

**CITY OF LANCASTER
FAIRFIELD COUNTY, OHIO**

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

December 31, 2019



88 East Broad Street
Columbus, Ohio 43215
IPARreport@ohioauditor.gov
(800) 282-0370

Members of Council
City of Lancaster
104 East Main Street, Room 107
Lancaster, OH 43130

We have reviewed the *Independent Auditors' Report* of the City of Lancaster, Fairfield County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

October 8, 2020

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TABLE OF CONTENTS

Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*.....1 – 2

Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance..... 3 – 4

Schedule of Expenditures of Federal Awards..... 5

Notes to the Schedule of Expenditures of Federal Awards 6

Schedule of Findings and Questioned Costs..... 7

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Ohio (the "City"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 28, 2020, wherein we noted the potential financial impact of the COVID-19 pandemic on subsequent periods.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
August 28, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Lancaster, Ohio's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2019. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated August 28, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
August 28, 2020

CITY OF LANCASTER
FAIRFIELD COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Final Federal Schedule Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<u>CDBG - Entitlement Grants Cluster</u>			
Community Development Block Grants/Entitlement Grants	B-19-MC-39-0027	14.218	\$ 457,463
Total CDBG - Entitlement Grants Cluster			<u>457,463</u>
<i>Passed Through Ohio Development Services Agency</i>			
Home Investment Partnership Program	A-C-18-2CE-2	14.239	<u>94,511</u>
Total U.S. Department of Housing and Urban Development			<u>551,974</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through Ohio Office of Criminal Justice</i>			
Violence Against Women Formula Grants	2018-WF-VA5-8422	16.588	<u>60,000</u>
Edward Byrne Memorial Justice Assistance Grant Program	2017-JG-D02-6589	16.738	13,499
	2018-JG-D02-6589	16.738	40,000
	2018-DJ-BX-0802	16.738	11,674
			<u>65,173</u>
<i>Directly funded from the U.S. Department of Justice</i>			
Bulletproof Vest Partnership Program	N/A	16.607	<u>2,068</u>
Total U.S. Department of Justice			<u>127,241</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Transportation</i>			
<u>Highway Planning and Construction Cluster</u>			
Highway Planning and Construction	PID 103866	20.205	<u>53,371</u>
Total Highway Planning and Construction Cluster			<u>53,371</u>
Formula Grants for Rural Areas	107-RPTF-19-0100	20.509	901,788
<u>Federal Transit Cluster</u>			
Bus and Bus Facilities Formula Program	107-BABF-19-0200	20.526	<u>307,640</u>
Total Federal Transit Cluster			<u>307,640</u>
National Infrastructure Investments	TTGR-0107-036-16T	20.933	147,547
Total U.S. Department of Transportation			<u>1,410,346</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	N/A	93.243	198,487
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>			
Block Grants for Prevention and Treatment of Substance Abuse	N/A	93.959	<u>40,000</u>
Total U.S. Department of Health and Human Services			<u>238,487</u>
Total Expenditures of Federal Awards			<u>\$ 2,328,048</u>

The accompanying notes are an integral part of this schedule.

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2019**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the City of Lancaster, Fairfield County, Ohio, (the City's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, activities and cash flows of the City for the year ended December 31, 2019.

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

NOTE B - SUBRECIPIENTS

The City did not pass any federal awards received to subrecipients during the year ended December 31, 2019.

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

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

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2019 is as follows:

Beginning loans receivable balance as of January 1, 2019	\$ 926,024
Loans made	1,655
Loan principal repaid	<u>(86,395)</u>
Ending loans receivable balance as of December 31, 2019	\$ 841,284
Cash balance on hand in the revolving loan fund as of December 31, 2019	\$ 25,201

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	None noted
Identification of major programs:	
CFDA 20.509 – Formula Grants for Rural Areas	
Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted



CITY OF LANCASTER, OHIO

Fairfield County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2019



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2019

Prepared by the City Auditor's Office

Patricia Nettles
City Auditor



TABLE OF CONTENTS

CITY OF LANCASTER
FAIRFIELD COUNTY, OHIO

I INTRODUCTORY SECTION

A Letter of Transmittalv
B List of Principal Officialsxi
C City Organizational Chartxii
D Certificate of Achievement for Excellence in Financial Reportingxiii

II FINANCIAL SECTION

A Independent Auditors' Report.....1
B Management's Discussion and Analysis.....5
C Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Position16
 Statement of Activities18
 Fund Financial Statements:
 Governmental Funds:
 Balance Sheet20
 Reconciliation of Total Governmental Fund Balances to Net Position of
 Governmental Activities.....21
 Statement of Revenues, Expenditures and Changes in Fund Balances23
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances to the Statement of Activities.....24
 Statement of Revenues, Expenditures and Changes in Fund Balance
 (Budget and Actual):
 General Fund26
 .45 Police and Fire Levy Fund.....27
 Proprietary Funds:
 Statement of Net Position28
 Statement of Revenues, Expenses and Changes in Fund Net Position.....32
 Statement of Cash Flows34
 Fiduciary Funds:
 Statement of Assets and Liabilities.....38
Notes to the Basic Financial Statements.....39

D Required Supplementary Information:

Schedule of the City’s Proportionate Share of the Net Pension Liability.....	106
Schedule of City Pension Contributions.....	108
Schedule of the City’s Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability	111
Schedule of City’s Other Postemployment Benefit (OPEB) Contributions	112
Notes to the Required Supplementary Information	114

E Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	122
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	123
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	124
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	130
Combining Balance Sheet – Nonmajor Debt Service Funds.....	136
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	137
Combining Balance Sheet – Nonmajor Capital Projects Funds	138
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	140

Individual Schedules of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual):

Major Governmental Funds:

<i>General Fund</i>	142
<i>Special Revenue Fund:</i>	
.45 Police and Fire Levy Fund	147

Nonmajor Governmental Funds:

Special Revenue Funds:

Cemetery Fund	148
Street Construction, Maintenance and Repair Fund.....	149
Street Levy Fund	150
Parks and Recreation Fund.....	151
Special Improvement District Fund.....	152
Lancaster Public Transit Program Fund	153
911 Tariff Fund	154

Special Revenue Funds (Continued):

Edward Byrne Grant Fund.....	155
Law Director Victim Assistance Fund	156
Lancaster Community Development Fund.....	157
Police and Fire Pension Fund	158
Fairfield County Court Surveillance Fund	159
Indigent Drivers Alcohol Treatment Fund	160
Law Enforcement and Education Fund	161
Municipal Court Judicial Computer Fund.....	162
Municipal Court Probation Fund.....	163
Municipal Court Computerization Fund	164
Municipal Court Special Projects Fund.....	165
Municipal Court Family Violence Fund.....	166
Municipal Drug Court Fund	167
Ohio Peace Officers Training Fund.....	168
DARE Officer Retention Grant Fund.....	169
Safe Routes to School Fund	170
.15 Fire Levy Fund	171
DOJ Equitable Sharing Grant Fund.....	172
Community Development Block Grant Fund.....	173
State Highway Fund	174
Cemetery Interment Fund.....	175
Cemetery Perpetual Care Fund.....	176

Debt Service Funds:

General Bond Retirement Fund.....	177
Special Assessment Debt Retirement Fund.....	178

Capital Projects Funds:

LDOT Improvement Fund.....	179
Parks Improvement Fund	180
Capital Improvement Fund.....	181
Fire Impact-District One Fund	182
Ety Road TIF Project Fund.....	183
Columbian Construction Fund	184

Proprietary Funds:

Internal Service Funds:

Combining Statement of Net Position	186
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	187
Combining Statement of Cash Flows	188

Fiduciary Funds – Agency Funds:

Combining Statement of Changes in Assets and Liabilities	190
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III

STATISTICAL SECTION

Net Position by Component - Last Ten Years	S 2
Changes in Net Position - Last Ten Years.....	S 4
Fund Balances, Governmental Funds - Last Ten Years	S 8
Changes in Fund Balances, Governmental Funds - Last Ten Years	S 10
Income Tax Revenues by Source, Governmental Funds - Last Ten Years	S 14
Income Tax Collections - Current Year and Nine Years Ago.....	S 17
Ratio of Outstanding Debt By Type - Last Ten Years	S 18
Ratios of General Bonded Debt Outstanding - Last Ten Years	S 20
Computation of Direct and Overlapping - Debt Attributable to Governmental Activities - Current Year	S 23
Debt Limitations - Last Ten Years	S 24
Pledged Revenue Coverage - Last Ten Years	S 26
Demographic and Economic Statistics - Last Ten Years	S 28
Principal Employers - Current Year and Nine Years Ago	S 31
Full Time Equivalent Employees by Function - Last Ten Years	S 32
Operating Indicators by Function - Last Ten Years	S 34
Capital Asset Statistics by Function - Last Ten Years	S 36

INTRODUCTORY SECTION





CITY OF LANCASTER, OHIO

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

Patricia Nettles, Auditor

August 28, 2020

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, 2019.

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 Auditors' Report.

The Reporting Entity

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2019***

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

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

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

City Overview

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

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

Items of Local Interest

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

Culture and Education

Lancaster is home to the annual Lancaster Festival and the Fairfield Heritage annual tour of beautiful and historic buildings and homes. The Lancaster Public Library is second-to-none and offers full library services. In addition to the excellent public school system, grades K-12, operated by the Lancaster Board of Education, Ohio University maintains a branch college in the City and offers a variety of Associate, Bachelor and Master's 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, 2019***

ECONOMIC CONDITION AND OUTLOOK

Lancaster is leading Ohio with three Ohio Onesite certified industrial parks and the efforts are being recognized in projects and leads. Magna Seating of America completed its new manufacturing plant and will soon begin hiring for its first phase operation of building seat structures for the automotive industry. South Central Power commenced excavation in June 2020 for its new headquarters and operations center. The operations center will consolidate regional facilities to report out of the new Lancaster thirty-million-dollar combined facility. Existing Lancaster industries including Anchor Hocking Glass, Blue Label Digital, Max Container Solutions, and CFM Global are expanding as well creating jobs for the region.

The majority of Lancaster's industrial and manufacturing operations are "essential" and while a few companies were temporarily impacted by the Covid-19 virus, most continued operations and those that were impacted are back in production. Prior to the virus, The City's unemployment rate was under five percent. With the onslaught of the pandemic, the unemployment spiked to approximately eighteen percent and as of July 2020 employment has rebounded and is approximately eleven percent. Like the rest of the nation, small business entrepreneurs were impacted the hardest but restaurants, retail, and services are re-opening.

Lancaster is a desirable location to live and the community is experiencing high growth in residential development. The largest project is Timbertop, a seventy-seven-acre mixed development that will provide an assisted living facility, condominiums, market rentals, and single-family development. Other single-family projects include Misty Meadows and the Outlook projects. Multi-family projects are approaching four hundred units and are the Flats (220 units), Gateway (110 units), and East Pointe (60 units).

Education and Health facilities are nearly completed with their new facilities. Lancaster City Schools has completed five new elementary buildings and two new middle schools and will soon begin construction of a new high school. Fairfield Medical Center has completed over fifty million dollars in new and renovated space.

Boasting certified sites, essential industries, new schools, new medical facilities, in a very affordable community is finding Lancaster to be a great community to invest in.

Long-term Financial Planning:

In May of 2013, the City of Lancaster citizens passed a ten-year 3 mill property tax levy to support the City's ten-year street improvement plan. The annual levy proceeds (\$2,000,000) along with STP (Surface Transportation Program) funds will work together to help the City maintain the street and bridge repairs/replacement that are on the ten-year street improvement plan. The City will be working on the 3 mill street improvement levy renewal process within the next year. All City debt including Enterprise Departments are always being reviewed for reduced cost opportunities. The City is in the initial stages of developing a long term Capital Expenditure Plan. The City currently has a 1.75% City Income Tax. A review of future General Fund expenses compared to revenues has been evaluated by an outside independent citizens group and the result is that the City needs to place an income tax increase on the ballot. The City is currently putting an income tax increase before the voters.

***Letter of Transmittal
For the Year Ended December 31, 2019***

MAJOR INITIATIVES

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

During the 2019 calendar year there were several major projects that were accomplished in the City of Lancaster:

- 1.) The City’s 3 Mil Levy project (Street Improvement Program) consisted of Mohawk Shoshone, Busby, Miller, Ogara, Dewey, Sherman, Union, Lake, Chestnut, Eastwood, and Cherokee. Total Cost = \$1,297,486
- 2.) The City was awarded \$1.5 Million through the highway safety program (HSP) for improvements to be made on Ety Road between (Memorial Drive and North Columbus Street). The project consists of design, acquisition of ROW, utility relocation, construction of new signals at each intersection, pavement widening to 4 lanes wide on Ety Road, a dedicated left-hand turn lane on North Columbus, and other ancillary features. The local City matching funds are approximately \$500,000. The project is currently in design and ROW acquisition stages. Construction is anticipated in latter 2020 and/or early 2021. Total Project Cost = \$2,000,000
- 3.) PID 111072 is another traffic control signal that will be added near the intersection of Mill Park Drive, S.R. 188, and Delmont Road. The improvements will cost approximately \$183,000. These improvements are being paid through the ODOT Transportation Improvement District Funding.

Amendments to the federal Clean Water Act have directed pollution mitigation efforts to other water pollution sources, one being combined sewer overflows (CSO's). Older cities like Lancaster have combined sewers that carry both sanitary and storm flows in the same conduits. During and after rain events those sewers become filled beyond capacity and the system outlets the excess flow to streams and rivers. Those outlet points are CSO's. The CSO's are permitted under the City’s recently issued National Pollution Discharge Elimination System (NPDES) permit. However, under the new permit, the City is required to reduce the number of overflow events at its CSO's. Prior to the new permit, the City retained a consulting engineer to develop a plan of improvements and schedule for construction of those improvements to meet the stricter permit conditions. The City and the Ohio Environmental Protection Agency finalized negotiations of this pollution mitigation plan, and that plan is part of the City’s NPDES permit. The City anticipates spending \$70,000,000 over the next 15-years to construct the required improvements to the City’s sewerage system. To date the City has reduced the number of CSO locations from 33 in 1995 to 9 at the end of 2013. We will keep these 9 CSO locations, due to the necessity of them, but we are monitoring/reducing the amount of time that they would be activated.

***Letter of Transmittal
For the Year Ended December 31, 2019***

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance of the following:

1. The City's assets are protected against loss and unauthorized use or disposition.
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated applying the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation.
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and the Auditor's Office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

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

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

***Letter of Transmittal
For the Year Ended December 31, 2019***

OTHER INFORMATION

Independent Audit

This report includes an unmodified audit report regarding the City's financial statements. The audit was conducted by Clark Schaefer Hackett, which was selected by the Auditor of State's Office. The Auditor's Report on the basic financial statements is included in the financial section of this report. The Auditor's report relating to the Federal Single Audit Act of 1996 is issued separately.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ending December 31, 2018. This was the thirty-second 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 Anitra Scott, Jody Sheets, Paula Wahl, and Tammy Crawford, Deputy Auditors, for their assistance in compiling the cash reports and other data. I would like to thank Donald J. Schonhardt & Associates, Inc. for their professional guidance and many hours of hard work that went into preparing this report. The cooperation of many people is required to produce a quality product such as this CAFR.

Sincerely,



Patricia Nettles
City Auditor

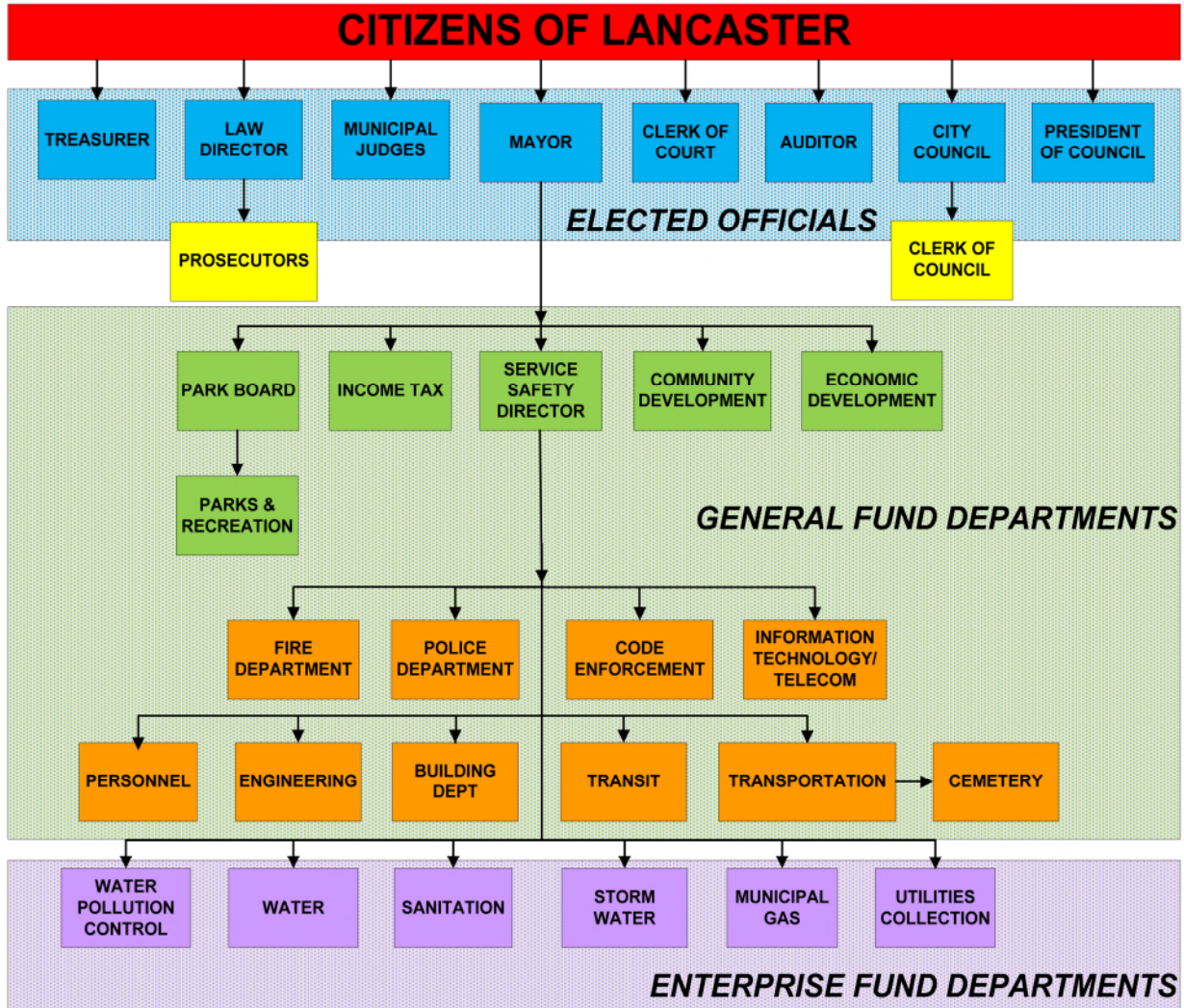
CITY OF LANCASTER, OHIO

***List of Principal Officials
For the Year Ended December 31, 2019***

<u><i>Name</i></u>	<u><i>Title</i></u>
<i>Executive Officials</i>	
David Scheffler	Mayor
Patricia Nettles	Auditor
Randall Ullom	Law Director
Robert Wolfinger	Treasurer
<i>Legislative Officials</i>	
David Uhl	President of Council
Corey Schoonover	Council-at-Large
Orman Hall	Council-at-Large
Gerald Woodgeard Jr.	Council-at-Large
Melody Bobbitt	Council - 1st Ward
Don McDaniel	Council - 2nd Ward
Randy Groff	Council - 3rd Ward
Tom Stoughton	Council - 4th Ward
Holly Miller-Downhour	Council - 5th Ward
Becky Tener	Council - 6th Ward
<i>Administrative Officials</i>	
Paul Martin	Service/Safety Director
Amy Hamilton	Income Tax Commissioner
Mitch Noland	City Engineer

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

City Organizational Chart
For the Year Ended December 31, 2019



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



Government Finance Officers Association

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

Presented to

**City of Lancaster
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Ohio (the "City"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Ohio, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the .45 Police and Fire Levy Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Subsequent Event Footnote

As discussed in Note 23 to the financial statements, the financial impact of COVID-19 pandemic and the ensuing emergency measures will impact subsequent periods of the City. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and required pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
August 28, 2020



***Management's Discussion and Analysis
For the Year Ended December 31, 2019***

Unaudited

The discussion and analysis of the City of Lancaster's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2019. 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 2019 are as follows:

- ❑ In total, net position increased \$13,757,470. Net position of governmental activities increased \$18,601,894 which represents a 528.8% increase from 2018. Net position of business-type activities decreased \$4,844,424 which represents a 29.1% decrease from 2018.
- ❑ General revenues accounted for \$30,724,381 in revenue or 33.3% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$61,625,416 in revenues or 66.7% of total revenues of \$92,349,797.
- ❑ The City had \$25,956,389 in expenses related to governmental activities; only \$13,833,902 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$20,211,613 in revenues and \$19,620,755 in expenditures and other financing uses. The general fund's fund balance increased from \$7,226,403 to \$7,814,267.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The City's major funds are the General Fund and the .45 Police and Fire Levy Fund. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Management's Discussion and Analysis
For the Year Ended December 31, 2019**

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net position for 2019 compared to 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$33,418,741	\$30,985,392	\$498,401,137	\$411,436,898	\$531,819,878	\$442,422,290
Capital assets, Net	64,273,071	62,722,162	122,692,722	122,885,706	186,965,793	185,607,868
Total assets	97,691,812	93,707,554	621,093,859	534,322,604	718,785,671	628,030,158
Deferred outflows of resources	17,835,158	9,845,364	6,164,021	4,091,998	23,999,179	13,937,362
Long-term debt outstanding	16,606,933	16,906,044	397,482,448	327,396,960	414,089,381	344,303,004
Net Pension Liability	53,276,476	36,995,765	13,282,770	7,539,210	66,559,246	44,534,975
Net OPEB Liability	11,699,128	32,026,121	6,276,553	5,177,640	17,975,681	37,203,761
Other liabilities	5,287,406	5,316,559	11,420,439	3,494,837	16,707,845	8,811,396
Total liabilities	86,869,943	91,244,489	428,462,210	343,608,647	515,332,153	434,853,136
Deferred inflows of resources	6,537,504	8,790,800	187,017,182	178,183,043	193,554,686	186,973,843
Net position:						
Net investment in capital assets	52,330,007	49,673,604	71,050,827	66,438,543	123,380,834	116,112,147
Restricted	11,332,790	10,031,606	2,379,486	2,372,321	13,712,276	12,403,927
Unrestricted (Deficit)	(41,543,274)	(56,187,581)	(61,651,825)	(52,187,952)	(103,195,099)	(108,375,533)
Total net position	\$22,119,523	\$3,517,629	\$11,778,488	\$16,622,912	\$33,898,011	\$20,140,541

The implementation of GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," significantly revised accounting for costs and liabilities related to pensions and other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows of resources related to pension and OPEB.

***Management's Discussion and Analysis
For the Year Ended December 31, 2019***

Unaudited

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

CITY OF LANCASTER, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2019**

Unaudited

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Changes in Net Position –The following table shows the changes in net position for 2019 compared to 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for Services and Sales	\$7,773,135	\$7,119,228	\$46,764,160	\$48,627,239	\$54,537,295	\$55,746,467
Operating Grants, Contributions and Interest	5,736,348	6,463,567	899,748	2,630,791	6,636,096	9,094,358
Capital Grants and Contributions	324,419	412,042	127,606	310,000	452,025	722,042
Total Program Revenues	13,833,902	13,994,837	47,791,514	51,568,030	61,625,416	65,562,867
General Revenues:						
Property Taxes	4,359,315	4,291,990	0	0	4,359,315	4,291,990
Income Taxes	20,977,070	19,526,066	0	0	20,977,070	19,526,066
Other Local Taxes	664,742	478,311	0	0	664,742	478,311
Intergovernmental Revenues, Contributions not Restricted to Specific Programs	2,757,540	1,520,356	0	0	2,757,540	1,520,356
Investment Earnings	1,067,622	559,647	0	0	1,067,622	559,647
Miscellaneous	898,092	640,433	0	0	898,092	640,433
Total General Revenues	30,724,381	27,016,803	0	0	30,724,381	27,016,803
Total Revenues	44,558,283	41,011,640	47,791,514	51,568,030	92,349,797	92,579,670
Program Expenses						
Security of Persons and Property	1,799,062	22,136,304	0	0	1,799,062	22,136,304
Public Health and Welfare Services	955,434	893,040	0	0	955,434	893,040
Leisure Time Activities	2,879,347	2,532,518	0	0	2,879,347	2,532,518
Community Environment	1,055,812	840,623	0	0	1,055,812	840,623
Transportation	7,809,758	7,252,943	0	0	7,809,758	7,252,943
General Government	10,973,019	10,154,186	0	0	10,973,019	10,154,186
Interest and Fiscal Charges	483,957	493,076	0	0	483,957	493,076
Gas	0	0	13,986,387	12,324,393	13,986,387	12,324,393
Water	0	0	9,448,889	8,152,728	9,448,889	8,152,728
Water Pollution	0	0	9,117,280	10,539,850	9,117,280	10,539,850
Sanitation	0	0	4,640,674	4,961,644	4,640,674	4,961,644
Storm Water	0	0	2,500,991	2,613,555	2,500,991	2,613,555
Port Authority	0	0	15,048,563	5,806,494	15,048,563	5,806,494
Total Expenses	25,956,389	44,302,690	54,742,784	44,398,664	80,699,173	88,701,354
Change in Net Position before special item	18,601,894	(3,291,050)	(6,951,270)	7,169,366	11,650,624	3,878,316
Special Item	0	0	2,106,846	0	2,106,846	0
Total Change in Net Position	18,601,894	(3,291,050)	(4,844,424)	7,169,366	13,757,470	3,878,316
Beginning Net Position,	3,517,629	6,808,679	16,622,912	9,453,546	20,140,541	16,262,225
Ending Net Position	\$22,119,523	\$3,517,629	\$11,778,488	\$16,622,912	\$33,898,011	\$20,140,541

***Management’s Discussion and Analysis
For the Year Ended December 31, 2019***

Unaudited

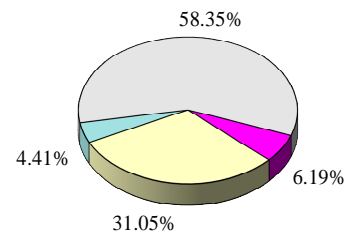
Governmental Activities

Net position of the City’s governmental activities increased by \$18,601,894. This substantial increase is primarily attributed to the change to retiree OP&F OPEB liabilities which resulted in a negative OPEB expense in the amount of \$20,456,433. This change was related to a change in the medical plans offered to the OP&F retirees. The reduction in expenses is reflected in Security of Person and Property.

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 47.1% and 9.8% respectively of revenues for governmental activities for the City in 2019. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 58.35% of total revenues from general tax revenues:

Revenue Sources	2019	Percent of Total
General Tax Revenues Unrestricted	\$26,001,127	58.35%
Intergovernmental/Contributions	2,757,540	6.19%
Program Revenues	13,833,902	31.05%
General Other	1,965,714	4.41%
Total Revenue	<u>\$44,558,283</u>	<u>100.00%</u>



Business-Type Activities

Net position of the business type activities decreased by \$4,844,424. The decrease in the net position of the business-type funds was mostly due to the refunding of revenue bonds in the Port Authority Fund. The new bonds have a higher interest rate fixed at 5% compared to the variable rate of the refunded bonds. The Gas Department is still in the process of a City gas line upgrade and expended more in improvement cost in 2019 than they did in 2018.

**Management's Discussion and Analysis
For the Year Ended December 31, 2019**

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$17,999,374, which is an increase from last year's balance of \$15,458,068. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2019 and 2018:

	Fund Balance December 31, 2019	Fund Balance December 31, 2018	Increase (Decrease)
General	\$7,814,267	\$7,226,403	\$587,864
.45 Police and Fire Levy	701,160	717,029	(15,869)
Other Governmental	9,483,947	7,514,636	1,969,311
Total	<u>\$17,999,374</u>	<u>\$15,458,068</u>	<u>\$2,541,306</u>

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

	2019 Revenues	2018 Revenues	Increase (Decrease)
Taxes	\$13,559,431	\$13,519,877	\$39,554
Intergovernmental Revenue	1,213,322	1,245,254	(31,932)
Charges for Services	3,259,950	3,044,267	215,683
Licenses, Permits, and Fees	20,255	20,367	(112)
Investment Earnings	984,792	537,677	447,115
Fines and Forfeitures	833,391	795,281	38,110
All Other Revenue	340,472	266,439	74,033
Total	<u>\$20,211,613</u>	<u>\$19,429,162</u>	<u>\$782,451</u>

General Fund revenues in 2019 increased approximately 4.0% compared to revenues in 2018. The increase was partly due to the increase in Charges for Services, which is a result of an increase in the Central Service Cost Allocation Plan. There was also a significant increase in Investment Earnings due to a steady rise in interest rates.

	2019 Expenditures	2018 Expenditures	Increase (Decrease)
Security of Persons and Property	\$338,008	\$257,243	\$80,765
Public Health and Welfare Services	318,703	301,687	17,016
Community Environment	217,319	97,246	120,073
General Government	6,773,976	6,958,779	(184,803)
Debt Service:			
Principal Retirement	38,531	37,689	842
Interest and Fiscal Charges	7,572	5,021	2,551
Total	<u>\$7,694,109</u>	<u>\$7,657,665</u>	<u>\$36,444</u>

***Management's Discussion and Analysis
For the Year Ended December 31, 2019***

Unaudited

General Fund expenditures increased by \$36,444 or 0.5% compared to the prior year. General Government decreased due to reallocating an entire department's expenses to other departments in 2019. Some of the costs were allocated to Security of Persons and Property and Public Health and Welfare. This was offset by an increase in Community Environment as a result of reclassifying the personal service costs of the Tree Commission staff to the General Fund from the Parks and Recreation Fund (special revenue) and the General Fund paying for some of the personal costs of Police and Fire instead of the .45 Police and Fire Levy Fund (special revenue), which had paid these costs in prior years.

.45 Police and Fire Levy Fund – The decrease in fund balance is the result of the Police and Fire Departments spending more of their 2019 expense budget and the General Fund transfer to the .45 Police and Fire Levy Fund to support the expense budget was less than the prior year.

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 2019, the City amended its General Fund budget several times. The final budget basis expenditures and other financing uses of \$23,729,458, increased \$2,054,082 from the original budget. The increase was due to an increase in General Government for intrafund reimbursements within the General fund not budgeted in the original budget. The positive variance with the final budget of \$2.1 million was partly the result of the offsetting of intrafund reimbursement in the General Government function and for contract labor expenditures that did not occur.

For the General Fund, final budget basis revenue and other financing sources of \$20,725,464 increased from the original budget estimates by \$1,547,411 mostly for miscellaneous revenue receipts. Actual budgetary revenue was not significantly different than final budgetary amounts.

***Management's Discussion and Analysis
For the Year Ended December 31, 2019***

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019 the City had \$186,965,793 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$64,273,071 was related to governmental activities and \$122,692,722 to the business-type activities. The following table shows 2019 and 2018 balances:

	Governmental Activities		Increase (Decrease)
	2019	2018	
Land	\$18,454,481	\$18,387,081	\$67,400
Construction In Progress	1,544,641	132,101	1,412,540
Buildings	18,053,846	18,053,846	0
Improvements Other than Buildings	7,842,350	7,643,369	198,981
Machinery and Equipment	6,619,675	6,489,289	130,386
Vehicles	8,651,477	8,678,466	(26,989)
Infrastructure	40,277,993	38,807,324	1,470,669
Less: Accumulated Depreciation	(37,171,392)	(35,469,314)	(1,702,078)
Totals	<u>\$64,273,071</u>	<u>\$62,722,162</u>	<u>\$1,550,909</u>

The primary increases occurred as a result of major street improvements, several of which have not been completed.

	Business-Type Activities		Increase (Decrease)
	2019	2018	
Land	\$3,729,588	\$3,768,577	(\$38,989)
Construction in Progress	1,226,002	590,137	635,865
Buildings	83,560,194	83,560,194	0
Improvements	34,822,388	34,822,388	0
Machinery and Equipment	11,449,799	10,998,955	450,844
Vehicles	6,977,117	7,163,788	(186,671)
Infrastructure	107,718,409	103,395,869	4,322,540
Less: Accumulated Depreciation	(126,790,775)	(121,414,202)	(5,376,573)
Totals	<u>\$122,692,722</u>	<u>\$122,885,706</u>	<u>(\$192,984)</u>

Business type capital assets decreased by \$192,984. The additions to infrastructure include completed water pollution, and storm water projects and the construction of gas lines. Machinery and Equipment increased as a result of replacing aged pumps and valves in the Waste Water Treatment Plant, purchasing multiple Sanitation packer garbage trucks as well as mowers and floor scrubbers. Additional information on the City's capital assets can be found in Note 10.

**Management's Discussion and Analysis
For the Year Ended December 31, 2019**

Unaudited

Debt

At December 31, 2019, the City had \$9,382,008 in general obligation bonds outstanding, \$670,000 due within one year; \$363,624,346 in revenue bonds outstanding, \$2,540,000 due within one year; and \$30,314,893 in Ohio Water Development Authority Loans outstanding, \$3,421,626 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Governmental Activities:		
General Obligation Bond Payable	\$9,382,008	\$10,035,067
Special Assessment Bond		
with Government Commitment	0	80,500
Ohio Public Works Commission Loan	96,343	144,514
State Infrastructure Bank Loan	217,587	0
Ohio Water Development Authority Loans	259,884	278,254
Installment Loan Payable	206,487	324,391
Compensated Absences	5,096,429	5,094,108
Capital Leases	1,348,195	826,767
Pollution Remediation Obligation	0	122,443
Total Governmental Activities	<u>\$16,606,933</u>	<u>\$16,906,044</u>
Business-Type Activities:		
Ohio Water Development Authority Loans	\$30,055,009	\$33,301,643
Revenue Bonds Payable	363,624,346	290,378,793
Ohio Public Works Commission Loan	346,223	152,634
Landfill Postclosure Care Liability	896,757	928,458
Capital Leases	222,068	290,368
Compensated Absences	2,338,045	2,345,064
Total Business-Type Activities	<u>\$397,482,448</u>	<u>\$327,396,960</u>
Totals	<u><u>\$414,089,381</u></u>	<u><u>\$344,303,004</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, 2019, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

ECONOMIC FACTORS

Lancaster is home to a diversified community of businesses. The more than 150 manufacturing operations in the area are supported by an equal number of service operations that provide a comprehensive network of support. Industrial activity continues to grow at a steady pace. The Lancaster City Schools completed a new junior high school in 2019 and they are working on construction for another new junior high school with an estimated completion date in 2020. The Lancaster City Taxpayers voted for a 3.7 mill levy in May 2019 to construct a new high school which is anticipated to be open in 2024. Fairfield Medical Center completed an \$18 million dollar outpatient facility on the north end of Lancaster and opened in 2019. In the beginning of 2019 Magna International released that they will open a Lancaster plant at the Rockmill Industrial Park which began construction in 2019 and will begin production in 2020. This will bring an estimated 330 jobs into the City of Lancaster. Magna began a line production in 2019 while they are waiting for their plant to be completed with the help of the Lancaster Port Authority loaning Magna the use of their speck building, in the Rockmill Industrial Park, to start their production. Magna will move into their completed plant in 2020 to begin full production. Lancaster and Fairfield County have experienced a significant drop in unemployment numbers during the past year.

REQUESTS FOR INFORMATION

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

CITY OF LANCASTER, OHIO

**Statement of Net Position
December 31, 2019**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 9,458,617	\$ 7,614,194	\$ 17,072,811
Cash and Cash Equivalents with Fiscal Agent	559,781	0	559,781
Investments	8,597,996	38,210,185	46,808,181
Receivables:			
Taxes	9,132,469	0	9,132,469
Accounts	421,254	5,078,844	5,500,098
Intergovernmental	2,887,724	18,000	2,905,724
Interest	152,679	128,138	280,817
Special Assessments	66,649	0	66,649
Loans	1,492,980	0	1,492,980
Internal Balances	(202,601)	202,601	0
Inventory of Supplies	448,493	2,930,115	3,378,608
Prepaid Items	73,147	69,940	143,087
Prepaid Gas Supply - Current	0	16,297,023	16,297,023
Prepaid Gas Supply	0	227,960,088	227,960,088
Land Held for Resale	0	140,400	140,400
Fair Value of Derivative Instruments	0	186,819,864	186,819,864
Restricted Assets:			
Cash and Cash Equivalents	324,820	12,394,320	12,719,140
Cash and Cash Equivalents with Fiscal Agent	4,733	0	4,733
Investments	0	537,425	537,425
Capital Assets Not Being Depreciated	19,999,122	4,955,590	24,954,712
Capital Assets Being Depreciated, Net	44,273,949	117,737,132	162,011,081
Total Assets	97,691,812	621,093,859	718,785,671
Deferred Outflows of Resources:			
Deferred Loss on Early Retirement of Debt	67,446	1,634,021	1,701,467
Pension	14,538,868	4,037,769	18,576,637
OPEB	3,228,844	492,231	3,721,075
Total Deferred Outflows of Resources	17,835,158	6,164,021	23,999,179
Liabilities:			
Accounts Payable	734,976	1,627,676	2,362,652
Accrued Wages and Benefits	904,712	315,335	1,220,047
Intergovernmental Payable	0	14,457	14,457
Claims Payable	1,025,183	0	1,025,183
Due to Others, Payable from Restricted Assets	0	214,080	214,080
Accrued Interest Payable	31,819	9,248,891	9,280,710
General Obligation Notes Payable	2,590,716	0	2,590,716
Long Term Liabilities:			
Due within one year	1,633,802	6,364,518	7,998,320
Due in More than One Year:			
Net Pension Liability	53,276,476	13,282,770	66,559,246
Net OPEB Liability	11,699,128	6,276,553	17,975,681
Other Amounts Due in More than One Year	14,973,131	391,117,930	406,091,061
Total Liabilities	86,869,943	428,462,210	515,332,153

CITY OF LANCASTER, OHIO

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Taxes	4,575,387	0	4,575,387
Pension	677,044	180,287	857,331
OPEB	1,285,073	17,031	1,302,104
Deferred Inflow from Derivative Instruments	0	186,819,864	186,819,864
Total Deferred Inflows of Resources	6,537,504	187,017,182	193,554,686
Net Position:			
Net Investment in Capital Assets	52,330,007	71,050,827	123,380,834
Restricted For:			
Streets and Highways	3,204,480	0	3,204,480
Community Development	2,507,589	0	2,507,589
Security of Persons and Property	3,033,500	0	3,033,500
Public Health and Welfare	1,684,521	0	1,684,521
Capital Projects	827,261	0	827,261
Debt Service	75,439	2,379,486	2,454,925
Unrestricted (Deficit)	(41,543,274)	(61,651,825)	(103,195,099)
Total Net Position	\$ 22,119,523	\$ 11,778,488	\$ 33,898,011

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Activities
For the Year Ended December 31, 2019**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 1,799,062	\$ 2,530,566	\$ 153,940	\$ 0
Public Health and Welfare Services	955,434	229,398	2,764	0
Leisure Time Activities	2,879,347	554,954	38,800	67,400
Community Environment	1,055,812	69,616	588,328	0
Transportation	7,809,758	1,319,871	4,329,347	184,151
General Government	10,973,019	3,068,730	623,169	72,868
Interest and Fiscal Charges	483,957	0	0	0
Total Governmental Activities	25,956,389	7,773,135	5,736,348	324,419
Business-Type Activities:				
Gas	13,986,387	12,876,071	0	0
Water	9,448,889	8,828,660	174,257	0
Water Pollution	9,117,280	12,533,969	612,042	0
Sanitation	4,640,674	4,219,316	10,789	0
Storm Water	2,500,991	3,274,242	0	127,606
Port Authority	15,048,563	5,031,902	102,660	0
Total Business-Type Activities	54,742,784	46,764,160	899,748	127,606
Totals	\$ 80,699,173	\$ 54,537,295	\$ 6,636,096	\$ 452,025

General Revenues:

Property Taxes Levied for:

General Purposes

Special Purposes

Debt Service

Capital Outlay

Income Taxes

Other Local Taxes

Intergovernmental Revenues not Restricted to Specific Programs

Contributions not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Special Item - Legal Settlement

Total General Revenues and Special Item

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ 885,444	\$ 0	\$ 885,444
(723,272)	0	(723,272)
(2,218,193)	0	(2,218,193)
(397,868)	0	(397,868)
(1,976,389)	0	(1,976,389)
(7,208,252)	0	(7,208,252)
(483,957)	0	(483,957)
<u>(12,122,487)</u>	<u>0</u>	<u>(12,122,487)</u>
0	(1,110,316)	(1,110,316)
0	(445,972)	(445,972)
0	4,028,731	4,028,731
0	(410,569)	(410,569)
0	900,857	900,857
0	(9,914,001)	(9,914,001)
<u>0</u>	<u>(6,951,270)</u>	<u>(6,951,270)</u>
<u>(12,122,487)</u>	<u>(6,951,270)</u>	<u>(19,073,757)</u>
1,825,529	0	1,825,529
2,305,255	0	2,305,255
118,481	0	118,481
110,050	0	110,050
20,977,070	0	20,977,070
664,742	0	664,742
1,432,965	0	1,432,965
1,324,575	0	1,324,575
1,067,622	0	1,067,622
898,092	0	898,092
0	2,106,846	2,106,846
<u>30,724,381</u>	<u>2,106,846</u>	<u>32,831,227</u>
18,601,894	(4,844,424)	13,757,470
<u>3,517,629</u>	<u>16,622,912</u>	<u>20,140,541</u>
<u>\$ 22,119,523</u>	<u>\$ 11,778,488</u>	<u>\$ 33,898,011</u>

CITY OF LANCASTER, OHIO

**Balance Sheet
Governmental Funds
December 31, 2019**

	General	.45 Police and Fire Levy	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 930,169	\$ 739,183	\$ 7,052,293	\$ 8,721,645
Investments	5,774,525	0	2,823,471	8,597,996
Receivables:				
Taxes	4,458,626	1,129,672	3,544,171	9,132,469
Accounts	219,868	4,086	171,681	395,635
Intergovernmental	552,106	569	2,335,049	2,887,724
Interest	142,145	0	10,534	152,679
Special Assessments	0	0	66,649	66,649
Loans	0	0	1,492,980	1,492,980
Inventory of Supplies	111,409	0	290,600	402,009
Prepaid Items	30,410	29,672	13,065	73,147
Restricted Assets:				
Cash and Cash Equivalents	0	0	324,820	324,820
Cash and Cash Equivalents with Fiscal Agent	4,733	0	0	4,733
Total Assets	\$ 12,223,991	\$ 1,903,182	\$ 18,125,313	\$ 32,252,486
Liabilities:				
Accounts Payable	\$ 166,777	\$ 112,602	\$ 353,157	\$ 632,536
Accrued Wages and Benefits Payable	252,374	434,773	201,528	888,675
Interfund Loans Payable	0	0	350,000	350,000
Accrued Interest Payable	0	0	497	497
General Obligation Notes Payable	0	0	2,590,716	2,590,716
Advances from Other Funds	0	0	157,500	157,500
Total Liabilities	419,151	547,375	3,653,398	4,619,924
Deferred Inflows of Resources:				
Property Taxes	1,972,000	0	2,603,387	4,575,387
Unavailable Revenue	2,018,573	654,647	2,384,581	5,057,801
Total Deferred Inflows of Resources	3,990,573	654,647	4,987,968	9,633,188
Fund Balances:				
Nonspendable	141,819	29,672	303,665	475,156
Restricted	0	671,488	9,464,436	10,135,924
Committed	0	0	2,450,773	2,450,773
Assigned	1,322,697	0	0	1,322,697
Unassigned	6,349,751	0	(2,734,927)	3,614,824
Total Fund Balances	7,814,267	701,160	9,483,947	17,999,374
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,223,991	\$ 1,903,182	\$ 18,125,313	\$ 32,252,486

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2019***

Total Governmental Fund Balances		\$ 17,999,374
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		63,789,010
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		5,057,801
Internal Service Funds are used by management to charge the costs of insurance, fuel usage and information services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		117,793
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	14,328,199	
Deferred Inflows - Pension	(667,610)	
Net Pension Liability	<u>(52,582,888)</u>	(38,922,299)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - OPEB	3,203,141	
Deferred Inflows - OPEB	(1,284,184)	
Net OPEB Liability	<u>(11,371,385)</u>	(9,452,428)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Ohio Public Works Commission Loans Payable	(96,343)	
General Obligation Bonds Payable	(9,382,008)	
Less: Deferred Charge on Refunding	67,446	
State Infrastructure Bank Loan Payable	(217,587)	
Ohio Water Development Authority Loan Payable	(259,884)	
Installment Loan	(206,487)	
Capital Leases Payable	(1,348,195)	
Compensated Absences Payable	(4,995,348)	
Accrued Interest Payable	<u>(31,322)</u>	
		<u>(16,469,728)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 22,119,523</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, 2019**

	General	.45 Police and Fire Levy	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 13,559,431	\$ 5,252,418	\$ 6,539,022	\$ 25,350,871
Intergovernmental Revenues	1,213,322	50,346	6,052,028	7,315,696
Charges for Services	3,259,950	0	2,359,791	5,619,741
Licenses, Permits and Fees	20,255	0	2,980	23,235
Investment Earnings	984,792	0	59,457	1,044,249
Special Assessments	0	0	104,100	104,100
Fines and Forfeitures	833,391	0	1,632,794	2,466,185
Donations	0	0	1,324,575	1,324,575
All Other Revenue	340,472	56,939	499,868	897,279
Total Revenue	20,211,613	5,359,703	18,574,615	44,145,931
Expenditures:				
Current:				
Security of Persons and Property	338,008	16,183,914	2,211,060	18,732,982
Public Health and Welfare Services	318,703	0	588,975	907,678
Leisure Time Activities	0	0	2,184,273	2,184,273
Community Environment	217,319	0	750,999	968,318
Transportation	0	0	7,674,236	7,674,236
General Government	6,773,976	0	1,543,624	8,317,600
Capital Outlay	0	0	2,157,622	2,157,622
Debt Service:				
Principal Retirement	38,531	0	1,329,495	1,368,026
Interest and Fiscal Charges	7,572	0	472,884	480,456
Total Expenditures	7,694,109	16,183,914	18,913,168	42,791,191
Excess (Deficiency) of Revenues Over Expenditures	12,517,504	(10,824,211)	(338,553)	1,354,740
Other Financing Sources (Uses):				
State Infrastructure Bank Loan	0	0	217,587	217,587
Transfers In	0	10,808,342	2,215,042	13,023,384
Transfers Out	(11,926,646)	0	(1,099,238)	(13,025,884)
Other Financing Source - Capital Lease	0	0	986,000	986,000
Total Other Financing Sources (Uses)	(11,926,646)	10,808,342	2,319,391	1,201,087
Net Change in Fund Balances	590,858	(15,869)	1,980,838	2,555,827
Fund Balances at Beginning of Year	7,226,403	717,029	7,514,636	15,458,068
Increase (Decrease) in Inventory Reserve	(2,994)	0	(11,527)	(14,521)
Fund Balances End of Year	\$ 7,814,267	\$ 701,160	\$ 9,483,947	\$ 17,999,374

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, 2019***

Net Change in Fund Balances - Total Governmental Funds \$ 2,555,827

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

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

Capital Outlay	4,178,861	
Depreciation Expense	<u>(2,758,782)</u>	1,420,079

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

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		291,336
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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.		(53,003)
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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.		(1,427)
--	--	---------

Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		3,403,506
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Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(8,327,381)
--	--	-------------

Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		19,725,293
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The issuance of long-term debt (e.g. loans, leases) provides current financial resources to governmental funds, but has no effect on net position. Also governmental funds report the effect of premiums and similar items when debt is first issued, whereas, the amounts are deferred and amortized in the statement of activities.

State Infrastructure Bank Loan Payable	(217,587)	
Capital Lease Payable	<u>(986,000)</u>	(1,203,587)

(Continued)

CITY OF LANCASTER, OHIO

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

Special Assessment Bonds Payable	80,500	
Ohio Public Works Commission Loans Payable	48,171	
General Obligation Bonds Payable	645,000	
Ohio Water Development Authority Loan Payable	18,370	
Installment Loan Payable	117,904	
Pollution Remediation Obligation Payable	122,443	
Capital Leases Payable	464,572	1,496,960

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,929

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	882	
Change in Inventory	(14,521)	
Amortization of Deferred Charge on Refunding	(13,489)	
Amortization of Bond Premium	8,059	(19,069)

Internal Service Funds used by management to charge the costs of insurance, fuel use and information services to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental activities. (688,569)

Change in Net Position of Governmental Activities \$ 18,601,894

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, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 12,978,960	\$ 13,155,613	\$ 13,614,541	\$ 458,928
Intergovernmental Revenue	1,178,596	1,178,596	1,190,598	12,002
Charges for Services	3,652,874	3,652,874	4,041,030	388,156
Licenses, Permits and Fees	20,300	20,300	20,255	(45)
Investment Earnings	435,729	435,729	643,080	207,351
Fines and Forfeitures	762,500	762,500	825,415	62,915
All Other Revenues	68,594	1,439,352	341,891	(1,097,461)
Total Revenues	19,097,553	20,644,964	20,676,810	31,846
Expenditures:				
Current:				
Security of Persons and Property	314,886	314,886	284,129	30,757
Public Health and Welfare Services	319,490	324,490	321,733	2,757
Community Environment	218,964	221,788	205,267	16,521
General Government	8,070,923	9,829,524	7,809,339	2,020,185
Debt Service:				
Principal Retirement	38,533	38,533	38,531	2
Interest and Fiscal Charges	14,780	14,780	10,172	4,608
Total Expenditures	8,977,576	10,744,001	8,669,171	2,074,830
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,119,977	9,900,963	12,007,639	2,106,676
Other Financing Sources (Uses):				
Transfers Out	(12,697,800)	(12,985,457)	(11,926,646)	1,058,811
Advances In	80,500	80,500	0	(80,500)
Total Other Financing Sources (Uses):	(12,617,300)	(12,904,957)	(11,926,646)	978,311
Net Change in Fund Balance	(2,497,323)	(3,003,994)	80,993	3,084,987
Fund Balance at Beginning of Year	5,847,996	5,847,996	5,847,996	0
Prior Year Encumbrances	381,822	381,822	381,822	0
Fund Balance at End of Year	\$ 3,732,495	\$ 3,225,824	\$ 6,310,811	\$ 3,084,987

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund - .45 Police and Fire Levy Fund
For the Year Ended December 31, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,273,225	\$ 5,273,225	\$ 5,273,225	\$ 0
Intergovernmental Revenue	0	9,293	52,127	42,834
All Other Revenues	0	0	53,941	53,941
Total Revenues	<u>5,273,225</u>	<u>5,282,518</u>	<u>5,379,293</u>	<u>96,775</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>16,963,754</u>	<u>16,662,997</u>	<u>16,387,970</u>	<u>275,027</u>
Total Expenditures	<u>16,963,754</u>	<u>16,662,997</u>	<u>16,387,970</u>	<u>275,027</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,690,529)	(11,380,479)	(11,008,677)	371,802
Other Financing Sources (Uses):				
Transfers In	<u>11,592,451</u>	<u>11,854,781</u>	<u>10,808,342</u>	<u>(1,046,439)</u>
Total Other Financing Sources (Uses):	<u>11,592,451</u>	<u>11,854,781</u>	<u>10,808,342</u>	<u>(1,046,439)</u>
Net Change in Fund Balance	(98,078)	474,302	(200,335)	(674,637)
Fund Balance at Beginning of Year	583,352	583,352	583,352	0
Prior Year Encumbrances	<u>98,078</u>	<u>98,078</u>	<u>98,078</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 583,352</u>	<u>\$ 1,155,732</u>	<u>\$ 481,095</u>	<u>\$ (674,637)</u>

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2019**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Assets:				
Current assets:				
Cash and Cash Equivalents	\$ 1,170,799	\$ 819,002	\$ 2,830,385	\$ 150,302
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Investments	8,805,394	5,630,375	18,987,578	997,283
Accounts receivable	1,958,206	992,943	1,375,534	430,940
Intergovernmental receivable	0	0	0	0
Interest receivable	0	26,148	84,803	17,187
Due from Other Funds	0	0	0	0
Interfund Loans Receivable	0	0	0	0
Inventory	2,004,250	832,804	45,571	26,260
Prepaid Items	30,365	15,020	20,982	2,864
Prepaid Gas Supply - current	0	0	0	0
Total current assets	13,969,014	8,316,292	23,344,853	1,624,836
Noncurrent assets:				
Restricted Assets:				
Cash and Cash Equivalents	156,272	597,880	1,839,414	0
Investments	0	0	0	537,425
Total restricted assets	156,272	597,880	1,839,414	537,425
Prepaid Gas Supply	0	0	0	0
Land Held for Resale	0	0	0	0
Fair Value of Derivative Instruments	0	0	0	0
Advance to Other Funds	0	0	0	157,500
Capital assets:				
Capital Assets Not Being Depreciated	293,273	690,186	2,867,577	265,622
Capital Assets Being Depreciated	14,691,431	22,466,153	54,462,839	2,055,291
Total capital assets (net of accumulated depreciation)	14,984,704	23,156,339	57,330,416	2,320,913
Total noncurrent assets	15,140,976	23,754,219	59,169,830	3,015,838
Total Assets	29,109,990	32,070,511	82,514,683	4,640,674
Deferred Outflows of Resources:				
Deferred Loss on Early Retirement of Debt	0	333,616	1,300,405	0
Pension	885,162	1,150,609	739,421	626,295
OPEB	107,924	140,282	90,125	76,355
Total Deferred Outflows of Resources	993,086	1,624,507	2,129,951	702,650

CITY OF LANCASTER, OHIO

<u>Storm Water</u>	<u>Port Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 571,128	\$ 1,399,054	\$ 6,940,670	\$ 1,410,496
0	0	0	559,781
3,789,555	0	38,210,185	0
321,221	0	5,078,844	25,619
18,000	0	18,000	0
0	0	128,138	0
0	366,136	366,136	0
0	350,000	350,000	0
0	0	2,908,885	67,714
0	0	69,231	709
0	16,297,023	16,297,023	0
<u>4,699,904</u>	<u>18,412,213</u>	<u>70,367,112</u>	<u>2,064,319</u>
0	9,800,754	12,394,320	0
0	0	537,425	0
<u>0</u>	<u>9,800,754</u>	<u>12,931,745</u>	<u>0</u>
0	227,960,088	227,960,088	0
0	140,400	140,400	0
0	186,819,864	186,819,864	0
0	0	157,500	0
735,925	103,007	4,955,590	0
<u>21,268,861</u>	<u>2,713,921</u>	<u>117,658,496</u>	<u>562,697</u>
<u>22,004,786</u>	<u>2,816,928</u>	<u>122,614,086</u>	<u>562,697</u>
<u>22,004,786</u>	<u>427,538,034</u>	<u>550,623,683</u>	<u>562,697</u>
<u>26,704,690</u>	<u>445,950,247</u>	<u>620,990,795</u>	<u>2,627,016</u>
0	0	1,634,021	0
178,321	0	3,579,808	668,630
21,743	0	436,429	81,505
<u>200,064</u>	<u>0</u>	<u>5,650,258</u>	<u>750,135</u>

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2019**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Liabilities:				
Current liabilities:				
Accounts Payable	370,718	319,132	619,124	239,374
Accrued Wages and Benefits	67,814	89,045	59,183	51,203
Intergovernmental Payable	0	0	0	11,798
Claims Payable	0	0	0	0
Due to Others, Payable from Restricted Assets	156,272	28,904	28,904	0
Due to Other Funds	366,136	0	0	0
Accrued Interest Payable	0	90,206	0	0
Capital Leases Payable - Current	0	0	0	0
Revenue Bond Payable - Current	0	350,000	985,000	0
OWDA Loans Payable - Current	0	1,714,826	1,609,871	0
OPWC Loans Payable - Current	0	0	0	0
Landfill Postclosure Care Liability - Current	0	0	0	78,600
Compensated Absences Payable - Current	45,720	77,854	51,974	28,722
Total Current Liabilities	1,006,660	2,669,967	3,354,056	409,697
Noncurrent Liabilities:				
Capital Leases Payable	0	0	0	0
Revenue Bonds Payable	0	4,005,827	17,311,789	0
OWDA Loans Payable	0	4,465,842	21,626,460	0
OPWC Loans Payable	0	0	0	0
Landfill Postclosure Care Liability	0	0	0	818,157
Compensated Absences Payable	464,190	563,519	475,774	297,748
Net Pension Liability	2,912,303	3,785,490	2,432,014	2,060,421
Net OPEB Liability	1,376,160	1,788,771	1,149,208	973,618
Total noncurrent liabilities	4,752,653	14,609,449	42,995,245	4,149,944
Total Liabilities	5,759,313	17,279,416	46,349,301	4,559,641
Deferred Inflows of Resources:				
Pension	39,477	51,439	33,052	27,908
OPEB	3,734	4,854	3,118	2,642
Deferred Inflow from Derivative Instruments	0	0	0	0
Total Deferred Inflow of Resources	43,211	56,293	36,170	30,550
Net Position:				
Net Investment in Capital Assets	14,984,704	12,953,460	17,097,701	2,320,913
Restricted for Debt Service	0	568,976	1,810,510	0
Unrestricted	9,315,848	2,836,873	19,350,952	(1,567,780)
Total Net Position	\$ 24,300,552	\$ 16,359,309	\$ 38,259,163	\$ 753,133

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
Total Net Position of Business Type Activities

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

<u>Storm Water</u>	<u>Port Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
52,574	0	1,600,922	129,194
13,301	0	280,546	50,826
2,659	0	14,457	0
0	0	0	1,025,183
0	0	214,080	0
0	0	366,136	0
0	9,158,685	9,248,891	0
67,470	0	67,470	2,754
0	1,205,000	2,540,000	0
77,957	0	3,402,654	0
34,622	0	34,622	0
0	0	78,600	0
12,232	0	216,502	27,035
<u>260,815</u>	<u>10,363,685</u>	<u>18,064,880</u>	<u>1,234,992</u>
150,191	0	150,191	1,653
0	339,766,730	361,084,346	0
560,053	0	26,652,355	0
311,601	0	311,601	0
0	0	818,157	0
87,180	0	1,888,411	307,178
586,734	0	11,776,962	2,199,396
277,251	0	5,565,008	1,039,288
<u>1,973,010</u>	<u>339,766,730</u>	<u>408,247,031</u>	<u>3,547,515</u>
<u>2,233,825</u>	<u>350,130,415</u>	<u>426,311,911</u>	<u>4,782,507</u>
7,959	0	159,835	29,886
752	0	15,100	2,820
0	186,819,864	186,819,864	0
<u>8,711</u>	<u>186,819,864</u>	<u>186,994,799</u>	<u>32,706</u>
20,802,892	2,816,928	70,976,598	558,290
0	0	2,379,486	0
3,859,326	(93,816,960)	(60,021,741)	(1,996,352)
<u>\$ 24,662,218</u>	<u>\$ (91,000,032)</u>	<u>\$ 13,334,343</u>	<u>\$ (1,438,062)</u>
		<u>(1,555,855)</u>	
		<u>\$ 11,778,488</u>	

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Operating Revenues:				
Charges for Services	\$ 12,702,255	\$ 8,772,695	\$ 12,457,533	\$ 4,168,822
Other Operating Revenues	172,377	41,204	28,322	29,302
Total Operating Revenues	12,874,632	8,813,899	12,485,855	4,198,124
Operating Expenses:				
Personal Services	2,661,288	3,941,260	2,395,320	2,045,713
Contractual Services	1,058,507	1,817,768	1,775,127	1,818,668
Cost of Gas Sold	8,504,227	0	0	0
Materials and Supplies	683,566	1,649,571	1,292,159	362,039
Depreciation	977,653	1,542,723	2,617,429	355,761
Health Insurance Claims	0	0	0	0
Total Operating Expenses	13,885,241	8,951,322	8,080,035	4,582,181
Operating Income (Loss)	(1,010,609)	(137,423)	4,405,820	(384,057)
Non-Operating Revenue (Expenses):				
Interest Income	0	174,257	612,042	10,789
Interest and Fiscal Charges	0	(369,625)	(964,363)	0
Gain on Sale of Capital Assets	1,439	0	0	0
Loss on Disposal of Capital Assets	0	0	0	0
Intergovernmental Grants	0	0	0	0
Other Nonoperating Revenue	0	14,761	48,114	21,192
Total Non-Operating Revenues (Expenses)	1,439	(180,607)	(304,207)	31,981
Income (Loss) Before Contributions, Special Item, and Transfers	(1,009,170)	(318,030)	4,101,613	(352,076)
Capital Contributions	0	0	0	0
Special Item - Legal Settlement	0	0	0	0
Transfers In	0	0	0	0
Change in Net Position	(1,009,170)	(318,030)	4,101,613	(352,076)
Net Position Beginning of Year	25,309,722	16,677,339	34,157,550	1,105,209
Net Position End of Year	\$ 24,300,552	\$ 16,359,309	\$ 38,259,163	\$ 753,133

Change in Net Position of Enterprise Funds

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

Change in Net Position of Business Type Activities

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Total	Internal Service Funds
\$ 3,259,944	\$ 4,951,667	\$ 46,312,916	\$ 10,865,043
14,298	19,437	304,940	79,427
<u>3,274,242</u>	<u>4,971,104</u>	<u>46,617,856</u>	<u>10,944,470</u>
571,703	0	11,615,284	2,168,140
1,542,870	2,625,034	10,637,974	492,471
0	2,047,178	10,551,405	0
8,127	0	3,995,462	1,107,681
333,576	74,900	5,902,042	141,631
0	0	0	8,115,006
<u>2,456,276</u>	<u>4,747,112</u>	<u>42,702,167</u>	<u>12,024,929</u>
817,966	223,992	3,915,689	(1,080,459)
0	81,660	878,748	0
(14,957)	(10,301,451)	(11,650,396)	0
0	34,730	36,169	0
0	0	0	(831)
0	21,000	21,000	0
0	26,068	110,135	0
<u>(14,957)</u>	<u>(10,137,993)</u>	<u>(10,604,344)</u>	<u>(831)</u>
803,009	(9,914,001)	(6,688,655)	(1,081,290)
127,606	0	127,606	0
2,106,846	0	2,106,846	0
0	0	0	2,500
3,037,461	(9,914,001)	(4,454,203)	(1,078,790)
<u>21,624,757</u>	<u>(81,086,031)</u>	<u>17,788,546</u>	<u>(359,272)</u>
<u>\$ 24,662,218</u>	<u>\$ (91,000,032)</u>	<u>\$ 13,334,343</u>	<u>\$ (1,438,062)</u>
		\$ (4,454,203)	
		(390,221)	
		<u>\$ (4,844,424)</u>	

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$13,184,656	\$8,720,595	\$12,457,977	\$4,210,422
Cash Received from Swap Providers	0	0	0	0
Cash Received from Interfund Services	0	0	0	0
Cash Payments for Goods and Services	(8,900,063)	(2,699,693)	(2,580,704)	(1,658,158)
Cash Payments to and on behalf of Employees	(1,621,446)	(2,486,251)	(1,585,076)	(1,343,353)
Cash Payments for Claims	0	0	0	0
Cash Payments for Interfund Services	(1,055,042)	(1,216,756)	(757,814)	(684,082)
Customer Deposits Received	178,788	33,063	33,063	0
Customer Deposits Returned	(149,563)	(27,659)	(27,659)	0
Net Cash Provided (Used) by Operating Activities	1,637,330	2,323,299	7,539,787	524,829
<u>Cash Flows from Noncapital Financing Activities:</u>				
Intergovernmental Grants Received	0	0	0	0
Proceeds from Legal Settlement	0	0	0	0
Receipt of Interfund Advance Repayment	0	0	0	10,100
Principal Paid on Revenue Bond Payable	0	0	0	0
Proceeds from Refunding Bonds	0	0	0	0
Principal Paid on Called Bond Payable	0	0	0	0
Interest Paid on Debt	0	0	0	0
Cash Received from Swap Providers Interest	0	0	0	0
Transfers In from Other Funds	0	0	0	0
Advances Out to Other Funds	0	0	0	0
Net Cash Provided by Noncapital Financing Activities	0	0	0	10,100
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Intergovernmental Grants Received	0	0	0	0
Proceeds from Ohio Public Works Commission Loan	0	0	0	0
Proceeds from Sales of Capital Assets	1,439	0	0	0
Acquisition and Construction of Assets	(2,461,478)	(233,154)	(1,555,466)	(198,130)
Principal Paid on General Obligation Notes	0	0	0	0
Capital Lease Payments	0	0	0	0
Principal Paid on Revenue Bonds Payable	0	(340,000)	(950,000)	0
Principal Paid on Ohio Water Development Authority Loans	0	(1,649,163)	(1,558,492)	0
Payment of Retainage	0	0	0	0
Interest Paid on All Debt	0	(397,067)	(1,420,101)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,460,039)	(2,619,384)	(5,484,059)	(198,130)
<u>Cash Flows from Investing Activities:</u>				
Sale of Investments	964,959	317,833	0	0
Purchase of Investments	0	0	(1,689,182)	(274,185)
Receipt of Investment Earnings	0	106,985	392,454	0
Net Cash Provided (Used) for Investing Activities	964,959	424,818	(1,296,728)	(274,185)
Net Increase (Decrease) in Cash and Cash Equivalents	142,250	128,733	759,000	62,614
Cash and Cash Equivalents at Beginning of Year	1,184,821	1,288,149	3,910,799	87,688
Cash and Cash Equivalents at End of Year	\$1,327,071	\$1,416,882	\$4,669,799	\$150,302
<u>Reconciliation of Cash and</u>				
<u>Cash Equivalents per the Statement of Net Position:</u>				
Cash and Cash Equivalents	\$1,170,799	\$819,002	\$2,830,385	\$150,302
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Restricted Cash and Cash Equivalents	156,272	597,880	1,839,414	0
Cash and Cash Equivalents at End of Year	\$1,327,071	\$1,416,882	\$4,669,799	\$150,302

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Totals	Internal Service Funds
\$3,266,376	\$5,419,764	\$47,259,790	\$0
0	13,543,667	13,543,667	0
0	0	0	10,949,502
(1,273,627)	(87,780,542)	(104,892,787)	(1,546,693)
(379,699)	0	(7,415,825)	(1,454,137)
0	0	0	(8,137,974)
(349,050)	0	(4,062,744)	(375,075)
0	0	244,914	0
0	0	(204,881)	0
<u>1,264,000</u>	<u>(68,817,111)</u>	<u>(55,527,866)</u>	<u>(564,377)</u>
0	21,000	21,000	0
2,106,846	0	2,106,846	0
0	0	10,100	0
0	(8,865,000)	(8,865,000)	0
0	343,282,014	343,282,014	0
0	(259,320,000)	(259,320,000)	0
0	(2,894,029)	(2,894,029)	0
0	833,373	833,373	0
0	0	0	2,500
0	(350,000)	(350,000)	0
<u>2,106,846</u>	<u>72,707,358</u>	<u>74,824,304</u>	<u>2,500</u>
127,606	0	127,606	0
193,589	0	193,589	0
0	73,719	75,158	0
(1,370,113)	(2,018)	(5,820,359)	(13,302)
(381,000)	0	(381,000)	0
(65,271)	0	(65,271)	(3,029)
0	0	(1,290,000)	0
(38,979)	0	(3,246,634)	0
(79,183)	0	(79,183)	0
(20,143)	0	(1,837,311)	0
<u>(1,633,494)</u>	<u>71,701</u>	<u>(12,323,405)</u>	<u>(16,331)</u>
0	0	1,282,792	0
(1,520,561)	0	(3,483,928)	0
0	81,660	581,099	0
<u>(1,520,561)</u>	<u>81,660</u>	<u>(1,620,037)</u>	<u>0</u>
216,791	4,043,608	5,352,996	(578,208)
354,337	7,156,200	13,981,994	2,548,485
<u>\$571,128</u>	<u>\$11,199,808</u>	<u>\$19,334,990</u>	<u>\$1,970,277</u>
\$571,128	\$1,399,054	\$6,940,670	\$1,410,496
0	0	0	559,781
0	9,800,754	12,394,320	0
<u>\$571,128</u>	<u>\$11,199,808</u>	<u>\$19,334,990</u>	<u>\$1,970,277</u>

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	(\$1,010,609)	(\$137,423)	\$4,405,820	(\$384,057)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	977,653	1,542,723	2,617,429	355,761
Miscellaneous Nonoperating Revenue	0	14,761	48,114	21,192
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
(Increase) Decrease in Accounts Receivable	310,024	(108,065)	(75,992)	(8,894)
Decrease in Due to Other Funds	0	0	0	0
(Increase) Decrease in Inventory	1,288,229	65,078	55,416	(3,463)
Increase in Prepaid Items	(3,508)	(566)	(961)	(801)
Increase in Prepaid Gas Supply	0	0	0	0
Increase in Deferred Outflows of Resources - Pension	(463,363)	(600,557)	(379,011)	(326,106)
Increase in Deferred Outflows of Resources - OPEB	(25,294)	(32,528)	(19,522)	(17,550)
Increase (Decrease) in Accounts Payable	(136,756)	153,660	6,609	150,876
Increase in Accrued Wages and Benefits	7,268	9,298	7,646	9,470
Decrease in Due to Other Funds	(422,592)	0	0	0
Increase in Intergovernmental Payable	0	0	0	0
Increase in Customer Deposits	29,225	5,404	5,404	0
Decrease in Landfill Postclosure Care Liability	0	0	0	(31,701)
Increase (Decrease) in Compensated Absences	(4,245)	8,131	20,988	1,317
Increase in Net Pension Liability	1,277,325	1,653,377	1,034,996	896,832
Increase in Net OPEB Liability	253,320	324,517	189,790	174,510
Decrease in Deferred Inflows of Resources - Pension	(359,437)	(470,288)	(308,587)	(255,671)
Decrease in Deferred Inflows of Resources - OPEB	(79,910)	(104,223)	(68,352)	(56,886)
Decrease in Claims Payable	0	0	0	0
Total Adjustments	2,647,939	2,460,722	3,133,967	908,886
Net Cash Provided (Used) by Operating Activities	\$1,637,330	\$2,323,299	\$7,539,787	\$524,829

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2019, the Water Pollution and Storm Water Funds had outstanding liabilities of \$396,182 and \$40,502 respectively for certain capital assets.

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Totals	Internal Service Funds
\$817,966	\$223,992	\$3,915,689	(\$1,080,459)
333,576	74,900	5,902,042	141,631
0	26,068	110,135	0
(7,866)	0	109,207	5,032
0	422,592	422,592	0
0	0	1,405,260	(14,390)
0	0	(5,836)	(317)
0	(69,564,663)	(69,564,663)	0
(93,711)	0	(1,862,748)	(345,046)
(5,168)	0	(100,062)	(18,116)
(6,919)	0	167,470	8,835
1,689	0	35,371	7,617
0	0	(422,592)	0
859	0	859	0
0	0	40,033	0
0	0	(31,701)	0
965	0	27,156	(30,972)
258,766	0	5,121,296	945,121
52,015	0	994,152	177,900
(72,145)	0	(1,466,128)	(276,897)
(16,027)	0	(325,398)	(61,348)
0	0	0	(22,968)
446,034	(69,041,103)	(59,443,555)	516,082
\$1,264,000	(\$68,817,111)	(\$55,527,866)	(\$564,377)

CITY OF LANCASTER, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2019***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 358,536
Due from Other Funds	<u>3,439</u>
Total Assets	<u><u>\$ 361,975</u></u>
Liabilities:	
Due to Other Funds	\$ 3,439
Intergovernmental Payable	3,439
Due to Others	<u>355,097</u>
Total Liabilities	<u><u>\$ 361,975</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

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, 2019 and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB 61, in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

The City's financial reporting entity includes a blended component unit, the Lancaster Port Authority, as well as, all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, cemetery department, planning, zoning, street maintenance, basic utility (water, sewer, electric, gas, and refuse) and other governmental services. The Port Authority, although a legally separate entity, provides services almost entirely to the City by financing the purchase of gas supply for the Gas Fund. The Executive Director of the Port Authority also serves as the General Manager to the Lancaster Municipal Gas Department. In addition, the City Treasurer voluntarily serves as the Treasurer to the Port Authority. Separately issued financial statements can be obtained from Lancaster Port Authority, 104 East Main Street, Lancaster, OH 43130.

The City participates in several Jointly Governed Organizations and an Insurance Pool that are further described in Notes 20 and 21.

B. Basis of Presentation - Fund Accounting

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types are used by the City:

Governmental Funds

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

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

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

Proprietary Funds

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

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

D. Basis of Accounting

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Revenues considered susceptible to accrual at year end include income taxes, interest on investments, and state levied locally shared taxes, including motor vehicle license fees and local government assistance. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

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

E. Budgetary Process

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

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

1. **Tax Budget**

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2019.

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 2019, 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, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

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

5. Budgetary Basis of Accounting

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

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

	Net Change in Fund Balance	
	General Fund	.45 Police and Fire Levy Fund
GAAP Basis (as reported)	\$590,858	(\$15,869)
Increase (Decrease):		
Accrued Revenues at December 31, 2019 received during 2020	(1,445,882)	(479,680)
Accrued Revenues at December 31, 2018 received during 2019	1,455,199	499,270
Accrued Expenditures at December 31, 2019 paid during 2020	419,151	547,375
Accrued Expenditures at December 31, 2018 paid during 2019	(311,721)	(493,406)
2018 Prepays for 2019	30,107	29,735
2019 Prepays for 2020	(30,410)	(29,672)
Adjustment to Fair Value	(321,477)	0
Outstanding Encumbrances	(304,832)	(258,088)
Budget Basis	<u>\$80,993</u>	<u>(\$200,335)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio) and certificates of deposit with original maturity dates of three months or less. See Note 5, "Cash, Cash Equivalents and Investments."

The City pools its cash, except for that held by fiscal agents and fiduciary fund cash and investments, for maximum investing efficiency. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and GASB Statement No. 72, "Fair Value Measurement and Application", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements.

The City's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes. See Note 5, "Cash, Cash Equivalents and Investments."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Derivative Instruments

The City's derivative financial instruments are accounted for in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instrument* and GASB Statement No. 72, *Fair Value Measurement and Application*. In connection with this Statement, the fair value of the City's derivative financial instruments is recorded on the Statement of Net position, with an offsetting deferred inflow or outflow. At December 31, 2019, the fair value of the City's derivative instruments are offset by a deferred inflow.

Derivative instruments are utilized by the City to manage market risk and reduce its exposure resulting from fluctuations in prices of natural gas in order to meet debt service requirements. These instruments include commodity swap agreements which convert index-priced natural gas revenues to fixed prices for servicing outstanding debt obligations.

I. Inventory

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

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Prepaid Gas Supply

The City prepaid for deliveries of natural gas supplies with the proceeds from revenue bonds. Prepaid gas supplies are stated at the present value of the remaining fixed delivery amounts, as determined by the prepay contract. Swap agreements are used to convert the variable index prices to fixed prices sufficient to meet debt service requirements.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and more than \$1,000 for the Port Authority.

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

<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, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Obligations

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

Obligation	Fund
General Obligation Bonds Payable	General Bond Retirement Fund
Revenue Bonds Payable	Water Fund, Water Pollution Fund, Port Authority Fund
Ohio Water Development Authority Loans	Street, Construction, Maintenance and Repair Fund, Water Fund, Water Pollution Fund Storm Water Fund
Ohio Public Works Commission Loan	General Bond Retirement Fund, Street Levy Fund, Storm Water Fund
State Infrastructure Bank Loan	Street Construction, Maintenance and Repair Fund
Installment Loan	Fire Impact-District One Fund
Capital Leases	General Fund, Cemetery Fund, Street Construction, Maintenance and Repair Fund, Parks and Recreation Fund, Storm Water Fund, Utilities Collection Fund
Compensated Absences	General Fund, .45 Police and Fire Levy Fund,
Net Pension Liability	Cemetery Fund, Street Construction, Maintenance and Repair Fund, Parks and Recreation Fund
Net OPEB Liability	Lancaster Community Development Fund Gas Fund, Water Fund, Water Pollution Fund Sanitation Fund, Storm Water Fund, Utilities Collection Fund, Information Services Fund

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences

City employees earn vacation at varying rates based upon length of service. Vacation leave is accrued on January 1 of every year regardless of employee's anniversary date. One week of vacation time can be carried over with the department superintendent's permission. Upon separation from the City, the employee (or his estate) is paid for accumulated unused vacation leave balance.

Sick leave is accrued by all employees at the rate of 4.6 hours every 80 hours of compensation for a total of fifteen days of sick leave accrued per year. Upon retirement, employees are paid a prorata amount of accumulated sick leave based on the employee's date of hire and position and on negotiated work agreements with the City.

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

O. Net Position

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Pensions/Other Postemployment Benefits (OPEB)

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

Q. Interfund Transactions

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

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

R. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balances (Continued)

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

S. Restricted Assets

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

T. Operating Revenues and Expenses

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

U. Interfund Balances

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has three items that qualifies for reporting in this category. One is the deferred charge on refunding reported in the government-wide and proprietary statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB, hedging derivatives and unavailable revenue. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. The cumulative increase in the hedging derivative is reported as a deferred inflow on both the proprietary statement of net position and government wide statement of net position. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide and proprietary fund statements of net position explained in Notes 11 and 12.

W. Contributions of Capital

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

X. Estimates

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Y. Fair Value

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2019, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance.”

GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by extending the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. This statement had no effect on beginning net position/fund balance.

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 3 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned, and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	.45 Police and Fire Levy Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$30,410	\$29,672	\$13,065	\$73,147
Supplies Inventory	111,409	0	290,600	402,009
Total Nonspendable	<u>141,819</u>	<u>29,672</u>	<u>303,665</u>	<u>475,156</u>
Restricted:				
Transportation Projects	0	0	2,194,154	2,194,154
Cemetery	0	0	1,684,706	1,684,706
Court Projects	0	0	1,652,284	1,652,284
Public Transportation	0	0	260,847	260,847
911 Services	0	0	153,758	153,758
Police and Fire Operations	0	671,488	986,335	1,657,823
Pension for Public Safety	0	0	14,889	14,889
Community Development	0	0	1,650,090	1,650,090
Debt Retirement	0	0	40,112	40,112
Capital Improvements	0	0	827,261	827,261
Total Restricted	<u>0</u>	<u>671,488</u>	<u>9,464,436</u>	<u>10,135,924</u>
Committed:				
Parks and Recreation	0	0	878,331	878,331
Capital Improvements	0	0	1,572,442	1,572,442
Total Committed	<u>0</u>	<u>0</u>	<u>2,450,773</u>	<u>2,450,773</u>
Assigned:				
Projected budgetary deficit	1,130,579	0	0	1,130,579
Services and Supplies	192,118	0	0	192,118
Total Assigned	<u>1,322,697</u>	<u>0</u>	<u>0</u>	<u>1,322,697</u>
Unassigned:				
	6,349,751	0	(2,734,927)	3,614,824
Total Fund Balances	<u>\$7,814,267</u>	<u>\$701,160</u>	<u>\$9,483,947</u>	<u>\$17,999,374</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

The fund deficits at December 31, 2019 of \$1,474,430 in the Ety Road TIF Project Fund and \$1,260,497 in the Columbian Construction Fund (capital projects funds) are the result of recording notes payable amounts in the individual fund balance sheets. The accumulated deficit of \$91,000,032 in the Port Authority Fund (enterprise fund) is the result of recording the prepaid gas supply at the present value of the future shipments and the related bonds payable at outstanding par value. At the end of the contract period, the net result will be zero. The accumulated deficits of \$1,250,956 in the Utilities Collection Fund and \$393,872 in the Health Insurance Management Fund (internal service funds) are the result of the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides transfers, upon City Council's approval when cash is required not when accruals occur.

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

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

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. Protection of City cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. The City has no policy on custodial credit risk and is governed by the Ohio Revised Code. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the City's deposits was \$32,877,186 and the bank balance was \$33,309,512. Federal depository insurance covered \$1,251,621 of the bank balance and \$32,057,891 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held in the Ohio Pooled Collateral System	<u>\$32,057,891</u>
Total Balance	<u><u>\$32,057,891</u></u>

Investment earnings of \$675,662 earned by other funds was credited to the General Fund as required by state statute.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

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

B. Investments

The City's investments at December 31, 2019 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
STAR Ohio	\$59,628	AAAm ¹	\$59,628	\$0	\$0
Negotiable CDs ^a	8,077,335	N/A ³	1,240,043	1,981,025	4,856,267
FNMA ^b	8,760,851	AA+ ¹ , Aaa ²	3,785,107	4,975,744	0
FHLB ^b	5,591,040	AA+ ¹ , Aaa ²	0	1,019,410	4,571,630
FFCB ^b	9,578,802	AA+ ¹ , Aaa ²	3,593,060	999,163	4,986,579
FHLMC ^b	13,115,765	AA+ ¹ , Aaa ²	1,496,505	2,742,215	8,877,045
Total Investments	<u>\$45,183,421</u>		<u>\$10,174,343</u>	<u>\$11,717,557</u>	<u>\$23,291,521</u>

¹ Standard & Poor's

² Moody's Investor Service

³ All are fully FDIC insured

^a \$8,077,335 of the negotiable CDs were called in 2020.

^b \$32,059,485 of the securities were called in 2020 and \$3,098,124 of the securities are callable through September 2024.

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

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

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

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 0.1% are in STAROhio, 17.9% are in negotiable CDs, 19.4% are FNMA, 12.4% are FHLB, 21.2% are FFCB, and 29.0% 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

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

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Financial Statements	\$30,715,001	\$47,345,606
Certificates of Deposit (with maturities of more than 3 months)	2,221,813	(2,221,813)
Investments:		
STAR Ohio	(59,628)	59,628
Per GASB Statements No. 3 and 40	<u>\$32,877,186</u>	<u>\$45,183,421</u>

* Includes Cash with Fiscal Agent

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2019 were levied after October 1, 2018 on assessed values as of January 1, 2018, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2014. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 6 - TAXES (Continued)

A. Property Taxes (Continued)

The full tax rate for the City's operations for the year ended December 31, 2019 was \$6.40 per \$1,000 of assessed value. The assessed value upon which the 2019 property tax receipts were based was \$745,389,440. This amount constitutes \$723,853,370 in real property assessed value and \$21,536,070 in public utility property. Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .64% (6.40 mills) of assessed value.

B. Income Tax

The City levies a tax of 1.75%, .75% of which is voter approved, on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. The City allows a credit of 100% of the first 1.0% unvoted tax paid to another municipality to a maximum of the total amount assessed.

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

NOTE 7 - RECEIVABLES

Receivables at December 31, 2019 consisted of taxes, accounts, special assessments, interest, loans and intergovernmental receivables arising from shared revenues. These amounts are shown separately on the face of the financial statements with the exception of property and income taxes receivable in the amount of \$4,739,301 and \$4,393,168 respectively. Delinquents are included in the amounts presented.

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 8 – INTERFUND ACCOUNTS

Interfund balances at December 31, 2019 consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Enterprise Funds:		
Gas	\$0	\$366,136
Port Authority	<u>366,136</u>	<u>0</u>
Total Enterprise Funds	366,136	366,136
Agency Funds:		
Municipal Court	0	3,439
Law Library	<u>3,439</u>	<u>0</u>
Total Agency Funds	<u>3,439</u>	<u>3,439</u>
Totals	<u><u>\$369,575</u></u>	<u><u>\$369,575</u></u>
	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
Nonmajor Governmental Funds	\$0	\$350,000
Enterprise Fund:		
Port Authority	<u>350,000</u>	<u>0</u>
Totals	<u><u>\$350,000</u></u>	<u><u>\$350,000</u></u>
	<u>Advance to Other Funds</u>	<u>Advance from Other Funds</u>
Nonmajor Governmental Funds	\$0	\$157,500
Enterprise Fund:		
Sanitation Fund	<u>157,500</u>	<u>0</u>
Totals	<u><u>\$157,500</u></u>	<u><u>\$157,500</u></u>

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

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2019:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$11,926,646
.45 Police and Fire Levy Fund	10,808,342	0
Nonmajor Governmental Funds	2,215,042	1,099,238
Internal Service Funds	<u>2,500</u>	<u>0</u>
Total Transfers	<u><u>\$13,025,884</u></u>	<u><u>\$13,025,884</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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2019:

Historical Cost:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
<i>Capital assets not being depreciated:</i>				
Land	\$18,387,081	\$67,400	\$0	\$18,454,481
Construction in Progress	132,101	1,544,641	(132,101)	1,544,641
Subtotal	18,519,182	1,612,041	(132,101)	19,999,122
<i>Capital assets being depreciated:</i>				
Buildings	18,053,846	0	0	18,053,846
Improvements Other than Buildings	7,643,369	202,981	(4,000)	7,842,350
Machinery and Equipment	6,489,289	513,197	(382,811)	6,619,675
Vehicles	8,678,466	607,873	(634,862)	8,651,477
Infrastructure	38,807,324	1,679,508	(208,839)	40,277,993
Subtotal	79,672,294	3,003,559	(1,230,512)	81,445,341
Total Cost	\$98,191,476	\$4,615,600	(\$1,362,613)	\$101,444,463

Accumulated Depreciation:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Buildings	(\$5,105,033)	(\$400,971)	\$0	(\$5,506,004)
Improvements Other than Buildings	(5,407,321)	(272,076)	4,000	(5,675,397)
Machinery and Equipment	(4,327,578)	(505,855)	331,093	(4,502,340)
Vehicles	(6,415,558)	(782,225)	634,862	(6,562,921)
Infrastructure	(14,213,824)	(917,629)	206,723	(14,924,730)
Total Depreciation	(\$35,469,314)	(\$2,878,756) *	\$1,176,678	(\$37,171,392)
<i>Net Value:</i>	\$62,722,162			\$64,273,071

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$449,686)
Leisure Time Activities	(242,045)
Community Environment	(569)
Public Health & Welfare	(16,323)
Transportation	(1,527,343)
General Government	(522,816)
Internal Service Fund Capital Assets	(119,974)
Total Depreciation Expense	(\$2,878,756)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 10 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2019:

Historical Cost:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
<i>Capital assets not being depreciated:</i>				
Land	\$3,768,577	\$0	(\$38,989)	\$3,729,588
Construction in Progress	590,137	1,001,830	(365,965)	1,226,002
Subtotal	4,358,714	1,001,830	(404,954)	4,955,590
<i>Capital assets being depreciated:</i>				
Buildings	83,560,194	0	0	83,560,194
Improvements	34,822,388	0	0	34,822,388
Machinery and Equipment	10,998,955	528,646	(77,802)	11,449,799
Vehicles	7,163,788	282,653	(469,324)	6,977,117
Infrastructure	103,395,869	4,322,540	0	107,718,409
Subtotal	239,941,194	5,133,839	(547,126)	244,527,907
Total Cost	\$244,299,908	\$6,135,669	(\$952,080)	\$249,483,497

Accumulated Depreciation:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Buildings	(\$26,501,006)	(\$1,995,936)	\$0	(\$28,496,942)
Improvements	(32,244,506)	(230,561)	0	(32,475,067)
Machinery and Equipment	(9,512,755)	(323,602)	77,802	(9,758,555)
Vehicles	(4,659,811)	(647,564)	469,324	(4,838,051)
Infrastructure	(48,496,124)	(2,726,036)	0	(51,222,160)
Total Depreciation	(\$121,414,202)	(\$5,923,699)	\$547,126	(\$126,790,775)
<i>Net Value:</i>	\$122,885,706			\$122,692,722

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, \$484,061 and \$78,636 of internal service funds capital assets, net of depreciation are included in the respective above amounts. Also, \$119,974 and \$21,657 of depreciation expense for the internal service funds are included in the respective above amounts.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member’s FAS for the first 30 years of service.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member’s FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS’s Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	<u>State and Local</u>
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$2,097,584 for 2019. Of this amount, \$169,926 is reported as an intergovernmental payable.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. See OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits.

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2019 through December 31, 2019	12.25 %	12.25 %
2019 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2019 through December 31, 2019	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$2,256,121 for 2019. Of this amount, \$155,723 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$29,227,075	\$37,332,171	\$66,559,246
Proportion of the Net Pension Liability-2019	0.106715%	0.457354%	
Proportion of the Net Pension Liability-2018	<u>0.105408%</u>	<u>0.456191%</u>	
Percentage Change	<u>0.001307%</u>	<u>0.001163%</u>	
Pension Expense	\$6,659,361	\$4,917,421	\$11,576,782

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$2,544,289	\$989,727	\$3,534,016
Differences between expected and actual experience	1,348	1,533,832	1,535,180
Net difference between projected and actual earnings on pension plan investments	3,966,932	4,599,291	8,566,223
Change in proportionate share	274,058	313,455	587,513
City contributions subsequent to the measurement date	<u>2,097,584</u>	<u>2,256,121</u>	<u>4,353,705</u>
Total Deferred Outflows of Resources	<u>\$8,884,211</u>	<u>\$9,692,426</u>	<u>\$18,576,637</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$383,768	\$34,861	\$418,629
Change in proportionate share	<u>12,774</u>	<u>425,928</u>	<u>438,702</u>
Total Deferred Inflows of Resources	<u>\$396,542</u>	<u>\$460,789</u>	<u>\$857,331</u>

\$4,353,705 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2020	\$2,827,043	\$2,168,109	\$4,995,152
2021	1,350,114	1,162,384	2,512,498
2022	368,013	1,352,953	1,720,966
2023	1,844,915	2,154,372	3,999,287
2024	<u>0</u>	<u>137,698</u>	<u>137,698</u>
Total	<u>\$6,390,085</u>	<u>\$6,975,516</u>	<u>\$13,365,601</u>

Actuarial Assumptions - OPERS

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2018 and December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2018
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age
	December 31, 2017
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94% for 2018.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$43,176,889	\$29,227,075	\$17,634,654

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2018, compared with January 1, 2017, are presented below.

	January 1, 2018	January 1, 2017
Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2018 valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For the January 1, 2018 valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016; the prior experience study was completed December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2018 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.80 %
Domestic Equity	16.00	5.50
Non-US Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income *	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	120.00 %	

Note: Assumptions are geometric.

* levered 2x

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2018, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2017 was 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$49,070,567	\$37,332,171	\$27,523,047

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2019.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. 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 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2019, the portion of employer contributions allocated to health care was 0.5 percent 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 is also 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.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was \$52,864 for 2019. Of this amount, \$3,712 is reported as an intergovernmental payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$13,810,771	\$4,164,910	\$17,975,681
Proportion of the Net OPEB Liability-2019	0.105930%	0.457354%	
Proportion of the Net OPEB Liability-2018	<u>0.104580%</u>	<u>0.456191%</u>	
Percentage Change	<u>0.001350%</u>	<u>0.001163%</u>	
OPEB Expense	\$1,446,363	(\$20,456,433)	(\$19,010,070)

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$445,275	\$2,158,888	\$2,604,163
Differences between expected and actual experience	4,677	0	4,677
Net difference between projected and actual earnings on OPEB plan investments	633,143	140,986	774,129
Change in proportionate share	0	285,242	285,242
City contributions subsequent to the measurement date	0	52,864	52,864
Total Deferred Outflows of Resources	<u>\$1,083,095</u>	<u>\$2,637,980</u>	<u>\$3,721,075</u>
Deferred Inflows of Resources			
Changes in assumptions	\$0	\$1,153,043	\$1,153,043
Differences between expected and actual experience	37,473	111,588	149,061
Total Deferred Inflows of Resources	<u>\$37,473</u>	<u>\$1,264,631</u>	<u>\$1,302,104</u>

\$52,864 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2020	\$495,014	\$233,403	\$728,417
2021	127,365	233,403	360,768
2022	104,286	233,404	337,690
2023	318,957	276,045	595,002
2024	0	208,817	208,817
2025	0	146,318	146,318
2026	0	(10,905)	(10,905)
Total	<u>\$1,045,622</u>	<u>\$1,320,485</u>	<u>\$2,366,107</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior Measurement date	6.50 percent
Municipal Bond Rate:	
Current measurement date	3.71 percent
Prior Measurement date	3.31 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial 3.25 percent, ultimate in 2029
Prior Measurement date	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
City's proportionate share of the net OPEB liability	\$17,669,124	\$13,810,771	\$10,742,361

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$13,275,148	\$13,810,771	\$14,427,666

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	4.66 percent	3.24 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016; the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018, are summarized below:

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.80 %
Domestic Equity	16.00	5.50
Non-US Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income *	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	<u>120.00 %</u>	

Note: Assumptions are geometric.

* levered 2x

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

Discount Rate The total OPEB liability was calculated using the discount rate of 4.66 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 percent.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66 percent), or one percentage point higher (5.66 percent) than the current rate.

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
City's proportionate share of the net OPEB liability	\$5,073,997	\$4,164,910	\$3,401,809

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 13 - NOTES PAYABLE

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

	Maturity Date	Balance January 1, 2019	Additions	(Reductions)	Balance December 31, 2019
Capital Projects Notes Payable:					
2.776% Street Improvement 2018	12/31/2019	\$1,051,676	\$0	(\$1,051,676)	\$0
2.825% Street Improvement 2019	12/31/2020	0	1,015,677	0	1,015,677
2.776% Island Capital Note 2018	12/31/2019	326,205	0	(326,205)	0
2.825% Island Capital Note 2019	12/31/2020	0	315,039	0	315,039
2.250% Columbian Construction Note 2018	12/21/2019	1,440,000	0	(1,440,000)	0
1.600% Columbian Construction Note 2019	12/22/2020	0	1,260,000	0	1,260,000
Total Capital Projects Notes Payable		<u>\$2,817,881</u>	<u>\$2,590,716</u>	<u>(\$2,817,881)</u>	<u>\$2,590,716</u>
Enterprise Funds Notes Payable:					
1.80% Storm Water Improvement	3/29/2019	\$381,000	\$0	(\$381,000)	\$0
Total Enterprise Notes Payable		<u>\$381,000</u>	<u>\$0</u>	<u>(\$381,000)</u>	<u>\$0</u>

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

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

Long-term debt and other long-term obligations of the City at December 31, 2019 were as follows:

	Adjusted Balance December 31, 2018	Additions	(Reductions)	Balance December 31, 2019	Due Within One Year
Business-Type Activities:					
Ohio Water Development Authority Loans (OWDA):					
2003 2.00% Water Treatment Plant/Clearwells/Wellfield	\$107,689	\$0	(\$6,737)	\$100,952	\$6,872
2001 4.14% Water Transmission Line/Waste Force Main	1,477,014	0	(346,876)	1,130,138	361,386
2001 3.90% Water Treatment Plant/Clearwells/Wellfield	6,245,128	0	(1,295,550)	4,949,578	1,346,568
2009 3.27% Water Pollution Control Plant	24,794,823	0	(1,558,492)	23,236,331	1,609,871
2018 0.00% Cherokee Drive Drainage Improvements	676,989	0	(38,979)	638,010	77,957
Total Ohio Water Development Authority Loans	<u>33,301,643</u>	<u>0</u>	<u>(3,246,634)</u>	<u>30,055,009</u>	<u>3,402,654</u>
Revenue Bonds Payable:					
2012 2-3.5% Refunding Water System Improvement Revenue Bond	4,500,000	0	(340,000)	4,160,000	350,000
Premium	215,409	0	(19,582)	195,827	0
2012 2-3.5% Refunding Wastewater System Improvement Revenue Bond	2,855,000	0	(210,000)	2,645,000	220,000
2016 3-4% Refunding Wastewater System Improvement Revenue Bond	14,670,000	0	(740,000)	13,930,000	765,000
Premium	1,847,086	0	(125,297)	1,721,789	0
2014 variable Refunding Port Authority Gas Supply Revenue Bond	266,595,000	0	(266,595,000)	0	0
Discount	(303,702)	0	303,702	0	0
2019 5.00% Refunding Port Authority Gas Supply Revenue Bond	0	300,065,000	(1,590,000)	298,475,000	1,205,000
Premium	0	43,217,014	(720,284)	42,496,730	0
Total Revenue Bonds Payable	<u>290,378,793</u>	<u>343,282,014</u>	<u>(270,036,461)</u>	<u>363,624,346</u>	<u>2,540,000</u>
Ohio Public Works Commission Loan (OWPC):					
2018 0.00% Cherokee Drive Drainage Improvements	152,634	193,589	0	346,223	34,622
Landfill Postclosure Care Liability	928,458	0	(31,701)	896,757	78,600
Capital Leases	290,368	0	(68,300)	222,068	70,224
Compensated Absences	2,345,064	567,256	(574,275)	2,338,045	238,418
Total Business-Type Long-Term Debt	<u>\$327,396,960</u>	<u>\$344,042,859</u>	<u>(\$273,957,371)</u>	<u>\$397,482,448</u>	<u>\$6,364,518</u>

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

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

	Adjusted Balance December 31, 2018	Additions	(Reductions)	Balance December 31, 2019	Due Within One Year
Governmental Activities Long-Term Debt:					
2010 2-3.125% General Obligation Bond Payable - Ety Road TIF	\$440,000	\$0	(\$105,000)	\$335,000	\$110,000
2014 2-3% Refunding General Obligation Bond Payable	1,585,000	0	(250,000)	1,335,000	255,000
Premium	19,107	0	(3,821)	15,286	0
2014 2-4% General Obligation Bond Payable-Court Facility	7,235,000	0	(190,000)	7,045,000	200,000
Premium	105,960	0	(4,238)	101,722	0
2014 1-3.45% General Obligation Bond Payable - Land	650,000	0	(100,000)	550,000	105,000
Total General Obligation Bonds Payable	<u>10,035,067</u>	<u>0</u>	<u>(653,059)</u>	<u>9,382,008</u>	<u>670,000</u>
2000 0.00% Ohio Public Works Commission Loan Payable	18,258	0	(6,086)	12,172	6,086
2016 0.00% Ohio Public Works Commission Loan Payable	126,256	0	(42,085)	84,171	42,085
Total Ohio Public Works Commission Loans Payable	<u>144,514</u>	<u>0</u>	<u>(48,171)</u>	<u>96,343</u>	<u>48,171</u>
2001 5.00% Special Assessment Bond Payable with Governmental Commitment	80,500	0	(80,500)	0	0
2010 3.25% Ohio Water Development Authority Loan	278,254	0	(18,370)	259,884	18,972
2019 0.00% State Infrastructure Bank Loan	0	217,587	0	217,587	0
Installment Loans Payable:					
2012 3.25% Fire Engine	70,369	0	(70,369)	0	0
2013 3.30% Fire Aerial Truck Platform	254,022	0	(47,535)	206,487	49,113
Total Installment Loans Payable	<u>324,391</u>	<u>0</u>	<u>(117,904)</u>	<u>206,487</u>	<u>49,113</u>
Compensated Absences	5,094,108	1,673,599	(1,671,278)	5,096,429	490,638
Capital Leases	826,767	986,000	(464,572)	1,348,195	356,908
Pollution Remediation Obligation	122,443	0	(122,443)	0	0
Total Governmental Activities	<u>\$16,906,044</u>	<u>\$2,877,186</u>	<u>(\$3,176,297)</u>	<u>\$16,606,933</u>	<u>\$1,633,802</u>

Internal service funds serve both governmental and business-type funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental and business-type funds. At year-end, \$101,081 and \$233,132 of internal service funds compensated absences are included in the respective above amounts. Also, \$4,407 of an internal service fund capital lease is recorded in the business-type activities amount.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

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

A. Gas Supply Revenue Bonds, Series 2019

In May, 2019, the Port Authority issued \$300,065,000 of gas supply revenue refunding bonds to refund the gas supply revenue refunding bonds issued in July, 2014 as well as provide for the prepayment of the extension of the original prepaid gas agreement through the year 2049. The City will purchase the scheduled monthly gas at a specified index less a discount from such index price for the entire term of May 2019 through June 2049. The revenue bonds are secured by a pledge of the gas supply revenues derived from the related prepay transaction. The 2019 gas supply revenue refunding bonds carry an interest rate of 5.00% and are scheduled to mature on August 1, 2049, with the bonds maturing after February 1, 2025 being subject to a mandatory tender as of that date.

The principal and interest remaining to be paid on these bonds is \$579,805,965. Principal and interest paid for the current year and total customer net revenues were \$11,759,029 and \$380,552, respectively.

B. Water and Wastewater Revenue Bonds

The City has pledged future customer revenues, net of specified operating expenses, to repay Water Revenue Bonds, series 2012. The 2012 bonds were issued to partially refund 2004 bonds which were originally issued to pay the cost of constructing two 2 million gallon storage tanks and various water lines. The principal and interest remaining to be paid on these bonds is \$5,124,306. Principal and interest paid for the current year and total customer net revenues were \$514,231 and \$1,579,557, respectively.

The City has pledged future customer revenues, net of specified operating expenses, to repay Wastewater Revenue Bonds, series 2008, 2012 and 2016. The 2012 bonds were issued to partially refund 2004 bonds which were originally issued to pay the cost of acquiring land for a new wastewater treatment plant and installing various sewer lines. The 2008 bonds were issued to pay the cost of constructing a new wastewater treatment plant. The 2016 bonds were issued to partially refund the 2008 bonds. The principal and interest remaining to be paid on these bonds is \$21,665,500. Principal and interest paid for the current year and total customer net revenues were \$1,635,350 and \$7,635,291, respectively.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

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

C. Ohio Water Development Authority Loans

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

In 2001, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$21,064,709. This loan is payable from water charges and the proceeds were used for the water treatment plant, clearwells and wellfield.

In 2003, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$199,091. The proceeds were used for the water treatment plant.

In 2009, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$34,396,999. The proceeds were used to build the Upper Hocking Wastewater Treatment Plant.

In 2010, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$398,675. The proceeds were used to build a salt storage barn and wash bays.

In 2018, 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 \$779,572. The proceeds are being used for drainage improvements. The amount is subject to change and has not been finalized. The interest rate on the loans is 0%, per annum. This loan is payable from storm water charges and is received by the City in increments as the project is completed. As of December 31, 2019, the City had received \$676,989, from OWDA. An estimate of future financing requirements has been made based on the loan balance of \$676,989 at December 31, 2019.

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

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

D. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2019 follows:

Governmental Activities:

Years	General Obligation Bond Payable		State Infrastructure Bank Loan		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
	2020	\$670,000	\$323,484	\$0	\$0	\$18,972
2021	675,000	308,196	24,450	6,536	19,593	7,082
2022	690,000	291,258	25,189	5,775	20,236	6,489
2023	600,000	272,575	25,950	4,991	20,898	5,877
2024	610,000	255,606	26,734	4,183	21,583	5,245
2025-2029	1,185,000	1,104,137	115,264	8,152	118,998	15,995
2030-2034	1,435,000	856,800	0	0	39,604	1,195
2035-2039	1,740,000	546,200	0	0	0	0
2040-2042	1,660,000	169,400	0	0	0	0
Totals	<u>\$9,265,000</u>	<u>\$4,127,656</u>	<u>\$217,587</u>	<u>\$29,637</u>	<u>\$259,884</u>	<u>\$49,538</u>

Years	OPWC Loan		Installment Loan	
	Principal	Interest	Principal	Interest
2020	\$48,171	\$0	\$49,113	\$6,414
2021	48,172	0	50,751	4,776
2022	0	0	52,439	3,088
2023	0	0	54,184	1,343
Totals	<u>\$96,343</u>	<u>\$0</u>	<u>\$206,487</u>	<u>\$15,621</u>

Business-Type Activities:

Years	OWDA Loans		Revenue Bonds Payable		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
	2020	\$3,402,654	\$856,806	\$2,540,000	\$18,627,096	\$34,622
2021	3,524,011	756,232	2,625,000	15,610,856	34,622	0
2022	3,649,840	651,986	2,720,000	15,498,906	34,622	0
2023	2,608,350	546,965	2,845,000	15,379,663	34,622	0
2024	1,918,294	481,921	3,010,000	15,254,975	34,622	0
2025-2029	10,399,435	1,538,286	53,090,000	70,570,925	173,113	0
2030-2034	4,552,425	172,036	57,590,000	56,460,100	0	0
2035-2039	0	0	57,080,000	42,422,125	0	0
2040-2044	0	0	64,635,000	27,324,250	0	0
2045-2049	0	0	73,075,000	10,236,875	0	0
Totals	<u>\$30,055,009</u>	<u>\$5,004,232</u>	<u>\$319,210,000</u>	<u>\$287,385,771</u>	<u>\$346,223</u>	<u>\$0</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

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

E. Defeased Debt

In June 2012, the City defeased \$5,915,000 of Water Revenue Bonds dated September, 2004 (the "2004 Bonds") through the issuance of \$5,795,000 of Water Revenue Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$4,395,000 at December 31, 2019, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In June 2012, the City defeased \$3,665,000 of Wastewater Revenue Bonds dated September, 2004 (the "2004 Bonds") through the issuance of \$3,680,000 of Wastewater Revenue Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$2,725,000 at December 31, 2019, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In June 2016, the City defeased \$15,885,000 of Wastewater Revenue Bonds dated September, 2008 (the "2008 Bonds") through the issuance of \$15,395,000 of Wastewater Revenue Bonds. The net proceeds of the 2016 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$14,445,000 at December 31, 2019, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In May, 2019, the Port Authority issued \$300,065,000 of gas supply revenue refunding bonds in a current refunding to redeem \$259,320,000 of gas supply revenue refunding bonds issued in July, 2014 as well as provide for the prepayment of the extension of the original prepaid gas agreement through the year 2049. The 2019 gas supply revenue refunding bonds carry an interest rate of 5.00% and are scheduled to mature on August 1, 2049, with the bonds maturing after February 1, 2025 being subject to a mandatory tender as of that date. The 2019 revenue refunding bonds have a fixed interest rate, while the 2014 revenue refunding bonds had variable rate interest payments based on the monthly LIBOR rate. The cash flow savings and economic gain/loss could not be calculated due to the uncertainties of future cash flow requirements given the variable interest rate.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 15 - CAPITALIZED LEASES

Under capital leases the City leases four copiers, a mailing machines, a fire medic, fire pumper, two street sweepers, and several street paving equipment, cemetery equipment and park and recreation trucks, tractors, mowers. The cost of the improvements and equipment obtained under capital leases is included in the appropriate proprietary fund or Governmental Activities Capital Assets and the related liability is included in the appropriate proprietary fund or in the Governmental Activities Long-Term Liabilities. The original cost of the assets acquired under capital lease was \$2,411,443.

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, 2019:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2020	\$410,235	\$77,669
2021	384,025	76,473
2022	357,606	<u>83,156</u>
2023	220,551	
2024	<u>94,146</u>	
Minimum Lease Payments	1,466,563	237,298
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(118,368)</u>	<u>(15,230)</u>
Present value of minimum lease payments	<u><u>\$1,348,195</u></u>	<u><u>\$222,068</u></u>

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 16 - DERIVATIVE INSTRUMENTS

A. Composition of Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2019, classified by type, are as follows:

	<u>Notional Amount</u>		<u>Fair Value</u>	<u>Counterparty Credit Rating</u>
Positive Cash Flow Hedge:				
Pay-variable, receive fixed commodity swap	61,228,196 mmbtu	\$	186,819,864	A-

All fair values are classified as derivative instruments on the Statement of Net Position. The increase in fair values of these derivatives instruments was \$10,864,205 for 2019. As these commodity swaps are considered hedging derivatives instruments, the change in fair value is reflected within deferred outflows and inflows on the Statement of Net Position. The fair values of the commodity swaps are based on forward prices from established indexes for the applicable region and discounted using established interest rate indexes. The fair value of the derivatives is calculated based on current market rates (Level 2 inputs).

B. Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the Port Authority hedging derivative instruments outstanding at December 31, 2019:

<u>Type</u>	<u>Objective</u>	<u>Maturity Date</u>	<u>Terms</u>
Pay-variable, receive fixed commodity swap	The Port Authority has entered into a fixed to floating commodity swap in connection with the natural gas prepay transaction. The purpose of the Commodity Swap is to correlate gas sales revenues the Port Authority receives based on floating natural gas indices to a fixed stream of payments necessary to make debt service payments on its Bonds.	2049	The commodity swap extends to the date of the final maturity of the related Natural Gas Supply Agreements. The commodity swap requires monthly payments based on a notional quantity of natural gas that corresponds to the volume of natural gas sold pursuant to the related Natural Gas Supply Agreements. Payments under the commodity swap are based on nationally published gas indices at the gas delivery points.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 16 - DERIVATIVE INSTRUMENTS (Continued)

C. Commodity Swap Risks

Termination Risk: The Commodity Swaps terminate in the event of a “triggering event” under the related Prepaid Natural Gas Sales Agreements, in the event of the Port Authority or counterparty nonperformance, and in connection with other specified events. Under the Commodity Swaps no payment, in the amount of the fair value or otherwise, is to be made by the Swap Counterparty in connection with an early termination of such swap. However, if the Commodity Swaps are terminated as a result of the Port Authority’s default or as a result of the termination of the Prepaid Natural Gas Sales Agreements, the Port Authority would be obligated to pay a termination payment to the Swap Counterparty based on the net present value of the remaining notional quantities of gas during the remaining term multiplied by a fixed amount.

Credit Risk: The Commodity Swaps are tied to related gas prepay transactions and terminate in the event such transactions terminate. Therefore, the only credit risk associated with the Commodity Swaps is for margins lost on future commodity deliveries associated with a termination of the related gas prepay transactions in the event of a counterparty’s inability to perform in accordance with the terms of the related Commodity Swaps. Generally, the only amounts due upon termination of the Commodity Swap would be previously accrued but unpaid amounts. If the Swap Counterparty is rated below "A1" by Moody’s Investors Service, Inc., the Swap Counterparty is permitted to post collateral or post an alternative security arrangement within twenty-five Local Business Days of such downgrade. The Swap Counterparty must provide the Port Authority adequate assurances of Swap Counterparty’s ability to continue performing under all Transactions, which adequate assurances must be satisfactory to the Port Authority.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 17 - INSURANCE AND RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

Insurance for property holds a \$10,000 disappearing 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 Selective Insurance Company for claims in excess of \$1,000,000. The City has a Cyber Liability Insurance through AIG in the amount of \$1,000,000 with a \$25,000 deductible.

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

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

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

On January 1, 1998, the City established an internal service fund to provide group health, dental, and prescription drug benefits to employees and their eligible dependents through the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool (Note 22). SCOIC currently includes nineteen member school districts and governmental entities. The Bloom Carroll Local School District serves as the fiscal agent for the consortium. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Health Insurance Management Fund (internal service fund) are available to pay claims.

The agreement with SCOIC considers medical, surgical, and prescription drug programs to also be self-insured programs. The City retains the risk for the first \$150,000 of a covered individual medical claim.

Claims are paid by the City to the SCOIC. SCOIC contracts with CareFactor for claims servicing. The City has shared risk pool coverage with Jefferson Health Plan for covered individual medical claims in excess of \$200,000 up to \$1,500,000 per employee per year. The City also has a stop loss coverage insurance policy, purchased through Jefferson Health Plan, for covered individual medical claims in excess of \$1,500,000 per employee per year. The City has no stop loss coverage for the dental claims.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 17 - INSURANCE AND RISK MANAGEMENT (Continued)

The claims liability of \$1,025,183 reported at December 31, 2019 is based on an estimate provided by an actuary for medical and dental claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two years, including medical, surgical, prescription drug, and dental are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2018	\$761,843	\$8,385,509	(\$8,099,201)	\$1,048,151
2019	\$1,048,151	\$8,115,006	(\$8,137,974)	\$1,025,183

NOTE 18 - SIGNIFICANT COMMITMENTS

As of December 31, 2019, the City had the following commitments with respect to capital improvements:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>
Water Pollution –Lawrence Street	\$1,249,836
Storm Water – Union Mulberry Phase III	2,489,394

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the significant cash basis commitments for encumbrances were \$1,761,119 in the Gas Fund and \$989,034 in the LDOT Improvement Fund (capital projects fund).

NOTE 19 - SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

In 1976, the City stopped accepting waste at the City of Lancaster Landfill. In 1988, the Ohio Environmental Protection Agency filed a complaint against the City. The recognition of a liability for closure and postclosure care costs is based on landfill capacity used to date. The City Landfill is at 100% capacity. The consent order was approved in December 1996 by all respective parties involved and filed in January of 1997. The consent order required the City to place a final cover on the landfill site as well as perform certain maintenance and monitoring functions at the site for thirty years after closure.

The City has accrued a liability for landfill closure and postclosure care costs in the Sanitation Fund of \$896,757. These costs are funded by a sanitation rate increase that became effective April 1, 1997. The rate will remain in effect for twenty-five years to cover annual postclosure care costs. The remaining five years of postclosure care costs will be funded by \$537,425 which has been placed in a restricted account. The estimated costs of postclosure care are subject to changes corresponding to the effects of inflation, revision of laws and other variables.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

A. Fairfield Metropolitan Housing Authority (the “Authority”)

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

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

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

F. Community Corrections Board (the “Board”)

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

NOTE 21- INSURANCE POOL

The City is a member of the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool. The SCOIC’s primary purpose and object is establishing and carrying out a cost effective cooperative health program for its member organizations. The governing board consists of the one designee appointed by each of the members of the SCOIC. Members include the following school districts, governmental entities and a county owned hospital. Amanda Clearcreek Local Schools, Berne Union Local Schools, Bloom Carroll Local Schools, Fairfield Union Local Schools, Liberty Union-Thurston Local Schools, Logan Hocking Schools, Zane Trace Local Schools, Miami Trace Local Schools, Fairfield County ESC (Educational Service Center) , Lancaster City Schools, Washington Court House City Schools, Hocking Valley Community Hospital, New Lexington City Schools, Walnut Township Local Schools, Hocking County Commissioners, Hocking Technical College, Noble Local Schools, Caldwell Exempted Village Schools and City of Lancaster. The Bloom Carroll Local School District serves as the fiscal agent for the SCOIC.

SCOIC contracts with the Jefferson Health Plan for risk sharing, and insurance purchasing pool, for medical and prescription drug coverage on a self-insured basis. The SCOIC members are considered self-insured and pay a monthly premium to the fiscal agent that is actuarially calculated based on the participants’ actual claims experience which are utilized for the payment of claims within the claims risk sharing pool up to the self-insurance deductible limit, and for this portion of the plan, all plan participants retain their own risk. An additional fee is paid for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. SCOIC maintains their own risk pool from \$150,000 to \$200,000. SCOIC members participate in the shared risk pool through Jefferson Health Plan for individual claims from \$200,000 to \$1,500,000. SCOIC members are then covered under stop loss coverage for claims over \$1,500,000. SCOIC contracts with CareFactor to service the claims.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 21 – INSURANCE POOL (Continued)

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

NOTE 22 - 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, 2019 to December 31, 2019, 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 23- SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The investments of the City and of the pension and other employee benefit plans in which the City participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 24- 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 2019, the City received \$2,106,846 as a result of a legal settlement with contractors.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 24 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Generally accepted accounting principles require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

A. Major Suppliers

The Port Authority purchased all of its natural gas supply from the Royal Bank of Canada. There are a limited number of national gas suppliers with which the Port Authority could contract under prepay gas transactions and any disruption of deliveries under the supply contracts could have an impact on the Port Authority's operations.

B. Current Economic Conditions

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

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



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LANCASTER, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

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

See accompanying notes to the Required Supplementary Information

CITY OF LANCASTER, OHIO

<u>2017</u>	<u>2018</u>	<u>2019</u>
0.102972%	0.105408%	0.106715%
\$23,383,190	\$16,536,473	\$29,227,075
\$13,311,258	\$13,922,223	\$14,414,043
175.66%	118.78%	202.77%
77.25%	84.66%	74.70%

<u>2017</u>	<u>2018</u>	<u>2019</u>
0.449586%	0.456191%	0.457354%
\$28,476,326	\$27,998,502	\$37,332,171
\$9,604,901	\$9,816,433	\$10,225,157
296.48%	285.22%	365.10%
68.36%	70.91%	63.07%

CITY OF LANCASTER, OHIO

***Schedule of City Pension Contributions
Last Seven Years***

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available. Additional years' information will be displayed as it becomes available.

See accompanying notes to the Required Supplementary Information

CITY OF LANCASTER, OHIO

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$1,597,351	\$1,809,889	\$2,017,966	\$2,097,584
<u>1,597,351</u>	<u>1,809,889</u>	<u>2,017,966</u>	<u>2,097,584</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$13,311,258	\$13,922,223	\$14,414,043	\$14,982,743
12.00%	13.00%	14.00%	14.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$2,045,844	\$2,085,992	\$2,178,981	\$2,256,121
<u>2,045,844</u>	<u>2,085,992</u>	<u>2,178,981</u>	<u>2,256,121</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,604,901	\$9,816,433	\$10,225,157	\$10,572,263
21.30%	21.25%	21.31%	21.34%



CITY OF LANCASTER, OHIO

***Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability
Last Three Years***

Ohio Public Employees Retirement System

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net OPEB liability	0.102590%	0.104580%	0.105930%
City's proportionate share of the net OPEB liability	\$10,361,938	\$11,356,618	\$13,810,771
City's covered payroll	\$13,311,258	\$13,922,223	\$14,414,043
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	77.84%	81.57%	95.81%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%	46.33%

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

Ohio Police and Fire Pension Fund

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net OPEB liability	0.449586%	0.456191%	0.457354%
City's proportionate share of the net OPEB liability	\$21,340,836	\$25,847,143	\$4,164,910
City's covered payroll	\$9,604,901	\$9,816,433	\$10,225,157
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	222.19%	263.30%	40.73%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2017 is not available.

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

See accompanying notes to the Required Supplementary Information

CITY OF LANCASTER, OHIO

***Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Seven Years***

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$126,332	\$262,889	\$265,675
Contributions in relation to the contractually required contribution	<u>126,332</u>	<u>262,889</u>	<u>265,675</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$12,633,231	\$13,144,467	\$13,283,725
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$279,733	\$45,464	\$46,734
Contributions in relation to the contractually required contribution	<u>279,733</u>	<u>45,464</u>	<u>46,734</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$8,245,423	\$9,092,747	\$9,346,715
Contributions as a percentage of covered payroll	3.39%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2013 is not available. Additional years' information will be displayed as it becomes available.

See accompanying notes to the Required Supplementary Information

CITY OF LANCASTER, OHIO

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$266,225	\$139,222	\$0	\$0
<u>266,225</u>	<u>139,222</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$13,311,258	\$13,922,223	\$14,414,043	\$14,982,743
2.00%	1.00%	0.00%	0.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$48,025	\$49,080	\$51,119	\$52,864
<u>48,025</u>	<u>49,080</u>	<u>51,119</u>	<u>52,864</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,604,901	\$9,816,433	\$10,225,157	\$10,572,263
0.50%	0.50%	0.50%	0.50%

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2019***

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2019.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality Table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2019.

Changes in assumptions:

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2019***

NET OPEB LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2019.

Changes in assumptions:

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

Changes in assumptions:

2018: There were no changes in assumptions.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Cemetery Fund

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

Street Construction, Maintenance and Repair Fund

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

Street Levy Fund

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

Parks and Recreation Fund

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

Special Improvement District Fund

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

Lancaster Public Transit Program Fund

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

911 Tariff Fund

To account for monies to enhance 911 wireless services.

Edward Byrne Grant Fund

To account for grant monies received from the United States Department of Justice for the purpose of funding special enforcement initiatives in areas which have been identified as high crime risk.

Law Director Victim Assistance Fund

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

Lancaster Community Development Fund

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

(Continued)

Special Revenue Funds (Continued)

Police and Fire Pension Fund

To accumulate property taxes for the partial payment of the current and accrued liability for police and fire disability and pension benefits.

Fairfield County Court Surveillance Fund

To account for grant money from the Ohio Department of Rehabilitation and Corrections directed toward jail diversion of non-violent misdemeanants. Monies cover operating costs, equipment and salary. Jail population reduction is the overall goal of the program.

Indigent Drivers Alcohol Treatment Fund

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

Law Enforcement and Education Fund

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

Municipal Court Judicial Computer Fund

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

Municipal Court Probation Fund

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

Municipal Court Computerization Fund

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

Municipal Court Special Projects Fund

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

Municipal Court Family Violence Fund

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

Municipal Drug Court Fund

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

(Continued)

Special Revenue Funds (Continued)

Ohio Peace Officers Training Fund

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

DARE Officer Retention Grant Fund

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

Safe Routes to School Fund

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

.15 Fire Levy Fund

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

DOJ Equitable Sharing Grant Fund

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

Community Development Block Grant (CDBG) Fund

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

State Highway Fund

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

Drug Enforcement Fund

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

Cemetery Interment Fund

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

Cemetery Perpetual Care Fund

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

Debt Service Funds

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

General Bond Retirement Fund

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

Special Assessment Debt Retirement Fund

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

Capital Projects Fund

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

LDOT (Lancaster Department of Transportation) Improvement Fund

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

Parks Improvement Fund

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

Capital Improvement Fund

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

Fire Impact - District One Fund

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

Ety Road TIF Project Fund

To account for financial resources to be used for Ety Road infrastructure improvements.

Columbian Construction Fund

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

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 5,030,640	\$ 40,112	\$ 1,981,541	\$ 7,052,293
Investments	2,326,410	0	497,061	2,823,471
Receivables (net of allowance for doubtful accounts):				
Taxes	3,221,474	120,331	202,366	3,544,171
Accounts	171,681	0	0	171,681
Intergovernmental	2,335,049	0	0	2,335,049
Interest	10,534	0	0	10,534
Special Assessments	0	66,649	0	66,649
Loans	1,492,980	0	0	1,492,980
Inventory of Supplies	290,600	0	0	290,600
Prepaid Items	13,065	0	0	13,065
Restricted Assets:				
Cash and Cash Equivalents	0	0	324,820	324,820
Total Assets	\$ 14,892,433	\$ 227,092	\$ 3,005,788	\$ 18,125,313
Liabilities:				
Accounts Payable	\$ 281,556	\$ 0	\$ 71,601	\$ 353,157
Accrued Wages and Benefits Payable	201,528	0	0	201,528
Interfund Loans Payable	0	0	350,000	350,000
Accrued Interest Payable	0	0	497	497
General Obligation Notes Payable	0	0	2,590,716	2,590,716
Advances from Other Funds	0	0	157,500	157,500
Total Liabilities	483,084	0	3,170,314	3,653,398
Deferred Inflows of Resources:				
Property Taxes	2,356,000	120,331	127,056	2,603,387
Unavailable Revenue	2,274,290	66,649	43,642	2,384,581
Total Deferred Inflows of Resources	4,630,290	186,980	170,698	4,987,968
Fund Balances:				
Nonspendable	303,665	0	0	303,665
Restricted	8,597,063	40,112	827,261	9,464,436
Committed	878,331	0	1,572,442	2,450,773
Unassigned	0	0	(2,734,927)	(2,734,927)
Total Fund Balances	9,779,059	40,112	(335,224)	9,483,947
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,892,433	\$ 227,092	\$ 3,005,788	\$ 18,125,313

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 5,960,330	\$ 118,481	\$ 460,211	\$ 6,539,022
Intergovernmental Revenues	5,520,745	0	531,283	6,052,028
Charges for Services	2,054,856	0	304,935	2,359,791
Licenses, Permits and Fees	2,980	0	0	2,980
Investment Earnings	59,456	0	1	59,457
Special Assessments	68,657	35,443	0	104,100
Fines and Forfeitures	1,632,794	0	0	1,632,794
Donations	0	0	1,324,575	1,324,575
All Other Revenue	427,000	0	72,868	499,868
Total Revenue	15,726,818	153,924	2,693,873	18,574,615
Expenditures:				
Current:				
Security of Persons and Property	2,211,060	0	0	2,211,060
Public Health and Welfare Services	588,975	0	0	588,975
Leisure Time Activities	2,184,273	0	0	2,184,273
Community Environment	750,999	0	0	750,999
Transportation	7,674,236	0	0	7,674,236
General Government	1,533,309	1,458	8,857	1,543,624
Capital Outlay	0	0	2,157,622	2,157,622
Debt Service:				
Principal Retirement	305,810	725,500	298,185	1,329,495
Interest and Fiscal Charges	26,983	338,596	107,305	472,884
Total Expenditures	15,275,645	1,065,554	2,571,969	18,913,168
Excess (Deficiency) of Revenues Over Expenditures	451,173	(911,630)	121,904	(338,553)
Other Financing Sources (Uses):				
State Infrastructure Bank Loan	217,587	0	0	217,587
Transfers In	919,539	863,103	432,400	2,215,042
Transfers Out	(1,099,238)	0	0	(1,099,238)
Other Financing Source - Capital Lease	416,000	0	570,000	986,000
Total Other Financing Sources (Uses)	453,888	863,103	1,002,400	2,319,391
Net Change in Fund Balances	905,061	(48,527)	1,124,304	1,980,838
Fund Balances at Beginning of Year	8,885,525	88,639	(1,459,528)	7,514,636
Decrease in Inventory	(11,527)	0	0	(11,527)
Fund Balances End of Year	\$ 9,779,059	\$ 40,112	\$ (335,224)	\$ 9,483,947

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Street Levy Fund	Parks and Recreation Fund
Assets:				
Cash and Cash Equivalents	\$ 396,481	\$ 144,224	\$ 506,602	\$ 782,947
Investments	0	956,960	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	25,104	0	1,998,754	376,558
Accounts	342	24,702	2,293	4,951
Intergovernmental	0	1,094,443	113,000	0
Interest	4,044	0	0	0
Loans	0	0	0	0
Inventory of Supplies	0	272,748	0	5,845
Prepaid Items	728	6,819	0	5,518
Total Assets	\$ 426,699	\$ 2,499,896	\$ 2,620,649	\$ 1,175,819
Liabilities:				
Accounts Payable	\$ 9,677	\$ 67,224	\$ 5,842	\$ 31,436
Accrued Wages and Benefits Payable	8,386	56,229	0	36,473
Total Liabilities	18,063	123,453	5,842	67,909
Deferred Inflows of Resources:				
Property Taxes	0	0	1,928,000	0
Unavailable Revenue	14,837	635,000	183,754	218,216
Total Deferred Inflows of Resources	14,837	635,000	2,111,754	218,216
Fund Balances:				
Nonspendable	728	279,567	0	11,363
Restricted	393,071	1,461,876	503,053	0
Committed	0	0	0	878,331
Total Fund Balances	393,799	1,741,443	503,053	889,694
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 426,699	\$ 2,499,896	\$ 2,620,649	\$ 1,175,819

CITY OF LANCASTER, OHIO

Lancaster Public Transit Program Fund	911 Tariff Fund	Edward Byrne Grant Fund	Law Director Victim Assistance Fund	Lancaster Community Development Fund	Police and Fire Pension Fund
\$ 236,593	\$ 153,758	\$ 428	\$ 42,908	\$ 37,125	\$ 14,889
0	0	0	0	0	0
0	0	0	0	0	444,500
115,193	0	0	0	35	0
121,703	0	0	5,573	0	25,000
0	0	0	0	0	0
0	0	0	0	0	0
11,075	0	0	0	932	0
0	0	0	0	0	0
<u>\$ 484,564</u>	<u>\$ 153,758</u>	<u>\$ 428</u>	<u>\$ 48,481</u>	<u>\$ 38,092</u>	<u>\$ 484,389</u>
\$ 126,988	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
11,919	0	0	2,589	3,940	0
<u>138,907</u>	<u>0</u>	<u>0</u>	<u>2,589</u>	<u>3,940</u>	<u>0</u>
0	0	0	0	0	428,000
<u>73,735</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>41,500</u>
<u>73,735</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>469,500</u>
11,075	0	0	0	932	0
260,847	153,758	428	45,892	33,220	14,889
0	0	0	0	0	0
<u>271,922</u>	<u>153,758</u>	<u>428</u>	<u>45,892</u>	<u>34,152</u>	<u>14,889</u>
<u>\$ 484,564</u>	<u>\$ 153,758</u>	<u>\$ 428</u>	<u>\$ 48,481</u>	<u>\$ 38,092</u>	<u>\$ 484,389</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019**

	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund	Law Enforcement and Education Fund	Municipal Court Judicial Computer Fund
Assets:				
Cash and Cash Equivalents	\$ 28,164	\$ 258,813	\$ 92,900	\$ 75,204
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	0	0	89
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Loans	0	0	0	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 28,164	\$ 258,813	\$ 92,900	\$ 75,293
Liabilities:				
Accounts Payable	\$ 0	\$ 322	\$ 0	\$ 366
Accrued Wages and Benefits Payable	0	0	0	0
Total Liabilities	0	322	0	366
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	28,164	258,491	92,900	74,927
Committed	0	0	0	0
Total Fund Balances	28,164	258,491	92,900	74,927
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,164	\$ 258,813	\$ 92,900	\$ 75,293

CITY OF LANCASTER, OHIO

Municipal Court Probation Fund	Municipal Court Computerization Fund	Municipal Court Special Projects Fund	Municipal Court Family Violence Fund	Municipal Drug Court Fund	Ohio Peace Officers Training Fund
\$ 435,176	\$ 149,145	\$ 771,710	\$ 19,846	\$ 93,967	\$ 38,333
0	0	0	0	0	0
0	0	0	0	0	0
23,582	243	0	0	0	0
35,467	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
<u>\$ 494,225</u>	<u>\$ 149,388</u>	<u>\$ 771,710</u>	<u>\$ 19,846</u>	<u>\$ 93,967</u>	<u>\$ 38,333</u>
\$ 4,231	\$ 2,616	\$ 21,881	\$ 0	\$ 7,174	\$ 0
19,037	2,955	0	0	5,633	0
<u>23,268</u>	<u>5,571</u>	<u>21,881</u>	<u>0</u>	<u>12,807</u>	<u>0</u>
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>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
470,957	143,817	749,829	19,846	81,160	38,333
0	0	0	0	0	0
<u>470,957</u>	<u>143,817</u>	<u>749,829</u>	<u>19,846</u>	<u>81,160</u>	<u>38,333</u>
<u>\$ 494,225</u>	<u>\$ 149,388</u>	<u>\$ 771,710</u>	<u>\$ 19,846</u>	<u>\$ 93,967</u>	<u>\$ 38,333</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019**

	DARE Officer Retention Grant Fund	Safe Routes to School Fund	.15 Fire Levy Fund	DOJ Equitable Sharing Grant Fund
Assets:				
Cash and Cash Equivalents	\$ 11,044	\$ 2,780	\$ 436,842	\$ 65,428
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	376,558	0
Accounts	0	0	251	0
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Loans	0	0	0	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 11,044	\$ 2,780	\$ 813,651	\$ 65,428
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 3,703	\$ 0
Accrued Wages and Benefits Payable	0	0	54,367	0
Total Liabilities	0	0	58,070	0
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	218,216	0
Total Deferred Inflows of Resources	0	0	218,216	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	11,044	2,780	537,365	65,428
Committed	0	0	0	0
Total Fund Balances	11,044	2,780	537,365	65,428
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,044	\$ 2,780	\$ 813,651	\$ 65,428

CITY OF LANCASTER, OHIO

CDBG Fund	State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Cemetery Perpetual Care Fund	Total Nonmajor Special Revenue Funds
\$ 96,812	\$ 25,922	\$ 17,258	\$ 18,722	\$ 76,619	\$ 5,030,640
0	173,156	0	257,297	938,997	2,326,410
0	0	0	0	0	3,221,474
0	0	0	0	0	171,681
883,987	55,876	0	0	0	2,335,049
0	6,490	0	0	0	10,534
1,492,980	0	0	0	0	1,492,980
0	0	0	0	0	290,600
0	0	0	0	0	13,065
<u>\$ 2,473,779</u>	<u>\$ 261,444</u>	<u>\$ 17,258</u>	<u>\$ 276,019</u>	<u>\$ 1,015,616</u>	<u>\$ 14,892,433</u>
\$ 96	\$ 0	\$ 0	\$ 0	\$ 0	\$ 281,556
0	0	0	0	0	201,528
96	0	0	0	0	483,084
0	0	0	0	0	2,356,000
856,813	32,219	0	0	0	2,274,290
856,813	32,219	0	0	0	4,630,290
0	0	0	0	0	303,665
1,616,870	229,225	17,258	276,019	1,015,616	8,597,063
0	0	0	0	0	878,331
1,616,870	229,225	17,258	276,019	1,015,616	9,779,059
<u>\$ 2,473,779</u>	<u>\$ 261,444</u>	<u>\$ 17,258</u>	<u>\$ 276,019</u>	<u>\$ 1,015,616</u>	<u>\$ 14,892,433</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, 2019**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Street Levy Fund	Parks and Recreation Fund
Revenues:				
Taxes	\$ 116,721	\$ 0	\$ 1,944,752	\$ 1,750,807
Intergovernmental Revenues	0	2,377,624	229,592	38,800
Charges for Services	188,329	705,325	0	504,171
Licenses, Permits and Fees	0	0	0	2,980
Investment Earnings	22,655	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	26,407	143,447	40,209	51,729
Total Revenue	354,112	3,226,396	2,214,553	2,348,487
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	565,604	0	0	0
Leisure Time Activities	0	0	0	2,184,273
Community Environment	0	0	0	0
Transportation	0	3,529,862	2,057,045	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	208,589	42,085	39,156
Interest and Fiscal Charges	0	21,306	0	4,701
Total Expenditures	565,604	3,759,757	2,099,130	2,228,130
Excess (Deficiency) of Revenues Over Expenditures	(211,492)	(533,361)	115,423	120,357
Other Financing Sources (Uses):				
State Infrastructure Bank Loan	0	217,587	0	0
Transfers In	235,000	275,000	0	0
Transfers Out	0	(220,000)	0	0
Other Financing Source - Capital Lease	66,000	350,000	0	0
Total Other Financing Sources (Uses)	301,000	622,587	0	0
Net Change in Fund Balances	89,508	89,226	115,423	120,357
Fund Balances (Deficit) at Beginning of Year	304,291	1,663,833	387,630	764,820
Increase (Decrease) in Inventory	0	(11,616)	0	4,517
Fund Balances End of Year	\$ 393,799	\$ 1,741,443	\$ 503,053	\$ 889,694

CITY OF LANCASTER, OHIO

Special Improvement District Fund	Lancaster Public Transit Program Fund	911 Tariff Fund	Edward Byrne Grant Fund	Law Director Victim Assistance Fund	Lancaster Community Development Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	1,326,687	81,584	0	60,000	158,286
0	506,919	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
68,657	0	0	0	0	0
0	0	0	0	0	0
0	119,606	0	0	0	0
<u>68,657</u>	<u>1,953,212</u>	<u>81,584</u>	<u>0</u>	<u>60,000</u>	<u>158,286</u>
0	0	78,282	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
68,657	0	0	0	0	145,229
0	2,087,329	0	0	0	0
0	0	0	0	96,626	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>68,657</u>	<u>2,087,329</u>	<u>78,282</u>	<u>0</u>	<u>96,626</u>	<u>145,229</u>
0	(134,117)	3,302	0	(36,626)	13,057
0	0	0	0	0	0
0	73,000	0	0	36,539	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>73,000</u>	<u>0</u>	<u>0</u>	<u>36,539</u>	<u>0</u>
0	(61,117)	3,302	0	(87)	13,057
0	337,668	150,456	428	45,979	20,894
0	(4,629)	0	0	0	201
<u>\$ 0</u>	<u>\$ 271,922</u>	<u>\$ 153,758</u>	<u>\$ 428</u>	<u>\$ 45,892</u>	<u>\$ 34,152</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, 2019**

	Police and Fire Pension Fund	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund	Law Enforcement and Education Fund
Revenues:				
Taxes	\$ 397,243	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	47,492	0	0	0
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	0	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	47,049	1,831
All Other Revenue	0	0	0	3
Total Revenue	444,735	0	47,049	1,834
Expenditures:				
Current:				
Security of Persons and Property	436,374	0	3,196	0
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	436,374	0	3,196	0
Excess (Deficiency) of Revenues Over Expenditures	8,361	0	43,853	1,834
Other Financing Sources (Uses):				
State Infrastructure Bank Loan	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	(50,000)	0
Other Financing Source - Capital Lease	0	0	0	0
Total Other Financing Sources (Uses)	0	0	(50,000)	0
Net Change in Fund Balances	8,361	0	(6,147)	1,834
Fund Balances (Deficit) at Beginning of Year	6,528	28,164	264,638	91,066
Increase (Decrease) in Inventory	0	0	0	0
Fund Balances End of Year	\$ 14,889	\$ 28,164	\$ 258,491	\$ 92,900

CITY OF LANCASTER, OHIO

Municipal Court Judicial Computer Fund	Municipal Court Probation Fund	Municipal Court Computerization Fund	Municipal Court Special Projects Fund	Municipal Court Family Violence Fund	Municipal Drug Court Fund	Ohio Peace Officers Training Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	324,152	0	0	0	239,017	0
0	108,808	0	0	235	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
51,469	401,403	204,227	865,478	0	0	0
89	18,260	2,037	0	0	3,562	0
<u>51,558</u>	<u>852,623</u>	<u>206,264</u>	<u>865,478</u>	<u>235</u>	<u>242,579</u>	<u>0</u>
0	0	0	0	0	0	1,590
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
47,379	820,175	184,010	164,877	0	220,242	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>47,379</u>	<u>820,175</u>	<u>184,010</u>	<u>164,877</u>	<u>0</u>	<u>220,242</u>	<u>1,590</u>
4,179	32,448	22,254	700,601	235	22,337	(1,590)
0	0	0	0	0	0	0
0	150,000	0	100,000	0	50,000	0
0	0	0	(669,238)	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>150,000</u>	<u>0</u>	<u>(569,238)</u>	<u>0</u>	<u>50,000</u>	<u>0</u>
4,179	182,448	22,254	131,363	235	72,337	(1,590)
70,748	288,509	121,563	618,466	19,611	8,823	39,923
0	0	0	0	0	0	0
<u>\$ 74,927</u>	<u>\$ 470,957</u>	<u>\$ 143,817</u>	<u>\$ 749,829</u>	<u>\$ 19,846</u>	<u>\$ 81,160</u>	<u>\$ 38,333</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, 2019***

	DARE Officer Retention Grant Fund	Safe Routes to School Fund	.15 Fire Levy Fund	DOJ Equitable Sharing Grant Fund
Revenues:				
Taxes	\$ 0	\$ 0	\$ 1,750,807	\$ 0
Intergovernmental Revenues	21,220	2,764	0	0
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	0	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	60,242
All Other Revenue	0	0	20,692	0
Total Revenue	21,220	2,764	1,771,499	60,242
Expenditures:				
Current:				
Security of Persons and Property	18,316	0	1,671,302	0
Public Health and Welfare Services	0	2,764	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	15,980	0
Interest and Fiscal Charges	0	0	976	0
Total Expenditures	18,316	2,764	1,688,258	0
Excess (Deficiency) of Revenues Over Expenditures	2,904	0	83,241	60,242
Other Financing Sources (Uses):				
State Infrastructure Bank Loan	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Other Financing Source - Capital Lease	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	2,904	0	83,241	60,242
Fund Balances (Deficit) at Beginning of Year	8,140	2,780	454,124	5,186
Increase (Decrease) in Inventory	0	0	0	0
Fund Balances End of Year	\$ 11,044	\$ 2,780	\$ 537,365	\$ 65,428

CITY OF LANCASTER, OHIO

CDBG Fund	State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Cemetery Perpetual Care Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,960,330
483,127	130,400	0	0	0	5,520,745
0	0	0	10,650	30,419	2,054,856
0	0	0	0	0	2,980
2,639	34,162	0	0	0	59,456
0	0	0	0	0	68,657
0	0	1,095	0	0	1,632,794
959	0	0	0	0	427,000
<u>486,725</u>	<u>164,562</u>	<u>1,095</u>	<u>10,650</u>	<u>30,419</u>	<u>15,726,818</u>
0	0	2,000	0	0	2,211,060
0	0	0	20,607	0	588,975
0	0	0	0	0	2,184,273
537,113	0	0	0	0	750,999
0	0	0	0	0	7,674,236
0	0	0	0	0	1,533,309
0	0	0	0	0	305,810
0	0	0	0	0	26,983
<u>537,113</u>	<u>0</u>	<u>2,000</u>	<u>20,607</u>	<u>0</u>	<u>15,275,645</u>
(50,388)	164,562	(905)	(9,957)	30,419	451,173
0	0	0	0	0	217,587
0	0	0	0	0	919,539
0	(125,000)	0	0	(35,000)	(1,099,238)
0	0	0	0	0	416,000
<u>0</u>	<u>(125,000)</u>	<u>0</u>	<u>0</u>	<u>(35,000)</u>	<u>453,888</u>
(50,388)	39,562	(905)	(9,957)	(4,581)	905,061
1,667,258	189,663	18,163	285,976	1,020,197	8,885,525
0	0	0	0	0	(11,527)
<u>\$ 1,616,870</u>	<u>\$ 229,225</u>	<u>\$ 17,258</u>	<u>\$ 276,019</u>	<u>\$ 1,015,616</u>	<u>\$ 9,779,059</u>

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2019**

	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 0	\$ 40,112	\$ 40,112
Receivables (net of allowance for doubtful accounts):			
Taxes	120,331	0	120,331
Special Assessments	0	66,649	66,649
Total Assets	<u>\$ 120,331</u>	<u>\$ 106,761</u>	<u>\$ 227,092</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Deferred Inflows of Resources:			
Property Taxes	120,331	0	120,331
Unavailable Revenue	0	66,649	66,649
Total Deferred Inflows of Resources	<u>120,331</u>	<u>66,649</u>	<u>186,980</u>
Fund Balances:			
Restricted	0	40,112	40,112
Total Fund Balances	<u>0</u>	<u>40,112</u>	<u>40,112</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 120,331</u>	<u>\$ 106,761</u>	<u>\$ 227,092</u>

CITY OF LANCASTER, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2019***

	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$ 118,481	\$ 0	\$ 118,481
Special Assessments	0	35,443	35,443
Total Revenue	<u>118,481</u>	<u>35,443</u>	<u>153,924</u>
Expenditures:			
General Government	0	1,458	1,458
Debt Service:			
Principal Retirement	645,000	80,500	725,500
Interest and Fiscal Charges	336,584	2,012	338,596
Total Expenditures	<u>981,584</u>	<u>83,970</u>	<u>1,065,554</u>
Excess (Deficiency) of Revenues Over Expenditures	(863,103)	(48,527)	(911,630)
Other Financing Sources (Uses):			
Transfers In	863,103	0	863,103
Total Other Financing Sources (Uses)	<u>863,103</u>	<u>0</u>	<u>863,103</u>
Net Change in Fund Balances	0	(48,527)	(48,527)
Fund Balances at Beginning of Year	<u>0</u>	<u>88,639</u>	<u>88,639</u>
Fund Balances End of Year	<u>\$ 0</u>	<u>\$ 40,112</u>	<u>\$ 40,112</u>

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2019**

	LDOT Improvement Fund	Parks Improvement Fund	Capital Improvement Fund
Assets:			
Cash and Cash Equivalents	\$ 1,224,580	\$ 83,774	\$ 74,913
Investments	0	0	497,061
Receivables (net of allowance for doubtful accounts):			
Taxes	0	25,104	50,206
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
Total Assets	\$ 1,224,580	\$ 108,878	\$ 622,180
Liabilities:			
Accounts Payable	\$ 47,319	\$ 3,673	\$ 1,020
Interfund Loans Payable	350,000	0	0
Accrued Interest Payable	0	0	0
General Obligation Notes Payable	0	0	0
Advances from Other Funds	0	0	0
Total Liabilities	397,319	3,673	1,020
Deferred Inflows of Resources:			
Property Taxes	0	0	0
Unavailable Revenue	0	14,548	29,094
Total Deferred Inflows of Resources	0	14,548	29,094
Fund Balances:			
Restricted	827,261	0	0
Committed	0	90,657	592,066
Unassigned	0	0	0
Total Fund Balances	827,261	90,657	592,066
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,224,580	\$ 108,878	\$ 622,180

CITY OF LANCASTER, OHIO

Fire Impact - District One Fund	Ety Road TIF Project Fund	Columbian Construction Fund	Total Nonmajor Capital Projects Funds
\$ 579,238	\$ 19,036	\$ 0	\$ 1,981,541
0	0	0	497,061
0	127,056	0	202,366
324,820	0	0	324,820
<u>\$ 904,058</u>	<u>\$ 146,092</u>	<u>\$ 0</u>	<u>\$ 3,005,788</u>
\$ 14,339	\$ 5,250	\$ 0	\$ 71,601
0	0	0	350,000
0	0	497	497
0	1,330,716	1,260,000	2,590,716
0	157,500	0	157,500
<u>14,339</u>	<u>1,493,466</u>	<u>1,260,497</u>	<u>3,170,314</u>
0	127,056	0	127,056
0	0	0	43,642
0	127,056	0	170,698
0	0	0	827,261
889,719	0	0	1,572,442
0	(1,474,430)	(1,260,497)	(2,734,927)
<u>889,719</u>	<u>(1,474,430)</u>	<u>(1,260,497)</u>	<u>(335,224)</u>
<u>\$ 904,058</u>	<u>\$ 146,092</u>	<u>\$ 0</u>	<u>\$ 3,005,788</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, 2019**

	LDOT Improvement Fund	Parks Improvement Fund	Capital Improvement Fund
Revenues:			
Taxes	\$ 0	\$ 116,721	\$ 233,440
Intergovernmental Revenues	531,283	0	0
Charges for Services	0	0	63,250
Investment Earnings	0	0	0
Donations	1,324,575	0	0
All Other Revenue	0	0	72,868
Total Revenue	1,855,858	116,721	369,558
Expenditures:			
Current:			
General Government	0	0	0
Capital Outlay	1,445,732	111,642	340,854
Debt Service:			
Principal Retirement	0	0	74,785
Interest and Fiscal Charges	0	0	0
Total Expenditures	1,445,732	111,642	415,639
Excess (Deficiency) of Revenues Over Expenditures	410,126	5,079	(46,081)
Other Financing Sources (Uses):			
Transfers In	220,000	0	0
Other Financing Sources - Capital Lease	0	0	0
Total Other Financing Sources (Uses)	220,000	0	0
Net Change in Fund Balances	630,126	5,079	(46,081)
Fund Balances at Beginning of Year	197,135	85,578	638,147
Fund Balances End of Year	\$ 827,261	\$ 90,657	\$ 592,066

CITY OF LANCASTER, OHIO

Fire Impact - District One Fund	Ety Road TIF Project Fund	Columbian Construction Fund	Total Nonmajor Capital Projects Funds
\$ 0	\$ 110,050	\$ 0	\$ 460,211
0	0	0	531,283
241,685	0	0	304,935
0	1	0	1
0	0	0	1,324,575
0	0	0	72,868
<u>241,685</u>	<u>110,051</u>	<u>0</u>	<u>2,693,873</u>
0	8,857	0	8,857
259,519	(125)	0	2,157,622
223,400	0	0	298,185
30,253	44,954	32,098	107,305
<u>513,172</u>	<u>53,686</u>	<u>32,098</u>	<u>2,571,969</u>
(271,487)	56,365	(32,098)	121,904
0	0	212,400	432,400
570,000	0	0	570,000
<u>570,000</u>	<u>0</u>	<u>212,400</u>	<u>1,002,400</u>
298,513	56,365	180,302	1,124,304
591,206	(1,530,795)	(1,440,799)	(1,459,528)
<u>\$ 889,719</u>	<u>\$ (1,474,430)</u>	<u>\$ (1,260,497)</u>	<u>\$ (335,224)</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2019***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 12,978,960	\$ 13,155,613	\$ 13,614,541	\$ 458,928
Intergovernmental Revenues	1,178,596	1,178,596	1,190,598	12,002
Charges for Services	3,652,874	3,652,874	4,041,030	388,156
License, Permits and Fees	20,300	20,300	20,255	(45)
Investment Earnings	435,729	435,729	643,080	207,351
Fines and Forfeitures	762,500	762,500	825,415	62,915
All Other Revenues	68,594	1,439,352	341,891	(1,097,461)
Total Revenues	<u>19,097,553</u>	<u>20,644,964</u>	<u>20,676,810</u>	<u>31,846</u>
Expenditures:				
Security of Persons and Property:				
Street Lighting:				
Operations and Maintenance	314,886	314,886	284,129	30,757
Total Street Lighting	<u>314,886</u>	<u>314,886</u>	<u>284,129</u>	<u>30,757</u>
Total Security of Persons and Property	<u>314,886</u>	<u>314,886</u>	<u>284,129</u>	<u>30,757</u>
Public Health and Welfare Services:				
Health:				
Operations and Maintenance	309,700	309,700	309,683	17
Total Health	<u>309,700</u>	<u>309,700</u>	<u>309,683</u>	<u>17</u>
Assistance to Needy:				
Operations and Maintenance	9,790	14,790	12,050	2,740
Total Public Health and Welfare Services	<u>319,490</u>	<u>324,490</u>	<u>321,733</u>	<u>2,757</u>
Community Environment:				
Zoning, Planning, Tree Commissions:				
Personal Services	92,100	92,100	89,924	2,176
Operations and Maintenance	51,287	54,111	45,888	8,223
Total Zoning, Planning, Tree Commission	<u>143,387</u>	<u>146,211</u>	<u>135,812</u>	<u>10,399</u>
Economic Development:				
Personal Services	47,673	47,673	46,829	844
Operations and Maintenance	27,904	27,904	22,626	5,278
Total Economic Development	<u>75,577</u>	<u>75,577</u>	<u>69,455</u>	<u>6,122</u>
Total Community Environment	<u>218,964</u>	<u>221,788</u>	<u>205,267</u>	<u>16,521</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, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government:				
Council:				
Personal Services	120,068	120,068	119,545	523
Operations and Maintenance	8,189	13,061	11,122	1,939
Total Council	128,257	133,129	130,667	2,462
Mayor:				
Personal Services	214,350	178,950	176,648	2,302
Operations and Maintenance	35,692	72,892	67,310	5,582
Capital Outlay	1,813	13	0	13
Total Mayor	251,855	251,855	243,958	7,897
Personnel:				
Personal Services	105,345	105,345	105,179	166
Operations and Maintenance	45,225	70,225	65,231	4,994
Total Personnel	150,570	175,570	170,410	5,160
Auditor:				
Personal Services	430,470	430,470	408,888	21,582
Operations and Maintenance	95,686	93,286	81,914	11,372
Capital Outlay	0	2,400	2,400	0
Total Auditor	526,156	526,156	493,202	32,954
Treasurer:				
Personal Services	30,944	30,944	30,924	20
Operations and Maintenance	8,799	8,799	8,159	640
Total Treasurer	39,743	39,743	39,083	660
Law Director:				
Personal Services	781,374	776,047	741,785	34,262
Operations and Maintenance	132,644	165,282	100,611	64,671
Capital Outlay	3,604	3,604	2,500	1,104
Total Law Director	917,622	944,933	844,896	100,037
Law Director-Prosecution Contract:				
Operations and Maintenance	8,116	8,116	969	7,147
Capital Outlay	20,000	20,000	0	20,000
Total Law Director-Prosecution Contract	28,116	28,116	969	27,147

(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, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Law Director-Code Enforcement:				
Personal Services	164,104	164,104	147,437	16,667
Operations and Maintenance	48,572	48,572	46,644	1,928
Capital Outlay	1,030	1,030	1,009	21
Total Law Director-Code Enforcement	213,706	213,706	195,090	18,616
Municipal Court:				
Personal Services	1,090,350	1,104,350	1,069,155	35,195
Operations and Maintenance	106,135	106,135	102,690	3,445
Total Municipal Court	1,196,485	1,210,485	1,171,845	38,640
Judicial:				
Personal Services	874,475	874,475	835,692	38,783
Operations and Maintenance	62,703	63,703	56,939	6,764
Capital Outlay	4,111	3,111	1,954	1,157
Total Judicial	941,289	941,289	894,585	46,704
Civil Service:				
Personal Services	8,715	8,715	7,732	983
Operations and Maintenance	48,850	48,850	33,784	15,066
Total Civil Service	57,565	57,565	41,516	16,049
City Hall Maintenance:				
Personal Services	66,157	66,157	64,781	1,376
Operations and Maintenance	127,310	127,310	107,804	19,506
Capital Outlay	4,125	4,125	2,786	1,339
Total City Hall Maintenance	197,592	197,592	175,371	22,221
City Hall Maintenance-Annex:				
Operations and Maintenance	52,712	52,712	44,266	8,446
Total City Hall Maintenance-Annex	52,712	52,712	44,266	8,446

(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, 2019***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Service Safety Director:				
Personal Services	228,690	228,690	228,356	334
Operations and Maintenance	10,833	10,833	6,794	4,039
Capital Outlay	4,050	4,050	4,050	0
Total Service Safety Director	243,573	243,573	239,200	4,373
Engineer:				
Personal Services	439,600	439,600	396,846	42,754
Operations and Maintenance	92,009	113,121	85,810	27,311
Capital Outlay	7,500	7,500	6,097	1,403
Total Engineer	539,109	560,221	488,753	71,468
Certified Building Inspection:				
Personal Services	518,700	518,700	491,070	27,630
Operations and Maintenance	140,689	122,989	90,808	32,181
Capital Outlay	2,333	20,033	18,786	1,247
Total Certified Building Inspection	661,722	661,722	600,664	61,058
Administration Support:				
Personal Services	118,697	132,697	123,380	9,317
Operations and Maintenance	426,183	412,183	359,085	53,098
Total Administration Support	544,880	544,880	482,465	62,415
Miscellaneous:				
Operations and Maintenance	432,199	1,927,505	559,658	1,367,847
Total Miscellaneous	432,199	1,927,505	559,658	1,367,847
Income Tax:				
Personal Services	318,175	339,175	312,990	26,185
Operations and Maintenance	619,597	642,659	544,751	97,908
Capital Outlay	10,000	136,938	135,000	1,938
Total Income Tax	947,772	1,118,772	992,741	126,031
Total General Government	8,070,923	9,829,524	7,809,339	2,020,185

(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, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Debt Services:				
Principal Retirement	38,533	38,533	38,531	2
Interest and Fiscal Charges	14,780	14,780	10,172	4,608
Total Expenditures	<u>8,977,576</u>	<u>10,744,001</u>	<u>8,669,171</u>	<u>2,074,830</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,119,977	9,900,963	12,007,639	2,106,676
Other Financing Sources (Uses):				
Transfers Out	(12,697,800)	(12,985,457)	(11,926,646)	1,058,811
Advances In	80,500	80,500	0	(80,500)
Total Other Financing Sources (Uses)	<u>(12,617,300)</u>	<u>(12,904,957)</u>	<u>(11,926,646)</u>	<u>978,311</u>
Net Change in Fund Balance	(2,497,323)	(3,003,994)	80,993	3,084,987
Fund Balance at Beginning of Year	5,847,996	5,847,996	5,847,996	0
Prior Year Encumbrances	381,822	381,822	381,822	0
Fund Balance at End of Year	<u>\$ 3,732,495</u>	<u>\$ 3,225,824</u>	<u>\$ 6,310,811</u>	<u>\$ 3,084,987</u>

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund - .45 Police and Fire Levy Fund
For the Year Ended December 31, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,273,225	\$ 5,273,225	\$ 5,273,225	\$ 0
Intergovernmental Revenues	0	9,293	52,127	42,834
All Other Revenues	0	0	53,941	53,941
Total Revenues	5,273,225	5,282,518	5,379,293	96,775
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	8,916,665	8,590,330	8,461,802	128,528
Operations and Maintenance	557,383	552,848	502,184	50,664
Capital Outlay	93,332	105,132	103,508	1,624
Total Police	9,567,380	9,248,310	9,067,494	180,816
Fire:				
Personal Services	6,797,375	6,757,353	6,719,268	38,085
Operations and Maintenance	541,714	574,819	527,256	47,563
Capital Outlay	57,285	82,515	73,952	8,563
Total Fire	7,396,374	7,414,687	7,320,476	94,211
Total Expenditures	16,963,754	16,662,997	16,387,970	275,027
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,690,529)	(11,380,479)	(11,008,677)	371,802
Other Financing Sources (Uses):				
Transfers In	11,592,451	11,854,781	10,808,342	(1,046,439)
Total Other Financing Sources (Uses)	11,592,451	11,854,781	10,808,342	(1,046,439)
Net Change in Fund Balance	(98,078)	474,302	(200,335)	(674,637)
Fund Balance at Beginning of Year	583,352	583,352	583,352	0
Prior Year Encumbrances	98,078	98,078	98,078	0
Fund Balance at End of Year	\$ 583,352	\$ 1,155,732	\$ 481,095	\$ (674,637)

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, 2019***

CEMETERY FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 117,183	\$ 117,183	\$ 117,183	\$ 0
Charges for Services	204,500	204,500	188,329	(16,171)
Investment Earnings	5,000	5,000	21,002	16,002
All Other Revenues	8,500	8,500	26,313	17,813
Total Revenues	<u>335,183</u>	<u>335,183</u>	<u>352,827</u>	<u>17,644</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	335,089	335,089	297,906	37,183
Operations and Maintenance	200,565	242,165	213,848	28,317
Capital Outlay	83,065	104,965	74,405	30,560
Total Expenditures	<u>618,719</u>	<u>682,219</u>	<u>586,159</u>	<u>96,060</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(283,536)	(347,036)	(233,332)	113,704
Other Financing Sources (Uses):				
Transfers In	220,000	255,000	235,000	(20,000)
Other Financing Source - Capital Lease	66,000	66,000	66,000	0
Total Other Financing Sources (Uses)	<u>286,000</u>	<u>321,000</u>	<u>301,000</u>	<u>(20,000)</u>
Net Change in Fund Balance	2,464	(26,036)	67,668	93,704
Fund Balance at Beginning of Year	286,680	286,680	286,680	0
Prior Year Encumbrances	22,719	22,719	22,719	0
Fund Balance at End of Year	<u>\$ 311,863</u>	<u>\$ 283,363</u>	<u>\$ 377,067</u>	<u>\$ 93,704</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, 2019***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 1,915,000	\$ 1,915,000	\$ 2,209,090	\$ 294,090
Charges for Services	715,100	715,100	705,355	(9,745)
All Other Revenues	107,200	112,200	150,246	38,046
Total Revenues	<u>2,737,300</u>	<u>2,742,300</u>	<u>3,064,691</u>	<u>322,391</u>
Expenditures:				
Transportation:				
Personal Services	1,991,551	2,021,551	1,976,293	45,258
Operations and Maintenance	1,264,078	1,229,978	1,173,989	55,989
Capital Outlay	380,105	449,205	446,664	2,541
Total Transportation	<u>3,635,734</u>	<u>3,700,734</u>	<u>3,596,946</u>	<u>103,788</u>
Debt Service:				
Principal Retirement	208,589	208,589	208,589	0
Interest and Fiscal Charges	21,306	21,306	21,306	0
Total Debt Service	<u>229,895</u>	<u>229,895</u>	<u>229,895</u>	<u>0</u>
Total Expenditures	<u>3,865,629</u>	<u>3,930,629</u>	<u>3,826,841</u>	<u>103,788</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,128,329)	(1,188,329)	(762,150)	426,179
Other Financing Sources (Uses):				
State Infrastructure Bank Loan	225,000	225,000	215,587	(9,413)
Transfers In	375,000	375,000	275,000	(100,000)
Transfers Out	0	(220,000)	(220,000)	0
Other Financing Source - Capital Lease	350,000	350,000	350,000	0
Total Other Financing Sources (Uses)	<u>950,000</u>	<u>730,000</u>	<u>620,587</u>	<u>(109,413)</u>
Net Change in Fund Balance	(178,329)	(458,329)	(141,563)	316,766
Fund Balance at Beginning of Year	1,088,090	1,088,090	1,088,090	0
Prior Year Encumbrances	72,460	72,460	72,460	0
Fund Balance at End of Year	<u>\$ 982,221</u>	<u>\$ 702,221</u>	<u>\$ 1,018,987</u>	<u>\$ 316,766</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, 2019***

STREET LEVY FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,870,000	\$ 1,870,000	\$ 1,944,752	\$ 74,752
Intergovernmental Revenues	225,000	225,000	229,592	4,592
All Other Revenues	0	0	39,582	39,582
Total Revenues	<u>2,095,000</u>	<u>2,095,000</u>	<u>2,213,926</u>	<u>118,926</u>
Expenditures:				
Transportation:				
Operations and Maintenance	2,325,730	2,333,630	2,066,293	267,337
Total Transportation	<u>2,325,730</u>	<u>2,333,630</u>	<u>2,066,293</u>	<u>267,337</u>
Debt Service:				
Principal Retirement	50,000	42,100	42,085	15
Total Debt Service	<u>50,000</u>	<u>42,100</u>	<u>42,085</u>	<u>15</u>
Total Expenditures	<u>2,375,730</u>	<u>2,375,730</u>	<u>2,108,378</u>	<u>267,352</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(280,730)	(280,730)	105,548	386,278
Fund Balance at Beginning of Year	365,216	365,216	365,216	0
Prior Year Encumbrances	30,730	30,730	30,730	0
Fund Balance at End of Year	<u>\$ 115,216</u>	<u>\$ 115,216</u>	<u>\$ 501,494</u>	<u>\$ 386,278</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, 2019***

PARKS AND RECREATION FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,757,742	\$ 1,757,742	\$ 1,757,742	\$ 0
Intergovernmental Revenues	40,000	40,000	38,800	(1,200)
Charges for Services	396,000	396,000	504,171	108,171
Licenses, Permits and Fees	0	0	2,980	2,980
All Other Revenues	1,500	1,500	50,704	49,204
Total Revenues	<u>2,195,242</u>	<u>2,195,242</u>	<u>2,354,397</u>	<u>159,155</u>
Expenditures:				
Leisure Time Activities:				
Personal Services	1,431,552	1,433,552	1,419,214	14,338
Operations and Maintenance	692,937	815,707	732,037	83,670
Capital Outlay	52,577	93,808	59,957	33,851
Total Leisure Time Activities	<u>2,177,066</u>	<u>2,343,067</u>	<u>2,211,208</u>	<u>131,859</u>
Debt Service:				
Principal Retirement	35,800	39,156	39,156	0
Interest and Fiscal Charges	8,070	4,714	4,701	13
Total Debt Service	<u>43,870</u>	<u>43,870</u>	<u>43,857</u>	<u>13</u>
Total Expenditures	<u>2,220,936</u>	<u>2,386,937</u>	<u>2,255,065</u>	<u>131,872</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,694)	(191,695)	99,332	291,027
Fund Balance at Beginning of Year	602,897	602,897	602,897	0
Prior Year Encumbrances	38,488	38,488	38,488	0
Fund Balance at End of Year	<u>\$ 615,691</u>	<u>\$ 449,690</u>	<u>\$ 740,717</u>	<u>\$ 291,027</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, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 77,000	\$ 77,000	\$ 68,657	\$ (8,343)
Total Revenues	<u>77,000</u>	<u>77,000</u>	<u>68,657</u>	<u>(8,343)</u>
Expenditures:				
Community Environment:				
Operations and Maintenance	<u>77,000</u>	<u>68,657</u>	<u>68,657</u>	<u>0</u>
Total Expenditures	<u>77,000</u>	<u>68,657</u>	<u>68,657</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	8,343	0	(8,343)
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>\$ 8,343</u>	<u>\$ 0</u>	<u>\$ (8,343)</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, 2019***

LANCASTER PUBLIC TRANSIT PROGRAM FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 1,618,554	\$ 1,618,554	\$ 1,326,703	\$ (291,851)
Charges for Services	584,000	584,000	474,634	(109,366)
All Other Revenues	83,600	83,600	118,599	34,999
Total Revenues	<u>2,286,154</u>	<u>2,286,154</u>	<u>1,919,936</u>	<u>(366,218)</u>
Expenditures:				
Transportation:				
Personal Services	241,900	209,400	199,935	9,465
Operations and Maintenance	1,922,125	1,838,425	1,773,157	65,268
Capital Outlay	348,828	257,297	252,636	4,661
Total Expenditures	<u>2,512,853</u>	<u>2,305,122</u>	<u>2,225,728</u>	<u>79,394</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(226,699)	(18,968)	(305,792)	(286,824)
Other Financing Sources (Uses):				
Transfers In	73,000	73,000	73,000	0
Total Other Financing Sources (Uses)	<u>73,000</u>	<u>73,000</u>	<u>73,000</u>	<u>0</u>
Net Change in Fund Balance	(153,699)	54,032	(232,792)	(286,824)
Fund Balance at Beginning of Year	170,821	170,821	170,821	0
Prior Year Encumbrances	135,891	135,891	135,891	0
Fund Balance at End of Year	<u>\$ 153,013</u>	<u>\$ 360,744</u>	<u>\$ 73,920</u>	<u>\$ (286,824)</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, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 75,000	\$ 75,000	\$ 81,584	\$ 6,584
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>81,584</u>	<u>6,584</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	7,142	7,142	1,000	6,142
Capital Outlay	82,310	82,310	78,711	3,599
Total Expenditures	<u>89,452</u>	<u>89,452</u>	<u>79,711</u>	<u>9,741</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,452)	(14,452)	1,873	16,325
Fund Balance at Beginning of Year	68,919	68,919	68,919	0
Prior Year Encumbrances	<u>82,452</u>	<u>82,452</u>	<u>82,452</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 136,919</u>	<u>\$ 136,919</u>	<u>\$ 153,244</u>	<u>\$ 16,325</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, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>428</u>	<u>428</u>	<u>428</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 428</u>	<u>\$ 428</u>	<u>\$ 428</u>	<u>\$ 0</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 60,000	\$ 60,000	\$ 68,947	\$ 8,947
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>68,947</u>	<u>8,947</u>
Expenditures:				
General Government:				
Personal Services	<u>91,858</u>	<u>97,185</u>	<u>96,412</u>	<u>773</u>
Total Expenditures	<u>91,858</u>	<u>97,185</u>	<u>96,412</u>	<u>773</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,858)	(37,185)	(27,465)	9,720
Other Financing Sources (Uses):				
Transfers In	<u>31,212</u>	<u>36,539</u>	<u>36,539</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>31,212</u>	<u>36,539</u>	<u>36,539</u>	<u>0</u>
Net Change in Fund Balance	(646)	(646)	9,074	9,720
Fund Balance at Beginning of Year	<u>33,834</u>	<u>33,834</u>	<u>33,834</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 33,188</u>	<u>\$ 33,188</u>	<u>\$ 42,908</u>	<u>\$ 9,720</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, 2019***

LANCASTER COMMUNITY DEVELOPMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 149,935	\$ 149,935	\$ 163,251	\$ 13,316
Total Revenues	<u>149,935</u>	<u>149,935</u>	<u>163,251</u>	<u>13,316</u>
Expenditures:				
Community Environment:				
Personal Services	149,435	149,435	145,033	4,402
Operations and Maintenance	500	500	470	30
Total Expenditures	<u>149,935</u>	<u>149,935</u>	<u>145,503</u>	<u>4,432</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	17,748	17,748
Fund Balance at Beginning of Year	<u>19,377</u>	<u>19,377</u>	<u>19,377</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 19,377</u>	<u>\$ 19,377</u>	<u>\$ 37,125</u>	<u>\$ 17,748</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, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 430,000	\$ 430,000	\$ 397,243	\$ (32,757)
Intergovernmental Revenues	0	0	47,492	47,492
Total Revenues	430,000	430,000	444,735	14,735
Expenditures:				
Security of Persons and Property:				
Personal Services	428,374	428,912	428,912	0
Operations and Maintenance	8,000	7,462	7,462	0
Total Expenditures	436,374	436,374	436,374	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,374)	(6,374)	8,361	14,735
Fund Balance at Beginning of Year	6,528	6,528	6,528	0
Fund Balance at End of Year	\$ 154	\$ 154	\$ 14,889	\$ 14,735

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, 2019***

FAIRFIELD COUNTY COURT SURVEILLANCE FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u> 25,000</u>	<u> 25,000</u>	<u> 0</u>	<u> 25,000</u>
Total Expenditures	<u> 25,000</u>	<u> 25,000</u>	<u> 0</u>	<u> 25,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> (25,000)</u>	<u> (25,000)</u>	<u> 0</u>	<u> 25,000</u>
Fund Balance at Beginning of Year	<u> 28,164</u>	<u> 28,164</u>	<u> 28,164</u>	<u> 0</u>
Fund Balance at End of Year	<u><u>\$ 3,164</u></u>	<u><u>\$ 3,164</u></u>	<u><u>\$ 28,164</u></u>	<u><u>\$ 25,000</u></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, 2019***

INDIGENT DRIVERS ALCOHOL TREATMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 50,000	\$ 50,000	\$ 47,124	\$ (2,876)
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>47,124</u>	<u>(2,876)</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	50,000	50,000	4,159	45,841
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>4,159</u>	<u>45,841</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	42,965	42,965
Other Financing Sources (Uses):				
Transfers Out	(50,000)	(50,000)	(50,000)	0
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Net Change in Fund Balance	(50,000)	(50,000)	(7,035)	42,965
Fund Balance at Beginning of Year	<u>264,124</u>	<u>264,124</u>	<u>264,124</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 214,124</u>	<u>\$ 214,124</u>	<u>\$ 257,089</u>	<u>\$ 42,965</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, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 0	\$ 0	\$ 1,869	\$ 1,869
All Other Revenues	0	0	3	3
Total Revenues	<u>0</u>	<u>0</u>	<u>1,872</u>	<u>1,872</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	1,872	1,872
Fund Balance at Beginning of Year	<u>90,960</u>	<u>90,960</u>	<u>90,960</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 90,960</u>	<u>\$ 90,960</u>	<u>\$ 92,832</u>	<u>\$ 1,872</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, 2019***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 45,000	\$ 45,000	\$ 51,672	\$ 6,672
All Other Revenues	75	75	40	(35)
Total Revenues	<u>45,075</u>	<u>45,075</u>	<u>51,712</u>	<u>6,637</u>
Expenditures:				
General Government:				
Operations and Maintenance	65,766	65,766	42,047	23,719
Capital Outlay	<u>8,269</u>	<u>8,269</u>	<u>5,500</u>	<u>2,769</u>
Total Expenditures	<u>74,035</u>	<u>74,035</u>	<u>47,547</u>	<u>26,488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,960)	(28,960)	4,165	33,125
Fund Balance at Beginning of Year	63,032	63,032	63,032	0
Prior Year Encumbrances	<u>4,034</u>	<u>4,034</u>	<u>4,034</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 38,106</u>	<u>\$ 38,106</u>	<u>\$ 71,231</u>	<u>\$ 33,125</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, 2019***

MUNICIPAL COURT PROBATION FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 305,000	\$ 305,000	\$ 317,872	\$ 12,872
Charges for Services	50,000	50,000	85,921	35,921
Fines and Forfeitures	350,000	350,000	394,000	44,000
All Other Revenues	<u>0</u>	<u>0</u>	<u>17,941</u>	<u>17,941</u>
Total Revenues	<u>705,000</u>	<u>705,000</u>	<u>815,734</u>	<u>110,734</u>
Expenditures:				
General Government:				
Personal Services	679,921	679,921	663,041	16,880
Operations and Maintenance	<u>169,298</u>	<u>169,298</u>	<u>157,139</u>	<u>12,159</u>
Total Expenditures	<u>849,219</u>	<u>849,219</u>	<u>820,180</u>	<u>29,039</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(144,219)	(144,219)	(4,446)	139,773
Other Financing Sources (Uses):				
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Net Change in Fund Balance	5,781	5,781	145,554	139,773
Fund Balance at Beginning of Year	251,211	251,211	251,211	0
Prior Year Encumbrances	<u>2,784</u>	<u>2,784</u>	<u>2,784</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 259,776</u>	<u>\$ 259,776</u>	<u>\$ 399,549</u>	<u>\$ 139,773</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, 2019***

MUNICIPAL COURT COMPUTERIZATION FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 205,000	\$ 205,000	\$ 203,193	\$ (1,807)
All Other Revenues	443	443	2,189	1,746
Total Revenues	<u>205,443</u>	<u>205,443</u>	<u>205,382</u>	<u>(61)</u>
Expenditures:				
General Government:				
Personal Services	106,350	106,470	105,820	650
Operations and Maintenance	137,914	143,144	74,622	68,522
Capital Outlay	<u>20,000</u>	<u>14,650</u>	<u>7,188</u>	<u>7,462</u>
Total Expenditures	<u>264,264</u>	<u>264,264</u>	<u>187,630</u>	<u>76,634</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,821)	(58,821)	17,752	76,573
Fund Balance at Beginning of Year	111,538	111,538	111,538	0
Prior Year Encumbrances	<u>914</u>	<u>914</u>	<u>914</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 53,631</u>	<u>\$ 53,631</u>	<u>\$ 130,204</u>	<u>\$ 76,573</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, 2019***

MUNICIPAL COURT SPECIAL PROJECTS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 810,000	\$ 810,000	\$ 852,373	\$ 42,373
All Other Revenues	0	0	123	123
Total Revenues	<u>810,000</u>	<u>810,000</u>	<u>852,496</u>	<u>42,496</u>
Expenditures:				
General Government:				
Personal Services	88	688	600	88
Operations and Maintenance	291,616	291,016	187,616	103,400
Capital Outlay	50,445	50,445	5,000	45,445
Total Expenditures	<u>342,149</u>	<u>342,149</u>	<u>193,216</u>	<u>148,933</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	467,851	467,851	659,280	191,429
Other Financing Sources (Uses):				
Transfers In	100,000	100,000	100,000	0
Transfers Out	<u>(650,000)</u>	<u>(669,238)</u>	<u>(669,238)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(550,000)</u>	<u>(569,238)</u>	<u>(569,238)</u>	<u>0</u>
Net Change in Fund Balance	(82,149)	(101,387)	90,042	191,429
Fund Balance at Beginning of Year	572,043	572,043	572,043	0
Prior Year Encumbrances	<u>14,150</u>	<u>14,150</u>	<u>14,150</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 504,044</u>	<u>\$ 484,806</u>	<u>\$ 676,235</u>	<u>\$ 191,429</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, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 0	\$ 0	\$ 163	\$ 163
Total Revenues	<u>0</u>	<u>0</u>	<u>163</u>	<u>163</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	163	163
Fund Balance at Beginning of Year	<u>19,611</u>	<u>19,611</u>	<u>19,611</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 19,611</u>	<u>\$ 19,611</u>	<u>\$ 19,774</u>	<u>\$ 163</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, 2019***

MUNICIPAL DRUG COURT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 240,500	\$ 240,500	\$ 239,017	\$ (1,483)
All Other Revenues	1,400	1,400	3,638	2,238
Total Revenues	<u>241,900</u>	<u>241,900</u>	<u>242,655</u>	<u>755</u>
Expenditures:				
General Government:				
Personal Services	163,660	164,804	161,761	3,043
Operations and Maintenance	92,569	91,425	67,317	24,108
Total Expenditures	<u>256,229</u>	<u>256,229</u>	<u>229,078</u>	<u>27,151</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,329)	(14,329)	13,577	27,906
Other Financing Sources (Uses):				
Transfers In	10,000	10,000	50,000	40,000
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>50,000</u>	<u>40,000</u>
Net Change in Fund Balance	(4,329)	(4,329)	63,577	67,906
Fund Balance at Beginning of Year	17,431	17,431	17,431	0
Prior Year Encumbrances	3,568	3,568	3,568	0
Fund Balance at End of Year	<u>\$ 16,670</u>	<u>\$ 16,670</u>	<u>\$ 84,576</u>	<u>\$ 67,906</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, 2019***

OHIO PEACE OFFICERS TRAINING FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 10,000	\$ 10,000	\$ 0	\$ (10,000)
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	10,000	10,000	3,090	6,910
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>3,090</u>	<u>6,910</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(3,090)	(3,090)
Fund Balance at Beginning of Year	<u>41,423</u>	<u>41,423</u>	<u>41,423</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 41,423</u>	<u>\$ 41,423</u>	<u>\$ 38,333</u>	<u>\$ (3,090)</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, 2019***

DARE OFFICER RETENTION GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 18,316	\$ 21,220	\$ 2,904
Total Revenues	<u>0</u>	<u>18,316</u>	<u>21,220</u>	<u>2,904</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	0	17,431	17,431	0
Operations and Maintenance	0	885	885	0
Total Expenditures	<u>0</u>	<u>18,316</u>	<u>18,316</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	2,904	2,904
Fund Balance at Beginning of Year	<u>8,140</u>	<u>8,140</u>	<u>8,140</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,140</u>	<u>\$ 8,140</u>	<u>\$ 11,044</u>	<u>\$ 2,904</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, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 2,764	\$ 2,764	\$ 0
Total Revenues	0	2,764	2,764	0
Expenditures:				
Public Health and Welfare Services:				
Operations and Maintenance	0	2,764	2,764	0
Total Expenditures	0	2,764	2,764	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	2,780	2,780	2,780	0
Fund Balance at End of Year	\$ 2,780	\$ 2,780	\$ 2,780	\$ 0

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, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
.15 FIRE LEVY FUND				
Revenues:				
Taxes	\$ 1,757,742	\$ 1,757,742	\$ 1,757,742	\$ 0
All Other Revenues	0	0	20,441	20,441
Total Revenues	<u>1,757,742</u>	<u>1,757,742</u>	<u>1,778,183</u>	<u>20,441</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	1,693,410	1,739,410	1,578,753	160,657
Operations and Maintenance	<u>75,585</u>	<u>75,585</u>	<u>72,156</u>	<u>3,429</u>
Total Security of Persons and Property	1,768,995	1,814,995	1,650,909	164,086
Debt Service:				
Principal Retirement	15,980	15,980	15,980	0
Interest and Fiscal Charges	<u>976</u>	<u>976</u>	<u>976</u>	<u>0</u>
Total Debt Service	<u>16,956</u>	<u>16,956</u>	<u>16,956</u>	<u>0</u>
Total Expenditures	<u>1,785,951</u>	<u>1,831,951</u>	<u>1,667,865</u>	<u>164,086</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,209)	(74,209)	110,318	184,527
Fund Balance at Beginning of Year	<u>321,005</u>	<u>321,005</u>	<u>321,005</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 292,796</u>	<u>\$ 246,796</u>	<u>\$ 431,323</u>	<u>\$ 184,527</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, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 0	\$ 0	\$ 60,242	\$ 60,242
Total Revenues	<u>0</u>	<u>0</u>	<u>60,242</u>	<u>60,242</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	60,242	60,242
Fund Balance at Beginning of Year	<u>5,186</u>	<u>5,186</u>	<u>5,186</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,186</u>	<u>\$ 5,186</u>	<u>\$ 65,428</u>	<u>\$ 60,242</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, 2019***

COMMUNITY DEVELOPMENT BLOCK GRANT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 979,538	\$ 580,836	\$ (398,702)
All Other Revenues	0	0	2,595	2,595
Total Revenues	<u>0</u>	<u>979,538</u>	<u>583,431</u>	<u>(396,107)</u>
Expenditures:				
Community Environment:				
Operations and Maintenance	0	67,569	23,595	43,974
Capital Outlay	0	585,095	560,649	24,446
Total Expenditures	<u>0</u>	<u>652,664</u>	<u>584,244</u>	<u>68,420</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	326,874	(813)	(327,687)
Fund Balance at Beginning of Year	<u>97,625</u>	<u>97,625</u>	<u>97,625</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 97,625</u>	<u>\$ 424,499</u>	<u>\$ 96,812</u>	<u>\$ (327,687)</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, 2019***

	STATE HIGHWAY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 100,000	\$ 100,000	\$ 120,426	\$ 20,426
Investment Earnings	0	0	18,558	18,558
Total Revenues	100,000	100,000	138,984	38,984
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	100,000	100,000	138,984	38,984
Other Financing Sources (Uses):				
Transfers Out	0	(125,000)	(125,000)	0
Total Other Financing Sources (Uses)	0	(125,000)	(125,000)	0
Net Change in Fund Balance	100,000	(25,000)	13,984	38,984
Fund Balance at Beginning of Year	183,933	183,933	183,933	0
Fund Balance at End of Year	\$ 283,933	\$ 158,933	\$ 197,917	\$ 38,984

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, 2019***

CEMETERY INTERMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 25,000	\$ 25,000	\$ 10,650	\$ (14,350)
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>10,650</u>	<u>(14,350)</u>
Expenditures:				
Public Health and Welfare Services:				
Operations and Maintenance	<u>32,000</u>	<u>32,000</u>	<u>20,544</u>	<u>11,456</u>
Total Expenditures	<u>32,000</u>	<u>32,000</u>	<u>20,544</u>	<u>11,456</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,000)	(7,000)	(9,894)	(2,894)
Fund Balance at Beginning of Year	<u>285,913</u>	<u>285,913</u>	<u>285,913</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 278,913</u>	<u>\$ 278,913</u>	<u>\$ 276,019</u>	<u>\$ (2,894)</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, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 25,000	\$ 25,000	\$ 30,419	\$ 5,419
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>30,419</u>	<u>5,419</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,000	25,000	30,419	5,419
Other Financing Sources (Uses):				
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	25,000	(10,000)	(4,581)	5,419
Fund Balance at Beginning of Year	<u>1,020,197</u>	<u>1,020,197</u>	<u>1,020,197</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,045,197</u>	<u>\$ 1,010,197</u>	<u>\$ 1,015,616</u>	<u>\$ 5,419</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Debt Service:				
Principal Retirement	540,000	540,000	540,000	0
Interest and Fiscal Charges	<u>324,240</u>	<u>323,103</u>	<u>323,103</u>	<u>0</u>
Total Expenditures	<u>864,240</u>	<u>863,103</u>	<u>863,103</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(864,240)	(863,103)	(863,103)	0
Other Financing Sources (Uses):				
Transfers In	<u>864,240</u>	<u>864,240</u>	<u>863,103</u>	<u>(1,137)</u>
Total Other Financing Sources (Uses)	<u>864,240</u>	<u>864,240</u>	<u>863,103</u>	<u>(1,137)</u>
Net Change in Fund Balance	0	1,137	0	(1,137)
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>\$ 1,137</u>	<u>\$ 0</u>	<u>\$ (1,137)</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 40,470	\$ 40,470	\$ 35,443	\$ (5,027)
Total Revenues	<u>40,470</u>	<u>40,470</u>	<u>35,443</u>	<u>(5,027)</u>
Expenditures:				
General Government:				
Operations and Maintenance	2,500	2,500	1,458	1,042
Debt Service:				
Principal Retirement	80,500	80,500	80,500	0
Interest and Fiscal Charges	<u>4,025</u>	<u>4,025</u>	<u>2,012</u>	<u>2,013</u>
Total Expenditures	<u>87,025</u>	<u>87,025</u>	<u>83,970</u>	<u>3,055</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,555)	(46,555)	(48,527)	(1,972)
Fund Balance at Beginning of Year	<u>88,639</u>	<u>88,639</u>	<u>88,639</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 42,084</u>	<u>\$ 42,084</u>	<u>\$ 40,112</u>	<u>\$ (1,972)</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, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 1,318,022	\$ 597,068	\$ (720,954)
Donations	0	1,323,000	1,324,575	1,575
Total Revenues	0	2,641,022	1,921,643	(719,379)
Expenditures:				
Capital Outlay	0	2,695,074	2,459,527	235,547
Total Expenditures	0	2,695,074	2,459,527	235,547
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(54,052)	(537,884)	(483,832)
Other Financing Sources (Uses):				
Transfers In	0	220,000	220,000	0
Advances In	0	0	350,000	350,000
Total Other Financing Sources (Uses)	0	220,000	570,000	350,000
Net Change in Fund Balance	0	165,948	32,116	(133,832)
Fund Balance at Beginning of Year	203,430	203,430	203,430	0
Fund Balance at End of Year	\$ 203,430	\$ 369,378	\$ 235,546	\$ (133,832)

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, 2019***

PARKS IMPROVEMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 117,183	\$ 117,183	\$ 117,183	\$ 0
Total Revenues	<u>117,183</u>	<u>117,183</u>	<u>117,183</u>	<u>0</u>
Expenditures:				
Capital Outlay	<u>139,118</u>	<u>139,118</u>	<u>115,757</u>	<u>23,361</u>
Total Expenditures	<u>139,118</u>	<u>139,118</u>	<u>115,757</u>	<u>23,361</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,935)	(21,935)	1,426	23,361
Fund Balance at Beginning of Year	63,042	63,042	63,042	0
Prior Year Encumbrances	<u>14,918</u>	<u>14,918</u>	<u>14,918</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 56,025</u></u>	<u><u>\$ 56,025</u></u>	<u><u>\$ 79,386</u></u>	<u><u>\$ 23,361</u></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, 2019***

CAPITAL IMPROVEMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 234,365	\$ 234,365	\$ 234,365	\$ 0
Intergovernmental Revenues	0	735,146	0	(735,146)
Charges for Services	63,250	63,250	63,250	0
All Other Revenues	<u>0</u>	<u>0</u>	<u>72,868</u>	<u>72,868</u>
Total Revenues	<u>297,615</u>	<u>1,032,761</u>	<u>370,483</u>	<u>(662,278)</u>
Expenditures:				
Capital Outlay	101,003	401,003	339,834	61,169
Debt Service:				
Principal Retirement	<u>186,572</u>	<u>186,572</u>	<u>74,785</u>	<u>111,787</u>
Total Expenditures	<u>287,575</u>	<u>587,575</u>	<u>414,619</u>	<u>172,956</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,040	445,186	(44,136)	(489,322)
Fund Balance at Beginning of Year	<u>616,110</u>	<u>616,110</u>	<u>616,110</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 626,150</u>	<u>\$ 1,061,296</u>	<u>\$ 571,974</u>	<u>\$ (489,322)</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, 2019**

FIRE IMPACT-DISTRICT ONE FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 300,000	\$ 300,000	\$ 241,685	\$ (58,315)
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>241,685</u>	<u>(58,315)</u>
Expenditures:				
Capital Outlay	0	265,180	265,180	0
Debt Service:				
Principal Retirement	246,731	225,924	223,400	2,524
Interest and Fiscal Charges	9,445	30,253	30,253	0
Total Expenditures	<u>256,176</u>	<u>521,357</u>	<u>518,833</u>	<u>2,524</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	43,824	(221,357)	(277,148)	(55,791)
Other Financing Sources (Uses):				
Other Financing Source - Capital lease	0	245,180	245,180	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>245,180</u>	<u>245,180</u>	<u>0</u>
Net Change in Fund Balance	43,824	23,823	(31,968)	(55,791)
Fund Balance at Beginning of Year	<u>591,206</u>	<u>591,206</u>	<u>591,206</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 635,030</u>	<u>\$ 615,029</u>	<u>\$ 559,238</u>	<u>\$ (55,791)</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, 2019**

ETY ROAD TIF PROJECT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 211,761	\$ 211,761	\$ 228,531	\$ 16,770
Investment Earnings	0	0	1	1
Total Revenues	<u>211,761</u>	<u>211,761</u>	<u>228,532</u>	<u>16,771</u>
Expenditures:				
General Government:				
Operations and Maintenance	22,350	22,350	17,832	4,518
Debt Service:				
Principal Retirement	105,000	1,482,881	1,482,881	0
Interest and Fiscal Charges	<u>20,185</u>	<u>58,435</u>	<u>58,435</u>	<u>0</u>
Total Expenditures	<u>147,535</u>	<u>1,563,666</u>	<u>1,559,148</u>	<u>4,518</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	64,226	(1,351,905)	(1,330,616)	21,289
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	1,377,881	1,330,716	(47,165)
Advances Out	<u>(10,100)</u>	<u>(10,100)</u>	<u>(10,100)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(10,100)</u>	<u>1,367,781</u>	<u>1,320,616</u>	<u>(47,165)</u>
Net Change in Fund Balance	54,126	15,876	(10,000)	(25,876)
Fund Balance at Beginning of Year	15,711	15,711	15,711	0
Prior Year Encumbrances	<u>4,350</u>	<u>4,350</u>	<u>4,350</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 74,187</u>	<u>\$ 35,937</u>	<u>\$ 10,061</u>	<u>\$ (25,876)</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, 2019**

COLUMBIAN CONSTRUCTION FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Debt Service:				
Principal Retirement	0	1,440,000	1,440,000	0
Interest and Fiscal Charges	0	32,400	32,400	0
Total Expenditures	0	1,472,400	1,472,400	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(1,472,400)	(1,472,400)	0
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	1,260,000	1,260,000	0
Transfers In	0	212,400	212,400	0
Total Other Financing Sources (Uses)	0	1,472,400	1,472,400	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

Internal Service Funds

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

Utilities Collection Fund

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

Fuel Depot Fund

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

Information Services Fund

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

Health Insurance Management Fund

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

CITY OF LANCASTER, OHIO

**Combining Statement of Net Position
Internal Service Funds
December 31, 2019**

	Utilities Collection	Fuel Depot	Information Services	Health Insurance Management	Total
Assets:					
<i>Current Assets:</i>					
Cash and Cash Equivalents	\$ 673,524	\$ 106,057	\$ 559,385	\$ 71,530	\$ 1,410,496
Cash and Cash Equivalents with Fiscal Agent	0	0	0	559,781	559,781
<i>Receivables:</i>					
Accounts	0	25,619	0	0	25,619
Inventory of Supplies at Cost	21,230	28,420	18,064	0	67,714
Prepaid Items	709	0	0	0	709
Total Current Assets	695,463	160,096	577,449	631,311	2,064,319
<i>Non Current Assets:</i>					
Capital Assets Being Depreciated, Net	78,636	0	484,061	0	562,697
Total Assets	774,099	160,096	1,061,510	631,311	2,627,016
Deferred Outflows of Resources:					
Pension	457,961	0	210,669	0	668,630
OPEB	55,802	0	25,703	0	81,505
Total Deferred Outflows of Resources	513,763	0	236,372	0	750,135
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	26,754	77,552	24,888	0	129,194
Accrued Wages and Benefits	34,789	0	16,037	0	50,826
Claims Payable	0	0	0	1,025,183	1,025,183
Capital Lease Payable-Current	2,754	0	0	0	2,754
Compensated Absences Payable - Current	21,916	0	5,119	0	27,035
Total Current Liabilities	86,213	77,552	46,044	1,025,183	1,234,992
<i>Long Term Liabilities:</i>					
Capital Leases Payable	1,653	0	0	0	1,653
Compensated Absences Payable	211,216	0	95,962	0	307,178
Net Pension Liability	1,505,808	0	693,588	0	2,199,396
Net OPEB Liability	711,545	0	327,743	0	1,039,288
Total Liabilities	2,516,435	77,552	1,163,337	1,025,183	4,782,507
Deferred Inflows of Resources:					
Pension	20,452	0	9,434	0	29,886
OPEB	1,931	0	889	0	2,820
Total Deferred Inflows of Resources	22,383	0	10,323	0	32,706
Net Position:					
Net Investment in Capital Assets	74,229	0	484,061	0	558,290
Unrestricted	(1,325,185)	82,544	(359,839)	(393,872)	(1,996,352)
Total Net Position	\$ (1,250,956)	\$ 82,544	\$ 124,222	\$ (393,872)	\$ (1,438,062)

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2019**

	Utilities Collection	Fuel Depot	Information Services	Health Insurance Management	Total
Operating Revenues:					
Charges for Services	\$ 1,798,902	\$ 873,669	\$ 925,449	\$ 7,267,023	\$ 10,865,043
Other Operating Revenue	65,796	18	13,613	0	79,427
Total Operating Revenues	1,864,698	873,687	939,062	7,267,023	10,944,470
Operating Expenses:					
Personal Services	1,448,634	0	719,506	0	2,168,140
Contractual Services	278,192	7,468	206,811	0	492,471
Materials and Supplies	166,827	864,618	76,236	0	1,107,681
Depreciation	21,657	0	119,974	0	141,631
Health Insurance Claims	0	0	0	8,115,006	8,115,006
Total Operating Expenses	1,915,310	872,086	1,122,527	8,115,006	12,024,929
Operating Income (Loss)	(50,612)	1,601	(183,465)	(847,983)	(1,080,459)
Nonoperating Revenue (Expenses):					
Loss on Disposal of Capital Assets	0	0	(831)	0	(831)
Total Nonoperating Revenues (Expenses)	0	0	(831)	0	(831)
Income (Loss) Before Transfers	(50,612)	1,601	(184,296)	(847,983)	(1,081,290)
Transfers In	0	0	0	2,500	2,500
Change in Net Position	(50,612)	1,601	(184,296)	(845,483)	(1,078,790)
Net Position Beginning of Year	(1,200,344)	80,943	308,518	451,611	(359,272)
Net Position End of Year	\$ (1,250,956)	\$ 82,544	\$ 124,222	\$ (393,872)	\$ (1,438,062)

CITY OF LANCASTER, OHIO

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2019**

	Utilities Collection	Fuel Depot	Information Services	Health Insurance Management	Totals
Cash Flows from Operating Activities:					
Cash Received from Interfund Services	\$1,864,698	\$876,786	\$940,995	\$7,267,023	\$10,949,502
Cash Payments for Goods and Services	(379,084)	(873,345)	(294,264)	0	(1,546,693)
Cash Payments to and on behalf of Employees	(1,006,031)	0	(448,106)	0	(1,454,137)
Cash Payments for Claims	0	0	0	(8,137,974)	(8,137,974)
Cash Payments for Interfund Services	(282,412)	0	(92,663)	0	(375,075)
Net Cash Provided (Used) by Operating Activities	197,171	3,441	105,962	(870,951)	(564,377)
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	0	0	0	2,500	2,500
Net Cash Provided by Noncapital Financing Activities	0	0	0	2,500	2,500
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Assets	0	0	(13,302)	0	(13,302)
Capital Lease Payments	(3,029)	0	0	0	(3,029)
Net Cash Used by Capital and Related Financing Activities	(3,029)	0	(13,302)	0	(16,331)
Net Increase (Decrease) in Cash and Cash Equivalents	194,142	3,441	92,660	(868,451)	(578,208)
Cash and Cash Equivalents at Beginning of Year	479,382	102,616	466,725	1,499,762	2,548,485
Cash and Cash Equivalents at End of Year	\$673,524	\$106,057	\$559,385	\$631,311	\$1,970,277
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	(\$50,612)	\$1,601	(\$183,465)	(\$847,983)	(\$1,080,459)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	21,657	0	119,974	0	141,631
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
Decrease in Accounts Receivable	0	3,099	1,933	0	5,032
(Increase) Decrease in Inventory	2,529	(15,966)	(953)	0	(14,390)
Increase in Prepaid Items	(317)	0	0	0	(317)
Increase in Deferred Outflows of Resources - Pension	(230,020)	0	(115,026)	0	(345,046)
Increase in Deferred Outflows of Resources - OPEB	(11,149)	0	(6,967)	0	(18,116)
Increase (Decrease) in Accounts Payable	6,448	14,707	(12,320)	0	8,835
Increase in Accrued Wages and Benefits	4,325	0	3,292	0	7,617
Increase (Decrease) in Compensated Absences	(34,175)	0	3,203	0	(30,972)
Increase in Net Pension Liability	622,264	0	322,857	0	945,121
Increase in Net OPEB Liability	104,761	0	73,139	0	177,900
Decrease in Deferred Outflows of Resources - Pension	(195,269)	0	(81,628)	0	(276,897)
Decrease in Deferred Outflows of Resources - OPEB	(43,271)	0	(18,077)	0	(61,348)
Decrease in Claims Payable	0	0	0	(22,968)	(22,968)
Total Adjustments	247,783	1,840	289,427	(22,968)	516,082
Net Cash Provided (Used) by Operating Activities	\$197,171	\$3,441	\$105,962	(\$870,951)	(\$564,377)

Fiduciary Funds

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

Agency Funds

Municipal Court Fund

Established to account for monies that flow through the Clerk of Courts Office.

Law Library Fund

Established to account for accumulation and distribution of resources for the law library.

Utility Overpayment Fund

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

Parks Rental Deposit Fund

Established to account for refundable monies deposited with the City by individuals or groups for renting City Parks and Recreation facilities.

CITY OF LANCASTER, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2019**

	Balance December 31, 2018	Additions	Deductions	Balance December 31, 2019
<u>Municipal Court Fund</u>				
Assets:				
Cash and Cash Equivalents	\$133,489	\$5,337,949	(\$5,298,338)	\$173,100
Total Assets	<u>\$133,489</u>	<u>\$5,337,949</u>	<u>(\$5,298,338)</u>	<u>\$173,100</u>
Liabilities:				
Due to Other Funds	\$3,518	\$2,459,152	(\$2,459,231)	\$3,439
Intergovernmental Payable	0	1,124,176	(1,124,176)	0
Due to Others	129,971	1,754,621	(1,714,931)	169,661
Total Liabilities	<u>\$133,489</u>	<u>\$5,337,949</u>	<u>(\$5,298,338)</u>	<u>\$173,100</u>
<u>Law Library Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$53,526	(\$53,526)	\$0
Due from Other Funds	3,518	3,439	(3,518)	3,439
Total Assets	<u>\$3,518</u>	<u>\$56,965</u>	<u>(\$57,044)</u>	<u>\$3,439</u>
Liabilities:				
Intergovernmental Payable	\$3,518	\$56,965	(\$57,044)	\$3,439
Total Liabilities	<u>\$3,518</u>	<u>\$56,965</u>	<u>(\$57,044)</u>	<u>\$3,439</u>
<u>Utility Overpayment Fund</u>				
Assets:				
Cash and Cash Equivalents	\$167,295	\$44,321	(\$49,005)	\$162,611
Total Assets	<u>\$167,295</u>	<u>\$44,321</u>	<u>(\$49,005)</u>	<u>\$162,611</u>
Liabilities:				
Due to Others	\$167,295	\$44,321	(\$49,005)	\$162,611
Total Liabilities	<u>\$167,295</u>	<u>\$44,321</u>	<u>(\$49,005)</u>	<u>\$162,611</u>
<u>Parks Rental Deposit Fund</u>				
Assets:				
Cash and Cash Equivalents	\$7,750	\$36,275	(\$21,200)	\$22,825
Total Assets	<u>\$7,750</u>	<u>\$36,275</u>	<u>(\$21,200)</u>	<u>\$22,825</u>
Liabilities:				
Due to Others	\$7,750	\$36,275	(\$21,200)	\$22,825
Total Liabilities	<u>\$7,750</u>	<u>\$36,275</u>	<u>(\$21,200)</u>	<u>\$22,825</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$308,534	\$5,472,071	(\$5,422,069)	\$358,536
Due from Other Funds	3,518	3,439	(3,518)	3,439
Total Assets	<u>\$312,052</u>	<u>\$5,475,510</u>	<u>(\$5,425,587)</u>	<u>\$361,975</u>
Liabilities:				
Due to Other Funds	\$3,518	\$2,459,152	(\$2,459,231)	\$3,439
Intergovernmental Payables	3,518	1,181,141	(1,181,220)	3,439
Due to Others	305,016	1,835,217	(1,785,136)	355,097
Total Liabilities	<u>\$312,052</u>	<u>\$5,475,510</u>	<u>(\$5,425,587)</u>	<u>\$361,975</u>

STATISTICAL SECTION



STATISTICAL TABLES

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

Contents

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

City of Lancaster, Ohio

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

	2010	Restated 2011	2012	2013
Governmental Activities:				
Net Investment in Capital Assets	\$29,963,075	\$29,585,924	\$30,705,182	\$34,859,182
Restricted	8,914,509	10,612,142	10,328,275	10,580,754
Unrestricted	1,265,734	169,239	3,783,554	5,391,809
Total Governmental Activities Net Position	<u>\$40,143,318</u>	<u>\$40,367,305</u>	<u>\$44,817,011</u>	<u>\$50,831,745</u>
Business-type Activities:				
Net Investment in Capital Assets	\$42,163,722	\$40,715,175	\$40,307,130	\$42,495,213
Restricted	2,553,537	2,553,685	2,479,228	2,469,200
Unrestricted (Deficit)	(10,991,395)	(23,896,398)	(32,023,328)	(41,515,012)
Total Business-type Activities Net Position	<u>\$33,725,864</u>	<u>\$19,372,462</u>	<u>\$10,763,030</u>	<u>\$3,449,401</u>
Primary Government:				
Net Investment in Capital Assets	\$72,126,797	\$70,301,099	\$71,012,312	\$77,354,395
Restricted	11,468,046	13,165,827	12,807,503	13,049,954
Unrestricted	(9,725,661)	(23,727,159)	(28,239,774)	(36,123,203)
Total Primary Government Net Position	<u>\$73,869,182</u>	<u>\$59,739,767</u>	<u>\$55,580,041</u>	<u>\$54,281,146</u>

Source: City Auditor's Office

City of Lancaster, Ohio

Restated 2014	2015	2016	Restated 2017	2018	2019
\$38,638,721	\$41,576,482	\$44,062,621	\$46,837,859	\$49,673,604	\$52,330,007
11,237,072	11,077,774	10,154,360	9,467,802	10,031,606	11,332,790
(18,847,439)	(17,997,524)	(19,731,872)	(49,496,982)	(56,187,581)	(41,543,274)
<u>\$31,028,354</u>	<u>\$34,656,732</u>	<u>\$34,485,109</u>	<u>\$6,808,679</u>	<u>\$3,517,629</u>	<u>\$22,119,523</u>
\$46,787,496	\$54,167,749	\$59,487,303	\$62,067,035	\$66,438,543	\$71,050,827
2,469,033	2,469,078	2,342,642	2,351,745	2,372,321	2,379,486
(53,909,879)	(56,322,159)	(53,545,337)	(54,965,234)	(52,187,952)	(61,651,825)
<u>(\$4,653,350)</u>	<u>\$314,668</u>	<u>\$8,284,608</u>	<u>\$9,453,546</u>	<u>\$16,622,912</u>	<u>\$11,778,488</u>
\$85,426,217	\$95,744,231	\$103,549,924	\$108,904,894	\$116,112,147	\$123,380,834
13,706,105	13,546,852	12,497,002	11,819,547	12,403,927	13,712,276
(72,757,318)	(74,319,683)	(73,277,209)	(104,462,216)	(108,375,533)	(103,195,099)
<u>\$26,375,004</u>	<u>\$34,971,400</u>	<u>\$42,769,717</u>	<u>\$16,262,225</u>	<u>\$20,140,541</u>	<u>\$33,898,011</u>

City of Lancaster, Ohio

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

	<u>2010</u>	<u>Restated 2011</u>	<u>2012</u>	<u>2013</u>
Expenses				
Governmental Activities:				
Security of Persons and Property	\$17,701,539	\$17,530,462	\$15,424,941	\$16,617,988
Public Health and Welfare Services	824,685	754,085	744,949	857,082
Leisure Time Activities	1,953,298	1,958,087	1,893,828	1,810,306
Community Environment	842,850	817,834	825,620	688,405
Transportation	5,224,430	5,037,685	6,385,975	4,825,294
General Government	9,532,402	7,369,038	9,512,336	7,943,615
Interest and Fiscal Charges	343,326	339,535	329,507	355,061
<i>Total Governmental Activities Expenses</i>	<u>36,422,530</u>	<u>33,806,726</u>	<u>35,117,156</u>	<u>33,097,751</u>
Business-type Activities:				
Gas	16,287,581	14,805,525	12,339,382	14,481,150
Water	8,959,229	9,136,690	8,689,156	8,193,295
Water Pollution	7,223,678	8,441,640	9,525,692	9,576,190
Sanitation	3,333,154	3,533,473	3,205,787	3,197,770
Storm Water	2,052,733	1,786,087	1,717,429	1,941,058
Port Authority	23,188,889	21,285,796	17,564,850	18,664,845
<i>Total Business-type Activities Expenses</i>	<u>61,045,264</u>	<u>58,989,211</u>	<u>53,042,296</u>	<u>56,054,308</u>
<i>Total Primary Government Expenses</i>	<u>\$97,467,794</u>	<u>\$92,795,937</u>	<u>\$88,159,452</u>	<u>\$89,152,059</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$2,300,078	\$2,161,188	\$2,355,439	\$2,720,979
Public Health and Welfare Services	216,399	251,757	242,805	235,910
Leisure Time Activities	415,566	396,589	509,880	351,611
Community Environment	85,720	97,824	88,238	65,761
Transportation	825,039	813,495	777,280	955,710
General Government	2,302,119	2,151,906	2,522,371	2,438,708
Operating Grants and Contributions	4,358,354	5,523,719	8,668,164	5,242,074
Capital Grants and Contributions	797,834	498,035	169,670	3,173,702
<i>Total Governmental Activities Program Revenues</i>	<u>11,301,109</u>	<u>11,894,513</u>	<u>15,333,847</u>	<u>15,184,455</u>

City of Lancaster, Ohio

2014	2015	2016	2017	2018	2019
\$16,849,215	\$17,702,358	\$19,853,945	\$19,504,799	\$22,136,304	\$1,799,062
785,007	1,232,576	855,731	903,382	893,040	955,434
2,256,990	2,135,524	2,336,363	2,490,616	2,532,518	2,879,347
873,446	725,687	995,091	821,972	840,623	1,055,812
6,817,662	6,477,311	6,887,838	6,897,020	7,252,943	7,809,758
7,840,741	7,927,531	8,712,430	10,430,660	10,154,186	10,973,019
416,240	517,344	505,547	482,033	493,076	483,957
<u>35,839,301</u>	<u>36,718,331</u>	<u>40,146,945</u>	<u>41,530,482</u>	<u>44,302,690</u>	<u>25,956,389</u>
15,574,440	13,583,412	11,271,767	13,411,673	12,324,393	13,986,387
8,468,594	8,163,396	8,100,342	8,455,739	8,152,728	9,448,889
9,729,438	9,087,256	9,565,843	9,597,039	10,539,850	9,117,280
3,274,326	3,226,109	3,274,150	3,871,760	4,961,644	4,640,674
1,807,062	1,974,803	1,778,616	2,561,602	2,613,555	2,500,991
17,208,616	6,638,568	6,265,348	6,168,445	5,806,494	15,048,563
<u>56,062,476</u>	<u>42,673,544</u>	<u>40,256,066</u>	<u>44,066,258</u>	<u>44,398,664</u>	<u>54,742,784</u>
<u>\$91,901,777</u>	<u>\$79,391,875</u>	<u>\$80,403,011</u>	<u>\$85,596,740</u>	<u>\$88,701,354</u>	<u>\$80,699,173</u>
\$2,231,913	\$2,195,779	\$2,214,724	\$2,306,416	\$2,221,015	\$2,530,566
230,884	206,503	216,640	231,257	253,543	229,398
502,389	346,570	369,206	388,952	453,724	554,954
77,256	75,115	79,245	72,519	76,987	69,616
1,378,452	1,414,529	1,289,483	1,537,874	1,252,681	1,319,871
3,111,858	2,903,193	2,784,562	2,724,061	2,861,278	3,068,730
4,791,064	5,063,305	4,697,405	4,626,308	6,463,567	5,736,348
4,326,483	1,223,675	863,655	1,455,314	412,042	324,419
<u>16,650,299</u>	<u>13,428,669</u>	<u>12,514,920</u>	<u>13,342,701</u>	<u>13,994,837</u>	<u>13,833,902</u>

(continued)

City of Lancaster, Ohio

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

	2010	Restated 2011	2012	2013
Business-type Activities:				
Charges for Services				
Gas	17,258,590	15,206,268	12,786,252	15,121,742
Water	8,243,228	7,917,801	8,172,166	7,891,739
Water Pollution	8,708,143	10,010,386	10,620,930	11,082,399
Sanitation	3,572,689	3,583,806	3,687,918	3,635,892
Storm Water	2,107,985	2,327,529	2,726,348	2,956,331
Port Authority	9,350,923	8,626,192	5,798,134	7,748,116
Operating Grants and Contributions	194,145	256,255	163,697	198,065
Capital Grants and Contributions	1,042,287	144,389	432,880	106,395
<i>Total Business-type Activities Program Revenues</i>	<u>50,477,990</u>	<u>48,072,626</u>	<u>44,388,325</u>	<u>48,740,679</u>
<i>Total Primary Government Program Revenues</i>	<u>61,779,099</u>	<u>59,967,139</u>	<u>59,722,172</u>	<u>63,925,134</u>
Net (Expense)/Revenue				
Governmental Activities	(25,121,421)	(21,912,213)	(19,783,309)	(17,913,296)
Business-type Activities	(10,567,274)	(10,916,585)	(8,653,971)	(7,313,629)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$35,688,695)</u>	<u>(\$32,828,798)</u>	<u>(\$28,437,280)</u>	<u>(\$25,226,925)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$1,914,780	\$1,967,069	\$1,787,647	\$1,775,753
Special Purposes	394,315	446,119	404,582	392,439
Debt Service	228,307	332,919	332,419	331,819
Capital Outlay	258,061	38,576	158,607	135,935
Income Taxes	17,212,521	15,838,417	18,218,093	17,948,988
Other Local Taxes	543,579	585,100	617,585	618,634
Intergovernmental Revenue/ Contributions, Unrestricted	3,076,212	2,313,912	1,493,621	1,794,651
Investment Earnings	328,465	326,671	272,735	110,281
Miscellaneous	622,745	308,819	992,265	819,530
Transfers	(324,798)	(21,402)	(44,539)	0
<i>Total Governmental Activities</i>	<u>24,254,187</u>	<u>22,136,200</u>	<u>24,233,015</u>	<u>23,928,030</u>
Business-type Activities:				
Special Item - Legal Settlement	0	0	0	0
Transfers	324,798	21,402	44,539	0
<i>Total Business-type Activities</i>	<u>324,798</u>	<u>21,402</u>	<u>44,539</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$24,578,985</u>	<u>\$22,157,602</u>	<u>\$24,277,554</u>	<u>\$23,928,030</u>
Change in Net Position				
Governmental Activities	(\$867,234)	\$223,987	\$4,449,706	\$6,014,734
Business-type Activities	(10,242,476)	(10,895,183)	(8,609,432)	(7,313,629)
<i>Total Primary Government Change in Net Position</i>	<u>(\$11,109,710)</u>	<u>(\$10,671,196)</u>	<u>(\$4,159,726)</u>	<u>(\$1,298,895)</u>

Source: City Auditor's Office

City of Lancaster, Ohio

2014	2015	2016	2017	2018	2019
17,597,507	14,060,793	12,419,202	13,346,170	14,177,606	12,876,071
7,991,000	8,229,806	8,645,087	8,947,621	8,791,515	8,828,660
11,278,415	11,442,588	12,175,681	12,599,473	12,336,673	12,533,969
3,655,721	3,767,681	3,914,303	3,839,528	4,045,384	4,219,316
3,000,829	3,015,638	3,041,305	2,892,094	3,031,541	3,274,242
9,474,189	5,672,858	5,290,812	6,529,140	6,244,520	5,031,902
149,107	203,559	1,647,722	1,107,583	2,630,791	899,748
0	1,248,639	1,082,611	633,684	310,000	127,606
<u>53,146,768</u>	<u>47,641,562</u>	<u>48,216,723</u>	<u>49,895,293</u>	<u>51,568,030</u>	<u>47,791,514</u>
<u>69,797,067</u>	<u>61,070,231</u>	<u>60,731,643</u>	<u>63,237,994</u>	<u>65,562,867</u>	<u>61,625,416</u>
(19,189,002)	(23,289,662)	(27,632,025)	(28,187,781)	(30,307,853)	(12,122,487)
<u>(2,915,708)</u>	<u>4,968,018</u>	<u>7,960,657</u>	<u>5,829,035</u>	<u>7,169,366</u>	<u>(6,951,270)</u>
<u>(\$22,104,710)</u>	<u>(\$18,321,644)</u>	<u>(\$19,671,368)</u>	<u>(\$22,358,746)</u>	<u>(\$23,138,487)</u>	<u>(\$19,073,757)</u>
\$1,769,125	\$1,768,791	\$1,746,676	\$1,886,173	\$1,798,528	\$1,825,529
2,530,507	2,288,683	2,247,405	2,387,133	2,281,700	2,305,255
331,119	331,769	330,869	334,119	121,369	118,481
157,845	175,432	247,126	129,768	90,393	110,050
18,135,381	19,459,814	20,293,739	19,528,225	19,526,066	20,977,070
624,904	644,847	621,499	683,298	478,311	664,742
1,468,722	1,519,113	1,261,622	1,260,634	1,520,356	2,757,540
328,271	302,372	130,686	431,605	559,647	1,067,622
585,543	427,219	590,063	724,771	640,433	898,092
0	0	(9,283)	0	0	0
<u>25,931,417</u>	<u>26,918,040</u>	<u>27,460,402</u>	<u>27,365,726</u>	<u>27,016,803</u>	<u>30,724,381</u>
0	0	0	0	0	2,106,846
0	0	9,283	0	0	0
0	0	9,283	0	0	2,106,846
<u>\$25,931,417</u>	<u>\$26,918,040</u>	<u>\$27,469,685</u>	<u>\$27,365,726</u>	<u>\$27,016,803</u>	<u>\$32,831,227</u>
\$6,742,415	\$3,628,378	(\$171,623)	(\$822,055)	(\$3,291,050)	\$18,601,894
<u>(2,915,708)</u>	<u>4,968,018</u>	<u>7,969,940</u>	<u>5,829,035</u>	<u>7,169,366</u>	<u>(4,844,424)</u>
<u>\$3,826,707</u>	<u>\$8,596,396</u>	<u>\$7,798,317</u>	<u>\$5,006,980</u>	<u>\$3,878,316</u>	<u>\$13,757,470</u>

City of Lancaster, Ohio

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

	2010	2011	2012	2013
General Fund				
Nonspendable	\$0	\$211,052	\$237,825	\$218,362
Assigned	0	430,940	1,581,288	1,242,718
Unassigned	0	3,341,770	3,614,790	5,251,121
Reserved	311,485	0	0	0
Unreserved	3,362,329	0	0	0
<i>Total General Fund</i>	<u>3,673,814</u>	<u>3,983,762</u>	<u>5,433,903</u>	<u>6,712,201</u>
All Other Governmental Funds				
Nonspendable	0	2,919,211	3,037,984	3,019,060
Restricted	0	5,972,886	5,980,246	6,525,938
Committed	0	1,000,075	1,560,269	1,323,924
Unassigned	0	(2,224,855)	(2,249,664)	(2,656,486)
Reserved	3,023,660	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	4,848,172	0	0	0
Capital Projects Funds	(2,010,441)	0	0	0
<i>Total All Other Governmental Funds</i>	<u>5,861,391</u>	<u>7,667,317</u>	<u>8,328,835</u>	<u>8,212,436</u>
<i>Total Governmental Funds</i>	<u><u>\$9,535,205</u></u>	<u><u>\$11,651,079</u></u>	<u><u>\$13,762,738</u></u>	<u><u>\$14,924,637</u></u>

Source: City Auditor's Office

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

City of Lancaster, Ohio

2014	2015	2016	2017	2018	2019
\$184,142	\$186,934	\$232,405	\$140,780	\$144,510	\$141,819
1,335,785	1,358,651	1,303,159	2,987,873	1,463,374	1,322,697
5,482,881	5,684,567	6,518,690	5,069,422	5,618,519	6,349,751
0	0	0	0	0	0
0	0	0	0	0	0
<u>7,002,808</u>	<u>7,230,152</u>	<u>8,054,254</u>	<u>8,198,075</u>	<u>7,226,403</u>	<u>7,814,267</u>
3,018,879	2,974,874	1,392,532	1,305,960	1,364,716	333,337
13,494,830	7,070,766	8,185,382	7,080,577	7,567,853	10,135,924
1,965,953	2,006,007	2,041,240	2,177,475	2,270,690	2,450,773
(1,805,141)	(2,158,940)	(3,430,546)	(3,183,154)	(2,971,594)	(2,734,927)
0	0	0	0	0	0
0	0	0	0	0	0
<u>16,674,521</u>	<u>9,892,707</u>	<u>8,188,608</u>	<u>7,380,858</u>	<u>8,231,665</u>	<u>10,185,107</u>
<u>\$23,677,329</u>	<u>\$17,122,859</u>	<u>\$16,242,862</u>	<u>\$15,578,933</u>	<u>\$15,458,068</u>	<u>\$17,999,374</u>

City of Lancaster, Ohio

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

	2010	2011	2012	2013
Revenues:				
Taxes	\$20,068,678	\$19,653,652	\$20,167,837	\$20,522,054
Intergovernmental Revenues	8,720,285	8,205,296	10,125,086	9,925,610
Charges for Services	4,398,036	4,110,825	4,463,521	5,018,577
Licenses and Permits	23,460	24,320	26,190	21,320
Investment Earnings	343,123	311,047	314,243	117,176
Special Assessments	118,993	140,063	122,408	99,710
Fines and Forfeitures	2,039,847	2,071,956	2,313,306	2,111,093
Donations	0	0	0	0
All Other Revenue	729,522	442,006	1,089,910	849,946
Total Revenue	36,441,944	34,959,165	38,622,501	38,665,486
Expenditures:				
Current:				
Security of Persons and Property	17,765,918	16,737,295	16,629,053	16,396,860
Public Health and Welfare Services	827,523	744,821	759,395	897,647
Leisure Time Activities	1,891,191	1,819,231	1,901,633	1,840,118
Community Environment	840,683	825,150	827,142	687,389
Transportation	4,572,787	3,920,300	4,309,998	4,443,455
General Government	8,317,591	7,115,172	7,290,528	7,490,162
Capital Outlay	703,024	920,837	4,489,551	4,721,837
Debt Service:				
Principal Retirement	643,299	747,956	769,591	969,263
Interest and Fiscal Charges	351,966	325,674	332,330	352,094
Total Expenditures	35,913,982	33,156,436	37,309,221	37,798,825
Excess (Deficiency) of Revenues Over Expenditures	527,962	1,802,729	1,313,280	866,661

City of Lancaster, Ohio

2014	2015	2016	2017	2018	2019
\$22,629,962	\$23,802,285	\$25,039,914	\$24,444,584	\$24,544,397	\$25,350,871
10,402,482	7,574,806	6,146,543	6,718,005	8,040,780	7,315,696
5,376,488	5,163,513	5,205,674	5,368,744	5,110,981	5,619,741
30,544	24,527	21,640	19,345	21,511	23,235
322,355	281,853	138,918	441,291	557,479	1,044,249
116,689	112,508	120,658	109,350	117,219	104,100
2,339,400	2,338,992	2,011,572	2,223,888	2,273,587	2,466,185
0	0	0	0	0	1,324,575
770,866	395,121	599,899	740,648	668,267	897,279
<u>41,988,786</u>	<u>39,693,605</u>	<u>39,284,818</u>	<u>40,065,855</u>	<u>41,334,221</u>	<u>44,145,931</u>
16,387,166	16,760,874	17,243,275	17,646,731	18,117,157	18,732,982
791,543	1,249,017	822,750	905,566	848,159	907,678
1,994,089	1,847,968	1,912,169	2,152,419	2,010,682	2,184,273
884,703	724,103	982,147	785,013	799,357	968,318
6,722,387	7,635,265	6,911,218	7,592,879	7,247,162	7,674,236
8,216,413	7,579,778	8,526,437	8,867,751	8,504,140	8,317,600
6,324,867	8,961,855	2,399,353	1,492,592	2,287,025	2,157,622
1,390,042	1,358,335	1,226,164	1,262,897	1,177,763	1,368,026
395,077	521,659	501,561	478,803	488,754	480,456
<u>43,106,287</u>	<u>46,638,854</u>	<u>40,525,074</u>	<u>41,184,651</u>	<u>41,480,199</u>	<u>42,791,191</u>
(1,117,501)	(6,945,249)	(1,240,256)	(1,118,796)	(145,978)	1,354,740

(Continued)

City of Lancaster, Ohio

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

	2010	2011	2012	2013
Other Financing Sources (Uses):				
State Infrastructure Bank Loan	0	0	0	0
Other Financing Sources - Capital Leases	18,882	0	9,806	20,751
Ohio Public Works Commission Loan	0	0	0	0
Ohio Water Development Authority Loans	337,247	61,428	0	0
General Obligation Bonds Issued	2,800,000	0	0	0
Premium on General Obligation Bonds	0	0	0	0
Refunding General Obligation Bonds Issued	0	0	0	0
Premium on Refunding General Obligation Bonds	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Installment Loan	0	199,141	1,049,337	470,575
Transfers In	1,803,367	1,267,822	1,288,514	2,035,399
Transfers Out	(1,878,889)	(1,289,224)	(1,633,053)	(2,214,087)
Total Other Financing Sources (Uses)	<u>3,080,607</u>	<u>239,167</u>	<u>714,604</u>	<u>312,638</u>
Net Change in Fund Balance	<u>\$3,608,569</u>	<u>\$2,041,896</u>	<u>\$2,027,884</u>	<u>\$1,179,299</u>
Debt Service as a Percentage of Noncapital Expenditures	2.91%	3.40%	3.10%	4.07%

Source: City Auditor's Office

City of Lancaster, Ohio

2014	2015	2016	2017	2018	2019
0	0	0	0	0	217,587
423,428	469,044	244,069	625,000	0	986,000
0	0	210,428	0	0	0
0	0	0	0	0	0
9,350,000	0	0	0	0	0
127,150	0	0	0	0	0
2,380,000	0	0	0	0	0
38,212	0	0	0	0	0
(2,359,891)	0	0	0	0	0
0	0	0	0	0	0
11,404,518	11,887,104	11,523,088	11,847,598	13,788,372	13,023,384
(11,469,006)	(11,951,592)	(11,664,159)	(11,924,017)	(13,790,372)	(13,025,884)
<u>9,894,411</u>	<u>404,556</u>	<u>313,426</u>	<u>548,581</u>	<u>(2,000)</u>	<u>1,201,087</u>
<u>\$8,776,910</u>	<u>(\$6,540,693)</u>	<u>(\$926,830)</u>	<u>(\$570,215)</u>	<u>(\$147,978)</u>	<u>\$2,555,827</u>
4.95%	5.33%	4.75%	4.65%	4.47%	4.79%

City of Lancaster, Ohio

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

Tax year	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Income Tax Rate	1.75%	1.75%	1.75%	1.75%
Estimated Personal Income (in thousands)	\$1,214,457	\$1,301,806	\$1,396,920	\$1,543,778
Total Tax Collected	\$17,320,421	\$16,703,561	\$17,457,624	\$17,750,771
Income Tax Receipts				
Withholding	13,193,795	13,238,524	13,557,810	13,659,993
Percentage	76.17%	79.25%	77.66%	76.96%
Corporate	2,192,628	1,609,683	1,649,607	1,932,043
Percentage	12.66%	9.64%	9.45%	10.88%
Individuals	1,933,998	1,855,354	2,250,207	2,158,735
Percentage	11.17%	11.11%	12.89%	12.16%

Source: City Income Tax Department

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

City of Lancaster, Ohio

2014	2015	2016	2017	2018	2019
1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
\$1,566,749	\$1,595,603	\$1,675,569	\$1,760,445	\$1,857,432	\$1,841,845
\$17,809,533	\$18,672,494	\$20,100,001	\$19,944,236	\$19,964,681	\$20,823,359
13,883,166	14,439,064	15,248,970	15,278,799	15,737,489	16,084,541
77.96%	77.34%	75.88%	76.62%	78.83%	77.24%
1,897,976	2,067,737	2,444,653	2,413,546	1,974,128	2,179,517
10.66%	11.07%	12.16%	12.10%	9.89%	10.47%
2,028,391	2,165,693	2,406,378	2,251,891	2,253,064	2,559,301
11.38%	11.59%	11.96%	11.28%	11.28%	12.29%



City of Lancaster, Ohio

*Income Tax Collections
Current Year and Nine Years Ago*

Calendar Year 2019				
<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	0.12%	\$5,548,191	26.64%
All Others	8,032	99.88%	15,275,168	73.36%
Total	8,042	100.00%	\$20,823,359	100.00%

Calendar Year 2010				
<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%	\$4,954,835	28.61%
All Others	9,788	99.90%	12,365,586	71.39%
Total	9,798	100.00%	\$17,320,421	100.00%

Source: City Income Tax Department

City of Lancaster, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	2010	2011	2012	2013
Governmental Activities ⁽¹⁾				
Housing and Urban Development Loan Payable	\$580,000	\$490,000	\$400,000	\$310,000
Ohio Public Works Commission Loan Payable	63,904	57,818	54,775	45,646
Ohio Water Development Authority Loans Payable	337,247	391,485	376,754	361,723
Special Assessment Bonds Payable	245,000	228,000	210,000	191,000
General Obligation Bonds Payable	5,745,000	5,295,000	4,835,000	4,360,000
State Infrastructure Bank Loan Payable	769,994	610,821	464,867	314,502
Installment Loan Payable	0	180,634	1,492,108	1,695,230
Capital Leases	532,216	356,584	184,820	114,214
Business-type Activities ⁽¹⁾				
Ohio Water Development Authority Loans Payable	\$58,381,455	\$60,996,820	\$56,434,105	\$52,134,520
Ohio Public Works Commission Loan Payable	0	0	0	0
Revenue Bonds Payable	369,297,377	365,281,273	361,341,879	356,703,101
Installment Loan Payable	0	0	0	0
Ohio Rail Development Commission Loan	53,060	4,136	0	0
Capital Leases	200,470	83,832	325,974	280,665
Total Primary Government	<u>\$436,205,723</u>	<u>\$433,976,403</u>	<u>\$426,120,282</u>	<u>\$416,510,601</u>
Population ⁽²⁾				
City of Lancaster	37,243	38,780	38,880	39,359
Outstanding Debt Per Capita	\$11,712	\$11,191	\$10,960	\$10,582
Income ⁽³⁾				
Personal (in thousands)	1,214,457	1,301,806	1,396,920	1,543,778
Percentage of Personal Income	35.92%	33.34%	30.50%	26.98%

Sources:

- (1) Source: City Auditor's Office
- (2) Lancaster Community Development Department estimates (2010- 2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2018)
the U.S. Census Department estimates (2019)
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Lancaster, Ohio

2014	2015	2016	2017	2018	2019
\$220,000	\$130,000	\$40,000	\$0	\$0	\$0
39,560	33,474	240,859	192,686	144,514	96,343
346,088	329,941	313,264	296,041	278,254	259,884
171,000	150,000	128,000	99,050	80,500	0
13,177,942	12,369,244	11,541,185	10,688,126	10,035,067	9,382,008
159,592	0	0	0	0	217,587
1,378,506	1,053,040	739,482	438,492	324,391	206,487
447,016	737,330	780,396	1,175,358	826,767	1,348,195
\$47,606,083	\$43,497,740	\$39,590,748	\$36,000,351	\$33,301,643	\$30,055,009
0	0	0	0	152,634	346,223
347,855,825	334,188,997	321,226,153	306,054,973	290,378,793	363,624,346
0	0	1,050,000	700,000	0	0
0	0	0	0	0	0
233,665	165,790	108,017	360,429	290,368	222,068
<u>\$411,635,277</u>	<u>\$392,655,556</u>	<u>\$375,758,104</u>	<u>\$356,005,506</u>	<u>\$335,812,931</u>	<u>\$405,758,150</u>
38,854	38,780	39,848	39,848	40,280	39,942
\$10,594	\$10,125	\$9,430	\$8,934	\$8,337	\$10,159
1,566,749	1,595,603	1,675,569	1,760,445	1,857,432	1,841,845
26.27%	24.61%	22.43%	20.22%	18.08%	22.03%

City of Lancaster, Ohio

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2010	2011	2012	2013
Population ⁽¹⁾	37,243	38,780	38,880	39,359
Assessed Value ⁽²⁾	\$737,068,930	\$718,274,700	\$723,028,400	\$727,831,260
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$5,745,000	\$5,295,000	\$4,835,000	\$4,360,000
Resources Available to Pay Principal ⁽⁴⁾	\$91,191	\$91,191	\$91,191	\$91,191
Net General Bonded Debt	\$5,653,809	\$5,203,809	\$4,743,809	\$4,268,809
Ratio of Net Bonded Debt to Assessed Value	0.77%	0.72%	0.66%	0.59%
Net Bonded Debt per Capita	\$151.81	\$134.19	\$122.01	\$108.46

Source:

- (1) Lancaster Community Development Department estimates (2010- 2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2018)
the U.S. Census Department estimates (2019)
- (2) Fairfield County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.
- (4) Includes only Debt Service funds available for general obligation bonded debt supported
by property taxes.

City of Lancaster, Ohio

2014	2015	2016	2017	2018	2019
38,854	38,780	39,848	39,848	40,280	39,942
\$722,645,450	\$719,521,390	\$722,023,270	\$740,245,390	\$737,217,750	\$745,389,440
\$13,177,942	\$12,369,244	\$11,541,185	\$10,688,126	\$10,035,067	\$9,382,008
\$0	\$11,869	\$0	\$0	\$0	\$0
\$13,177,942	\$12,357,375	\$11,541,185	\$10,688,126	\$10,035,067	\$9,382,008
1.82%	1.72%	1.60%	1.44%	1.36%	1.26%
\$339.17	\$318.65	\$289.63	\$268.22	\$249.13	\$234.89



City of Lancaster, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2019*

<u>Jurisdiction</u>		<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Lancaster</u>	<u>Amount Applicable to the City of Lancaster</u>
Direct:				
City of Lancaster	(1)	\$11,510,504	100.00%	\$11,510,504
Overlapping:				
Lancaster City School District	(2)	89,266,777	76.78%	68,539,031
Fairfield County	(3)	34,943,798	19.82%	<u>6,925,861</u>
			Subtotal	<u>75,464,892</u>
			Total	<u><u>\$86,975,396</u></u>

Source:

- (1) City Auditor's Office
- (2) Lancaster City School District, as of June 30, 2019, the District's fiscal year end.
- (3) Fairfield County Auditor - Comprehensive Annual Financial Report

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

City of Lancaster, Ohio

Debt Limitations Last Ten Years

Collection Year	2010	2011	2012	2013
Total Debt				
Net Assessed Valuation	\$737,068,930	\$718,274,700	\$723,028,400	\$727,831,260
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	77,392,238	75,418,844	75,917,982	76,422,282
City Debt Outstanding (2)	5,745,000	5,295,000	4,835,000	4,360,000
Less: Applicable Debt Service Fund Amounts	(91,191)	(91,191)	(91,191)	(91,191)
Net Indebtedness Subject to Limitation	<u>5,653,809</u>	<u>5,203,809</u>	<u>4,743,809</u>	<u>4,268,809</u>
Overall Legal Debt Margin	<u>\$71,738,429</u>	<u>\$70,215,035</u>	<u>\$71,174,173</u>	<u>\$72,153,473</u>
Unvoted Debt				
Net Assessed Valuation	\$737,068,930	\$718,274,700	\$723,028,400	\$727,831,260
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	40,538,791	39,505,109	39,766,562	40,030,719
City Debt Outstanding (2)	5,745,000	5,295,000	4,835,000	4,360,000
Less: Applicable Debt Service Fund Amounts	(91,191)	(91,191)	(91,191)	(91,191)
Net Indebtedness Subject to Limitation	<u>5,653,809</u>	<u>5,203,809</u>	<u>4,743,809</u>	<u>4,268,809</u>
Overall Legal Debt Margin	<u>\$34,884,982</u>	<u>\$34,301,300</u>	<u>\$35,022,753</u>	<u>\$35,761,910</u>

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

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

Source: City Auditor's Office

City of Lancaster, Ohio

2014	2015	2016	2017	2018	2019
\$722,645,450	\$719,521,390	\$722,023,270	\$740,245,390	\$737,217,750	\$745,389,440
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
75,877,772	75,549,746	75,812,443	77,725,766	77,407,864	78,265,891
13,177,942	12,369,244	11,541,185	10,688,126	10,035,067	9,382,008
0	(11,869)	0	0	0	0
13,177,942	12,357,375	11,541,185	10,688,126	10,035,067	9,382,008
\$62,699,830	\$63,192,371	\$64,271,258	\$67,037,640	\$67,372,797	\$68,883,883
\$722,645,450	\$719,521,390	\$722,023,270	\$740,245,390	\$737,217,750	\$745,389,440
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
39,745,500	39,573,676	39,711,280	40,713,496	40,546,976	40,996,419
13,177,942	12,369,244	11,541,185	10,688,126	10,035,067	9,382,008
0	(11,869)	0	0	0	0
13,177,942	12,357,375	11,541,185	10,688,126	10,035,067	9,382,008
\$26,567,558	\$27,216,301	\$28,170,095	\$30,025,370	\$30,511,909	\$31,614,411

City of Lancaster, Ohio

Pledged Revenue Coverage Last Ten Years

	2010	2011	2012	2013
Water Mortgage Bonds (1 a)				
Gross Revenues (2)	\$8,307,429	\$7,979,328	\$8,210,753	\$7,885,740
Direct Operating Expenses (3)	5,845,492	5,796,524	5,919,515	5,453,543
Net Revenue Available for Debt Service	2,461,937	2,182,804	2,291,238	2,432,197
Annual Debt Service Requirement	564,344	561,869	519,035	416,144
Coverage	4.36	3.88	4.41	5.84
Water Pollution Mortgage Bonds (1 b)				
Gross Revenues (2)	\$8,834,129	\$10,115,464	\$10,715,711	\$11,072,967
Direct Operating Expenses (3)	3,542,641	3,568,981	4,297,101	4,054,109
Net Revenue Available for Debt Service	5,291,488	6,546,483	6,418,610	7,018,858
Annual Debt Service Requirement	1,786,941	1,786,179	1,761,279	1,749,669
Coverage	2.96	3.67	3.64	4.01
Port Authority Gas Supply Revenue Bonds (1 c)				
Gross Revenues (2)	\$9,347,281	\$8,628,422	\$5,758,552	\$7,732,965
Direct Operating Expenses (3)	9,830,408	8,217,550	4,540,457	5,819,723
Net Revenue Available for Debt Service	(483,127)	410,872	1,218,095	1,913,242
Annual Debt Service Requirement	4,440,158	3,737,119	3,741,661	3,884,923
Coverage	(0.11)	0.11	0.33	0.49
Special Assessment Bonds (1 d)				
Special Assessment Collections	\$36,342	\$46,203	\$37,246	\$36,571
Debt Service				
Principal	16,500	17,000	18,000	19,000
Interest	13,075	12,250	11,400	10,500
Coverage	1.23	1.58	1.27	1.24

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

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

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

(1 c) In 2008 the City issued \$348,750,000 of Gas Supply Bonds

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

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

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

Source: City Auditor's Office

City of Lancaster, Ohio

2014	2015	2016	2017	2018	2019
\$8,023,002	\$8,211,328	\$8,643,136	\$8,992,669	\$8,877,949	\$8,988,156
5,802,924	5,822,634	5,914,565	6,108,057	5,946,393	7,408,599
2,220,078	2,388,694	2,728,571	2,884,612	2,931,556	1,579,557
516,081	514,981	513,981	509,831	517,431	514,231
4.30	4.64	5.31	5.66	5.67	3.07
\$11,378,708	\$11,499,199	\$12,185,806	\$12,745,699	\$12,638,715	\$13,097,897
4,403,285	3,930,137	4,609,387	4,778,447	6,340,117	5,462,606
6,975,423	7,569,062	7,576,419	7,967,252	6,298,598	7,635,291
1,749,756	1,753,812	1,688,038	1,637,900	1,635,000	1,635,350
3.99	4.32	4.49	4.86	3.85	4.67
\$9,475,747	\$5,668,319	\$5,291,860	\$6,540,915	\$6,291,644	\$5,052,764
6,531,561	290,978	242,969	328,795	246,515	4,672,212
2,944,186	5,377,341	5,048,891	6,212,120	6,045,129	380,552
2,852,227	15,284,079	16,505,174	18,078,461	20,013,639	11,759,029
1.03	0.35	0.31	0.34	0.30	0.03
\$41,881	\$39,239	\$43,231	\$38,304	\$40,471	\$35,443
20,000	21,000	22,000	28,950	18,550	80,500
9,550	8,550	7,500	7,550	3,803	2,012
1.42	1.33	1.47	1.05	1.81	0.43

City of Lancaster, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	2010	2011	2012	2013	2014
Population					
City of Lancaster (2)	37,243	38,780	38,880	39,359	38,854
Fairfield County (1)	143,712	146,156	147,747	148,797	150,381
Income (3) (a)					
Total Personal (in thousands)	1,214,457	1,301,806	1,396,920	1,543,778	1,566,749
Per Capita	32,609	33,569	35,929	39,223	40,324
Unemployment Rate (4)					
Federal	9.6%	8.9%	8.1%	7.4%	6.2%
State	10.1%	8.6%	7.2%	7.4%	5.7%
Fairfield County	8.8%	7.7%	6.3%	6.4%	5.0%
Civilian Work Force Estimates (4)					
State	5,897,600	5,762,000	5,747,900	5,765,700	5,719,500
Fairfield County	75,300	74,400	74,800	75,600	74,900
Lancaster	17,900	1,770	17,500	17,700	17,900

Sources:

- (1) US Bureau of Census of Population
- (2) Lancaster Community Development Department estimates (2010- 2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2018)
the U.S. Census Department estimates (2019)
- (3) US Department of Commerce, Bureau of Economic Analysis information is only available through 2018
for the presentation of 2019 statistics, the City is using the latest information available.
(a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (4) State Department of Labor Statistics

City of Lancaster, Ohio

2015	2016	2017	2018	2019
38,780	39,848	39,848	40,280	39,942
151,408	152,597	154,733	155,782	157,574
1,595,603	1,675,569	1,760,445	1,857,432	1,841,845
41,145	42,049	44,179	46,113	46,113
5.3%	4.9%	4.4%	3.9%	3.7%
4.9%	4.9%	5.0%	4.6%	4.1%
4.3%	4.2%	4.3%	4.0%	3.7%
5,700,300	5,713,100	5,780,000	5,754,900	5,802,300
75,400	75,800	77,400	77,300	78,000
17,900	17,900	17,400	17,300	17,969



City of Lancaster, Ohio

Principal Employers Current Year and Nine Years Ago

		2019		
Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	2,253	1	12.54%
Fairfield County	Government	975	2	5.43%
Lancaster City Schools	Education	809	3	4.50%
Anchor Hocking	Manufacturer	526	4	2.93%
Kroger - Lancaster Locations	Grocer	500	5	2.78%
City of Lancaster	Government	443	6	2.47%
Diamond Power	Manufacturer	190	7	1.06%
Crown Cork & Seal WestRock	Manufacturer	157	8	0.87%
(former US Corrugated)	Manufacturer	114	9	0.63%
Retriev Technologies	Manufacturer	60	10	0.33%
Total		6,027		33.54%
Total Employment within the City		17,969		

		2010		
Employer	Nature of Business	Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	1,714	1	10.20%
Anchor Hocking	Glass Manufacturer	1,201	2	7.15%
Fairfield County	Government	949	3	5.65%
Lancaster City Schools	Education	680	4	4.05%
City of Lancaster	Government	438	5	2.61%
Walmart	Food	396	6	2.36%
Ralston Foods	Cereal	391	7	2.33%
Diamond Power	Metal Fabrication	366	8	2.18%
Kroger	Food	315	9	1.88%
Crestview Manor Nursing	Nursing Care	240	10	1.43%
Total		6,690		39.82%
Total Employment within the City		16,800		

Sources:

Source for 2019 total employment is from the Ohio Labor Market Information Website.
2019 Company information is from the Fairfield County Economic Development webpage,

City of Lancaster, Ohio

Full Time Equivalent Employees by Function Last Ten Years

	2010	2011	2012	2013	2014
Governmental Activities					
General Government					
Auditor	5.00	4.00	4.00	5.00	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00
Legal	9.00	8.00	9.00	7.00	9.00
City Council	11.00	11.00	11.00	11.00	11.00
Court	34.00	33.00	33.00	33.00	36.00
Administration	4.00	4.00	4.00	5.00	5.00
Engineering	4.00	4.00	3.00	4.00	3.00
Certified Building	4.00	3.00	3.00	3.00	3.00
Income Tax	5.00	4.00	4.00	4.00	4.00
Maintenance	1.00	1.00	1.00	1.00	1.00
Electric	0.00	0.00	0.00	0.00	0.00
Information Systems	6.00	7.00	7.00	7.00	8.00
Security of Persons and Property					
Police	83.00	81.00	83.00	80.00	83.00
Fire	84.00	70.00	70.00	70.00	72.00
Public Health and Welfare					
Cemetery	5.00	4.00	4.00	4.00	4.00
Transportation					
Street	24.00	22.00	21.00	22.00	22.00
Leisure Time Activities					
Parks	26.00	16.00	25.00	24.00	26.00
Community Environment					
Community Development	3.00	3.00	3.00	3.00	3.00
Public Transit	1.00	1.00	1.00	1.00	1.00
Civil Service	1.00	1.00	1.00	1.00	1.00
Business-Type Activities					
Utilities					
Gas	24.00	25.00	25.00	25.00	25.00
Water	44.00	43.00	42.00	41.00	39.00
Water Pollution	22.00	24.00	24.00	23.00	24.00
Sanitation	22.00	21.00	21.00	21.00	21.00
Storm Water	3.00	2.00	4.00	4.00	5.00
Utilities Collection	17.00	15.00	15.00	15.00	15.00
<i>Total Employees</i>	<u>444.00</u>	<u>409.00</u>	<u>420.00</u>	<u>416.00</u>	<u>429.00</u>

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

Source: City Auditor's Office

City of Lancaster, Ohio

2015	2016	2017	2018	2019
5.00	5.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00
7.00	10.00	11.00	11.00	11.00
11.00	11.00	11.00	11.00	11.00
36.00	39.00	39.00	41.00	41.00
4.00	4.00	5.00	5.00	5.00
3.00	3.00	3.00	3.00	4.00
3.00	4.00	5.00	5.00	6.00
4.00	4.00	4.00	3.00	4.00
1.00	1.00	1.00	1.00	1.00
0.00	0.00	0.00	0.00	0.00
8.00	8.00	6.00	5.00	6.00
82.00	85.00	84.00	80.00	84.00
72.00	70.00	72.00	72.00	68.00
2.00	2.00	2.00	3.00	3.00
4.00	4.00	4.00	4.00	4.00
23.00	23.00	23.00	24.00	24.00
25.00	29.00	28.00	26.00	28.00
3.00	3.00	3.00	3.00	3.00
2.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00
25.00	25.00	26.00	27.00	27.00
38.00	38.00	39.00	37.00	37.00
24.00	25.00	23.00	23.00	23.00
20.00	21.00	21.00	22.00	22.00
5.00	5.00	5.00	5.00	5.00
15.00	15.00	16.00	16.00	16.00
424.00	439.00	441.00	437.00	443.00

City of Lancaster, Ohio

Operating Indicators by Function Last Ten Years

	2010	2011	2012	2013
Governmental Activities				
General Government				
Court				
Number of Traffic Cases	14,199	16,242	17,053	17,933
Number of Open Cases	1,254	1,444	1,345	1,606
Licenses and Permits				
Number of Building Permits	1,254	1,070	1,146	1,156
Number of Building Inspections	2,857	2,283	2,566	2,983
Security of Persons and Property				
Police				
Number of Calls Received	59,216	63,969	62,591	58,228
Number of Traffic Citations	4,424	5,185	4,361	5,079
Number of Arrests	1,750	4,071	1,543	1,647
Parking Tickets Written	1,001	1,001	984	833
Fire				
Number of Fire Calls	1,526	1,595	1,709	1,530
Number of EMS Runs	6,314	6,304	6,729	6,819
Number of Inspections	3,041	3,142	2,363	1,464
Leisure Time Activities				
Parks				
Number of Programs Offered	49	56	57	63
Number of Pool Admissions	31,492	33,258	28,533	18,758
Business-Type Activities				
Water				
Number of Service Connections	15,306	15,260	15,275	15,363
Daily Average Consumption (thousands of gallons)	3.87M	3.88M	3.79M	3.58M
Peak Daily Consumption (thousands of gallons)	5.785M	5.69M	5.23M	5.89M
Water Pollution				
Number of Service Connections	14,994	14,966	14,974	15,088
Maximum Daily Capacity	12.5M	14.5M	14M	14M
Daily Average Sewage Treatment (thousands of gallons) (1)	6.47M	9.7M	6.96M	7.10M
Sanitation				
Number of Customers	15,597	15,370	15,441	15,468
Storm Water				
Number of Customers	14,608	14,619	14,680	14,750

Source: City Auditor's Office

(1) New plant opened in 2011

City of Lancaster, Ohio

2014	2015	2016	2017	2018	2019
17,898	17,631	16,678	17,733	15,395	15,178
1,335	1,271	1,449	1,673	1,389	1,185
1,049	1,258	1,338	2,233	2,101	1,654
2,436	2,878	3,759	4,145	5,388	2,011
56,254	60,578	60,685	62,306	60,456	62,282
2,616	4,205	2,412	4,399	3,809	4,442
1,494	1,481	1,447	1,991	1,177	1,889
696	598	451	929	1,352	999
1,569	1,767	1,910	2,005	2,086	1,209
6,931	7,259	7,358	7,696	7,831	8,198
1,433	1,503	1,596	1,584	1,563	1,477
61	62	62	62	67	46
18,283	19,022	24,597	13,380	27,505	28,397
15,424	15,464	15,499	15,554	15,642	15,677
3.75M	4.57M	3.67M	3.63M	3.85M	3.93M
5.76M	5.89M	5.64M	6.18M	6.2M	6.44M
15,129	15,095	15,215	15,264	15,384	15,478
14M	14M	14M	14M	17.87M	18.13M
7.23M	6.84M	7.07M	7.56M	8.99M	8.94M
15,490	15,518	15,566	15,622	15,703	16,100
14,820	14,832	14,876	14,954	15,009	15,754

City of Lancaster, Ohio

Capital Asset Statistics by Function Last Ten Years

	2010	2011	2012	2013
Governmental Activities				
General Government				
Public Land and Buildings				
Land (1)	18,590	18,590	18,590	18,598
Buildings	36	36	36	36
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	31	33	38	34
Fire				
Stations	3	3	3	3
Vehicles	20	20	21	20
Public Health & Welfare				
Cemetery				
Land (acres)	150	150	150	150
Transportation				
Street				
Streets (lane miles)	185	185	185	185
Street Lights	2,464	2,466	2,300	2,476
Traffic Signals	85	85	85	85
Leisure Time Activities				
Parks				
Land (acres)	733	733	733	733
Buildings	21	21	21	21
Parks	27	27	27	27
Playgrounds	12	12	12	12
Swimming Pools	2	2	2	2
Tennis Courts	13	13	13	13
Baseball/Softball Diamonds	26	26	26	26
Soccer Fields	22	22	22	22

(1) Previous to 2016, total land (shown in square miles) within the corporate boundaries of the City was being reported. Beginning in 2016, only City owned land (shown in acres) is reported.

City of Lancaster, Ohio

2014	2015	2016	2017	2018	2019
18,598	18,598	1,453.94	1,453.94	1,427.97	1,453.94
36	36	37	38	38	38
1	1	1	1	1	1
38	37	38	40	36	37
3	3	3	3	3	3
18	18	19	20	19	18
150	150	150	150	150	150
185	185	185	185	185	185
2,476	2,476	2,476	2,476	2,527	2,509
86	86	88	86	86	80
733	733	733	733	757	830
21	21	21	21	21	35
27	27	27	27	27	27
12	12	12	12	12	13
2	2	2	2	3	3
13	13	13	13	13	15
26	26	26	26	26	25
22	22	22	22	22	20

(continued)

City of Lancaster, Ohio

Capital Asset Statistics by Function Last Ten Years

	2010	2011	2012	2013
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	179	180	181	182
Pump Stations	2	2	2	2
Number of Hydrants	1,800	1,835	1,842	1,848
Storage Capacity (thousands of gallons)	9.8M	9.8M	9.8M	9.8M
Water Pollution				
Sewerlines (Miles)	186	186	186	186
Lift Stations	10	10	11	11
Sanitation				
Packers	10	10	9	9
Storm Water				
Storm Sewers (Miles)	63	63	64	66
Gas				
Gaslines (Miles)	N/A	260	260	249

Source: City Auditor's Office

N/A = Not Available

City of Lancaster, Ohio

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
182	182	182	183	183	184
2	2	2	2	2	2
1,885	1,892	1,900	1,864	1,864	1,872
9.8M	9.8M	9.8M	9.8M	9.8M	9.8M
186	186	186	186	186	187
11	11	11	10	10	10
10	9	9	9	11	11
88	88	88	88	88	88
249	249	255	254	256	254



OHIO AUDITOR OF STATE KEITH FABER



CITY OF LANCASTER

FAIRFIELD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/20/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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