832
<b>Total Expenditures</b>	<b>9,469,973</b>	<b>473,198</b>	<b>750,905</b>	<b>0</b>	<b>10,694,076</b>
Excess (Deficiency) of Revenues Over Expenditures	(519,795)	(299,901)	938,815	28,915	148,034
<b>Other Financing Sources (Uses):</b>					
Transfers In	1,077,972	304,300	588,481	0	1,970,753
Transfers Out	(364,215)	0	(92,664)	0	(456,879)
Other Financing Source - Capital Lease	400,000	0	0	0	400,000
<b>Total Other Financing Sources (Uses)</b>	<b>1,113,757</b>	<b>304,300</b>	<b>495,817</b>	<b>0</b>	<b>1,913,874</b>
Net Change in Fund Balances	593,962	4,399	1,434,632	28,915	2,061,908
<b>Fund Balances at Beginning of Year</b>	<b>5,434,485</b>	<b>104,385</b>	<b>(1,223,994)</b>	<b>933,199</b>	<b>5,248,075</b>
Increase in Inventory Reserve	27,717	0	0	0	27,717
<b>Fund Balances End of Year</b>	<b>\$ 6,056,164</b>	<b>\$ 108,784</b>	<b>\$ 210,638</b>	<b>\$ 962,114</b>	<b>\$ 7,337,700</b>

**CITY OF LANCASTER, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2009**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Parks and Recreation Fund	Lancaster Public Transit Program Fund	Lancaster Community Development Fund
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 61,864	\$ 122,924	\$ 208,402	\$ 143,889	\$ 26,653
Investments	0	467,662	0	0	0
Receivables (net of allowance for doubtful accounts):					
Taxes	21,823	0	338,390	0	0
Accounts	0	1,282	0	813	0
Intergovernmental	0	899,676	0	8,691	0
Interest	1,500	0	0	0	0
Loans	0	0	0	0	0
Inventory of Supplies	0	170,171	2,478	0	770
Prepaid Items	1,012	6,093	3,711	0	0
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	0	146,892	0	0	0
<b>Total Assets</b>	<b>\$ 86,199</b>	<b>\$ 1,814,700</b>	<b>\$ 552,981</b>	<b>\$ 153,393</b>	<b>\$ 27,423</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 2,012	\$ 34,897	\$ 35,740	\$ 62,553	\$ 0
Accrued Wages and Benefits Payable	15,723	80,712	48,884	2,793	7,763
Intergovernmental Payable	0	0	1,488	0	0
Interfund Loans Payable	0	0	0	104,166	0
Deferred Revenue	12,176	623,000	161,766	0	0
<b>Total Liabilities</b>	<b>29,911</b>	<b>738,609</b>	<b>247,878</b>	<b>169,512</b>	<b>7,763</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	314	8,880	386	108,312	0
Reserved for Prepaid Items	1,012	6,093	3,711	0	0
Reserved for Supplies Inventory	0	170,171	2,478	0	770
Reserved for Loans Receivable	0	0	0	0	0
Undesignated/Unreserved	54,962	890,947	298,528	(124,431)	18,890
<b>Total Fund Balances</b>	<b>56,288</b>	<b>1,076,091</b>	<b>305,103</b>	<b>(16,119)</b>	<b>19,660</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 86,199</b>	<b>\$ 1,814,700</b>	<b>\$ 552,981</b>	<b>\$ 153,393</b>	<b>\$ 27,423</b>

**CITY OF LANCASTER, OHIO**

Law Enforcement Block Grant Fund	Police and Fire Pension Fund	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund	Law Enforcement and Education Fund	Municipal Court Judicial Computer Fund	Municipal Court Probation Fund
\$ 65,321	\$ 0	\$ 27,867	\$ 224,826	\$ 73,759	\$ 147,228	\$ 112,217
0	0	0	0	0	0	0
0	460,706	0	0	0	0	0
0	0	0	0	0	0	0
655	30,674	42,396	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	177	0	0	0	4,712
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 65,976</u>	<u>\$ 491,380</u>	<u>\$ 70,440</u>	<u>\$ 224,826</u>	<u>\$ 73,759</u>	<u>\$ 147,228</u>	<u>\$ 116,929</u>
\$ 0	\$ 0	\$ 132	\$ 0	\$ 0	\$ 721	\$ 943
0	0	5,606	0	0	0	18,012
0	0	0	0	0	0	0
0	0	0	0	0	0	0
655	491,380	21,198	0	0	0	0
<u>655</u>	<u>491,380</u>	<u>26,936</u>	<u>0</u>	<u>0</u>	<u>721</u>	<u>18,955</u>
0	0	0	0	0	6,939	0
0	0	0	0	0	0	0
0	0	177	0	0	0	4,712
0	0	0	0	0	0	0
65,321	0	43,327	224,826	73,759	139,568	93,262
<u>65,321</u>	<u>0</u>	<u>43,504</u>	<u>224,826</u>	<u>73,759</u>	<u>146,507</u>	<u>97,974</u>
<u>\$ 65,976</u>	<u>\$ 491,380</u>	<u>\$ 70,440</u>	<u>\$ 224,826</u>	<u>\$ 73,759</u>	<u>\$ 147,228</u>	<u>\$ 116,929</u>

(Continued)

**CITY OF LANCASTER, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2009**

	Municipal Court Computerization Fund	Municipal Court Special Projects Fund	Municipal Court Family Violence Fund	Municipal Drug Court Fund	Ohio Peace Officers Training Fund
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 212,357	\$ 1,192,647	\$ 57,828	\$ 12,026	\$ 17,200
Investments	0	0	0	0	0
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Intergovernmental	0	0	0	150,186	0
Interest	0	0	0	0	0
Loans	0	0	0	0	0
Inventory of Supplies	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0	0
<b>Total Assets</b>	<u>\$ 212,357</u>	<u>\$ 1,192,647</u>	<u>\$ 57,828</u>	<u>\$ 162,212</u>	<u>\$ 17,200</u>
<b>Liabilities:</b>					
Accounts Payable	\$ 132	\$ 6,987	\$ 0	\$ 764	\$ 0
Accrued Wages and Benefits Payable	5,110	0	2,958	5,120	0
Intergovernmental Payable	0	0	0	0	0
Interfund Loans Payable	0	0	0	0	0
Deferred Revenue	0	0	0	109,815	0
<b>Total Liabilities</b>	<u>5,242</u>	<u>6,987</u>	<u>2,958</u>	<u>115,699</u>	<u>0</u>
<b>Fund Balances:</b>					
Reserved for Encumbrances	0	8,770	0	1,065	0
Reserved for Prepaid Items	0	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0	0
Reserved for Loans Receivable	0	0	0	0	0
Undesignated/Unreserved	207,115	1,176,890	54,870	45,448	17,200
<b>Total Fund Balances</b>	<u>207,115</u>	<u>1,185,660</u>	<u>54,870</u>	<u>46,513</u>	<u>17,200</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 212,357</u>	<u>\$ 1,192,647</u>	<u>\$ 57,828</u>	<u>\$ 162,212</u>	<u>\$ 17,200</u>

**CITY OF LANCASTER, OHIO**

ARRA Stimulus Fund	DARE Officer Retention Grant Fund	CDBG Fund	State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 39,542	\$ 61,270	\$ 44,067	\$ 124,497	\$ 51,295	\$ 3,027,679
0	0	0	166,474	0	256,483	890,619
0	0	0	0	0	0	820,919
0	0	0	0	0	0	2,095
110,522	0	824,436	45,524	0	0	2,112,760
0	0	0	3,717	0	455	5,672
0	0	1,649,843	0	0	0	1,649,843
0	0	0	0	0	0	178,308
0	0	0	0	0	0	10,816
0	0	0	0	0	0	146,892
<u>\$ 110,522</u>	<u>\$ 39,542</u>	<u>\$ 2,535,549</u>	<u>\$ 259,782</u>	<u>\$ 124,497</u>	<u>\$ 308,233</u>	<u>\$ 8,845,603</u>
\$ 0	\$ 0	\$ 17,509	\$ 0	\$ 0	\$ 0	\$ 162,390
0	0	0	0	0	0	192,681
0	0	0	0	0	0	1,488
0	0	0	0	0	0	104,166
110,522	0	765,828	31,919	0	455	2,328,714
<u>110,522</u>	<u>0</u>	<u>783,337</u>	<u>31,919</u>	<u>0</u>	<u>455</u>	<u>2,789,439</u>
0	0	0	0	0	0	134,666
0	0	0	0	0	0	10,816
0	0	0	0	0	0	178,308
0	0	1,649,843	0	0	0	1,649,843
0	39,542	102,369	227,863	124,497	307,778	4,082,531
0	39,542	1,752,212	227,863	124,497	307,778	6,056,164
<u>\$ 110,522</u>	<u>\$ 39,542</u>	<u>\$ 2,535,549</u>	<u>\$ 259,782</u>	<u>\$ 124,497</u>	<u>\$ 308,233</u>	<u>\$ 8,845,603</u>

**CITY OF LANCASTER, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Parks and Recreation Fund	Special Improvement District Fund	Lancaster Public Transit Program Fund
<b>Revenues:</b>					
Taxes	\$ 89,816	\$ 0	\$ 1,358,275	\$ 0	\$ 0
Intergovernmental Revenues	0	1,833,257	50,430	0	570,127
Charges for Services	189,828	587,070	355,080	0	195,150
Licenses, Permits and Fees	0	0	2,438	0	0
Investment Earnings	24,354	3,404	0	0	0
Special Assessments	0	0	0	93,074	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenue	293	336,114	70,506	0	6,393
<b>Total Revenue</b>	<b>304,291</b>	<b>2,759,845</b>	<b>1,836,729</b>	<b>93,074</b>	<b>771,670</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	521,865	0	0	0	0
Leisure Time Activities	0	0	1,930,845	0	0
Community Environment	0	0	0	93,074	0
Transportation	0	3,487,866	0	0	917,367
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
<b>Total Expenditures</b>	<b>521,865</b>	<b>3,487,866</b>	<b>1,930,845</b>	<b>93,074</b>	<b>917,367</b>
Excess (Deficiency) of Revenues Over Expenditures	(217,574)	(728,021)	(94,116)	0	(145,697)
<b>Other Financing Sources (Uses):</b>					
Transfers In	225,000	604,899	12,124	0	73,000
Transfers Out	0	0	0	0	0
Other Financing Source - Capital Lease	0	400,000	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>225,000</b>	<b>1,004,899</b>	<b>12,124</b>	<b>0</b>	<b>73,000</b>
Net Change in Fund Balances	7,426	276,878	(81,992)	0	(72,697)
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>48,862</b>	<b>775,900</b>	<b>386,236</b>	<b>0</b>	<b>56,578</b>
Increase (Decrease) in Inventory Reserve	0	23,313	859	0	0
<b>Fund Balances End of Year</b>	<b>\$ 56,288</b>	<b>\$ 1,076,091</b>	<b>\$ 305,103</b>	<b>\$ 0</b>	<b>\$ (16,119)</b>

**CITY OF LANCASTER, OHIO**

Lancaster Community Development Fund	Law Enforcement Block Grant Fund	Police and Fire Pension Fund	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund	Law Enforcement and Education Fund	Municipal Court Judicial Computer Fund
\$ 0	\$ 0	\$ 402,580	\$ 0	\$ 0	\$ 0	\$ 0
106,072	96,000	49,930	85,421	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	40,456	2,206	50,201
0	0	0	0	0	0	0
<u>106,072</u>	<u>96,000</u>	<u>452,510</u>	<u>85,421</u>	<u>40,456</u>	<u>2,206</u>	<u>50,201</u>
0	30,679	452,510	137,294	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
139,831	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	19,759
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>139,831</u>	<u>30,679</u>	<u>452,510</u>	<u>137,294</u>	<u>0</u>	<u>0</u>	<u>19,759</u>
(33,759)	65,321	0	(51,873)	40,456	2,206	30,442
0	0	0	55,284	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>55,284</u>	<u>0</u>	<u>0</u>	<u>0</u>
(33,759)	65,321	0	3,411	40,456	2,206	30,442
53,559	0	0	40,876	184,370	71,553	116,065
(140)	0	0	(783)	0	0	0
<u>\$ 19,660</u>	<u>\$ 65,321</u>	<u>\$ 0</u>	<u>\$ 43,504</u>	<u>\$ 224,826</u>	<u>\$ 73,759</u>	<u>\$ 146,507</u>

(Continued)

**CITY OF LANCASTER, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

	Municipal Court Probation Fund	Municipal Court Computerization Fund	Municipal Court Special Projects Fund	Municipal Court Family Violence Fund	Municipal Drug Court Fund
<b>Revenues:</b>					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	36,585	0	0	0	140,073
Charges for Services	0	0	0	85,948	0
Licenses, Permits and Fees	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Special Assessments	0	0	0	0	0
Fines and Forfeitures	310,565	206,753	437,742	0	0
All Other Revenue	0	0	0	0	600
<b>Total Revenue</b>	<b>347,150</b>	<b>206,753</b>	<b>437,742</b>	<b>85,948</b>	<b>140,673</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	418,418	179,070	169,740	140,165	116,949
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<b>Total Expenditures</b>	<b>418,418</b>	<b>179,070</b>	<b>169,740</b>	<b>140,165</b>	<b>116,949</b>
Excess (Deficiency) of Revenues Over Expenditures	(71,268)	27,683	268,002	(54,217)	23,724
<b>Other Financing Sources (Uses):</b>					
Transfers In	92,889	0	5,376	0	0
Transfers Out	0	0	0	0	(35,000)
Other Financing Source - Capital Lease	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>92,889</b>	<b>0</b>	<b>5,376</b>	<b>0</b>	<b>(35,000)</b>
Net Change in Fund Balances	21,621	27,683	273,378	(54,217)	(11,276)
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>71,885</b>	<b>179,432</b>	<b>912,282</b>	<b>109,087</b>	<b>57,789</b>
Increase (Decrease) in Inventory Reserve	4,468	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 97,974</b>	<b>\$ 207,115</b>	<b>\$ 1,185,660</b>	<b>\$ 54,870</b>	<b>\$ 46,513</b>

**CITY OF LANCASTER, OHIO**

FEMA Grant Fund	Ohio Peace Officers Training Fund	DARE Officer Retention Grant Fund	CDBG Fund	State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,850,671
229,215	7,800	39,542	705,087	93,202	0	0	4,042,741
0	0	0	0	0	0	21,665	1,434,741
0	0	0	0	0	0	0	2,438
0	0	0	808	9,566	0	7,276	45,408
0	0	0	0	0	0	0	93,074
0	0	0	0	0	16,115	0	1,064,038
0	0	0	3,161	0	0	0	417,067
<u>229,215</u>	<u>7,800</u>	<u>39,542</u>	<u>709,056</u>	<u>102,768</u>	<u>16,115</u>	<u>28,941</u>	<u>8,950,178</u>
0	0	0	0	0	14,845	0	635,328
0	0	0	0	0	0	35,015	556,880
0	0	0	0	0	0	0	1,930,845
0	0	0	541,995	0	0	0	774,900
0	0	0	0	0	0	0	4,405,233
0	0	0	0	0	0	0	1,044,101
0	0	0	90,000	0	0	0	90,000
0	0	0	32,686	0	0	0	32,686
<u>0</u>	<u>0</u>	<u>0</u>	<u>664,681</u>	<u>0</u>	<u>14,845</u>	<u>35,015</u>	<u>9,469,973</u>
229,215	7,800	39,542	44,375	102,768	1,270	(6,074)	(519,795)
0	9,400	0	0	0	0	0	1,077,972
(229,215)	0	0	0	(100,000)	0	0	(364,215)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>400,000</u>
(229,215)	9,400	0	0	(100,000)	0	0	1,113,757
0	17,200	39,542	44,375	2,768	1,270	(6,074)	593,962
0	0	0	1,707,837	225,095	123,227	313,852	5,434,485
0	0	0	0	0	0	0	27,717
<u>\$ 0</u>	<u>\$ 17,200</u>	<u>\$ 39,542</u>	<u>\$ 1,752,212</u>	<u>\$ 227,863</u>	<u>\$ 124,497</u>	<u>\$ 307,778</u>	<u>\$ 6,056,164</u>

**CITY OF LANCASTER, OHIO**

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***Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2009***

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	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 97,729	\$ 11,055	\$ 108,784
Receivables (net of allowance for doubtful accounts):			
Special Assessments	<u>0</u>	<u>461,580</u>	<u>461,580</u>
<b>Total Assets</b>	<u>\$ 97,729</u>	<u>\$ 472,635</u>	<u>\$ 570,364</u>
<b>Liabilities:</b>			
Deferred Revenue	<u>\$ 0</u>	<u>\$ 461,580</u>	<u>\$ 461,580</u>
<b>Total Liabilities</b>	<u>0</u>	<u>461,580</u>	<u>461,580</u>
<b>Fund Balances:</b>			
Reserved for Debt Service	<u>97,729</u>	<u>11,055</u>	<u>108,784</u>
<b>Total Fund Balances</b>	<u>97,729</u>	<u>11,055</u>	<u>108,784</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 97,729</u>	<u>\$ 472,635</u>	<u>\$ 570,364</u>

**CITY OF LANCASTER, OHIO**

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***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2009***

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	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 138,095	\$ 0	\$ 138,095
Special Assessments	0	35,202	35,202
<b>Total Revenue</b>	<u>138,095</u>	<u>35,202</u>	<u>173,297</u>
<b>Expenditures:</b>			
General Government	0	1,453	1,453
Debt Service:			
Principal Retirement	278,432	15,500	293,932
Interest and Fiscal Charges	163,963	13,850	177,813
<b>Total Expenditures</b>	<u>442,395</u>	<u>30,803</u>	<u>473,198</u>
Excess (Deficiency) of Revenues Over Expenditures	(304,300)	4,399	(299,901)
<b>Other Financing Sources (Uses):</b>			
Transfers In	304,300	0	304,300
<b>Total Other Financing Sources (Uses)</b>	<u>304,300</u>	<u>0</u>	<u>304,300</u>
Net Change in Fund Balances	0	4,399	4,399
<b>Fund Balances at Beginning of Year</b>	<u>97,729</u>	<u>6,656</u>	<u>104,385</u>
<b>Fund Balances End of Year</b>	<u>\$ 97,729</u>	<u>\$ 11,055</u>	<u>\$ 108,784</u>

**CITY OF LANCASTER, OHIO**

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**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2009**

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	<u>Capital Improvement Fund</u>	<u>Fire Capital Improvement Fund</u>	<u>Fire Impact - District One Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 356,587	\$ 30,409	\$ 365,682	\$ 752,678
Investments	1,356,627	0	0	1,356,627
Receivables (net of allowance for doubtful accounts):				
Taxes	10,784	0	0	10,784
Intergovernmental	66,660	0	0	66,660
<b>Total Assets</b>	<u>\$ 1,790,658</u>	<u>\$ 30,409</u>	<u>\$ 365,682</u>	<u>\$ 2,186,749</u>
<b>Liabilities:</b>				
Interfund Loans Payable	\$ 1,244,100	\$ 650,000	\$ 0	\$ 1,894,100
Deferred Revenue	77,444	0	0	77,444
Accrued Interest Payable	1,949	2,618	0	4,567
<b>Total Liabilities</b>	<u>1,323,493</u>	<u>652,618</u>	<u>0</u>	<u>1,976,111</u>
<b>Fund Balances:</b>				
Undesignated/Unreserved	<u>467,165</u>	<u>(622,209)</u>	<u>365,682</u>	<u>210,638</u>
<b>Total Fund Balances</b>	<u>467,165</u>	<u>(622,209)</u>	<u>365,682</u>	<u>210,638</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,790,658</u>	<u>\$ 30,409</u>	<u>\$ 365,682</u>	<u>\$ 2,186,749</u>

**CITY OF LANCASTER, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2009***

	Capital Improvement Fund	Fire Capital Improvement Fund	Fire Impact - District One Fund	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>				
Taxes	\$ 78,777	\$ 0	\$ 0	\$ 78,777
Intergovernmental Revenues	1,518,682	0	0	1,518,682
Charges for Services	0	0	67,949	67,949
All Other Revenue	24,312	0	0	24,312
<b>Total Revenue</b>	<b>1,621,771</b>	<b>0</b>	<b>67,949</b>	<b>1,689,720</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	2,134	2,134
Capital Outlay	689,438	0	0	689,438
Debt Service:				
Interest and Fiscal Charges	36,800	22,533	0	59,333
<b>Total Expenditures</b>	<b>726,238</b>	<b>22,533</b>	<b>2,134</b>	<b>750,905</b>
Excess (Deficiency) of Revenues Over Expenditures	895,533	(22,533)	65,815	938,815
<b>Other Financing Sources (Uses):</b>				
Transfers In	424,817	163,664	0	588,481
Transfers Out	(92,664)	0	0	(92,664)
<b>Total Other Financing Sources (Uses)</b>	<b>332,153</b>	<b>163,664</b>	<b>0</b>	<b>495,817</b>
Net Change in Fund Balances	1,227,686	141,131	65,815	1,434,632
<b>Fund Balances at Beginning of Year</b>	<b>(760,521)</b>	<b>(763,340)</b>	<b>299,867</b>	<b>(1,223,994)</b>
<b>Fund Balances End of Year</b>	<b>\$ 467,165</b>	<b>\$ (622,209)</b>	<b>\$ 365,682</b>	<b>\$ 210,638</b>

**CITY OF LANCASTER, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 17,121,340	\$ 17,366,919	\$ 17,433,862	\$ 66,943
Intergovernmental Revenues	3,008,128	3,021,378	3,079,128	57,750
Charges for Services	3,391,233	3,391,233	3,530,300	139,067
License, Permits and Fees	27,810	27,810	27,885	75
Investment Earnings	515,759	515,759	547,587	31,828
Fines and Forfeitures	779,562	779,562	767,777	(11,785)
All Other Revenues	389,405	392,383	300,648	(91,735)
Total Revenues	<u>25,233,237</u>	<u>25,495,044</u>	<u>25,687,187</u>	<u>192,143</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	7,161,294	6,906,140	6,881,997	24,143
Operations and Maintenance	586,604	458,938	418,687	40,251
Capital Outlay	150,647	135,924	131,936	3,988
Total Police	<u>7,898,545</u>	<u>7,501,002</u>	<u>7,432,620</u>	<u>68,382</u>
Fire:				
Personal Services	8,839,497	8,356,096	8,336,285	19,811
Operations and Maintenance	537,946	464,846	417,788	47,058
Capital Outlay	55,000	53,100	43,786	9,314
Total Fire	<u>9,432,443</u>	<u>8,874,042</u>	<u>8,797,859</u>	<u>76,183</u>
Street Lighting:				
Operations and Maintenance	268,101	257,991	257,500	491
Total Street Lighting	<u>268,101</u>	<u>257,991</u>	<u>257,500</u>	<u>491</u>
Total Security of Persons and Property	<u>17,599,089</u>	<u>16,633,035</u>	<u>16,487,979</u>	<u>145,056</u>
Public Health and Welfare Services:				
Health:				
Operations and Maintenance	295,095	295,095	295,095	0
Total Health	<u>295,095</u>	<u>295,095</u>	<u>295,095</u>	<u>0</u>

(Continued)

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2009***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Assistance to Needy:				
Operations and Maintenance	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Total Assistance to Needy	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Safe Routes to Schools:				
Operations and Maintenance	<u>0</u>	<u>7,700</u>	<u>6,494</u>	<u>1,206</u>
Total Safe Routes to Schools	<u>0</u>	<u>7,700</u>	<u>6,494</u>	<u>1,206</u>
Total Public Health and Welfare Services	<u>298,095</u>	<u>305,795</u>	<u>304,589</u>	<u>1,206</u>
Community Environment:				
Zoning, Planning, Tree Commissions:				
Operations and Maintenance	<u>87,795</u>	<u>99,906</u>	<u>97,708</u>	<u>2,198</u>
Total Zoning, Planning, Tree Commission	<u>87,795</u>	<u>99,906</u>	<u>97,708</u>	<u>2,198</u>
Economic Development:				
Personal Services	<u>15,291</u>	<u>15,291</u>	<u>14,781</u>	<u>510</u>
Operations and Maintenance	<u>37,600</u>	<u>34,600</u>	<u>31,463</u>	<u>3,137</u>
Total Economic Development	<u>52,891</u>	<u>49,891</u>	<u>46,244</u>	<u>3,647</u>
Total Community Environment	<u>140,686</u>	<u>149,797</u>	<u>143,952</u>	<u>5,845</u>
General Government:				
Council:				
Personal Services	<u>121,223</u>	<u>121,223</u>	<u>121,221</u>	<u>2</u>
Operations and Maintenance	<u>12,761</u>	<u>10,061</u>	<u>4,500</u>	<u>5,561</u>
Total Council	<u>133,984</u>	<u>131,284</u>	<u>125,721</u>	<u>5,563</u>
Mayor:				
Personal Services	<u>168,376</u>	<u>168,382</u>	<u>163,798</u>	<u>4,584</u>
Operations and Maintenance	<u>8,105</u>	<u>6,130</u>	<u>2,961</u>	<u>3,169</u>
Capital Outlay	<u>1,500</u>	<u>375</u>	<u>375</u>	<u>0</u>
Total Mayor	<u>177,981</u>	<u>174,887</u>	<u>167,134</u>	<u>7,753</u>
Personnel:				
Operations and Maintenance	<u>22,672</u>	<u>15,922</u>	<u>9,614</u>	<u>6,308</u>
Capital Outlay	<u>2,500</u>	<u>500</u>	<u>375</u>	<u>125</u>
Total Personnel	<u>25,172</u>	<u>16,422</u>	<u>9,989</u>	<u>6,433</u>

(Continued)

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2009***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Auditor:</b>				
Personal Services	389,695	389,717	388,558	1,159
Operations and Maintenance	48,182	130,008	123,510	6,498
Capital Outlay	1,000	4,775	3,775	1,000
Total Auditor	438,877	524,500	515,843	8,657
<b>Treasurer:</b>				
Personal Services	27,173	27,173	27,162	11
Operations and Maintenance	5,111	5,111	1,745	3,366
Capital Outlay	139	139	0	139
Total Treasurer	32,423	32,423	28,907	3,516
<b>Law Director:</b>				
Personal Services	405,025	400,013	389,427	10,586
Operations and Maintenance	92,205	61,659	56,769	4,890
Capital Outlay	6,141	5,641	5,641	0
Total Law Director	503,371	467,313	451,837	15,476
<b>Law Director-Prosecution Contract:</b>				
Personal Services	120,513	120,519	118,282	2,237
Total Law Director-Prosecution Contract	120,513	120,519	118,282	2,237
<b>Law Director-Code Enforcement:</b>				
Personal Services	68,252	68,252	68,216	36
Operations and Maintenance	17,925	25,925	21,134	4,791
Capital Outlay	3,682	3,682	3,681	1
Total Law Director-Code Enforcement	89,859	97,859	93,031	4,828
<b>Municipal Court:</b>				
Personal Services	729,736	727,747	727,213	534
Operations and Maintenance	89,900	85,900	84,195	1,705
Capital Outlay	512	512	512	0
Total Municipal Court	820,148	814,159	811,920	2,239

(Continued)

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2009***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Judicial:				
Personal Services	544,038	544,082	542,638	1,444
Operations and Maintenance	78,634	32,972	22,664	10,308
Capital Outlay	1,000	1,000	0	1,000
Total Judicial	<u>623,672</u>	<u>578,054</u>	<u>565,302</u>	<u>12,752</u>
Civil Service:				
Personal Services	6,598	6,352	5,772	580
Operations and Maintenance	42,478	13,428	1,610	11,818
Total Civil Service	<u>49,076</u>	<u>19,780</u>	<u>7,382</u>	<u>12,398</u>
City Hall Maintenance:				
Personal Services	109,683	104,659	97,877	6,782
Operations and Maintenance	92,400	92,400	72,904	19,496
Capital Outlay	3,816	3,816	3,815	1
Total City Hall Maintenance	<u>205,899</u>	<u>200,875</u>	<u>174,596</u>	<u>26,279</u>
City Hall Maintenance-Annex:				
Operations and Maintenance	38,475	37,475	36,564	911
Total City Hall Maintenance-Annex	<u>38,475</u>	<u>37,475</u>	<u>36,564</u>	<u>911</u>
Maple Street Facilities:				
Operations and Maintenance	15,982	18,482	15,069	3,413
Total Maple Street Facilities	<u>15,982</u>	<u>18,482</u>	<u>15,069</u>	<u>3,413</u>
Fuel Depot:				
Operations and Maintenance	189,936	174,436	172,057	2,379
Capital Outlay	52,100	52,100	52,005	95
Total Fuel Depot	<u>242,036</u>	<u>226,536</u>	<u>224,062</u>	<u>2,474</u>
Service Safety Director:				
Personal Services	191,404	191,415	189,188	2,227
Operations and Maintenance	10,107	10,107	7,415	2,692
Total Service Safety Director	<u>201,511</u>	<u>201,522</u>	<u>196,603</u>	<u>4,919</u>

(Continued)

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2009***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Engineer:				
Personal Services	625,634	616,033	602,852	13,181
Operations and Maintenance	51,779	27,195	16,041	11,154
Capital Outlay	5,100	2,700	2,674	26
Total Engineer	<u>682,513</u>	<u>645,928</u>	<u>621,567</u>	<u>24,361</u>
Certified Building Inspection:				
Personal Services	301,270	300,680	300,562	118
Operations and Maintenance	145,877	116,507	106,604	9,903
Capital Outlay	2,728	2,728	1,886	842
Total Certified Building Inspection	<u>449,875</u>	<u>419,915</u>	<u>409,052</u>	<u>10,863</u>
Administration Support:				
Personal Services	57,277	37,277	29,832	7,445
Operations and Maintenance	324,557	237,521	233,064	4,457
Total Administration Support	<u>381,834</u>	<u>274,798</u>	<u>262,896</u>	<u>11,902</u>
Miscellaneous:				
Personal Services	483,298	314,047	307,643	6,404
Operations and Maintenance	981,241	914,383	901,097	13,286
Capital Outlay	116,844	108,844	108,844	0
Total Miscellaneous	<u>1,581,383</u>	<u>1,337,274</u>	<u>1,317,584</u>	<u>19,690</u>
Income Tax:				
Personal Services	417,374	422,504	406,879	15,625
Operations and Maintenance	541,413	541,413	493,472	47,941
Capital Outlay	13,245	13,245	3,645	9,600
Total Income Tax	<u>972,032</u>	<u>977,162</u>	<u>903,996</u>	<u>73,166</u>
Total General Government	<u>7,786,616</u>	<u>7,317,167</u>	<u>7,057,337</u>	<u>259,830</u>

(Continued)

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2009***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Debt Services:				
Principal Retirement	115,160	342,928	341,239	1,689
Interest and Fiscal Charges	74,115	77,239	72,504	4,735
Total Expenditures	<u>26,013,761</u>	<u>24,825,961</u>	<u>24,407,600</u>	<u>418,361</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(780,524)	669,083	1,279,587	610,504
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	205,000	205,000	205,000	0
Transfers In	0	0	41,016	41,016
Transfers Out	(1,813,894)	(1,423,066)	(1,423,066)	0
Advances In	80,000	80,000	0	(80,000)
Advances Out	0	0	(104,166)	(104,166)
Total Other Financing Sources (Uses)	<u>(1,528,894)</u>	<u>(1,138,066)</u>	<u>(1,281,216)</u>	<u>(143,150)</u>
Net Change in Fund Balance	(2,309,418)	(468,983)	(1,629)	467,354
Fund Balance at Beginning of Year	1,876,232	1,876,232	1,876,232	0
Prior Year Encumbrances	158,832	158,832	158,832	0
Fund Balance at End of Year	<u>\$ (274,354)</u>	<u>\$ 1,566,081</u>	<u>\$ 2,033,435</u>	<u>\$ 467,354</u>

**CITY OF LANCASTER, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Projects Fund – Ety Road TIF Project Fund  
For the Year Ended December 31, 2009**

**ETY ROAD TIF PROJECT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 377,641	\$ 377,641
Investment Earnings	11,000	11,000	2,302	(8,698)
All Other Revenues	0	0	1,087,820	1,087,820
Total Revenues	<u>11,000</u>	<u>11,000</u>	<u>1,467,763</u>	<u>1,456,763</u>
<b>Expenditures:</b>				
General Government:				
Operations and Maintenance	104,126	104,126	104,126	0
Capital Outlay	243,080	243,080	135,859	107,221
Debt Service:				
Principal Retirement	4,645,982	4,645,982	4,645,982	0
Interest and Fiscal Charges	162,286	162,286	162,286	0
Total Expenditures	<u>5,155,474</u>	<u>5,155,474</u>	<u>5,048,253</u>	<u>107,221</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,144,474)	(5,144,474)	(3,580,490)	1,563,984
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	<u>4,989,000</u>	<u>4,989,000</u>	<u>4,524,351</u>	<u>(464,649)</u>
Total Other Financing Sources (Uses)	<u>4,989,000</u>	<u>4,989,000</u>	<u>4,524,351</u>	<u>(464,649)</u>
Net Change in Fund Balance	(155,474)	(155,474)	943,861	1,099,335
Fund Balance at Beginning of Year	<u>151,456</u>	<u>151,456</u>	<u>151,456</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (4,018)</u>	<u>\$ (4,018)</u>	<u>\$ 1,095,317</u>	<u>\$ 1,099,335</u>

**CITY OF LANCASTER, OHIO****Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009****CEMETERY FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 90,218	\$ 90,218	\$ 90,218	\$ 0
Charges for Services	225,000	225,000	189,828	(35,172)
Investment Earnings	28,000	28,000	24,450	(3,550)
All Other Revenues	13,000	13,000	293	(12,707)
Total Revenues	<u>356,218</u>	<u>356,218</u>	<u>304,789</u>	<u>(51,429)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	387,040	380,578	343,225	37,353
Operations and Maintenance	221,739	193,839	169,365	24,474
Capital Outlay	20,820	18,320	18,182	138
Total Expenditures	<u>629,599</u>	<u>592,737</u>	<u>530,772</u>	<u>61,965</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(273,381)	(236,519)	(225,983)	10,536
<b>Other Financing Sources (Uses):</b>				
Transfers In	225,000	225,000	225,000	0
Total Other Financing Sources (Uses)	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>0</u>
Net Change in Fund Balance	(48,381)	(11,519)	(983)	10,536
Fund Balance at Beginning of Year	49,911	49,911	49,911	0
Prior Year Encumbrances	11,519	11,519	11,519	0
Fund Balance at End of Year	<u>\$ 13,049</u>	<u>\$ 49,911</u>	<u>\$ 60,447</u>	<u>\$ 10,536</u>

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 1,910,000	\$ 1,910,000	\$ 1,833,401	\$ (76,599)
Charges for Services	661,000	661,000	587,070	(73,930)
All Other Revenues	108,552	398,552	334,953	(63,599)
Total Revenues	<u>2,679,552</u>	<u>2,969,552</u>	<u>2,755,424</u>	<u>(214,128)</u>
<b>Expenditures:</b>				
Transportation:				
Personal Services	1,985,470	1,951,973	1,831,784	120,189
Operations and Maintenance	1,019,151	1,324,651	1,187,264	137,387
Capital Outlay	170,592	218,092	204,290	13,802
Total Expenditures	<u>3,175,213</u>	<u>3,494,716</u>	<u>3,223,338</u>	<u>271,378</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(495,661)	(525,164)	(467,914)	57,250
<b>Other Financing Sources (Uses):</b>				
Transfers In	455,000	455,000	604,899	149,899
Total Other Financing Sources (Uses)	<u>455,000</u>	<u>455,000</u>	<u>604,899</u>	<u>149,899</u>
Net Change in Fund Balance	(40,661)	(70,164)	136,985	207,149
Fund Balance at Beginning of Year	425,446	425,446	425,446	0
Prior Year Encumbrances	5,812	5,812	5,812	0
Fund Balance at End of Year	<u>\$ 390,597</u>	<u>\$ 361,094</u>	<u>\$ 568,243</u>	<u>\$ 207,149</u>

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

**PARKS AND RECREATION FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,353,271	\$ 1,353,271	\$ 1,353,271	\$ 0
Intergovernmental Revenues	239,470	379,394	139,924	(239,470)
Charges for Services	342,000	342,000	362,441	20,441
Licenses, Permits and Fees	2,000	2,000	2,438	438
All Other Revenues	<u>57,770</u>	<u>111,838</u>	<u>90,271</u>	<u>(21,567)</u>
Total Revenues	<u>1,994,511</u>	<u>2,188,503</u>	<u>1,948,345</u>	<u>(240,158)</u>
<b>Expenditures:</b>				
Leisure Time Activities:				
Personal Services	1,208,632	1,196,330	1,126,238	70,092
Operations and Maintenance	646,620	650,805	543,520	107,285
Capital Outlay	<u>261,380</u>	<u>455,348</u>	<u>261,704</u>	<u>193,644</u>
Total Expenditures	<u>2,116,632</u>	<u>2,302,483</u>	<u>1,931,462</u>	<u>371,021</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(122,121)	(113,980)	16,883	130,863
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	12,124	12,124
Advances Out	<u>0</u>	<u>0</u>	<u>(150,000)</u>	<u>(150,000)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(137,876)</u>	<u>(137,876)</u>
Net Change in Fund Balance	(122,121)	(113,980)	(120,993)	(7,013)
Fund Balance at Beginning of Year	321,472	321,472	321,472	0
Prior Year Encumbrances	<u>3,969</u>	<u>3,969</u>	<u>3,969</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 203,320</u>	<u>\$ 211,461</u>	<u>\$ 204,448</u>	<u>\$ (7,013)</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

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**SPECIAL IMPROVEMENT DISTRICT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Special Assessments	\$ 0	\$ 0	\$ 93,074	\$ 93,074
Total Revenues	<u>0</u>	<u>0</u>	<u>93,074</u>	<u>93,074</u>
<b>Expenditures:</b>				
Community Environment:				
Operations and Maintenance	<u>106,000</u>	<u>106,000</u>	<u>93,074</u>	<u>12,926</u>
Total Expenditures	<u>106,000</u>	<u>106,000</u>	<u>93,074</u>	<u>12,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(106,000)	(106,000)	0	106,000
<b>Other Financing Sources (Uses):</b>				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(106,000)	(106,000)	0	106,000
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (106,000)</u>	<u>\$ (106,000)</u>	<u>\$ 0</u>	<u>\$ 106,000</u>

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

**LANCASTER PUBLIC TRANSIT PROGRAM FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 613,817	\$ 721,817	\$ 600,492	\$ (121,325)
Charges for Services	151,707	151,707	195,420	43,713
All Other Revenues	14,093	14,593	9,098	(5,495)
Total Revenues	<u>779,617</u>	<u>888,117</u>	<u>805,010</u>	<u>(83,107)</u>
<b>Expenditures:</b>				
Transportation:				
Personal Services	90,075	68,932	48,813	20,119
Operations and Maintenance	778,161	843,261	735,200	108,061
Capital Outlay	195,459	280,859	195,803	85,056
Total Expenditures	<u>1,063,695</u>	<u>1,193,052</u>	<u>979,816</u>	<u>213,236</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(284,078)	(304,935)	(174,806)	130,129
<b>Other Financing Sources (Uses):</b>				
Transfers In	73,000	73,000	73,000	0
Advances In	85,000	85,000	104,166	19,166
Total Other Financing Sources (Uses)	<u>158,000</u>	<u>158,000</u>	<u>177,166</u>	<u>19,166</u>
Net Change in Fund Balance	(126,078)	(146,935)	2,360	149,295
Fund Balance at Beginning of Year	22,863	22,863	22,863	0
Prior Year Encumbrances	2,269	2,269	2,269	0
Fund Balance at End of Year	<u>\$ (100,946)</u>	<u>\$ (121,803)</u>	<u>\$ 27,492</u>	<u>\$ 149,295</u>

**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

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**LANCASTER COMMUNITY DEVELOPMENT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 143,241	\$ 143,241	\$ 106,072	\$ (37,169)
Total Revenues	<u>143,241</u>	<u>143,241</u>	<u>106,072</u>	<u>(37,169)</u>
<b>Expenditures:</b>				
Community Environment:				
Personal Services	139,241	139,241	137,522	1,719
Operations and Maintenance	<u>4,000</u>	<u>4,000</u>	<u>1,187</u>	<u>2,813</u>
Total Expenditures	<u>143,241</u>	<u>143,241</u>	<u>138,709</u>	<u>4,532</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(32,637)	(32,637)
Fund Balance at Beginning of Year	59,290	59,290	59,290	0
Fund Balance at End of Year	<u>\$ 59,290</u>	<u>\$ 59,290</u>	<u>\$ 26,653</u>	<u>\$ (32,637)</u>

**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

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**LAW ENFORCEMENT BLOCK GRANT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 96,655	\$ 96,655	\$ 96,000	\$ (655)
Total Revenues	<u>96,655</u>	<u>96,655</u>	<u>96,000</u>	<u>(655)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Operations and Maintenance	<u>96,655</u>	<u>96,655</u>	<u>30,679</u>	<u>65,976</u>
Total Expenditures	<u>96,655</u>	<u>96,655</u>	<u>30,679</u>	<u>65,976</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	65,321	65,321
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 65,321</u>	<u>\$ 65,321</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

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**POLICE AND FIRE PENSION FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 402,580	\$ 402,580	\$ 402,580	\$ 0
Intergovernmental Revenues	<u>49,930</u>	<u>49,930</u>	<u>49,930</u>	<u>0</u>
Total Revenues	<u>452,510</u>	<u>452,510</u>	<u>452,510</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>452,510</u>	<u>452,510</u>	<u>452,510</u>	<u>0</u>
Total Expenditures	<u>452,510</u>	<u>452,510</u>	<u>452,510</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

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**FAIRFIELD COUNTY COURT SURVEILLANCE FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 91,288	\$ 91,288	\$ 85,421	\$ (5,867)
Total Revenues	<u>91,288</u>	<u>91,288</u>	<u>85,421</u>	<u>(5,867)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	137,797	126,372	116,381	9,991
Operations and Maintenance	<u>20,200</u>	<u>20,200</u>	<u>20,018</u>	<u>182</u>
Total Expenditures	<u>157,997</u>	<u>146,572</u>	<u>136,399</u>	<u>10,173</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(66,709)	(55,284)	(50,978)	4,306
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>55,284</u>	<u>55,284</u>	<u>55,284</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>55,284</u>	<u>55,284</u>	<u>55,284</u>	<u>0</u>
Net Change in Fund Balance	(11,425)	0	4,306	4,306
Fund Balance at Beginning of Year	<u>23,561</u>	<u>23,561</u>	<u>23,561</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,136</u>	<u>\$ 23,561</u>	<u>\$ 27,867</u>	<u>\$ 4,306</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

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**INDIGENT DRIVERS ALCOHOL TREATMENT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 39,113</u>	<u>\$ 4,113</u>
Total Revenues	<u>35,000</u>	<u>35,000</u>	<u>39,113</u>	<u>4,113</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Operations and Maintenance	<u>75,000</u>	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Total Expenditures	<u>75,000</u>	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,000)	(40,000)	39,113	79,113
Fund Balance at Beginning of Year	<u>183,758</u>	<u>183,758</u>	<u>183,758</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 143,758</u>	<u>\$ 143,758</u>	<u>\$ 222,871</u>	<u>\$ 79,113</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

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**LAW ENFORCEMENT AND EDUCATION FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 3,000	\$ 3,000	\$ 2,234	\$ (766)
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>2,234</u>	<u>(766)</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,000	3,000	2,234	(766)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(3,000)</u>	<u>(3,000)</u>	<u>0</u>	<u>3,000</u>
Total Other Financing Sources (Uses)	<u>(3,000)</u>	<u>(3,000)</u>	<u>0</u>	<u>3,000</u>
Net Change in Fund Balance	0	0	2,234	2,234
Fund Balance at Beginning of Year	<u>71,450</u>	<u>71,450</u>	<u>71,450</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 71,450</u>	<u>\$ 71,450</u>	<u>\$ 73,684</u>	<u>\$ 2,234</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

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**MUNICIPAL COURT JUDICIAL COMPUTER FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 45,000	\$ 45,000	\$ 49,818	\$ 4,818
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>49,818</u>	<u>4,818</u>
<b>Expenditures:</b>				
General Government:				
Operations and Maintenance	97,000	97,000	14,959	82,041
Capital Outlay	<u>48,000</u>	<u>48,000</u>	<u>11,764</u>	<u>36,236</u>
Total Expenditures	<u>145,000</u>	<u>145,000</u>	<u>26,723</u>	<u>118,277</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,000)	(100,000)	23,095	123,095
Fund Balance at Beginning of Year	<u>112,228</u>	<u>112,228</u>	<u>112,228</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,228</u>	<u>\$ 12,228</u>	<u>\$ 135,323</u>	<u>\$ 123,095</u>

**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

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**MUNICIPAL COURT PROBATION FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 37,000	\$ 37,000	\$ 36,585	\$ (415)
Fines and Forfeitures	<u>290,277</u>	<u>290,277</u>	<u>302,544</u>	<u>12,267</u>
Total Revenues	<u>327,277</u>	<u>327,277</u>	<u>339,129</u>	<u>11,852</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	392,861	392,861	382,825	10,036
Operations and Maintenance	<u>0</u>	<u>35,000</u>	<u>32,336</u>	<u>2,664</u>
Total Expenditures	<u>392,861</u>	<u>427,861</u>	<u>415,161</u>	<u>12,700</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,584)	(100,584)	(76,032)	24,552
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>57,889</u>	<u>57,889</u>	<u>92,889</u>	<u>35,000</u>
Total Other Financing Sources (Uses)	<u>57,889</u>	<u>57,889</u>	<u>92,889</u>	<u>35,000</u>
Net Change in Fund Balance	(7,695)	(42,695)	16,857	59,552
Fund Balance at Beginning of Year	<u>65,252</u>	<u>65,252</u>	<u>65,252</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 57,557</u>	<u>\$ 22,557</u>	<u>\$ 82,109</u>	<u>\$ 59,552</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

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**MUNICIPAL COURT COMPUTERIZATION FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 200,000	\$ 200,000	\$ 206,092	\$ 6,092
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>206,092</u>	<u>6,092</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	103,485	102,203	101,206	997
Operations and Maintenance	147,173	147,173	50,484	96,689
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>27,601</u>	<u>72,399</u>
Total Expenditures	<u>350,658</u>	<u>349,376</u>	<u>179,291</u>	<u>170,085</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,658)	(149,376)	26,801	176,177
Fund Balance at Beginning of Year	163,761	163,761	163,761	0
Prior Year Encumbrances	<u>4,658</u>	<u>4,658</u>	<u>4,658</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,761</u>	<u>\$ 19,043</u>	<u>\$ 195,220</u>	<u>\$ 176,177</u>

**CITY OF LANCASTER, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

**MUNICIPAL COURT SPECIAL PROJECTS FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 286,500	\$ 286,500	\$ 437,652	\$ 151,152
Total Revenues	<u>286,500</u>	<u>286,500</u>	<u>437,652</u>	<u>151,152</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	150	2,650	2,649	1
Operations and Maintenance	718,722	716,222	164,950	551,272
Capital Outlay	<u>404,260</u>	<u>404,260</u>	<u>16,752</u>	<u>387,508</u>
Total Expenditures	<u>1,123,132</u>	<u>1,123,132</u>	<u>184,351</u>	<u>938,781</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(836,632)	(836,632)	253,301	1,089,933
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>0</u>	<u>5,376</u>	<u>5,376</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>5,376</u>	<u>5,376</u>	<u>0</u>
Net Change in Fund Balance	(836,632)	(831,256)	258,677	1,089,933
Fund Balance at Beginning of Year	867,806	867,806	867,806	0
Prior Year Encumbrances	<u>18,132</u>	<u>18,132</u>	<u>18,132</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 49,306</u>	<u>\$ 54,682</u>	<u>\$ 1,144,615</u>	<u>\$ 1,089,933</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

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**MUNICIPAL COURT FAMILY VIOLENCE FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 125,000	\$ 125,000	\$ 85,691	\$ (39,309)
Total Revenues	<u>125,000</u>	<u>125,000</u>	<u>85,691</u>	<u>(39,309)</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	130,404	129,216	124,167	5,049
Operations and Maintenance	<u>(1,291)</u>	<u>23,995</u>	<u>19,183</u>	<u>4,812</u>
Total Expenditures	<u>129,113</u>	<u>153,211</u>	<u>143,350</u>	<u>9,861</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,113)	(28,211)	(57,659)	(29,448)
Fund Balance at Beginning of Year	106,240	106,240	106,240	0
Prior Year Encumbrances	<u>299</u>	<u>299</u>	<u>299</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 102,426</u>	<u>\$ 78,328</u>	<u>\$ 48,880</u>	<u>\$ (29,448)</u>

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

**MUNICIPAL DRUG COURT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 144,000	\$ 144,000	\$ 105,528	\$ (38,472)
All Other Revenues	<u>0</u>	<u>600</u>	<u>600</u>	<u>0</u>
Total Revenues	<u>144,000</u>	<u>144,600</u>	<u>106,128</u>	<u>(38,472)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	97,292	99,102	94,120	4,982
Operations and Maintenance	<u>51,300</u>	<u>48,836</u>	<u>26,549</u>	<u>22,287</u>
Total Expenditures	<u>148,592</u>	<u>147,938</u>	<u>120,669</u>	<u>27,269</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,592)	(3,338)	(14,541)	(11,203)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>0</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>0</u>
Net Change in Fund Balance	(4,592)	(38,338)	(49,541)	(11,203)
Fund Balance at Beginning of Year	56,738	56,738	56,738	0
Prior Year Encumbrances	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 55,146</u>	<u>\$ 21,400</u>	<u>\$ 10,197</u>	<u>\$ (11,203)</u>

**CITY OF LANCASTER, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

**FEMA GRANT FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 229,215	\$ 229,215	\$ 0
Total Revenues	<u>0</u>	<u>229,215</u>	<u>229,215</u>	<u>0</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	229,215	229,215	0
<b>Other Financing Sources (Uses):</b>				
Transfers Out	0	(229,215)	(229,215)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(229,215)</u>	<u>(229,215)</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

<b>OHIO PEACE OFFICERS TRAINING FUND</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 7,800	\$ 7,800	\$ 0
Total Revenues	<u>0</u>	<u>7,800</u>	<u>7,800</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Operations and Maintenance	0	17,200	0	17,200
Total Expenditures	<u>0</u>	<u>17,200</u>	<u>0</u>	<u>17,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(9,400)	7,800	17,200
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	9,400	9,400	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>9,400</u>	<u>9,400</u>	<u>0</u>
Net Change in Fund Balance	0	0	17,200	17,200
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,200</u>	<u>\$ 17,200</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

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**DARE OFFICER RETENTION GRANT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 39,542	\$ 39,542	\$ 39,542	\$ 0
Total Revenues	<u>39,542</u>	<u>39,542</u>	<u>39,542</u>	<u>0</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,542	39,542	39,542	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 39,542</u>	<u>\$ 39,542</u>	<u>\$ 39,542</u>	<u>\$ 0</u>

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 735,480	\$ 735,480	\$ 729,723	\$ (5,757)
All Other Revenues	<u>17,000</u>	<u>17,000</u>	<u>9,487</u>	<u>(7,513)</u>
Total Revenues	<u>752,480</u>	<u>752,480</u>	<u>739,210</u>	<u>(13,270)</u>
<b>Expenditures:</b>				
Community Environment:				
Operations and Maintenance	95,424	68,278	1,912	66,366
Capital Outlay	<u>1,565,208</u>	<u>1,562,354</u>	<u>634,569</u>	<u>927,785</u>
Total Community Environment	<u>1,660,632</u>	<u>1,630,632</u>	<u>636,481</u>	<u>994,151</u>
Debt Service:				
Principal Retirement	90,000	90,000	90,000	0
Interest and Fiscal Charges	<u>32,686</u>	<u>32,686</u>	<u>32,686</u>	<u>0</u>
Total Debt Service	<u>122,686</u>	<u>122,686</u>	<u>122,686</u>	<u>0</u>
Total Expenditures	<u>1,783,318</u>	<u>1,753,318</u>	<u>759,167</u>	<u>994,151</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,030,838)	(1,000,838)	(19,957)	980,881
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	30,000	30,000
Transfers Out	<u>0</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(30,000)</u>	<u>0</u>	<u>30,000</u>
Net Change in Fund Balance	(1,030,838)	(1,030,838)	(19,957)	1,010,881
Fund Balance at Beginning of Year	<u>81,227</u>	<u>81,227</u>	<u>81,227</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (949,611)</u>	<u>\$ (949,611)</u>	<u>\$ 61,270</u>	<u>\$ 1,010,881</u>

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009***

**STATE HIGHWAY FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 100,000	\$ 100,000	\$ 93,347	\$ (6,653)
Investment Earnings	<u>10,000</u>	<u>10,000</u>	<u>11,766</u>	<u>1,766</u>
Total Revenues	<u>110,000</u>	<u>110,000</u>	<u>105,113</u>	<u>(4,887)</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	110,000	110,000	105,113	(4,887)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>0</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
Net Change in Fund Balance	110,000	10,000	5,113	(4,887)
Fund Balance at Beginning of Year	<u>206,605</u>	<u>206,605</u>	<u>206,605</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 316,605</u>	<u>\$ 216,605</u>	<u>\$ 211,718</u>	<u>\$ (4,887)</u>

**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009**

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**CEMETERY INTERMENT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 25,000	\$ 25,000	\$ 21,665	\$ (3,335)
Investment Earnings	<u>7,000</u>	<u>7,000</u>	<u>7,276</u>	<u>276</u>
Total Revenues	<u>32,000</u>	<u>32,000</u>	<u>28,941</u>	<u>(3,059)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Operations and Maintenance	<u>37,000</u>	<u>37,000</u>	<u>35,015</u>	<u>1,985</u>
Total Expenditures	<u>37,000</u>	<u>37,000</u>	<u>35,015</u>	<u>1,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(5,000)	(6,074)	(1,074)
Fund Balance at Beginning of Year	<u>313,852</u>	<u>313,852</u>	<u>313,852</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 308,852</u>	<u>\$ 308,852</u>	<u>\$ 307,778</u>	<u>\$ (1,074)</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2009***

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**GENERAL BOND RETIREMENT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 138,095	\$ 138,095	\$ 138,095	\$ 0
Total Revenues	<u>138,095</u>	<u>138,095</u>	<u>138,095</u>	<u>0</u>
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	278,432	348,082	278,432	69,650
Interest and Fiscal Charges	<u>163,963</u>	<u>163,963</u>	<u>163,963</u>	<u>0</u>
Total Expenditures	<u>442,395</u>	<u>512,045</u>	<u>442,395</u>	<u>69,650</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(304,300)	(373,950)	(304,300)	69,650
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>304,300</u>	<u>304,300</u>	<u>304,300</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>304,300</u>	<u>304,300</u>	<u>304,300</u>	<u>0</u>
Net Change in Fund Balance	0	(69,650)	0	69,650
Fund Balance at Beginning of Year	<u>97,729</u>	<u>97,729</u>	<u>97,729</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 97,729</u>	<u>\$ 28,079</u>	<u>\$ 97,729</u>	<u>\$ 69,650</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2009***

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**SPECIAL ASSESSMENT DEBT RETIREMENT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Special Assessments	\$ 40,000	\$ 40,000	\$ 35,202	\$ (4,798)
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>35,202</u>	<u>(4,798)</u>
<b>Expenditures:</b>				
General Government:				
Operations and Maintenance	476	1,453	1,453	0
Debt Service:				
Principal Retirement	15,500	15,500	15,500	0
Interest and Fiscal Charges	<u>6,925</u>	<u>13,850</u>	<u>13,850</u>	<u>0</u>
Total Expenditures	<u>22,901</u>	<u>30,803</u>	<u>30,803</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,099	9,197	4,399	(4,798)
Fund Balance at Beginning of Year	<u>6,656</u>	<u>6,656</u>	<u>6,656</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 23,755</u>	<u>\$ 15,853</u>	<u>\$ 11,055</u>	<u>\$ (4,798)</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2009***

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**CAPITAL IMPROVEMENT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 90,218	\$ 90,218
Intergovernmental Revenues	67,426	877,102	1,328,125	451,023
All Other Revenues	<u>300,500</u>	<u>320,500</u>	<u>24,312</u>	<u>(296,188)</u>
Total Revenues	<u>367,926</u>	<u>1,197,602</u>	<u>1,442,655</u>	<u>245,053</u>
<b>Expenditures:</b>				
Capital Outlay	2,445,077	3,344,957	1,399,542	1,945,415
Debt Service:				
Principal Retirement	1,324,100	1,414,100	1,414,100	0
Interest and Fiscal Charges	<u>8,393</u>	<u>11,057</u>	<u>11,057</u>	<u>0</u>
Total Expenditures	<u>3,777,570</u>	<u>4,770,114</u>	<u>2,824,699</u>	<u>1,945,415</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,409,644)	(3,572,512)	(1,382,044)	2,190,468
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	4,742,300	4,742,300	1,244,100	(3,498,200)
Transfers In	196,000	196,000	371,817	175,817
Transfers Out	<u>0</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>4,938,300</u>	<u>4,898,300</u>	<u>1,575,917</u>	<u>(3,322,383)</u>
Net Change in Fund Balance	1,528,656	1,325,788	193,873	(1,131,915)
Fund Balance at Beginning of Year	<u>1,519,341</u>	<u>1,519,341</u>	<u>1,519,341</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,047,997</u>	<u>\$ 2,845,129</u>	<u>\$ 1,713,214</u>	<u>\$ (1,131,915)</u>

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2009***

**FIRE CAPITAL IMPROVEMENT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	650,000	650,000	650,000	0
Total Expenditures	650,000	650,000	650,000	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(650,000)	(650,000)	(650,000)	0
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	650,000	650,000	650,000	0
Total Other Financing Sources (Uses)	650,000	650,000	650,000	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	30,409	30,409	30,409	0
Fund Balance at End of Year	<u>\$ 30,409</u>	<u>\$ 30,409</u>	<u>\$ 30,409</u>	<u>\$ 0</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2009***

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**FIRE IMPACT-DISTRICT ONE FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 67,949</u>	<u>\$ 17,949</u>
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>67,949</u>	<u>17,949</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Operations and Maintenance	<u>2,134</u>	<u>2,134</u>	<u>2,134</u>	<u>0</u>
Total Expenditures	<u>2,134</u>	<u>2,134</u>	<u>2,134</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,866	47,866	65,815	17,949
Fund Balance at Beginning of Year	<u>299,867</u>	<u>299,867</u>	<u>299,867</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 347,733</u>	<u>\$ 347,733</u>	<u>\$ 365,682</u>	<u>\$ 17,949</u>

**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Permanent Funds  
For the Year Ended December 31, 2009**

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**CEMETERY TRUST FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 28,000	\$ 28,000	\$ 28,915	\$ 915
Investment Earnings	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>(2,000)</u>
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>28,915</u>	<u>(1,085)</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	30,000	30,000	28,915	(1,085)
Fund Balance at Beginning of Year	<u>933,199</u>	<u>933,199</u>	<u>933,199</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 963,199</u>	<u>\$ 963,199</u>	<u>\$ 962,114</u>	<u>\$ (1,085)</u>

***Internal Service Funds***

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

**Utilities Collection Fund**

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

**Information Services Fund**

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

**Health Insurance Management Fund**

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

**CITY OF LANCASTER, OHIO**

**Combining Statement of Net Assets  
Internal Service Funds  
December 31, 2009**

	Utilities Collection	Information Services	Health Insurance Management	Total
<b>Assets:</b>				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 406,833	\$ 206,221	\$ 82,734	\$ 695,788
Cash and Cash Equivalents with Fiscal Agent	0	0	2,948,548	2,948,548
<i>Receivables:</i>				
Accounts	0	900	530	1,430
Inventory of Supplies at Cost	32,328	8,289	0	40,617
Prepaid Items	558	0	0	558
<b>Total Current Assets</b>	<b>439,719</b>	<b>215,410</b>	<b>3,031,812</b>	<b>3,686,941</b>
<i>Non Current Assets:</i>				
Capital Assets Being Depreciated, Net	118,768	216,253	0	335,021
Total capital assets (net of accumulated depreciation)	118,768	216,253	0	335,021
<b>Total Assets</b>	<b>558,487</b>	<b>431,663</b>	<b>3,031,812</b>	<b>4,021,962</b>
<b>Liabilities:</b>				
<i>Current Liabilities:</i>				
Accounts Payable	29,262	7,222	0	36,484
Accrued Wages and Benefits	54,513	23,784	0	78,297
Claims Payable	0	0	398,858	398,858
Capital Lease Payable-Current	2,121	0	0	2,121
Compensated Absences Payable - Current	60,982	23,160	0	84,142
<b>Total Current Liabilities</b>	<b>146,878</b>	<b>54,166</b>	<b>398,858</b>	<b>599,902</b>
<i>Long Term Liabilities:</i>				
Capital Leases Payable	8,750	0	0	8,750
Compensated Absences Payable	301,990	75,087	0	377,077
<b>Total Liabilities</b>	<b>457,618</b>	<b>129,253</b>	<b>398,858</b>	<b>985,729</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	107,897	216,253	0	324,150
Unrestricted	(7,028)	86,157	2,632,954	2,712,083
<b>Total Net Assets</b>	<b>\$ 100,869</b>	<b>\$ 302,410</b>	<b>\$ 2,632,954</b>	<b>\$ 3,036,233</b>

**CITY OF LANCASTER, OHIO****Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended December 31, 2009**

	Utilities Collection	Information Services	Health Insurance Management	Total
<b>Operating Revenues:</b>				
Charges for Services	\$ 1,829,280	\$ 745,497	\$ 5,567,503	\$ 8,142,280
Other Operating Revenue	6,298	0	0	6,298
<b>Total Operating Revenues</b>	<b>1,835,578</b>	<b>745,497</b>	<b>5,567,503</b>	<b>8,148,578</b>
<b>Operating Expenses:</b>				
Personal Services	1,207,297	507,737	0	1,715,034
Contractual Services	305,056	105,689	0	410,745
Materials and Supplies	164,599	58,059	0	222,658
Depreciation	20,026	31,475	0	51,501
Health Insurance Claims	0	0	6,019,292	6,019,292
<b>Total Operating Expenses</b>	<b>1,696,978</b>	<b>702,960</b>	<b>6,019,292</b>	<b>8,419,230</b>
Operating Income (Loss)	138,600	42,537	(451,789)	(270,652)
<b>Nonoperating Revenue (Expenses):</b>				
Loss on Disposal of Capital Assets	(13,325)	(22,368)	0	(35,693)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(13,325)</b>	<b>(22,368)</b>	<b>0</b>	<b>(35,693)</b>
Change in Net Assets	125,275	20,169	(451,789)	(306,345)
Net Assets Beginning of Year	(24,406)	282,241	3,084,743	3,342,578
Net Assets End of Year	\$ 100,869	\$ 302,410	\$ 2,632,954	\$ 3,036,233

**CITY OF LANCASTER, OHIO**

**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2009**

	Utilities Collection	Information Services	Health Insurance Management	Totals
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Interfund Services	\$1,835,578	\$744,597	\$5,566,973	\$8,147,148
Cash Payments for Goods and Services	(467,799)	(165,500)	0	(633,299)
Cash Payments to and on behalf of Employees	(1,257,787)	(505,513)	0	(1,763,300)
Cash Payments for Claims	0	0	(6,053,599)	(6,053,599)
Net Cash Provided (Used) by Operating Activities	109,992	73,584	(486,626)	(303,050)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(30,168)	(52,427)	0	(82,595)
Capital Lease Payments	(3,226)	0	0	(3,226)
Net Cash Used for Capital and Related Financing Activities	(33,394)	(52,427)	0	(85,821)
Net Increase (Decrease) in Cash and Cash Equivalents	76,598	21,157	(486,626)	(388,871)
Cash and Cash Equivalents at Beginning of Year	330,235	185,064	3,517,908	4,033,207
Cash and Cash Equivalents at End of Year	\$406,833	\$206,221	\$3,031,282	\$3,644,336
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$138,600	\$42,537	(\$451,789)	(\$270,652)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	20,026	31,475	0	51,501
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	0	(900)	(530)	(1,430)
(Increase) Decrease in Inventory	9,424	(5,519)	0	3,905
Decrease in Prepaid Items	6	0	0	6
Increase (Decrease) in Accounts Payable	(7,560)	3,765	0	(3,795)
Increase in Accrued Wages and Benefits	841	860	0	1,701
Increase (Decrease) in Compensated Absences	(51,345)	1,366	0	(49,979)
Decrease in Claims Payable	0	0	(34,307)	(34,307)
Total Adjustments	(28,608)	31,047	(34,837)	(32,398)
Net Cash Provided (Used) by Operating Activities	\$109,992	\$73,584	(\$486,626)	(\$303,050)

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2009 the Utilities Collection Fund had outstanding liabilities of \$20,121 for certain capital assets.

During 2009, the Utilities Fund entered into capital lease obligations of \$12,176.

***Fiduciary Funds***

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

***Agency Funds***

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**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.

**CITY OF LANCASTER, OHIO**

***Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2009***

	Balance December 31, 2008	Additions	Deductions	Balance December 31, 2009
<b>Street Deposit Fund</b>				
Assets:				
Cash and Cash Equivalents	\$4,300	\$400	\$0	\$4,700
Total Assets	<u>\$4,300</u>	<u>\$400</u>	<u>\$0</u>	<u>\$4,700</u>
Liabilities:				
Due to Others	\$4,300	\$400	\$0	\$4,700
Total Liabilities	<u>\$4,300</u>	<u>\$400</u>	<u>\$0</u>	<u>\$4,700</u>
<b>Municipal Court Fund</b>				
Assets:				
Cash with Fiscal Agent	\$183,058	\$4,637,267	(\$4,625,041)	\$195,284
Total Assets	<u>\$183,058</u>	<u>\$4,637,267</u>	<u>(\$4,625,041)</u>	<u>\$195,284</u>
Liabilities:				
Due to Other Funds	\$3,699	\$1,943,429	(\$1,942,862)	\$4,266
Intergovernmental Payable	0	843,439	(843,439)	0
Due to Others	179,359	1,850,399	(1,838,740)	191,018
Total Liabilities	<u>\$183,058</u>	<u>\$4,637,267</u>	<u>(\$4,625,041)</u>	<u>\$195,284</u>
<b>Law Library Fund</b>				
Assets:				
Cash and Cash Equivalents	\$0	\$44,078	(\$44,078)	\$0
Due from Other Funds	3,699	4,266	(3,699)	4,266
Total Assets	<u>\$3,699</u>	<u>\$48,344</u>	<u>(\$47,777)</u>	<u>\$4,266</u>
Liabilities:				
Intergovernmental Payable	\$3,699	\$48,344	(\$47,777)	\$4,266
Total Liabilities	<u>\$3,699</u>	<u>\$48,344</u>	<u>(\$47,777)</u>	<u>\$4,266</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and Cash Equivalents	\$187,358	\$4,681,745	(\$4,669,119)	\$199,984
Due from Other Funds	3,699	4,266	(3,699)	4,266
Total Assets	<u>\$191,057</u>	<u>\$4,686,011</u>	<u>(\$4,672,818)</u>	<u>\$204,250</u>
Liabilities:				
Due to Other Funds	\$3,699	\$1,943,429	(\$1,942,862)	\$4,266
Intergovernmental Payables	3,699	891,783	(891,216)	4,266
Due to Others	183,659	1,850,799	(1,838,740)	195,718
Total Liabilities	<u>\$191,057</u>	<u>\$4,686,011</u>	<u>(\$4,672,818)</u>	<u>\$204,250</u>

*CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS*

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**CITY OF LANCASTER, OHIO**

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***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
December 31, 2009***

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Capital Assets:

Land	\$17,757,755
Construction in Progress	1,193,105
Buildings	6,650,133
Improvements Other Than Buildings	5,847,618
Vehicles	4,254,839
Equipment	6,333,569
Infrastructure	<u>20,834,709</u>
Total Net Capital Assets	<u><u>\$62,871,728</u></u>

Net Investment in Capital Assets from:

General Fund	\$12,905,698
Special Revenue Funds	39,917,644
Proprietary Funds (Gas)	41,708
Internal Services	499,386
Donated	<u>9,507,292</u>
Total Net Investment in Capital Assets	<u><u>\$62,871,728</u></u>

**CITY OF LANCASTER, OHIO**

***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2009***

Function and Activity	Land	Construction in Progress	Buildings
<b><u>General Government:</u></b>			
Mayor	\$0	\$0	\$0
Personnel	0	0	0
City Hall	395,083	0	971,866
Auditor	0	0	0
Income Tax	0	0	0
Treasurer	0	0	0
Safety Director	0	0	102,000
Engineer	0	0	0
Certified Building Inspection	0	0	0
Prosecutor	0	0	0
Court-Clerk	0	0	0
Court-Judicial	0	0	7,925
Court Electronic Surveillance	0	0	0
Information Services - Internal Service	0	0	0
Total	395,083	0	1,081,791
<b><u>Security of Persons and Property:</u></b>			
Police	141,962	0	2,010,264
Fire	25,600	61,799	234,473
Total	167,562	61,799	2,244,737
<b><u>Public Health and Welfare Services:</u></b>			
Public Health	0	0	0
Cemetery	14,897	0	61,848
Total	14,897	0	61,848
<b><u>Transportation:</u></b>			
Public Transit	0	0	0
Street Construction	15,443,813	103,970	494,411
Total	15,443,813	103,970	494,411
<b><u>Community Environment:</u></b>			
Community Development	0	0	0
Economic Development	0	0	0
Total	0	0	0
<b><u>Leisure Time Activities:</u></b>			
Park	1,736,400	1,027,336	2,767,346
Mumaugh	0	0	0
Total	1,736,400	1,027,336	2,767,346
Total Capital Assets	\$17,757,755	\$1,193,105	\$6,650,133

**CITY OF LANCASTER, OHIO**

Improvements				
Other Than				
Buildings	Vehicles	Equipment	Infrastructure	Total
\$0	\$0	\$3,008	\$0	\$3,008
0	0	4,806	0	4,806
2,512,526	0	126,606	0	4,006,081
0	0	61,842	0	61,842
3,630	0	57,722	0	61,352
0	0	0	0	0
16,275	30,395	52,949	2,966	204,585
0	83,847	101,434	0	185,281
0	56,509	0	0	56,509
10,750	0	53,911	0	64,661
0	0	164,362	0	164,362
57,325	0	164,637	0	229,887
0	0	7,000	0	7,000
0	39,096	350,627	41,279	431,002
<u>2,600,506</u>	<u>209,847</u>	<u>1,148,904</u>	<u>44,245</u>	<u>5,480,376</u>
126,134	388,198	749,778	0	3,416,336
614,714	2,763,498	791,259	0	4,491,343
<u>740,848</u>	<u>3,151,696</u>	<u>1,541,037</u>	<u>0</u>	<u>7,907,679</u>
0	17,691	57,044	0	74,735
84,185	130,657	93,069	0	384,656
<u>84,185</u>	<u>148,348</u>	<u>150,113</u>	<u>0</u>	<u>459,391</u>
0	760,187	0	0	760,187
35,706	1,572,320	755,888	20,790,464	39,196,572
<u>35,706</u>	<u>2,332,507</u>	<u>755,888</u>	<u>20,790,464</u>	<u>39,956,759</u>
0	0	35,481	0	35,481
0	0	8,976	0	8,976
<u>0</u>	<u>0</u>	<u>44,457</u>	<u>0</u>	<u>44,457</u>
2,382,153	491,171	611,556	0	9,015,962
4,220	0	2,884	0	7,104
<u>2,386,373</u>	<u>491,171</u>	<u>614,440</u>	<u>0</u>	<u>9,023,066</u>
<u>\$5,847,618</u>	<u>\$6,333,569</u>	<u>\$4,254,839</u>	<u>\$20,834,709</u>	<u>\$62,871,728</u>

**CITY OF LANCASTER, OHIO**

***Capital Assets Used in the Operation of Governmental Funds  
Schedule Changes by Function and Activity  
For Year Ended December 31, 2009***

Function and Activity	December 31, 2008	Additions	Deletions	December 31, 2009
<b><u>General Government:</u></b>				
Mayor	\$4,150	\$0	(\$1,142)	\$3,008
Personnel	11,924	0	(7,118)	4,806
City Hall	4,012,164	0	(6,083)	4,006,081
Auditor	68,218	0	(6,376)	61,842
Income Tax	60,293	20,400	(19,341)	61,352
Treasurer	3,404	0	(3,404)	0
Safety Director	210,032	0	(5,447)	204,585
Engineer	190,538	0	(5,257)	185,281
Certified Building Inspection	58,705	0	(2,196)	56,509
Prosecutor	85,210	0	(20,549)	64,661
Court-Clerk	233,172	0	(68,810)	164,362
Court-Judicial	257,333	0	(27,446)	229,887
Court-Electronic Surveillance	14,172	0	(7,172)	7,000
Information Services - Internal Service	420,171	74,844	(64,013)	431,002
Total	5,629,486	95,244	(244,354)	5,480,376
<b><u>Security of Persons and Property:</u></b>				
Police	3,926,124	116,902	(626,690)	3,416,336
Fire	4,634,521	5,922	(149,100)	4,491,343
Total	8,560,645	122,824	(775,790)	7,907,679
<b><u>Public Health and Welfare Services:</u></b>				
Public Health	111,174	0	(36,439)	74,735
Cemetery	399,549	0	(14,893)	384,656
Total	510,723	0	(51,332)	459,391
<b><u>Transportation:</u></b>				
Public Transit	673,614	88,370	(1,797)	760,187
Street Construction	38,471,355	1,676,593	(951,376)	39,196,572
Total	39,144,969	1,764,963	(953,173)	39,956,759
<b><u>Community Environment:</u></b>				
Community Development	57,513	0	(22,032)	35,481
Economic Development	10,476	0	(1,500)	8,976
Total	67,989	0	(23,532)	44,457
<b><u>Leisure Time Activities:</u></b>				
Park	8,718,867	364,518	(67,423)	9,015,962
Mumaugh	8,624	0	(1,520)	7,104
Total	8,727,491	364,518	(68,943)	9,023,066
Total Capital Assets	\$62,641,303	\$2,347,549	(\$2,117,124)	\$62,871,728

# *STATISTICAL SECTION*

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## *STATISTICAL TABLES*

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This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

### *Contents*

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

## *City of Lancaster*

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

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

Source: City Auditor's Office

*City of Lancaster*

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<u>2007</u>	<u>2008</u>	<u>2009</u>
\$25,645,197	\$29,763,541	\$30,016,277
9,988,647	7,482,942	8,350,592
4,038,840	2,697,692	2,643,683
<u>\$39,672,684</u>	<u>\$39,944,175</u>	<u>\$41,010,552</u>
\$33,974,969	\$37,984,626	\$37,807,702
1,051,465	2,561,847	3,854,911
30,810,822	25,478,180	27,605,339
<u>\$65,837,256</u>	<u>\$66,024,653</u>	<u>\$69,267,952</u>
\$59,620,166	\$67,748,167	\$67,823,979
11,040,112	10,044,789	12,205,503
34,849,662	28,175,872	30,249,022
<u>\$105,509,940</u>	<u>\$105,968,828</u>	<u>\$110,278,504</u>

## City of Lancaster

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

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

*City of Lancaster*

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<u>2007</u>	<u>2008</u>	<u>2009</u>
\$16,857,036	\$18,208,576	\$17,891,385
889,715	913,831	876,750
2,278,778	1,703,779	1,853,442
670,861	921,428	671,940
5,109,759	4,540,208	4,801,342
9,709,530	7,903,080	7,644,288
474,299	530,870	442,382
<u>35,989,978</u>	<u>34,721,772</u>	<u>34,181,529</u>
23,856,601	29,486,089	19,307,808
8,508,514	9,024,527	9,251,932
7,387,509	8,085,696	7,864,490
3,149,630	3,364,602	3,352,104
1,797,201	1,624,711	1,546,057
<u>44,699,455</u>	<u>51,585,625</u>	<u>41,322,391</u>
<u>\$80,689,433</u>	<u>\$86,307,397</u>	<u>\$75,503,920</u>

\$2,056,919	\$2,100,254	\$2,384,863
260,296	233,239	240,408
364,720	530,383	376,401
101,951	99,804	96,235
1,366,382	770,556	790,241
1,884,603	1,998,226	1,943,677
5,641,639	6,257,136	5,070,598
2,965,310	1,248,952	0
<u>14,641,820</u>	<u>13,238,550</u>	<u>10,902,423</u>

(continued)

## City of Lancaster

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

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

Source: City Auditor's Office

*City of Lancaster*

2007	2008	2009
23,183,618	26,425,358	22,023,964
9,320,183	8,626,257	8,408,759
7,794,051	8,194,701	8,231,224
3,605,141	3,570,408	3,592,904
1,775,357	1,745,794	1,899,584
0	0	146,543
1,945,692	1,340,484	47,589
47,624,042	49,903,002	44,350,567
62,265,862	63,141,552	55,252,990
(21,348,158)	(21,483,222)	(23,279,106)
2,924,587	(1,682,623)	3,028,176
(\$18,423,571)	(\$23,165,845)	(\$20,250,930)
\$2,036,017	\$1,946,225	\$2,093,725
432,511	383,601	417,000
16,129,114	17,366,985	17,456,314
550,548	577,976	517,840
3,048,567	3,170,617	2,739,915
1,352,560	802,558	529,545
1,117,099	588,164	806,267
68,000	(1,428,140)	(215,123)
24,734,416	23,407,986	24,345,483
0	441,880	0
(68,000)	1,428,140	215,123
(68,000)	1,870,020	215,123
\$24,666,416	\$25,278,006	\$24,560,606
\$3,386,258	\$1,924,764	\$1,066,377
2,856,587	187,397	3,243,299
\$6,242,845	\$2,112,161	\$4,309,676

**City of Lancaster**

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

	2000	2001	2002	2003
General Fund				
Reserved	\$604,801	\$588,579	\$426,004	\$315,859
Unreserved	4,722,994	4,416,149	3,856,325	3,290,763
<i>Total General Fund</i>	<u>5,327,795</u>	<u>5,004,728</u>	<u>4,282,329</u>	<u>3,606,622</u>
All Other Governmental Funds				
Reserved	1,491,819	1,875,511	2,499,441	2,322,508
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,895,862	1,987,417	2,307,521	2,333,595
Capital Projects Funds	1,490,335	(300,658)	(588,472)	257,216
<i>Total All Other Governmental Funds</i>	<u>4,878,016</u>	<u>3,562,270</u>	<u>4,218,490</u>	<u>4,913,319</u>
<i>Total Governmental Funds</i>	<u>\$10,205,811</u>	<u>\$8,566,998</u>	<u>\$8,500,819</u>	<u>\$8,519,941</u>

Source: City Auditor's Office

NOTE: Years 2000-2002 do not include the Cemetery Interment and Cemetery Trust Funds which were classified as Fiduciary Funds prior to implementing GASB 34 in 2003.

*City of Lancaster*

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<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$336,003	\$332,621	\$447,451	\$290,959	\$269,862	\$309,687
<u>3,940,089</u>	<u>3,724,907</u>	<u>4,042,869</u>	<u>3,759,946</u>	<u>3,153,883</u>	<u>2,829,674</u>
<u>4,276,092</u>	<u>4,057,528</u>	<u>4,490,320</u>	<u>4,050,905</u>	<u>3,423,745</u>	<u>3,139,361</u>
2,472,534	2,571,986	2,776,859	2,829,102	2,801,159	3,044,531
2,581,905	3,084,591	3,035,341	3,580,847	3,670,910	4,082,531
<u>(17,171)</u>	<u>(306,634)</u>	<u>(1,543,724)</u>	<u>(4,231,667)</u>	<u>(5,744,111)</u>	<u>(4,330,894)</u>
<u>5,037,268</u>	<u>5,349,943</u>	<u>4,268,476</u>	<u>2,178,282</u>	<u>727,958</u>	<u>2,796,168</u>
<u>\$9,313,360</u>	<u>\$9,407,471</u>	<u>\$8,758,796</u>	<u>\$6,229,187</u>	<u>\$4,151,703</u>	<u>\$5,935,529</u>

## *City of Lancaster*

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

	2000	2001	2002	2003
<b>Revenues:</b>				
Taxes	\$13,380,081	\$13,886,573	\$14,504,954	\$15,317,624
Intergovernmental Revenues	7,294,436	6,606,745	6,659,241	6,010,243
Charges for Services	2,205,328	2,109,084	2,141,310	2,353,249
Licenses and Permits	31,392	32,443	18,653	25,167
Investment Earnings	1,386,365	980,453	458,438	376,875
Special Assessments	0	215,585	37,480	41,006
Fines and Forfeitures	1,003,554	1,084,988	1,213,778	1,309,508
All Other Revenue	630,795	275,525	325,514	217,954
<b>Total Revenue</b>	<u>25,931,951</u>	<u>25,191,396</u>	<u>25,359,368</u>	<u>25,651,626</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	11,299,152	11,600,718	12,690,508	13,039,847
Public Health and Welfare Services	1,674,330	1,655,940	1,140,416	824,672
Leisure Time Activities	1,393,910	1,852,663	1,474,007	1,598,290
Community Environment	811,135	605,689	957,514	818,537
Transportation	3,277,651	3,273,454	3,061,935	3,603,691
General Government	4,929,982	5,113,651	5,246,602	5,791,625
Capital Outlay	3,208,706	3,509,832	1,088,656	2,461,374
Debt Service:				
Principal Retirement	163,998	93,043	104,043	535,629
Interest and Fiscal Charges	228,382	236,478	235,184	172,778
<b>Total Expenditures</b>	<u>26,987,246</u>	<u>27,941,468</u>	<u>25,998,865</u>	<u>28,846,443</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,055,295)	(2,750,072)	(639,497)	(3,194,817)

*City of Lancaster*

2004	2005	2006	2007	2008	2009
\$16,088,874	\$16,421,231	\$17,981,983	\$18,767,446	\$19,650,167	\$19,672,863
6,367,123	6,443,731	6,933,762	8,513,743	8,188,157	8,496,589
3,586,258	4,132,594	4,232,866	4,710,409	4,345,079	4,192,295
11,340	22,049	24,279	26,759	24,362	30,148
347,591	598,759	1,151,742	1,372,732	864,986	541,123
36,873	144,634	136,327	140,058	137,351	128,276
1,175,825	1,471,477	1,522,814	1,535,541	1,633,932	1,892,301
516,825	573,346	884,284	1,168,788	712,682	740,067
<u>28,130,709</u>	<u>29,807,821</u>	<u>32,868,057</u>	<u>36,235,476</u>	<u>35,556,716</u>	<u>35,693,662</u>
13,477,234	14,402,149	15,901,921	16,710,584	17,825,296	17,282,106
845,713	854,324	921,993	893,308	947,332	861,469
1,463,661	1,632,501	1,959,713	2,194,345	2,138,133	1,930,845
713,786	787,384	1,204,194	683,621	938,993	914,314
4,001,483	3,672,615	3,805,510	4,094,796	4,126,802	4,405,233
6,121,410	6,929,816	6,946,297	7,784,196	7,667,476	7,342,691
899,156	1,151,747	2,221,974	7,193,369	3,172,798	825,694
4,168,086	4,254,086	259,586	265,086	1,139,743	413,171
230,382	349,665	298,633	461,330	539,724	448,980
<u>31,920,911</u>	<u>34,034,287</u>	<u>33,519,821</u>	<u>40,280,635</u>	<u>38,496,297</u>	<u>34,424,503</u>
(3,790,202)	(4,226,466)	(651,764)	(4,045,159)	(2,939,581)	1,269,159

(Continued)

## *City of Lancaster*

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<b>Other Financing Sources (Uses):</b>				
State Infrastructure Bank Loan	0	0	0	0
Other Financing Sources - Capital Leases	373,373	301,883	127,540	0
Housing and Urban Development Loan	0	0	0	0
Ohio Public Works Commission Loan	104,431	17,290	0	0
Ohio Water Development Authority Loans	2,000,000	0	0	0
Special Assessment Bonds	0	367,000	0	0
General Obligation Notes Issued	0	0	425,000	2,260,000
General Obligation Bonds Issued	0	0	0	0
Transfers In	3,458,028	3,290,548	2,715,595	1,555,237
Transfers Out	(2,927,552)	(3,281,247)	(2,715,595)	(1,555,237)
<b>Total Other Financing Sources (Uses)</b>	<u>3,008,280</u>	<u>695,474</u>	<u>552,540</u>	<u>2,260,000</u>
<b>Net Change in Fund Balance</b>	<u>\$1,952,985</u>	<u>(\$2,054,598)</u>	<u>(\$86,957)</u>	<u>(\$934,817)</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 1.53%	 1.29%	 1.35%	 2.82%

Source: City Auditor's Office

NOTE: Years 2000-2002 do not include the Cemetery Interment and Cemetery Trust Funds which were classified as Fiduciary Funds prior to implementing GASB 34 in 2003.

*City of Lancaster*

2004	2005	2006	2007	2008	2009
0	0	0	1,155,949	0	0
465,049	142,381	10,079	440,386	126,409	518,545
0	0	0	0	760,000	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
3,960,000	0	0	0	0	0
0	4,150,000	0	0	0	0
1,846,362	1,732,309	1,986,619	2,479,004	1,762,994	1,989,769
(1,693,114)	(1,732,309)	(1,986,619)	(2,523,754)	(1,786,988)	(2,032,945)
4,578,297	4,292,381	10,079	1,551,585	862,415	475,369
<u>\$788,095</u>	<u>\$65,915</u>	<u>(\$641,685)</u>	<u>(\$2,493,574)</u>	<u>(\$2,077,166)</u>	<u>\$1,744,528</u>

14.78%	14.63%	1.93%	2.07%	4.70%	2.63%
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## *City of Lancaster*

### *Income Tax Revenues by Source, Governmental Funds Last Ten Years*

<b>Tax year</b>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Income Tax Rate	1.60%	1.60%	1.60%	1.60%
Estimated Personal Income	\$992,489,480	\$1,019,085,600	\$1,038,003,560	\$1,061,675,160
Total Tax Collected	\$11,688,041	\$11,659,246	\$13,520,973	\$13,170,482
Income Tax Receipts				
Withholding	9,097,488	9,385,830	10,980,427	10,374,895
Percentage	77.84%	80.50%	81.21%	78.77%
Corporate	1,443,871	1,234,068	1,462,968	1,280,896
Percentage	12.35%	10.58%	10.82%	9.73%
Individuals	1,146,682	1,039,348	1,077,578	1,514,691
Percentage	9.81%	8.91%	7.97%	11.50%

Source: City Income Tax Department

- (1) Effective July 1, 2005, the income tax rate increased from 1.6% to 1.75%.
- (2) Credit is given for tax paid to city of employment up to a maximum of 1.0%

*City of Lancaster*

2004	2005	2006	2007	2008	2009
1.60%	1.75%	1.75%	1.75%	1.75%	1.75%
\$1,105,333,540	\$1,104,424,040	\$1,124,578,560	\$1,165,636,875	\$1,201,987,072	\$1,237,185,120
\$13,323,746	\$14,186,430	\$15,550,666	\$16,264,316	\$16,746,431	\$16,819,420
10,318,818	11,136,624	12,067,107	12,695,987	12,953,012	12,867,716
77.45%	78.50%	77.60%	78.06%	77.35%	76.51%
1,281,868	1,262,432	1,515,792	1,514,077	1,707,499	2,005,248
9.62%	8.90%	9.75%	9.31%	10.20%	11.92%
1,723,060	1,787,374	1,967,767	2,054,252	2,085,920	1,946,456
12.93%	12.60%	12.65%	12.63%	12.46%	11.57%



*City of Lancaster*

*Income Tax Collections  
Current Year and Nine Years Ago*

Calendar Year 2009

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.10%	\$4,925,463	29.28%
All Others	10,188	99.90%	11,893,956	70.72%
Total	10,198	100.00%	\$16,819,419	100.00%

Calendar Year 2000

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.11%	\$2,692,918	23.04%
All Others	8,726	99.89%	8,994,710	76.96%
Total	8,736	100.00%	\$11,687,628	100.00%

Source: City Income Tax Department

## *City of Lancaster*

### *Ratio of Outstanding Debt By Type Last Ten Years*

	2000	2001	2002	2003
<b>Governmental Activities</b> <sup>(1)</sup>				
Housing and Urban Development Loan Payable	\$1,480,000	\$1,390,000	\$1,300,000	\$1,210,000
Ohio Public Works Commission Loan Payable	104,431	118,678	115,635	106,506
Ohio Water Development Authority Loans Payable	2,000,000	2,000,000	2,000,000	2,000,000
Special Assessment Bonds Payable	0	367,000	356,000	344,500
Long Term Notes Payable	0	0	525,000	2,260,000
General Obligation Bonds Payable	0	0	0	0
State Infrastructure Bank Loan Payable	0	0	0	0
Capital Leases	1,197,894	1,191,657	1,041,334	826,207
<b>Business-type Activities</b> <sup>(1)</sup>				
Ohio Water Development Authority Loans Payable	\$26,281,807	\$34,567,215	\$46,932,034	\$47,881,940
Long-Term Notes Payable	0	0	0	2,400,000
Revenue Bonds Payable	0	0	0	0
Landfill Postclosure Care Liability	0	0	0	2,131,343
Capital Leases	59,099	39,252	41,256	15,537
Total Primary Government	<u>\$31,123,231</u>	<u>\$39,673,802</u>	<u>\$52,311,259</u>	<u>\$59,176,033</u>
<b>Population</b> <sup>(2)</sup>				
City of Lancaster	35,335	35,600	35,860	36,120
Outstanding Debt Per Capita	\$881	\$1,114	\$1,459	\$1,638
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	992,489	1,019,086	1,038,004	1,061,675
Percentage of Personal Income	3.14%	3.89%	5.04%	5.57%

**Sources:**

(1) Source: City Auditor's Office

(2) US Bureau of Census, Population Division, 2009 is an estimate made by the City

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

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

*City of Lancaster*

2004	2005	2006	2007	2008	2009
\$1,120,000	\$1,030,000	\$940,000	\$850,000	\$760,000	\$670,000
100,420	94,334	88,248	82,162	76,076	69,990
0	0	0	0	0	0
332,500	319,500	306,000	292,000	277,000	261,500
3,960,000	0	0	0	0	0
0	3,965,000	3,815,000	3,660,000	3,500,000	3,335,000
0	0	0	1,155,949	1,047,292	910,707
929,486	849,076	617,050	859,143	641,890	750,733
\$46,849,409	\$44,400,803	\$41,823,289	\$39,171,688	\$36,365,393	\$41,534,180
0	0	0	0	0	0
13,506,256	13,168,005	12,824,754	12,476,503	33,384,585	32,488,481
2,057,125	1,945,873	1,865,362	1,809,712	1,696,819	1,615,323
28,679	35,004	26,714	425,521	343,706	287,311
<u>\$68,883,875</u>	<u>\$65,807,595</u>	<u>\$62,306,417</u>	<u>\$60,782,678</u>	<u>\$78,092,761</u>	<u>\$81,923,225</u>

36,380	36,380	36,380	36,375	36,608	37,680
\$1,893	\$1,809	\$1,713	\$1,671	\$2,133	\$2,174

1,105,334	1,104,424	1,124,579	1,165,637	1,201,987	1,237,185
6.23%	5.96%	5.54%	5.21%	6.50%	6.62%

## *City of Lancaster*

### *Ratios of General Bonded Debt Outstanding Last Five Years*

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

**Source:**

- (1) U.S. Bureau of Census of Population, 2009 is an estimate made by the City
- (2) Fairfield County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.  
There were no General Obligation Bonds prior to 2005
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

*City of Lancaster*

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2009

37,680

\$745,611,660

\$3,335,000

\$97,729

\$3,237,271

0.43%

\$85.91



**City of Lancaster**

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2009*

<u>Jurisdiction</u>		<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Lancaster</u>	<u>Amount Applicable to the City of Lancaster</u>
<b>Direct:</b>				
City of Lancaster	(1)	\$3,335,000	100.00%	\$3,335,000
<b>Overlapping:</b>				
Lancaster City School District	(2)	0	80.64%	0
Fairfield County	(2)	16,888,226	23.14%	3,907,935
			Subtotal	3,907,935
			Total	\$7,242,935

Source:

- (1) City Auditor's Office
- (2) Fairfield County Auditor

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

**City of Lancaster**

*Debt Limitations  
Last Ten Years*

<b>Collection Year</b>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<b>Total Debt</b>				
Net Assessed Valuation	\$567,571,771	\$580,459,833	\$661,031,641	\$669,449,822
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	59,595,036	60,948,282	69,408,322	70,292,231
City Debt Outstanding (2)	2,300,000	1,875,000	1,625,000	3,158,000
Less: Applicable Debt Service Fund Amounts	(8,575)	(8,575)	(12,532)	(59,559)
Net Indebtedness Subject to Limitation	<u>2,291,425</u>	<u>1,866,425</u>	<u>1,612,468</u>	<u>3,098,441</u>
Overall Legal Debt Margin	<u><u>\$57,303,611</u></u>	<u><u>\$59,081,857</u></u>	<u><u>\$67,795,854</u></u>	<u><u>\$67,193,790</u></u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$567,571,771	\$580,459,833	\$661,031,641	\$669,449,822
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	31,216,447	31,925,291	36,356,740	36,819,740
City Debt Outstanding (2)	2,300,000	1,875,000	1,625,000	3,158,000
Less: Applicable Debt Service Fund Amounts	(8,575)	(8,575)	(12,532)	(59,559)
Net Indebtedness Subject to Limitation	<u>2,291,425</u>	<u>1,866,425</u>	<u>1,612,468</u>	<u>3,098,441</u>
Overall Legal Debt Margin	<u><u>\$28,925,022</u></u>	<u><u>\$30,058,866</u></u>	<u><u>\$34,744,272</u></u>	<u><u>\$33,721,299</u></u>

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

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

Source: City Auditor's Office

*City of Lancaster*

2004	2005	2006	2007	2008	2009
\$672,465,949	\$727,046,497	\$708,753,525	\$697,186,961	\$759,216,664	\$745,611,660
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
70,608,925	76,339,882	74,419,120	73,204,631	79,717,750	78,289,224
4,710,000	5,116,500	6,026,600	5,897,600	3,500,000	3,335,000
(53,473)	(97,729)	(97,729)	(97,729)	(97,729)	(97,729)
<u>4,656,527</u>	<u>5,018,771</u>	<u>5,928,871</u>	<u>5,799,871</u>	<u>3,402,271</u>	<u>3,237,271</u>
<u>\$65,952,398</u>	<u>\$71,321,111</u>	<u>\$68,490,249</u>	<u>\$67,404,760</u>	<u>\$76,315,479</u>	<u>\$75,051,953</u>

\$672,465,949	\$727,046,497	\$708,753,525	\$697,186,961	\$759,216,664	\$745,611,660
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
36,985,627	39,987,557	38,981,444	38,345,283	41,756,917	41,008,641
4,710,000	5,116,500	6,026,600	5,897,600	3,500,000	3,335,000
(53,473)	(97,729)	(97,729)	(97,729)	(97,729)	(97,729)
<u>4,656,527</u>	<u>5,018,771</u>	<u>5,928,871</u>	<u>5,799,871</u>	<u>3,402,271</u>	<u>3,237,271</u>
<u>\$32,329,100</u>	<u>\$34,968,786</u>	<u>\$33,052,573</u>	<u>\$32,545,412</u>	<u>\$38,354,646</u>	<u>\$37,771,370</u>

## *City of Lancaster*

### *Pledged Revenue Coverage Last Nine Years*

	2001	2002	2003	2004
<b>Water Mortgage Bonds (1 a)</b>				
Gross Revenues (2)	\$5,776,886	\$6,638,113	\$6,854,809	\$8,286,110
Direct Operating Expenses (3)	3,761,913	4,252,663	4,300,565	5,236,639
Net Revenue Available for Debt Service	2,014,973	2,385,450	2,554,244	3,049,471
Annual Debt Service Requirement	0	0	0	82,221
Coverage	0.00	0.00	0.00	37.09
<b>Water Pollution Mortgage Bonds (1 b)</b>				
Gross Revenues (2)	\$5,776,979	\$6,373,850	\$6,433,722	\$7,174,132
Direct Operating Expenses (3)	3,052,172	3,277,736	3,528,703	3,752,201
Net Revenue Available for Debt Service	2,724,807	3,096,114	2,905,019	3,421,931
Annual Debt Service Requirement	0	0	0	51,054
Coverage	0.00	0.00	0.00	67.03
<b>Special Assessment Bonds (1 c)</b>				
Special Assessment Collections	\$35,873	\$37,480	\$37,214	\$36,872
Debt Service				
Principal	0	11,000	11,500	12,000
Interest	11,010	18,350	17,800	17,225
Coverage	3.26	1.28	1.27	1.26

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

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

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

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

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

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

Source: City Auditor's Office

*City of Lancaster*

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2005	2006	2007	2008	2009
\$8,388,041	\$8,613,246	\$9,320,183	\$8,626,257	\$8,432,910
4,924,256	5,348,084	5,436,732	5,714,908	5,798,198
3,463,785	3,265,162	3,883,451	2,911,349	2,634,712
565,969	561,869	562,256	562,006	566,094
6.12	5.81	6.91	5.18	4.65
\$7,006,365	\$7,314,131	\$7,794,051	\$8,194,701	\$8,339,280
3,510,807	3,925,494	3,991,924	4,103,624	3,893,941
3,495,558	3,388,637	3,802,127	4,091,077	4,445,339
349,141	351,641	348,716	518,214	1,786,742
10.01	9.64	10.90	7.89	2.49
\$39,212	\$35,998	\$38,107	\$37,547	\$35,202
13,000	13,500	14,000	15,000	15,500
16,625	15,975	15,638	6,963	13,850
1.32	1.22	1.29	1.71	1.20

## *City of Lancaster*

### *Demographic and Economic Statistics Last Ten Years*

Calendar Year	2000	2001	2002	2003	2004
<b>Population</b>	(2) (a)				
City of Lancaster (2)	35,335	35,600	35,860	36,120	36,380
Fairfield County (1)	122,759	122,759	122,759	122,759	122,759
<b>Income</b> (3) (a)					
Total Personal (in thousands)	992,489	1,019,086	1,038,004	1,061,675	1,105,334
Per Capita	28,088	28,626	28,946	29,393	30,383
<b>Unemployment Rate</b> (4)					
Federal	4.2%	3.8%	4.8%	5.8%	6.0%
State	4.3%	3.7%	4.3%	5.7%	6.1%
Fairfield County	2.6%	2.8%	4.5%	4.7%	5.3%
<b>Civilian Work Force Estimates</b> (4)					
State	5,900,400	5,857,000	5,828,000	5,915,000	5,875,300
Fairfield County	67,900	69,800	67,800	68,600	71,700

**Sources:**

- (1) US Bureau of Census of Population
- (2) Lancaster Community Development Department estimates
  - (a) Federal 2000 Census
- (3) US Department of Commerce, Bureau of Economic Analysis information is only available through 2008 for the presentation of 2009 statistics, the City is using the latest information available.
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (4) State Department of Labor Statistics

*City of Lancaster*

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2005	2006	2007	2008	2009
36,380	36,380	36,375	36,608	37,680
138,423	139,637	142,557	144,252	143,712
1,104,424	1,124,579	1,165,637	1,201,987	1,237,185
30,358	30,912	32,045	32,834	32,834
5.5%	5.0%	4.6%	5.8%	9.3%
6.0%	5.9%	5.6%	6.6%	10.2%
5.3%	4.8%	5.0%	5.6%	8.5%
5,900,400	5,934,000	5,976,500	5,986,400	5,970,200
72,200	74,200	76,300	77,100	76,100



## *City of Lancaster*

### *Principal Employers Current Year and Nine Years Ago*

Employer	Nature of Business	2009		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	1,708	1	10.17%
Anchor Hocking	Glass Manufacturer	1,248	2	7.43%
Fairfield County	Government	860	3	5.12%
Lancaster City Schools	Education	687	4	4.09%
City of Lancaster	Government	435	5	2.59%
Ralston Foods	Cereal	404	6	2.40%
Diamond Power	Metal Fabrication	364	7	2.17%
Walmart	Food	376	8	2.24%
Kroger	Food	326	9	1.94%
Crestview Manor Nursing Home	Nursing Care	245	10	1.46%
<b>Total</b>		<b>6,653</b>		<b>39.60%</b>
Total Employment within the City		<b>16,800</b>		

Employer	Nature of Business	2000		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	1,522	1	9.07%
Anchor Hocking	Glass Manufacturer	1,283	2	7.64%
Lancaster City Schools	Education	717	3	4.27%
Fairfield County	Government	616	4	3.67%
Diamond Power	Metal Fabrication	388	5	2.31%
Ralston Foods	Cereal	366	6	2.18%
City of Lancaster	Government	352	7	2.10%
Glassfloss	Industrial	264	8	1.57%
Lancaster Glass	Glass Manufacturer	255	9	1.52%
Crestview	Nursing Care	255	10	1.52%
<b>Total</b>		<b>6,018</b>		<b>35.86%</b>
Total Employment within the City		<b>16,783</b>		

**Sources:**

Total employment is from the State of Ohio Work Force Informer  
 Company information is from City development records and the Fairfield County Chamber of Commerce  
 Government information is from Fairfield County payroll office and the City of Lancaster's Mayor Office

## *City of Lancaster*

### *Full Time Equivalent Employees by Function Last Ten Years*

	2000	2001	2002	2003	2004	2005
<b>Governmental Activities</b>						
General Government						
Auditor	6.00	6.00	6.00	6.00	6.00	6.00
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00
Legal	8.00	9.00	9.00	9.00	9.00	9.00
City Council	11.00	11.00	11.00	11.00	11.00	11.00
Court	25.00	27.00	25.00	27.00	25.00	30.00
Administration	5.00	5.00	5.00	4.00	4.00	4.00
Engineering	10.00	10.00	10.00	12.00	12.00	11.00
Certified Building	0.00	0.00	0.00	0.00	3.00	4.00
Income Tax	6.00	6.00	6.00	6.00	6.00	6.00
Maintenance	2.00	2.00	2.00	2.00	2.00	2.00
Electric	9.00	9.00	9.00	9.00	0.00	0.00
Information Systems	0.00	1.00	2.00	2.00	4.00	4.00
Security of Persons and Property						
Police	83.00	86.00	88.00	84.00	84.00	84.00
Fire	83.00	82.00	83.00	79.00	79.00	88.00
Public Health and Welfare	21.00	20.00	1.00	1.00	1.00	1.00
Cemetery	8.00	8.00	10.00	9.00	9.00	6.00
Transportation						
Street	28.00	27.00	28.00	26.00	29.00	31.00
Leisure Time Activities						
Parks	26.00	29.00	26.00	25.00	25.00	25.00
Community Environment						
Community Development	4.00	4.00	3.00	3.00	3.00	3.00
Public Transit	0.00	0.00	0.00	2.00	1.00	1.00
Civil Service	1.00	1.00	2.00	3.00	1.00	1.00
<b>Business-Type Activities</b>						
Utilities						
Gas	29.00	27.00	27.00	26.00	25.00	24.00
Water	40.00	41.00	48.00	47.00	43.00	44.00
Water Pollution	22.00	21.00	22.00	24.00	23.00	23.00
Sanitation	32.00	32.00	27.00	26.00	26.00	24.00
Storm Water	0.00	0.00	0.00	2.00	3.00	3.00
Utilities Collection	18.00	18.00	19.00	19.00	20.00	21.00
<i>Total Employees</i>	<u>478.00</u>	<u>483.00</u>	<u>470.00</u>	<u>465.00</u>	<u>455.00</u>	<u>467.00</u>

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

Source: City Auditor's Office

*City of Lancaster*

2006	2007	2008	2009
6.00	6.00	6.00	6.00
1.00	1.00	1.00	1.00
9.00	9.00	10.00	10.00
11.00	11.00	11.00	11.00
32.00	33.00	35.00	35.00
4.00	4.00	4.00	4.00
8.00	8.00	8.00	5.00
6.00	6.00	4.00	4.00
5.00	5.00	6.00	5.00
2.00	2.00	2.00	1.00
0.00	0.00	0.00	0.00
6.00	6.00	7.00	6.00
83.00	84.00	86.00	83.00
94.00	94.00	95.00	92.00
1.00	1.00	1.00	1.00
5.00	5.00	5.00	5.00
29.00	29.00	28.00	25.00
25.00	25.00	27.00	25.00
3.00	3.00	3.00	2.00
1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00
24.00	22.00	23.00	24.00
43.00	44.00	45.00	46.00
23.00	22.00	22.00	21.00
24.00	23.00	23.00	23.00
3.00	3.00	3.00	3.00
21.00	21.00	20.00	17.00
<u>470.00</u>	<u>469.00</u>	<u>477.00</u>	<u>457.00</u>

## *City of Lancaster*

### *Operating Indicators by Function Last Ten Years*

	2000	2001	2002	2003
<b>Governmental Activities</b>				
General Government				
Court				
Number of Traffic Cases	13,898	16,269	17,213	13,510
Number of Open Cases	553	673	1,026	560
Licenses and Permits				
Number of Building Permits	225	179	169	161
Number of Building Inspections	2,400	2,560	2,760	2,820
Security of Persons and Property				
Police				
Number of Calls Received	N/A	N/A	54,555	56,440
Number of Traffic Citations	3,470	3,693	4,242	4,685
Number of Arrests	3,023	3,372	3,715	4,031
Parking Tickets Written	1,330	1,577	2,928	2,770
Fire				
Number of Fire Calls	1,670	1,806	1,753	1,755
Number of EMS Runs	4,430	4,739	5,029	5,197
Number of Inspections	2,180	2,269	2,487	2,865
Leisure Time Activities				
Parks				
Number of Programs Offered	13	13	13	13
Number of Pool Passes Issued	32,966	32,122	17,108	15,236
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	13,718	14,275	14,275	14,741
Daily Average Consumption (thousands of gallons)	5M	5.1M	5.1M	5.1M
Peak Daily Consumption (thousands of gallons) (1)	8.5M	16.5M	16.5M	8.5M
Water Pollution				
Number of Service Connections	13,707	13,800	13,885	13,885
Maximum Daily Capacity	12.5M	12.5M	12.5M	6M
Daily Average Sewage Treatment (thousands of gallons)	6.0M	6.1M	7M	12.5M
Sanitation				
Number of Customers	13,800	14,200	14,400	14,600
Storm Water				
Number of Customers (2)	0	0	0	0

Source: City Auditor's Office

N/A = Not Available

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

(2) Storm Water Department began billing customers in 2004

*City of Lancaster*

2004	2005	2006	2007	2008	2009
11,378	12,021	11,285	11,700	15,164	12,429
603	1,310	1,282	1,437	1,718	1,344
161	824	795	973	1,135	1,011
3,630	4,921	4,075	3,672	3,191	2,610
46,923	56,486	56,311	50,565	59,000	60,948
4,735	4,121	3,671	3,828	4,411	4,003
4,333	3,918	3,863	2,276	2,545	2,645
2,162	1,744	1,856	1,176	1,189	1,136
1,751	1,633	1,586	1,681	1,750	1,750
5,526	5,407	5,508	5,830	6,314	6,151
4,208	2,783	2,527	2,610	3,350	3,744
13	15	16	21	41	43
18,186	22,338	19,071	26,321	25,296	21,165
14,240	14,240	15,110	15,185	15,199	15,242
5.1M	4.5M	4.1M	4.2M	4.5M	4.31M
8.5M	8.5M	16.5M	8.6M	7.8M	5.76M
13,707	13,707	14,794	14,855	14,869	14,961
5.8M	5.8M	6.82M	7.56M	14.7M	12.5M
12.5M	12.5M	12.5M	12.5M	8.4M	6.60M
15,000	15,185	15,185	14,200	15,279	14,985
13,898	13,989	14,291	14,356	14,376	14,439

# City of Lancaster

## Capital Asset Statistics by Function Last Ten Years

	2000	2001	2002	2003
<b>Governmental Activities</b>				
General Government				
Public Land and Buildings				
Land (square miles)	17.880	17.922	17.954	18.047
Buildings	34	35	35	36
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles (1)	12	13	13	16
Fire				
Stations	3	3	3	3
Vehicles	21	21	21	20
Public Health & Welfare				
Cemetery				
Land (acres)	150	150	150	150
Transportation				
Street				
Streets (lane miles)	134	141	141	144
Street Lights	2,085	2,085	2,085	2,355
Traffic Signals	88	88	88	92
Leisure Time Activities				
Parks				
Land (acres)	657	657	657	701
Buildings	18	18	21	21
Parks	25	25	25	26
Playgrounds	12	12	12	12
Swimming Pools	2	2	2	2
Tennis Courts	12	12	12	10
Baseball/Softball Diamonds	26	26	26	26
Soccer Fields	8	8	8	8

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

*City of Lancaster*

2004	2005	2006	2007	2008	2009
18,047	18,360	18,505	18,590	18,590	18,590
36	36	36	36	36	36
1	1	1	1	1	1
17	17	17	16	16	31
3	3	3	3	3	3
20	21	22	22	22	22
150	150	150	150	150	150
144	160	160	185	185	185
2,355	2,360	2,360	2,360	2,360	2,360
92	92	92	92	92	85
701	720	720	720	720	733
21	21	21	21	21	21
26	27	27	27	27	27
12	12	12	12	12	12
2	2	2	2	2	3
10	10	10	10	10	13
26	26	26	26	26	26
8	8	8	8	8	22

(Continued)

# City of Lancaster

## Capital Asset Statistics by Function Last Ten Years

	2000	2001	2002	2003
<b>Business-Type Activities</b>				
Utilities				
Water				
Waterlines (Miles)	153	161	162	162
Pump Stations	1	1	1	1
Number of Hydrants	1,400	1,400	1,400	1,425
Storage Capacity (thousands of gallons)	8.5M	8.5M	8.5M	8.5M
Water Pollution				
Sewerlines (Miles)	170	170	170	170
Lift Stations	8	7	7	8
Sanitation				
Packers	8	8	8	9
Storm Water				
Storm Sewers (Miles)	0	0	0	0

Source: City Auditor's Office

*City of Lancaster*

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2004	2005	2006	2007	2008	2009
162	162	170	171	171	174
2	2	2	2	2	2
1,425	1,425	1,600	1,670	1,670	1,791
16.5M	16.5M	16.5M	16.5M	17	18
170	170	170	185	185	186
9	9	9	9	9	10
9	9	9	9	9	10
58	60	61	61	61	63





Mary Taylor, CPA  
Auditor of State

CITY OF LANCASTER

FAIRFIELD COUNTY

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 29, 2010