



Dave Yost • Auditor of State

CITY OF LANCASTER
FAIRFIELD COUNTY

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CITY OF LANCASTER
FAIRFIELD COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014**

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>			
Home Investment Partnerships Program (HOME)	N/A	14.239	\$ 31,240
Community Development Block Grants (CDBG) Entitlement Grants Program	N/A	14.218	444,803
Total U.S. Department of Housing and Urban Development			476,043
<u>U.S. DEPARTMENT OF JUSTICE:</u>			
<i>Passed Through Ohio Office of Criminal Justice:</i>			
Violence Against Women Formula Grants Program	2011-WF-VA5-8422A	16.588	7,064
	2013-WF-VA5-8422	16.588	37,936
Total Violence Against Women Formula Grants Program			45,000
Edward Byrne Memorial Justice Assistance Grant Program	2013-JG-D01-6589	16.738	56,000
Total U.S. Department of Justice			101,000
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction Grant	PID 89148	20.205	32,792
	PID 88333	20.205	13,875
	PID 90885	20.205	22,433
	PID 92066	20.205	22,201
	PID 96498	20.205	17,445
Total Highway Planning and Construction Grant			108,746
Formula Grants for Other than Urbanized Areas	RPT-4023-033-132	20.509	31,295
	RPTF-0107-034-144	20.509	128,412
	RPTF-0107-034-143	20.509	75,668
	RPTF-4107-034-141	20.509	499,521
Total Formula Grants for Other than Urbanized Areas			734,896
State Planning and Research	SECT-9SCH-005-141	20.515	320
Federal Transit Capital Improvement Grants	SUA-0023-100-141	20.525	210,710
Total U.S. Department of Transportation			1,054,672
<u>FEDERAL ENVIRONMENTAL PROTECTION AGENCY</u>			
ARRA-Brownfields Assessment and Cleanup Cooperative Agreements	N/A	66.818	12,448
Total Federal Awards Expenditures			\$ 1,644,163

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, 2014**

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.

NOTE B - SUBRECIPIENTS

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

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

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 2014 is as follows:

Beginning loans receivable balance as of January 1, 2014	\$ 1,118,371
Loans made	\$ 11,036
Loan principal repaid	\$ (48,024)
Ending loans receivable balance as of December 31, 2014	\$ 1,081,383
Cash balance on hand in the revolving loan fund as of December 31, 2014	\$ 22,696
Administrative costs expended during 2014	\$ -

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.



Dave Yost • Auditor of State

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

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

To the Members of City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lancaster, Fairfield County, Ohio (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 18, 2015. Our report refers to other auditors who audited the financial statements of the Lancaster Port Authority, a major fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

June 18, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Members of City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Lancaster's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City of Lancaster's major federal programs for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal programs.

Management's Responsibility

The City's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for each of the City's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the City's major programs. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Lancaster, Fairfield County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings as item 2014-001. This finding did not require us to modify our compliance opinion on each major federal program.

The City's response to our noncompliance finding is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Federal Awards Expenditures Required by OMB Circular A-133

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lancaster, Fairfield County, Ohio, (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 18, 2015, wherein we noted the financial statements of the Lancaster Port Authority, a major fund, were audited by other auditors. We conducted our audit to opine on the City's basic financial statements. The accompanying schedule of federal awards expenditures presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements.

The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State
Columbus, Ohio

June 18, 2015

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**CITY OF LANCASTER
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

CITY OF LANCASTER
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2014
(Continued)

3. FINDINGS FOR FEDERAL AWARDS

1. Noncompliance - Federal Schedule Adjustments

Finding Number	2014-001
CFDA Title and Number	CFDA # 20.205, Highway Planning and Construction Grant
Federal Award Number / Year	2014
Federal Agency	U.S. Department of Transportation
Pass-Through Agency	Ohio Department of Transportation

OMB Circular A-133 Subpart C, Section .310(B)(1)-(3) requires the auditee to prepare a Schedule of Federal Awards Expenditures for the period covered by the auditee's financial statements. At a minimum, the schedule shall provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

The City included Federal expenditures for an ODOT LET Project on its Schedule of Federal Awards Expenditures in error. An adjustment was made to the schedule prepared by the City in the Highway Planning & Construction major federal program to decrease federal expenditures by \$3,569,117. The City's Schedule has been adjusted to accurately reflect federal awards expenditures.

We recommend the City implement procedures to help ensure the Schedule of Federal Awards Expenditures is complete and accurate.

Officials' Response:

Due to ODOT's signed approval of the City 2013 Federal Schedule for reporting Highway Planning & Construction and the Formula Grants for Other than Urbanized Areas on our Federal Schedule we reported the 2014 payments of these federal monies on the City's original 2014 Federal Schedule. ODOT did not inform the City of Lancaster or the State of Ohio Audit Staff, until the end of April 2015, that ODOT reported these federal monies on their Federal Schedule. ODOT was asked for direction by the City of Lancaster and State of Ohio Audit Staff during the creation of the 2013 Federal Schedule but would not give direction to either of us. We believed that since ODOT signed off on the City's 2013 Federal Schedule when we gave it to them that these federal monies were reported correctly.

I believe that the City should not receive a Noncompliance Finding for over reporting Federal monies because ODOT's failure to communicate, in a timely fashion, who was supposed to report these monies. The City of Lancaster is diligent in tracking all Federal monies that are paid on behalf of the City by outside State Agencies. We can only report correctly when the State Agency that is paying out the Federal monies gives us the tools to do so. I believe that ODOT needs to be held accountable for their failure to disburse crucial information to Government Entities so these Federal monies can be reported appropriately.

Corrective action plan – The City will plan to contact ODOT staff on each project to determine the proper reporting requirements to help ensure accurate reporting on the City's federal schedule.

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2014
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (continued)

Auditor of State's Conclusion:

The Auditor of State's office did not request direction from the Ohio Department of Transportation (ODOT) during the 2013 audit to determine who was to report the program. In addition, we did not receive notification from the ODOT to indicate the City's 2013 Schedule of Federal Awards Expenditure was inaccurate.

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Findings for Recovery – Repaid Under Audit	Yes	
2013-002	Financial Statement Reporting	Yes	
2013-003	OMB Circular A-133 Subpart C, Section .310(B)(1)-(3)- Federal Schedule Adjustments	No	Reissued as 2014-001

CITY OF LANCASTER
FAIRFIELD COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2014

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-001	Refer to Official's Response	12/31/2015	Patricia Nettles, City Auditor

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CITY OF LANCASTER, OHIO

Fairfield County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

Prepared by the City Auditor's Office

Patricia Nettles
City Auditor



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FAIRFIELD COUNTY, OHIO

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CITY OF LANCASTER, OHIO

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INTRODUCTORY SECTION





CITY OF LANCASTER, OHIO

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

Patricia Nettles, Auditor

June 18, 2015

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, 2014.

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

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

The Reporting Entity

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2014***

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2014***

ECONOMIC CONDITION AND OUTLOOK

2014 was a robust construction year as 2013 announced projects unfolded. The Fairfield Medical Center completed its thirty-eight million dollar expansion in June 2015. The project added surgery rooms and single patient rooms. The design of the addition provides for growth of the medical facility. Three of five new elementary buildings will be completed in summer 2015 and the final two of the eighty plus million dollar improvement projects will begin June 2015. The seven million dollar downtown Municipal Court project will also be completed in 2015. Road infrastructure improvements began in earnest in 2014 with the passage of a ten-year street improvement levy. Even with the passage of this levy, Lancaster remains one of the lowest cost cities in the United States to do business for communities of less than fifty-thousand. The low costs mean a faster return on investment properties to continue our community growth.

Industrial activity continues to grow at a steady pace. SRI Ohio announced its third expansion in five years with the purchase of a 120,000 square foot building and addition of fifty plus jobs. Martin Partitions Inc. is building a new 30,000 square foot facility that will add approximately twenty-five jobs. The Lancaster Port Authority completed a brownfield redevelopment project that will create a small business center on Lancaster's east side. The Port also announced it will build a 50,400 square foot "spec" building in 2015 that will be twenty-eight feet clear that will enhance Lancaster's ability to attract new industry. Additionally, a 106 acre industrial site on South Ewing Street is in the process to be an AEP Certified Site for large industrial projects.

Lancaster Marketing efforts continue to attract foreign and domestic clients. Lancaster is the main supporter and founder of the Fairfield 33 Development Alliance, is a partner with Columbus 2020 and we have expanded our marketing efforts to not only reach domestic companies but international as well.

Continuous infrastructure improvements, global marketing efforts, existing business retention and expansion plans, new schools, expanded and renovated Medical Center, long term road improvement projects, Certified Shovel Ready industrial sites, Spec building creation, low cost of doing business combine to make Lancaster a destination for investment.

Long-term Financial Planning:

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 ten-year street improvement and ten year STP (Surface Transportation Program) project plans will work together to help the City maintain the street and bridge repairs or replacements that are on the ten-year street improvement plan by trying to utilize the STP funds to help pay for the projects.

***Letter of Transmittal
For the Year Ended December 31, 2014***

MAJOR INIATIVES

Lancaster is one of five “Large Cities” outside of the designated Metropolitan Planning Organization 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. The City has programmed the use of federal surface transportation program (STP) funds for several street rehabilitation projects.

The Pierce Avenue/Fair Avenue Intersection Improvements (FAI-CR54-4.00, PID 92066) will use STP funds to upgrade this major intersection. The project will upgrade the traffic signal equipment and bring the equipment and curb ramps into conformity with current American with Disabilities (ADA) standards. The pavement in the intersection will be resurfaced and curb replacement will also be constructed. Final Tracings were completed in 2014 and it is anticipated to be let out to bid in 2015.

Another much needed project to use STP funds is the West Fair Avenue/Collins Road Improvements (FAI-CR54/CR68-VAR, PID 94748). This is a “mill and fill” resurfacing project of Collins Road from Fair Avenue north to the railroad and of West Fair Avenue from the railroad to Memorial Drive. The project will include other ancillary work such as pavement repairs, guardrail replacement, traffic sign replacement and curb ramps. The project was let out to bid in September of 2014 with construction anticipated to start in spring of 2015.

The Ohio Department of Transportation (ODOT) designed and managed a major contract for the “mill and fill” resurfacing for all of US 22 and SR 158 in the City, and also for SR 37 West and SR 188 East in the City. Other ancillary work is also part of this project. ODOT is performing the project under its Urban Paving Program (UPP) where it pays for 80 percent of the eligible project costs. The City is using its STP funds to cover its local 20 percent match to UPP funds, and is also using STP funds to cover 80 percent of the non-UPP eligible costs. The project was completed in 2014 except for some corrective work with the downtown decorative concrete.

The Departments of Engineering and Transportation prepared a 10-year plan of street improvements to its Federal-Aid streets utilizing those STP funds. The plan was submitted to the Ohio Department of Transportation (ODOT) to ensure ODOT that the City intends to use those funds. ODOT must approve the use of the STP funds before the City can proceed with a project.

The City of Lancaster filed for funding with ODOT via the Municipal Bridge Program in 2008. The project is being designed in-house. Stage #3 plans were finished in late 2014 and it is anticipated the project will go out to bid in 2015.

A citizens group spearheaded a successful street levy proposal that will provide \$2M per year for the next ten years for street projects in the City. The City began receiving revenues from this 3.0 mill property tax in 2014. The street levy is much needed since there were limited funds for street maintenance programs, no funds for local street paving programs and no funds to provide local match monies to outside grants; the City was using outside funding sources to provide match to fund needed projects.

***Letter of Transmittal
For the Year Ended December 31, 2014***

2014 was the first year of construction for the 3.0 mill street levy. Approximately 3 miles of streets were resurfaced on the City's West side during the 2014 calendar year. The City also had a Pavement Condition Rating (PCR) study completed during the fall of 2014. This study will help aid in the selection of streets as this program moves forward.

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, 2014***

OTHER INFORMATION

Independent Audit

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

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ending December 31, 2013. This was the twenty-seventh 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.

***Letter of Transmittal
For the Year Ended December 31, 2014***

Acknowledgments

A special thanks is extended to my staff Amy Burwell, Jody Sheets, Paula Wahl, and Anitra Scott, Deputy Auditors, for their assistance in compiling the cash reports and other data. I would like to thank Donald J. Schonhardt & Associates, Inc. for their professional guidance and many hours of hard work that went into preparing this report. The cooperation of many people is required to produce a quality product such as this CAFR.

Sincerely,



Patricia Nettles
City Auditor

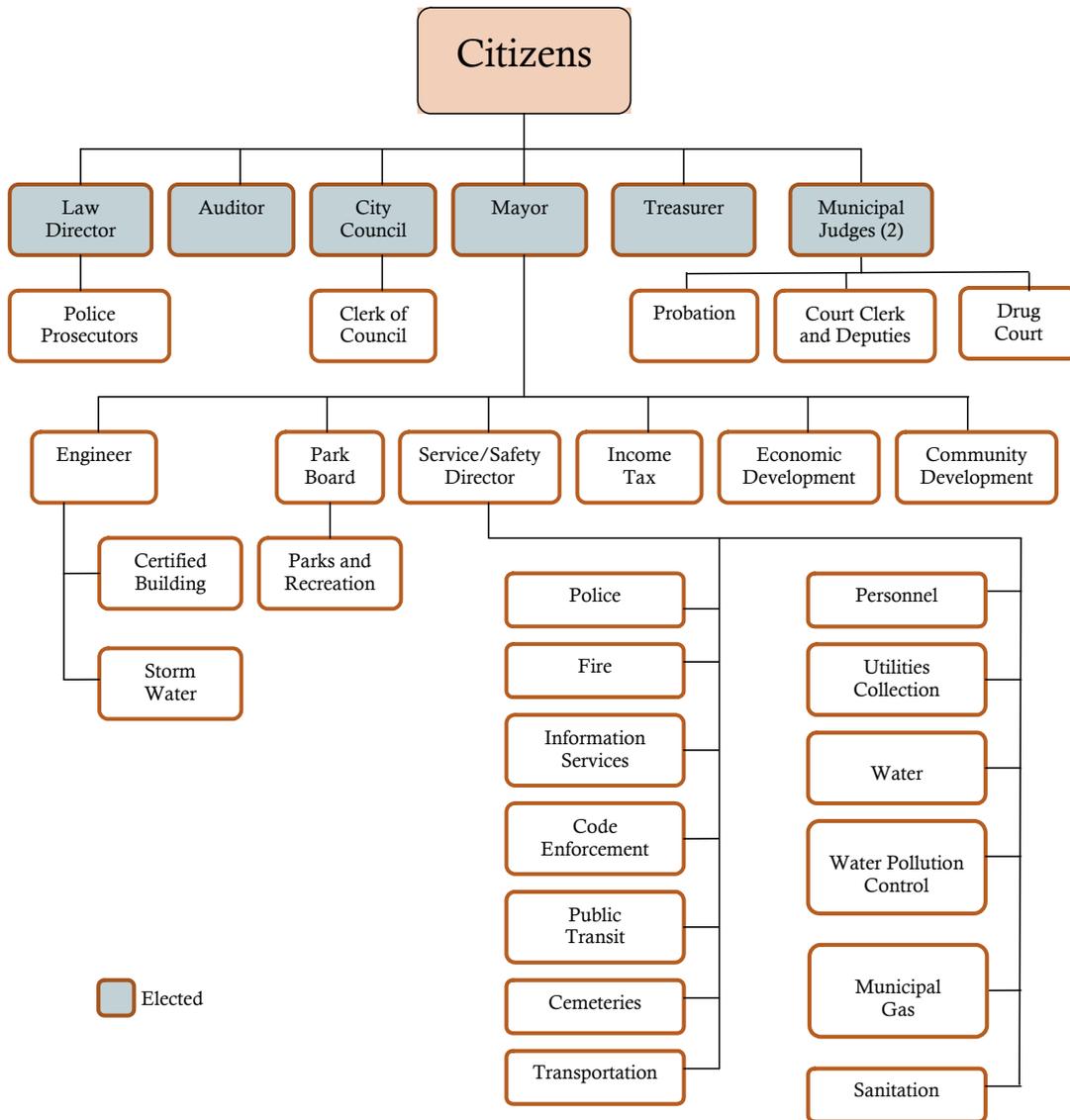
CITY OF LANCASTER, OHIO

***List of Principal Officials
For the Year Ended December 31, 2014***

<u><i>Name</i></u>	<u><i>Title</i></u>
<i>Executive Officials</i>	
David Smith	Mayor
Patricia Nettles	Auditor
Randall Ullom	Law Director
Robert Wolfinger	Treasurer
<i>Legislative Officials</i>	
Cathy Bitler	President of Council
Jon Hale	Council-at-Large
Gina Bentle	Council-at-Large
Robert Hedges	Council-at-Large
Melody Bobbitt	Council - 1st Ward
Mike Fracassa	Council - 2nd Ward
Randy Groff	Council - 3rd Ward
Tom Stoughton	Council - 4th Ward
Harry Hiles	Council - 5th Ward
Becky Tener	Council - 6th Ward
<i>Administrative Officials</i>	
Brian Kuhn	Service/Safety Director
Andrew Yost	Income Tax Commissioner
Brad W. Fagrell	City Engineer

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

City Organizational Chart
For the Year Ended December 31, 2014



***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, 2013

Executive Director/CEO

FINANCIAL SECTION





Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of City Council:

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, Fairfield County, Ohio (the City), as of and for the year ended December 31, 2014, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Lancaster Port Authority, a major fund, which represents 72 percent, 99 percent, and 18 percent, respectively, of the assets, net position, and revenues of the business type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the Lancaster Port Authority is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of the Lancaster Port Authority in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275

www.ohioauditor.gov

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Fairfield County, Ohio, as of December 31, 2014, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and .45 Police and Fire Levy Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The Schedule of Federal Award Expenditures also presents additional analysis as required by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The statements and schedules are management's responsibility, and derive from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We and the other auditors subjected this information to the auditing procedures we applied to the basic financial statements. We and the other auditors also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Neither we nor the other auditors subjected the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

June 18, 2015



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, 2014. 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 2014 are as follows:

- ❑ In total, net position increased \$3,826,707. Net position of governmental activities increased \$6,742,415 which represents a 13.3% increase from 2013. Net position of business-type activities decreased \$2,915,708 or 84.5% from 2013.
- ❑ General revenues accounted for \$25,931,417 in revenue or 27.1% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$69,797,067, 72.9% of total revenues of \$95,728,484.
- ❑ The City had \$35,839,301 in expenses related to governmental activities; only \$16,650,299 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$18,318,345 in revenues and other financing sources and \$18,013,601 in expenditures and other financing uses. The general fund's fund balance increased from \$6,712,201 to \$7,002,808.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance 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, 2014**

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 2014 compared to 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$40,256,654	\$31,083,268	\$472,691,071	\$501,255,943	\$512,947,725	\$532,339,211
Capital assets, Net	47,756,039	42,498,900	121,693,369	124,703,399	169,449,408	167,202,299
Total assets	88,012,693	73,582,168	594,384,440	625,959,342	682,397,133	699,541,510
Deferred outflows of resources	134,891	0	14,031,159	134,170,385	14,166,050	134,170,385
Long-term debt outstanding	20,959,712	13,379,661	398,948,943	412,429,600	419,908,655	425,809,261
Other liabilities	5,072,430	4,905,657	17,308,605	137,740,441	22,381,035	142,646,098
Total liabilities	26,032,142	18,285,318	416,257,548	550,170,041	442,289,690	568,455,359
Deferred inflows of resources	4,541,282	4,465,105	191,624,358	206,510,285	196,165,640	210,975,390
Net position:						
Net investment in capital assets	38,638,721	34,859,182	46,787,496	42,495,213	85,426,217	77,354,395
Restricted	11,237,072	10,580,754	2,469,033	2,469,200	13,706,105	13,049,954
Unrestricted (Deficit)	7,698,367	5,391,809	(48,722,836)	(41,515,012)	(41,024,469)	(36,123,203)
Total net position	\$57,574,160	\$50,831,745	\$533,693	\$3,449,401	\$58,107,853	\$54,281,146

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CITY OF LANCASTER, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

Changes in Net Position –The following table shows the changes in net position for 2014 compared to 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for Services and Sales	\$7,532,752	\$6,768,679	\$52,997,661	\$48,436,219	\$60,530,413	\$55,204,898
Operating Grants, Contributions and Interest	4,791,064	5,242,074	149,107	198,065	4,940,171	5,440,139
Capital Grants and Contributions	4,326,483	3,173,702	0	106,395	4,326,483	3,280,097
Total Program Revenues	<u>16,650,299</u>	<u>15,184,455</u>	<u>53,146,768</u>	<u>48,740,679</u>	<u>69,797,067</u>	<u>63,925,134</u>
General Revenues:						
Property Taxes	4,788,596	2,635,946	0	0	4,788,596	2,635,946
Income Taxes	18,135,381	17,948,988	0	0	18,135,381	17,948,988
Other Local Taxes	624,904	618,634	0	0	624,904	618,634
Intergovernmental Revenues not Restricted to Specific Programs	1,468,722	1,794,651	0	0	1,468,722	1,794,651
Investment Earnings	328,271	110,281	0	0	328,271	110,281
Miscellaneous	585,543	819,530	0	0	585,543	819,530
Total General Revenues	<u>25,931,417</u>	<u>23,928,030</u>	<u>0</u>	<u>0</u>	<u>25,931,417</u>	<u>23,928,030</u>
Total Revenues	<u>42,581,716</u>	<u>39,112,485</u>	<u>53,146,768</u>	<u>48,740,679</u>	<u>95,728,484</u>	<u>87,853,164</u>
Program Expenses						
Security of Persons and Property	16,849,215	16,617,988	0	0	16,849,215	16,617,988
Public Health and Welfare Services	785,007	857,082	0	0	785,007	857,082
Leisure Time Activities	2,256,990	1,810,306	0	0	2,256,990	1,810,306
Community Environment	873,446	688,405	0	0	873,446	688,405
Transportation	6,817,662	4,825,294	0	0	6,817,662	4,825,294
General Government	7,840,741	7,943,615	0	0	7,840,741	7,943,615
Interest and Fiscal Charges	416,240	355,061	0	0	416,240	355,061
Gas	0	0	15,574,440	14,481,150	15,574,440	14,481,150
Water	0	0	8,468,594	8,193,295	8,468,594	8,193,295
Water Pollution	0	0	9,729,438	9,576,190	9,729,438	9,576,190
Sanitation	0	0	3,274,326	3,197,770	3,274,326	3,197,770
Storm Water	0	0	1,807,062	1,941,058	1,807,062	1,941,058
Port Authority	0	0	17,208,616	18,664,845	17,208,616	18,664,845
Total Expenses	<u>35,839,301</u>	<u>33,097,751</u>	<u>56,062,476</u>	<u>56,054,308</u>	<u>91,901,777</u>	<u>89,152,059</u>
Total Change in Net Position	6,742,415	6,014,734	(2,915,708)	(7,313,629)	3,826,707	(1,298,895)
Beginning Net Position	50,831,745	44,817,011	3,449,401	10,763,030	54,281,146	55,580,041
Ending Net Position	<u>\$57,574,160</u>	<u>\$50,831,745</u>	<u>\$533,693</u>	<u>\$3,449,401</u>	<u>\$58,107,853</u>	<u>\$54,281,146</u>

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

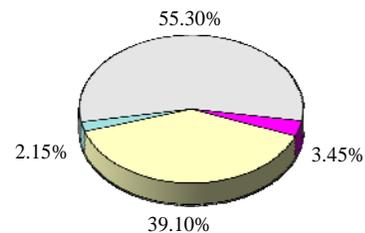
Governmental Activities

Net position of the City's governmental activities increased by \$6,742,415. This increase is due to an additional \$4 million in infrastructure which was funded by capital grants and the new 3 mill levy for street improvements that generated \$2 million in taxes.

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 42.59% and 11.2% respectively of revenues for governmental activities for the City in 2013. The City's reliance upon tax revenues is demonstrated by the following graph indicating 55.30% of total revenues from general tax revenues:

Revenue Sources	2014	Percent of Total
General Tax Revenues	\$23,548,881	55.30%
Unrestricted Intergovernmental	1,468,722	3.45%
Program Revenues	16,650,299	39.10%
General Other	913,814	2.15%
Total Revenue	<u>\$42,581,716</u>	<u>100.00%</u>



Business-Type Activities

Net position of the business type activities decreased by \$2,915,708. This decrease was partially the result of recognizing the consumption of the current year portion of the prepaid gas supply. The decrease was somewhat offset by maintaining revenues over expenses in most of the other business-type activities funds.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$23,677,329, which is an increase from last year's balance of \$14,924,637. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2014 and 2013:

	Fund Balance December 31, 2014	Fund Balance December 31, 2013	Increase (Decrease)
General	\$7,002,808	\$6,712,201	\$290,607
.45 Police and Fire Levy	(71,931)	(540,425)	468,494
Other Governmental	16,746,452	8,752,861	7,993,591
Total	<u>\$23,677,329</u>	<u>\$14,924,637</u>	<u>\$8,752,692</u>

CITY OF LANCASTER, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

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:

	2014	2013	Increase
	Revenues	Revenues	(Decrease)
Taxes	\$12,078,854	\$11,720,028	\$358,826
Intergovernmental Revenue	1,232,427	1,659,844	(427,417)
Charges for Services	3,434,628	2,893,851	540,777
Licenses, Permits, and Fees	29,088	20,760	8,328
Investment Earnings	307,765	111,823	195,942
Fines and Forfeitures	821,770	779,170	42,600
All Other Revenue	242,951	190,121	52,830
Total	<u>\$18,147,483</u>	<u>\$17,375,597</u>	<u>\$771,886</u>

General Fund revenues in 2014 increased approximately 4.4% compared to revenues in 2013. Intergovernmental Revenues were down due to the elimination of the estate tax by the State. Charges for Services increased as a result of Lancaster Public Transit beginning to reimburse the General Fund for their fuel purchases in 2014. The City began a new three year energy savings contract for City residents which resulted in the City receiving annual payments from First Energy. In 2014, the City began receiving Municipal Court salary reimbursements from Fairfield County for the two-fifths of the amount they owe for the Courts. Investment Earnings increased as a result of improvement of the market value of investments held by the City.

	2014	2013	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$433,084	\$8,651,936	(\$8,218,852)
Public Health and Welfare Services	286,460	285,710	750
Community Environment	153,548	149,438	4,110
General Government	6,532,708	5,904,463	628,245
Debt Service:			
Principal Retirement	90,479	91,026	(547)
Interest and Fiscal Charges	40,685	70,854	(30,169)
Total	<u>\$7,536,964</u>	<u>\$15,153,427</u>	<u>(\$7,616,463)</u>

General Fund expenditures decreased by \$7,616,463 or 50.3% compared to the prior year. This is mostly due to a full year of expenditures in two new funds created in 2013 to account for police and fire department operations. General Government expenditures increased due to having multiple retirement payouts in 2014 as well as the City beginning to pay Municipal Court employees' salaries and benefits at 100% then get reimbursed for Fairfield County's two-fifths obligation.

.45 Police and Fire Levy Fund – The increase in fund balance is due to the General Fund transferring funds to this fund for a full year of expenditures.

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

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 2014, the City amended its General Fund budget several times. The final budget basis expenditures of \$21,063,559 did not change significantly from the original budget. The positive variance with the final budget of \$0.6 million was the result of Lancaster Public Transit reimbursing the City for their fuel purchases. The City entered into a three year cost savings energy contract and as a result received a rebate back from First Energy. In 2014, the City began receiving Municipal Court salary reimbursements from Fairfield County for the two-fifths amount they owed for the Courts.

For the General Fund, final budget basis revenue of \$20,326,301 did not significantly change from the original budget estimates. Overall there was a positive variance with final budgeted revenues; however, Taxes were slightly under budget due to lower than estimated Real Property and Income Tax collections.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2014 the City had \$169,449,408 net of accumulated depreciation invested in buildings, equipment and vehicles. Of this total, \$47,756,039 was related to governmental activities and \$121,693,369 to the business-type activities. The following table shows 2014 and 2013 balances:

	Governmental Activities		Increase (Decrease)
	2014	2013	
Land	\$18,055,298	\$18,055,298	\$0
Construction In Progress	1,977,464	3,861,034	(1,883,570)
Buildings	7,774,652	7,774,652	0
Improvements Other than Buildings	7,641,573	7,698,515	(56,942)
Machinery and Equipment	4,803,787	4,633,283	170,504
Vehicles	6,900,690	6,018,633	882,057
Infrastructure	29,009,646	21,307,458	7,702,188
Less: Accumulated Depreciation	(28,407,071)	(26,849,973)	(1,557,098)
Totals	<u>\$47,756,039</u>	<u>\$42,498,900</u>	<u>\$5,257,139</u>

The primary increases occurred as a result of the completion of major street improvements and the delivery of a fire pumper truck for the fire department.

CITY OF LANCASTER, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

	Business-Type Activities		Increase (Decrease)
	2014	2013	
Land	\$3,476,307	\$3,476,307	\$0
Construction in Progress	2,010,563	1,125,559	885,004
Buildings	81,018,919	81,014,099	4,820
Improvements	34,776,146	34,883,052	(106,906)
Machinery and Equipment	10,548,626	10,644,762	(96,136)
Vehicles	5,098,070	4,968,359	129,711
Infrastructure	84,234,223	82,722,635	1,511,588
Less: Accumulated Depreciation	<u>(99,469,485)</u>	<u>(94,131,374)</u>	<u>(5,338,111)</u>
Totals	<u>\$121,693,369</u>	<u>\$124,703,399</u>	<u>(\$3,010,030)</u>

Business type capital assets decreased by \$3,010,030. The additions to infrastructure include a completed water pollution project and the construction of gas lines. Additional information on the City's capital assets can be found in Note 9.

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**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

Debt

At December 31, 2014, the City had \$13,177,942 in general obligation bonds outstanding, \$800,000 due within one year; \$347,855,825 in revenue bonds outstanding, \$13,940,000 due within one year; and \$47,952,171 in Ohio Water Development Authority Loans outstanding, \$4,239,770 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Governmental Activities:		
General Obligation Bond Payable	\$13,177,942	\$4,360,000
Special Assessment Bond		
with Government Commitment	171,000	191,000
Housing and Urban Development Loan	220,000	310,000
Ohio Public Works Commission Loan	39,560	45,646
State Infrastructure Bank Loan	159,592	314,502
Ohio Water Development Authority Loans	346,088	361,723
Installment Loan Payable	1,378,506	1,695,230
Compensated Absences	4,562,870	4,622,037
Capital Leases	447,016	114,214
Pollution Remediation Obligation	457,138	1,365,309
Total Governmental Activities	<u>\$20,959,712</u>	<u>\$13,379,661</u>
Business-Type Activities:		
Ohio Water Development Authority Loans	\$47,606,083	\$52,134,520
Revenue Bonds Payable	347,855,825	356,703,101
Landfill Postclosure Care Liability	1,205,399	1,271,343
Capital Leases	233,665	280,665
Compensated Absences	2,047,971	2,039,971
Total Business-Type Activities	<u>\$398,948,943</u>	<u>\$412,429,600</u>
Totals	<u><u>\$419,908,655</u></u>	<u><u>\$425,809,261</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, 2014, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

Lancaster is home to a diversified community of businesses. The more than 150 manufacturing operations in the area are supported by an equal number of service operations that provide a comprehensive network of support. The Fairfield Medical Center completed its thirty-eight million dollar expansion in June 2015. Industrial activity continues to grow at a steady pace. SRI Ohio announced its third expansion in five years with the purchase of a 120,000 square foot building and addition of fifty plus jobs. Martin Partitions Inc. is building a new 30,000 square foot facility that will add approximately twenty-five jobs. The Lancaster Port Authority completed a brownfield redevelopment project that will create a small business center on the City's east side. The Port Authority also announced it will build a 50,400 square foot "spec" building in 2015 that will enhance the City's ability to attract new industry.

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, 2014**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 15,640,308	\$ 5,768,466	\$ 21,408,774
Cash and Cash Equivalents with Fiscal Agent	3,433,176	0	3,433,176
Investments	8,139,457	28,255,930	36,395,387
Receivables:			
Taxes	9,100,167	0	9,100,167
Accounts	282,658	5,706,120	5,988,778
Intergovernmental	2,307,217	0	2,307,217
Interest	48,376	21,383	69,759
Special Assessments	263,337	0	263,337
Loans	1,664,167	0	1,664,167
Internal Balances	(1,140,596)	1,140,596	0
Inventory of Supplies	453,646	4,160,851	4,614,497
Prepaid Items	61,074	58,451	119,525
Prepaid Gas Supply - Current	0	13,739,503	13,739,503
Prepaid Gas Supply	0	213,252,127	213,252,127
Land Held for Resale	0	140,400	140,400
Fair Value of Derivative Instruments	0	191,624,358	191,624,358
Restricted Assets:			
Cash and Cash Equivalents	0	8,289,753	8,289,753
Cash and Cash Equivalents with Fiscal Agent	3,667	0	3,667
Investments	0	533,133	533,133
Capital Assets Not Being Depreciated	20,032,762	5,486,870	25,519,632
Capital Assets Being Depreciated, Net	27,723,277	116,206,499	143,929,776
Total Assets	88,012,693	594,384,440	682,397,133
Deferred Outflows of Resources:			
Deferred Loss on Early Retirement of Debt	134,891	800,064	934,955
Deferred Outflow from Derivative Instruments	0	13,231,095	13,231,095
Total Deferred Outflows of Resources	134,891	14,031,159	14,166,050
Liabilities:			
Accounts Payable	1,147,335	999,585	2,146,920
Accrued Wages and Benefits	1,603,631	556,476	2,160,107
Intergovernmental Payable	170,131	12,385	182,516
Claims Payable	540,889	0	540,889
Due to Others, Payable from Restricted Assets	0	137,020	137,020
Unearned Revenue	0	94,500	94,500
Accrued Interest Payable	92,553	1,146,544	1,239,097
General Obligation Notes Payable	1,517,891	1,131,000	2,648,891
Fair Value of Derivative Instruments	0	13,231,095	13,231,095
Long Term Liabilities:			
Due within one year	2,272,658	18,452,180	20,724,838
Due in more than one year	18,687,054	380,496,763	399,183,817
Total Liabilities	26,032,142	416,257,548	442,289,690
Deferred Inflows of Resources:			
Property Taxes	4,541,282	0	4,541,282
Deferred Inflow from Derivative Instruments	0	191,624,358	191,624,358
Total Deferred Inflows of Resources	4,541,282	191,624,358	196,165,640

CITY OF LANCASTER, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net Investment in Capital Assets	38,638,721	46,787,496	85,426,217
Restricted For:			
Streets and Highways	3,449,997	0	3,449,997
Community Development	2,364,341	0	2,364,341
Security of Persons and Property	3,633,507	0	3,633,507
Public Health and Welfare	455,496	0	455,496
Debt Service	260,868	2,469,033	2,729,901
Perpetual Care, Nonexpendable	1,027,705	0	1,027,705
Other Purposes	45,158	0	45,158
Unrestricted (Deficit)	<u>7,698,367</u>	<u>(48,722,836)</u>	<u>(41,024,469)</u>
Total Net Position	<u>\$ 57,574,160</u>	<u>\$ 533,693</u>	<u>\$ 58,107,853</u>

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Activities
For the Year Ended December 31, 2014**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 16,849,215	\$ 2,231,913	\$ 206,879	\$ 0
Public Health and Welfare Services	785,007	230,884	54,330	0
Leisure Time Activities	2,256,990	502,389	40,000	0
Community Environment	873,446	77,256	633,520	0
Transportation	6,817,662	1,378,452	3,371,307	4,326,483
General Government	7,840,741	3,111,858	485,028	0
Interest and Fiscal Charges	416,240	0	0	0
Total Governmental Activities	35,839,301	7,532,752	4,791,064	4,326,483
Business-Type Activities:				
Gas	15,574,440	17,597,507	0	0
Water	8,468,594	7,991,000	32,002	0
Water Pollution	9,729,438	11,278,415	100,293	0
Sanitation	3,274,326	3,655,721	2,806	0
Storm Water	1,807,062	3,000,829	0	0
Port Authority	17,208,616	9,474,189	14,006	0
Total Business-Type Activities	56,062,476	52,997,661	149,107	0
Totals	\$ 91,901,777	\$ 60,530,413	\$ 4,940,171	\$ 4,326,483

General Revenues:

Property Taxes Levied for:
 General Purposes
 Special Purposes
 Debt Service
 Capital Outlay
 Income Tax
 Other Local Taxes
 Intergovernmental Revenues not Restricted to Specific Programs
 Investment Earnings
 Miscellaneous
 Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (14,410,423)	\$ 0	\$ (14,410,423)
(499,793)	0	(499,793)
(1,714,601)	0	(1,714,601)
(162,670)	0	(162,670)
2,258,580	0	2,258,580
(4,243,855)	0	(4,243,855)
(416,240)	0	(416,240)
<u>(19,189,002)</u>	<u>0</u>	<u>(19,189,002)</u>
0	2,023,067	2,023,067
0	(445,592)	(445,592)
0	1,649,270	1,649,270
0	384,201	384,201
0	1,193,767	1,193,767
0	(7,720,421)	(7,720,421)
<u>0</u>	<u>(2,915,708)</u>	<u>(2,915,708)</u>
<u>(19,189,002)</u>	<u>(2,915,708)</u>	<u>(22,104,710)</u>
1,769,125	0	1,769,125
2,530,507	0	2,530,507
331,119	0	331,119
157,845	0	157,845
18,135,381	0	18,135,381
624,904	0	624,904
1,468,722	0	1,468,722
328,271	0	328,271
585,543	0	585,543
<u>25,931,417</u>	<u>0</u>	<u>25,931,417</u>
6,742,415	(2,915,708)	3,826,707
<u>50,831,745</u>	<u>3,449,401</u>	<u>54,281,146</u>
<u>\$ 57,574,160</u>	<u>\$ 533,693</u>	<u>\$ 58,107,853</u>

CITY OF LANCASTER, OHIO

**Balance Sheet
Governmental Funds
December 31, 2014**

	<u>General</u>	<u>.45 Police and Fire Levy Fund</u>
Assets:		
Cash and Cash Equivalents	\$ 828,105	\$ 262,885
Investments	5,359,604	0
Receivables:		
Taxes	4,172,025	1,060,351
Accounts	264,292	0
Intergovernmental	517,141	0
Interest	46,131	0
Special Assessments	0	0
Loans	0	0
Inventory of Supplies	156,588	0
Prepaid Items	27,554	20,769
Restricted Assets:		
Cash and Cash Equivalents with Fiscal Agent	3,667	0
Total Assets	<u>\$ 11,375,107</u>	<u>\$ 1,344,005</u>
Liabilities:		
Accounts Payable	\$ 169,767	\$ 74,466
Accrued Wages and Benefits Payable	480,201	750,121
Intergovernmental Payable	168,750	0
Accrued Interest Payable	0	0
General Obligation Notes Payable	0	0
Advances from Other Funds	0	0
Total Liabilities	<u>818,718</u>	<u>824,587</u>
Deferred Inflows of Resources:		
Property Taxes	1,719,500	0
Unavailable Revenue	1,834,081	591,349
Total Deferred Inflows of Resources	<u>3,553,581</u>	<u>591,349</u>
Fund Balances:		
Nonspendable	184,142	20,769
Restricted	0	0
Committed	0	0
Assigned	1,335,785	0
Unassigned	5,482,881	(92,700)
Total Fund Balances	<u>7,002,808</u>	<u>(71,931)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,375,107</u>	<u>\$ 1,344,005</u>

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 14,165,117	\$ 15,256,107
2,779,853	8,139,457
3,867,791	9,100,167
18,366	282,658
1,790,076	2,307,217
2,245	48,376
263,337	263,337
1,664,167	1,664,167
293,487	450,075
12,751	61,074
0	3,667
\$ 24,857,190	\$ 37,576,302
\$ 850,721	\$ 1,094,954
336,252	1,566,574
1,381	170,131
37,021	37,021
1,517,891	1,517,891
204,200	204,200
2,947,466	4,590,771
2,821,782	4,541,282
2,341,490	4,766,920
5,163,272	9,308,202
2,998,110	3,203,021
13,494,830	13,494,830
1,965,953	1,965,953
0	1,335,785
(1,712,441)	3,677,740
16,746,452	23,677,329
\$ 24,857,190	\$ 37,576,302

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2014***

Total Governmental Fund Balances	\$ 23,677,329
 <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.	46,773,627
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	4,766,920
Internal Service Funds are used by management to charge the costs of insurance 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.	2,907,697
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Housing and Urban Development Loan Payable	(220,000)
Special Assessment Bonds Payable	(171,000)
Ohio Public Works Commission Loans Payable	(39,560)
General Obligation Bonds Payable	(13,177,942)
Less: Deferred Charge on Refunding	134,891
State Infrastructure Bank Loan Payable	(159,592)
Ohio Water Development Authority Loan Payable	(346,088)
Installment Loan	(1,193,534)
Pollution Remediation Obligation	(457,138)
Capital Leases Payable	(447,016)
Compensated Absences Payable	(4,419,167)
Accrued Interest Payable	(55,267)
	(20,551,413)
<i>Net Position of Governmental Activities</i>	\$ 57,574,160

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, 2014**

	General	.45 Police and Fire Levy
Revenues:		
Taxes	\$ 12,078,854	\$ 4,409,305
Intergovernmental Revenues	1,232,427	0
Charges for Services	3,434,628	0
Licenses, Permits and Fees	29,088	0
Investment Earnings	307,765	0
Special Assessments	0	0
Fines and Forfeitures	821,770	0
All Other Revenue	242,951	5
Total Revenue	18,147,483	4,409,310
Expenditures:		
Current:		
Security of Persons and Property	433,084	13,554,333
Public Health and Welfare Services	286,460	0
Leisure Time Activities	0	0
Community Environment	153,548	0
Transportation	0	0
General Government	6,532,708	0
Capital Outlay	0	0
Debt Service:		
Principal Retirement	90,479	0
Interest and Fiscal Charges	40,685	0
Total Expenditures	7,536,964	13,554,333
Excess (Deficiency) of Revenues Over Expenditures	10,610,519	(9,145,023)
Other Financing Sources (Uses):		
General Obligation Bonds Issued	165,000	0
Premium on General Obligation Bonds	0	0
Refunding General Obligation Bonds Issued	0	0
Premium on Refunding General Obligation Bonds	0	0
Payment to Refunded Bond Escrow Agent	0	0
Transfers In	0	9,595,951
Transfers Out	(10,476,637)	0
Other Financing Source - Capital Lease	5,862	17,566
Total Other Financing Sources (Uses)	(10,305,775)	9,613,517
Net Change in Fund Balances	304,744	468,494
Fund Balances at Beginning of Year	6,712,201	(540,425)
Decrease in Inventory	(14,137)	0
Fund Balances End of Year	\$ 7,002,808	\$ (71,931)

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 6,141,803	\$ 22,629,962
9,170,055	10,402,482
1,941,860	5,376,488
1,456	30,544
14,590	322,355
116,689	116,689
1,517,630	2,339,400
527,910	770,866
<u>19,431,993</u>	<u>41,988,786</u>
2,399,749	16,387,166
505,083	791,543
1,994,089	1,994,089
731,155	884,703
6,722,387	6,722,387
1,683,705	8,216,413
6,324,867	6,324,867
1,299,563	1,390,042
354,392	395,077
<u>22,014,990</u>	<u>43,106,287</u>
(2,582,997)	(1,117,501)
9,185,000	9,350,000
127,150	127,150
2,380,000	2,380,000
38,212	38,212
(2,359,891)	(2,359,891)
1,808,567	11,404,518
(992,369)	(11,469,006)
400,000	423,428
<u>10,586,669</u>	<u>9,894,411</u>
8,003,672	8,776,910
8,752,861	14,924,637
(10,081)	(24,218)
<u>\$ 16,746,452</u>	<u>\$ 23,677,329</u>

CITY OF LANCASTER, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2014***

Net Change in Fund Balances - Total Governmental Funds \$ 8,776,910

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

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

Capital Outlay	7,008,912	
Depreciation Expense	<u>(1,855,420)</u>	5,153,492

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

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.	(41,095)
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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.	327,338
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The issuance of long-term debt (e.g. notes, 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.

Issuance of Refunding General Obligation Bonds	(2,380,000)	
Premium on Refunding Bonds Issued	(38,212)	
Payment to Refunded Bond Escrow Agent	2,359,891	
Capital Lease Payable	(423,428)	
General Obligation Bonds Payable	(9,350,000)	
Premium on Bonds Issued	<u>(127,150)</u>	(9,958,899)

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

Housing and Urban Development Loan Payable	90,000	
Special Assessment Bonds Payable	20,000	
Ohio Public Works Commission Loans Payable	6,086	
General Obligation Bonds Payable	845,000	
Ohio Water Development Authority Loan Payable	15,635	
Installment Loan Payable	258,411	
State Infrastructure Bank Loan Payable	154,910	
Pollution Remediation Obligation Payable	908,171	
Capital Leases Payable	<u>90,626</u>	2,388,839

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(22,491)
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(Continued)

CITY OF LANCASTER, OHIO

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

Compensated Absences	78,250	
Change in Inventory	(24,218)	
Amortization of Bond Premium	<u>7,420</u>	61,452

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

56,869

Change in Net Position of Governmental Activities

\$ 6,742,415

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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 12,585,545	\$ 12,585,545	\$ 12,079,773	\$ (505,772)
Intergovernmental Revenue	890,980	890,980	1,282,484	391,504
Charges for Services	3,856,599	3,856,599	3,971,970	115,371
Licenses, Permits and Fees	22,200	22,200	29,088	6,888
Investment Earnings	281,427	281,427	193,561	(87,866)
Fines and Forfeitures	763,450	763,450	817,673	54,223
All Other Revenues	64,000	64,000	242,951	178,951
Total Revenues	<u>18,464,201</u>	<u>18,464,201</u>	<u>18,617,500</u>	<u>153,299</u>
Expenditures:				
Current:				
Security of Persons and Property	488,113	543,113	441,841	101,272
Public Health and Welfare Services	287,960	287,960	286,460	1,500
Community Environment	185,015	185,015	161,134	23,881
General Government	7,540,473	7,752,469	7,261,775	490,694
Debt Service:				
Principal Retirement	88,379	90,479	90,479	0
Interest and Fiscal Charges	47,113	47,113	47,113	0
Total Expenditures	<u>8,637,053</u>	<u>8,906,149</u>	<u>8,288,802</u>	<u>617,347</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,827,148	9,558,052	10,328,698	770,646
Other Financing Sources (Uses):				
General Obligation Bonds Issued	0	165,000	165,000	0
Transfers Out	(11,112,733)	(11,170,210)	(10,434,537)	735,673
Advances In	1,697,100	1,697,100	1,392,100	(305,000)
Advances Out	(1,659,200)	(987,200)	(557,100)	430,100
Total Other Financing Sources (Uses):	<u>(11,074,833)</u>	<u>(10,295,310)</u>	<u>(9,434,537)</u>	<u>860,773</u>
Net Change in Fund Balance	(1,247,685)	(737,258)	894,161	1,631,419
Fund Balance at Beginning of Year	4,820,539	4,820,539	4,820,539	0
Prior Year Encumbrances	289,543	289,543	289,543	0
Fund Balance at End of Year	<u>\$ 3,862,397</u>	<u>\$ 4,372,824</u>	<u>\$ 6,004,243</u>	<u>\$ 1,631,419</u>

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund - .45 Police and Fire Levy Fund
For the Year Ended December 31, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,383,487	\$ 4,383,487	\$ 4,383,487	\$ 0
All Other Revenues	0	0	5	5
Total Revenues	4,383,487	4,383,487	4,383,492	5
Expenditures:				
Current:				
Security of Persons and Property	14,471,198	14,106,875	13,960,834	146,041
Total Expenditures	14,471,198	14,106,875	13,960,834	146,041
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,087,711)	(9,723,388)	(9,577,342)	146,046
Other Financing Sources (Uses):				
Transfers In	10,258,927	10,316,404	9,595,951	(720,453)
Total Other Financing Sources (Uses):	10,258,927	10,316,404	9,595,951	(720,453)
Net Change in Fund Balance	171,216	593,016	18,609	(574,407)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 171,216	\$ 593,016	\$ 18,609	\$ (574,407)

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2014**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Assets:				
Current assets:				
Cash and Cash Equivalents	\$ 1,025,413	\$ 556,946	\$ 1,603,109	\$ 340,788
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Investments	7,937,519	4,055,062	11,425,936	2,403,536
Accounts receivable	2,791,405	915,708	1,259,428	409,605
Interest receivable	0	4,974	15,795	614
Due from Other Funds	0	0	0	0
Inventory	3,065,765	926,027	94,838	48,495
Prepaid Items	22,869	13,831	18,810	2,594
Prepaid Gas Supply - current	0	0	0	0
Total current assets	14,842,971	6,472,548	14,417,916	3,205,632
Noncurrent assets:				
Restricted Assets:				
Cash and Cash Equivalents	100,018	578,873	1,927,162	0
Investments	0	0	0	533,133
Total restricted assets	100,018	578,873	1,927,162	533,133
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	204,200
Capital assets:				
Capital Assets Not Being Depreciated	427,107	690,186	3,714,676	105,120
Capital Assets Being Depreciated	9,983,051	29,715,772	60,599,987	852,016
Total capital assets (net of accumulated depreciation)	10,410,158	30,405,958	64,314,663	957,136
Total noncurrent assets	10,510,176	30,984,831	66,241,825	1,694,469
Total Assets	25,353,147	37,457,379	80,659,741	4,900,101
Deferred Outflows of Resources:				
Deferred Loss on Early Retirement of Debt	0	500,426	299,638	0
Deferred Outflow from Derivative Instruments	0	0	0	0
Total Deferred Outflows of Resources	0	500,426	299,638	0

CITY OF LANCASTER, OHIO

<u>Storm Water</u>	<u>Port Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 345,090	\$ 1,299,705	\$ 5,171,051	\$ 981,616
0	0	0	3,433,176
2,433,877	0	28,255,930	0
329,974	0	5,706,120	0
0	0	21,383	0
0	723,678	723,678	0
0	0	4,135,125	29,297
0	0	58,104	347
0	13,739,503	13,739,503	0
<u>3,108,941</u>	<u>15,762,886</u>	<u>57,810,894</u>	<u>4,444,436</u>
0	5,683,700	8,289,753	0
0	0	533,133	0
0	5,683,700	8,822,886	0
0	213,252,127	213,252,127	0
0	140,400	140,400	0
0	191,624,358	191,624,358	0
0	0	204,200	0
443,581	106,200	5,486,870	144,695
14,228,567	755,138	116,134,531	909,685
14,672,148	861,338	121,621,401	1,054,380
14,672,148	411,561,923	535,665,372	1,054,380
17,781,089	427,324,809	593,476,266	5,498,816
0	0	800,064	0
0	13,231,095	13,231,095	0
0	13,231,095	14,031,159	0

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2014**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Liabilities:				
Current liabilities:				
Accounts Payable	440,607	137,083	301,069	84,030
Accrued Wages and Benefits	111,956	170,448	111,533	81,933
Intergovernmental Payable	0	0	0	12,385
Claims Payable	0	0	0	0
Due to Others, Payable from Restricted Assets	100,018	18,501	18,501	0
Due to Other Funds	723,678	0	0	0
Unearned Revenue	0	0	0	0
Accrued Interest Payable	0	290,950	612,273	21,099
General Obligation Notes Payable	0	0	0	0
Capital Leases Payable - Current	0	5,030	0	0
Revenue Bond Payable - Current	0	300,000	815,000	0
Installment Loan Payable - Current	0	0	0	0
OWDA Loans Payable - Current	0	1,425,840	2,548,180	249,603
Landfill Postclosure Care Liability - Current	0	0	0	78,600
Compensated Absences Payable - Current	24,219	54,908	31,141	16,826
Total Current Liabilities	1,400,478	2,402,760	4,437,697	544,476
Noncurrent Liabilities:				
Capital Leases Payable	0	8,514	0	0
Installment Loans Payable	0	0	0	0
Revenue Bonds Payable	0	5,738,737	20,835,586	0
OWDA Loans Payable	0	12,292,567	30,279,258	810,635
Landfill Postclosure Care Liability	0	0	0	1,126,799
Compensated Absences Payable	329,934	543,642	421,846	323,341
Fair Value of Derivative Instruments	0	0	0	0
Total noncurrent liabilities	329,934	18,583,460	51,536,690	2,260,775
Total Liabilities	1,730,412	20,986,220	55,974,387	2,805,251
Deferred Inflows of Resources:				
Deferred Inflow from Derivative Instruments	0	0	0	0
Total Deferred Inflow of Resources	0	0	0	0
Net Position:				
Net Investment in Capital Assets	10,410,158	11,029,592	10,136,277	957,136
Restricted for Debt Service	0	560,372	1,908,661	0
Unrestricted (Deficit)	13,212,577	5,381,621	12,940,054	1,137,714
Total Net Position (Deficit)	\$ 23,622,735	\$ 16,971,585	\$ 24,984,992	\$ 2,094,850

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>
17,456	0	980,245	71,721
21,936	0	497,806	95,727
0	0	12,385	0
0	0	0	540,889
0	0	137,020	0
0	0	723,678	0
0	94,500	94,500	0
10,264	211,958	1,146,544	265
1,131,000	0	1,131,000	0
59,149	0	64,179	3,696
0	12,825,000	13,940,000	0
0	0	0	59,956
0	0	4,223,623	0
0	0	78,600	0
10,324	0	137,418	15,614
<u>1,250,129</u>	<u>13,131,458</u>	<u>23,166,998</u>	<u>787,868</u>
144,516	0	153,030	12,760
0	0	0	125,016
0	307,341,502	333,915,825	0
0	0	43,382,460	0
0	0	1,126,799	0
69,952	0	1,688,715	349,927
0	13,231,095	13,231,095	0
<u>214,468</u>	<u>320,572,597</u>	<u>393,497,924</u>	<u>487,703</u>
<u>1,464,597</u>	<u>333,704,055</u>	<u>416,664,922</u>	<u>1,275,571</u>
0	191,624,358	191,624,358	0
0	191,624,358	191,624,358	0
13,337,483	861,338	46,731,984	852,952
0	0	2,469,033	0
<u>2,979,009</u>	<u>(85,633,847)</u>	<u>(49,982,872)</u>	<u>3,370,293</u>
<u>\$ 16,316,492</u>	<u>\$ (84,772,509)</u>	<u>\$ (781,855)</u>	<u>\$ 4,223,245</u>
		<u>1,315,548</u>	
		<u>\$ 533,693</u>	

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2014**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Operating Revenues:				
Charges for Services	\$ 17,522,047	\$ 7,964,503	\$ 11,263,004	\$ 3,643,911
Other Operating Revenues	75,460	26,497	15,411	11,810
Total Operating Revenues	<u>17,597,507</u>	<u>7,991,000</u>	<u>11,278,415</u>	<u>3,655,721</u>
Operating Expenses:				
Personal Services	1,010,275	3,057,507	1,775,542	1,470,202
Contractual Services	1,870,220	1,188,966	1,566,620	1,399,446
Cost of Gas Sold	11,732,726	0	0	0
Materials and Supplies	359,214	1,556,451	1,061,123	268,006
Depreciation	636,214	1,769,925	3,301,922	116,852
Health Insurance Claims	0	0	0	0
Total Operating Expenses	<u>15,608,649</u>	<u>7,572,849</u>	<u>7,705,207</u>	<u>3,254,506</u>
Operating Income	1,988,858	418,151	3,573,208	401,215
Non-Operating Revenue (Expenses):				
Interest Income	0	32,002	100,293	2,806
Interest and Fiscal Charges	0	(795,271)	(2,055,301)	(44,609)
Loss on Disposal of Capital Assets	0	(138,301)	0	0
Intergovernmental Grants	0	0	0	0
Total Non-Operating Revenues (Expenses)	<u>0</u>	<u>(901,570)</u>	<u>(1,955,008)</u>	<u>(41,803)</u>
Income (Loss) Before Transfers	1,988,858	(483,419)	1,618,200	359,412
Transfers In	0	0	0	0
Change in Net Position (Deficit)	1,988,858	(483,419)	1,618,200	359,412
Net Position (Deficit) Beginning of Year	21,633,877	17,455,004	23,366,792	1,735,438
Net Position (Deficit) End of Year	<u>\$ 23,622,735</u>	<u>\$ 16,971,585</u>	<u>\$ 24,984,992</u>	<u>\$ 2,094,850</u>

Change in Net Position of Enterprise Funds

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

Change in Net Position of Business Type Activities

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

<u>Storm Water</u>	<u>Port Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 2,989,985	\$ 9,474,189	\$ 52,857,639	\$ 8,539,134
10,844	0	140,022	54,927
<u>3,000,829</u>	<u>9,474,189</u>	<u>52,997,661</u>	<u>8,594,061</u>
339,841	0	7,653,367	1,616,003
1,193,494	2,166,557	9,385,303	466,253
0	4,365,004	16,097,730	0
13,415	0	3,258,209	206,252
242,598	17,757	6,085,268	125,336
0	0	0	6,028,119
<u>1,789,348</u>	<u>6,549,318</u>	<u>42,479,877</u>	<u>8,441,963</u>
1,211,481	2,924,871	10,517,784	152,098
0	1,558	136,659	0
(35,100)	(10,659,298)	(13,589,579)	(6,092)
(227)	0	(138,528)	(8,117)
0	12,448	12,448	0
<u>(35,327)</u>	<u>(10,645,292)</u>	<u>(13,579,000)</u>	<u>(14,209)</u>
1,176,154	(7,720,421)	(3,061,216)	137,889
0	0	0	64,488
1,176,154	(7,720,421)	(3,061,216)	202,377
<u>15,140,338</u>	<u>(77,052,088)</u>	<u>2,279,361</u>	<u>4,020,868</u>
<u>\$ 16,316,492</u>	<u>\$ (84,772,509)</u>	<u>\$ (781,855)</u>	<u>\$ 4,223,245</u>
		\$ (3,061,216)	
		<u>145,508</u>	
		<u>\$ (2,915,708)</u>	

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$17,477,193	\$7,988,595	\$11,312,125	\$3,630,518
Cash Received from Swap Providers	0	0	0	0
Cash Received from Interfund Services	0	0	0	0
Cash Payments for Goods and Services	(14,954,715)	(2,590,310)	(2,704,502)	(1,733,841)
Cash Payments to and on behalf of Employees	(983,380)	(3,106,721)	(1,777,653)	(1,464,810)
Cash Payments for Claims	0	0	0	0
Other Miscellaneous Cash Receipts	0	0	0	0
Customer Deposits Received	126,230	23,344	23,344	0
Customer Deposits Returned	(128,006)	(23,672)	(23,672)	0
Net Cash Provided by Operating Activities	1,537,322	2,291,236	6,829,642	431,867
<u>Cash Flows from Noncapital Financing Activities:</u>				
Intergovernmental Grants Received	0	0	0	0
Interfund Advance	0	0	0	(204,200)
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
Principal Paid on Ohio Water Development Authority Loans	0	0	0	(239,957)
Interest Paid on Debt	0	0	0	(49,384)
Transfers In from Other Funds	0	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	0	(493,541)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Proceeds from General Obligation Notes	0	0	0	0
Acquisition and Construction of Assets	(1,427,412)	(235,941)	(1,208,810)	(50,812)
Principal Paid on Installment Loan	0	0	0	0
Principal Paid on General Obligation Notes	0	0	0	0
Capital Lease Payments	0	(4,778)	0	0
Principal Paid on Revenue Bonds Payable	0	(290,000)	(785,000)	0
Principal Paid on Ohio Water Development Authority Loans	0	(1,367,342)	(2,921,138)	0
Interest Paid on All Debt	0	(815,074)	(2,128,443)	0
Net Cash Used by Capital and Related Financing Activities	(1,427,412)	(2,713,135)	(7,043,391)	(50,812)
<u>Cash Flows from Investing Activities:</u>				
Sale of Investments	37,638	431,860	342,565	141,243
Purchase of Investments	0	0	0	0
Receipt of Investment Earnings	0	14,786	48,363	0
Net Cash Provided (Used) for Investing Activities	37,638	446,646	390,928	141,243
Net Increase (Decrease) in Cash and Cash Equivalents	147,548	24,747	177,179	28,757
Cash and Cash Equivalents at Beginning of Year	977,883	1,111,072	3,353,092	312,031
Cash and Cash Equivalents at End of Year	\$1,125,431	\$1,135,819	\$3,530,271	\$340,788
<u>Reconciliation of Cash and</u>				
<u>Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$1,025,413	\$556,946	\$1,603,109	\$340,788
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Restricted Cash and Cash Equivalents	100,018	578,873	1,927,162	0
Cash and Cash Equivalents at End of Year	\$1,125,431	\$1,135,819	\$3,530,271	\$340,788

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Totals	Internal Service Funds
\$2,989,047	\$9,378,280	\$52,775,758	\$0
0	9,820,524	9,820,524	0
0	0	0	8,594,061
(1,199,572)	(2,166,557)	(25,349,497)	(647,821)
(331,051)	0	(7,663,615)	(1,583,497)
0	0	0	(6,138,787)
8,415	0	8,415	0
0	0	172,918	0
0	0	(175,350)	0
<u>1,466,839</u>	<u>17,032,247</u>	<u>29,589,153</u>	<u>223,956</u>
0	12,448	12,448	0
0	0	(204,200)	0
0	(1,915,000)	(1,915,000)	0
0	320,166,502	320,166,502	0
0	(325,985,000)	(325,985,000)	0
0	0	(239,957)	0
0	(10,463,151)	(10,512,535)	0
0	0	0	64,488
<u>0</u>	<u>(18,184,201)</u>	<u>(18,677,742)</u>	<u>64,488</u>
1,131,000	0	1,131,000	0
(110,939)	0	(3,033,914)	(323,431)
0	0	0	(58,313)
(1,411,000)	0	(1,411,000)	0
(57,672)	0	(62,450)	(4,220)
0	0	(1,075,000)	0
0	0	(4,288,480)	0
<u>(37,690)</u>	<u>0</u>	<u>(2,981,207)</u>	<u>(6,175)</u>
<u>(486,301)</u>	<u>0</u>	<u>(11,721,051)</u>	<u>(392,139)</u>
0	0	953,306	0
(831,879)	0	(831,879)	0
0	1,558	64,707	0
<u>(831,879)</u>	<u>1,558</u>	<u>186,134</u>	<u>0</u>
148,659	(1,150,396)	(623,506)	(103,695)
196,431	8,133,801	14,084,310	4,518,487
<u>\$345,090</u>	<u>\$6,983,405</u>	<u>\$13,460,804</u>	<u>\$4,414,792</u>
\$345,090	\$1,299,705	\$5,171,051	\$981,616
0	0	0	3,433,176
0	5,683,700	8,289,753	0
<u>\$345,090</u>	<u>\$6,983,405</u>	<u>\$13,460,804</u>	<u>\$4,414,792</u>

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014**

	Business-Type Activities Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
<u>Reconciliation of Operating Income to Net Cash</u>				
<u>Provided by Operating Activities:</u>				
Operating Income	\$1,988,858	\$418,151	\$3,573,208	\$401,215
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	636,214	1,769,925	3,301,922	116,852
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(120,314)	(2,405)	33,710	(25,203)
Increase in Due to Other Funds	0	0	0	0
(Increase) Decrease in Inventory	(710,318)	86,650	(59,369)	861
(Increase) Decrease in Prepaid Items	(2,599)	1,247	(1,194)	207
Decrease in Prepaid Gas Supply	0	0	0	0
Increase (Decrease) in Accounts Payable	(375,605)	67,206	(16,108)	(2,198)
Increase (Decrease) in Accrued Wages and Benefits	465	(13,037)	(1,194)	1,302
Increase in Due to Other Funds	95,909	0	0	0
Increase (Decrease) in Intergovernmental Payable	0	0	0	666
Decrease in Customer Deposits	(1,776)	(328)	(328)	0
Decrease in Landfill Postclosure Care Liability	0	0	0	(65,944)
Increase (Decrease) in Compensated Absences	26,488	(36,173)	(1,005)	4,109
Decrease in Claims Payable	0	0	0	0
Total Adjustments	(451,536)	1,873,085	3,256,434	30,652
Net Cash Provided by Operating Activities	\$1,537,322	\$2,291,236	\$6,829,642	\$431,867

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2014, the Gas, Water Pollution, Storm Water, and Information Services Funds had outstanding liabilities of \$82,068, \$150,229, \$6,169, and \$6,018 respectively for certain capital assets.

During 2014, the Utilities Fund entered into capital lease obligations of \$19,670.

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Totals	Internal Service Funds
\$1,211,481	\$2,924,871	\$10,517,784	\$152,098
242,598	17,757	6,085,268	125,336
(3,367)	0	(117,579)	0
0	(95,909)	(95,909)	0
0	0	(682,176)	(7,533)
95	0	(2,244)	21
0	14,185,528	14,185,528	0
8,942	0	(317,763)	32,217
3,505	0	(8,959)	4,106
0	0	95,909	0
(1,700)	0	(1,034)	0
0	0	(2,432)	0
0	0	(65,944)	0
5,285	0	(1,296)	28,379
0	0	0	(110,668)
255,358	14,107,376	19,071,369	71,858
<u>\$1,466,839</u>	<u>\$17,032,247</u>	<u>\$29,589,153</u>	<u>\$223,956</u>

CITY OF LANCASTER, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2014***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 482,978
Due from Other Funds	<u>4,469</u>
Total Assets	<u>\$ 487,447</u>
Liabilities:	
Due to Other Funds	\$ 4,469
Intergovernmental Payable	4,469
Due to Others	<u>478,509</u>
Total Liabilities	<u>\$ 487,447</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

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, 2014 and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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. The following fund types are used by the City:

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

Fiduciary Funds

Agency Funds - These funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations or other governmental units. The agency funds account for deposits held from individuals who intend to excavate portions of the streets or sidewalks, municipal court collections that are distributed to the state and various local governments, 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, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net 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, 2014***

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, 2014***

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 2014.

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 2014, 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, 2014**

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)	\$304,744	\$468,494
Increase (Decrease):		
Accrued Revenues at December 31, 2014 received during 2015	(1,510,768)	(469,002)
Accrued Revenues at December 31, 2013 received during 2014	2,360,952	443,184
Accrued Expenditures at December 31, 2014 paid during 2015	818,718	824,587
Accrued Expenditures at December 31, 2013 paid during 2014	(798,774)	(983,609)
2013 Prepays for 2014	47,637	0
2014 Prepays for 2015	(27,554)	0
Adjustment to Fair Value	(131,590)	(20,769)
Outstanding Encumbrances	(169,204)	(244,276)
Budget Basis	<u>\$894,161</u>	<u>\$18,609</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

The City pools its cash, except for that held by fiscal and escrow agents and fiduciary fund cash and investments, for maximum investing efficiency. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

G. Investments

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

The City has invested funds in STAR Ohio during 2014. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2014. See Note 4, "Cash, Cash Equivalents and Investments."

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 Instruments*. 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 asset or liability. At December 31, 2014, the fair value and negative fair value of the City's derivative instruments are offset by a deferred credit and debit, respectively.

Derivative instruments are utilized by the City to manage market risk and reduce its exposure resulting from fluctuations in prices of natural gas in order to meet debt service requirements. These instruments include commodity swap agreements which convert index-priced natural gas revenues to fixed prices for servicing outstanding debt obligations and interest rate swap agreements which effectively convert the City's variable interest rate to a fixed rate. Interest expense in each operating period includes the netting adjustments of the interest rate swap agreements.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventory

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

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014, 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.

L. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and more than \$1,000 for the Port Authority.

1. Property, Plant and Equipment - Governmental Activities

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets and Depreciation (Continued)

2. Property, Plant and Equipment – Business Type Activities

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Obligations

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

Obligation	Fund
General Obligation Bonds Payable	General Bond Retirement Fund
Revenue Bonds Payable	Water Fund, Water Pollution Fund, Port Authority Fund
Ohio Water Development Authority Loans	Street, Construction, Maintenance and Repair Fund, Water Fund, Water Pollution Fund Sanitation Fund
Ohio Public Works Commission Loan	General Bond Retirement Fund
Special Assessment Bond Payable	Special Assessment Retirement Fund
State Infrastructure Bank Loan	General Fund, General Bond Retirement Fund
Installment Loan	General Fund, Street, Construction, Maintenance and Repair Fund, .15 Fire Levy Fund, Fire Impact-District One Fund, Information Services Fund
Capital Leases	General Fund, 45 Police and Fire Levy Fund, Street Construction, Maintenance and Repair Fund, Parks and Recreation Fund, Water Fund, Storm Water Fund, Utilities Collection Fund
Housing and Urban Development Loan	Community Development Block Grant Fund
Compensated Absences	General Fund, .45 Police and Fire Levy Fund, Cemetery Fund, Street Construction, Maintenance and Repair Fund, Parks and Recreation Fund Lancaster Community Development Fund Gas Fund, Water Fund, Water Pollution Fund Sanitation Fund, Storm Water Fund, Utilities Collection Fund, Information Services Fund

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences

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

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

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

O. Net Position

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

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

P. Pensions

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balances (Continued)

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

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

S. Restricted Assets

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

T. Operating Revenues and Expenses

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

U. Interfund Balances

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

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 two 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 other is the cumulative decrease from derivative instruments reported in the proprietary statement of net position.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Deferred Outflows/Inflows of Resources (Continued)

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. 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. On the proprietary statement of net position, the cumulative increase in the hedging derivative is reported as a deferred inflow. 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 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.

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.

Y. 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 2014, the City had no special items.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 2 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	.45 Police and Fire Levy Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$27,554	\$20,769	\$12,751	\$61,074
Supplies Inventory	156,588	0	293,487	450,075
Endowment	0	0	1,027,705	1,027,705
Loans Receivable	0	0	1,664,167	1,664,167
Total Nonspendable	<u>184,142</u>	<u>20,769</u>	<u>2,998,110</u>	<u>3,203,021</u>
Restricted:				
Transportation Projects	0	0	2,504,777	2,504,777
Cemetery	0	0	512,069	512,069
Court Projects	0	0	2,222,945	2,222,945
Public Safety	0	0	1,263,464	1,263,464
Community Development	0	0	173,750	173,750
Public Health	0	0	5,987	5,987
Debt Retirement	0	0	52,798	52,798
Capital Improvements	0	0	6,759,040	6,759,040
Total Restricted	<u>0</u>	<u>0</u>	<u>13,494,830</u>	<u>13,494,830</u>
Committed:				
Parks and Recreation	0	0	471,539	471,539
Capital Improvements	0	0	1,494,414	1,494,414
Total Committed	<u>0</u>	<u>0</u>	<u>1,965,953</u>	<u>1,965,953</u>
Assigned:				
Projected budgetary deficit	1,255,746	0	0	1,255,746
Encumbrances	80,039	0	0	80,039
Total Assigned	<u>1,335,785</u>	<u>0</u>	<u>0</u>	<u>1,335,785</u>
Unassigned:				
	5,482,881	(92,700)	(1,712,441)	3,677,740
Total Fund Balances	<u>\$7,002,808</u>	<u>(\$71,931)</u>	<u>\$16,746,452</u>	<u>\$23,677,329</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

The fund deficit at December 31, 2014 of \$1,712,441 in the Ety Road TIF Project Fund (capital projects fund) is the result of recording notes payable amounts in the individual fund balance sheets. The fund deficit of \$71,931 in the .45 Police and Fire Levy Fund (special revenue fund) arises from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on a budgetary basis. The accumulated deficit of \$84,772,509 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 General Fund provides transfers, upon City Council's approval when cash is required not when accruals occur.

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 4 - 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, 2014**

NOTE 4 - 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 Ohio Revised Code. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City's deposits was \$40,806,467 and the bank balance was \$40,928,000. Federal depository insurance covered \$983,033 of the bank balance and \$39,944,967 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$39,944,967</u>
Total Balance	<u><u>\$39,944,967</u></u>

Investment earnings of \$266,320 earned by other funds was credited to the General Fund as required by state statute.

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

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

B. Investments

The City's investments at December 31, 2014 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)			
			less than 1	1-3	3-5	more than 5
STAR Ohio	\$56,256	AAAm ¹	\$56,256	\$0	\$0	\$0
City of Lancaster Bond Payable	171,000	AAA ¹	21,000	45,000	50,000	55,000
Negotiable CD's ^a	5,948,509	AAA ³	1,703,160	3,747,261	498,088	0
FNMA ^b	6,688,710	AA+ ¹ , Aaa ²	0	1,000,770	5,687,940	0
FHLB ^b	7,848,612	AA+ ¹ , Aaa ²	0	1,983,568	5,865,044	0
FFCB ^b	5,748,274	AA+ ¹ , Aaa ²	0	4,266,805	1,481,469	0
FHLMC ^b	3,279,040	AA+ ¹ , Aaa ²	0	0	3,279,040	0
Total Investments	\$29,740,401		\$1,780,416	\$11,043,404	\$16,861,581	\$55,000

¹ Standard & Poor's

² Moody's Investor Service

³ All are fully FDIC insured and therefore have an implied AAA credit rating

^a \$249,520 of these negotiable CDs were called in 2015 and \$989,129 are callable from January 2015 through September 2017.

^b \$6,233,113 of these securities were called in 2015, \$16,931,283 are callable from January 2014 through June 2018.

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, 0.2% are in STAROhio, 0.6% are in municipal bonds, 20.0% are in negotiable CDs, 22.5% are FNMA, 26.4% are FHLB, 19.3% are FFCB, and 11.0% 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. Of the City's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the City.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 4 - 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	\$33,618,348	\$36,928,520
Certificates of Deposit (with maturities of more than 3 months)	7,244,375	(7,244,375)
Investments:		
STAR Ohio	(56,256)	56,256
Per GASB Statements No. 3 and 40	<u>\$40,806,467</u>	<u>\$29,740,401</u>

* Includes Cash with Fiscal Agent

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2014 were levied after October 1, 2013 on assessed values as of January 1, 2013, 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, 2014***

NOTE 5 - TAXES (Continued)

A. Property Taxes (Continued)

The full tax rate for the City's operations for the year ended December 31, 2014 was \$6.40 per \$1,000 of assessed value. The assessed value upon which the 2014 property tax receipts were based was \$722,645,450. This amount constitutes \$702,324,410 in real property assessed value and \$20,321,040 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 6 - RECEIVABLES

Receivables at December 31, 2014 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 4,976,583 and 4,123,584 respectively. Delinquents are included in the amounts presented.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 7 – INTERFUND ACCOUNTS

Interfund balances at December 31, 2014 consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Enterprise Fund:		
Gas	\$0	\$723,678
Port Authority	723,678	0
Total Enterprise Funds	<u>723,678</u>	<u>723,678</u>
Agency Funds:		
Municipal Court	0	4,469
Law Library	4,469	0
Total Agency Funds	<u>4,469</u>	<u>4,469</u>
Totals	<u>\$728,147</u>	<u>\$728,147</u>
	<u>Advance from Other Funds</u>	<u>Advance to Other Funds</u>
Nonmajor Governmental Funds	\$204,200	\$0
Enterprise Fund:		
Sanitation Fund	0	204,200
Totals	<u>\$204,200</u>	<u>\$204,200</u>

The Due to Other Funds is a payment for gas purchases to the Port Authority. The Advance Loan consists of a long-term loan to be paid back over 15 years.

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2014:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$10,476,637
.45 Police and Fire Levy Fund	9,595,951	0
Nonmajor Governmental Funds	1,808,567	992,369
Internal Service Funds	64,488	0
Total Transfers	<u>\$11,469,006</u>	<u>\$11,469,006</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, 2014**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2014:
Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
<i>Capital assets not being depreciated:</i>				
Land	\$18,055,298	\$0	\$0	\$18,055,298
Construction in Progress	3,861,034	1,784,293	(3,667,863)	1,977,464
Subtotal	21,916,332	1,784,293	(3,667,863)	20,032,762
<i>Capital assets being depreciated:</i>				
Buildings	7,774,652	0	0	7,774,652
Improvements Other than Buildings	7,698,515	49,036	(105,978)	7,641,573
Machinery and Equipment	4,633,283	385,373	(214,869)	4,803,787
Vehicles	5,891,868	1,140,060	(131,238)	6,900,690
Infrastructure	21,434,223	7,575,423	0	29,009,646
Subtotal	47,432,541	9,149,892	(452,085)	56,130,348
Total Cost	\$69,348,873	\$10,934,185	(\$4,119,948)	\$76,163,110
<i>Accumulated Depreciation:</i>				
Class	December 31, 2013	Additions	Deletions	December 31, 2014
Buildings	(\$3,696,262)	(\$178,235)	\$0	(\$3,874,497)
Improvements Other than Buildings	(4,190,351)	(274,878)	93,334	(4,371,895)
Machinery and Equipment	(3,392,094)	(287,829)	185,042	(3,494,881)
Vehicles	(4,060,204)	(684,139)	131,238	(4,613,105)
Infrastructure	(11,511,062)	(541,631)	0	(12,052,693)
Total Depreciation	(\$26,849,973)	(\$1,966,712) *	\$409,614	(\$28,407,071)
<i>Net Value:</i>	\$42,498,900			\$47,756,039

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$485,482)
Leisure Time Activities	(238,185)
Community Environment	(3,278)
Public Health & Welfare	(11,615)
Transportation	(940,170)
General Government	(176,690)
Internal Service Fund Capital Assets	(111,292)
Total Depreciation Expense	(\$1,966,712)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 9 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2014:

Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
<i>Capital assets not being depreciated:</i>				
Land	\$3,476,307	\$0	\$0	\$3,476,307
Construction in Progress	1,125,559	1,169,550	(284,546)	2,010,563
Subtotal	4,601,866	1,169,550	(284,546)	5,486,870
<i>Capital assets being depreciated:</i>				
Buildings	81,014,099	4,820	0	81,018,919
Improvements	34,883,052	0	(106,906)	34,776,146
Machinery and Equipment	10,644,762	278,866	(375,002)	10,548,626
Vehicles	4,968,359	370,534	(240,823)	5,098,070
Infrastructure	82,722,635	1,695,327	(183,739)	84,234,223
Subtotal	214,232,907	2,349,547	(906,470)	215,675,984
Total Cost	\$218,834,773	\$3,519,097	(\$1,191,016)	\$221,162,854

Accumulated Depreciation:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Buildings	(\$16,640,217)	(\$1,954,253)	\$0	(\$18,594,470)
Improvements	(27,534,652)	(1,161,167)	63,626	(28,632,193)
Machinery and Equipment	(9,325,834)	(327,703)	366,825	(9,286,712)
Vehicles	(4,269,026)	(379,050)	240,823	(4,407,253)
Infrastructure	(36,361,645)	(2,277,139)	89,927	(38,548,857)
Total Depreciation	(\$94,131,374)	(\$6,099,312)	\$761,201	(\$99,469,485)
<i>Net Value:</i>	\$124,703,399			\$121,693,369

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, \$982,412 and \$71,968 of internal service funds capital assets, net of depreciation are included in the respective above amounts. Also, \$111,292 and \$14,044 of depreciation expense for internal service fund are included in the respective above amounts.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2014, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2014 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional and Combined Plans was 12.0% for calendar year 2014. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s contributions for pension obligations to OPERS for the years ending December 31, 2014, 2013, and 2012 were \$1,655,901, \$1,706,589 and \$1,344,271, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2014 were \$61,610 made by the City and \$44,007 made by the plan members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.5% of their annual covered salary. Throughout 2014, employers were required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2014, 19.0% of annual covered salary for police and 23.5% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2014, 2013, and 2012 were \$819,420, \$639,326 and \$560,767 for police officers and \$1,123,302, \$882,076 and \$809,093 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 2.0% for calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2014, 2013, and 2012 were \$275,983, \$131,276 and \$537,708, respectively, which were equal to the required contributions for each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

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

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

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

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F’s website at www.op-f.org.

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

The City's contributions for health care to the OP&F for the years ending December 31, 2014, 2013, and 2012 were \$21,564, \$103,993 and \$296,877 for police and \$23,901, \$148,740 and \$316,602 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 12 - NOTES PAYABLE

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

	Maturity Date	Balance January 1, 2014	Additions	(Reductions)	Balance December 31, 2014
Capital Projects Notes Payable:					
2.25% Ety Road TIF	10/10/2014	\$212,879	\$0	(\$212,879)	\$0
2.25% Street Improvement 2013	12/31/2014	1,130,283	0	(1,130,283)	0
2.533% Street Improvement 2014	12/31/2015	0	1,158,540	0	1,158,540
2.50% Island Capital Note 2013	12/31/2014	350,587	0	(350,587)	0
2.533% Island Capital Note 2014	12/31/2015	0	359,351	0	359,351
Total Capital Projects Notes Payable		<u>\$1,693,749</u>	<u>\$1,517,891</u>	<u>(\$1,693,749)</u>	<u>\$1,517,891</u>
Enterprise Funds Notes Payable:					
1.25% Storm Water Improvement	4/8/2014	\$1,411,000	\$0	(\$1,411,000)	\$0
1.25% Storm Water Improvement	4/7/2015	0	1,131,000	0	1,131,000
Total Enterprise Notes Payable		<u>\$1,411,000</u>	<u>\$1,131,000</u>	<u>(\$1,411,000)</u>	<u>\$1,131,000</u>

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

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

Long-term debt and other long-term obligations of the City at December 31, 2014 were as follows:

	December 31, 2013	Additions	(Reductions)	Balance December 31, 2014	Due Within One Year
Business-Type Activities:					
Ohio Water Development Authority Loans (OWDA):					
2003 2.00%	\$139,435	\$0	(\$6,099)	\$133,336	\$6,221
2001 4.14%	3,013,344	0	(282,614)	2,730,730	294,435
2001 3.90%	11,932,970	0	(1,078,629)	10,854,341	1,125,184
1989 8.48%	441,823	0	(441,823)	0	0
1990 7.74%	8,910	0	(8,910)	0	0
1993 2.94%	2,148,671	0	(840,703)	1,307,968	865,601
1996 3.16%	1,277,052	0	(304,409)	972,643	314,104
2009 3.27%	31,872,120	0	(1,325,293)	30,546,827	1,368,475
1997 3.98%	1,300,195	0	(239,957)	1,060,238	249,603
Total Ohio Water Development Authority Loans	<u>52,134,520</u>	<u>0</u>	<u>(4,528,437)</u>	<u>47,606,083</u>	<u>4,223,623</u>
Revenue Bonds Payable:					
2004 2-4.75%	265,000	0	(265,000)	0	0
	Premium	5,110	(5,110)	0	0
2012 2-3.5%	5,770,000	0	(25,000)	5,745,000	300,000
	Premium	313,319	(19,582)	293,737	0
2004 2-4.75%	165,000	0	(165,000)	0	0
2008 3-4.375%	18,430,000	0	(605,000)	17,825,000	625,000
2012 2-3.5%	3,665,000	0	(15,000)	3,650,000	190,000
	Premium	189,672	(14,086)	175,586	0
2008 variable	327,900,000	0	(327,900,000)	0	0
2014 variable	0	321,685,000	0	321,685,000	12,825,000
	Discount	0	(1,518,498)	(1,518,498)	0
Total Revenue Bonds Payable	<u>356,703,101</u>	<u>320,166,502</u>	<u>(329,013,778)</u>	<u>347,855,825</u>	<u>13,940,000</u>
Landfill Postclosure Care Liability	1,271,343	0	(65,944)	1,205,399	78,600
Capital Leases	280,665	19,670	(66,670)	233,665	67,875
Compensated Absences	2,039,971	534,590	(526,590)	2,047,971	142,082
Total Business-Type Long-Term Debt	<u>\$412,429,600</u>	<u>\$320,720,762</u>	<u>(\$334,201,419)</u>	<u>\$398,948,943</u>	<u>\$18,452,180</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

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

	Balance December 31, 2013	Additions	(Reductions)	Balance December 31, 2014	Due Within One Year
Governmental Activities Long-Term Debt:					
2005 3-4.375% General Obligation Bond Payable	\$2,620,000	\$0	(\$2,420,000)	\$200,000	\$200,000
2010 2-3.125% General Obligation Bond Payable - Ety Road TIF	1,740,000	0	(290,000)	1,450,000	295,000
2014 2-3% Refunding General Obligation Bond Payable	0	2,380,000	(25,000)	2,355,000	30,000
Premium	0	38,212	(7,420)	30,792	0
2014 2-4% General Obligation Bond Payable-Court Facility	0	8,315,000	(335,000)	7,980,000	185,000
Premium	0	127,150	0	127,150	0
2014 1-3.45% General Obligation Bond Payable - Land	0	1,035,000	0	1,035,000	90,000
Total General Obligation Bonds Payable	<u>4,360,000</u>	<u>11,895,362</u>	<u>(3,077,420)</u>	<u>13,177,942</u>	<u>800,000</u>
2001 5.00% Special Assessment Bond Payable with Governmental Commitment	191,000	0	(20,000)	171,000	21,000
2008 2.84-4.4% Housing and Urban Development Loan Payable	310,000	0	(90,000)	220,000	90,000
2000 0.00% Ohio Public Works Commission Loan Payable	45,646	0	(6,086)	39,560	6,086
2007 3.00% State Infrastructure Bank Loan	314,502	0	(154,910)	159,592	159,592
2010 3.25% Ohio Water Development Authority Loan	361,723	0	(15,635)	346,088	16,147
Installment Loans Payable:					
2011 3.30% Fire Medic	103,634	0	(40,439)	63,195	41,785
2012 2.75% Fire Medic #2	184,086	0	(44,123)	139,963	45,367
2012 3.25% Fire Engine	389,544	0	(59,720)	329,824	61,713
2012 2.75% Street Equipment	304,106	0	(72,891)	231,215	74,944
2012 2.75% Narrow Banding Project	243,285	0	(58,313)	184,972	59,956
2013 3.30% Fire Aerial Truck Platform	470,575	0	(41,238)	429,337	41,701
Total Installment Loans Payable	<u>1,695,230</u>	<u>0</u>	<u>(316,724)</u>	<u>1,378,506</u>	<u>325,466</u>
Compensated Absences	4,622,037	1,385,541	(1,444,708)	4,562,870	309,424
Capital Leases	114,214	423,428	(90,626)	447,016	87,805
Pollution Remediation Obligation	1,365,309	0	(908,171)	457,138	457,138
Total Governmental Activities	<u>\$13,379,661</u>	<u>\$13,704,331</u>	<u>(\$6,124,280)</u>	<u>\$20,959,712</u>	<u>\$2,272,658</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, \$143,703 and \$221,838 of internal service funds compensated absences are included in the respective above amounts. Also, \$184,972 of an internal service fund installment loan is recorded in governmental activities and \$16,456 of an internal service fund capital lease is recorded in the business-type activities amount.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

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

A. Gas Supply Revenue Bonds, Series 2014

In July 2014, the Port Authority issued \$321,685,000 of gas supply revenue refunding bonds to refund the March, 2008 gas supply revenue bonds which were issued to fund the prepayment of 64,655,785 Mmbtus of gas from Royal Bank of Canada with deliveries beginning April 2008 and ending March 2038. The City will purchase the scheduled monthly gas at a specified index less a discount from such index price for the entire term of April 2008 through March 2038. The revenue bonds are secured by a pledge of the gas supply revenues derived from the related prepay transaction. On August 1, 2019, the Series 2014 Bonds may either be refunded with a new series of bonds issued for a subsequent five-year period (or such shorter or longer period as may be agreed upon by the Port Authority and Royal Bank of Canada), or remarketed for a subsequent five-year period (or such shorter or longer period as may be agreed upon by the Port Authority and Royal Bank of Canada).

The Port Authority entered into an interest rate swap with Royal Bank of Canada in connection with the Series 2014, Gas Supply Revenue Refunding Bonds. Under the swap agreement, the Port Authority pays a fixed amount and receives a variable payment computed at a rate equal to that of the bonds. The interest payments reflected in the table were calculated based on the interest rate swap agreement which converts this issue to an effective fixed rate of approximately 1.84701%. The principal and interest remaining to be paid on these bonds is \$346,111,699. Principal and interest paid for the current year and total customer net revenues were \$2,852,227 and \$2,944,186, 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 \$7,694,761. Principal and interest paid for the current year and total customer net revenues were \$516,081 and \$2,220,078, respectively.

The City has pledged future customer revenues, net of specified operating expenses, to repay Wastewater Revenue Bonds, series 2008 and 2012. 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 principal and interest remaining to be paid on these bonds is \$32,093,169. Principal and interest paid for the current year and total customer net revenues were \$1,749,756 and \$6,975,423, respectively.

C. Ohio Water Development Authority Loans

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

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

C. Ohio Water Development Authority Loans (Continued)

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

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

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

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

In 2001, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$21,273,840. The amount is subject to change and has not been finalized. The interest rate on the loans is 3.9%, per annum. This loan is payable from water charges and is received by the City in increments as the project is completed. As of December 31, 2014, the City had received \$21,091,478, from OWDA. The City began repaying the loan in semiannual payments beginning in 2003 based on a loan amount of \$21,273,840 to be paid through 2023. An estimate of future financing requirements has been made based on the loan balance of \$10,854,341 at December 31, 2014.

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

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 \$34,397,930. The proceeds are being used to build the Upper Hocking Wastewater Treatment Plant. The amount is subject to change and has not been finalized. The interest rate on the loans is 3.27%, per annum. This loan is payable from water pollution charges and is received by the City in increments as the project is completed. As of December 31, 2014, the City had received \$34,396,999, from OWDA. Subsequent amounts will be received in future years. The City began repaying the loan in semiannual payments in 2012 based on a loan amount of \$34,397,930 to be paid through 2031. An estimate of future financing requirements has been made based on the loan balance of \$30,546,827 at December 31, 2014.

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 are being used to build a salt storage barn and wash bays.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 13 - 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, 2014 follows:

Governmental Activities:

Years	General Obligation Bond Payable		Special Assessment Bond Payable		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$800,000	\$396,521	\$21,000	\$8,550	\$16,147	\$11,118
2016	820,000	375,664	22,000	7,500	16,677	10,589
2017	845,000	363,346	23,000	6,400	17,223	10,042
2018	645,000	348,072	24,500	5,250	17,787	9,478
2019	645,000	336,583	25,500	4,025	18,370	8,895
2020-2024	3,245,000	1,451,119	55,000	4,150	101,282	35,044
2025-2029	1,185,000	1,104,137	0	0	118,998	17,328
2030-2034	1,435,000	856,800	0	0	39,604	1,294
2035-2039	1,740,000	546,200	0	0	0	0
2040-2043	1,660,000	169,400	0	0	0	0
Totals	<u>\$13,020,000</u>	<u>\$5,947,842</u>	<u>\$171,000</u>	<u>\$35,875</u>	<u>\$346,088</u>	<u>\$103,788</u>

Years	HUD Loan		OPWC Loan		SIB Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$90,000	\$9,753	\$6,086	\$0	\$159,592	\$3,600
2016	90,000	5,856	6,086	0	0	0
2017	40,000	1,824	6,086	0	0	0
2018	0	0	6,086	0	0	0
2019	0	0	6,086	0	0	0
2020-2021	0	0	9,130	0	0	0
Totals	<u>\$220,000</u>	<u>\$17,433</u>	<u>\$39,560</u>	<u>\$0</u>	<u>\$159,592</u>	<u>\$3,600</u>

Years	Installment Loan	
	Principal	Interest
2015	\$325,466	\$39,306
2016	313,558	29,450
2017	300,989	20,598
2018	114,100	13,247
2019	117,904	9,446
2020-2023	206,489	15,621

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

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

D. Future Long-Term Financing Requirements (Continued)

Business-Type Activities:		Revenue		
		OWDA Loans		Bonds Payable
Years	Principal	Interest	Principal	Interest
2015	\$4,223,622	\$1,617,182	\$13,940,000	\$6,939,159
2016	3,926,453	1,465,482	14,690,000	6,661,786
2017	3,610,624	1,332,441	15,320,000	6,364,972
2018	3,396,725	1,203,964	15,825,000	6,047,386
2019	3,229,513	1,081,835	267,880,000	3,788,501
2020-2024	14,511,288	3,639,022	7,225,000	4,121,925
2025-2029	10,148,408	1,677,192	8,900,000	2,448,412
2030-2034	4,559,450	187,927	5,125,000	622,488
Totals	<u>\$47,606,083</u>	<u>\$12,205,045</u>	<u>\$348,905,000</u>	<u>\$36,994,629</u>

E. Defeased Debt

In June 2012, the City defeased \$5,915,000 of Water Revenue Bonds dated September, 2004 (the "2004 Bonds") through the issuance of \$5,795,000 of Water Revenue Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$5,915,000 at December 31, 2014, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In June 2012, the City defeased \$3,665,000 of Wastewater Revenue Bonds dated September, 2004 (the "2004 Bonds") through the issuance of \$3,680,000 of Wastewater Revenue Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$3,665,000 at December 31, 2014, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In September 2014, the City defeased \$2,225,000 of General Obligation Bonds dated March, 2005 (the "2005 Bonds") through the issuance of \$2,380,000 of General Obligation Bonds. The net proceeds of the 2014 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 \$2,225,000 at December 31, 2014, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding. The refunding was undertaken to reduce total debt service payments over the next 10 years by \$147,829 and resulted in an economic gain of \$132,342 in Governmental Activities.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

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

E. Defeased Debt (Continued)

In July, 2014, the Port Authority issued \$321,685,000 of gas supply revenue refunding bonds in a current refunding to redeem \$325,985,000 of gas supply revenue bonds issued in March, 2008. The 2014 revenue refunding bonds have a variable rate interest payments based on the monthly LIBOR rate while the refunded 2008 revenue bonds calculated interest rate based on SIFMA index rates. 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.

NOTE 14 - CAPITALIZED LEASES

Under capital leases the City leases ten copiers, a mailing machine, two street sweepers, three pickup trucks, a utility sign truck, a hot box on a trailer, and a tractor with mower. 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 \$943,263.

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, 2014:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2015	\$108,909	\$74,482
2016	104,594	74,483
2017	102,608	93,781
2018	100,086	4,508
2019	90,841	376
Minimum Lease Payments	507,038	247,630
Less amount representing interest at the City's incremental borrowing rate of interest	(60,022)	(13,965)
Present value of minimum lease payments	<u>\$447,016</u>	<u>\$233,665</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 15 - DERIVATIVE INSTRUMENTS

A. Composition of Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2014, 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	49,986,054 mmbtu	\$	191,624,358	A+/A-1
Negative Cash Flow Hedge:				
Pay-fixed, receive variable interest rate swap	\$ 321,685,000	\$	(13,231,095)	AA-/A-1+

All fair values are classified as derivative instruments on the Statement of Net Position. The increase in fair values of these derivatives instruments was \$105,199,961 for 2014. As these commodity and interest rate swaps are considered hedging derivatives instruments, the change in fair value is reflected within deferred outflows and inflows on the Statement of Net Position. The positive and negative fair values of the commodity and interest rate swaps were not netted. The fair values of the commodity swaps are based on forward prices from established indexes for the applicable region and discounted using established interest rate indexes. The fair values of the interest rate swaps are based on the LIBOR index at year end and discounted using established interest rate indexes.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 15 - DERIVATIVE INSTRUMENTS (Continued)

B. Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the Port Authority hedging derivative instruments outstanding at December 31, 2014:

<u>Type</u>	<u>Objective</u>	<u>Maturity Date</u>	<u>Terms</u>
Pay-fixed receive variable interest rate swap	The Port Authority entered into an interest rate swap in connection with its Series 2014 Bonds, effective on or before the date of the initial issuance of such bonds, to correlate the fixed payments it receives under the related Commodity Swap with its variable rate debt service payment on these bonds.	2019	The interest rate swap extends to the date of the final maturity of these bonds and requires payments based on a notional amount equal to the scheduled outstanding principal amount of these bonds. Under the interest rate swap, the Port Authority pays the counterparty a fixed payment of 1.84701%, on the notional amount and receives a variable payment equal to the rate actually borne by the Series 2014 Bonds, which is based upon the LIBOR index.
Pay-variable, receive fixed commodity swap	The Port Authority has entered into a fixed to floating commodity swap in connection with the natural gas prepay transaction. The purpose of the Commodity Swap is to correlate gas sales revenues the Port Authority receives based on floating natural gas indices to a fixed stream of payments necessary to make debt service payments on its Bonds.	2038	The commodity swap extends to the date of the final maturity of the related Natural Gas Supply Agreements. The commodity swap requires monthly payments based on a notional quantity of natural gas that corresponds to the volume of natural gas sold pursuant to the related Natural Gas Supply Agreements. Payments under the commodity swap are based on nationally published gas indices at the gas delivery points.

C. Commodity Swap Risks

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 15 - DERIVATIVE INSTRUMENTS (Continued)

C. Commodity Swap Risks (Continued)

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

D. Interest Rate Swap Risks

Termination Risk: The Interest Rate Swaps terminate in the event of a "triggering event" under the related Prepaid Natural Gas Sales Agreements, in the event of the Port Authority or counterparty nonperformance, and in connection with other specified events. Under the Interest Rate Swaps, no termination payment, in the amount of the fair value or otherwise, is to be made by either party in connection with an early termination of such swap.

Credit risk: The Interest Rate Swaps terminate in the event of a "triggering event" under the related Prepaid Natural Gas Sales Agreements, in the event of the Port Authority or Swap Counterparty nonperformance, and in connection with other specified events. The only amounts due upon termination of the Interest Rate Swaps would be previously accrued but unpaid amounts. If the Swap Counterparty is rated below "A1" by Moody's Investors Service, Inc., the Swap Counterparty is permitted to post collateral or post an alternative security arrangement within twenty-five Local Business Days of such downgrade. The Swap Counterparty must provide the Port Authority adequate assurances of Swap Counterparty's ability to continue performing under all Transactions, which adequate assurances must be satisfactory to the Port Authority.

Interest Rate Risk: Under the pay-fixed interest rate swap agreement, the Port Authority is required to pay an amount equal to the notional amount times the rate actually borne by the Series 2014 Bonds, and is to receive an amount equal to the LIBOR index. In the event the rate actually borne by the Series 2014 Bonds exceeds the rate paid by the Swap Counterparty, the Port Authority would be required to pay the Swap Counterparty an amount equal to the notational amount times the difference.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 16 - INSURANCE AND RISK MANAGEMENT

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

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

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

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

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

On January 1, 1998, the City established an internal service fund to provide group health, dental, and prescription drug benefits to employees and their eligible dependents through the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool (Note 21). SCOIC currently includes fourteen member school districts and governmental entities. The Liberty Union-Thurston Local School District serves as the fiscal agent for the consortium. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Health Insurance Management Fund (internal service fund) are available to pay claims.

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 \$100,000 of a covered individual medical claim.

Claims are paid by the City to the SCOIC. SCOIC contracts with Employee Benefits Management Corporation for claims servicing. The City has shared risk pool coverage with Jefferson Health Plan for covered individual medical claims in excess of \$100,000 up to \$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 \$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, 2014**

NOTE 16 - INSURANCE AND RISK MANAGEMENT (Continued)

The claims liability of \$540,889 reported at December 31, 2014 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>
2013	\$336,413	\$6,462,009	(\$6,146,865)	\$651,557
2014	\$651,557	\$6,028,119	(\$6,138,787)	\$540,889

NOTE 17 - CONSTRUCTION COMMITMENTS

As of December 31, 2014, the City had the following commitments with respect to capital improvements:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>
Wastewater CSO-Allen Street	\$46,900
Wastewater – Commerce Street	60,448
South Broad Street Express Sewer	2,527,125
Stormwater Projects	300,014
Columbiana Building	7,149,798

NOTE 18 - 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 \$1,205,399. 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 \$533,133 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, 2014***

NOTE 19 – POLLUTION REMEDIATION OBLIGATION

In an effort to pursue economic development, the City began remediation on property known as the Frick-Gallagher/Ray-O-Vac property. In 2010, the City conducted a site evaluation and was awarded a Clean Ohio Revitalization Grant of \$1,477,238 for asbestos abatement, demolition, soil remediation and general waste removal. In 2012, the City also began the pollution remediation for the Lancaster Glass Property for which it was awarded a Clean Ohio Grant of \$2,499,500. The remediation is expected to be completed in 2015 and a liability of \$73,671 and \$383,467, respectively, has been recorded for these obligations.

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, 2014***

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, 2014***

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

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 county owned hospital: Amanda Clearcreek, Berne Union, Bloom-Carroll, Canal Winchester, Fairfield Union, Liberty Union-Thurston, Logan Hocking Local, Zanes Trace Local, and Miami Trace Local School Districts, Fairfield County Education Service Center, Lancaster and Washington Court House City School Districts, Hocking Valley Community Hospital, and City of Lancaster. The Liberty Union-Thurston Local School District serves as the fiscal agent for the SCOIC.

SCOIC contracts with the Jefferson Health Plan, a risk sharing, claims servicing, 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 servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. An additional fee is paid for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. SCOIC members participate in the shared risk pool through Jefferson Health Plan for individual claims from \$100,000 to \$500,000. SCOIC members are then covered under stop loss coverage for claims over \$500,000. SCOIC contracts with Employee Benefits Management Corporation to service the claims.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 21 – INSURANCE POOL (Continued)

In the event that the City would withdraw from SCOIC, the City would be required to give a one hundred eighty day notice prior to the end of their three year contract, be responsible for all run-out claims, and would have no rights to share in any surplus funds of SCOIC. To obtain financial information for the SCOIC, write to the fiscal agent, Liberty Union-Thurston Local School District, 1108 S. Main Street, Baltimore, Ohio 43105.

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, 2014 to December 31, 2014, 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

In April, 2015, the City authorized \$831,000 of general obligation notes for storm water improvements.

In April, 2015, the City entered into a Master Lease agreement for \$450,000 for the purchase of equipment for the Lancaster Department of Transportation.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

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 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.



*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 to expenditures for specified purposes.

Cemetery Fund

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

Street Construction, Maintenance and Repair Fund

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

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.

Ohio Peace Officers Training Fund

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

(Continued)

Special Revenue Funds (Continued)

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. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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 designated 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 designated for street maintenance and repair of state highways within the City.

Drug Enforcement Fund

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

Cemetery Interment Fund

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

Debt Service Funds

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 Capital Improvement Fund

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

Fire Impact - District One Fund

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

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 for the construction of the Fairfield County Municipal Court.

Permanent Fund

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

Cemetery Trust Fund

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

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 5,465,285	\$ 52,798	\$ 8,410,743	\$ 236,291	\$ 14,165,117
Investments	1,666,727	0	321,712	791,414	2,779,853
Receivables (net of allowance for doubtful accounts):					
Taxes	3,211,319	331,769	324,703	0	3,867,791
Accounts	18,366	0	0	0	18,366
Intergovernmental	1,774,515	0	15,561	0	1,790,076
Interest	2,245	0	0	0	2,245
Special Assessments	0	263,337	0	0	263,337
Loans	1,664,167	0	0	0	1,664,167
Inventory of Supplies	293,487	0	0	0	293,487
Prepaid Items	12,751	0	0	0	12,751
Total Assets	\$ 14,108,862	\$ 647,904	\$ 9,072,719	\$ 1,027,705	\$ 24,857,190
Liabilities:					
Accounts Payable	\$ 371,563	\$ 0	\$ 479,158	\$ 0	\$ 850,721
Accrued Wages and Benefits Payable	336,252	0	0	0	336,252
Intergovernmental Payable	1,381	0	0	0	1,381
Accrued Interest Payable	0	0	37,021	0	37,021
General Obligation Notes Payable	0	0	1,517,891	0	1,517,891
Advances from Other Funds	0	0	204,200	0	204,200
Total Liabilities	709,196	0	2,238,270	0	2,947,466
Deferred Inflows of Resources:					
Property Taxes	2,236,000	331,769	254,013	0	2,821,782
Unavailable Revenue	2,038,730	263,337	39,423	0	2,341,490
Total Deferred Inflows of Resources	4,274,730	595,106	293,436	0	5,163,272
Fund Balances:					
Nonspendable	1,970,405	0	0	1,027,705	2,998,110
Restricted	6,682,992	52,798	6,759,040	0	13,494,830
Committed	471,539	0	1,494,414	0	1,965,953
Unassigned	0	0	(1,712,441)	0	(1,712,441)
Total Fund Balances	9,124,936	52,798	6,541,013	1,027,705	16,746,452
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,108,862	\$ 647,904	\$ 9,072,719	\$ 1,027,705	\$ 24,857,190

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 5,358,885	\$ 331,119	\$ 451,799	\$ 0	\$ 6,141,803
Intergovernmental Revenues	4,586,497	133,972	4,449,586	0	9,170,055
Charges for Services	1,841,203	0	74,692	25,965	1,941,860
Licenses, Permits and Fees	1,456	0	0	0	1,456
Investment Earnings	14,590	0	0	0	14,590
Special Assessments	74,808	41,881	0	0	116,689
Fines and Forfeitures	1,517,630	0	0	0	1,517,630
All Other Revenue	402,910	0	125,000	0	527,910
Total Revenue	13,797,979	506,972	5,101,077	25,965	19,431,993
Expenditures:					
Current:					
Security of Persons and Property	2,389,296	0	10,453	0	2,399,749
Public Health and Welfare Services	505,083	0	0	0	505,083
Leisure Time Activities	1,994,089	0	0	0	1,994,089
Community Environment	731,155	0	0	0	731,155
Transportation	6,722,387	0	0	0	6,722,387
General Government	1,431,522	95,611	156,572	0	1,683,705
Capital Outlay	0	0	6,324,867	0	6,324,867
Debt Service:					
Principal Retirement	206,432	992,173	100,958	0	1,299,563
Interest and Fiscal Charges	35,390	251,369	67,633	0	354,392
Total Expenditures	14,015,354	1,339,153	6,660,483	0	22,014,990
Excess (Deficiency) of Revenues Over Expenditures	(217,375)	(832,181)	(1,559,406)	25,965	(2,582,997)
Other Financing Sources (Uses):					
General Obligation Bonds Issued	0	0	9,185,000	0	9,185,000
Premium on General Obligation Bonds	0	0	127,150	0	127,150
Refunding General Obligation Bonds Issued	0	2,380,000	0	0	2,380,000
Premium on Refunding General Obligation Bonds	0	38,212	0	0	38,212
Payment to Refunded Bond Escrow Agent	0	(2,359,891)	0	0	(2,359,891)
Transfers In	875,077	748,901	184,589	0	1,808,567
Transfers Out	(655,983)	(56,191)	(280,195)	0	(992,369)
Other Financing Source - Capital Lease	400,000	0	0	0	400,000
Total Other Financing Sources (Uses)	619,094	751,031	9,216,544	0	10,586,669
Net Change in Fund Balances	401,719	(81,150)	7,657,138	25,965	8,003,672
Fund Balances at Beginning of Year	8,733,298	133,948	(1,116,125)	1,001,740	8,752,861
Decrease in Inventory	(10,081)	0	0	0	(10,081)
Fund Balances End of Year	\$ 9,124,936	\$ 52,798	\$ 6,541,013	\$ 1,027,705	\$ 16,746,452

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Street Levy Fund	Parks and Recreation Fund
Assets:				
Cash and Cash Equivalents	\$ 231,836	\$ 173,253	\$ 709,538	\$ 417,730
Investments	0	1,221,931	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	23,563	0	2,062,047	353,450
Accounts	0	11,052	0	0
Intergovernmental	0	909,178	119,000	0
Interest	400	0	0	0
Loans	0	0	0	0
Inventory of Supplies	0	286,737	0	2,426
Prepaid Items	781	6,963	0	5,007
Total Assets	\$ 256,580	\$ 2,609,114	\$ 2,890,585	\$ 778,613
Liabilities:				
Accounts Payable	\$ 1,859	\$ 80,678	\$ 0	\$ 33,493
Accrued Wages and Benefits Payable	15,959	99,371	0	67,651
Intergovernmental Payable	0	0	0	1,381
Total Liabilities	17,818	180,049	0	102,525
Deferred Inflows of Resources:				
Property Taxes	0	0	1,858,000	0
Unavailable Revenue	13,346	606,000	323,047	197,116
Total Deferred Inflows of Resources	13,346	606,000	2,181,047	197,116
Fund Balances:				
Nonspendable	781	293,700	0	7,433
Restricted	224,635	1,529,365	709,538	0
Committed	0	0	0	471,539
Total Fund Balances	225,416	1,823,065	709,538	478,972
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 256,580	\$ 2,609,114	\$ 2,890,585	\$ 778,613

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
\$ 253,898	\$ 81,336	\$ 428	\$ 25,242	\$ 52,890	\$ 22,052
0	0	0	0	0	0
0	0	0	0	0	418,809
7,314	0	0	0	0	0
0	0	0	10,965	0	24,000
0	0	0	0	0	0
0	0	0	0	0	0
1,700	0	0	0	695	0
0	0	0	0	0	0
<u>\$ 262,912</u>	<u>\$ 81,336</u>	<u>\$ 428</u>	<u>\$ 36,207</u>	<u>\$ 53,585</u>	<u>\$ 464,861</u>
\$ 212,109	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
7,166	289	0	4,237	8,427	0
0	0	0	0	0	0
<u>219,275</u>	<u>289</u>	<u>0</u>	<u>4,237</u>	<u>8,427</u>	<u>0</u>
0	0	0	0	0	378,000
0	0	0	10,965	0	64,809
0	0	0	10,965	0	442,809
1,700	0	0	0	695	0
41,937	81,047	428	21,005	44,463	22,052
0	0	0	0	0	0
<u>43,637</u>	<u>81,047</u>	<u>428</u>	<u>21,005</u>	<u>45,158</u>	<u>22,052</u>
<u>\$ 262,912</u>	<u>\$ 81,336</u>	<u>\$ 428</u>	<u>\$ 36,207</u>	<u>\$ 53,585</u>	<u>\$ 464,861</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014**

	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	\$ 43,205	\$ 108,231	\$ 84,604	\$ 197,561
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	42,396	0	0	0
Interest	0	0	0	0
Loans	0	0	0	0
Inventory of Supplies	244	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 85,845	\$ 108,231	\$ 84,604	\$ 197,561
Liabilities:				
Accounts Payable	\$ 1,804	\$ 0	\$ 0	\$ 777
Accrued Wages and Benefits Payable	3,763	0	0	0
Intergovernmental Payable	0	0	0	0
Total Liabilities	5,567	0	0	777
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	21,198	0	0	0
Total Deferred Inflows of Resources	21,198	0	0	0
Fund Balances:				
Nonspendable	244	0	0	0
Restricted	58,836	108,231	84,604	196,784
Committed	0	0	0	0
Total Fund Balances	59,080	108,231	84,604	196,784
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 85,845	\$ 108,231	\$ 84,604	\$ 197,561

CITY OF LANCASTER, OHIO

<u>Municipal Court Probation Fund</u>	<u>Municipal Court Computerization Fund</u>	<u>Municipal Court Special Projects Fund</u>	<u>Municipal Court Family Violence Fund</u>	<u>Municipal Drug Court Fund</u>	<u>Ohio Peace Officers Training Fund</u>
\$ 221,216	\$ 367,976	\$ 1,416,502	\$ 17,929	\$ 39,173	\$ 5,600
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	8,452	0
0	0	0	0	0	0
0	0	0	0	0	0
1,685	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 222,901</u>	<u>\$ 367,976</u>	<u>\$ 1,416,502</u>	<u>\$ 17,929</u>	<u>\$ 47,625</u>	<u>\$ 5,600</u>
\$ 1,188	\$ 383	\$ 16,489	\$ 0	\$ 3,221	\$ 0
27,628	6,841	3,748	0	7,022	0
0	0	0	0	0	0
<u>28,816</u>	<u>7,224</u>	<u>20,237</u>	<u>0</u>	<u>10,243</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,685	0	0	0	0	0
192,400	360,752	1,396,265	17,929	37,382	5,600
0	0	0	0	0	0
<u>194,085</u>	<u>360,752</u>	<u>1,396,265</u>	<u>17,929</u>	<u>37,382</u>	<u>5,600</u>
<u>\$ 222,901</u>	<u>\$ 367,976</u>	<u>\$ 1,416,502</u>	<u>\$ 17,929</u>	<u>\$ 47,625</u>	<u>\$ 5,600</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014**

	Safe Routes to School Fund	.15 Fire Levy Fund	DOJ Equitable Sharing Grant Fund	CDBG Fund
Assets:				
Cash and Cash Equivalents	\$ 2,780	\$ 809,421	\$ 10,000	\$ 110,520
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	353,450	0	0
Accounts	0	0	0	0
Intergovernmental	11,495	0	0	603,001
Interest	0	0	0	0
Loans	0	0	0	1,664,167
Inventory of Supplies	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 14,275	\$ 1,162,871	\$ 10,000	\$ 2,377,688
Liabilities:				
Accounts Payable	\$ 4,856	\$ 99	\$ 0	\$ 13,347
Accrued Wages and Benefits Payable	0	84,150	0	0
Intergovernmental Payable	0	0	0	0
Total Liabilities	4,856	84,249	0	13,347
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	3,432	197,116	0	570,887
Total Deferred Inflows of Resources	3,432	197,116	0	570,887
Fund Balances:				
Nonspendable	0	0	0	1,664,167
Restricted	5,987	881,506	10,000	129,287
Committed	0	0	0	0
Total Fund Balances	5,987	881,506	10,000	1,793,454
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,275	\$ 1,162,871	\$ 10,000	\$ 2,377,688

CITY OF LANCASTER, OHIO

State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Total Nonmajor Special Revenue Funds
\$ 25,847	\$ 11,588	\$ 24,929	\$ 5,465,285
181,094	0	263,702	1,666,727
0	0	0	3,211,319
0	0	0	18,366
46,028	0	0	1,774,515
1,715	0	130	2,245
0	0	0	1,664,167
0	0	0	293,487
0	0	0	12,751
<u>\$ 254,684</u>	<u>\$ 11,588</u>	<u>\$ 288,761</u>	<u>\$ 14,108,862</u>
\$ 0	\$ 0	\$ 1,260	\$ 371,563
0	0	0	336,252
0	0	0	1,381
<u>0</u>	<u>0</u>	<u>1,260</u>	<u>709,196</u>
0	0	0	2,236,000
30,747	0	67	2,038,730
<u>30,747</u>	<u>0</u>	<u>67</u>	<u>4,274,730</u>
0	0	0	1,970,405
223,937	11,588	287,434	6,682,992
0	0	0	471,539
<u>223,937</u>	<u>11,588</u>	<u>287,434</u>	<u>9,124,936</u>
<u>\$ 254,684</u>	<u>\$ 11,588</u>	<u>\$ 288,761</u>	<u>\$ 14,108,862</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, 2014**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Street Levy Fund	Parks and Recreation Fund
Revenues:				
Taxes	\$ 97,984	\$ 0	\$ 1,935,486	\$ 1,469,768
Intergovernmental Revenues	0	1,859,717	239,201	40,000
Charges for Services	188,129	626,064	0	318,058
Licenses, Permits and Fees	0	0	0	1,456
Investment Earnings	2,130	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	2,602	110,725	0	182,875
Total Revenue	290,845	2,596,506	2,174,687	2,012,157
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	441,243	0	0	0
Leisure Time Activities	0	0	0	1,994,089
Community Environment	0	0	0	0
Transportation	0	3,195,216	1,465,149	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	88,526	0	0
Interest and Fiscal Charges	0	19,349	0	0
Total Expenditures	441,243	3,303,091	1,465,149	1,994,089
Excess (Deficiency) of Revenues Over Expenditures	(150,398)	(706,585)	709,538	18,068
Other Financing Sources (Uses):				
Transfers In	210,000	349,000	0	157,759
Transfers Out	0	0	0	(28,350)
Other Financing Source - Capital Lease	0	400,000	0	0
Total Other Financing Sources (Uses)	210,000	749,000	0	129,409
Net Change in Fund Balances	59,602	42,415	709,538	147,477
Fund Balances (Deficit) at Beginning of Year	165,814	1,789,007	0	331,314
Increase (Decrease) in Inventory	0	(8,357)	0	181
Fund Balances End of Year	\$ 225,416	\$ 1,823,065	\$ 709,538	\$ 478,972

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	1,216,915	80,012	0	34,034	158,868
0	691,554	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
74,808	0	0	0	0	0
0	0	0	0	0	0
0	91,117	2,044	0	489	0
<u>74,808</u>	<u>1,999,586</u>	<u>82,056</u>	<u>0</u>	<u>34,523</u>	<u>158,868</u>
0	0	117,048	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
74,808	0	0	0	0	145,676
0	2,062,022	0	0	0	0
0	0	0	9,818	61,656	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>74,808</u>	<u>2,062,022</u>	<u>117,048</u>	<u>9,818</u>	<u>61,656</u>	<u>145,676</u>
0	(62,436)	(34,992)	(9,818)	(27,133)	13,192
0	73,000	0	0	15,318	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>15,318</u>	<u>0</u>
0	10,564	(34,992)	(9,818)	(11,815)	13,192
0	31,373	116,039	10,246	32,820	32,754
0	1,700	0	0	0	(788)
<u>\$ 0</u>	<u>\$ 43,637</u>	<u>\$ 81,047</u>	<u>\$ 428</u>	<u>\$ 21,005</u>	<u>\$ 45,158</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, 2014***

	Police and Fire Pension Fund	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment	Law Enforcement and Education Fund
Revenues:				
Taxes	\$ 385,879	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	47,840	84,791	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	61,535	1,798
All Other Revenue	0	529	0	0
Total Revenue	<u>433,719</u>	<u>85,320</u>	<u>61,535</u>	<u>1,798</u>
Expenditures:				
Current:				
Security of Persons and Property	432,000	86,489	125,000	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	<u>432,000</u>	<u>86,489</u>	<u>125,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	1,719	(1,169)	(63,465)	1,798
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Other Financing Source - Capital Lease	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	1,719	(1,169)	(63,465)	1,798
Fund Balances (Deficit) at Beginning of Year	20,333	60,325	171,696	82,806
Increase (Decrease) in Inventory	0	(76)	0	0
Fund Balances End of Year	<u>\$ 22,052</u>	<u>\$ 59,080</u>	<u>\$ 108,231</u>	<u>\$ 84,604</u>

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
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	41,000	0	0	0	73,524
0	0	0	0	608	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
54,571	423,095	212,676	759,780	0	0
0	3,953	951	3,301	0	1,876
<u>54,571</u>	<u>468,048</u>	<u>213,627</u>	<u>763,081</u>	<u>608</u>	<u>75,400</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
70,532	455,100	177,031	530,460	0	126,925
0	0	0	0	0	0
0	0	0	0	0	0
<u>70,532</u>	<u>455,100</u>	<u>177,031</u>	<u>530,460</u>	<u>0</u>	<u>126,925</u>
(15,961)	12,948	36,596	232,621	608	(51,525)
0	0	0	0	0	70,000
0	0	0	(527,633)	0	0
0	0	0	0	0	0
0	0	0	(527,633)	0	70,000
(15,961)	12,948	36,596	(295,012)	608	18,475
212,745	183,878	324,156	1,691,277	17,321	18,907
0	(2,741)	0	0	0	0
<u>\$ 196,784</u>	<u>\$ 194,085</u>	<u>\$ 360,752</u>	<u>\$ 1,396,265</u>	<u>\$ 17,929</u>	<u>\$ 37,382</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, 2014**

	Ohio Peace Officers Training Fund	DARE Officer Retention Grant Fund	Safe Routes to School Fund	.15 Fire Levy Fund
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 1,469,768
Intergovernmental Revenues	0	28,421	50,322	0
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	0	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	0
Total Revenue	<u>0</u>	<u>28,421</u>	<u>50,322</u>	<u>1,469,768</u>
Expenditures:				
Current:				
Security of Persons and Property	0	56,009	0	1,454,257
Public Health and Welfare Services	0	0	44,335	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	27,906
Interest and Fiscal Charges	0	0	0	2,562
Total Expenditures	<u>0</u>	<u>56,009</u>	<u>44,335</u>	<u>1,484,725</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(27,588)	5,987	(14,957)
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Other Financing Source - Capital Lease	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	(27,588)	5,987	(14,957)
Fund Balances (Deficit) at Beginning of Year	5,600	27,588	0	896,463
Increase (Decrease) in Inventory	0	0	0	0
Fund Balances End of Year	<u>\$ 5,600</u>	<u>\$ 0</u>	<u>\$ 5,987</u>	<u>\$ 881,506</u>

CITY OF LANCASTER, OHIO

DOJ Equitable Sharing Grant Fund	CDBG Fund	State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,358,885
10,000	529,339	92,513	0	0	4,586,497
0	0	0	0	16,790	1,841,203
0	0	0	0	0	1,456
0	1,725	9,014	1,145	576	14,590
0	0	0	0	0	74,808
0	0	0	4,175	0	1,517,630
0	2,448	0	0	0	402,910
10,000	533,512	101,527	5,320	17,366	13,797,979
0	0	0	118,493	0	2,389,296
0	0	0	0	19,505	505,083
0	0	0	0	0	1,994,089
0	510,671	0	0	0	731,155
0	0	0	0	0	6,722,387
0	0	0	0	0	1,431,522
0	90,000	0	0	0	206,432
0	13,479	0	0	0	35,390
0	614,150	0	118,493	19,505	14,015,354
10,000	(80,638)	101,527	(113,173)	(2,139)	(217,375)
0	0	0	0	0	875,077
0	0	(100,000)	0	0	(655,983)
0	0	0	0	0	400,000
0	0	(100,000)	0	0	619,094
10,000	(80,638)	1,527	(113,173)	(2,139)	401,719
0	1,874,092	222,410	124,761	289,573	8,733,298
0	0	0	0	0	(10,081)
\$ 10,000	\$ 1,793,454	\$ 223,937	\$ 11,588	\$ 287,434	\$ 9,124,936

CITY OF LANCASTER, OHIO

***Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2014***

	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 0	\$ 52,798	\$ 52,798
Receivables (net of allowance for doubtful accounts):			
Taxes	331,769	0	331,769
Special Assessments	<u>0</u>	<u>263,337</u>	<u>263,337</u>
Total Assets	<u>\$ 331,769</u>	<u>\$ 316,135</u>	<u>\$ 647,904</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Deferred Inflows of Resources:			
Property Taxes	331,769	0	331,769
Unavailable Revenue	<u>0</u>	<u>263,337</u>	<u>263,337</u>
Total Deferred Inflows of Resources	<u>331,769</u>	<u>263,337</u>	<u>595,106</u>
Fund Balances:			
Restricted	<u>0</u>	<u>52,798</u>	<u>52,798</u>
Total Fund Balances	<u>0</u>	<u>52,798</u>	<u>52,798</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 331,769</u>	<u>\$ 316,135</u>	<u>\$ 647,904</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, 2014***

	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$ 331,119	\$ 0	\$ 331,119
Intergovernmental Revenues	133,972	0	133,972
Special Assessments	0	41,881	41,881
Total Revenue	465,091	41,881	506,972
Expenditures:			
General Government	93,321	2,290	95,611
Debt Service:			
Principal Retirement	972,173	20,000	992,173
Interest and Fiscal Charges	241,819	9,550	251,369
Total Expenditures	1,307,313	31,840	1,339,153
Excess (Deficiency) of Revenues Over Expenditures	(842,222)	10,041	(832,181)
Other Financing Sources (Uses):			
Refunding General Obligation Bonds Issued	2,380,000	0	2,380,000
Premium on Refunding General Obligation Bonds	38,212	0	38,212
Payment to Refunded Bond Escrow Agent	(2,359,891)	0	(2,359,891)
Transfers In	748,901	0	748,901
Transfers Out	(56,191)	0	(56,191)
Total Other Financing Sources (Uses)	751,031	0	751,031
Net Change in Fund Balances	(91,191)	10,041	(81,150)
Fund Balances at Beginning of Year	91,191	42,757	133,948
Fund Balances End of Year	\$ 0	\$ 52,798	\$ 52,798

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2014**

	LDOT Improvement Fund	Parks Improvement Fund	Capital Improvement Fund	Fire Capital Improvement Fund
Assets:				
Cash and Cash Equivalents	\$ 164,913	\$ 167,790	\$ 45,614	\$ 13,676
Investments	0	0	321,712	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	23,563	47,127	0
Intergovernmental	15,561	0	0	0
Total Assets	\$ 180,474	\$ 191,353	\$ 414,453	\$ 13,676
Liabilities:				
Accounts Payable	\$ 15,561	\$ 0	\$ 0	\$ 8,753
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Advances from Other Funds	0	0	0	0
Total Liabilities	15,561	0	0	8,753
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	0	13,141	26,282	0
Total Deferred Inflows of Resources	0	13,141	26,282	0
Fund Balances:				
Restricted	0	0	0	0
Committed	164,913	178,212	388,171	4,923
Unassigned	0	0	0	0
Total Fund Balances (Deficit)	164,913	178,212	388,171	4,923
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 180,474	\$ 191,353	\$ 414,453	\$ 13,676

CITY OF LANCASTER, OHIO

Fire Impact - District One Fund	Ety Road TIF Project Fund	Columbian Construction Fund	Total Nonmajor Capital Projects Funds
\$ 758,195	\$ 53,600	\$ 7,206,955	\$ 8,410,743
0	0	0	321,712
0	254,013	0	324,703
0	0	0	15,561
<u>\$ 758,195</u>	<u>\$ 307,613</u>	<u>\$ 7,206,955</u>	<u>\$ 9,072,719</u>
\$ 0	\$ 6,929	\$ 447,915	\$ 479,158
0	37,021	0	37,021
0	1,517,891	0	1,517,891
0	204,200	0	204,200
0	1,766,041	447,915	2,238,270
0	254,013	0	254,013
0	0	0	39,423
0	254,013	0	293,436
0	0	6,759,040	6,759,040
758,195	0	0	1,494,414
0	(1,712,441)	0	(1,712,441)
758,195	(1,712,441)	6,759,040	6,541,013
<u>\$ 758,195</u>	<u>\$ 307,613</u>	<u>\$ 7,206,955</u>	<u>\$ 9,072,719</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, 2014***

	LDOT Improvement Fund	Parks Improvement Fund	Capital Improvement Fund	Fire Capital Improvement Fund
Revenues:				
Taxes	\$ 0	\$ 107,833	\$ 186,121	\$ 0
Intergovernmental Revenues	4,389,673	0	59,913	0
Charges for Services	0	0	0	0
All Other Revenue	40,000	0	85,000	0
Total Revenue	<u>4,429,673</u>	<u>107,833</u>	<u>331,034</u>	<u>0</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	10,453
General Government	0	0	0	0
Capital Outlay	4,429,716	72,110	208,599	8,753
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>4,429,716</u>	<u>72,110</u>	<u>208,599</u>	<u>19,206</u>
Excess (Deficiency) of Revenues Over Expenditures	(43)	35,723	122,435	(19,206)
Other Financing Sources (Uses):				
General Obligation Bonds Issued	0	0	870,000	0
Premium on General Obligation Bonds	0	0	0	0
Transfers In	0	142,489	42,100	0
Transfers Out	0	0	(280,195)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>142,489</u>	<u>631,905</u>	<u>0</u>
Net Change in Fund Balances	(43)	178,212	754,340	(19,206)
Fund Balances (Deficit) at Beginning of Year	<u>164,956</u>	<u>0</u>	<u>(366,169)</u>	<u>24,129</u>
Fund Balances (Deficit) End of Year	<u>\$ 164,913</u>	<u>\$ 178,212</u>	<u>\$ 388,171</u>	<u>\$ 4,923</u>

CITY OF LANCASTER, OHIO

Fire Impact - District One Fund	Ety Road TIF Project Fund	Columbian Construction Fund	Total Nonmajor Capital Projects Funds
\$ 0	\$ 157,845	\$ 0	\$ 451,799
0	0	0	4,449,586
74,692	0	0	74,692
0	0	0	125,000
<u>74,692</u>	<u>157,845</u>	<u>0</u>	<u>5,101,077</u>
0	0	0	10,453
0	14,422	142,150	156,572
0	64,729	1,540,960	6,324,867
100,958	0	0	100,958
26,390	41,243	0	67,633
<u>127,348</u>	<u>120,394</u>	<u>1,683,110</u>	<u>6,660,483</u>
(52,656)	37,451	(1,683,110)	(1,559,406)
0	0	8,315,000	9,185,000
0	0	127,150	127,150
0	0	0	184,589
0	0	0	(280,195)
<u>0</u>	<u>0</u>	<u>8,442,150</u>	<u>9,216,544</u>
(52,656)	37,451	6,759,040	7,657,138
810,851	(1,749,892)	0	(1,116,125)
<u>\$ 758,195</u>	<u>\$ (1,712,441)</u>	<u>\$ 6,759,040</u>	<u>\$ 6,541,013</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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 12,585,545	\$ 12,585,545	\$ 12,079,773	\$ (505,772)
Intergovernmental Revenues	890,980	890,980	1,282,484	391,504
Charges for Services	3,856,599	3,856,599	3,971,970	115,371
License, Permits and Fees	22,200	22,200	29,088	6,888
Investment Earnings	281,427	281,427	193,561	(87,866)
Fines and Forfeitures	763,450	763,450	817,673	54,223
All Other Revenues	64,000	64,000	242,951	178,951
Total Revenues	18,464,201	18,464,201	18,617,500	153,299
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	1,692	1,692	1,692	0
Operations and Maintenance	64,871	119,871	83,657	36,214
Capital Outlay	2,399	2,399	1,498	901
Total Police	68,962	123,962	86,847	37,115
Fire:				
Operations and Maintenance	82,636	82,636	52,712	29,924
Capital Outlay	7,900	7,900	5,731	2,169
Total Fire	90,536	90,536	58,443	32,093
Street Lighting:				
Operations and Maintenance	328,615	328,615	296,551	32,064
Total Street Lighting	328,615	328,615	296,551	32,064
Total Security of Persons and Property	488,113	543,113	441,841	101,272
Public Health and Welfare Services:				
Health:				
Operations and Maintenance	284,960	284,960	284,960	0
Total Health	284,960	284,960	284,960	0
Assistance to Needy:				
Operations and Maintenance	3,000	3,000	1,500	1,500
Total Public Health and Welfare Services	287,960	287,960	286,460	1,500

(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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Community Environment:				
Zoning, Planning, Tree Commissions:				
Personal Services	7,441	7,441	0	7,441
Operations and Maintenance	<u>116,448</u>	<u>116,448</u>	<u>103,529</u>	<u>12,919</u>
Total Zoning, Planning, Tree Commission	123,889	123,889	103,529	20,360
Economic Development:				
Personal Services	16,993	16,993	15,575	1,418
Operations and Maintenance	<u>44,133</u>	<u>44,133</u>	<u>42,030</u>	<u>2,103</u>
Total Economic Development	<u>61,126</u>	<u>61,126</u>	<u>57,605</u>	<u>3,521</u>
Total Community Environment	<u>185,015</u>	<u>185,015</u>	<u>161,134</u>	<u>23,881</u>
General Government:				
Council:				
Personal Services	118,465	119,012	119,001	11
Operations and Maintenance	<u>5,099</u>	<u>4,552</u>	<u>3,738</u>	<u>814</u>
Total Council	123,564	123,564	122,739	825
Mayor:				
Personal Services	153,117	153,117	146,931	6,186
Operations and Maintenance	9,916	9,601	5,860	3,741
Capital Outlay	<u>930</u>	<u>1,245</u>	<u>1,244</u>	<u>1</u>
Total Mayor	163,963	163,963	154,035	9,928
Personnel:				
Personal Services	68,110	68,373	68,341	32
Operations and Maintenance	<u>22,064</u>	<u>21,801</u>	<u>8,134</u>	<u>13,667</u>
Total Personnel	90,174	90,174	76,475	13,699
Auditor:				
Personal Services	362,282	360,098	348,391	11,707
Operations and Maintenance	<u>46,306</u>	<u>46,306</u>	<u>31,167</u>	<u>15,139</u>
Total Auditor	408,588	406,404	379,558	26,846
Treasurer:				
Personal Services	28,551	28,667	28,660	7
Operations and Maintenance	2,900	3,784	3,155	629
Capital Outlay	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Treasurer	32,451	32,451	31,815	636

(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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Law Director:				
Personal Services	531,865	485,190	458,203	26,987
Operations and Maintenance	4,825	38,662	35,812	2,850
Capital Outlay	2,500	2,500	2,372	128
Total Law Director	539,190	526,352	496,387	29,965
Law Director-Prosecution Contract:				
Personal Services	129,125	129,125	121,332	7,793
Operations and Maintenance	78,106	90,944	75,927	15,017
Total Law Director-Prosecution Contract	207,231	220,069	197,259	22,810
Law Director-Code Enforcement:				
Personal Services	105,266	105,266	95,259	10,007
Operations and Maintenance	26,317	36,317	30,320	5,997
Total Law Director-Code Enforcement	131,583	141,583	125,579	16,004
Municipal Court:				
Personal Services	845,806	845,806	832,430	13,376
Operations and Maintenance	84,386	84,386	68,723	15,663
Total Municipal Court	930,192	930,192	901,153	29,039
Judicial:				
Personal Services	691,020	691,020	684,330	6,690
Operations and Maintenance	58,810	58,810	42,735	16,075
Capital Outlay	2,000	2,000	0	2,000
Total Judicial	751,830	751,830	727,065	24,765
Civil Service:				
Personal Services	6,352	6,352	5,800	552
Operations and Maintenance	20,900	20,900	18,210	2,690
Total Civil Service	27,252	27,252	24,010	3,242
City Hall Maintenance:				
Personal Services	59,061	59,061	58,605	456
Operations and Maintenance	121,578	121,528	104,315	17,213
Capital Outlay	3,705	3,755	3,715	40
Total City Hall Maintenance	184,344	184,344	166,635	17,709

(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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
City Hall Maintenance-Annex:				
Operations and Maintenance	38,603	38,603	34,606	3,997
Total City Hall Maintenance-Annex	38,603	38,603	34,606	3,997
Columbian Building:				
Operations and Maintenance	28,100	28,100	2,923	25,177
Total Maple Street Facilities	28,100	28,100	2,923	25,177
Fuel Depot:				
Operations and Maintenance	315,437	433,877	427,624	6,253
Total Fuel Depot	315,437	433,877	427,624	6,253
Service Safety Director:				
Personal Services	191,345	191,345	183,316	8,029
Operations and Maintenance	9,283	9,283	4,875	4,408
Total Service Safety Director	200,628	200,628	188,191	12,437
Engineer:				
Personal Services	428,500	429,800	414,189	15,611
Operations and Maintenance	55,603	50,803	35,026	15,777
Capital Outlay	3,000	6,500	2,376	4,124
Total Engineer	487,103	487,103	451,591	35,512
Certified Building Inspection:				
Personal Services	244,850	245,350	234,727	10,623
Operations and Maintenance	122,483	121,983	118,212	3,771
Capital Outlay	2,400	2,400	2,400	0
Total Certified Building Inspection	369,733	369,733	355,339	14,394
Administration Support:				
Personal Services	25,532	25,532	17,672	7,860
Operations and Maintenance	286,606	296,606	211,988	84,618
Total Administration Support	312,138	322,138	229,660	92,478
Miscellaneous:				
Personal Services	315,000	278,414	275,340	3,074
Operations and Maintenance	856,895	919,222	865,946	53,276
Total Miscellaneous	1,171,895	1,197,636	1,141,286	56,350

(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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Income Tax:				
Personal Services	368,436	370,512	358,104	12,408
Operations and Maintenance	648,038	705,961	669,741	36,220
Capital Outlay	10,000	0	0	0
Total Income Tax	<u>1,026,474</u>	<u>1,076,473</u>	<u>1,027,845</u>	<u>48,628</u>
Total General Government	7,540,473	7,752,469	7,261,775	490,694
Debt Services:				
Principal Retirement	88,379	90,479	90,479	0
Interest and Fiscal Charges	<u>47,113</u>	<u>47,113</u>	<u>47,113</u>	<u>0</u>
Total Expenditures	<u>8,637,053</u>	<u>8,906,149</u>	<u>8,288,802</u>	<u>617,347</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,827,148	9,558,052	10,328,698	770,646
Other Financing Sources (Uses):				
General Obligation Bonds Issued	0	165,000	165,000	0
Transfers Out	(11,112,733)	(11,170,210)	(10,434,537)	735,673
Advances In	1,697,100	1,697,100	1,392,100	(305,000)
Advances Out	<u>(1,659,200)</u>	<u>(987,200)</u>	<u>(557,100)</u>	<u>430,100</u>
Total Other Financing Sources (Uses)	<u>(11,074,833)</u>	<u>(10,295,310)</u>	<u>(9,434,537)</u>	<u>860,773</u>
Net Change in Fund Balance	(1,247,685)	(737,258)	894,161	1,631,419
Fund Balance at Beginning of Year	4,820,539	4,820,539	4,820,539	0
Prior Year Encumbrances	<u>289,543</u>	<u>289,543</u>	<u>289,543</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,862,397</u>	<u>\$ 4,372,824</u>	<u>\$ 6,004,243</u>	<u>\$ 1,631,419</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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
.45 POLICE AND FIRE LEVY FUND				
Revenues:				
Taxes	\$ 4,383,487	\$ 4,383,487	\$ 4,383,487	\$ 0
All Other Revenues	0	0	5	5
Total Revenues	4,383,487	4,383,487	4,383,492	5
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	7,732,924	7,103,453	7,103,073	380
Operations and Maintenance	511,840	567,736	520,063	47,673
Capital Outlay	23,000	33,076	32,076	1,000
Total Police	8,267,764	7,704,265	7,655,212	49,053
Fire:				
Personal Services	5,678,146	5,718,586	5,718,585	1
Operations and Maintenance	429,688	460,929	403,217	57,712
Capital Outlay	95,600	223,095	183,820	39,275
Total Fire	6,203,434	6,402,610	6,305,622	96,988
Total Expenditures	14,471,198	14,106,875	13,960,834	146,041
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,087,711)	(9,723,388)	(9,577,342)	146,046
Other Financing Sources (Uses):				
Transfers In	10,258,927	10,316,404	9,595,951	(720,453)
Total Other Financing Sources (Uses)	10,258,927	10,316,404	9,595,951	(720,453)
Net Change in Fund Balance	171,216	593,016	18,609	(574,407)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 171,216	\$ 593,016	\$ 18,609	\$ (574,407)

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, 2014**

CEMETERY FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 97,411	\$ 97,411	\$ 97,411	\$ 0
Charges for Services	200,000	200,000	188,129	(11,871)
Investment Earnings	2,000	2,000	2,191	191
All Other Revenues	100	100	2,602	2,502
Total Revenues	<u>299,511</u>	<u>299,511</u>	<u>290,333</u>	<u>(9,178)</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	355,660	355,660	311,529	44,131
Operations and Maintenance	156,440	156,440	132,146	24,294
Total Expenditures	<u>512,100</u>	<u>512,100</u>	<u>443,675</u>	<u>68,425</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(212,589)	(212,589)	(153,342)	59,247
Other Financing Sources (Uses):				
Transfers In	210,000	210,000	210,000	0
Total Other Financing Sources (Uses)	<u>210,000</u>	<u>210,000</u>	<u>210,000</u>	<u>0</u>
Net Change in Fund Balance	(2,589)	(2,589)	56,658	59,247
Fund Balance at Beginning of Year	169,755	169,755	169,755	0
Prior Year Encumbrances	3,360	3,360	3,360	0
Fund Balance at End of Year	<u>\$ 170,526</u>	<u>\$ 170,526</u>	<u>\$ 229,773</u>	<u>\$ 59,247</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, 2014***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				
Revenues:				
Intergovernmental Revenues	\$ 1,831,000	\$ 1,831,000	\$ 1,853,780	\$ 22,780
Charges for Services	619,800	619,800	626,064	6,264
All Other Revenues	33,000	73,000	99,673	26,673
Total Revenues	2,483,800	2,523,800	2,579,517	55,717
Expenditures:				
Transportation:				
Personal Services	1,782,310	1,782,310	1,733,462	48,848
Operations and Maintenance	871,379	1,080,437	1,019,950	60,487
Capital Outlay	106,125	513,111	501,325	11,786
Total Transportation	2,759,814	3,375,858	3,254,737	121,121
Debt Service:				
Principal Retirement	88,526	88,526	88,526	0
Interest and Fiscal Charges	19,349	19,349	19,349	0
Total Debt Service	107,875	107,875	107,875	0
Total Expenditures	2,867,689	3,483,733	3,362,612	121,121
Excess (Deficiency) of Revenues Over (Under) Expenditures	(383,889)	(959,933)	(783,095)	176,838
Other Financing Sources (Uses):				
Transfers In	349,000	349,000	349,000	0
Other Financing Source - Capital Lease	0	400,000	400,000	0
Total Other Financing Sources (Uses)	349,000	749,000	749,000	0
Net Change in Fund Balance	(34,889)	(210,933)	(34,095)	176,838
Fund Balance at Beginning of Year	1,279,111	1,279,111	1,279,111	0
Prior Year Encumbrances	39,399	39,399	39,399	0
Fund Balance at End of Year	\$ 1,283,621	\$ 1,107,577	\$ 1,284,415	\$ 176,838

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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,050,000	\$ 2,050,000	\$ 1,935,486	\$ (114,514)
Intergovernmental Revenues	<u>0</u>	<u>0</u>	<u>239,201</u>	<u>239,201</u>
Total Revenues	<u>2,050,000</u>	<u>2,050,000</u>	<u>2,174,687</u>	<u>124,687</u>
Expenditures:				
Transportation:				
Operations and Maintenance	<u>2,090,000</u>	<u>2,050,000</u>	<u>1,465,149</u>	<u>584,851</u>
Total Expenditures	<u>2,090,000</u>	<u>2,050,000</u>	<u>1,465,149</u>	<u>584,851</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,000)	0	709,538	709,538
Other Financing Sources (Uses):				
Transfers In	<u>40,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>40,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	709,538	709,538
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 709,538</u>	<u>\$ 709,538</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, 2014***

PARKS AND RECREATION FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,461,162	\$ 1,461,162	\$ 1,461,162	\$ 0
Intergovernmental Revenues	40,000	40,000	40,000	0
Charges for Services	345,000	345,000	318,058	(26,942)
Licenses, Permits and Fees	0	0	1,456	1,456
All Other Revenues	30,000	174,823	182,875	8,052
Total Revenues	<u>1,876,162</u>	<u>2,020,985</u>	<u>2,003,551</u>	<u>(17,434)</u>
Expenditures:				
Leisure Time Activities:				
Personal Services	1,252,622	1,253,322	1,226,672	26,650
Operations and Maintenance	677,210	830,807	740,275	90,532
Capital Outlay	23,056	23,056	21,432	1,624
Total Expenditures	<u>1,952,888</u>	<u>2,107,185</u>	<u>1,988,379</u>	<u>118,806</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,726)	(86,200)	15,172	101,372
Other Financing Sources (Uses):				
Transfers In	0	157,759	157,759	0
Transfers Out	0	(148,285)	(28,350)	119,935
Total Other Financing Sources (Uses)	<u>0</u>	<u>9,474</u>	<u>129,409</u>	<u>119,935</u>
Net Change in Fund Balance	(76,726)	(76,726)	144,581	221,307
Fund Balance at Beginning of Year	262,380	262,380	262,380	0
Prior Year Encumbrances	4,361	4,361	4,361	0
Fund Balance at End of Year	<u>\$ 190,015</u>	<u>\$ 190,015</u>	<u>\$ 411,322</u>	<u>\$ 221,307</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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	<u>\$ 85,500</u>	<u>\$ 85,500</u>	<u>\$ 74,808</u>	<u>\$ (10,692)</u>
Total Revenues	<u>85,500</u>	<u>85,500</u>	<u>74,808</u>	<u>(10,692)</u>
Expenditures:				
Community Environment:				
Operations and Maintenance	<u>85,500</u>	<u>74,808</u>	<u>74,808</u>	<u>0</u>
Total Expenditures	<u>85,500</u>	<u>74,808</u>	<u>74,808</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	10,692	0	(10,692)
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>\$ 10,692</u>	<u>\$ 0</u>	<u>\$ (10,692)</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, 2014***

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	\$ 1,317,685	\$ 1,317,685	\$ 1,257,523	\$ (60,162)
Charges for Services	637,520	637,520	689,371	51,851
All Other Revenues	86,330	86,330	86,278	(52)
Total Revenues	<u>2,041,535</u>	<u>2,041,535</u>	<u>2,033,172</u>	<u>(8,363)</u>
Expenditures:				
Transportation:				
Personal Services	142,730	132,730	119,402	13,328
Operations and Maintenance	1,501,739	1,406,354	1,348,842	57,512
Capital Outlay	479,120	414,105	413,906	199
Total Expenditures	<u>2,123,589</u>	<u>1,953,189</u>	<u>1,882,150</u>	<u>71,039</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(82,054)	88,346	151,022	62,676
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	(9,054)	161,346	224,022	62,676
Fund Balance at Beginning of Year	14,945	14,945	14,945	0
Prior Year Encumbrances	11,233	11,233	11,233	0
Fund Balance at End of Year	<u>\$ 17,124</u>	<u>\$ 187,524</u>	<u>\$ 250,200</u>	<u>\$ 62,676</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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 72,500	\$ 72,500	\$ 80,012	\$ 7,512
All Other Revenues	<u>0</u>	<u>0</u>	<u>2,044</u>	<u>2,044</u>
Total Revenues	<u>72,500</u>	<u>72,500</u>	<u>82,056</u>	<u>9,556</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	129,884	132,884	119,003	13,881
Operations and Maintenance	<u>2,275</u>	<u>9,253</u>	<u>6,978</u>	<u>2,275</u>
Total Expenditures	<u>132,159</u>	<u>142,137</u>	<u>125,981</u>	<u>16,156</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,659)	(69,637)	(43,925)	25,712
Fund Balance at Beginning of Year	122,986	122,986	122,986	0
Prior Year Encumbrances	<u>2,275</u>	<u>2,275</u>	<u>2,275</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 65,602</u>	<u>\$ 55,624</u>	<u>\$ 81,336</u>	<u>\$ 25,712</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, 2014***

	<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, 2014***

LAW DIRECTOR VICTIM ASSISTANCE FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 45,953	\$ 45,953	\$ 46,189	\$ 236
All Other Revenues	0	0	489	489
Total Revenues	<u>45,953</u>	<u>45,953</u>	<u>46,678</u>	<u>725</u>
Expenditures:				
General Government:				
Personal Services	61,271	61,271	58,048	3,223
Operations and Maintenance	1,250	1,250	1,250	0
Total Expenditures	<u>62,521</u>	<u>62,521</u>	<u>59,298</u>	<u>3,223</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,568)	(16,568)	(12,620)	3,948
Other Financing Sources (Uses):				
Transfers In	15,318	15,318	15,318	0
Total Other Financing Sources (Uses)	<u>15,318</u>	<u>15,318</u>	<u>15,318</u>	<u>0</u>
Net Change in Fund Balance	(1,250)	(1,250)	2,698	3,948
Fund Balance at Beginning of Year	21,294	21,294	21,294	0
Prior Year Encumbrances	1,250	1,250	1,250	0
Fund Balance at End of Year	<u>\$ 21,294</u>	<u>\$ 21,294</u>	<u>\$ 25,242</u>	<u>\$ 3,948</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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 158,824</u>	<u>\$ 158,824</u>	<u>\$ 158,868</u>	<u>\$ 44</u>
Total Revenues	<u>158,824</u>	<u>158,824</u>	<u>158,868</u>	<u>44</u>
Expenditures:				
Community Environment:				
Personal Services	154,824	154,824	146,549	8,275
Operations and Maintenance	4,000	3,000	718	2,282
Capital Outlay	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>158,824</u>	<u>158,824</u>	<u>147,267</u>	<u>11,557</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	11,601	11,601
Fund Balance at Beginning of Year	<u>41,289</u>	<u>41,289</u>	<u>41,289</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 41,289</u>	<u>\$ 41,289</u>	<u>\$ 52,890</u>	<u>\$ 11,601</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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 432,000	\$ 432,000	\$ 397,457	\$ (34,543)
Intergovernmental Revenues	<u>0</u>	<u>0</u>	<u>47,840</u>	<u>47,840</u>
Total Revenues	<u>432,000</u>	<u>432,000</u>	<u>445,297</u>	<u>13,297</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	424,800	424,006	424,006	0
Operations and Maintenance	<u>7,200</u>	<u>7,994</u>	<u>7,994</u>	<u>0</u>
Total Expenditures	<u>432,000</u>	<u>432,000</u>	<u>432,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	13,297	13,297
Fund Balance at Beginning of Year	<u>8,755</u>	<u>8,755</u>	<u>8,755</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,755</u>	<u>\$ 8,755</u>	<u>\$ 22,052</u>	<u>\$ 13,297</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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 84,791	\$ 84,791	\$ 84,791	\$ 0
All Other Revenues	<u>0</u>	<u>0</u>	<u>529</u>	<u>529</u>
Total Revenues	<u>84,791</u>	<u>84,791</u>	<u>85,320</u>	<u>529</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	68,750	68,750	68,620	130
Operations and Maintenance	<u>16,041</u>	<u>16,041</u>	<u>16,041</u>	<u>0</u>
Total Expenditures	<u>84,791</u>	<u>84,791</u>	<u>84,661</u>	<u>130</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	659	659
Fund Balance at Beginning of Year	<u>42,546</u>	<u>42,546</u>	<u>42,546</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 42,546</u>	<u>\$ 42,546</u>	<u>\$ 43,205</u>	<u>\$ 659</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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 61,167</u>	<u>\$ 61,167</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>61,167</u>	<u>61,167</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(150,000)</u>	<u>(150,000)</u>	<u>(88,833)</u>	<u>61,167</u>
Fund Balance at Beginning of Year	<u>169,657</u>	<u>169,657</u>	<u>169,657</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 19,657</u>	<u>\$ 19,657</u>	<u>\$ 80,824</u>	<u>\$ 61,167</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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,946</u>	<u>\$ 1,946</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>1,946</u>	<u>1,946</u>
Expenditures:				
Security of Persons and Property:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>1,946</u>	<u>1,946</u>
Other Financing Sources (Uses):				
Transfers Out	<u>(2,500)</u>	<u>(2,500)</u>	<u>0</u>	<u>2,500</u>
Total Other Financing Sources (Uses)	<u>(2,500)</u>	<u>(2,500)</u>	<u>0</u>	<u>2,500</u>
Net Change in Fund Balance	<u>(2,500)</u>	<u>(2,500)</u>	<u>1,946</u>	<u>4,446</u>
Fund Balance at Beginning of Year	<u>82,548</u>	<u>82,548</u>	<u>82,548</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 80,048</u>	<u>\$ 80,048</u>	<u>\$ 84,494</u>	<u>\$ 4,446</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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 54,591</u>	<u>\$ 9,591</u>
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>54,591</u>	<u>9,591</u>
Expenditures:				
General Government:				
Operations and Maintenance	<u>145,000</u>	<u>145,000</u>	<u>46,770</u>	<u>98,230</u>
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>25,005</u>	<u>74,995</u>
Total Expenditures	<u>245,000</u>	<u>245,000</u>	<u>71,775</u>	<u>173,225</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(200,000)</u>	<u>(200,000)</u>	<u>(17,184)</u>	<u>182,816</u>
Fund Balance at Beginning of Year	<u>210,059</u>	<u>210,059</u>	<u>210,059</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,059</u>	<u>\$ 10,059</u>	<u>\$ 192,875</u>	<u>\$ 182,816</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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 41,000	\$ 41,000	\$ 41,000	\$ 0
Fines and Forfeitures	390,000	390,000	419,607	29,607
All Other Revenues	<u>150,000</u>	<u>150,000</u>	<u>3,953</u>	<u>(146,047)</u>
Total Revenues	<u>581,000</u>	<u>581,000</u>	<u>464,560</u>	<u>(116,440)</u>
Expenditures:				
General Government:				
Personal Services	554,752	554,752	443,756	110,996
Operations and Maintenance	<u>17,500</u>	<u>17,500</u>	<u>14,839</u>	<u>2,661</u>
Total Expenditures	<u>572,252</u>	<u>572,252</u>	<u>458,595</u>	<u>113,657</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,748	8,748	5,965	(2,783)
Fund Balance at Beginning of Year	<u>184,180</u>	<u>184,180</u>	<u>184,180</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 192,928</u>	<u>\$ 192,928</u>	<u>\$ 190,145</u>	<u>\$ (2,783)</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, 2014***

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	\$ 185,000	\$ 185,000	\$ 213,490	\$ 28,490
All Other Revenues	0	0	951	951
Total Revenues	<u>185,000</u>	<u>185,000</u>	<u>214,441</u>	<u>29,441</u>
Expenditures:				
General Government:				
Personal Services	101,330	101,330	100,401	929
Operations and Maintenance	213,000	213,000	67,547	145,453
Capital Outlay	<u>170,670</u>	<u>170,670</u>	<u>13,406</u>	<u>157,264</u>
Total Expenditures	<u>485,000</u>	<u>485,000</u>	<u>181,354</u>	<u>303,646</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300,000)	(300,000)	33,087	333,087
Fund Balance at Beginning of Year	<u>318,043</u>	<u>318,043</u>	<u>318,043</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,043</u>	<u>\$ 18,043</u>	<u>\$ 351,130</u>	<u>\$ 333,087</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, 2014***

MUNICIPAL COURT SPECIAL PROJECTS FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 575,000	\$ 575,000	\$ 752,279	\$ 177,279
All Other Revenues	<u>0</u>	<u>0</u>	<u>3,301</u>	<u>3,301</u>
Total Revenues	<u>575,000</u>	<u>575,000</u>	<u>755,580</u>	<u>180,580</u>
Expenditures:				
General Government:				
Personal Services	74,312	74,312	55,800	18,512
Operations and Maintenance	712,500	712,500	443,481	269,019
Capital Outlay	<u>825,000</u>	<u>367,367</u>	<u>39,886</u>	<u>327,481</u>
Total Expenditures	<u>1,611,812</u>	<u>1,154,179</u>	<u>539,167</u>	<u>615,012</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,036,812)	(579,179)	216,413	795,592
Other Financing Sources (Uses):				
Transfers In	100,000	100,000	0	(100,000)
Transfers Out	<u>0</u>	<u>(527,633)</u>	<u>(527,633)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>(427,633)</u>	<u>(527,633)</u>	<u>(100,000)</u>
Net Change in Fund Balance	(936,812)	(1,006,812)	(311,220)	695,592
Fund Balance at Beginning of Year	<u>1,651,955</u>	<u>1,651,955</u>	<u>1,651,955</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 715,143</u>	<u>\$ 645,143</u>	<u>\$ 1,340,735</u>	<u>\$ 695,592</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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 635</u>	<u>\$ 635</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>635</u>	<u>635</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	635	635
Fund Balance at Beginning of Year	<u>17,279</u>	<u>17,279</u>	<u>17,279</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,279</u>	<u>\$ 17,279</u>	<u>\$ 17,914</u>	<u>\$ 635</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, 2014***

MUNICIPAL DRUG COURT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 60,000	\$ 60,000	\$ 80,752	\$ 20,752
All Other Revenues	1,000	1,000	1,876	876
Total Revenues	<u>61,000</u>	<u>61,000</u>	<u>82,628</u>	<u>21,628</u>
Expenditures:				
General Government:				
Personal Services	102,428	102,429	102,085	344
Operations and Maintenance	43,500	43,500	23,788	19,712
Total Expenditures	<u>145,928</u>	<u>145,929</u>	<u>125,873</u>	<u>20,056</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(84,928)	(84,929)	(43,245)	41,684
Other Financing Sources (Uses):				
Transfers In	90,000	90,000	70,000	(20,000)
Total Other Financing Sources (Uses)	<u>90,000</u>	<u>90,000</u>	<u>70,000</u>	<u>(20,000)</u>
Net Change in Fund Balance	5,072	5,071	26,755	21,684
Fund Balance at Beginning of Year	12,418	12,418	12,418	0
Fund Balance at End of Year	<u>\$ 17,490</u>	<u>\$ 17,489</u>	<u>\$ 39,173</u>	<u>\$ 21,684</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, 2014***

	<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>5,600</u>	<u>5,600</u>	<u>5,600</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,600</u>	<u>\$ 5,600</u>	<u>\$ 5,600</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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 28,421</u>	<u>\$ 28,421</u>	<u>\$ 0</u>
Total Revenues	<u>0</u>	<u>28,421</u>	<u>28,421</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>0</u>	<u>55,176</u>	<u>55,176</u>	<u>0</u>
Operations and Maintenance	<u>0</u>	<u>833</u>	<u>833</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>56,009</u>	<u>56,009</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>(27,588)</u>	<u>(27,588)</u>	<u>0</u>
Fund Balance at Beginning of Year	<u>27,588</u>	<u>27,588</u>	<u>27,588</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 27,588</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 39,479</u>	<u>\$ 42,259</u>	<u>\$ 2,780</u>
Total Revenues	<u>0</u>	<u>39,479</u>	<u>42,259</u>	<u>2,780</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	<u>0</u>	<u>8,027</u>	<u>8,027</u>	<u>0</u>
Operations and Maintenance	<u>0</u>	<u>31,452</u>	<u>31,452</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>39,479</u>	<u>39,479</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>2,780</u>	<u>2,780</u>
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,780</u>	<u>\$ 2,780</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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
.15 FIRE LEVY FUND				
Revenues:				
Taxes	<u>\$ 1,461,162</u>	<u>\$ 1,461,162</u>	<u>\$ 1,461,162</u>	<u>\$ 0</u>
Total Revenues	<u>1,461,162</u>	<u>1,461,162</u>	<u>1,461,162</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	1,508,826	1,464,332	1,440,990	23,342
Operations and Maintenance	29,562	29,562	29,562	0
Capital Outlay	<u>0</u>	<u>78,912</u>	<u>78,912</u>	<u>0</u>
Total Security of Persons and Property	<u>1,538,388</u>	<u>1,572,806</u>	<u>1,549,464</u>	<u>23,342</u>
Debt Service:				
Principal Retirement	27,906	27,906	27,906	0
Interest and Fiscal Charges	<u>2,562</u>	<u>2,870</u>	<u>2,562</u>	<u>308</u>
Total Debt Service	<u>30,468</u>	<u>30,776</u>	<u>30,468</u>	<u>308</u>
Total Expenditures	<u>1,568,856</u>	<u>1,603,582</u>	<u>1,579,932</u>	<u>23,650</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(107,694)	(142,420)	(118,770)	23,650
Fund Balance at Beginning of Year	<u>849,180</u>	<u>849,180</u>	<u>849,180</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 741,486</u>	<u>\$ 706,760</u>	<u>\$ 730,410</u>	<u>\$ 23,650</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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>10,000</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	10,000	10,000
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014***

COMMUNITY DEVELOPMENT BLOCK GRANT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 758,167	\$ 1,506,513	\$ 523,050	\$ (983,463)
All Other Revenues	9,900	9,900	6,026	(3,874)
Total Revenues	<u>768,067</u>	<u>1,516,413</u>	<u>529,076</u>	<u>(987,337)</u>
Expenditures:				
Community Environment:				
Operations and Maintenance	50,448	50,448	1,536	48,912
Capital Outlay	479,770	505,094	469,304	35,790
Total Community Environment	<u>530,218</u>	<u>555,542</u>	<u>470,840</u>	<u>84,702</u>
Debt Service:				
Principal Retirement	90,000	90,000	90,000	0
Interest and Fiscal Charges	13,479	13,479	13,479	0
Total Debt Service	<u>103,479</u>	<u>103,479</u>	<u>103,479</u>	<u>0</u>
Total Expenditures	<u>633,697</u>	<u>659,021</u>	<u>574,319</u>	<u>84,702</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	134,370	857,392	(45,243)	(902,635)
Fund Balance at Beginning of Year	<u>155,763</u>	<u>155,763</u>	<u>155,763</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 290,133</u>	<u>\$ 1,013,155</u>	<u>\$ 110,520</u>	<u>\$ (902,635)</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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 91,924	\$ 91,924
Investment Earnings	<u>0</u>	<u>0</u>	<u>4,337</u>	<u>4,337</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>96,261</u>	<u>96,261</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	96,261	96,261
Other Financing Sources (Uses):				
Transfers Out	<u>0</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
Net Change in Fund Balance	0	(100,000)	(3,739)	96,261
Fund Balance at Beginning of Year	<u>211,883</u>	<u>211,883</u>	<u>211,883</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 211,883</u>	<u>\$ 111,883</u>	<u>\$ 208,144</u>	<u>\$ 96,261</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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 0	\$ 0	\$ 16,790	\$ 16,790
Investment Earnings	<u>0</u>	<u>0</u>	<u>575</u>	<u>575</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>17,365</u>	<u>17,365</u>
Expenditures:				
Public Health and Welfare Services:				
Operations and Maintenance	<u>0</u>	<u>32,000</u>	<u>18,245</u>	<u>13,755</u>
Total Expenditures	<u>0</u>	<u>32,000</u>	<u>18,245</u>	<u>13,755</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(32,000)	(880)	31,120
Fund Balance at Beginning of Year	<u>289,511</u>	<u>289,511</u>	<u>289,511</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 289,511</u>	<u>\$ 257,511</u>	<u>\$ 288,631</u>	<u>\$ 31,120</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, 2014***

GENERAL BOND RETIREMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 133,972	\$ 133,972	\$ 133,972	\$ 0
Total Revenues	<u>133,972</u>	<u>133,972</u>	<u>133,972</u>	<u>0</u>
Expenditures:				
General Government:				
Operations and Maintenance	0	93,321	93,321	0
Debt Service:				
Principal Retirement	376,017	682,173	682,173	0
Interest and Fiscal Charges	60,643	247,038	200,700	46,338
Total Expenditures	<u>436,660</u>	<u>1,022,532</u>	<u>976,194</u>	<u>46,338</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(302,688)	(888,560)	(842,222)	46,338
Other Financing Sources (Uses):				
Refunding General Obligation Bonds Issued	0	2,380,000	2,380,000	0
Premium on Refunding General Obligation Bonds	0	38,212	38,212	0
Payment to Refunded Bond Escrow Agent	0	(2,359,891)	(2,359,891)	0
Transfers In	339,788	797,421	748,901	(48,520)
Transfers Out	0	(56,191)	(56,191)	0
Total Other Financing Sources (Uses)	<u>339,788</u>	<u>799,551</u>	<u>751,031</u>	<u>(48,520)</u>
Net Change in Fund Balance	37,100	(89,009)	(91,191)	(2,182)
Fund Balance at Beginning of Year	<u>91,191</u>	<u>91,191</u>	<u>91,191</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 128,291</u>	<u>\$ 2,182</u>	<u>\$ 0</u>	<u>\$ (2,182)</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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	<u>\$ 37,250</u>	<u>\$ 37,250</u>	<u>\$ 41,881</u>	<u>\$ 4,631</u>
Total Revenues	<u>37,250</u>	<u>37,250</u>	<u>41,881</u>	<u>4,631</u>
Expenditures:				
General Government:				
Operations and Maintenance	2,000	2,290	2,290	0
Debt Service:				
Principal Retirement	20,000	20,000	20,000	0
Interest and Fiscal Charges	<u>9,550</u>	<u>9,550</u>	<u>9,550</u>	<u>0</u>
Total Expenditures	<u>31,550</u>	<u>31,840</u>	<u>31,840</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,700	5,410	10,041	4,631
Fund Balance at Beginning of Year	<u>42,757</u>	<u>42,757</u>	<u>42,757</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 48,457</u>	<u>\$ 48,167</u>	<u>\$ 52,798</u>	<u>\$ 4,631</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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 164,956	\$ 4,539,069	\$ 4,374,112	\$ (164,957)
All Other Revenues	<u>0</u>	<u>40,000</u>	<u>40,000</u>	<u>0</u>
Total Revenues	<u>164,956</u>	<u>4,579,069</u>	<u>4,414,112</u>	<u>(164,957)</u>
Expenditures:				
Capital Outlay	<u>164,956</u>	<u>4,579,069</u>	<u>4,414,155</u>	<u>164,914</u>
Total Expenditures	<u>164,956</u>	<u>4,579,069</u>	<u>4,414,155</u>	<u>164,914</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(43)	(43)
Fund Balance at Beginning of Year	<u>164,956</u>	<u>164,956</u>	<u>164,956</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 164,956</u>	<u>\$ 164,956</u>	<u>\$ 164,913</u>	<u>\$ (43)</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, 2014***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 97,411	\$ 97,411	\$ 97,411	\$ 0
Total Revenues	<u>97,411</u>	<u>97,411</u>	<u>97,411</u>	<u>0</u>
Expenditures:				
Capital Outlay	0	225,370	72,110	153,260
Debt Service:				
Total Expenditures	<u>0</u>	<u>225,370</u>	<u>72,110</u>	<u>153,260</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	97,411	(127,959)	25,301	153,260
Other Financing Sources (Uses):				
Transfers In	0	271,897	142,489	(129,408)
Total Other Financing Sources (Uses)	<u>0</u>	<u>271,897</u>	<u>142,489</u>	<u>(129,408)</u>
Net Change in Fund Balance	97,411	143,938	167,790	23,852
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>\$ 97,411</u>	<u>\$ 143,938</u>	<u>\$ 167,790</u>	<u>\$ 23,852</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, 2014**

	CAPITAL IMPROVEMENT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 194,822	\$ 194,822	\$ 194,822	\$ 0
Intergovernmental Revenues	0	1,111,966	145,833	(966,133)
All Other Revenues	<u>0</u>	<u>0</u>	<u>85,000</u>	<u>85,000</u>
Total Revenues	<u>194,822</u>	<u>1,306,788</u>	<u>425,655</u>	<u>(881,133)</u>
Expenditures:				
Capital Outlay	122,500	406,588	294,519	112,069
Debt Service:				
Interest and Fiscal Charges	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>123,500</u>	<u>406,588</u>	<u>294,519</u>	<u>112,069</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	71,322	900,200	131,136	(769,064)
Other Financing Sources (Uses):				
General Obligation Bonds Issued	0	870,000	870,000	0
Transfers In	0	1,004	1,004	0
Transfers Out	(114,488)	(331,199)	(281,199)	50,000
Advances In	800,000	800,000	0	(800,000)
Advances Out	<u>(837,100)</u>	<u>(837,100)</u>	<u>(835,000)</u>	<u>2,100</u>
Total Other Financing Sources (Uses)	<u>(151,588)</u>	<u>502,705</u>	<u>(245,195)</u>	<u>(747,900)</u>
Net Change in Fund Balance	(80,266)	1,402,905	(114,059)	(1,516,964)
Fund Balance at Beginning of Year	<u>481,385</u>	<u>481,385</u>	<u>481,385</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 401,119</u>	<u>\$ 1,884,290</u>	<u>\$ 367,326</u>	<u>\$ (1,516,964)</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, 2014**

	<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>0</u>	<u>24,129</u>	<u>23,272</u>	<u>857</u>
Total Expenditures	<u>0</u>	<u>24,129</u>	<u>23,272</u>	<u>857</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(24,129)	(23,272)	857
Other Financing Sources (Uses):				
Advances In	430,000	430,000	0	(430,000)
Advances Out	<u>(430,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>430,000</u>	<u>0</u>	<u>(430,000)</u>
Net Change in Fund Balance	0	405,871	(23,272)	(429,143)
Fund Balance at Beginning of Year	<u>24,129</u>	<u>24,129</u>	<u>24,129</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 24,129</u>	<u>\$ 430,000</u>	<u>\$ 857</u>	<u>\$ (429,143)</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, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 74,692</u>	<u>\$ (25,308)</u>
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>74,692</u>	<u>(25,308)</u>
Expenditures:				
Debt Service:				
Principal Retirement	99,721	104,721	100,958	3,763
Interest and Fiscal Charges	<u>42,101</u>	<u>37,101</u>	<u>26,390</u>	<u>10,711</u>
Total Expenditures	<u>141,822</u>	<u>141,822</u>	<u>127,348</u>	<u>14,474</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,822)	(41,822)	(52,656)	(10,834)
Fund Balance at Beginning of Year	<u>810,851</u>	<u>810,851</u>	<u>810,851</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 769,029</u>	<u>\$ 769,029</u>	<u>\$ 758,195</u>	<u>\$ (10,834)</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, 2014**

ETY ROAD TIF PROJECT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 400,000	\$ 488,964	\$ 488,964	\$ 0
Total Revenues	<u>400,000</u>	<u>488,964</u>	<u>488,964</u>	<u>0</u>
Expenditures:				
General Government:				
Operations and Maintenance	18,400	24,862	23,422	1,440
Capital Outlay	0	127,800	127,800	0
Debt Service:				
Principal Retirement	640,587	1,983,749	1,983,749	0
Interest and Fiscal Charges	41,119	46,417	46,417	0
Total Expenditures	<u>700,106</u>	<u>2,182,828</u>	<u>2,181,388</u>	<u>1,440</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300,106)	(1,693,864)	(1,692,424)	1,440
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	1,517,891	1,517,891	0
Advances In	0	204,200	204,200	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,722,091</u>	<u>1,722,091</u>	<u>0</u>
Net Change in Fund Balance	(300,106)	28,227	29,667	1,440
Fund Balance at Beginning of Year	<u>14,933</u>	<u>14,933</u>	<u>14,933</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (285,173)</u>	<u>\$ 43,160</u>	<u>\$ 44,600</u>	<u>\$ 1,440</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, 2014***

	<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:				
General Government:				
Operations and Maintenance	0	142,150	142,150	0
Capital Outlay	<u>0</u>	<u>8,300,000</u>	<u>1,723,045</u>	<u>6,576,955</u>
Total Expenditures	<u>0</u>	<u>8,442,150</u>	<u>1,865,195</u>	<u>6,576,955</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(8,442,150)	(1,865,195)	6,576,955
Other Financing Sources (Uses):				
General Obligation Bonds Issued	0	8,315,000	8,315,000	0
Premium on General Obligation Bonds	<u>0</u>	<u>127,150</u>	<u>127,150</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>8,442,150</u>	<u>8,442,150</u>	<u>0</u>
Net Change in Fund Balance	0	0	6,576,955	6,576,955
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,576,955</u>	<u>\$ 6,576,955</u>

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,965</u>	<u>\$ 25,965</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>25,965</u>	<u>25,965</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	25,965	25,965
Fund Balance at Beginning of Year	<u>1,001,740</u>	<u>1,001,740</u>	<u>1,001,740</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,001,740</u>	<u>\$ 1,001,740</u>	<u>\$ 1,027,705</u>	<u>\$ 25,965</u>

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.

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, 2014**

	Utilities Collection	Information Services	Health Insurance Management	Total
Assets:				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 597,415	\$ 324,887	\$ 59,314	\$ 981,616
Cash and Cash Equivalents with Fiscal Agent	0	0	3,433,176	3,433,176
Inventory of Supplies at Cost	25,726	3,571	0	29,297
Prepaid Items	347	0	0	347
Total Current Assets	623,488	328,458	3,492,490	4,444,436
<i>Non Current Assets:</i>				
Capital Assets Not Being Depreciated	0	144,695	0	144,695
Capital Assets Being Depreciated, Net	71,968	837,717	0	909,685
Total capital assets (net of accumulated depreciation)	71,968	982,412	0	1,054,380
Total Assets	695,456	1,310,870	3,492,490	5,498,816
Liabilities:				
<i>Current Liabilities:</i>				
Accounts Payable	19,340	52,381	0	71,721
Accrued Wages and Benefits	58,670	37,057	0	95,727
Claims Payable	0	0	540,889	540,889
Accrued Interest Payable	0	265	0	265
Capital Lease Payable-Current	3,696	0	0	3,696
Installment Loan Payable - Current	0	59,956	0	59,956
Compensated Absences Payable - Current	4,664	10,950	0	15,614
Total Current Liabilities	86,370	160,609	540,889	787,868
<i>Long Term Liabilities:</i>				
Capital Leases Payable	12,760	0	0	12,760
Compensated Absences Payable	217,174	132,753	0	349,927
Installment Loans Payable	0	125,016	0	125,016
Total Liabilities	316,304	418,378	540,889	1,275,571
Net Position:				
Net Investment in Capital Assets	55,512	797,440	0	852,952
Unrestricted	323,640	95,052	2,951,601	3,370,293
Total Net Position	\$ 379,152	\$ 892,492	\$ 2,951,601	\$ 4,223,245

CITY OF LANCASTER, OHIO**Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2014**

	Utilities Collection	Information Services	Health Insurance Management	Total
Operating Revenues:				
Charges for Services	\$ 1,658,460	\$ 803,259	\$ 6,077,415	\$ 8,539,134
Other Operating Revenue	43,416	11,511	0	54,927
Total Operating Revenues	<u>1,701,876</u>	<u>814,770</u>	<u>6,077,415</u>	<u>8,594,061</u>
Operating Expenses:				
Personal Services	1,020,119	595,884	0	1,616,003
Contractual Services	321,386	144,867	0	466,253
Materials and Supplies	168,752	37,500	0	206,252
Depreciation	14,044	111,292	0	125,336
Health Insurance Claims	0	0	6,028,119	6,028,119
Total Operating Expenses	<u>1,524,301</u>	<u>889,543</u>	<u>6,028,119</u>	<u>8,441,963</u>
Operating Income (Loss)	177,575	(74,773)	49,296	152,098
Nonoperating Revenue (Expenses):				
Interest Expense	0	(6,092)	0	(6,092)
Loss on Disposal of Capital Assets	(6,741)	(1,376)	0	(8,117)
Total Nonoperating Revenues (Expenses)	<u>(6,741)</u>	<u>(7,468)</u>	<u>0</u>	<u>(14,209)</u>
Income (Loss) Before Operating Transfers	170,834	(82,241)	49,296	137,889
Transfers In	0	64,488	0	64,488
Change in Net Position	170,834	(17,753)	49,296	202,377
Net Position Beginning of Year	208,318	910,245	2,902,305	4,020,868
Net Position End of Year	<u>\$ 379,152</u>	<u>\$ 892,492</u>	<u>\$ 2,951,601</u>	<u>\$ 4,223,245</u>

CITY OF LANCASTER, OHIO

***Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2014***

	Utilities Collection	Information Services	Health Insurance Management	Totals
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Interfund Services	\$1,701,876	\$814,770	\$6,077,415	\$8,594,061
Cash Payments for Goods and Services	(492,925)	(154,896)	0	(647,821)
Cash Payments to and on behalf of Employees	(1,008,668)	(574,829)	0	(1,583,497)
Cash Payments for Claims	0	0	(6,138,787)	(6,138,787)
Net Cash Provided (Used) by Operating Activities	200,283	85,045	(61,372)	223,956
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	0	64,488	0	64,488
Net Cash Provided by Noncapital Financing Activities	0	64,488	0	64,488
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(4,430)	(319,001)	0	(323,431)
Principal Paid on Installment Loan	0	(58,313)	0	(58,313)
Capital Lease Payments	(4,220)	0	0	(4,220)
Interest Paid on All Debt	0	(6,175)	0	(6,175)
Net Cash Used by Capital and Related Financing Activities	(8,650)	(383,489)	0	(392,139)
Net Increase (Decrease) in Cash and Cash Equivalents	191,633	(233,956)	(61,372)	(103,695)
Cash and Cash Equivalents at Beginning of Year	405,782	558,843	3,553,862	4,518,487
Cash and Cash Equivalents at End of Year	\$597,415	\$324,887	\$3,492,490	\$4,414,792
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$177,575	(\$74,773)	\$49,296	\$152,098
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	14,044	111,292	0	125,336
Changes in Assets and Liabilities:				
Increase in Inventory	(7,079)	(454)	0	(7,533)
Decrease in Prepaid Items	21	0	0	21
Increase in Accounts Payable	4,267	27,950	0	32,217
Increase in Accrued Wages and Benefits	2,159	1,947	0	4,106
Increase in Compensated Absences	9,296	19,083	0	28,379
Decrease in Claims Payable	0	0	(110,668)	(110,668)
Total Adjustments	22,708	159,818	(110,668)	71,858
Net Cash Provided (Used) by Operating Activities	\$200,283	\$85,045	(\$61,372)	\$223,956

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2014 the Information Services Fund had outstanding liabilities of \$6,018 for certain capital assets.

During 2014, the Utilities Fund entered into capital lease obligations of \$19,670.

Fiduciary Funds

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

Agency Funds

Street Deposit Fund

Established to account for monies deposited with the City by individuals who intend to excavate portions of the City streets or sidewalks.

Municipal Court Fund

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

Law Library Fund

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

Utility Overpayment Fund

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

CITY OF LANCASTER, OHIO

***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2014***

	Balance December 31, 2013	Additions	Deductions	Balance December 31, 2014
<u>Street Deposit Fund</u>				
Assets:				
Cash and Cash Equivalents	\$7,000	\$0	\$0	\$7,000
Total Assets	<u>\$7,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,000</u>
Liabilities:				
Due to Others	\$7,000	\$0	\$0	\$7,000
Total Liabilities	<u>\$7,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,000</u>
<u>Municipal Court Fund</u>				
Assets:				
Cash with Fiscal Agent	\$179,543	\$5,337,913	(\$5,361,873)	\$155,583
Total Assets	<u>\$179,543</u>	<u>\$5,337,913</u>	<u>(\$5,361,873)</u>	<u>\$155,583</u>
Liabilities:				
Due to Other Funds	\$4,505	\$2,383,472	(\$2,383,508)	\$4,469
Intergovernmental Payable	0	1,192,055	(1,192,055)	0
Due to Others	175,038	1,762,386	(1,786,310)	151,114
Total Liabilities	<u>\$179,543</u>	<u>\$5,337,913</u>	<u>(\$5,361,873)</u>	<u>\$155,583</u>
<u>Law Library Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$55,308	(\$55,308)	\$0
Due from Other Funds	4,505	4,469	(4,505)	4,469
Total Assets	<u>\$4,505</u>	<u>\$59,777</u>	<u>(\$59,813)</u>	<u>\$4,469</u>
Liabilities:				
Intergovernmental Payable	\$4,505	\$59,777	(\$59,813)	\$4,469
Total Liabilities	<u>\$4,505</u>	<u>\$59,777</u>	<u>(\$59,813)</u>	<u>\$4,469</u>
<u>Utility Overpayment Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$337,920	(\$17,525)	\$320,395
Total Assets	<u>\$0</u>	<u>\$337,920</u>	<u>(\$17,525)</u>	<u>\$320,395</u>
Liabilities:				
Due to Others	\$0	\$337,920	(\$17,525)	\$320,395
Total Liabilities	<u>\$0</u>	<u>\$337,920</u>	<u>(\$17,525)</u>	<u>\$320,395</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$186,543	\$5,731,141	(\$5,434,706)	\$482,978
Due from Other Funds	4,505	4,469	(4,505)	4,469
Total Assets	<u>\$191,048</u>	<u>\$5,735,610</u>	<u>(\$5,439,211)</u>	<u>\$487,447</u>
Liabilities:				
Due to Other Funds	\$4,505	\$2,383,472	(\$2,383,508)	\$4,469
Intergovernmental Payables	4,505	1,251,832	(1,251,868)	4,469
Due to Others	182,038	2,100,306	(1,803,835)	478,509
Total Liabilities	<u>\$191,048</u>	<u>\$5,735,610</u>	<u>(\$5,439,211)</u>	<u>\$487,447</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

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

	2005	2006	2007	2008
Governmental Activities:				
Net Investment in Capital Assets	\$21,352,341	\$23,975,773	\$25,645,197	\$29,763,541
Restricted	7,689,262	7,586,314	9,988,647	7,482,942
Unrestricted	5,041,192	4,724,339	4,038,840	2,697,692
Total Governmental Activities Net Position	<u>\$34,082,795</u>	<u>\$36,286,426</u>	<u>\$39,672,684</u>	<u>\$39,944,175</u>
Business-type Activities:				
Net Investment in Capital Assets	\$28,994,290	\$30,722,799	\$33,974,969	\$37,984,626
Restricted	1,018,993	1,054,021	1,051,465	2,561,847
Unrestricted (Deficit)	26,856,616	31,203,849	30,810,822	25,478,180
Total Business-type Activities Net Position	<u>\$56,869,899</u>	<u>\$62,980,669</u>	<u>\$65,837,256</u>	<u>\$66,024,653</u>
Primary Government:				
Net Investment in Capital Assets	\$50,346,631	\$54,698,572	\$59,620,166	\$67,748,167
Restricted	8,708,255	8,640,335	11,040,112	10,044,789
Unrestricted	31,897,808	35,928,188	34,849,662	28,175,872
Total Primary Government Net Position	<u>\$90,952,694</u>	<u>\$99,267,095</u>	<u>\$105,509,940</u>	<u>\$105,968,828</u>

Source: City Auditor's Office

City of Lancaster

Restated 2009	2010	Restated 2011	2012	2013	2014
\$30,016,277	\$29,963,075	\$29,585,924	\$30,705,182	\$34,859,182	\$38,638,721
8,350,592	8,914,509	10,612,142	10,328,275	10,580,754	11,237,072
2,643,683	1,265,734	169,239	3,783,554	5,391,809	7,698,367
<u>\$41,010,552</u>	<u>\$40,143,318</u>	<u>\$40,367,305</u>	<u>\$44,817,011</u>	<u>\$50,831,745</u>	<u>\$57,574,160</u>
\$38,448,219	\$42,163,722	\$40,715,175	\$40,307,130	\$42,495,213	\$46,787,496
3,854,911	2,553,537	2,553,685	2,479,228	2,469,200	2,469,033
1,665,210	(10,991,395)	(23,896,398)	(32,023,328)	(41,515,012)	(48,722,836)
<u>\$43,968,340</u>	<u>\$33,725,864</u>	<u>\$19,372,462</u>	<u>\$10,763,030</u>	<u>\$3,449,401</u>	<u>\$533,693</u>
\$68,464,496	\$72,126,797	\$70,301,099	\$71,012,312	\$77,354,395	\$85,426,217
12,205,503	11,468,046	13,165,827	12,807,503	13,049,954	13,706,105
4,308,893	(9,725,661)	(23,727,159)	(28,239,774)	(36,123,203)	(41,024,469)
<u>\$84,978,892</u>	<u>\$73,869,182</u>	<u>\$59,739,767</u>	<u>\$55,580,041</u>	<u>\$54,281,146</u>	<u>\$58,107,853</u>

City of Lancaster

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

	2005	2006	2007	2008
Expenses				
Governmental Activities:				
Security of Persons and Property	\$14,473,126	\$16,104,691	\$16,857,036	\$18,208,576
Public Health and Welfare Services	779,600	878,467	889,715	913,831
Leisure Time Activities	1,742,633	2,124,266	2,278,778	1,703,779
Community Environment	789,851	959,561	670,861	921,428
Transportation	4,378,695	4,342,096	5,109,759	4,540,208
General Government	6,949,947	7,223,816	9,709,530	7,903,080
Interest and Fiscal Charges	339,328	322,513	474,299	530,870
<i>Total Governmental Activities Expenses</i>	29,453,180	31,955,410	35,989,978	34,721,772
Business-type Activities:				
Gas	23,308,942	23,771,384	23,856,601	29,486,089
Water	8,014,591	8,513,968	8,508,514	9,024,527
Water Pollution	6,539,509	7,226,506	7,387,509	8,085,696
Sanitation	2,921,855	3,033,340	3,149,630	3,364,602
Storm Water	706,217	1,159,357	1,797,201	1,624,711
Port Authority	0	0	0	0
<i>Total Business-type Activities Expenses</i>	41,491,114	43,704,555	44,699,455	51,585,625
<i>Total Primary Government Expenses</i>	\$70,944,294	\$75,659,965	\$80,689,433	\$86,307,397
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$1,932,337	\$1,871,567	\$2,056,919	\$2,100,254
Public Health and Welfare Services	260,032	270,286	260,296	233,239
Leisure Time Activities	360,817	369,508	364,720	530,383
Community Environment	105,422	100,329	101,951	99,804
Transportation	735,194	821,284	1,366,382	770,556
General Government	1,891,022	2,072,411	1,884,603	1,998,226
Operating Grants and Contributions	4,087,234	3,606,523	5,641,639	6,257,136
Capital Grants and Contributions	1,105,484	2,054,029	2,965,310	1,248,952
<i>Total Governmental Activities Program Revenues</i>	10,477,542	11,165,937	14,641,820	13,238,550

City of Lancaster

2009	2010	Restated 2011	2012	2013	2014
\$17,891,385	\$17,701,539	\$17,530,462	\$15,424,941	\$16,617,988	\$16,849,215
876,750	824,685	754,085	744,949	857,082	785,007
1,853,442	1,953,298	1,958,087	1,893,828	1,810,306	2,256,990
671,940	842,850	817,834	825,620	688,405	873,446
4,801,342	5,224,430	5,037,685	6,385,975	4,825,294	6,817,662
7,644,288	9,532,402	7,369,038	9,512,336	7,943,615	7,840,741
442,382	343,326	339,535	329,507	355,061	416,240
<u>34,181,529</u>	<u>36,422,530</u>	<u>33,806,726</u>	<u>35,117,156</u>	<u>33,097,751</u>	<u>35,839,301</u>
19,307,808	16,287,581	14,805,525	12,339,382	14,481,150	15,574,440
9,251,932	8,959,229	9,136,690	8,689,156	8,193,295	8,468,594
7,864,490	7,223,678	8,441,640	9,525,692	9,576,190	9,729,438
3,352,104	3,333,154	3,533,473	3,205,787	3,197,770	3,274,326
1,546,057	2,052,733	1,786,087	1,717,429	1,941,058	1,807,062
0	23,188,889	21,285,796	17,564,850	18,664,845	17,208,616
<u>41,322,391</u>	<u>61,045,264</u>	<u>58,989,211</u>	<u>53,042,296</u>	<u>56,054,308</u>	<u>56,062,476</u>
<u>\$75,503,920</u>	<u>\$97,467,794</u>	<u>\$92,795,937</u>	<u>\$88,159,452</u>	<u>\$89,152,059</u>	<u>\$91,901,777</u>
\$2,384,863	\$2,300,078	\$2,161,188	\$2,355,439	\$2,720,979	\$2,231,913
240,408	216,399	251,757	242,805	235,910	230,884
376,401	415,566	396,589	509,880	351,611	502,389
96,235	85,720	97,824	88,238	65,761	77,256
790,241	825,039	813,495	777,280	955,710	1,378,452
1,943,677	2,302,119	2,151,906	2,522,371	2,438,708	3,111,858
5,070,598	4,358,354	5,523,719	8,668,164	5,242,074	4,791,064
0	797,834	498,035	169,670	3,173,702	4,326,483
<u>10,902,423</u>	<u>11,301,109</u>	<u>11,894,513</u>	<u>15,333,847</u>	<u>15,184,455</u>	<u>16,650,299</u>

(continued)

City of Lancaster

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

	2005	2006	2007	2008
Business-type Activities:				
Charges for Services				
Gas	25,405,950	26,107,359	23,183,618	26,425,358
Water	8,388,041	8,616,566	9,320,183	8,626,257
Water Pollution	7,006,365	7,314,131	7,794,051	8,194,701
Sanitation	3,488,335	3,577,116	3,605,141	3,570,408
Storm Water	1,675,474	1,828,503	1,775,357	1,745,794
Port Authority	0	0	0	0
Operating Grants and Contributions	0	0	0	0
Capital Grants and Contributions	2,461,246	2,371,650	1,945,692	1,340,484
<i>Total Business-type</i>				
<i>Activities Program Revenues</i>	<u>48,425,411</u>	<u>49,815,325</u>	<u>47,624,042</u>	<u>49,903,002</u>
<i>Total Primary</i>				
<i>Government Program Revenues</i>	<u>58,902,953</u>	<u>60,981,262</u>	<u>62,265,862</u>	<u>63,141,552</u>
Net (Expense)/Revenue				
Governmental Activities	(18,975,638)	(20,789,473)	(21,348,158)	(21,483,222)
Business-type Activities	<u>6,934,297</u>	<u>6,110,770</u>	<u>2,924,587</u>	<u>(1,682,623)</u>
<i>Total Primary Government</i>				
<i>Net (Expense)/Revenue</i>	<u><u>(\$12,041,341)</u></u>	<u><u>(\$14,678,703)</u></u>	<u><u>(\$18,423,571)</u></u>	<u><u>(\$23,165,845)</u></u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$1,726,655	\$1,935,850	\$2,036,017	\$1,946,225
Special Purposes	373,293	413,013	432,511	383,601
Debt Service	0	0	0	0
Capital Outlay	0	0	0	0
Income Taxes	14,424,322	15,641,005	16,129,114	17,366,985
Other Local Taxes	626,179	516,698	550,548	577,976
Intergovernmental Revenue, Unrestricted	2,752,068	2,604,474	3,048,567	3,170,617
Investment Earnings	644,320	1,159,085	1,352,560	802,558
Miscellaneous	527,465	722,979	1,117,099	588,164
Transfers	0	0	68,000	(1,428,140)
<i>Total Governmental Activities</i>	<u>21,074,302</u>	<u>22,993,104</u>	<u>24,734,416</u>	<u>23,407,986</u>
Business-type Activities:				
Special Item - Legal Settlement	0	0	0	441,880
Transfers	0	0	(68,000)	1,428,140
<i>Total Business-type Activities</i>	<u>0</u>	<u>0</u>	<u>(68,000)</u>	<u>1,870,020</u>
<i>Total Primary Government</i>	<u><u>\$21,074,302</u></u>	<u><u>\$22,993,104</u></u>	<u><u>\$24,666,416</u></u>	<u><u>\$25,278,006</u></u>
Change in Net Position				
Governmental Activities	\$2,098,664	\$2,203,631	\$3,386,258	\$1,924,764
Business-type Activities	<u>6,934,297</u>	<u>6,110,770</u>	<u>2,856,587</u>	<u>187,397</u>
<i>Total Primary Government</i>				
<i>Change in Net Position</i>	<u><u>\$9,032,961</u></u>	<u><u>\$8,314,401</u></u>	<u><u>\$6,242,845</u></u>	<u><u>\$2,112,161</u></u>

Source: City Auditor's Office

City of Lancaster

2009	2010	Restated 2011	2012	2013	2014
22,023,964	17,258,590	15,206,268	12,786,252	15,121,742	17,597,507
8,408,759	8,243,228	7,917,801	8,172,166	7,891,739	7,991,000
8,231,224	8,708,143	10,010,386	10,620,930	11,082,399	11,278,415
3,592,904	3,572,689	3,583,806	3,687,918	3,635,892	3,655,721
1,899,584	2,107,985	2,327,529	2,726,348	2,956,331	3,000,829
0	9,350,923	8,626,192	5,798,134	7,748,116	9,474,189
146,543	194,145	256,255	163,697	198,065	149,107
47,589	1,042,287	144,389	432,880	106,395	0
<u>44,350,567</u>	<u>50,477,990</u>	<u>48,072,626</u>	<u>44,388,325</u>	<u>48,740,679</u>	<u>53,146,768</u>
<u>55,252,990</u>	<u>61,779,099</u>	<u>59,967,139</u>	<u>59,722,172</u>	<u>63,925,134</u>	<u>69,797,067</u>
(23,279,106)	(25,121,421)	(21,912,213)	(19,783,309)	(17,913,296)	(19,189,002)
<u>3,028,176</u>	<u>(10,567,274)</u>	<u>(10,916,585)</u>	<u>(8,653,971)</u>	<u>(7,313,629)</u>	<u>(2,915,708)</u>
<u>(\$20,250,930)</u>	<u>(\$35,688,695)</u>	<u>(\$32,828,798)</u>	<u>(\$28,437,280)</u>	<u>(\$25,226,925)</u>	<u>(\$22,104,710)</u>
\$2,093,725	\$1,914,780	\$1,967,069	\$1,787,647	\$1,775,753	\$1,769,125
417,000	394,315	446,119	404,582	392,439	2,530,507
0	228,307	332,919	332,419	331,819	331,119
0	258,061	38,576	158,607	135,935	157,845
17,456,314	17,212,521	15,838,417	18,218,093	17,948,988	18,135,381
517,840	543,579	585,100	617,585	618,634	624,904
2,739,915	3,076,212	2,313,912	1,493,621	1,794,651	1,468,722
529,545	328,465	326,671	272,735	110,281	328,271
806,267	622,745	308,819	992,265	819,530	585,543
(215,123)	(324,798)	(21,402)	(44,539)	0	0
<u>24,345,483</u>	<u>24,254,187</u>	<u>22,136,200</u>	<u>24,233,015</u>	<u>23,928,030</u>	<u>25,931,417</u>
0	0	0	0	0	0
215,123	324,798	21,402	44,539	0	0
<u>215,123</u>	<u>324,798</u>	<u>21,402</u>	<u>44,539</u>	<u>0</u>	<u>0</u>
<u>\$24,560,606</u>	<u>\$24,578,985</u>	<u>\$22,157,602</u>	<u>\$24,277,554</u>	<u>\$23,928,030</u>	<u>\$25,931,417</u>
\$1,066,377	(\$867,234)	\$223,987	\$4,449,706	\$6,014,734	\$6,742,415
<u>3,243,299</u>	<u>(10,242,476)</u>	<u>(10,895,183)</u>	<u>(8,609,432)</u>	<u>(7,313,629)</u>	<u>(2,915,708)</u>
<u>\$4,309,676</u>	<u>(\$11,109,710)</u>	<u>(\$10,671,196)</u>	<u>(\$4,159,726)</u>	<u>(\$1,298,895)</u>	<u>\$3,826,707</u>

City of Lancaster

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	332,621	447,451	290,959	269,862
Unreserved	<u>3,724,907</u>	<u>4,042,869</u>	<u>3,759,946</u>	<u>3,153,883</u>
<i>Total General Fund</i>	<u>4,057,528</u>	<u>4,490,320</u>	<u>4,050,905</u>	<u>3,423,745</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Unassigned	0	0	0	0
Reserved	2,571,986	2,776,859	2,829,102	2,801,159
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	3,084,591	3,035,341	3,580,847	3,670,910
Capital Projects Funds	<u>(306,634)</u>	<u>(1,543,724)</u>	<u>(4,231,667)</u>	<u>(5,744,111)</u>
<i>Total All Other Governmental Funds</i>	<u>5,349,943</u>	<u>4,268,476</u>	<u>2,178,282</u>	<u>727,958</u>
<i>Total Governmental Funds</i>	<u><u>\$9,407,471</u></u>	<u><u>\$8,758,796</u></u>	<u><u>\$6,229,187</u></u>	<u><u>\$4,151,703</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

2009	2010	2011	2012	2013	2014
\$0	\$0	\$211,052	\$237,825	\$218,362	\$184,142
0	0	430,940	1,581,288	1,242,718	1,335,785
0	0	3,341,770	3,614,790	5,251,121	5,482,881
309,687	311,485	0	0	0	0
2,829,674	3,362,329	0	0	0	0
<u>3,139,361</u>	<u>3,673,814</u>	<u>3,983,762</u>	<u>5,433,903</u>	<u>6,712,201</u>	<u>7,002,808</u>
0	0	2,919,211	3,037,984	3,019,060	3,018,879
0	0	5,972,886	5,980,246	6,525,938	13,494,830
0	0	1,000,075	1,560,269	1,323,924	1,965,953
0	0	(2,224,855)	(2,249,664)	(2,656,486)	(1,805,141)
3,044,531	3,023,660	0	0	0	0
4,082,531	4,848,172	0	0	0	0
(4,330,894)	(2,010,441)	0	0	0	0
<u>2,796,168</u>	<u>5,861,391</u>	<u>7,667,317</u>	<u>8,328,835</u>	<u>8,212,436</u>	<u>16,674,521</u>
<u>\$5,935,529</u>	<u>\$9,535,205</u>	<u>\$11,651,079</u>	<u>\$13,762,738</u>	<u>\$14,924,637</u>	<u>\$23,677,329</u>

City of Lancaster

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

	2005	2006	2007	2008
Revenues:				
Taxes	\$16,421,231	\$17,981,983	\$18,767,446	\$19,650,167
Intergovernmental Revenues	6,443,731	6,933,762	8,513,743	8,188,157
Charges for Services	4,132,594	4,232,866	4,710,409	4,345,079
Licenses and Permits	22,049	24,279	26,759	24,362
Investment Earnings	598,759	1,151,742	1,372,732	864,986
Special Assessments	144,634	136,327	140,058	137,351
Fines and Forfeitures	1,471,477	1,522,814	1,535,541	1,633,932
All Other Revenue	573,346	884,284	1,168,788	712,682
Total Revenue	<u>29,807,821</u>	<u>32,868,057</u>	<u>36,235,476</u>	<u>35,556,716</u>
Expenditures:				
Current:				
Security of Persons and Property	14,402,149	15,901,921	16,710,584	17,825,296
Public Health and Welfare Services	854,324	921,993	893,308	947,332
Leisure Time Activities	1,632,501	1,959,713	2,194,345	2,138,133
Community Environment	787,384	1,204,194	683,621	938,993
Transportation	3,672,615	3,805,510	4,094,796	4,126,802
General Government	6,929,816	6,946,297	7,784,196	7,667,476
Capital Outlay	1,151,747	2,221,974	7,193,369	3,172,798
Debt Service:				
Principal Retirement	4,254,086	259,586	265,086	1,139,743
Interest and Fiscal Charges	349,665	298,633	461,330	539,724
Total Expenditures	<u>34,034,287</u>	<u>33,519,821</u>	<u>40,280,635</u>	<u>38,496,297</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,226,466)	(651,764)	(4,045,159)	(2,939,581)

City of Lancaster

2009	2010	2011	2012	2013	2014
\$19,672,863	\$20,068,678	\$19,653,652	\$20,167,837	\$20,522,054	\$22,629,962
8,496,589	8,720,285	8,205,296	10,125,086	9,925,610	10,402,482
4,192,295	4,398,036	4,110,825	4,463,521	5,018,577	5,376,488
30,148	23,460	24,320	26,190	21,320	30,544
541,123	343,123	311,047	314,243	117,176	322,355
128,276	118,993	140,063	122,408	99,710	116,689
1,892,301	2,039,847	2,071,956	2,313,306	2,111,093	2,339,400
740,067	729,522	442,006	1,089,910	849,946	770,866
<u>35,693,662</u>	<u>36,441,944</u>	<u>34,959,165</u>	<u>38,622,501</u>	<u>38,665,486</u>	<u>41,988,786</u>

17,282,106	17,765,918	16,737,295	16,629,053	16,396,860	16,387,166
861,469	827,523	744,821	759,395	897,647	791,543
1,930,845	1,891,191	1,819,231	1,901,633	1,840,118	1,994,089
914,314	840,683	825,150	827,142	687,389	884,703
4,405,233	4,572,787	3,920,300	4,309,998	4,443,455	6,722,387
7,342,691	8,317,591	7,115,172	7,290,528	7,490,162	8,216,413
825,694	703,024	920,837	4,489,551	4,721,837	6,324,867
413,171	643,299	747,956	769,591	969,263	1,390,042
448,980	351,966	325,674	332,330	352,094	395,077
<u>34,424,503</u>	<u>35,913,982</u>	<u>33,156,436</u>	<u>37,309,221</u>	<u>37,798,825</u>	<u>43,106,287</u>

1,269,159 527,962 1,802,729 1,313,280 866,661 (1,117,501)

(Continued)

City of Lancaster

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

	2005	2006	2007	2008
Other Financing Sources (Uses):				
State Infrastructure Bank Loan	0	0	1,155,949	0
Other Financing Sources - Capital Leases	142,381	10,079	440,386	126,409
Housing and Urban Development Loan	0	0	0	760,000
Ohio Water Development Authority Loans	0	0	0	0
General Obligation Bonds Issued	4,150,000	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	0	0	0
Transfers In	1,732,309	1,986,619	2,479,004	1,762,994
Transfers Out	(1,732,309)	(1,986,619)	(2,523,754)	(1,786,988)
Total Other Financing Sources (Uses)	<u>4,292,381</u>	<u>10,079</u>	<u>1,551,585</u>	<u>862,415</u>
Net Change in Fund Balance	<u>\$65,915</u>	<u>(\$641,685)</u>	<u>(\$2,493,574)</u>	<u>(\$2,077,166)</u>
Debt Service as a Percentage of Noncapital Expenditures	14.63%	1.93%	2.07%	4.70%

Source: City Auditor's Office

City of Lancaster

2009	2010	2011	2012	2013	2014
0	0	0	0	0	0
518,545	18,882	0	9,806	20,751	423,428
0	0	0	0	0	0
0	337,247	61,428	0	0	0
0	2,800,000	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	199,141	1,049,337	470,575	0
1,989,769	1,803,367	1,267,822	1,288,514	2,035,399	11,404,518
(2,032,945)	(1,878,889)	(1,289,224)	(1,633,053)	(2,214,087)	(11,469,006)
<u>475,369</u>	<u>3,080,607</u>	<u>239,167</u>	<u>714,604</u>	<u>312,638</u>	<u>9,894,411</u>
<u>\$1,744,528</u>	<u>\$3,608,569</u>	<u>\$2,041,896</u>	<u>\$2,027,884</u>	<u>\$1,179,299</u>	<u>\$8,776,910</u>
2.63%	2.91%	3.40%	3.10%	4.07%	4.95%

City of Lancaster

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Income Tax Rate	1.75%	1.75%	1.75%	1.75%
Estimated Personal Income (in thousands)	\$1,104,424	\$1,124,579	\$1,165,637	\$1,201,987
Total Tax Collected	\$14,186,430	\$15,550,666	\$16,264,316	\$16,746,431
Income Tax Receipts				
Withholding	11,136,624	12,067,107	12,695,987	12,953,012
Percentage	78.50%	77.60%	78.06%	77.35%
Corporate	1,262,432	1,515,792	1,514,077	1,707,499
Percentage	8.90%	9.75%	9.31%	10.20%
Individuals	1,787,374	1,967,767	2,054,252	2,085,920
Percentage	12.60%	12.65%	12.63%	12.45%

Source: City Income Tax Department

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

City of Lancaster

2009	2010	2011	2012	2013	2014
1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
\$1,211,789	\$1,214,457	\$1,301,806	\$1,396,920	\$1,467,382	\$1,448,555
\$16,819,420	\$17,320,421	\$16,703,561	\$17,457,624	\$17,750,771	\$17,809,533
12,867,716	13,193,795	13,238,524	13,557,810	13,659,993	13,883,166
76.51%	76.17%	79.25%	77.66%	76.96%	77.96%
2,005,248	2,192,628	1,609,683	1,649,607	1,932,043	1,897,976
11.92%	12.66%	9.64%	9.45%	10.88%	10.66%
1,946,456	1,933,998	1,855,354	2,250,207	2,158,735	2,028,391
11.57%	11.17%	11.11%	12.89%	12.16%	11.38%



City of Lancaster

Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2014

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.10%	\$5,087,261	28.56%
All Others	9,673	99.90%	12,722,272	71.44%
Total	9,683	100.00%	\$17,809,533	100.00%

Calendar Year 2005

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.09%	\$4,345,507	30.63%
All Others	10,783	99.91%	9,840,923	69.37%
Total	10,793	100.00%	\$14,186,430	100.00%

Source: City Income Tax Department

City of Lancaster

Ratio of Outstanding Debt By Type Last Ten Years

	2005	2006	2007	2008
Governmental Activities ⁽¹⁾				
Housing and Urban Development Loan Payable	\$1,030,000	\$940,000	\$850,000	\$760,000
Ohio Public Works Commission Loan Payable	94,334	88,248	82,162	76,076
Ohio Water Development Authority Loans Payable	0	0	0	0
Special Assessment Bonds Payable	319,500	306,000	292,000	277,000
General Obligation Bonds Payable	3,965,000	3,815,000	3,660,000	3,500,000
State Infrastructure Bank Loan Payable	0	0	1,155,949	1,047,292
Installment Loan Payable	0	0	0	0
Capital Leases	849,076	617,050	859,143	641,890
Business-type Activities ⁽¹⁾				
Ohio Water Development Authority Loans Payable	\$44,400,803	\$41,823,289	\$39,171,688	\$36,365,393
Revenue Bonds Payable	13,168,005	12,824,754	12,476,503	379,339,585
Ohio Rail Development Commission Loan	0	0	0	0
Capital Leases	35,004	26,714	425,521	343,706
Total Primary Government	<u>\$63,861,722</u>	<u>\$60,441,055</u>	<u>\$58,972,966</u>	<u>\$422,350,942</u>
Population ⁽²⁾				
City of Lancaster	36,380	36,380	36,375	36,608
Outstanding Debt Per Capita	\$1,755	\$1,661	\$1,621	\$11,537
Income ⁽³⁾				
Personal (in thousands)	1,104,424	1,124,579	1,165,637	1,201,987
Percentage of Personal Income	5.78%	5.37%	5.06%	35.14%

Sources:

- (1) Source: City Auditor's Office
- (2) US Bureau of Census, Population Division, 2013 is an estimate made by the City
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Lancaster

2009	2010	2011	2012	2013	2014
\$670,000	\$580,000	\$490,000	\$400,000	\$310,000	\$220,000
69,990	63,904	57,818	54,775	45,646	39,560
0	337,247	391,485	376,754	361,723	346,088
261,500	245,000	228,000	210,000	191,000	171,000
3,335,000	5,745,000	5,295,000	4,835,000	4,360,000	13,177,942
910,707	769,994	610,821	464,867	314,502	159,592
0	0	180,634	1,492,108	1,695,230	1,378,506
750,733	532,216	356,584	184,820	114,214	447,016
\$41,534,180	\$58,381,455	\$60,996,820	\$56,434,105	\$52,134,520	\$47,606,083
373,688,481	369,297,377	365,281,273	361,341,879	356,703,101	347,855,825
100,808	53,060	4,136	0	0	0
287,311	200,470	83,832	325,974	280,665	233,665
<u>\$421,608,710</u>	<u>\$436,205,723</u>	<u>\$433,976,403</u>	<u>\$426,120,282</u>	<u>\$416,510,601</u>	<u>\$411,635,277</u>
37,680	37,243	38,780	38,880	39,359	38,854
\$11,189	\$11,712	\$11,191	\$10,960	\$10,582	\$10,594
1,211,789	1,214,457	1,301,806	1,396,920	1,467,382	1,448,555
34.79%	35.92%	33.34%	30.50%	28.38%	28.42%

City of Lancaster

Ratios of General Bonded Debt Outstanding Last Ten Years

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

Source:

- (1) Lancaster Community Development Department estimates (2005- 2013)
Fairfield County Economic Development website using the Ohio Dept of Taxation Census
Population estimates (2014)
- (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

2009	2010	2011	2012	2013	2014
37,680	37,243	38,780	38,880	39,359	38,854
\$745,611,660	\$737,068,930	\$718,274,700	\$723,028,400	\$727,831,260	\$722,645,450
\$3,335,000	\$5,745,000	\$5,295,000	\$4,835,000	\$4,360,000	\$13,177,942
\$97,729	\$91,191	\$91,191	\$91,191	\$91,191	\$0
\$3,237,271	\$5,653,809	\$5,203,809	\$4,743,809	\$4,268,809	\$13,177,942
0.43%	0.77%	0.72%	0.66%	0.59%	1.82%
\$85.91	\$151.81	\$134.19	\$122.01	\$108.46	\$339.17



City of Lancaster

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2014*

<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)	\$15,939,704	100.00%	\$15,939,704
Overlapping:				
Lancaster City School District	(2)	64,608,212	78.30%	50,588,230
Fairfield County	(3)	15,500,329	21.55%	3,340,321
			Subtotal	<u>53,928,551</u>
			Total	<u><u>\$69,868,255</u></u>

Source:

- (1) City Auditor's Office
- (2) Lancaster City School District, as of June 30, 2014, 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

Debt Limitations Last Ten Years

Collection Year	2005	2006	2007	2008
Total Debt				
Net Assessed Valuation	\$727,046,497	\$708,753,525	\$697,186,961	\$759,216,664
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	76,339,882	74,419,120	73,204,631	79,717,750
City Debt Outstanding (2)	5,116,500	6,026,600	5,897,600	3,500,000
Less: Applicable Debt Service Fund Amounts	(97,729)	(97,729)	(97,729)	(97,729)
Net Indebtedness Subject to Limitation	<u>5,018,771</u>	<u>5,928,871</u>	<u>5,799,871</u>	<u>3,402,271</u>
Overall Legal Debt Margin	<u>\$71,321,111</u>	<u>\$68,490,249</u>	<u>\$67,404,760</u>	<u>\$76,315,479</u>
Unvoted Debt				
Net Assessed Valuation	\$727,046,497	\$708,753,525	\$697,186,961	\$759,216,664
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	39,987,557	38,981,444	38,345,283	41,756,917
City Debt Outstanding (2)	5,116,500	6,026,600	5,897,600	3,500,000
Less: Applicable Debt Service Fund Amounts	(97,729)	(97,729)	(97,729)	(97,729)
Net Indebtedness Subject to Limitation	<u>5,018,771</u>	<u>5,928,871</u>	<u>5,799,871</u>	<u>3,402,271</u>
Overall Legal Debt Margin	<u>\$34,968,786</u>	<u>\$33,052,573</u>	<u>\$32,545,412</u>	<u>\$38,354,646</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

2009	2010	2011	2012	2013	2014
\$745,611,660	\$737,068,930	\$718,274,700	\$723,028,400	\$727,831,260	\$722,645,450
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
78,289,224	77,392,238	75,418,844	75,917,982	76,422,282	75,877,772
3,335,000	5,745,000	5,295,000	4,835,000	4,360,000	13,177,942
(97,729)	(91,191)	(91,191)	(91,191)	(91,191)	0
3,237,271	5,653,809	5,203,809	4,743,809	4,268,809	13,177,942
\$75,051,953	\$71,738,429	\$70,215,035	\$71,174,173	\$72,153,473	\$62,699,830
\$745,611,660	\$737,068,930	\$718,274,700	\$723,028,400	\$727,831,260	\$722,645,450
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
41,008,641	40,538,791	39,505,109	39,766,562	40,030,719	39,745,500
3,335,000	5,745,000	5,295,000	4,835,000	4,360,000	13,177,942
(97,729)	(91,191)	(91,191)	(91,191)	(91,191)	0
3,237,271	5,653,809	5,203,809	4,743,809	4,268,809	13,177,942
\$37,771,370	\$34,884,982	\$34,301,300	\$35,022,753	\$35,761,910	\$26,567,558

City of Lancaster

Pledged Revenue Coverage Last Ten Years

	2005	2006	2007	2008
Water Mortgage Bonds (1 a)				
Gross Revenues (2)	\$8,388,041	\$8,613,246	\$9,320,183	\$8,626,257
Direct Operating Expenses (3)	4,924,256	5,348,084	5,436,732	5,714,908
Net Revenue Available for Debt Service	3,463,785	3,265,162	3,883,451	2,911,349
Annual Debt Service Requirement	565,969	561,869	562,256	562,006
Coverage	6.12	5.81	6.91	5.18
Water Pollution Mortgage Bonds (1 b)				
Gross Revenues (2)	\$7,006,365	\$7,314,131	\$7,794,051	\$8,194,701
Direct Operating Expenses (3)	3,510,807	3,925,494	3,991,924	4,103,624
Net Revenue Available for Debt Service	3,495,558	3,388,637	3,802,127	4,091,077
Annual Debt Service Requirement	349,141	351,641	348,716	518,214
Coverage	10.01	9.64	10.90	7.89
Port Authority Gas Supply Revenue Bonds (1 c)				
Gross Revenues (2)	\$0	\$0	\$0	N/A
Direct Operating Expenses (3)	0	0	0	N/A
Net Revenue Available for Debt Service	0	0	0	N/A
Annual Debt Service Requirement	0	0	0	8,062,363
Coverage	0.00	0.00	0.00	N/A
Special Assessment Bonds (1 d)				
Special Assessment Collections	\$39,212	\$35,998	\$38,107	\$37,547
Debt Service				
Principal	13,000	13,500	14,000	15,000
Interest	16,625	15,975	15,638	6,963
Coverage	1.32	1.22	1.29	1.71

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

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

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

(1 c) In 2008 the City issued \$348,750,000 of Gas Supply Bonds

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

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

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

N/A = not available

Source: City Auditor's Office

City of Lancaster

2009	2010	2011	2012	2013	2014
\$8,432,910	\$8,307,429	\$7,979,328	\$8,210,753	\$7,885,740	\$8,023,002
5,798,198	5,845,492	5,796,524	5,919,515	5,453,543	5,802,924
2,634,712	2,461,937	2,182,804	2,291,238	2,432,197	2,220,078
566,094	564,344	561,869	519,035	416,144	516,081
4.65	4.36	3.88	4.41	5.84	4.30
\$8,339,280	\$8,834,129	\$10,115,464	\$10,715,711	\$11,072,967	\$11,378,708
3,893,941	3,542,641	3,568,981	4,297,101	4,054,109	4,403,285
4,445,339	5,291,488	6,546,483	6,418,610	7,018,858	6,975,423
1,786,742	1,786,941	1,786,179	1,761,279	1,749,669	1,749,756
2.49	2.96	3.67	3.64	4.01	3.99
N/A	\$9,347,281	\$8,628,422	\$5,758,552	\$7,732,965	\$9,475,747
N/A	9,830,408	8,217,550	4,540,457	5,819,723	6,531,561
N/A	(483,127)	410,872	1,218,095	1,913,242	2,944,186
6,166,070	4,440,158	3,737,119	3,741,661	3,884,923	2,852,227
N/A	(0.11)	0.11	0.33	0.49	1.03
\$35,202	\$36,342	\$46,203	\$37,246	\$36,571	\$41,881
15,500	16,500	17,000	18,000	19,000	20,000
13,850	13,075	12,250	11,400	10,500	9,550
1.20	1.23	1.58	1.27	1.24	1.42

City of Lancaster

Demographic and Economic Statistics Last Ten Years

Calendar Year	2005	2006	2007	2008	2009
Population					
City of Lancaster (2)	36,380	36,380	36,375	36,608	37,680
Fairfield County (1)	138,423	139,637	142,557	144,252	143,712
Income (3) (a)					
Total Personal (in thousands)	1,104,424	1,124,579	1,165,637	1,201,987	1,211,789
Per Capita	30,358	30,912	32,045	32,834	32,160
Unemployment Rate (4)					
Federal	5.5%	5.0%	4.6%	5.8%	9.3%
State	6.0%	5.9%	5.6%	6.6%	10.2%
Fairfield County	5.3%	4.8%	5.0%	5.6%	8.5%
Civilian Work Force Estimates (4)					
State	5,900,400	5,934,000	5,976,500	5,986,400	5,970,200
Fairfield County	72,200	74,200	76,300	77,100	76,100
Lancaster	18,200	18,400	18,700	18,600	18,600

Sources:

- (1) US Bureau of Census of Population
- (2) Lancaster Community Development Department estimates (2005- 2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014)
- (3) US Department of Commerce, Bureau of Economic Analysis information is only available through 2013
for the presentation of 2014 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

2010	2011	2012	2013	2014
37,243	38,780	38,880	39,359	38,854
143,712	146,156	147,747	148,867	147,446
1,214,457	1,301,806	1,396,920	1,467,382	1,448,555
32,609	33,569	35,929	37,282	37,282
9.6%	8.9%	8.1%	7.4%	6.2%
10.1%	8.6%	7.2%	7.4%	5.7%
8.8%	7.7%	6.3%	6.4%	5.0%
5,897,600	5,762,000	5,747,900	5,765,700	5,719,500
75,300	74,400	74,800	75,600	74,900
17,900	1,770	17,500	17,700	17,900



City of Lancaster

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2014		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	1,864	1	10.90%
Fairfield County	Government	938	2	5.49%
Anchor Hocking	Glass Manufacturer	900	3	5.26%
Lancaster City Schools	Education	705	4	4.12%
City of Lancaster	Government	430	5	2.51%
Ralston Foods/Con Agra	Manufacturer	341	6	1.99%
Kroger	Food	262	7	1.53%
Diamond Power	Metal Fabrication	240	8	1.40%
Crestview**	Nursing Care	212	9	1.24%
Fairfield Homes**	Construction	194	10	1.13%
Total		6,086		35.57%

Total Employment within the City

17,100

Employer	Nature of Business	2005		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	1,837	1	10.62%
Anchor Hocking	Glass Manufacturer	1,080	2	6.24%
Lancaster City Schools	Education	712	3	4.12%
Fairfield County	Government	611	4	3.53%
Diamond Power	Metal Fabrication	455	5	2.63%
City of Lancaster	Government	349	6	2.02%
Ralston Foods/Con Agra	Manufacturer	266	7	1.54%
Crestview	Nursing Care	242	8	1.40%
Glassfloss	Industrial	218	9	1.26%
Lancaster Glass	Glass Manufacturer	216	10	1.25%
Total		5,986		34.60%

Total Employment within the City

17,300

Sources:

Source for 2014 total employment is from the Ohio Labor Market Information Website.

2014 Company information is from the Fairfield County Chamber of Commerce webpage:

www.businesscounty.com

** And information from companies responding via telephone.

City of Lancaster

Full Time Equivalent Employees by Function Last Ten Years

	2005	2006	2007	2008	2009
Governmental Activities					
General Government					
Auditor	6.00	6.00	6.00	6.00	6.00
Treasurer	1.00	1.00	1.00	1.00	1.00
Legal	9.00	9.00	9.00	10.00	10.00
City Council	11.00	11.00	11.00	11.00	11.00
Court	30.00	32.00	33.00	35.00	35.00
Administration	4.00	4.00	4.00	4.00	4.00
Engineering	11.00	8.00	8.00	8.00	5.00
Certified Building	4.00	6.00	6.00	4.00	4.00
Income Tax	6.00	5.00	5.00	6.00	5.00
Maintenance	2.00	2.00	2.00	2.00	1.00
Electric	0.00	0.00	0.00	0.00	0.00
Information Systems	4.00	6.00	6.00	7.00	6.00
Security of Persons and Property					
Police	84.00	83.00	84.00	86.00	83.00
Fire	88.00	94.00	94.00	95.00	92.00
Public Health and Welfare					
Cemetery	6.00	5.00	5.00	5.00	5.00
Transportation					
Street	31.00	29.00	29.00	28.00	25.00
Leisure Time Activities					
Parks	25.00	25.00	25.00	27.00	25.00
Community Environment					
Community Development	3.00	3.00	3.00	3.00	2.00
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	24.00	22.00	23.00	24.00
Water	44.00	43.00	44.00	45.00	46.00
Water Pollution	23.00	23.00	22.00	22.00	21.00
Sanitation	24.00	24.00	23.00	23.00	23.00
Storm Water	3.00	3.00	3.00	3.00	3.00
Utilities Collection	21.00	21.00	21.00	20.00	17.00
<i>Total Employees</i>	<u>467.00</u>	<u>470.00</u>	<u>469.00</u>	<u>477.00</u>	<u>457.00</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

2010	2011	2012	2013	2014
5.00	4.00	4.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00
9.00	8.00	9.00	7.00	9.00
11.00	11.00	11.00	11.00	11.00
34.00	33.00	33.00	33.00	36.00
4.00	4.00	4.00	5.00	5.00
4.00	4.00	3.00	4.00	3.00
4.00	3.00	3.00	3.00	3.00
5.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00
0.00	0.00	0.00	0.00	0.00
6.00	7.00	7.00	7.00	8.00
83.00	81.00	83.00	80.00	83.00
84.00	70.00	70.00	70.00	72.00
1.00	1.00	1.00	1.00	2.00
5.00	4.00	4.00	4.00	4.00
24.00	22.00	21.00	22.00	22.00
26.00	16.00	25.00	24.00	26.00
3.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00
24.00	25.00	25.00	25.00	25.00
44.00	43.00	42.00	41.00	39.00
22.00	24.00	24.00	23.00	24.00
22.00	21.00	21.00	21.00	21.00
3.00	2.00	4.00	4.00	5.00
17.00	15.00	15.00	15.00	15.00
444.00	409.00	420.00	416.00	429.00

City of Lancaster

Operating Indicators by Function Last Ten Years

	2005	2006	2007	2008
Governmental Activities				
General Government				
Court				
Number of Traffic Cases	12,021	11,285	11,700	15,164
Number of Open Cases	1,310	1,282	1,437	1,718
Licenses and Permits				
Number of Building Permits	824	795	973	1,135
Number of Building Inspections	4,921	4,075	3,672	3,191
Security of Persons and Property				
Police				
Number of Calls Received	56,486	56,311	50,565	59,000
Number of Traffic Citations	4,121	3,671	3,828	4,411
Number of Arrests	3,918	3,863	2,276	2,545
Parking Tickets Written	1,744	1,856	1,176	1,189
Fire				
Number of Fire Calls	1,633	1,586	1,681	1,750
Number of EMS Runs	5,407	5,508	5,830	6,314
Number of Inspections	2,783	2,527	2,610	3,350
Leisure Time Activities				
Parks				
Number of Programs Offered	15	16	21	41
Number of Pool Passes Issued	22,338	19,071	26,321	25,296
Business-Type Activities				
Water				
Number of Service Connections	14,240	15,110	15,185	15,199
Daily Average Consumption (thousands of gallons)	4.5M	4.1M	4.2M	4.5M
Peak Daily Consumption (thousands of gallons) (1)	8.5M	16.5M	8.6M	7.8M
Water Pollution				
Number of Service Connections	13,707	14,794	14,855	14,869
Maximum Daily Capacity (2)	5.8M	6.82M	7.56M	14.7M
Daily Average Sewage Treatment (thousands of gallons) (2)	12.5M	12.5M	12.5M	8.4M
Sanitation				
Number of Customers	15,185	15,185	14,200	15,279
Storm Water				
Number of Customers	13,989	14,291	14,356	14,376

Source: City Auditor's Office

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

(2) New plant opened in 2011

City of Lancaster

2009	2010	2011	2012	2013	2014
12,429	14,199	16,242	17,053	17,933	17,898
1,344	1,254	1,444	1,345	1,606	1,335
1,011	1,254	1,070	1,146	1,156	1,049
2,610	2,857	2,283	2,566	2,983	2,436
60,948	59,216	63,969	62,591	58,228	56,254
4,003	4,424	5,185	4,361	5,079	2,616
2,645	1,750	4,071	1,543	1,647	1,494
1,136	1,001	1,001	984	833	696
1,750	1,526	1,595	1,709	1,530	1,569
6,151	6,314	6,304	6,729	6,819	6,931
3,744	3,041	3,142	2,363	1,464	1,433
43	49	56	57	63	61
21,165	31,492	33,258	28,533	18,758	18,283
15,242	15,306	15,260	15,275	15,363	15,424
4.31M	3.87M	3.88M	3.79M	3.58M	3.75M
5.76M	5.785M	5.69M	5.23M	5.89M	5.76M
14,961	14,994	14,966	14,974	15,088	15,129
12.5M	12.5M	14.5M	14M	14M	14M
6.60M	6.47M	9.7M	6.96M	7.10M	7.23M
14,985	15,597	15,370	15,441	15,468	15,490
14,439	14,608	14,619	14,680	14,750	14,820

City of Lancaster

Capital Asset Statistics by Function Last Ten Years

	2005	2006	2007	2008
Governmental Activities				
General Government				
Public Land and Buildings				
Land (square miles)	18.360	18.505	18.590	18.590
Buildings	36	36	36	36
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles (1)	17	17	16	16
Fire				
Stations	3	3	3	3
Vehicles	21	22	22	22
Public Health & Welfare				
Cemetery				
Land (acres)	150	150	150	150
Transportation				
Street				
Streets (lane miles)	160	160	185	185
Street Lights	2,360	2,360	2,360	2,360
Traffic Signals	92	92	92	92
Leisure Time Activities				
Parks				
Land (acres)	720	720	720	720
Buildings	21	21	21	21
Parks	27	27	27	27
Playgrounds	12	12	12	12
Swimming Pools	2	2	2	2
Tennis Courts	10	10	10	10
Baseball/Softball Diamonds	26	26	26	26
Soccer Fields	8	8	8	8

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

City of Lancaster

2009	2010	2011	2012	2013	2014
18,590	18,590	18,590	18,590	18,598	18,598
36	36	36	36	36	36
1	1	1	1	1	1
31	31	33	38	34	38
3	3	3	3	3	3
22	20	20	21	20	18
150	150	150	150	150	150
185	185	185	185	185	185
2,360	2,464	2,466	2,300	2,476	2,476
85	85	85	85	85	86
733	733	733	733	733	733
21	21	21	21	21	21
27	27	27	27	27	27
12	12	12	12	12	12
3	2	2	2	2	2
13	13	13	13	13	13
26	26	26	26	26	26
22	22	22	22	22	22

(Continued)

City of Lancaster

Capital Asset Statistics by Function Last Ten Years

	2005	2006	2007	2008
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	162	170	171	171
Pump Stations	2	2	2	2
Number of Hydrants	1,425	1,600	1,670	1,670
Storage Capacity (thousands of gallons)	16.5M	16.5M	16.5M	16.5M
Water Pollution				
Sewerlines (Miles)	170	170	185	185
Lift Stations	9	9	9	9
Sanitation				
Packers	9	9	9	9
Storm Water				
Storm Sewers (Miles)	60	61	61	61
Gas				
Gaslines (Miles)	N/A	N/A	N/A	N/A

Source: City Auditor's Office
N/A = Not Available

City of Lancaster

2009	2010	2011	2012	2013	2014
174	179	180	181	182	182
2	2	2	2	2	2
1,791	1,800	1,835	1,842	1,848	1,885
17.5M	9.8M	9.8M	9.8M	9.8M	9.8M
186	186	186	186	186	186
10	10	10	11	11	11
10	10	10	9	9	10
63	63	63	64	66	88
N/A	N/A	260	260	249	249





Dave Yost • Auditor of State

CITY OF LANCASTER

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 6, 2015**