



Dave Yost • Auditor of State

CITY OF LANCASTER
FAIRFIELD COUNTY

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**CITY OF LANCASTER
FAIRFIELD COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
Community Development Block Grants (CDBG) Entitlement Grants Program	N/A	14.218	\$656,507
ARRA - Community Development Block Grant Entitlement Grants Program (CDBG-R)	N/A	14.253	<u>9,673</u>
Total Community Development Block Grant Program			666,180
Home Investment Partnerships Program (CHIP)	N/A	14.239	88
<i>Passed Through Ohio Department of Development and Fairfield County</i>			
Community Development Block Grant / State's Program	B-Z-08-1AV-1	14.228	10,287
Total U.S. Department of Housing and Urban Development			<u>676,555</u>
<u>U.S. DEPARTMENT OF THE INTERIOR:</u>			
<i>Passed Through Ohio Department of Natural Resources:</i>			
Natural Outreach and Communication Program	DNRFN018	15.653	<u>500</u>
Total U.S. Department of the Interior			<u>500</u>
<u>U.S. DEPARTMENT OF JUSTICE:</u>			
Bulletproof Vest Partnership Program	N/A	16.607	2,600
<i>Passed Through Ohio Office of Criminal Justice:</i>			
Violence Against Women Formula Grants Program	2009-AR-VA5-1246	16.588	20,468
ARRA - Edward Byrne Memorial Justice Assistance Program / Grants to Units of Local Government	2009-RA-D01-2165 2009-RA-C01-2095	16.803	106,115 <u>89,496</u>
Total ARRA - Edward Byrne Memorial Justice Assistance Program / Grants to Units of Local Government			195,611
Total U.S. Department of Justice			<u>218,679</u>

(Continued)

CITY OF LANCASTER
FAIRFIELD COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>			
<i>Passed Through Ohio Department of Transportation:</i>			
Formula Grants for Other than Urbanized Areas	RPT-0023-029-092	20.509	54,000
	RPT-7000-027-081		140
	RPT-4023-030-101		421,549
ARRA - Formula Grants for Other than Urbanized Areas	RPTS-0023-001-093	20.509	225,169
	RPTS-0023-004-094		128,945
Total Formula Grants for Other than Urbanized Areas			<u>829,803</u>
Total U.S. Department of Transportation			<u>829,803</u>
<u>U.S. DEPARTMENT OF ENERGY:</u>			
<i>Passed Through Ohio Department of Energy</i>			
ARRA - Energy Efficiency and Conservation Block Grant Program	N/A	81.128	111,790
Total U.S. Department of the Energy			111,790
Total Federal Awards Expenditures			<u>\$1,837,327</u>

The accompanying notes are an integral part of this schedule.

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (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 - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

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

These loans are collateralized by mortgages on the property. At December 31, 2010, the gross amount of loans outstanding under the CDBG program was \$1,018,622, and the gross amount of loans outstanding under the CHIP program was \$642,417.

NOTE C - 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.

NOTE D – CDBG PROGRAM

The City received CDBG monies passed through the Ohio Department of Development and Fairfield County for certain administrative services provided in the amount of \$10,287.

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Dave Yost • Auditor of State

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

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

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Fairfield County, Ohio, (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 9, 2012, wherein we noted the Statement of Activities has been restated to include the Lancaster Port Authority as a blended component unit reported as part of the Business Type Activities of the City. Our report refers to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of the Lancaster Port Authority, a major fund, as described in our audit report of 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

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-01 and 2010-02.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated February 9, 2012.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

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



Dave Yost
Auditor of State

February 9, 2012



Dave Yost • Auditor of State

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

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

To the City Council:

Compliance

We have audited the compliance of the City of Lancaster, Fairfield, Ohio (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City of Lancaster's major federal programs for the year ended December 31, 2010. The *summary of auditor's results* section of the accompanying schedule of findings identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Lancaster complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2010-03.

Internal Control Over Compliance

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

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

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

Federal Awards Expenditures Schedule

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lancaster, Fairfield County, Ohio (the City) as of and for the year ended December 31, 2010, and have issued our report thereon dated February 9, 2012, wherein we noted the Statement of Activities has been restated to include the Lancaster Port Authority as a blended component unit reported as part of the Business Type Activities of the City. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information 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 used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We 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.

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

We also noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated February 9, 2012.

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



Dave Yost
Auditor of State

February 9, 2012

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS
--

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

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010
(Continued)**

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

FINDING NUMBER 2010-01

Noncompliance

Appropriations Exceeding Actual Resources

Ohio Rev. Code 5705.36(A)(3) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of the excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the excess.

Fund #	Fund Name	Total Unencumbered Funds + Actual Receipts	Total Appropriations	Variance
629	Waste Water Utility Reserve	\$23,643,396	\$26,835,205	(\$3,191,809)

It was noted that the City failed to include Waste Water Debt Proceeds in the Certificate of Estimated Resources to the County Auditor, resulting in the variance.

We recommend the City implement procedures to monitor estimated and actual revenues and request an amended certificate of estimated resources and increase estimated resources, when necessary, when it becomes evident that estimated sources of revenue will be above initial projections for the year.

Official's Response: The City missed recording OWDA payments on the City's behalf. The Auditor's Office will be checking in the future all of the OWDA payments made on the City's behalf on the OWDA website to make sure that we have recorded the payments accordingly then make sure that the amended certificate of estimated resources is adjusted as well.

FINDING NUMBER 2010-02

Noncompliance

Appropriations Exceeding Estimated Resources

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Total appropriations exceeded the total estimated resources as follows:

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010
(Continued)**

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

FINDING NUMBER 2010-02 (Continued)

The City had a deficiency of estimated resources compared to appropriations in the following fund at December 31, 2010:

Fund #	Fund Name	Total Est. Resources	Total Appropriations	Variance
629	Waste Water Utility Reserve	\$4,469,460	\$26,835,205	(22,365,644)

A lack of funds may result in the City being unable to meet its current obligations. It was noted that the City failed to include Waste Water Debt Proceeds in the Certificate of Estimated Resources to the County Auditor, resulting in the variance. This could result in the City expending more money than it receives and could cause possible negative fund balances.

We recommend the City ensure that estimated resources are sufficient to cover appropriations at the time of certification or amendment.

Official's Response: The City missed recording OWDA payments on the City's behalf. The Auditor's Office will be checking in the future all of the OWDA payments made on the City's behalf on the OWDA website to make sure that we have recorded the payments accordingly then make sure that the amended certificate of estimated resources and appropriations are adjusted along with making sure that any debt payments that are transferred from Waste Water Fund into the Waste Water Utility Reserve Fund are recorded on the certificate of estimated resources and appropriations.

3. FINDING FOR FEDERAL AWARDS

FINDING NUMBER 2010-03

Timely Filing of A-133 Reporting Package

Finding Number	2010-03
CFDA Title and Number	CDBG Entitlement Grants Program – CFDA#14.218/14.253 Formula Grants for Other than Urbanized Areas – CFDA#20.509
Federal Award Number / Year	2009/2010
Federal Agency	CFDA#14.218/14.253 – U.S. Department of Housing and Urban Development CFDA#20.509 – U.S. Department of Transportation
Pass-Through Agency	CFDA#14.218/14.253 – N/A CFDA#20.509 – Ohio Department of Transportation

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010
(Continued)**

3. FINDING FOR FEDERAL AWARDS (continued)

Timely Filing of A-133 Reporting Package (continued)

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section .200(b) provides that a non-federal entity that expends \$500,000 or more in a year in federal awards shall have a single audit conducted as discussed in the Circular. Section .105 defines such entities as “auditees”. Section .300(a) states, an auditee shall “Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal programs and award identification shall include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the Federal agency, and name of the pass-through entity.”

Section .300(e) further states, an auditee shall “Ensure that the audits required by this part are properly performed and submitted when due.” Section .320(a) provides that single audits shall be completed and a reporting package submitted to the federal clearinghouse designated by OMB, within the earlier of 30 days after receipt of the auditor’s report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The City expended in excess of \$500,000 in federal awards during the fiscal year ended December 31, 2010, however, it did not ensure that a single audit was conducted within the time period specified by OMB Circular A-133 Section .320a). Further, no extension was grant and therefore the City failed to meet the filing deadline.

We recommend the City develop procedures to ensure that a single audit is conducted for any fiscal year in which the \$500,000 expenditure threshold is exceeded. We further recommend the City Auditor develop procedures to obtain an extension for the filing deadline for the submission of their A-133 reporting package.

Official’s Response and Corrective Action Plan:

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2010-03	The Lancaster Port Authority (LPA) was determined to be a blended component unit of the City of Lancaster (the City) during the completion of the City’s 2010 financial audit. The LPA was bid out to an independent accounting firm due to the complexity of the audit. The bidding process and the completion of the audit took a considerable amount of time due to the complexity of the audit. The audited financial statements were included in the City’s CAFR, however this was not complete until January 2012. The Port Authority has a 5 year contract with the firm which completed their audit. Pertinent information for the 2011 audit of the LPA has already started to be gathered so that the LPA audit and the City audit can be completed in a timely manner.	February 29, 2012	Patricia Nettles, City Auditor

CITY OF LANCASTER, OHIO

Fairfield County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2010



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2010

Prepared by the City Auditor's Office

Patricia Nettles
City Auditor



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CITY OF LANCASTER
FAIRFIELD COUNTY, OHIO

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CITY OF LANCASTER, OHIO

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INTRODUCTORY SECTION





CITY OF LANCASTER, OHIO

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

Patricia Nettles, Auditor

February 9, 2012

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, 2010.

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

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

The Reporting Entity

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

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

***Letter of Transmittal
For the Year Ended December 31, 2010***

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

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

City Overview

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

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

Items of Local Interest

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

Culture and Education

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

***Letter of Transmittal
For the Year Ended December 31, 2010***

ECONOMIC CONDITION AND OUTLOOK

Lancaster is the County Seat of Fairfield County which is the fourth fastest growing county in Ohio. Lancaster itself grew by ten percent since the 2000 Census. The diversity of our industries, our geographic location, and our determination to attract more industry and grow existing ones along with a quality workforce, educational opportunities, and abundant water and energy combines to launch Lancaster, Ohio as a prime location giving our industries the competitive advantage they need to prosper in a global economy.

Lancaster's newest industrial company, SRI Ohio Inc., is a glass screen printer and began production in September 2010. The customer service provided by Lancaster leaders, fast track permitting, and utility coordination helped expand an existing building in sixty days and met the company's deadlines to begin production. BSS Waste also came to Lancaster as a full service regional provider of waste hauling and management. Other major industries are Anchor Hocking Glass, Diamond Power Specialty Company, Ralston Foods, Cyril-Scott, Crown Cork and Seal, and U.S. Corrugated.

The community maintains its regional dominance as a provider of Medical services, business and legal services, and retail opportunities.

2010 continued a path to clean up the community and Lancaster was awarded approximately four point three million dollars in Clean Ohio Revitalization funds and U.S. EPA funds to completely remediate a Ray-O-Vac battery plant that was abandoned in 1983 and the Lancaster Glass factory site that was razed in 2007. Both sites require significant subsoil remediation. The Ray-O-Vac site is proposed to be turned into a small business park and the Lancaster Glass site is proposed to be a mix use development of retail, office, and residential.

Another former brownfield in Lancaster began its first redevelopment by creating a rail transload facility. The Baldwin Run Transload Facility is a self-serve rail-to-truck / truck-to-rail facility on approximately two acres. The site will store eight railcars and the truck lot is large enough to maneuver rig access to all railcars. This project was funded by Ohio Rail Development Commission and by prepayment of rail car use from Bremen based Westerman Company. The transload has other interested users in the city and the regional and will be an attraction tool as well as another opportunity to help our region's industrials to be globally competitive.

Lancaster's regional partnerships with the Fairfield 33 Development Alliance and Columbus 2020 are marketing Lancaster heavily to attract new industry to our community.

***Letter of Transmittal
For the Year Ended December 31, 2010***

MAJOR INIATIVES

The City's apportionment of federal surface transportation program (STP) funds had been earmarked for several years until 2008 for the Memorial Drive Reconstruction project. STP funds may only be used on streets on the Federal-Aid Off-System; those eligible streets are the City's major streets. One of those streets is North Columbus Street. Deemed as one of the worst STP streets, the City began a program to rehabilitate it. Four culverts under the street were replaced in previous years, of which two utilized STP funds for construction. Utilities were directed to replace any lines under the pavement. The City then programmed STP funds for a heavy duty resurfacing of the street from the SR 158 split north the northerly corporation line. The City submitted a grant application to the Ohio Public Works Commission in November 2010 to cover the local match to the STP funds. Bidding of the project is anticipated for late summer 2011.

Also as part of the rehabilitation program the Fairfield County Engineer's Office (FCEO) programmed two bridges under this street for replacement. The GRE-41 bridge was replaced in 2010. The GRE-42 bridge is programmed to be replaced in the summer of 2011. Upon completion of this bridge, all the sub-pavement work should be complete to allow the resurfacing project to proceed.

The Ohio Public Works Commission (OPWC) had an extra round of funding for Local Transportation Improvement Projects in 2009. Land rights acquisition delayed the project until 2010. The City replaced a deteriorated culvert under South Ewing Street and another deteriorated and hydraulically deficit culvert under Trace Drive. The City was awarded the grant. Construction of the two culverts took place in the fall of 2010.

Amendments to the federal Clean Water Act have directed pollution mitigation efforts to other water pollution sources, one being combined sewer overflows (CSO's). Older cities like Lancaster have combined sewers that carry both sanitary and storm flows in the same conduits. During and after rain events those sewers become filled beyond capacity and the system outlets the excess flow to streams and rivers. Those outlet points are CSO's. The CSO's are permitted under the City's recently issued National Pollution Discharge Elimination System (NPDES) permit. However, under the new permit, the City is required to reduce the number of overflow events at its CSO's. Prior to the new permit, the City retained a consulting engineer to develop a plan of improvements and schedule for construction of those improvements to meet the stricter permit conditions. The City and the Ohio Environmental Protection Agency finalized negotiations of this pollution mitigation plan, and that plan is part of the City's NPDES permit. The City anticipates spending \$70M over the next 15-years to construct the required improvements to the City's sewerage system. To date the City has reduced the number of CSO locations from 33 in 1995 to 12 at the end of 2010.

One major component of the permit is the construction of the Upper Hocking Wastewater Treatment Plant that will treat flows from the northwest and west sides of the City where the storm and sanitary flows are separated. The elimination of flows from these sections of the City will reduce flows into the combined system, and will reduce the number of overflow events from CSO's. The plant and an ancillary pumping station were nearing completion at year's end. Construction will be completed in 2011.

***Letter of Transmittal
For the Year Ended December 31, 2010***

A supplemental project to the Upper Hocking Water Pollution Control Facility, was the construction of the Lawrence Street Septage Receiving Facility at the existing treatment plant. This facility will allow screening and metering of septage disposed at the plant, replacing the existing method of emptying the septage into a plant manhole. This facility was funded by the Ohio EPA as an interest reduction for the Upper Hocking Loan. The septage receiving facility was completed in early 2010.

The enactment of the American Recovery and Reinvestment Act (ARRA) of 2009, provided the City a needed funding source for eleven projects. The last of those projects were completed in 2010.

ARRA provided the Department of Transportation with \$358,900 for Public Transit projects including the purchase of two vehicles, a computer system, a communications system and building renovations.

The Environmental Protection Agency provided \$249,276 in ARRA grant funds for the Miller Park Sewer Lining project. This project line deteriorating storm and sanitary sewers within Miller Park to eliminate potential contamination of the Miller Park drinking water wells. The project was completed in 2010.

An ARRA grant of \$362,077 was provided for the Hocking River Stream Restoration project. This project addressed stream bank erosion and redeveloped a flood relief basin in the River Valley Complex to a wetland.

The City received an ARRA grant of \$435,198 and a low interest loan of \$435,198 for the construction of stormwater improvements at the Lancaster Department of Transportation. These improvements included construction of an enclosed wash bay and new salt storage facility to eliminate pollution from runoff. Along with the other ARRA projects discussed above, this project was completed in 2010.

The Department of Energy awarded the City \$163,000 in Energy Efficiency and Conservation Block Grant funds for energy upgrades to City Hall. The project replaced the existing boilers with new energy efficient units and replaced the existing fuel oil powered emergency generator with a cleaner natural gas unit. This project was completed in 2010. A grant amendment was submitted to the Department of Energy to upgrade the heating at Engine House 2 and Engine House 3. Approval of the grant amendment was given is expected in January 2011 with construction to be completed in 2011.

A separate supplemental project was construction of the Lawrence Street wetlands. The project was required by the US Army Corps of Engineers and Ohio Environmental Protection Agency to replace wetlands impacted by the construction of the Upper Hocking Water Pollution Control Facilities. The project will provide a channel to provide flow to the former wetlands area located on Lawrence Street between the LDOT Salt Barn and the Transfer Station. This will allow the area to naturally revert to wetlands. Construction was completed in 2010.

The City's Economic Development Department obtained a grant from the Ohio Rail Development Commission at year's end to fund the construction of a trans-load facility on the former Anchor Hocking Plant 2 site. The City purchased the site and used Clean Ohio Revitalization Funds to remediate the site for future industrial use. The City's Economic Development Department proposes to rehabilitate the existing rail spur on the site with an adjoining parking and loading pad to accommodate the transfer of goods between rail cars and trucks. Construction is expected to be completed in 2011.

***Letter of Transmittal
For the Year Ended December 31, 2010***

Another site in the City was in the process of being transformed back to a wetland in 2010. The City received a \$250,000 grant in 2005 from the Clean Ohio Conservation Fund to purchase approximately 58 acres along the Hocking River opposite to the City's Water Pollution Control Facility on the south side. The project focus was to preserve the Hocking River Corridor, to maintain a functioning floodplain, to improve water quality, and to preserve a natural greenway. In 2010 the City received a \$150,000 Surface Water Improvement Fund grant to restore the wetlands. The project was under design in 2010 with bidding expected in early 2011 with completion by the end of 2011. This wetlands project also includes recreational and education improvements to the site.

The City also purchased the former Frick-Gallagher Manufacturing Facility on South Ewing Street in late 2007. A Phase I Environmental Site Investigation was performed at the site in 2002 and a Clean Ohio Assistance Fund funded additional studies of the site in 2010. The City has applied for a Clean Ohio Revitalization Fund grant to remediate the site. It is expected the remediation work can be performed in 2011. After clean up, the Economic Development Department plans to market the site for an industrial subdivision.

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.

***Letter of Transmittal
For the Year Ended December 31, 2010***

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

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

OTHER INFORMATION

Independent Audit

This report includes an unqualified 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, 2009. This was the twenty-fourth consecutive year the City has won this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements, and I am again submitting it to the GFOA to determine its eligibility for another certificate.

Public Disclosure

The publication of this Comprehensive Annual Financial Report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to its citizens. In addition to the citizens of Lancaster, the recipients of this report include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization requesting it. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

***Letter of Transmittal
For the Year Ended December 31, 2010***

Acknowledgments

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

Sincerely,



Patricia Nettles
City Auditor

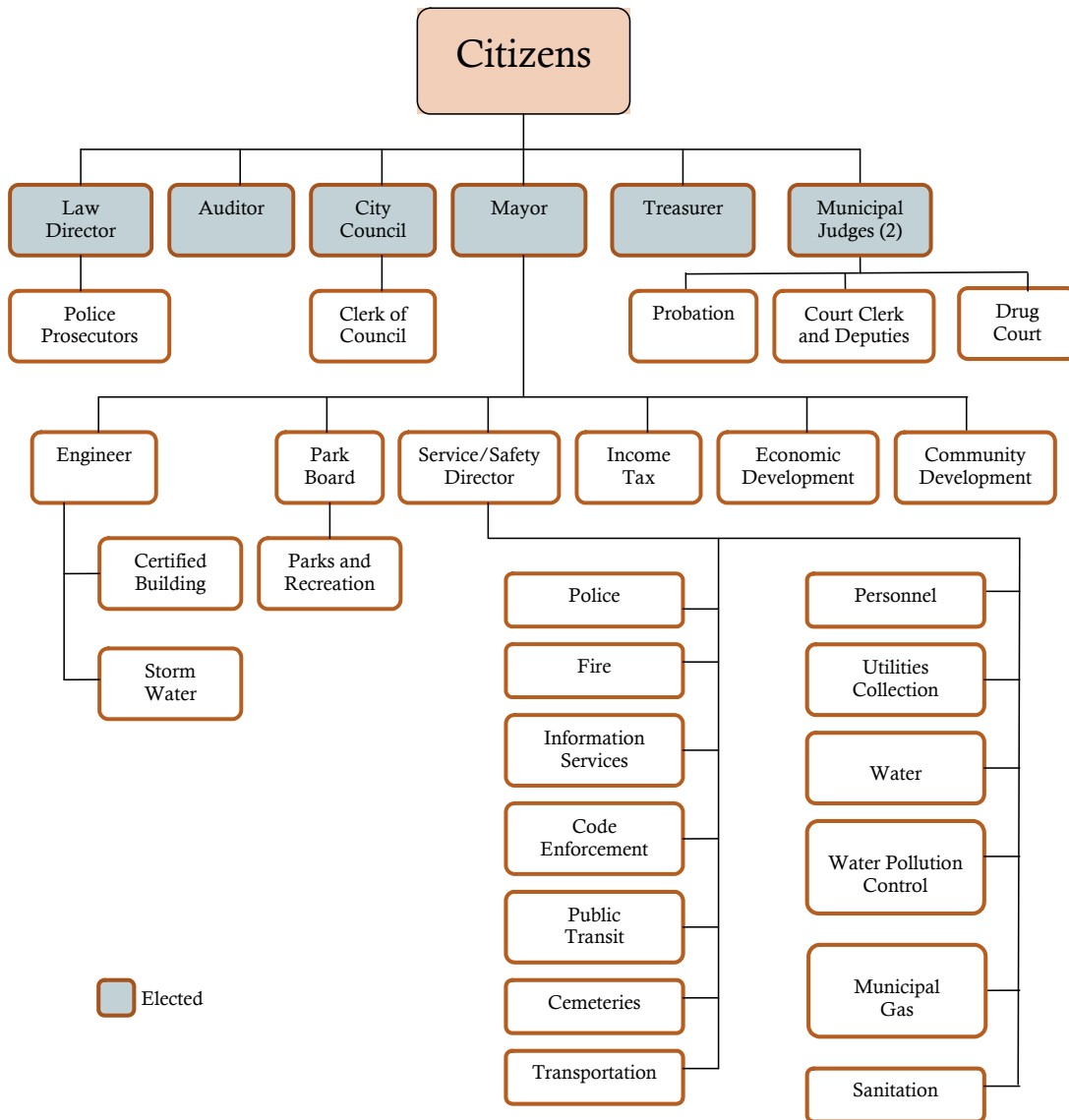
CITY OF LANCASTER, OHIO

***List of Principal Officials
For the Year Ended December 31, 2010***

<u><i>Name</i></u>	<u><i>Title</i></u>
<i>Executive Officials</i>	
David Smith	Mayor
Patricia Nettles	Auditor
Terre Vandervoort	Law Director
Robert Wolfinger	Treasurer
<i>Legislative Officials</i>	
Kenneth Culver	President of Council
Jon Hale	Council-at-Large
Steven F. Jackson	Council-at-Large
Robert Hedges	Council-at-Large
Melody Bobbitt	Council - 1st Ward
John Zekas	Council - 2nd Ward
Bruce McAtee	Council - 3rd Ward
Tom Stoughton	Council - 4th Ward
Wendy Garbrandt	Council - 5th Ward
Rudy Touvell	Council - 6th Ward
<i>Administrative Officials</i>	
Michael Courtney	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, 2010



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, 2009

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



President

Executive Director



FINANCIAL SECTION





Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Fairfield County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lancaster Port Authority, a major fund, which represents sixty-six percent, fifty-five percent, and nineteen percent, respectively, of the assets, net assets, and operating revenues for the business-type activities. Other auditors audited those financial statements. They have furnished their report thereon to us and we base our opinion, insofar as it relates to the amounts included for the Lancaster Port Authority on the report of the other auditors.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Fairfield County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the January 1, 2010 Statement of Activities has been restated to include the Lancaster Port Authority as a blended component unit reported as part of the Business Type Activities.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199

www.auditor.state.oh.us

Accounting principles generally accepted in the United States of America require this presentation to include the *Management's discussion and analysis*, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise 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 provides additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We, and other auditors, subjected these statements and schedules to the auditing procedures applied to the basic financial statements. We, and 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. We, and the other auditors, did not subject 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.



Dave Yost
Auditor of State

February 9, 2012

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, 2010. 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 2010 are as follows:

- ❑ In total, net assets decreased \$11,109,710. Net assets of governmental activities decreased \$867,234 which represents a 2.1% decrease from 2009. Net assets of business-type activities decreased \$10,242,476 or 23.3% from 2009.
- ❑ General revenues accounted for \$24,578,985 in revenue or 28.5% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$61,779,099, 71.5% of total revenues of \$86,358,084.
- ❑ The City had \$36,422,530 in expenses related to governmental activities; only \$11,301,109 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$25,167,445 in revenues and other financing sources and \$24,624,191 in expenditures and other financing uses. The general fund's fund balance increased from \$3,139,361 to \$3,673,814.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2010**

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 Fiduciary Net Assets.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net assets for 2010 compared to 2009:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	Restated 2009	2010	Restated 2009
Current and other assets	\$24,302,761	\$23,625,229	\$676,122,945	\$696,007,569	\$700,425,706	\$719,632,798
Capital assets, Net	38,953,796	38,945,320	128,439,827	104,650,904	167,393,623	143,596,224
Total assets	63,256,557	62,570,549	804,562,772	800,658,473	867,819,329	863,229,022
Long-term debt outstanding	15,540,889	11,207,194	434,935,228	419,568,859	450,476,117	430,776,053
Other liabilities	7,572,350	10,352,803	335,901,680	337,121,274	343,474,030	347,474,077
Total liabilities	23,113,239	21,559,997	770,836,908	756,690,133	793,950,147	778,250,130
Net assets						
Invested in capital assets, net of related debt	29,963,075	30,016,277	42,163,722	38,448,219	72,126,797	68,464,496
Restricted	8,914,509	8,350,592	2,553,537	3,854,911	11,468,046	12,205,503
Unrestricted	1,265,734	2,643,683	(10,991,395)	1,665,210	(9,725,661)	4,308,893
Total net assets	\$40,143,318	\$41,010,552	\$33,725,864	\$43,968,340	\$73,869,182	\$84,978,892

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CITY OF LANCASTER, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2010**

Unaudited

Changes in Net Assets – This is the first year for reporting the Port Authority, therefore, a comparison with prior year's information is not available for this fund. The following table shows the changes in net assets for 2010 compared to 2009:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for Services and Sales	\$6,144,921	\$5,831,825	\$49,241,558	\$44,156,435	\$55,386,479	\$49,988,260
Operating Grants, Contributions and Interest	4,358,354	5,070,598	194,145	146,543	4,552,499	5,217,141
Capital Grants and Contributions	797,834	0	1,042,287	47,589	1,840,121	47,589
Total Program Revenues	<u>11,301,109</u>	<u>10,902,423</u>	<u>50,477,990</u>	<u>44,350,567</u>	<u>61,779,099</u>	<u>55,252,990</u>
General Revenues:						
Property Taxes	2,795,463	2,510,725	0	0	2,795,463	2,510,725
Income Taxes	17,212,521	17,456,314	0	0	17,212,521	17,456,314
Other Local Taxes	543,579	517,840	0	0	543,579	517,840
Intergovernmental Revenues not Restricted to Specific Programs	3,076,212	2,739,915	0	0	3,076,212	2,739,915
Investment Earnings	328,465	529,545	0	0	328,465	529,545
Miscellaneous	622,745	806,267	0	0	622,745	806,267
Total General Revenues	<u>24,578,985</u>	<u>24,560,606</u>	<u>0</u>	<u>0</u>	<u>24,578,985</u>	<u>24,560,606</u>
Total Revenues	<u>35,880,094</u>	<u>35,463,029</u>	<u>50,477,990</u>	<u>44,350,567</u>	<u>86,358,084</u>	<u>79,813,596</u>
Program Expenses						
Security of Persons and Property	17,701,539	17,891,385	0	0	17,701,539	17,891,385
Public Health and Welfare Services	824,685	876,750	0	0	824,685	876,750
Leisure Time Activities	1,953,298	1,853,442	0	0	1,953,298	1,853,442
Community Environment	842,850	671,940	0	0	842,850	671,940
Transportation	5,224,430	4,801,342	0	0	5,224,430	4,801,342
General Government	9,532,402	7,644,288	0	0	9,532,402	7,644,288
Interest and Fiscal Charges	343,326	442,382	0	0	343,326	442,382
Gas	0	0	16,287,581	19,307,808	16,287,581	19,307,808
Water	0	0	8,959,229	9,251,932	8,959,229	9,251,932
Water Pollution	0	0	7,223,678	7,864,490	7,223,678	7,864,490
Sanitation	0	0	3,333,154	3,352,104	3,333,154	3,352,104
Storm Water	0	0	2,052,733	1,546,057	2,052,733	1,546,057
Port Authority	0	0	23,188,889	0	23,188,889	0
Total Expenses	<u>36,422,530</u>	<u>34,181,529</u>	<u>61,045,264</u>	<u>41,322,391</u>	<u>97,467,794</u>	<u>75,503,920</u>
Change in Net Assets before transfers and special items	(542,436)	1,281,500	(10,567,274)	3,028,176	(11,109,710)	4,309,676
Transfers	(324,798)	(215,123)	324,798	215,123	0	0
Total Change in Net Assets	<u>(867,234)</u>	<u>1,066,377</u>	<u>(10,242,476)</u>	<u>3,243,299</u>	<u>(11,109,710)</u>	<u>4,309,676</u>
Beginning Net Assets, Restated	41,010,552	39,944,175	43,968,340	40,725,041	84,978,892	80,669,216
Ending Net Assets	<u>\$40,143,318</u>	<u>\$41,010,552</u>	<u>\$33,725,864</u>	<u>\$43,968,340</u>	<u>\$73,869,182</u>	<u>\$84,978,892</u>

***Management's Discussion and Analysis
For the Year Ended December 31, 2010***

Unaudited

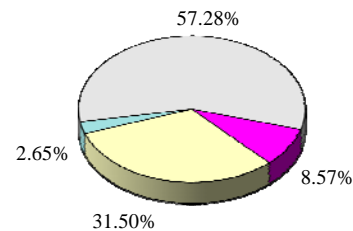
Governmental Activities

Net assets of the City's governmental activities decreased by \$867,234. The decrease in net assets is partially the result of recognizing a liability for pollution remediation at the former Frick-Gallagher/Ray-O-Vac property.

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

Income taxes and property taxes made up 48% and 7.8% respectively of revenues for governmental activities for the City in fiscal year 2010. The City's reliance upon tax revenues is demonstrated by the following graph indicating 57.28% of total revenues from general tax revenues:

Revenue Sources	2010	Percent of Total
General Tax Revenues	\$20,551,563	57.28%
Unrestricted Intergovernmental	3,076,212	8.57%
Program Revenues	11,301,109	31.50%
General Other	951,210	2.65%
Total Revenue	\$35,880,094	100.00%



Business-Type Activities

Net assets of the business type activities decreased by \$10,242,476. This decrease was the result of expending approximately \$14 million of prepaid gas supply in the Port Authority Fund. The decrease was somewhat offset by the River Valley Highlands Developers contributing infrastructure to the City of Lancaster. The City also received an Army Corp. Grant for Waste Water infrastructure as well as the Waste Water and Storm Water increase in revenue. Sludge hauling expenses for the City were down as well.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$9,535,205, which is an increase from last year's balance of \$5,935,529. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2010 and 2009:

	Fund Balance December 31, 2010	Fund Balance December 31, 2009	Increase (Decrease)
General	\$3,673,814	\$3,139,361	\$534,453
Other Governmental	5,861,391	2,796,168	3,065,223
Total	\$9,535,205	\$5,935,529	\$3,599,676

CITY OF LANCASTER, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2010**

Unaudited

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

	2010	2009	Increase
	Revenues	Revenues	(Decrease)
Taxes	\$17,630,379	\$17,365,774	\$264,605
Intergovernmental Revenue	3,142,951	2,797,071	345,880
Charges for Services	2,926,179	2,660,690	265,489
Licenses, Permits, and Fees	23,460	27,710	(4,250)
Investment Earnings	319,069	494,177	(175,108)
Fines and Forfeitures	858,730	828,263	30,467
All Other Revenue	266,677	295,188	(28,511)
Total	<u>\$25,167,445</u>	<u>\$24,468,873</u>	<u>\$698,572</u>

General Fund revenues in 2010 increased approximately 2.9% compared to revenues in 2009. The City's Income Tax collections, Estate Taxes, other government fuel reimbursements, building fees, and Municipal Court fees were up along with a larger than normal Local Government receipt that was received for 2010. Investment earnings decreased as a result of declining interest rates during 2010 compared to 2009.

	2010	2009	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$16,878,414	\$16,644,644	\$233,770
Public Health and Welfare Services	297,379	304,589	(7,210)
Community Environment	133,394	139,414	(6,020)
General Government	6,037,070	6,193,011	(155,941)
Debt Service:			
Principal Retirement	29,937	29,239	698
Interest and Fiscal Charges	61,135	15,436	45,699
Total	<u>\$23,437,329</u>	<u>\$23,326,333</u>	<u>\$110,996</u>

General Fund expenditures increased by \$110,996 or 0.5% compared to the prior year primarily due to the City's health insurance premium increase.

***Management's Discussion and Analysis
For the Year Ended December 31, 2010***

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 2010, the City amended its General Fund budget several times. The final budget basis expenditures of \$24,976,227 did not significantly change from the original budget. The positive variance with the final budget was a result of anticipation of additional budget expenses that did not occur.

For the General Fund, final budget basis revenue of \$25,209,896 did not significantly change from the original budget estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2010 the City had \$167,393,623 net of accumulated depreciation invested in buildings, equipment and vehicles. Of this total, \$38,953,796 was related to governmental activities and \$128,439,827 to the business-type activities. The following table shows 2010 and 2009 balances:

	Governmental Activities		Increase (Decrease)
	2010	2009	
Land	\$17,768,065	\$17,757,755	\$10,310
Buildings	6,650,133	6,650,133	0
Improvements Other than Buildings	6,039,709	5,847,618	192,091
Infrastructure	20,834,709	20,834,709	0
Vehicles	6,477,960	6,333,569	144,391
Machinery and Equipment	4,465,694	4,254,839	210,855
Construction In Progress	2,083,205	1,193,105	890,100
Less: Accumulated Depreciation	(25,365,679)	(23,926,408)	(1,439,271)
Totals	<u>\$38,953,796</u>	<u>\$38,945,320</u>	<u>\$8,476</u>

The primary increases occurred in construction in progress, which was the result of building a salt storage barn and wash bays for the Transportation Department.

***Management's Discussion and Analysis
For the Year Ended December 31, 2010***

Unaudited

	Business-Type Activities		Increase (Decrease)
	2010	Restated 2009	
Land	\$3,476,307	\$3,308,208	\$168,099
Buildings	35,097,811	35,091,627	6,184
Improvements	34,281,966	34,281,966	0
Infrastructure	77,032,117	74,876,613	2,155,504
Vehicles	4,766,628	3,923,706	842,922
Machinery and Equipment	10,221,247	10,156,027	65,220
Construction in Progress	40,095,292	14,490,957	25,604,335
Less: Accumulated Depreciation	(76,531,541)	(71,478,200)	(5,053,341)
Totals	<u>\$128,439,827</u>	<u>\$104,650,904</u>	<u>\$23,788,923</u>

Business type capital assets increased by \$23,788,923. The additions to infrastructure include approximately \$650,000 in water and sanitary sewer lines and storm drainage systems donated by developers and governmental activities, as well as the construction of gas lines. The increase in construction in progress is the continuing construction of the Upper Hocking Wastewater Treatment Plant. Additional information on the City's capital assets can be found in Note 9.

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**Management's Discussion and Analysis
For the Year Ended December 31, 2010**

Unaudited

Debt

At December 31, 2010, the City had \$5,745,000 in general obligation bonds outstanding, \$450,000 due within one year; \$369,297,377 in revenue bonds outstanding, \$4,005,000 due within one year; and \$58,718,702 in Ohio Water Development Authority Loans outstanding, \$3,227,213 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2010 and 2009:

	2010	Restated 2009
Governmental Activities:		
General Obligation Bond Payable	\$5,745,000	\$3,335,000
Special Assessment Bond with Government Commitment	245,000	261,500
Housing and Urban Development Loan	580,000	670,000
Ohio Public Works Commission Loan	63,904	69,990
State Infrastructure Bank Loan	769,994	910,707
Ohio Water Development Authority Loans	337,247	0
Compensated Absences	5,281,357	5,209,264
Capital Leases	532,216	750,733
Pollution Remediation Obligation	1,986,171	0
Total Governmental Activities	<u>\$15,540,889</u>	<u>\$11,207,194</u>
Business-Type Activities:		
Ohio Water Development Authority Loans	\$58,381,455	\$41,534,180
Revenue Bonds Payable	369,297,377	373,688,481
Ohio Rail Development Commission Loan	53,060	100,808
Landfill Postclosure Care Liability	1,523,822	1,615,323
Capital Leases	200,470	287,311
Compensated Absences	2,479,044	2,342,756
Total Business-Type Activities	<u>\$431,935,228</u>	<u>\$419,568,859</u>
Totals	<u><u>\$447,476,117</u></u>	<u><u>\$430,776,053</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, 2010, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

Lancaster is home to a diversified community of businesses. The more than 150 manufacturing operations in the area are supported by an equal number of service operations that provide a comprehensive network of support. The City of Lancaster saw an active 2010 retail and commercial year. Retail projects in 2010 included Dick's Sporting Goods, Golden Corral, Grande Ranchero Mexican Restaurant, Penn Station, and Peoples Bank.

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 Assets
December 31, 2010**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 4,863,248	\$ 1,705,358	\$ 6,568,606
Cash and Cash Equivalents in Segregated Accounts	103,739	0	103,739
Cash and Cash Equivalents with Fiscal Agent	3,479,261	0	3,479,261
Investments	4,002,023	29,454,258	33,456,281
Receivables:			
Taxes	6,620,674	0	6,620,674
Accounts	148,235	5,238,974	5,387,209
Intergovernmental	3,283,032	541,644	3,824,676
Interest	74,166	38,889	113,055
Special Assessments	425,238	0	425,238
Loans	1,661,039	0	1,661,039
Internal Balances	(1,419,210)	1,419,210	0
Inventory of Supplies	342,294	3,690,641	4,032,935
Prepaid Items	49,207	38,301	87,508
Prepaid Gas Supply - Current	0	15,846,921	15,846,921
Prepaid Gas Supply	0	270,994,848	270,994,848
Deferred Charge	0	3,458,219	3,458,219
Fair Value of Derivative Instruments	0	191,741,248	191,741,248
Deferred Outflow from Derivative Instruments	0	141,025,238	141,025,238
Restricted Assets:			
Cash and Cash Equivalents	612,160	10,405,928	11,018,088
Cash and Cash Equivalents with Fiscal Agent	57,655	0	57,655
Investments	0	523,268	523,268
Capital Assets Not Being Depreciated	19,851,270	43,571,599	63,422,869
Capital Assets Being Depreciated, Net	19,102,526	84,868,228	103,970,754
Total Assets	63,256,557	804,562,772	867,819,329
Liabilities:			
Accounts Payable	366,748	2,005,098	2,371,846
Accrued Wages and Benefits	1,637,324	499,911	2,137,235
Intergovernmental Payable	219,641	5,169	224,810
Claims Payable	274,226	0	274,226
Retainage Payable	0	469,116	469,116
Due to Others, Payable from Restricted Assets	70,000	139,440	209,440
Unearned Revenue	2,811,703	0	2,811,703
Accrued Interest Payable	28,972	1,307,460	1,336,432
General Obligation Notes Payable	2,163,736	1,709,000	3,872,736
Fair Value of Derivative Instruments	0	141,025,238	141,025,238
Deferred Inflow from Derivative Instruments	0	191,741,248	191,741,248
Long Term Liabilities:			
Due within one year	2,919,017	7,989,827	10,908,844
Due in more than one year	12,621,872	423,945,401	436,567,273
Total Liabilities	23,113,239	770,836,908	793,950,147

CITY OF LANCASTER, OHIO

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	29,963,075	42,163,722	72,126,797
Restricted For:			
Streets and Highways	1,578,156	0	1,578,156
Community Development	2,521,141	0	2,521,141
Security of Persons and Property	3,128,446	0	3,128,446
Capital Projects	188,016	0	188,016
Debt Service	505,813	2,553,537	3,059,350
Perpetual Care, Nonexpendable	992,937	0	992,937
Unrestricted (Deficit)	<u>1,265,734</u>	<u>(10,991,395)</u>	<u>(9,725,661)</u>
Total Net Assets	<u>\$ 40,143,318</u>	<u>\$ 33,725,864</u>	<u>\$ 73,869,182</u>

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Activities
For the Year Ended December 31, 2010**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 17,701,539	\$ 2,300,078	\$ 174,528	\$ 0
Public Health and Welfare Services	824,685	216,399	3,374	0
Leisure Time Activities	1,953,298	415,566	5,420	0
Community Environment	842,850	85,720	788,233	0
Transportation	5,224,430	825,039	3,062,878	0
General Government	9,532,402	2,302,119	323,921	797,834
Interest and Fiscal Charges	343,326	0	0	0
Total Governmental Activities	36,422,530	6,144,921	4,358,354	797,834
Business-Type Activities:				
Gas	16,287,581	17,258,590	0	0
Water	8,959,229	8,243,228	64,201	358,824
Water Pollution	7,223,678	8,708,143	125,986	467,369
Sanitation	3,333,154	3,572,689	537	0
Storm Water	2,052,733	2,107,985	0	216,094
Port Authority	23,188,889	9,350,923	3,421	0
Total Business-Type Activities	61,045,264	49,241,558	194,145	1,042,287
Totals	\$ 97,467,794	\$ 55,386,479	\$ 4,552,499	\$ 1,840,121

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

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year, Restated

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (15,226,933)	\$ 0	\$ (15,226,933)
(604,912)	0	(604,912)
(1,532,312)	0	(1,532,312)
31,103	0	31,103
(1,336,513)	0	(1,336,513)
(6,108,528)	0	(6,108,528)
(343,326)	0	(343,326)
<u>(25,121,421)</u>	<u>0</u>	<u>(25,121,421)</u>
0	971,009	971,009
0	(292,976)	(292,976)
0	2,077,820	2,077,820
0	240,072	240,072
0	271,346	271,346
0	(13,834,545)	(13,834,545)
<u>0</u>	<u>(10,567,274)</u>	<u>(10,567,274)</u>
<u>(25,121,421)</u>	<u>(10,567,274)</u>	<u>(35,688,695)</u>
1,914,780	0	1,914,780
394,315	0	394,315
228,307	0	228,307
258,061	0	258,061
17,212,521	0	17,212,521
543,579	0	543,579
3,076,212	0	3,076,212
328,465	0	328,465
622,745	0	622,745
(324,798)	324,798	0
<u>24,254,187</u>	<u>324,798</u>	<u>24,578,985</u>
(867,234)	(10,242,476)	(11,109,710)
<u>41,010,552</u>	<u>43,968,340</u>	<u>84,978,892</u>
<u>\$ 40,143,318</u>	<u>\$ 33,725,864</u>	<u>\$ 73,869,182</u>

CITY OF LANCASTER, OHIO

**Balance Sheet
Governmental Funds
December 31, 2010**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 93,815	\$ 4,512,023	\$ 4,605,838
Cash and Cash Equivalents in Segregated Accounts	103,739	0	103,739
Investments	1,038,838	2,963,185	4,002,023
Receivables:			
Taxes	5,355,791	1,264,883	6,620,674
Accounts	145,988	2,247	148,235
Intergovernmental	1,264,334	2,018,698	3,283,032
Interest	70,745	3,421	74,166
Special Assessments	0	425,238	425,238
Loans	0	1,661,039	1,661,039
Due from Other Funds	37,303	0	37,303
Interfund Loans Receivable	1,759,100	0	1,759,100
Inventory of Supplies	155,724	178,216	333,940
Prepaid Items	39,052	10,155	49,207
Restricted Assets:			
Cash and Cash Equivalents	0	612,160	612,160
Cash and Cash Equivalents with Fiscal Agent	57,655	0	57,655
Total Assets	<u>\$ 10,122,084</u>	<u>\$ 13,651,265</u>	<u>\$ 23,773,349</u>
Liabilities:			
Accounts Payable	\$ 166,458	\$ 187,626	\$ 354,084
Accrued Wages and Benefits Payable	1,394,980	218,203	1,613,183
Intergovernmental Payable	218,676	965	219,641
Due to Others	0	70,000	70,000
Interfund Loans Payable	0	2,179,720	2,179,720
Deferred Revenue	4,668,156	2,967,544	7,635,700
Accrued Interest Payable	0	2,080	2,080
General Obligation Notes Payable	0	2,163,736	2,163,736
Total Liabilities	<u>6,448,270</u>	<u>7,789,874</u>	<u>14,238,144</u>

CITY OF LANCASTER, OHIO

	General	Other Governmental Funds	Total Governmental Funds
Fund Balances:			
Reserved for Encumbrances	116,709	73,846	190,555
Reserved for Prepaid Items	39,052	10,155	49,207
Reserved for Supplies Inventory	155,724	178,216	333,940
Reserved for Debt Service	0	107,467	107,467
Reserved for Loans Receivable	0	1,661,039	1,661,039
Reserved for Endowments	0	992,937	992,937
Unreserved, Undesignated in:			
General Fund	3,362,329	0	3,362,329
Special Revenue Funds	0	4,848,172	4,848,172
Capital Projects Funds	0	(2,010,441)	(2,010,441)
Total Fund Balances	<u>3,673,814</u>	<u>5,861,391</u>	<u>9,535,205</u>
Total Liabilities and Fund Balances	<u>\$ 10,122,084</u>	<u>\$ 13,651,265</u>	<u>\$ 23,773,349</u>

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2010***

Total Governmental Fund Balances		\$ 9,535,205
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		38,765,668
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		4,823,997
Internal Service Funds are used by management to charge the costs of insurance, information services and electrical services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		2,478,541
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	(580,000)	
Special Assessment Bonds Payable	(245,000)	
Ohio Public Works Commission Loans Payable	(63,904)	
General Obligation Bonds Payable	(5,745,000)	
State Infrastructure Bank Loan Payable	(769,994)	
Ohio Water Development Authority Loan Payable	(337,247)	
Pollution Remediation Obligation	(1,986,171)	
Capital Leases Payable	(532,216)	
Compensated Absences Payable	(5,173,669)	
Accrued Interest Payable	(26,892)	
		<u>(15,460,093)</u>
<i>Net Assets of Governmental Activities</i>		<u>\$ 40,143,318</u>

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010**

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 17,630,379	\$ 2,438,299	\$ 20,068,678
Intergovernmental Revenues	3,142,951	5,577,334	8,720,285
Charges for Services	2,926,179	1,471,857	4,398,036
Licenses, Permits and Fees	23,460	0	23,460
Investment Earnings	319,069	24,054	343,123
Special Assessments	0	118,993	118,993
Fines and Forfeitures	858,730	1,181,117	2,039,847
All Other Revenue	266,677	462,845	729,522
Total Revenue	25,167,445	11,274,499	36,441,944
Expenditures:			
Current:			
Security of Persons and Property	16,878,414	887,504	17,765,918
Public Health and Welfare Services	297,379	530,144	827,523
Leisure Time Activities	0	1,891,191	1,891,191
Community Environment	133,394	707,289	840,683
Transportation	0	4,572,787	4,572,787
General Government	6,037,070	2,280,521	8,317,591
Capital Outlay	0	703,024	703,024
Debt Service:			
Principal Retirement	29,937	613,362	643,299
Interest and Fiscal Charges	61,135	290,831	351,966
Total Expenditures	23,437,329	12,476,653	35,913,982
Excess (Deficiency) of Revenues Over Expenditures	1,730,116	(1,202,154)	527,962
Other Financing Sources (Uses):			
Ohio Water Development Authority Loans Issued	0	337,247	337,247
General Obligation Bonds Issued	0	2,800,000	2,800,000
Transfers In	0	1,803,367	1,803,367
Transfers Out	(1,186,862)	(692,027)	(1,878,889)
Other Financing Source - Capital Lease	0	18,882	18,882
Total Other Financing Sources (Uses)	(1,186,862)	4,267,469	3,080,607
Net Change in Fund Balances	543,254	3,065,315	3,608,569
Fund Balances at Beginning of Year	3,139,361	2,796,168	5,935,529
Decrease in Inventory Reserve	(8,801)	(92)	(8,893)
Fund Balances End of Year	\$ 3,673,814	\$ 5,861,391	\$ 9,535,205

See accompanying notes to the basic financial statements

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2010***

Net Change in Fund Balances - Total Governmental Funds		\$ 3,608,569
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as capital outlays. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
Capital Outlay	1,715,521	
Depreciation Expense	<u>(1,674,867)</u>	40,654
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net assets.		
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	10,310	
The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.	<u>(14,363)</u>	(4,053)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(572,160)
The issuance of long-term debt (e.g. notes, leases) provides current financial resources to governmental funds, but has no effect on net assets.		
General Obligation Bonds Payable	(2,800,000)	
Ohio Water Development Authority Loan Payable	(337,247)	
Capital Leases	<u>(18,882)</u>	(3,156,129)

CITY OF LANCASTER, OHIO

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

Housing and Urban Development Loan Payable	90,000	
Special Assessment Bonds Payable	16,500	
Ohio Public Works Commission Loans Payable	6,086	
General Obligation Bonds Payable	390,000	
State Infrastructure Bank Loan Payable	140,713	
Capital Leases Payable	<u>237,399</u>	880,698

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 8,640

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.

Pollution Remediation Obligation Payable	(1,986,171)	
Compensated Absences	(62,652)	
Change in Inventory	<u>(8,893)</u>	(2,057,716)

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. 384,263

Change in Net Assets of Governmental Activities \$ (867,234)

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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 17,592,674	\$ 17,348,410	\$ 17,872,193	\$ 523,783
Intergovernmental Revenue	2,399,300	2,809,566	2,792,329	(17,237)
Charges for Services	3,572,700	3,576,189	3,653,814	77,625
Licenses, Permits and Fees	26,500	23,940	23,460	(480)
Investment Earnings	600,000	358,644	328,466	(30,178)
Fines and Forfeitures	826,500	816,500	822,803	6,303
All Other Revenues	308,000	276,647	283,019	6,372
Total Revenues	25,325,674	25,209,896	25,776,084	566,188
Expenditures:				
Current:				
Security of Persons and Property	17,277,614	17,256,602	16,936,307	320,295
Public Health and Welfare Services	269,095	298,879	297,379	1,500
Community Environment	155,760	155,962	145,342	10,620
General Government	7,170,006	7,161,131	6,572,469	588,662
Debt Service:				
Principal Retirement	30,928	30,928	29,937	991
Interest and Fiscal Charges	72,725	72,725	67,129	5,596
Total Expenditures	24,976,128	24,976,227	24,048,563	927,664
Excess (Deficiency) of Revenues Over (Under) Expenditures	349,546	233,669	1,727,521	1,493,852
Other Financing Sources (Uses):				
Transfers In	76,178	87,178	11,000	(76,178)
Transfers Out	(1,053,686)	(1,090,862)	(1,090,862)	0
Advances In	0	2,351,677	2,398,266	46,589
Advances Out	(312,000)	(2,266,100)	(2,266,100)	0
Total Other Financing Sources (Uses):	(1,289,508)	(918,107)	(947,696)	(29,589)
Net Change in Fund Balance	(939,962)	(684,438)	779,825	1,464,263
Fund Balance at Beginning of Year	1,881,975	1,881,975	1,881,975	0
Prior Year Encumbrances	176,977	176,977	176,977	0
Fund Balance at End of Year	\$ 1,118,990	\$ 1,374,514	\$ 2,838,777	\$ 1,464,263

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2010**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
ASSETS				
Current assets:				
Cash and Cash Equivalents	\$ 244,400	\$ 255,801	\$ 341,379	\$ 97,830
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Investments	7,572,979	6,888,214	11,995,633	1,892,569
Accounts receivable	2,925,778	880,339	914,625	362,826
Intergovernmental receivable	0	0	458,033	0
Interest receivable	0	14,987	20,916	2,986
Due from Other Funds	0	0	0	0
Interfund Loans Receivable	0	0	0	420,620
Inventory	2,523,769	1,049,780	35,833	52,077
Prepaid Items	13,519	12,335	10,190	1,817
Prepaid Gas Supply - current	0	0	0	0
Total current assets	<u>13,280,445</u>	<u>9,101,456</u>	<u>13,776,609</u>	<u>2,830,725</u>
Noncurrent assets:				
Restricted Assets:				
Cash and Cash Equivalents	101,786	673,017	2,387,290	0
Investments	0	0	0	523,268
Total restricted assets	<u>101,786</u>	<u>673,017</u>	<u>2,387,290</u>	<u>523,268</u>
Prepaid Gas Supply	0	0	0	0
Deferred Charges	0	137,854	447,334	0
Fair Value of Derivative Instruments	0	0	0	0
Deferred Outflow from Derivative Instruments	0	0	0	0
Capital assets:				
Capital Assets Not Being Depreciated	293,273	707,686	42,033,193	105,120
Capital Assets Being Depreciated	<u>8,097,259</u>	<u>36,212,262</u>	<u>25,991,397</u>	<u>1,386,965</u>
Total capital assets (net of accumulated depreciation)	<u>8,390,532</u>	<u>36,919,948</u>	<u>68,024,590</u>	<u>1,492,085</u>
Total noncurrent assets	<u>8,492,318</u>	<u>37,730,819</u>	<u>70,859,214</u>	<u>2,015,353</u>
Total assets	<u>21,772,763</u>	<u>46,832,275</u>	<u>84,635,823</u>	<u>4,846,078</u>

CITY OF LANCASTER, OHIO

<u>Storm Water</u>	<u>Port Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 50,507	\$ 345,838	\$ 1,335,755	\$ 627,013
0	0	0	3,479,261
1,104,863	0	29,454,258	0
155,406	0	5,238,974	0
83,611	0	541,644	0
0	0	38,889	0
0	709,037	709,037	0
0	0	420,620	0
0	0	3,661,459	37,536
0	0	37,861	440
0	15,846,921	15,846,921	0
<u>1,394,387</u>	<u>16,901,796</u>	<u>57,285,418</u>	<u>4,144,250</u>
0	7,243,835	10,405,928	0
0	0	523,268	0
<u>0</u>	<u>7,243,835</u>	<u>10,929,196</u>	<u>0</u>
0	270,994,848	270,994,848	0
0	2,873,031	3,458,219	0
0	191,741,248	191,741,248	0
0	141,025,238	141,025,238	0
326,127	106,200	43,571,599	0
<u>12,454,196</u>	<u>625,001</u>	<u>84,767,080</u>	<u>289,276</u>
<u>12,780,323</u>	<u>731,201</u>	<u>128,338,679</u>	<u>289,276</u>
<u>12,780,323</u>	<u>614,609,401</u>	<u>746,487,428</u>	<u>289,276</u>
<u>14,174,710</u>	<u>631,511,197</u>	<u>803,772,846</u>	<u>4,433,526</u>

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2010**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
LIABILITIES				
Current liabilities:				
Accounts Payable	257,359	123,752	1,404,127	84,288
Accrued Wages and Benefits	90,993	171,588	93,262	76,635
Intergovernmental Payable	2,941	0	2,228	0
Claims Payable	0	0	0	0
Retainage Payable	0	41,018	428,098	0
Due to Others, Payable from Restricted Assets	101,786	18,827	18,827	0
Due to Other Funds	709,037	0	0	37,303
Accrued Interest Payable	0	398,495	764,036	39,120
General Obligation Notes Payable	0	0	0	0
Capital Leases Payable - Current	0	6,714	0	0
Revenue Bond Payable - Current	0	235,000	700,000	0
OWDA Loans Payable - Current	0	1,224,517	1,783,443	213,201
ORDC Loan Payable - Current	0	0	0	0
Landfill Postclosure Care Liability - Current	0	0	0	78,600
Compensated Absences Payable - Current	84,504	196,543	104,262	70,090
Total Current Liabilities	1,246,620	2,416,454	5,298,283	599,237
Noncurrent Liabilities:				
Capital Leases Payable	0	11,883	0	0
Revenue Bonds Payable	0	6,777,080	23,855,297	0
OWDA Loans Payable	0	17,657,201	35,750,443	1,752,650
ORDC Loan Payable	0	0	0	0
Landfill Postclosure Care Liability	0	0	0	1,445,222
Fair Value of Derivative Instruments	0	0	0	0
Deferred Inflow from Derivative Instruments	0	0	0	0
Compensated Absences Payable	370,954	574,009	471,382	292,952
Total noncurrent liabilities	370,954	25,020,173	60,077,122	3,490,824
Total Liabilities	1,617,574	27,436,627	65,375,405	4,090,061
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	8,390,532	11,007,553	9,604,813	1,492,085
Restricted for Debt Service	0	613,172	1,940,365	0
Unrestricted	11,764,657	7,774,923	7,715,240	(736,068)
Total Net Assets	\$ 20,155,189	\$ 19,395,648	\$ 19,260,418	\$ 756,017

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

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

<u>Storm Water</u>	<u>Port Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
123,466	0	1,992,992	24,770
12,797	0	445,275	78,777
0	0	5,169	0
0	0	0	274,226
0	0	469,116	0
0	0	139,440	0
0	0	746,340	0
10,001	95,808	1,307,460	0
1,709,000	0	1,709,000	0
107,584	0	114,298	2,337
0	3,070,000	4,005,000	0
0	0	3,221,161	0
0	48,924	48,924	0
0	0	78,600	0
<u>14,120</u>	<u>0</u>	<u>469,519</u>	<u>73,624</u>
<u>1,976,968</u>	<u>3,214,732</u>	<u>14,752,294</u>	<u>453,734</u>
65,539	0	77,422	6,413
0	334,660,000	365,292,377	0
0	0	55,160,294	0
0	4,136	4,136	0
0	0	1,445,222	0
0	141,025,238	141,025,238	0
0	191,741,248	191,741,248	0
<u>10,713</u>	<u>0</u>	<u>1,720,010</u>	<u>323,579</u>
<u>76,252</u>	<u>667,430,622</u>	<u>756,465,947</u>	<u>329,992</u>
<u>2,053,220</u>	<u>670,645,354</u>	<u>771,218,241</u>	<u>783,726</u>
10,898,200	678,141	42,071,324	280,526
0	0	2,553,537	0
<u>1,223,290</u>	<u>(39,812,298)</u>	<u>(12,070,256)</u>	<u>3,369,274</u>
<u>\$ 12,121,490</u>	<u>\$ (39,134,157)</u>	<u>\$ 32,554,605</u>	<u>\$ 3,649,800</u>

1,171,259
\$ 33,725,864

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2010**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Operating Revenues:				
Charges for Services	\$ 16,814,205	\$ 8,238,051	\$ 8,702,438	\$ 3,551,175
Other Operating Revenues	444,385	5,177	5,705	21,514
Total Operating Revenues	<u>17,258,590</u>	<u>8,243,228</u>	<u>8,708,143</u>	<u>3,572,689</u>
Operating Expenses:				
Personal Services	879,107	3,304,289	1,690,285	1,496,143
Contractual Services	1,611,435	1,072,475	1,205,423	1,369,685
Cost of Gas Sold	13,155,099	0	0	0
Materials and Supplies	148,727	1,468,728	646,933	261,554
Depreciation	542,310	2,096,905	2,178,545	166,904
Health Insurance Claims	0	0	0	0
Total Operating Expenses	<u>16,336,678</u>	<u>7,942,397</u>	<u>5,721,186</u>	<u>3,294,286</u>
Operating Income (Loss)	921,912	300,831	2,986,957	278,403
Non-Operating Revenue (Expenses):				
Interest Income	0	64,201	125,986	537
Interest and Fiscal Charges	0	(1,098,170)	(1,547,261)	(80,300)
Other Nonoperating Revenue	0	0	0	0
Total Non-Operating Revenues (Expenses)	<u>0</u>	<u>(1,033,969)</u>	<u>(1,421,275)</u>	<u>(79,763)</u>
Income (Loss) Before Contributions, and Transfers	921,912	(733,138)	1,565,682	198,640
Capital Contributions	0	358,824	517,224	0
Transfers In	0	0	0	0
Change in Net Assets	921,912	(374,314)	2,082,906	198,640
Net Assets Beginning of Year, Restated	<u>19,233,277</u>	<u>19,769,962</u>	<u>17,177,512</u>	<u>557,377</u>
Net Assets End of Year	<u>\$ 20,155,189</u>	<u>\$ 19,395,648</u>	<u>\$ 19,260,418</u>	<u>\$ 756,017</u>

Change in Net Assets of Enterprise Funds

Adjustment to reflect the consolidation of internal
service fund activities related to enterprise funds.
Change in Net Assets of Business Type Activities

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

<u>Storm Water</u>	<u>Port Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 2,107,640	\$ 9,334,154	\$ 48,747,663	\$ 8,548,686
345	9,706	486,832	23,086
<u>2,107,985</u>	<u>9,343,860</u>	<u>49,234,495</u>	<u>8,571,772</u>
253,414	0	7,623,238	1,597,617
1,540,477	2,260,364	9,059,859	407,672
0	7,570,044	20,725,143	0
14,320	0	2,540,262	198,989
227,329	10,124	5,222,117	51,052
<u>0</u>	<u>0</u>	<u>0</u>	<u>5,702,875</u>
<u>2,035,540</u>	<u>9,840,532</u>	<u>45,170,619</u>	<u>7,958,205</u>
72,445	(496,672)	4,063,876	613,567
0	3,421	194,145	0
(29,861)	(13,348,357)	(16,103,949)	0
<u>0</u>	<u>7,063</u>	<u>7,063</u>	<u>0</u>
<u>(29,861)</u>	<u>(13,337,873)</u>	<u>(15,902,741)</u>	<u>0</u>
42,584	(13,834,545)	(11,838,865)	613,567
415,515	0	1,291,563	0
75,522	0	75,522	0
533,621	(13,834,545)	(10,471,780)	613,567
<u>11,587,869</u>	<u>(25,299,612)</u>	<u>43,026,385</u>	<u>3,036,233</u>
<u>\$ 12,121,490</u>	<u>\$ (39,134,157)</u>	<u>\$ 32,554,605</u>	<u>\$ 3,649,800</u>
		\$ (10,471,780)	
		<u>229,304</u>	
		<u>\$ (10,242,476)</u>	

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Cash Flows from Operating Activities:				
Cash Received from Customers	\$17,360,142	\$8,220,192	\$8,679,465	\$3,569,164
Cash Received from Swap Providers	0	0	0	0
Cash Received from Interfund Services	0	0	0	0
Cash Payments for Goods and Services	(14,287,990)	(2,557,876)	(1,866,137)	(1,720,271)
Cash Payments to and on behalf of Employees	(828,181)	(3,253,423)	(1,548,253)	(1,477,088)
Cash Payments for Claims	0	0	0	0
Other Miscellaneous Cash Receipts	0	0	0	0
Customer Deposits Received	110,960	20,520	20,520	0
Customer Deposits Returned	(105,247)	(19,464)	(19,464)	0
Net Cash Provided for Operating Activities	2,249,684	2,409,949	5,266,131	371,805
Cash Flows from Noncapital Financing Activities:				
Interfund Loan	0	0	0	(420,620)
Receipt of Interfund Loan Repayment	480,102	500,476	967,062	0
Principal Paid on Revenue Bond Payable	0	0	0	0
Interest Paid on Debt	0	0	0	0
Transfers In from Other Funds	0	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	480,102	500,476	967,062	(420,620)
Cash Flows from Capital and Related Financing Activities:				
Intergovernmental Grants Received	0	0	0	0
Proceeds from General Obligation Notes	0	0	0	0
Acquisition and Construction of Assets	(1,433,224)	(143,320)	(4,760,115)	(446,029)
Principal Paid on General Obligation Notes	0	0	0	0
Capital Lease Payments	0	(6,161)	0	0
Principal Paid on General Obligation Bonds	0	(230,000)	(680,000)	0
Principal Paid on Ohio Water Development Authority Loans	0	(1,169,737)	(1,695,284)	(204,962)
Principal Paid on ORDC Loan	0	0	0	0
Interest Paid on All Debt	0	(1,119,691)	(1,577,565)	(84,379)
Net Cash Used for Capital and Related Financing Activities	(1,433,224)	(2,668,909)	(8,712,964)	(735,370)
Cash Flows from Investing Activities:				
Sale of Investments	0	0	244,067	0
Purchase of Investments	(2,504,803)	(1,621,653)	0	(1,892,569)
Receipt of Investment Earnings	0	47,938	68,235	0
Net Cash Provided (Used) for Investing Activities	(2,504,803)	(1,573,715)	312,302	(1,892,569)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,208,241)	(1,332,199)	(2,167,469)	(2,676,754)
Cash and Cash Equivalents at Beginning of Year	1,554,427	2,261,017	4,896,138	2,774,584
Cash and Cash Equivalents at End of Year	\$346,186	\$928,818	\$2,728,669	\$97,830
Reconciliation of Cash and				
Cash Equivalents per the Balance Sheet:				
Cash and Cash Equivalents	\$244,400	\$255,801	\$341,379	\$97,830
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Restricted Cash and Cash Equivalents	101,786	673,017	2,387,290	0
Cash and Cash Equivalents at End of Year	\$346,186	\$928,818	\$2,728,669	\$97,830

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Totals	Internal Service Funds
\$2,101,749	\$9,385,616	\$49,316,328	\$0
0	9,365,738	9,365,738	0
0	0	0	8,573,202
(1,539,135)	(2,260,364)	(24,231,773)	(595,018)
(251,409)	0	(7,358,354)	(1,661,190)
0	0	0	(5,827,507)
0	7,063	7,063	0
0	0	152,000	0
0	0	(144,175)	0
<u>311,205</u>	<u>16,498,053</u>	<u>27,106,827</u>	<u>489,487</u>
0	0	(420,620)	0
0	0	1,947,640	0
0	(3,470,000)	(3,470,000)	0
0	(13,223,594)	(13,223,594)	0
<u>75,522</u>	<u>0</u>	<u>75,522</u>	<u>0</u>
<u>75,522</u>	<u>(16,693,594)</u>	<u>(15,091,052)</u>	<u>0</u>
97,795	0	97,795	0
1,709,000	0	1,709,000	0
(304,665)	0	(7,087,353)	(25,428)
(1,928,000)	0	(1,928,000)	0
(78,559)	0	(84,720)	(2,121)
0	0	(910,000)	0
0	0	(3,069,983)	0
0	(47,748)	(47,748)	0
<u>(38,453)</u>	<u>(1,882)</u>	<u>(2,821,970)</u>	<u>0</u>
<u>(542,882)</u>	<u>(49,630)</u>	<u>(14,142,979)</u>	<u>(27,549)</u>
0	0	244,067	0
(1,104,863)	0	(7,123,888)	0
0	3,421	119,594	0
<u>(1,104,863)</u>	<u>3,421</u>	<u>(6,760,227)</u>	<u>0</u>
(1,261,018)	(241,750)	(8,887,431)	461,938
<u>1,311,525</u>	<u>7,831,423</u>	<u>20,629,114</u>	<u>3,644,336</u>
<u>\$50,507</u>	<u>\$7,589,673</u>	<u>\$11,741,683</u>	<u>\$4,106,274</u>
\$50,507	\$345,838	\$1,335,755	\$627,013
0	0	0	3,479,261
0	7,243,835	10,405,928	0
<u>\$50,507</u>	<u>\$7,589,673</u>	<u>\$11,741,683</u>	<u>\$4,106,274</u>

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided for Operating Activities:</u>				
Operating Income (Loss)	\$921,912	\$300,831	\$2,986,957	\$278,403
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided for Operating Activities:				
Depreciation Expense	542,310	2,096,905	2,178,545	166,904
Miscellaneous Nonoperating Revenue	0	0	0	0
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	101,552	(23,036)	(28,678)	(3,525)
(Increase) Decrease in Inventory	801,457	17,544	2,862	(3,635)
(Increase) Decrease in Prepaid Items	86	60	(617)	147
Decrease in Prepaid Gas Supply	0	0	0	0
Increase (Decrease) in Accounts Payable	(176,616)	(34,926)	(7,880)	6,185
Increase in Accrued Wages and Benefits	12,423	16,067	17,116	7,729
Increase (Decrease) in Intergovernmental Payable	2,941	0	(8,122)	0
Increase in Customer Deposits	5,713	1,056	1,056	0
Decrease in Landfill Postclosure Care Liability	0	0	0	(91,501)
Increase (Decrease) in Compensated Absences	37,906	35,448	124,892	11,098
Decrease in Claims Payable	0	0	0	0
Total Adjustments	<u>1,327,772</u>	<u>2,109,118</u>	<u>2,279,174</u>	<u>93,402</u>
Net Cash Provided for Operating Activities	<u>\$2,249,684</u>	<u>\$2,409,949</u>	<u>\$5,266,131</u>	<u>\$371,805</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2010 the Water, Water Pollution, and Storm Water Funds had outstanding liabilities of \$24,270, \$1,358,346, and \$20,121 respectively for certain capital assets.

During 2010 the Water Pollution Fund incurred a liability of \$19,917,258 to the Ohio Water Development Authority for capitalized interest and construction payments made by the Authority directly to contractors.

During 2010 the Water, Water Pollution and Storm Water Funds received capital contributions from developers of \$358,824, \$9,336 and \$34,688 respectively.

During 2010 the Water Pollution and Storm Water Funds received capital contributions from the ARRA Stimulus Fund of \$49,855 and \$199,421 respectively.

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Totals	Internal Service Funds
\$72,445	(\$496,672)	\$4,063,876	\$613,567
227,329	10,124	5,222,117	51,052
0	7,063	7,063	0
(6,236)	41,756	81,833	1,430
2,941	0	821,169	3,081
0	0	(324)	118
0	16,935,782	16,935,782	0
12,721	0	(200,516)	8,407
1,604	0	54,939	480
0	0	(5,181)	0
0	0	7,825	0
0	0	(91,501)	0
401	0	209,745	(64,016)
0	0	0	(124,632)
<u>238,760</u>	<u>16,994,725</u>	<u>23,042,951</u>	<u>(124,080)</u>
<u>\$311,205</u>	<u>\$16,498,053</u>	<u>\$27,106,827</u>	<u>\$489,487</u>

CITY OF LANCASTER, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2010***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 201,386
Due from Other Funds	<u>4,229</u>
Total Assets	<u>\$ 205,615</u>
Liabilities:	
Due to Other Funds	\$ 4,229
Intergovernmental Payable	4,229
Due to Others	<u>197,157</u>
Total Liabilities	<u>\$ 205,615</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

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, 2010 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 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, liabilities, fund equity, revenues and expenditures or expenses. The following fund types are used by the City:

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

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

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.

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

Proprietary Funds

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

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

D. Basis of Accounting

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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, 2010***

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.

Special assessment installments and related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenues. Property taxes measurable as of December 31, 2010 but which are not intended to finance 2010 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenues.

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

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

E. Budgetary Process

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2010.

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 2010, 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, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

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

5. Budgetary Basis of Accounting

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

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

	<u>Net Change in Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$543,254
Increase (Decrease):	
Accrued Revenues at December 31, 2010 received during 2011	(2,330,515)
Accrued Revenues at December 31, 2009 received during 2010	2,485,934
Accrued Expenditures at December 31, 2010 paid during 2011	1,780,114
Accrued Expenditures at December 31, 2009 paid during 2010	(1,492,202)
2009 Prepays for 2010	39,879
2010 Prepays for 2011	(39,052)
Adjustment to Fair Value	(9,765)
Outstanding Encumbrances	<u>(197,822)</u>
Budget Basis	<u><u>\$779,825</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

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 2010. 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, 2010. See Note 3, "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 Assets, with an offsetting deferred asset or liability. At December 31, 2010, 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, 2010***

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, 2010, 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 Assets, but they are not reported in the Fund Financial Statements.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

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 Assets and in the respective funds.

3. Depreciation

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

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

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

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences (Continued)

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

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

O. Net Assets

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

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

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, 2010***

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. Reservations of Fund Balance

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

S. Restricted Assets

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

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 assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Bond Issuance Costs

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

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 or outside contributions of resources 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 2010, the City had no special items.

NOTE 2 – PRIOR PERIOD ADJUSTMENTS AND RESTATEMENT OF NET ASSETS

During the year, the City determined that the Lancaster Port Authority should be considered part of the primary government and reported as a business-type blended component unit. The correction resulted in the restatement of net assets at December 31, 2009 of the Business-type Activities and the Port Authority Fund as follows:

	Business-type Activities	Port Authority Fund
Net Assets at December 31, 2009 as reported	\$69,267,952	\$0
Change in Reporting Entity - Port Authority	(25,299,612)	(25,299,612)
Net Assets at December 31, 2009 as restated	<u>\$43,968,340</u>	<u>(\$25,299,612)</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficits at December 31, 2010 of \$183,985, \$569,591 and \$1,626,240 in the Capital Improvement Fund, the Fire Capital Improvement Fund and the Ety Road TIF Project Fund (capital projects funds) are the result of recording interfund loans payable and notes payable amounts in the individual fund balance sheets. The fund deficit of \$60,078 in the Lancaster Public Transit Program Fund arises from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on a budgetary basis. The accumulated deficit of \$39,134,157 in the Port Authority Fund (enterprise fund) arises from the recognition of expenses on the accrual basis which are greater than expenses recognized on the cash basis. The General Fund provides transfers, upon City Council's approval when cash is required not when accruals occur.

B. Excess Expenditures over Appropriations

For the year ended December 31, 2010, expenditures exceeded appropriations at the object level (i.e., the legal level of budgetary control) as follows:

<u>Fund</u>	<u>Excess</u>
Special Revenue Fund:	
ARRA Stimulus Fund	
General Government	
Capital Outlay	\$386,265
Capital Projects Fund:	
Ety Road TIF Project Fund	
Debt Service:	
Principal Retirement	1,048,973
Interest and Fiscal Charges	18,363

The excess expenditures were funded from available fund balance.

C. Excess Appropriations over Estimated Resources

The Water Pollution Fund had appropriations exceeding estimated resources by \$22,365,644 contrary to Ohio Revised Code Section 5705.39.

D. Excess Appropriations over Actual Resources

The Water Pollution Fund had appropriations exceeding actual resources by \$3,191,809 contrary to Ohio Revised Code Section 5705.36(A)(3).

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

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

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Securities lending agreements in which the City lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
- Commercial paper notes, corporate notes and banker's acceptances; and,
- Debt interest rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

A. Deposits

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

At year end the carrying amount of the City's deposits was \$29,582,976 and the bank balance was \$29,882,242. Federal depository insurance covered \$1,112,385 of the bank balance and \$28,769,857 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>\$28,769,857</u>
Total Balance	<u><u>\$28,769,857</u></u>

Investment earnings of \$270,031 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, 2010**

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

B. Investments

The City's investments at December 31, 2010 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)			
			less than 1	1-3	3-5	more than 5
STAR Ohio	\$556,070	AAAm ¹	\$556,070	\$0	\$0	\$0
City of Lancaster Bond Payable	245,000	AAA ¹	17,000	37,000	41,000	150,000
Negotiable CD's	7,040,048	AAA ³	5,635,000	501,835	903,213	0
FNMA ^a	991,860	AAA ¹ ,Aaa ²	0	0	991,860	0
FNMA ^b	1,505,655	AAA ¹ ,Aaa ²	0	1,505,655	0	0
FNMA ^c	990,770	AAA ¹ ,Aaa ²	0	0	990,770	0
FNMA Note ^d	5,005,200	AAA ¹ ,Aaa ²	0	0	5,005,200	0
FNMA Note ^e	2,482,700	AAA ¹ ,Aaa ²	0	0	2,482,700	0
FHLB ^f	1,493,805	AAA ¹ ,Aaa ²	0	0	1,493,805	0
FHLB ^g	2,024,640	AAA ¹ ,Aaa ²	0	0	2,024,640	0
FFCB ^h	1,495,920	AAA ¹ ,Aaa ²	0	0	1,495,920	0
FHLMC ⁱ	1,993,640	AAA ¹ ,Aaa ²	0	0	1,993,640	0
Total Investments	<u>\$25,825,308</u>		<u>\$6,208,070</u>	<u>\$2,044,490</u>	<u>\$17,422,748</u>	<u>\$150,000</u>

¹ Standard & Poor's

² Moody's Investor Service

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

^a These securities are callable on June 23, 2011.

^b These securities were called on March 18 2011.

^c These securities are callable on June 15, 2011.

^d Call Options – Callable annually beginning on July 14, 2011.

^e Call Options – Callable quarterly beginning on February 25, 2011.

^f These securities are continuously callable from May 14, 2012.

^g These securities are callable on June 23, 2011.

^h These securities are continuously callable from December 8, 2011.

ⁱ Call Options – Callable quarterly beginning on April 15, 2011.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

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

B. Investments (Continued)

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

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

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City’s total investments, 2.2% are in STAROhio, 0.9% are in municipal bonds, 27.3% are in negotiable CDs, 13.5% are FNMA, 29.0% are FNMA Notes, 13.6% are FHLB, 5.8% are FFCB, and 7.7% are FHLMC.

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

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

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Financial Statements	\$21,428,735	\$33,979,549
Certificates of Deposit (with maturities of more than 3 months)	8,710,311	(8,710,311)
Investments:		
STAR Ohio	(556,070)	556,070
Per GASB Statements No. 3 and 40	<u>\$29,582,976</u>	<u>\$25,825,308</u>

* Includes Cash with Fiscal Agent

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

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 2010 were levied after October 1, 2009 on assessed values as of January 1, 2009, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2007. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

Tangible personal property tax revenues received in 2010 (other than public utility property) represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on values as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. House Bill No. 66 was to hold governments harmless by replacing a portion of the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2012, the City will be fully reimbursed for the lost revenue. In calendar years 2013-2017, the reimbursements will be phased out.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 5 - TAXES (Continued)

A. Property Taxes (Continued)

The full tax rate for the City's operations for the year ended December 31, 2010 was \$3.40 per \$1,000 of assessed value. The assessed value upon which the 2010 property tax receipts were based was \$737,068,930. This amount constitutes \$720,243,030 in real property assessed value, and \$16,825,900 in public utility property.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .34% (3.40 mills) of assessed value.

B. Income Tax

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

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

NOTE 6 - RECEIVABLES

Receivables at December 31, 2010 consisted of taxes, accounts, special assessments, interest, loans and intergovernmental receivables arising from shared revenues.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 7 – INTERFUND ACCOUNTS

Interfund balances at December 31, 2010 consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$37,303	\$0
Enterprise Fund:		
Gas	0	709,037
Sanitation	0	37,303
Port Authority	709,037	0
Total Enterprise Funds	<u>709,037</u>	<u>746,340</u>
Agency Funds:		
Municipal Court	0	4,229
Law Library	4,229	0
Total Agency Funds	<u>4,229</u>	<u>4,229</u>
Totals	<u><u>\$750,569</u></u>	<u><u>\$750,569</u></u>
	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$1,759,100	\$0
Nonmajor Governmental Funds	0	2,179,720
Total Governmental Funds	<u>1,759,100</u>	<u>2,179,720</u>
Enterprise Fund:		
Sanitation Fund	420,620	0
Totals	<u><u>\$2,179,720</u></u>	<u><u>\$2,179,720</u></u>

The Due to Other Funds is a reimbursement of expenditures made by the General Fund. The Interfund Loan consists of a short-term advance of \$420,620 to cover temporary cash deficits and \$1,759,100 of short-term notes issued at 3% to other funds to acquire capital purchases. The City expects to repay all interfund balances within the next year.

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2010:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$1,186,862
Nonmajor Governmental Funds	1,803,367	692,027
Enterprise Funds:		
Storm Water Fund	75,522	0
Total Transfers	<u><u>\$1,878,889</u></u>	<u><u>\$1,878,889</u></u>

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2010:
Historical Cost:

Class	December 31, 2009	Additions	Deletions	December 31, 2010
<i>Capital assets not being depreciated:</i>				
Land	\$17,757,755	\$10,310	\$0	\$17,768,065
Construction in Progress	1,193,105	890,100	0	2,083,205
Subtotal	18,950,860	900,410	0	19,851,270
<i>Capital assets being depreciated:</i>				
Buildings	6,650,133	0	0	6,650,133
Improvements Other than Buildings	5,847,618	192,091	0	6,039,709
Vehicles	6,333,569	359,823	(215,432)	6,477,960
Machinery and Equipment	4,254,839	278,814	(67,959)	4,465,694
Infrastructure	20,834,709	0	0	20,834,709
Subtotal	43,920,868	830,728	(283,391)	44,468,205
Total Cost	\$62,871,728	\$1,731,138	(\$283,391)	\$64,319,475
<i>Accumulated Depreciation:</i>				
Class	December 31, 2009	Additions	Deletions	December 31, 2010
Buildings	(\$3,227,648)	(\$146,371)	\$0	(\$3,374,019)
Improvements Other than Buildings	(3,808,141)	(186,538)	0	(3,994,679)
Vehicles	(4,757,157)	(446,536)	215,432	(4,988,261)
Machinery and Equipment	(3,258,075)	(251,804)	53,596	(3,456,283)
Infrastructure	(8,875,387)	(677,050)	0	(9,552,437)
Total Depreciation	(\$23,926,408)	(\$1,708,299) *	\$269,028	(\$25,365,679)
<i>Net Value:</i>	\$38,945,320			\$38,953,796

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$397,278)
Leisure Time Activities	(152,366)
Community Environment	(2,139)
Public Health & Welfare	(18,436)
Transportation	(913,438)
General Government	(191,210)
Internal Service Fund Capital Assets	(33,432)
Total Depreciation Expense	(\$1,708,299)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 9 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2010:

<i>Historical Cost:</i>	Restated December 31, 2009	Additions	Deletions	December 31, 2010
Class				
<i>Capital assets not being depreciated:</i>				
Land	\$3,308,208	\$168,099	\$0	\$3,476,307
Construction in Progress	14,490,957	25,621,335	(17,000)	40,095,292
Subtotal	17,799,165	25,789,434	(17,000)	43,571,599
<i>Capital assets being depreciated:</i>				
Buildings	35,091,627	6,184	0	35,097,811
Improvements	34,281,966	0	0	34,281,966
Vehicles	3,923,706	884,191	(41,269)	4,766,628
Machinery and Equipment	10,156,027	210,347	(145,127)	10,221,247
Infrastructure	74,876,613	2,155,504	0	77,032,117
Subtotal	158,329,939	3,256,226	(186,396)	161,399,769
Total Cost	\$176,129,104	\$29,045,660	(\$203,396)	\$204,971,368
<i>Accumulated Depreciation:</i>				
Class	Restated December 31, 2009	Additions	Deletions	December 31, 2010
Buildings	(\$10,499,510)	(\$822,516)	\$0	(\$11,322,026)
Improvements	(22,852,494)	(1,173,902)	0	(24,026,396)
Vehicles	(2,965,175)	(374,797)	41,269	(3,298,703)
Machinery and Equipment	(7,941,849)	(627,764)	145,127	(8,424,486)
Infrastructure	(27,219,172)	(2,240,758)	0	(29,459,930)
Total Depreciation	(\$71,478,200)	(\$5,239,737)	\$186,396	(\$76,531,541)
<i>Net Value:</i>	\$104,650,904			\$128,439,827

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, \$188,128 and \$101,148 of internal service funds capital assets, net of depreciation are included in the respective above amounts. Also, \$33,432 and \$17,620 of depreciation expense for internal service fund are included in the respective above amounts. The Storm Water Fund received infrastructure from a special revenue fund when a project was completed in 2010.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

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 making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2010, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2010 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 Plan was 8.5% from January 1 through February 28, 2010 and 9.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 9.27% from January 1 through February 28, 2010, and 9.77% from March 1 through December 31, 2010. The contribution

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

requirements of plan members and the City are established and may be amended by the OPERS Board. The City's required contributions for pension obligations to OPERS for the years ending December 31, 2010, 2009, and 2008 were \$1,169,166, \$1,072,414 and \$930,466, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2010 were \$23,481 made by the City and \$16,772 made by the plan members.

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 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2010, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2010, 2009, and 2008 were \$526,236, \$505,643 and \$508,342 for police and \$928,962, \$946,754 and \$937,328 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, 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 Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

The City's contributions for health care to the OPERS for the years ending December 31, 2010, 2009, and 2008 were \$669,416, \$783,610 and \$930,466, respectively, which were equal to the required contributions for each year.

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

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 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2010, 2009, and 2008 were \$278,595, \$267,693 and \$269,122 for police and \$356,088, \$362,908 and \$374,422 for firefighters, respectively, which were equal to the required contributions for each year.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

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, 2010	Additions	(Reductions)	Balance December 31, 2010
Capital Projects Notes Payable:					
1.75% Ety Road TIF	10/15/2010	\$3,475,000	\$0	(\$3,475,000)	\$0
1.75% Ety Road TIF	10/12/2011	0	542,160	0	542,160
1.75% Street Improvement 2009	12/31/2010	1,049,351	0	(1,049,351)	0
1.75% Street Improvement 2010	12/31/2011	0	1,067,714	0	1,067,714
1.75% Island Capital Note 2010	12/31/2011	0	553,862	0	553,862
Total Capital Projects Notes Payable		<u>\$4,524,351</u>	<u>\$2,163,736</u>	<u>(\$4,524,351)</u>	<u>\$2,163,736</u>
Enterprise Funds Notes Payable:					
2.00% Lake Allen/Maple Storm Water	7/7/2010	\$1,238,000	\$0	(\$1,238,000)	\$0
2.00% Nolder Drive Storm Water	7/7/2010	300,000	0	(300,000)	0
2.00% Various Storm Water Projects	7/7/2010	390,000	0	(390,000)	0
1.20% Storm Water Improvement	7/6/2011	0	1,709,000	0	1,709,000
Total Enterprise Notes Payable		<u>\$1,928,000</u>	<u>\$1,709,000</u>	<u>(\$1,928,000)</u>	<u>\$1,709,000</u>

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CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

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

Long-term debt and other long-term obligations of the City at December 31, 2010 were as follows:

	Restated December 31, 2009	Additions	(Reductions)	Balance December 31, 2010	Due Within One Year	
Business-Type Activities:						
Ohio Water Development Authority Loans (OWDA):						
2003 2.00%	Water Treatment Plant/Clearwells/Wellfield	\$162,653	\$0	(\$5,632)	\$157,021	\$5,746
2001 4.14%	Water Transmission Line/Waste Force Main	4,034,797	0	(239,888)	3,794,909	249,922
2001 3.90%	Water Treatment Plant/Clearwells/Wellfield	15,854,005	0	(924,217)	14,929,788	968,849
1989 8.48%	Water Pollution Control Plant	3,459,508	0	(664,956)	2,794,552	721,344
1990 7.74%	Water Pollution Control Plant (Supplement)	70,547	0	(13,731)	56,816	14,794
1993 2.94%	Water Pollution Control Plant (Supplement)	5,276,517	0	(748,068)	4,528,449	770,223
1996 3.16%	Water Pollution Control Plant (Supplement)	2,403,582	0	(268,529)	2,135,053	277,082
2009 3.27%	Water Pollution Control Plant	8,101,758	19,917,258	0	28,019,016	0
1997 3.98%	Landfill Postclosure Care	2,170,813	0	(204,962)	1,965,851	213,201
	Total Ohio Water Development Authority Loans	<u>41,534,180</u>	<u>19,917,258</u>	<u>(3,069,983)</u>	<u>58,381,455</u>	<u>3,221,161</u>
Revenue Bonds Payable:						
2004 2-4.75%	Water System Improvement Revenue Bond	7,145,000	0	(230,000)	6,915,000	235,000
	Premium	102,190	0	(5,110)	97,080	0
2004 2-4.75%	Wastewater System Improvement Revenue Bond	4,435,000	0	(145,000)	4,290,000	145,000
2008 3-4.375%	Wastewater System Improvement Revenue Bond	20,675,000	0	(535,000)	20,140,000	555,000
	Premium	131,291	0	(5,994)	125,297	0
2008 variable	Port Authority Gas Supply Revenue Bond	341,200,000	0	(3,470,000)	337,730,000	3,070,000
	Total Revenue Bonds Payable	<u>373,688,481</u>	<u>0</u>	<u>(4,391,104)</u>	<u>369,297,377</u>	<u>4,005,000</u>
2009 0-2/3 prime%	Ohio Rail Development Loan	100,808	0	(47,748)	53,060	48,924
	Landfill Postclosure Care Liability	1,615,323	0	(91,501)	1,523,822	78,600
	Capital Leases	287,311	0	(86,841)	200,470	116,635
	Compensated Absences	2,342,756	635,011	(498,723)	2,479,044	519,507
	Total Business-Type Long-Term Debt	<u>\$419,568,859</u>	<u>\$20,552,269</u>	<u>(\$8,185,900)</u>	<u>\$431,935,228</u>	<u>\$7,989,827</u>
Governmental Activities Long-Term Debt:						
2005 3-4.375%	General Obligation Bond Payable	\$3,335,000	\$0	(\$170,000)	\$3,165,000	\$175,000
2010 2-3.125%	General Obligation Bond Payable - Ety Road TIF	0	2,800,000	(220,000)	2,580,000	275,000
	Total General Obligation Bonds Payable	<u>3,335,000</u>	<u>2,800,000</u>	<u>(390,000)</u>	<u>5,745,000</u>	<u>450,000</u>
2001 5.00%	Special Assessment Bond Payable with Governmental Commitment	261,500	0	(16,500)	245,000	17,000
2008 2.84-4.4%	Housing and Urban Development Loan Payable	670,000	0	(90,000)	580,000	90,000
2000 0.00%	Ohio Public Works Commission Loan Payable	69,990	0	(6,086)	63,904	6,086
2007 3.00%	State Infrastructure Bank Loan	910,707	0	(140,713)	769,994	144,967
2010 3.25%	Ohio Water Development Authority Loan	0	337,247	0	337,247	6,052
	Compensated Absences	5,209,264	1,423,387	(1,351,294)	5,281,357	1,367,280
	Capital Leases	750,733	18,882	(237,399)	532,216	175,632
	Pollution Remediation Obligation	0	1,986,171	0	1,986,171	662,000
	Total Governmental Activities	<u>\$11,207,194</u>	<u>\$6,565,687</u>	<u>(\$2,231,992)</u>	<u>\$15,540,889</u>	<u>\$2,919,017</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

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

Internal service funds serve both governmental and business-type funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental and business-type funds. At year-end, \$107,688 and \$289,515 of internal service funds compensated absences are included in the respective above amounts. Also, \$8,750 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.

In 2008 the City received an Ohio Rail Development Commission Loan in the amount of \$145,163 to finance the construction of a railroad spur. The loan is being repaid by the Port Authority Fund.

A. Gas Supply Revenue Bonds, Series 2008

In March, 2008, the Port Authority issued \$348,750,000 of gas supply revenue bonds 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 revenue bonds are secured by a pledge of the gas supply revenues derived from the related prepay transaction.

The Port Authority entered into an interest rate swap with Royal Bank of Canada in connection with the Series 2008, Gas Supply Revenue 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 3.7%.

B. Ohio Water Development Authority Loans

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

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

B. Ohio Water Development Authority Loans (Continued)

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, 2010, the City had received \$21,091,478, from OWDA. Subsequent amounts will be received in future years. The City began repaying the loan in semiannual payments beginning in 2003 based on a loan amount of \$21,273,840 to be paid through 2023. An estimate of future financing requirements has been made based on the loan balance of \$14,929,788 at December 31, 2010.

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 \$33,928,699. 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, 2010, the City had received \$28,019,016, from OWDA. Subsequent amounts will be received in future years. The City will begin repaying the loan in semiannual payments in 2012 based on a loan amount of \$34,231,264 to be paid through 2031. An estimate of future financing requirements has been made based on the loan balance of \$28,019,016 at December 31, 2010.

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 \$400,657. The proceeds are being used to build a salt storage barn and wash bays. The amount is subject to change and has not been finalized. The interest rate on the loans is 3.25%, 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, 2010, the City had received \$337,247, from OWDA. Subsequent amounts will be received in future years. The City will begin repaying the loan in semiannual payments in 2011 based on a loan amount of \$400,657 to be paid through 2031. An estimate of future financing requirements has been made based on the loan balance of \$337,247 at December 31, 2010.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

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

C. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2010 follows:

Governmental Activities:

Years	General Obligation Bond Payable		Special Assessment Bond Payable		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$450,000	\$185,906	\$17,000	\$12,250	\$6,052	\$5,480
2012	460,000	174,456	18,000	11,400	12,400	10,664
2013	475,000	162,107	19,000	10,500	12,806	10,258
2014	485,000	148,807	20,000	9,550	13,226	9,838
2015	495,000	137,144	21,000	8,550	13,659	9,405
2016-2020	2,065,000	471,221	122,000	25,925	75,311	10,010
2021-2025	1,315,000	131,232	28,000	1,400	88,484	26,837
2026-2030	0	0	0	0	103,961	11,360
2031	0	0	0	0	11,348	184
Totals	<u>\$5,745,000</u>	<u>\$1,410,873</u>	<u>\$245,000</u>	<u>\$79,575</u>	<u>\$337,247</u>	<u>\$94,036</u>

Years	HUD Loan		OPWC Loan		SIB Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$90,000	\$23,613	\$6,086	\$0	\$144,967	\$22,021
2012	90,000	20,517	6,086	0	149,348	17,639
2013	90,000	17,079	6,086	0	153,862	13,125
2014	90,000	13,479	6,086	0	158,513	8,475
2015	90,000	9,753	6,086	0	163,304	3,683
2016-2020	130,000	7,680	30,430	0	0	0
2021-2025	0	0	3,044	0	0	0
Totals	<u>\$580,000</u>	<u>\$92,121</u>	<u>\$63,904</u>	<u>\$0</u>	<u>\$769,994</u>	<u>\$64,943</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

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

C. Future Long-Term Financing Requirements (Continued)

Business-Type Activities:

Years	OWDA Loans		Revenue Bonds Payable		ORDC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
	2011	\$3,221,161	\$1,240,896	\$4,005,000	\$13,861,636	\$48,924
2012	4,384,055	1,997,671	4,170,000	13,717,109	4,136	9
2013	4,577,169	1,804,557	4,560,000	13,562,486	0	0
2014	4,291,845	1,601,124	5,080,000	13,388,850	0	0
2015	3,975,722	1,428,491	5,660,000	13,194,822	0	0
2016-2020	16,121,192	5,254,227	37,160,000	62,141,906	0	0
2021-2025	11,370,823	2,596,223	55,840,000	53,467,774	0	0
2026-2030	8,548,612	398,479	79,980,000	40,565,872	0	0
2031-2035	1,890,876	44,841	104,235,000	23,114,902	0	0
2036-2038	0	0	68,385,000	3,635,898	0	0
Totals	<u>\$58,381,455</u>	<u>\$16,366,509</u>	<u>\$369,075,000</u>	<u>\$250,651,255</u>	<u>\$53,060</u>	<u>\$828</u>

NOTE 14 - CAPITALIZED LEASES

Under capital leases the City leases seven copiers, two street sweepers, one pickup trucks, five dump trucks, a bucket truck, two leaf loaders, five police vehicles, a breaking hammer, a back hoe, and a Niton analyzer. The cost of the improvements and equipment obtained under capital leases is included in the appropriate proprietary fund or Governmental Activities Capital Assets and the related liability is included in the appropriate proprietary fund or in the Governmental Activities Long-Term Liabilities. The original cost of the assets acquired under capital lease was \$1,377,251.

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, 2010:

Year Ending December 31,	Governmental Activities	Business-Type Activities
2011	\$199,245	\$126,871
2012	180,929	79,738
2013	193,251	7,781
2014	84,997	1,027
2015	4,312	0
Minimum Lease Payments	662,734	215,417
Less amount representing interest at the City's incremental borrowing rate of interest	(130,518)	(14,947)
Present value of minimum lease payments	<u>\$532,216</u>	<u>\$200,470</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 15 - DERIVATIVE INSTRUMENTS

A. Composition of Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2010, 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	58,754,531 mmbtu	\$ 191,741,248	AA-/A-1+
Negative Cash Flow Hedge:			
Pay-fixed, receive variable interest rate swap	\$ 337,730,000	\$(141,025,238)	AA-/Aa1

All fair values are classified as derivative instruments on the Statement of Net Assets. The increase in fair values of these derivatives instruments were \$15,676,684 for 2010. As these commodity and interest rate swaps are considered hedging derivatives instruments, the increase in fair value is reflected within deferred outflows and inflows on the Statement of Net Assets. 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 SIFMA 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, 2010**

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 fund's hedging derivative instruments outstanding at December 31, 2010:

<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 2008 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.	2038	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 3.7%, on the notional amount and receives a variable payment equal to the rate actually borne by the Series 2008 Bonds, which is based upon the SIFMA 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, 2010***

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-variable interest rate swap agreement entered into in connection with the Port Authority is required to pay an amount equal to the notional amount times the rate actually borne by the Series 2008 Bonds, and is to receive an amount equal to the SIFMA index. In the event the rate actually borne by the Series 2008 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, 2010***

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 19). SCOIC currently includes twelve member school districts and governmental entities. The Liberty Union-Thurston Local School District serves as the fiscal agent for the consortium. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Health Insurance Management Fund (internal service fund) are available to pay claims.

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

Claims are paid by the City to the SCOIC. SCOIC contracts with Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) for claims servicing. OME-RESA contracts with Employee Benefits Management Corporation to service the claims of SCOIC members. The City has shared risk pool coverage with OME-RESA for covered individual medical claims in excess of \$50,000 up to \$500,000 per employee per year. The City also has a stop loss coverage insurance policy, purchased through SCOIC, for covered individual medical claims in excess of \$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, 2010**

NOTE 16 - INSURANCE AND RISK MANAGEMENT (Continued)

The claims liability of \$398,858 reported at December 31, 2010 is based on an estimate provided by an actuary for medical and dental claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two years, including medical, surgical, prescription drug, and dental are as follows:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2009	\$433,165	\$6,019,292	(\$6,053,599)	\$398,858
2010	\$398,858	\$5,702,875	(\$5,827,507)	\$274,226

NOTE 17 - CONSTRUCTION COMMITMENTS

As of December 31, 2010, the City had the following commitments with respect to capital improvements:

Capital Projects	Remaining Construction Commitment
Upper Hocking Wastewater Treatment Plant	\$5,946,604
Stormwater Projects	85,198
Ewing Run Trunk Sewer	30,969

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 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 \$1,523,822. These costs are funded by a sanitation rate increase that became effective April 1, 1997. The rate will remain in effect for twenty-five years to cover annual postclosure care costs. The remaining five years of postclosure care costs will be funded by \$523,268 which has been placed in a restricted account. The estimated costs of postclosure care are subject to changes corresponding to the effects of inflation, revision of laws and other variables.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

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. The remediation is expected to be completed in 2012 and a liability of \$1,986,171 has been recorded for this obligation.

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, 2010***

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, 2010***

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 superintendent or other designee appointed by each of the members of the SCOIC. Members include the following school districts and governmental entities: Amanda Clearcreek, Berne Union, Bloom-Carroll, Canal Winchester, Fairfield Union, Liberty Union-Thurston, Logan Hocking Local, and Miami Trace Local School Districts, Fairfield County Education Service Center, Lancaster and Washington Court House City School Districts, and City of Lancaster. The Liberty Union-Thurston Local School District serves as the fiscal agent for the SCOIC.

SCOIC contracts with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool, for medical, dental, and prescription drug coverage on a self-insured basis. The SCOIC members are considered self insured and pay a monthly premium to OME-RESA that is actuarially calculated based on the participants’ actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. An additional fee is paid for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. SCOIC members participate in the shared risk pool through OME-RESA for individual claims from \$50,000 to \$500,000. SCOIC members are then covered under stop loss coverage for claims over \$500,000. OME-RESA contracts with Employee Benefits Management Corporation to service the claims of SCOIC members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

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. In the event SCOIC members would withdraw from OME-RESA, SCOIC members would be required to give a thirty day notice, be responsible for all run-out claims, and have no rights to share in any surplus funds of OME-RESA. To obtain financial information for the SCOIC, write to the fiscal agent, Liberty Union-Thurston Local School District, 600 Washington Street, Baltimore, Ohio 43105.

NOTE 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, 2010 to December 31, 2010, 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

On February 1, 2011, the City entered into a five year loan agreement for \$198,075 to provide funding for the City's fire medic unit. On July 6, 2011, the City authorized \$1,408,988 of general obligation notes for storm water improvements. On October 12, 2011, the City authorized \$542,160 of general obligation notes for Ety Road TIF. On December 31, 2011, the City authorized \$1,067,714 of general obligation notes for Street Improvements and \$563,554 of general obligation notes for Island Capital.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2010***

NOTE 24- SIGNIFICANT ESTIMATES AND CONCENTRATIONS (Continued)

B. Current Economic Conditions

The current protracted economic decline continues to present energy companies with difficult circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, declines in revenues, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Port Authority.

Although the Port Authority has not currently identified any specific circumstances which would cause the difficulties noted above, economic conditions could make it difficult for consumers to maintain demand and usage levels, which could have an adverse impact on the future operating results of the Port Authority.



*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.

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.

Law Enforcement Block Grant Fund

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

(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)

American Recovery and Reinvestment Act (ARRA) Stimulus Fund

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

DARE Officer Retention Grant Fund

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

Community Development Block Grant (CDBG) Fund

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

State Highway Fund

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

Drug Enforcement Fund

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

Cemetery Interment Fund

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

Debt Service Funds

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.

Capital Improvement Fund

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

Fire Capital Improvement Fund

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

Fire Impact - District One Fund

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

Ety Road TIF Project Fund

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

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, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 3,746,651	\$ 107,467	\$ 449,061	\$ 208,844	\$ 4,512,023
Investments	1,148,084	0	1,031,008	784,093	2,963,185
Receivables (net of allowance for doubtful accounts):					
Taxes	786,609	332,919	145,355	0	1,264,883
Accounts	2,247	0	0	0	2,247
Intergovernmental	1,873,080	0	145,618	0	2,018,698
Interest	3,421	0	0	0	3,421
Special Assessments	0	425,238	0	0	425,238
Loans	1,661,039	0	0	0	1,661,039
Inventory of Supplies	178,216	0	0	0	178,216
Prepaid Items	10,155	0	0	0	10,155
Restricted Assets:					
Cash and Cash Equivalents	0	0	612,160	0	612,160
Total Assets	\$ 9,409,502	\$ 865,624	\$ 2,383,202	\$ 992,937	\$ 13,651,265
Liabilities:					
Accounts Payable	\$ 78,024	\$ 0	\$ 109,602	\$ 0	\$ 187,626
Accrued Wages and Benefits Payable	218,203	0	0	0	218,203
Intergovernmental Payable	965	0	0	0	965
Due to Others	0	0	70,000	0	70,000
Interfund Loans Payable	248,000	0	1,931,720	0	2,179,720
Deferred Revenue	2,092,882	758,157	116,505	0	2,967,544
Accrued Interest Payable	0	0	2,080	0	2,080
General Obligation Notes Payable	0	0	2,163,736	0	2,163,736
Total Liabilities	2,638,074	758,157	4,393,643	0	7,789,874
Fund Balances:					
Reserved for Encumbrances	73,846	0	0	0	73,846
Reserved for Prepaid Items	10,155	0	0	0	10,155
Reserved for Supplies Inventory	178,216	0	0	0	178,216
Reserved for Debt Service	0	107,467	0	0	107,467
Reserved for Loans Receivable	1,661,039	0	0	0	1,661,039
Reserved for Endowments	0	0	0	992,937	992,937
Unreserved, Undesignated in:					
Special Revenue Funds	4,848,172	0	0	0	4,848,172
Capital Projects Funds	0	0	(2,010,441)	0	(2,010,441)
Total Fund Balances	6,771,428	107,467	(2,010,441)	992,937	5,861,391
Total Liabilities and Fund Balances	\$ 9,409,502	\$ 865,624	\$ 2,383,202	\$ 992,937	\$ 13,651,265

CITY OF LANCASTER, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2010***

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 1,872,045	\$ 228,307	\$ 337,947	\$ 0	\$ 2,438,299
Intergovernmental Revenues	5,102,943	137,106	337,285	0	5,577,334
Charges for Services	1,389,816	0	51,218	30,823	1,471,857
Investment Earnings	23,998	0	56	0	24,054
Special Assessments	82,651	36,342	0	0	118,993
Fines and Forfeitures	1,181,117	0	0	0	1,181,117
All Other Revenue	423,179	0	39,666	0	462,845
Total Revenue	10,075,749	401,755	766,172	30,823	11,274,499
Expenditures:					
Current:					
Security of Persons and Property	850,164	0	37,340	0	887,504
Public Health and Welfare Services	530,144	0	0	0	530,144
Leisure Time Activities	1,891,191	0	0	0	1,891,191
Community Environment	707,289	0	0	0	707,289
Transportation	4,572,787	0	0	0	4,572,787
General Government	2,203,004	1,546	75,971	0	2,280,521
Capital Outlay	0	0	703,024	0	703,024
Debt Service:					
Principal Retirement	90,000	523,362	0	0	613,362
Interest and Fiscal Charges	38,219	182,102	70,510	0	290,831
Total Expenditures	10,882,798	707,010	886,845	0	12,476,653
Excess (Deficiency) of Revenues Over Expenditures	(807,049)	(305,255)	(120,673)	30,823	(1,202,154)
Other Financing Sources (Uses):					
Ohio Water Development Authority Loans Issued	337,247	0	0	0	337,247
General Obligation Bonds Issued	0	0	2,800,000	0	2,800,000
Transfers In	1,392,429	303,938	107,000	0	1,803,367
Transfers Out	(226,153)	0	(465,874)	0	(692,027)
Other Financing Source - Capital Lease	18,882	0	0	0	18,882
Total Other Financing Sources (Uses)	1,522,405	303,938	2,441,126	0	4,267,469
Net Change in Fund Balances	715,356	(1,317)	2,320,453	30,823	3,065,315
Fund Balances at Beginning of Year	6,056,164	108,784	(4,330,894)	962,114	2,796,168
Decrease in Inventory Reserve	(92)	0	0	0	(92)
Fund Balances End of Year	\$ 6,771,428	\$ 107,467	\$ (2,010,441)	\$ 992,937	\$ 5,861,391

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Parks and Recreation Fund	Lancaster Public Transit Program Fund
Assets:				
Cash and Cash Equivalents	\$ 54,145	\$ 31,247	\$ 196,877	\$ 183,650
Investments	0	683,547	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	21,191	0	317,855	0
Accounts	0	893	420	934
Intergovernmental	0	910,632	0	12,890
Interest	556	0	0	0
Loans	0	0	0	0
Inventory of Supplies	0	170,533	2,381	0
Prepaid Items	731	5,700	3,724	0
Total Assets	\$ 76,623	\$ 1,802,552	\$ 521,257	\$ 197,474
Liabilities:				
Accounts Payable	\$ 809	\$ 15,769	\$ 18,446	\$ 16,152
Accrued Wages and Benefits Payable	17,390	87,007	56,133	3,400
Intergovernmental Payable	0	0	965	0
Interfund Loans Payable	0	0	0	238,000
Deferred Revenue	12,082	605,000	173,605	0
Total Liabilities	30,281	707,776	249,149	257,552
Fund Balances:				
Reserved for Encumbrances	582	3,540	1,361	63,297
Reserved for Prepaid Items	731	5,700	3,724	0
Reserved for Supplies Inventory	0	170,533	2,381	0
Reserved for Loans Receivable	0	0	0	0
Undesignated/Unreserved	45,029	915,003	264,642	(123,375)
Total Fund Balances	46,342	1,094,776	272,108	(60,078)
Total Liabilities and Fund Balances	\$ 76,623	\$ 1,802,552	\$ 521,257	\$ 197,474

CITY OF LANCASTER, OHIO

<u>911 Tariff Fund</u>	<u>Edward Byrne Grant Fund</u>	<u>Law Director Victim Assistance Fund</u>	<u>Lancaster Community Development Fund</u>	<u>Law Enforcement Block Grant Fund</u>	<u>Police and Fire Pension Fund</u>
\$ 483,219	\$ 13,440	\$ 13,700	\$ 48,393	\$ 79,411	\$ 0
0	0	0	0	0	0
0	0	0	0	0	447,563
0	0	0	0	0	0
0	9,839	7,565	0	0	30,723
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	549	0	0
0	0	0	0	0	0
<u>\$ 483,219</u>	<u>\$ 23,279</u>	<u>\$ 21,265</u>	<u>\$ 48,942</u>	<u>\$ 79,411</u>	<u>\$ 478,286</u>
\$ 0	\$ 0	\$ 841	\$ 0	\$ 6,717	\$ 0
4,118	2,767	194	9,071	0	0
0	0	0	0	0	0
0	0	10,000	0	0	0
0	0	0	0	0	478,286
<u>4,118</u>	<u>2,767</u>	<u>11,035</u>	<u>9,071</u>	<u>6,717</u>	<u>478,286</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	549	0	0
0	0	0	0	0	0
<u>479,101</u>	<u>20,512</u>	<u>10,230</u>	<u>39,322</u>	<u>72,694</u>	<u>0</u>
<u>479,101</u>	<u>20,512</u>	<u>10,230</u>	<u>39,871</u>	<u>72,694</u>	<u>0</u>
<u>\$ 483,219</u>	<u>\$ 23,279</u>	<u>\$ 21,265</u>	<u>\$ 48,942</u>	<u>\$ 79,411</u>	<u>\$ 478,286</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010**

	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	\$ 29,671	\$ 123,914	\$ 76,153	\$ 164,144
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	229	0	0	0
Prepaid Items	0	0	0	0
Total Assets	<u>\$ 72,296</u>	<u>\$ 123,914</u>	<u>\$ 76,153</u>	<u>\$ 164,144</u>
Liabilities:				
Accounts Payable	\$ 130	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	6,380	0	0	0
Intergovernmental Payable	0	0	0	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	21,198	0	0	0
Total Liabilities	<u>27,708</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Reserved for Encumbrances	36	0	0	96
Reserved for Prepaid Items	0	0	0	0
Reserved for Supplies Inventory	229	0	0	0
Reserved for Loans Receivable	0	0	0	0
Undesignated/Unreserved	44,323	123,914	76,153	164,048
Total Fund Balances	<u>44,588</u>	<u>123,914</u>	<u>76,153</u>	<u>164,144</u>
Total Liabilities and Fund Balances	<u>\$ 72,296</u>	<u>\$ 123,914</u>	<u>\$ 76,153</u>	<u>\$ 164,144</u>

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>
\$ 160,119	\$ 282,127	\$ 1,485,584	\$ 7,764	\$ 12,745	\$ 17,200
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	19,708	0
0	0	0	0	0	0
0	0	0	0	0	0
4,524	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 164,643</u>	<u>\$ 282,127</u>	<u>\$ 1,485,584</u>	<u>\$ 7,764</u>	<u>\$ 32,453</u>	<u>\$ 17,200</u>
\$ 1,363	\$ 2,357	\$ 3,191	\$ 0	\$ 3,931	\$ 0
20,317	5,782	0	0	5,644	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>21,680</u>	<u>8,139</u>	<u>3,191</u>	<u>0</u>	<u>9,575</u>	<u>0</u>
340	0	4,290	0	304	0
0	0	0	0	0	0
4,524	0	0	0	0	0
0	0	0	0	0	0
<u>138,099</u>	<u>273,988</u>	<u>1,478,103</u>	<u>7,764</u>	<u>22,574</u>	<u>17,200</u>
<u>142,963</u>	<u>273,988</u>	<u>1,482,393</u>	<u>7,764</u>	<u>22,878</u>	<u>17,200</u>
<u>\$ 164,643</u>	<u>\$ 282,127</u>	<u>\$ 1,485,584</u>	<u>\$ 7,764</u>	<u>\$ 32,453</u>	<u>\$ 17,200</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010**

	ARRA Stimulus Fund	DARE Officer Retention Grant Fund	CDBG Fund	State Highway Fund
Assets:				
Cash and Cash Equivalents	\$ 0	\$ 12,172	\$ 91,855	\$ 9,379
Investments	0	0	0	204,681
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	8,318	0	783,927	47,082
Interest	0	0	0	2,699
Loans	0	0	1,661,039	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 8,318	\$ 12,172	\$ 2,536,821	\$ 263,841
Liabilities:				
Accounts Payable	\$ 8,318	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	0	0	769,950	32,595
Total Liabilities	8,318	0	769,950	32,595
Fund Balances:				
Reserved for Encumbrances	0	0	0	0
Reserved for Prepaid Items	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Reserved for Loans Receivable	0	0	1,661,039	0
Undesignated/Unreserved	0	12,172	105,832	231,246
Total Fund Balances	0	12,172	1,766,871	231,246
Total Liabilities and Fund Balances	\$ 8,318	\$ 12,172	\$ 2,536,821	\$ 263,841

CITY OF LANCASTER, OHIO

Drug Enforcement Fund	Cemetery Interment Fund	Total Nonmajor Special Revenue Funds
\$ 125,831	\$ 43,911	\$ 3,746,651
0	259,856	1,148,084
0	0	786,609
0	0	2,247
0	0	1,873,080
0	166	3,421
0	0	1,661,039
0	0	178,216
0	0	10,155
<u>\$ 125,831</u>	<u>\$ 303,933</u>	<u>\$ 9,409,502</u>
\$ 0	\$ 0	\$ 78,024
0	0	218,203
0	0	965
0	0	248,000
<u>0</u>	<u>166</u>	<u>2,092,882</u>
<u>0</u>	<u>166</u>	<u>2,638,074</u>
0	0	73,846
0	0	10,155
0	0	178,216
0	0	1,661,039
<u>125,831</u>	<u>303,767</u>	<u>4,848,172</u>
<u>125,831</u>	<u>303,767</u>	<u>6,771,428</u>
<u>\$ 125,831</u>	<u>\$ 303,933</u>	<u>\$ 9,409,502</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, 2010**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Parks and Recreation Fund	Special Improvement District Fund
Revenues:				
Taxes	\$ 89,614	\$ 0	\$ 1,373,173	\$ 0
Intergovernmental Revenues	0	1,899,307	0	0
Charges for Services	165,131	611,531	388,266	0
Investment Earnings	11,922	1,583	0	0
Special Assessments	0	0	0	82,651
Fines and Forfeitures	0	0	0	0
All Other Revenue	701	317,466	77,972	0
Total Revenue	<u>267,368</u>	<u>2,829,887</u>	<u>1,839,411</u>	<u>82,651</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	502,314	0	0	0
Leisure Time Activities	0	0	1,891,191	0
Community Environment	0	0	0	82,651
Transportation	0	3,261,564	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>502,314</u>	<u>3,261,564</u>	<u>1,891,191</u>	<u>82,651</u>
Excess (Deficiency) of Revenues Over Expenditures	(234,946)	(431,677)	(51,780)	0
Other Financing Sources (Uses):				
Ohio Water Development Authority Loans Issued	0	0	0	0
Transfers In	225,000	450,000	0	0
Transfers Out	0	0	0	0
Other Financing Source - Capital Lease	0	0	18,882	0
Total Other Financing Sources (Uses)	<u>225,000</u>	<u>450,000</u>	<u>18,882</u>	<u>0</u>
Net Change in Fund Balances	(9,946)	18,323	(32,898)	0
Fund Balances (Deficit) at Beginning of Year	56,288	1,076,091	305,103	0
Increase (Decrease) in Inventory Reserve	0	362	(97)	0
Fund Balances End of Year	<u>\$ 46,342</u>	<u>\$ 1,094,776</u>	<u>\$ 272,108</u>	<u>\$ 0</u>

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	Law Enforcement Block Grant Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
977,965	17,345	106,115	22,569	166,304	14,090
193,078	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
23,221	0	0	0	0	0
<u>1,194,264</u>	<u>17,345</u>	<u>106,115</u>	<u>22,569</u>	<u>166,304</u>	<u>14,090</u>
0	4,118	0	0	0	6,717
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	145,872	0
1,311,223	0	0	0	0	0
0	0	126,291	22,282	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,311,223</u>	<u>4,118</u>	<u>126,291</u>	<u>22,282</u>	<u>145,872</u>	<u>6,717</u>
(116,959)	13,227	(20,176)	287	20,432	7,373
0	0	0	0	0	0
73,000	465,874	40,688	9,943	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>73,000</u>	<u>465,874</u>	<u>40,688</u>	<u>9,943</u>	<u>0</u>	<u>0</u>
(43,959)	479,101	20,512	10,230	20,432	7,373
(16,119)	0	0	0	19,660	65,321
0	0	0	0	(221)	0
<u>\$ (60,078)</u>	<u>\$ 479,101</u>	<u>\$ 20,512</u>	<u>\$ 10,230</u>	<u>\$ 39,871</u>	<u>\$ 72,694</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, 2010***

	Police and Fire Pension Fund	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund	Law Enforcement and Education Fund
Revenues:				
Taxes	\$ 409,258	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	49,893	84,791	0	0
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	49,088	2,394
All Other Revenue	0	0	0	0
Total Revenue	459,151	84,791	49,088	2,394
Expenditures:				
Current:				
Security of Persons and Property	459,151	153,794	150,000	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	459,151	153,794	150,000	0
Excess (Deficiency) of Revenues Over Expenditures	0	(69,003)	(100,912)	2,394
Other Financing Sources (Uses):				
Ohio Water Development Authority Loans Issued	0	0	0	0
Transfers In	0	70,035	0	0
Transfers Out	0	0	0	0
Other Financing Source - Capital Lease	0	0	0	0
Total Other Financing Sources (Uses)	0	70,035	0	0
Net Change in Fund Balances	0	1,032	(100,912)	2,394
Fund Balances (Deficit) at Beginning of Year	0	43,504	224,826	73,759
Increase (Decrease) in Inventory Reserve	0	52	0	0
Fund Balances End of Year	\$ 0	\$ 44,588	\$ 123,914	\$ 76,153

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	33,292	0	0	0	89,996
0	0	0	0	11,365	0
0	0	0	0	0	0
0	0	0	0	0	0
54,015	358,036	218,478	475,881	0	0
0	0	0	0	0	750
<u>54,015</u>	<u>391,328</u>	<u>218,478</u>	<u>475,881</u>	<u>11,365</u>	<u>90,746</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
36,378	404,040	151,605	179,148	7,840	114,381
0	0	0	0	0	0
0	0	0	0	0	0
<u>36,378</u>	<u>404,040</u>	<u>151,605</u>	<u>179,148</u>	<u>7,840</u>	<u>114,381</u>
17,637	(12,712)	66,873	296,733	3,525	(23,635)
0	0	0	0	0	0
0	57,889	0	0	0	0
0	0	0	0	(50,631)	0
0	0	0	0	0	0
0	<u>57,889</u>	<u>0</u>	<u>0</u>	<u>(50,631)</u>	<u>0</u>
17,637	45,177	66,873	296,733	(47,106)	(23,635)
146,507	97,974	207,115	1,185,660	54,870	46,513
0	(188)	0	0	0	0
<u>\$ 164,144</u>	<u>\$ 142,963</u>	<u>\$ 273,988</u>	<u>\$ 1,482,393</u>	<u>\$ 7,764</u>	<u>\$ 22,878</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, 2010***

	Ohio Peace Officers Training Fund	ARRA Stimulus Fund	DARE Officer Retention Grant Fund	CDBG Fund
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	899,314	27,123	617,807
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	768
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	3,069
Total Revenue	0	899,314	27,123	621,644
Expenditures:				
Current:				
Security of Persons and Property	0	0	54,493	0
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	478,766
Transportation	0	0	0	0
General Government	0	1,161,039	0	0
Debt Service:				
Principal Retirement	0	0	0	90,000
Interest and Fiscal Charges	0	0	0	38,219
Total Expenditures	0	1,161,039	54,493	606,985
Excess (Deficiency) of Revenues Over Expenditures	0	(261,725)	(27,370)	14,659
Other Financing Sources (Uses):				
Ohio Water Development Authority Loans Issued	0	337,247	0	0
Transfers In	0	0	0	0
Transfers Out	0	(75,522)	0	0
Other Financing Source - Capital Lease	0	0	0	0
Total Other Financing Sources (Uses)	0	261,725	0	0
Net Change in Fund Balances	0	0	(27,370)	14,659
Fund Balances (Deficit) at Beginning of Year	17,200	0	39,542	1,752,212
Increase (Decrease) in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 17,200	\$ 0	\$ 12,172	\$ 1,766,871

CITY OF LANCASTER, OHIO

State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 1,872,045
97,032	0	0	5,102,943
0	0	20,445	1,389,816
6,351	0	3,374	23,998
0	0	0	82,651
0	23,225	0	1,181,117
0	0	0	423,179
<u>103,383</u>	<u>23,225</u>	<u>23,819</u>	<u>10,075,749</u>
0	21,891	0	850,164
0	0	27,830	530,144
0	0	0	1,891,191
0	0	0	707,289
0	0	0	4,572,787
0	0	0	2,203,004
0	0	0	90,000
0	0	0	38,219
<u>0</u>	<u>21,891</u>	<u>27,830</u>	<u>10,882,798</u>
103,383	1,334	(4,011)	(807,049)
0	0	0	337,247
0	0	0	1,392,429
(100,000)	0	0	(226,153)
0	0	0	18,882
<u>(100,000)</u>	<u>0</u>	<u>0</u>	<u>1,522,405</u>
3,383	1,334	(4,011)	715,356
227,863	124,497	307,778	6,056,164
0	0	0	(92)
<u>\$ 231,246</u>	<u>\$ 125,831</u>	<u>\$ 303,767</u>	<u>\$ 6,771,428</u>

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2010**

	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 91,191	\$ 16,276	\$ 107,467
Receivables (net of allowance for doubtful accounts):			
Taxes	332,919	0	332,919
Special Assessments	<u>0</u>	<u>425,238</u>	<u>425,238</u>
Total Assets	<u>\$ 424,110</u>	<u>\$ 441,514</u>	<u>\$ 865,624</u>
Liabilities:			
Deferred Revenue	<u>\$ 332,919</u>	<u>\$ 425,238</u>	<u>\$ 758,157</u>
Total Liabilities	<u>332,919</u>	<u>425,238</u>	<u>758,157</u>
Fund Balances:			
Reserved for Debt Service	<u>91,191</u>	<u>16,276</u>	<u>107,467</u>
Total Fund Balances	<u>91,191</u>	<u>16,276</u>	<u>107,467</u>
Total Liabilities and Fund Balances	<u>\$ 424,110</u>	<u>\$ 441,514</u>	<u>\$ 865,624</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, 2010***

	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$ 228,307	\$ 0	\$ 228,307
Intergovernmental Revenues	137,106	0	137,106
Special Assessments	<u>0</u>	<u>36,342</u>	<u>36,342</u>
Total Revenue	<u>365,413</u>	<u>36,342</u>	<u>401,755</u>
Expenditures:			
Current:			
General Government	0	1,546	1,546
Debt Service:			
Principal Retirement	506,862	16,500	523,362
Interest and Fiscal Charges	<u>169,027</u>	<u>13,075</u>	<u>182,102</u>
Total Expenditures	<u>675,889</u>	<u>31,121</u>	<u>707,010</u>
Excess (Deficiency) of Revenues Over Expenditures	(310,476)	5,221	(305,255)
Other Financing Sources (Uses):			
Transfers In	<u>303,938</u>	<u>0</u>	<u>303,938</u>
Total Other Financing Sources (Uses)	<u>303,938</u>	<u>0</u>	<u>303,938</u>
Net Change in Fund Balances	(6,538)	5,221	(1,317)
Fund Balances at Beginning of Year	<u>97,729</u>	<u>11,055</u>	<u>108,784</u>
Fund Balances End of Year	<u>\$ 91,191</u>	<u>\$ 16,276</u>	<u>\$ 107,467</u>

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010**

	Capital Improvement Fund	Fire Capital Improvement Fund	Fire Impact - District One Fund	Ety Road TIF Project Fund	Total Nonmajor Capital Projects Funds
Assets:					
Cash and Cash Equivalents	\$ 47,131	\$ 30,409	\$ 369,375	\$ 2,146	\$ 449,061
Investments	1,031,008	0	0	0	1,031,008
Receivables (net of allowance for doubtful accounts):					
Taxes	63,571	0	0	81,784	145,355
Intergovernmental	145,618	0	0	0	145,618
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	612,160	612,160
Total Assets	\$ 1,287,328	\$ 30,409	\$ 369,375	\$ 696,090	\$ 2,383,202
Liabilities:					
Accounts Payable	\$ 104,872	\$ 0	\$ 0	\$ 4,730	\$ 109,602
Due to Others	0	0	0	70,000	70,000
Interfund Loans Payable	1,331,720	600,000	0	0	1,931,720
Deferred Revenue	34,721	0	0	81,784	116,505
Accrued Interest Payable	0	0	0	2,080	2,080
General Obligation Notes Payable	0	0	0	2,163,736	2,163,736
Total Liabilities	1,471,313	600,000	0	2,322,330	4,393,643
Fund Balances:					
Undesignated/Unreserved	(183,985)	(569,591)	369,375	(1,626,240)	(2,010,441)
Total Fund Balances	(183,985)	(569,591)	369,375	(1,626,240)	(2,010,441)
Total Liabilities and Fund Balances	\$ 1,287,328	\$ 30,409	\$ 369,375	\$ 696,090	\$ 2,383,202

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010**

	Capital Improvement Fund	Fire Capital Improvement Fund	Fire Impact - District One Fund	Ety Road TIF Project Fund	Total Nonmajor Capital Projects Funds
Revenues:					
Taxes	\$ 79,886	\$ 0	\$ 0	\$ 258,061	\$ 337,947
Intergovernmental Revenues	337,285	0	0	0	337,285
Charges for Services	0	0	51,218	0	51,218
Investment Earnings	0	0	0	56	56
All Other Revenue	1,721	2,618	0	35,327	39,666
Total Revenue	418,892	2,618	51,218	293,444	766,172
Expenditures:					
Current:					
Security of Persons and Property	0	0	37,340	0	37,340
General Government	0	0	0	75,971	75,971
Capital Outlay	657,791	0	10,185	35,048	703,024
Debt Service:					
Interest and Fiscal Charges	3,377	0	0	67,133	70,510
Total Expenditures	661,168	0	47,525	178,152	886,845
Excess (Deficiency) of Revenues Over Expenditures	(242,276)	2,618	3,693	115,292	(120,673)
Other Financing Sources (Uses):					
General Obligation Bonds Issued	0	0	0	2,800,000	2,800,000
Transfers In	57,000	50,000	0	0	107,000
Transfers Out	(465,874)	0	0	0	(465,874)
Total Other Financing Sources (Uses)	(408,874)	50,000	0	2,800,000	2,441,126
Net Change in Fund Balances	(651,150)	52,618	3,693	2,915,292	2,320,453
Fund Balances at Beginning of Year	467,165	(622,209)	365,682	(4,541,532)	(4,330,894)
Fund Balances End of Year	\$ (183,985)	\$ (569,591)	\$ 369,375	\$ (1,626,240)	\$ (2,010,441)

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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 17,592,674	\$ 17,348,410	\$ 17,872,193	\$ 523,783
Intergovernmental Revenues	2,399,300	2,809,566	2,792,329	(17,237)
Charges for Services	3,572,700	3,576,189	3,653,814	77,625
License, Permits and Fees	26,500	23,940	23,460	(480)
Investment Earnings	600,000	358,644	328,466	(30,178)
Fines and Forfeitures	826,500	816,500	822,803	6,303
All Other Revenues	308,000	276,647	283,019	6,372
Total Revenues	<u>25,325,674</u>	<u>25,209,896</u>	<u>25,776,084</u>	<u>566,188</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	7,115,176	7,153,598	7,124,322	29,276
Operations and Maintenance	484,368	445,925	420,938	24,987
Capital Outlay	81,000	74,015	73,580	435
Total Police	<u>7,680,544</u>	<u>7,673,538</u>	<u>7,618,840</u>	<u>54,698</u>
Fire:				
Personal Services	8,790,143	8,768,337	8,538,640	229,697
Operations and Maintenance	478,867	494,867	462,100	32,767
Capital Outlay	72,598	56,598	53,465	3,133
Total Fire	<u>9,341,608</u>	<u>9,319,802</u>	<u>9,054,205</u>	<u>265,597</u>
Street Lighting:				
Operations and Maintenance	255,462	263,262	263,262	0
Total Street Lighting	<u>255,462</u>	<u>263,262</u>	<u>263,262</u>	<u>0</u>
Total Security of Persons and Property	<u>17,277,614</u>	<u>17,256,602</u>	<u>16,936,307</u>	<u>320,295</u>
Public Health and Welfare Services:				
Health:				
Operations and Maintenance	266,095	295,879	295,879	0
Total Health	<u>266,095</u>	<u>295,879</u>	<u>295,879</u>	<u>0</u>
Assistance to Needy:				
Operations and Maintenance	3,000	3,000	1,500	1,500
Total Assistance to Needy	<u>3,000</u>	<u>3,000</u>	<u>1,500</u>	<u>1,500</u>
Total Public Health and Welfare Services	<u>269,095</u>	<u>298,879</u>	<u>297,379</u>	<u>1,500</u>

(Continued)

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2010***

	<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	7,447	7,447	7,367	80
Operations and Maintenance	98,440	98,642	90,715	7,927
Total Zoning, Planning, Tree Commission	105,887	106,089	98,082	8,007
Economic Development:				
Personal Services	15,173	15,173	15,160	13
Operations and Maintenance	34,700	34,700	32,100	2,600
Total Economic Development	49,873	49,873	47,260	2,613
Total Community Environment	155,760	155,962	145,342	10,620
General Government:				
Council:				
Personal Services	121,223	121,223	120,119	1,104
Operations and Maintenance	6,630	6,630	4,491	2,139
Total Council	127,853	127,853	124,610	3,243
Mayor:				
Personal Services	178,597	178,597	178,439	158
Operations and Maintenance	5,382	5,382	4,135	1,247
Capital Outlay	500	500	332	168
Total Mayor	184,479	184,479	182,906	1,573
Personnel:				
Operations and Maintenance	16,263	16,263	10,088	6,175
Capital Outlay	500	500	0	500
Total Personnel	16,763	16,763	10,088	6,675
Auditor:				
Personal Services	401,907	401,907	376,362	25,545
Operations and Maintenance	37,130	40,130	24,022	16,108
Capital Outlay	4,000	1,000	0	1,000
Total Auditor	443,037	443,037	400,384	42,653
Treasurer:				
Personal Services	28,130	28,130	28,128	2
Operations and Maintenance	4,710	4,710	1,767	2,943
Capital Outlay	500	500	263	237
Total Treasurer	33,340	33,340	30,158	3,182

(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, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Law Director:				
Personal Services	452,070	408,939	405,442	3,497
Operations and Maintenance	7,145	50,276	49,316	960
Total Law Director	459,215	459,215	454,758	4,457
Law Director-Prosecution Contract:				
Personal Services	114,617	114,618	113,936	682
Operations and Maintenance	52,991	48,162	37,913	10,249
Capital Outlay	12,641	17,470	15,798	1,672
Total Law Director-Prosecution Contract	180,249	180,250	167,647	12,603
Law Director-Code Enforcement:				
Personal Services	70,824	70,824	70,792	32
Operations and Maintenance	28,438	28,438	20,188	8,250
Capital Outlay	3,682	3,682	3,681	1
Total Law Director-Code Enforcement	102,944	102,944	94,661	8,283
Municipal Court:				
Personal Services	798,712	798,712	784,939	13,773
Operations and Maintenance	84,000	84,000	81,480	2,520
Capital Outlay	512	512	512	0
Total Municipal Court	883,224	883,224	866,931	16,293
Judicial:				
Personal Services	564,375	564,375	562,408	1,967
Operations and Maintenance	39,555	39,555	29,726	9,829
Total Judicial	603,930	603,930	592,134	11,796
Civil Service:				
Personal Services	6,352	6,352	5,772	580
Operations and Maintenance	16,350	16,350	4,341	12,009
Total Civil Service	22,702	22,702	10,113	12,589
City Hall Maintenance:				
Personal Services	58,494	58,494	56,641	1,853
Operations and Maintenance	103,502	103,502	87,155	16,347
Capital Outlay	3,816	3,816	3,815	1
Total City Hall Maintenance	165,812	165,812	147,611	18,201
City Hall Maintenance-Annex:				
Operations and Maintenance	27,552	33,552	32,433	1,119
Total City Hall Maintenance-Annex	27,552	33,552	32,433	1,119

(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, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Maple Street Facilities:				
Operations and Maintenance	12,931	12,931	3,226	9,705
Total Maple Street Facilities	12,931	12,931	3,226	9,705
Fuel Depot:				
Operations and Maintenance	185,000	217,030	216,417	613
Total Fuel Depot	185,000	217,030	216,417	613
Service Safety Director:				
Personal Services	197,490	198,004	197,908	96
Operations and Maintenance	10,797	10,283	6,095	4,188
Total Service Safety Director	208,287	208,287	204,003	4,284
Engineer:				
Personal Services	419,300	419,300	410,909	8,391
Operations and Maintenance	44,060	44,060	35,831	8,229
Capital Outlay	3,000	3,000	2,823	177
Total Engineer	466,360	466,360	449,563	16,797
Certified Building Inspection:				
Personal Services	317,900	317,900	306,925	10,975
Operations and Maintenance	102,485	103,346	97,746	5,600
Capital Outlay	2,400	1,539	1,539	0
Total Certified Building Inspection	422,785	422,785	406,210	16,575
Administration Support:				
Personal Services	33,332	33,332	25,300	8,032
Operations and Maintenance	267,163	294,163	264,578	29,585
Total Administration Support	300,495	327,495	289,878	37,617
Miscellaneous:				
Personal Services	529,000	448,698	264,581	184,117
Operations and Maintenance	924,824	931,220	802,345	128,875
Total Miscellaneous	1,453,824	1,379,918	1,066,926	312,992
Income Tax:				
Personal Services	363,399	365,007	358,775	6,232
Operations and Maintenance	497,425	497,425	463,037	34,388
Capital Outlay	8,400	6,792	0	6,792
Total Income Tax	869,224	869,224	821,812	47,412
Total General Government	7,170,006	7,161,131	6,572,469	588,662

(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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Debt Services:				
Principal Retirement	30,928	30,928	29,937	991
Interest and Fiscal Charges	<u>72,725</u>	<u>72,725</u>	<u>67,129</u>	<u>5,596</u>
Total Expenditures	<u>24,976,128</u>	<u>24,976,227</u>	<u>24,048,563</u>	<u>927,664</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	349,546	233,669	1,727,521	1,493,852
Other Financing Sources (Uses):				
Transfers In	76,178	87,178	11,000	(76,178)
Transfers Out	(1,053,686)	(1,090,862)	(1,090,862)	0
Advances In	0	2,351,677	2,398,266	46,589
Advances Out	<u>(312,000)</u>	<u>(2,266,100)</u>	<u>(2,266,100)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(1,289,508)</u>	<u>(918,107)</u>	<u>(947,696)</u>	<u>(29,589)</u>
Net Change in Fund Balance	(939,962)	(684,438)	779,825	1,464,263
Fund Balance at Beginning of Year	1,881,975	1,881,975	1,881,975	0
Prior Year Encumbrances	<u>176,977</u>	<u>176,977</u>	<u>176,977</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,118,990</u>	<u>\$ 1,374,514</u>	<u>\$ 2,838,777</u>	<u>\$ 1,464,263</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, 2010***

CEMETERY FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 91,036	\$ 91,036	\$ 91,036	\$ 0
Charges for Services	193,964	193,964	165,131	(28,833)
Investment Earnings	27,000	27,000	11,982	(15,018)
All Other Revenues	<u>3,000</u>	<u>3,000</u>	<u>701</u>	<u>(2,299)</u>
Total Revenues	<u>315,000</u>	<u>315,000</u>	<u>268,850</u>	<u>(46,150)</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	359,997	359,997	357,835	2,162
Operations and Maintenance	156,197	156,197	126,761	29,436
Capital Outlay	<u>18,320</u>	<u>18,320</u>	<u>18,182</u>	<u>138</u>
Total Expenditures	<u>534,514</u>	<u>534,514</u>	<u>502,778</u>	<u>31,736</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(219,514)	(219,514)	(233,928)	(14,414)
Other Financing Sources (Uses):				
Transfers In	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>0</u>
Net Change in Fund Balance	5,486	5,486	(8,928)	(14,414)
Fund Balance at Beginning of Year	60,447	60,447	60,447	0
Prior Year Encumbrances	<u>1,417</u>	<u>1,417</u>	<u>1,417</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 67,350</u>	<u>\$ 67,350</u>	<u>\$ 52,936</u>	<u>\$ (14,414)</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				
Revenues:				
Intergovernmental Revenues	\$ 1,825,000	\$ 1,825,000	\$ 1,870,351	\$ 45,351
Charges for Services	687,800	710,446	611,531	(98,915)
All Other Revenues	94,612	308,612	317,855	9,243
Total Revenues	<u>2,607,412</u>	<u>2,844,058</u>	<u>2,799,737</u>	<u>(44,321)</u>
Expenditures:				
Transportation:				
Personal Services	1,767,971	1,872,971	1,688,074	184,897
Operations and Maintenance	1,147,045	1,388,344	1,298,146	90,198
Capital Outlay	156,970	156,970	146,869	10,101
Total Expenditures	<u>3,071,986</u>	<u>3,418,285</u>	<u>3,133,089</u>	<u>285,196</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(464,574)	(574,227)	(333,352)	240,875
Other Financing Sources (Uses):				
Transfers In	450,000	450,000	450,000	0
Total Other Financing Sources (Uses)	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>0</u>
Net Change in Fund Balance	(14,574)	(124,227)	116,648	240,875
Fund Balance at Beginning of Year	568,243	568,243	568,243	0
Prior Year Encumbrances	22,343	22,343	22,343	0
Fund Balance at End of Year	<u>\$ 576,012</u>	<u>\$ 466,359</u>	<u>\$ 707,234</u>	<u>\$ 240,875</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, 2010***

PARKS AND RECREATION FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,347,476	\$ 1,365,547	\$ 1,405,547	\$ 40,000
Charges for Services	361,383	361,383	387,846	26,463
Licenses, Permits and Fees	2,440	2,440	0	(2,440)
All Other Revenues	<u>56,701</u>	<u>89,283</u>	<u>77,972</u>	<u>(11,311)</u>
Total Revenues	<u>1,768,000</u>	<u>1,818,653</u>	<u>1,871,365</u>	<u>52,712</u>
Expenditures:				
Leisure Time Activities:				
Personal Services	1,162,586	1,209,066	1,166,050	43,016
Operations and Maintenance	619,954	676,954	626,761	50,193
Capital Outlay	<u>89,564</u>	<u>122,146</u>	<u>94,904</u>	<u>27,242</u>
Total Expenditures	<u>1,872,104</u>	<u>2,008,166</u>	<u>1,887,715</u>	<u>120,451</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(104,104)	(189,513)	(16,350)	173,163
Fund Balance at Beginning of Year	204,448	204,448	204,448	0
Prior Year Encumbrances	<u>3,954</u>	<u>3,954</u>	<u>3,954</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 104,298</u>	<u>\$ 18,889</u>	<u>\$ 192,052</u>	<u>\$ 173,163</u>

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	<u>\$ 106,000</u>	<u>\$ 106,000</u>	<u>\$ 82,651</u>	<u>\$ (23,349)</u>
Total Revenues	<u>106,000</u>	<u>106,000</u>	<u>82,651</u>	<u>(23,349)</u>
Expenditures:				
Community Environment:				
Operations and Maintenance	<u>106,000</u>	<u>82,651</u>	<u>82,651</u>	<u>0</u>
Total Expenditures	<u>106,000</u>	<u>82,651</u>	<u>82,651</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>23,349</u>	<u>0</u>	<u>(23,349)</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>\$ 23,349</u>	<u>\$ 0</u>	<u>\$ (23,349)</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, 2010***

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	\$ 1,118,416	\$ 1,118,416	\$ 973,766	\$ (144,650)
Charges for Services	268,000	268,000	192,957	(75,043)
All Other Revenues	19,500	19,500	23,221	3,721
Total Revenues	<u>1,405,916</u>	<u>1,405,916</u>	<u>1,189,944</u>	<u>(215,972)</u>
Expenditures:				
Transportation:				
Personal Services	71,137	71,137	69,997	1,140
Operations and Maintenance	1,199,169	1,041,069	1,003,872	37,197
Capital Outlay	318,514	376,264	353,259	23,005
Total Expenditures	<u>1,588,820</u>	<u>1,488,470</u>	<u>1,427,128</u>	<u>61,342</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(182,904)	(82,554)	(237,184)	(154,630)
Other Financing Sources (Uses):				
Transfers In	73,000	73,000	73,000	0
Advances In	0	0	133,834	133,834
Total Other Financing Sources (Uses)	<u>73,000</u>	<u>73,000</u>	<u>206,834</u>	<u>133,834</u>
Net Change in Fund Balance	(109,904)	(9,554)	(30,350)	(20,796)
Fund Balance at Beginning of Year	27,492	27,492	27,492	0
Prior Year Encumbrances	116,397	116,397	116,397	0
Fund Balance at End of Year	<u>\$ 33,985</u>	<u>\$ 134,335</u>	<u>\$ 113,539</u>	<u>\$ (20,796)</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 17,345	\$ 17,345
Total Revenues	<u>0</u>	<u>0</u>	<u>17,345</u>	<u>17,345</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	17,345	17,345
Other Financing Sources (Uses):				
Transfers In	<u>0</u>	<u>0</u>	<u>465,874</u>	<u>465,874</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>465,874</u>	<u>465,874</u>
Net Change in Fund Balance	0	0	483,219	483,219
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>\$ 483,219</u>	<u>\$ 483,219</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, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 96,276	\$ 96,276
Total Revenues	<u>0</u>	<u>0</u>	<u>96,276</u>	<u>96,276</u>
Expenditures:				
General Government:				
Personal Services	<u>160,032</u>	<u>136,964</u>	<u>123,524</u>	<u>13,440</u>
Total Expenditures	<u>160,032</u>	<u>136,964</u>	<u>123,524</u>	<u>13,440</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(160,032)	(136,964)	(27,248)	109,716
Other Financing Sources (Uses):				
Transfers In	<u>154,533</u>	<u>136,964</u>	<u>40,688</u>	<u>(96,276)</u>
Total Other Financing Sources (Uses)	<u>154,533</u>	<u>136,964</u>	<u>40,688</u>	<u>(96,276)</u>
Net Change in Fund Balance	(5,499)	0	13,440	13,440
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>\$ (5,499)</u>	<u>\$ 0</u>	<u>\$ 13,440</u>	<u>\$ 13,440</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, 2010***

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	\$ 33,568	\$ 33,568	\$ 15,004	\$ (18,564)
Total Revenues	<u>33,568</u>	<u>33,568</u>	<u>15,004</u>	<u>(18,564)</u>
Expenditures:				
General Government:				
Personal Services	33,568	19,818	10,319	9,499
Operations and Maintenance	<u>0</u>	<u>13,750</u>	<u>11,768</u>	<u>1,982</u>
Total Expenditures	<u>33,568</u>	<u>33,568</u>	<u>22,087</u>	<u>11,481</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(7,083)	(7,083)
Other Financing Sources (Uses):				
Transfers In	0	0	9,943	9,943
Advances In	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>19,943</u>	<u>19,943</u>
Net Change in Fund Balance	0	0	12,860	12,860
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>\$ 12,860</u>	<u>\$ 12,860</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, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 147,427	\$ 147,427	\$ 166,304	\$ 18,877
Total Revenues	<u>147,427</u>	<u>147,427</u>	<u>166,304</u>	<u>18,877</u>
Expenditures:				
Community Environment:				
Personal Services	143,427	145,927	143,706	2,221
Operations and Maintenance	<u>4,000</u>	<u>4,000</u>	<u>858</u>	<u>3,142</u>
Total Expenditures	<u>147,427</u>	<u>149,927</u>	<u>144,564</u>	<u>5,363</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(2,500)	21,740	24,240
Fund Balance at Beginning of Year	<u>26,653</u>	<u>26,653</u>	<u>26,653</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 26,653</u>	<u>\$ 24,153</u>	<u>\$ 48,393</u>	<u>\$ 24,240</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, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 655	\$ 655	\$ 14,090	\$ 13,435
Total Revenues	<u>655</u>	<u>655</u>	<u>14,090</u>	<u>13,435</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	655	655	14,090	13,435
Fund Balance at Beginning of Year	<u>65,321</u>	<u>65,321</u>	<u>65,321</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 65,976</u>	<u>\$ 65,976</u>	<u>\$ 79,411</u>	<u>\$ 13,435</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, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 412,907	\$ 409,258	\$ 409,258	\$ 0
Intergovernmental Revenues	0	49,893	49,893	0
Total Revenues	<u>412,907</u>	<u>459,151</u>	<u>459,151</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>412,907</u>	<u>459,151</u>	<u>459,151</u>	<u>0</u>
Total Expenditures	<u>412,907</u>	<u>459,151</u>	<u>459,151</u>	<u>0</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF LANCASTER, OHIO

**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, 2010**

FAIRFIELD COUNTY COURT SURVEILLANCE FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 111,258	\$ 84,791	\$ 84,791	\$ 0
Total Revenues	<u>111,258</u>	<u>84,791</u>	<u>84,791</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	134,626	134,626	134,200	426
Operations and Maintenance	<u>20,200</u>	<u>20,200</u>	<u>18,990</u>	<u>1,210</u>
Total Expenditures	<u>154,826</u>	<u>154,826</u>	<u>153,190</u>	<u>1,636</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,568)	(70,035)	(68,399)	1,636
Other Financing Sources (Uses):				
Transfers In	<u>43,859</u>	<u>70,035</u>	<u>70,035</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>43,859</u>	<u>70,035</u>	<u>70,035</u>	<u>0</u>
Net Change in Fund Balance	291	0	1,636	1,636
Fund Balance at Beginning of Year	<u>27,867</u>	<u>27,867</u>	<u>27,867</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 28,158</u>	<u>\$ 27,867</u>	<u>\$ 29,503</u>	<u>\$ 1,636</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, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 30,000	\$ 30,000	\$ 49,161	\$ 19,161
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>49,161</u>	<u>19,161</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u>75,000</u>	<u>175,000</u>	<u>150,000</u>	<u>25,000</u>
Total Expenditures	<u>75,000</u>	<u>175,000</u>	<u>150,000</u>	<u>25,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,000)	(145,000)	(100,839)	44,161
Fund Balance at Beginning of Year	<u>222,871</u>	<u>222,871</u>	<u>222,871</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 177,871</u>	<u>\$ 77,871</u>	<u>\$ 122,032</u>	<u>\$ 44,161</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, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 2,600	\$ 2,600	\$ 2,430	\$ (170)
Total Revenues	<u>2,600</u>	<u>2,600</u>	<u>2,430</u>	<u>(170)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,600	2,600	2,430	(170)
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	100	100	2,430	2,330
Fund Balance at Beginning of Year	<u>73,684</u>	<u>73,684</u>	<u>73,684</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 73,784</u>	<u>\$ 73,784</u>	<u>\$ 76,114</u>	<u>\$ 2,330</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, 2010**

MUNICIPAL COURT JUDICIAL COMPUTER FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 45,000	\$ 45,000	\$ 54,211	\$ 9,211
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>54,211</u>	<u>9,211</u>
Expenditures:				
General Government:				
Operations and Maintenance	97,653	97,653	28,626	69,027
Capital Outlay	<u>54,939</u>	<u>54,939</u>	<u>8,569</u>	<u>46,370</u>
Total Expenditures	<u>152,592</u>	<u>152,592</u>	<u>37,195</u>	<u>115,397</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(107,592)	(107,592)	17,016	124,608
Fund Balance at Beginning of Year	135,323	135,323	135,323	0
Prior Year Encumbrances	<u>7,592</u>	<u>7,592</u>	<u>7,592</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 35,323</u>	<u>\$ 35,323</u>	<u>\$ 159,931</u>	<u>\$ 124,608</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, 2010**

	MUNICIPAL COURT PROBATION FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 36,585	\$ 36,585	\$ 33,292	\$ (3,293)
Fines and Forfeitures	<u>299,499</u>	<u>299,499</u>	<u>359,898</u>	<u>60,399</u>
Total Revenues	<u>336,084</u>	<u>336,084</u>	<u>393,190</u>	<u>57,106</u>
Expenditures:				
General Government:				
Personal Services	415,769	415,769	387,023	28,746
Operations and Maintenance	<u>18,349</u>	<u>18,349</u>	<u>15,667</u>	<u>2,682</u>
Total Expenditures	<u>434,118</u>	<u>434,118</u>	<u>402,690</u>	<u>31,428</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(98,034)	(98,034)	(9,500)	88,534
Other Financing Sources (Uses):				
Transfers In	<u>57,889</u>	<u>57,889</u>	<u>57,889</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>57,889</u>	<u>57,889</u>	<u>57,889</u>	<u>0</u>
Net Change in Fund Balance	(40,145)	(40,145)	48,389	88,534
Fund Balance at Beginning of Year	82,109	82,109	82,109	0
Prior Year Encumbrances	<u>848</u>	<u>848</u>	<u>848</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 42,812</u>	<u>\$ 42,812</u>	<u>\$ 131,346</u>	<u>\$ 88,534</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, 2010***

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	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ 218,978</u>	<u>\$ 28,978</u>
Total Revenues	<u>190,000</u>	<u>190,000</u>	<u>218,978</u>	<u>28,978</u>
Expenditures:				
General Government:				
Personal Services	91,469	91,469	91,090	379
Operations and Maintenance	168,531	168,531	55,484	113,047
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>4,389</u>	<u>95,611</u>
Total Expenditures	<u>360,000</u>	<u>360,000</u>	<u>150,963</u>	<u>209,037</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(170,000)	(170,000)	68,015	238,015
Fund Balance at Beginning of Year	<u>195,220</u>	<u>195,220</u>	<u>195,220</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 25,220</u>	<u>\$ 25,220</u>	<u>\$ 263,235</u>	<u>\$ 238,015</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, 2010***

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	\$ 325,000	\$ 325,000	\$ 474,578	\$ 149,578
Total Revenues	<u>325,000</u>	<u>325,000</u>	<u>474,578</u>	<u>149,578</u>
Expenditures:				
General Government:				
Operations and Maintenance	719,500	719,500	173,446	546,054
Capital Outlay	<u>609,510</u>	<u>609,510</u>	<u>14,085</u>	<u>595,425</u>
Total Expenditures	<u>1,329,010</u>	<u>1,329,010</u>	<u>187,531</u>	<u>1,141,479</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,004,010)	(1,004,010)	287,047	1,291,057
Fund Balance at Beginning of Year	1,144,615	1,144,615	1,144,615	0
Prior Year Encumbrances	<u>14,009</u>	<u>14,009</u>	<u>14,009</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 154,614</u>	<u>\$ 154,614</u>	<u>\$ 1,445,671</u>	<u>\$ 1,291,057</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, 2010***

MUNICIPAL COURT FAMILY VIOLENCE FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 8,948	\$ 20,042	\$ 20,042	\$ 0
Total Revenues	8,948	20,042	20,042	0
Expenditures:				
General Government:				
Personal Services	2,957	2,957	2,957	0
Operations and Maintenance	37,425	0	0	0
Capital Outlay	9,745	7,841	7,841	0
Total Expenditures	50,127	10,798	10,798	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,179)	9,244	9,244	0
Other Financing Sources (Uses):				
Transfers Out	0	(50,631)	(50,631)	0
Total Other Financing Sources (Uses)	0	(50,631)	(50,631)	0
Net Change in Fund Balance	(41,179)	(41,387)	(41,387)	0
Fund Balance at Beginning of Year	48,880	48,880	48,880	0
Fund Balance at End of Year	\$ 7,701	\$ 7,493	\$ 7,493	\$ 0

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010***

MUNICIPAL DRUG COURT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 145,000	\$ 145,000	\$ 110,659	\$ (34,341)
All Other Revenues	<u>0</u>	<u>0</u>	<u>750</u>	<u>750</u>
Total Revenues	<u>145,000</u>	<u>145,000</u>	<u>111,409</u>	<u>(33,591)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	97,759	97,551	95,365	2,186
Operations and Maintenance	<u>48,629</u>	<u>25,879</u>	<u>17,498</u>	<u>8,381</u>
Total Expenditures	<u>146,388</u>	<u>123,430</u>	<u>112,863</u>	<u>10,567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,388)	21,570	(1,454)	(23,024)
Fund Balance at Beginning of Year	10,197	10,197	10,197	0
Prior Year Encumbrances	<u>1,829</u>	<u>1,829</u>	<u>1,829</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,638</u>	<u>\$ 33,596</u>	<u>\$ 10,572</u>	<u>\$ (23,024)</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, 2010**

	Original Budget	Final Budget	Actual	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:				
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>17,200</u>	<u>17,200</u>	<u>17,200</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,200</u>	<u>\$ 17,200</u>	<u>\$ 17,200</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, 2010**

	ARRA STIMULUS FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 850,296	\$ 899,314	\$ 49,018
Total Revenues	<u>0</u>	<u>850,296</u>	<u>899,314</u>	<u>49,018</u>
Expenditures:				
General Government:				
Capital Outlay	<u>0</u>	<u>774,774</u>	<u>1,161,039</u>	<u>(386,265)</u>
Total Expenditures	<u>0</u>	<u>774,774</u>	<u>1,161,039</u>	<u>(386,265)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	75,522	(261,725)	(337,247)
Other Financing Sources (Uses):				
Ohio Water Development Authority Loans Issued	0	0	337,247	337,247
Transfers Out	<u>0</u>	<u>(75,522)</u>	<u>(75,522)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(75,522)</u>	<u>261,725</u>	<u>337,247</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010***

DARE OFFICER RETENTION GRANT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 27,123	\$ 27,123	\$ 0
Total Revenues	<u>0</u>	<u>27,123</u>	<u>27,123</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	0	66,665	54,493	12,172
Total Expenditures	<u>0</u>	<u>66,665</u>	<u>54,493</u>	<u>12,172</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(39,542)	(27,370)	12,172
Fund Balance at Beginning of Year	<u>39,542</u>	<u>39,542</u>	<u>39,542</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 39,542</u>	<u>\$ 0</u>	<u>\$ 12,172</u>	<u>\$ 12,172</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, 2010***

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 593,688	\$ 691,385	\$ 688,817	\$ (2,568)
All Other Revenues	<u>7,411</u>	<u>7,411</u>	<u>9,796</u>	<u>2,385</u>
Total Revenues	<u>601,099</u>	<u>698,796</u>	<u>698,613</u>	<u>(183)</u>
Expenditures:				
Community Environment:				
Operations and Maintenance	0	18,100	1,760	16,340
Capital Outlay	<u>0</u>	<u>584,246</u>	<u>538,049</u>	<u>46,197</u>
Total Community Environment	<u>0</u>	<u>602,346</u>	<u>539,809</u>	<u>62,537</u>
Debt Service:				
Principal Retirement	0	90,000	90,000	0
Interest and Fiscal Charges	<u>0</u>	<u>38,219</u>	<u>38,219</u>	<u>0</u>
Total Debt Service	<u>0</u>	<u>128,219</u>	<u>128,219</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>730,565</u>	<u>668,028</u>	<u>62,537</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	601,099	(31,769)	30,585	62,354
Fund Balance at Beginning of Year	<u>61,270</u>	<u>61,270</u>	<u>61,270</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 662,369</u>	<u>\$ 29,501</u>	<u>\$ 91,855</u>	<u>\$ 62,354</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, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 97,687	\$ 97,687	\$ 96,474	\$ (1,213)
Investment Earnings	12,313	12,313	6,364	(5,949)
Total Revenues	<u>110,000</u>	<u>110,000</u>	<u>102,838</u>	<u>(7,162)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	110,000	110,000	102,838	(7,162)
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	110,000	10,000	2,838	(7,162)
Fund Balance at Beginning of Year	<u>211,718</u>	<u>211,718</u>	<u>211,718</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 321,718</u>	<u>\$ 221,718</u>	<u>\$ 214,556</u>	<u>\$ (7,162)</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 20,961	\$ 20,961	\$ 20,445	\$ (516)
Investment Earnings	<u>7,039</u>	<u>7,039</u>	<u>3,374</u>	<u>(3,665)</u>
Total Revenues	<u>28,000</u>	<u>28,000</u>	<u>23,819</u>	<u>(4,181)</u>
Expenditures:				
Public Health and Welfare Services:				
Operations and Maintenance	<u>32,000</u>	<u>32,000</u>	<u>27,830</u>	<u>4,170</u>
Total Expenditures	<u>32,000</u>	<u>32,000</u>	<u>27,830</u>	<u>4,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,000)	(4,000)	(4,011)	(11)
Fund Balance at Beginning of Year	<u>307,778</u>	<u>307,778</u>	<u>307,778</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 303,778</u>	<u>\$ 303,778</u>	<u>\$ 303,767</u>	<u>\$ (11)</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 137,106	\$ 137,106	\$ 0
Total Revenues	<u>0</u>	<u>137,106</u>	<u>137,106</u>	<u>0</u>
Expenditures:				
Debt Service:				
Principal Retirement	170,000	286,862	286,862	0
Interest and Fiscal Charges	<u>133,938</u>	<u>160,720</u>	<u>160,720</u>	<u>0</u>
Total Expenditures	<u>303,938</u>	<u>447,582</u>	<u>447,582</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(303,938)	(310,476)	(310,476)	0
Other Financing Sources (Uses):				
Transfers In	<u>303,938</u>	<u>303,938</u>	<u>303,938</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>303,938</u>	<u>303,938</u>	<u>303,938</u>	<u>0</u>
Net Change in Fund Balance	0	(6,538)	(6,538)	0
Fund Balance at Beginning of Year	<u>97,729</u>	<u>97,729</u>	<u>97,729</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 97,729</u>	<u>\$ 91,191</u>	<u>\$ 91,191</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 Debt Service Funds
For the Year Ended December 31, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 35,000	\$ 35,000	\$ 36,342	\$ 1,342
Total Revenues	<u>35,000</u>	<u>35,000</u>	<u>36,342</u>	<u>1,342</u>
Expenditures:				
General Government:				
Operations and Maintenance	0	2,000	1,546	454
Debt Service:				
Principal Retirement	0	16,500	16,500	0
Interest and Fiscal Charges	<u>0</u>	<u>13,075</u>	<u>13,075</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>31,575</u>	<u>31,121</u>	<u>454</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,000	3,425	5,221	1,796
Fund Balance at Beginning of Year	<u>11,055</u>	<u>11,055</u>	<u>11,055</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 46,055</u>	<u>\$ 14,480</u>	<u>\$ 16,276</u>	<u>\$ 1,796</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, 2010***

CAPITAL IMPROVEMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 36,956	\$ 51,036	\$ 51,036	\$ 0
Intergovernmental Revenues	0	191,667	191,667	0
All Other Revenues	<u>0</u>	<u>0</u>	<u>1,721</u>	<u>1,721</u>
Total Revenues	<u>36,956</u>	<u>242,703</u>	<u>244,424</u>	<u>1,721</u>
Expenditures:				
Capital Outlay	211,364	1,537,900	552,919	984,981
Debt Service:				
Interest and Fiscal Charges	<u>0</u>	<u>5,326</u>	<u>5,326</u>	<u>0</u>
Total Expenditures	<u>211,364</u>	<u>1,543,226</u>	<u>558,245</u>	<u>984,981</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(174,408)	(1,300,523)	(313,821)	986,702
Other Financing Sources (Uses):				
Transfers Out	0	(465,874)	(465,874)	0
Advances In	0	1,331,720	1,331,720	0
Advances Out	<u>0</u>	<u>(1,187,100)</u>	<u>(1,187,100)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(321,254)</u>	<u>(321,254)</u>	<u>0</u>
Net Change in Fund Balance	(174,408)	(1,621,777)	(635,075)	986,702
Fund Balance at Beginning of Year	<u>1,713,214</u>	<u>1,713,214</u>	<u>1,713,214</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,538,806</u>	<u>\$ 91,437</u>	<u>\$ 1,078,139</u>	<u>\$ 986,702</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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Other Financing Sources (Uses):				
Advances In	0	600,000	600,000	0
Advances Out	0	(600,000)	(600,000)	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	30,409	30,409	30,409	0
Fund Balance at End of Year	\$ 30,409	\$ 30,409	\$ 30,409	\$ 0

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, 2010***

	<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>\$ 37,340</u>	<u>\$ 51,218</u>	<u>\$ 13,878</u>
Total Revenues	<u>0</u>	<u>37,340</u>	<u>51,218</u>	<u>13,878</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u>0</u>	<u>52,315</u>	<u>37,340</u>	<u>14,975</u>
Capital Outlay	<u>0</u>	<u>10,185</u>	<u>10,185</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>62,500</u>	<u>47,525</u>	<u>14,975</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>(25,160)</u>	<u>3,693</u>	<u>28,853</u>
Fund Balance at Beginning of Year	<u>365,682</u>	<u>365,682</u>	<u>365,682</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 365,682</u>	<u>\$ 340,522</u>	<u>\$ 369,375</u>	<u>\$ 28,853</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, 2010**

ETY ROAD TIF PROJECT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 450,000	\$ 468,369	\$ 468,368	\$ (1)
Investment Earnings	0	0	56	56
All Other Revenues	<u>0</u>	<u>35,557</u>	<u>35,557</u>	<u>0</u>
Total Revenues	<u>450,000</u>	<u>503,926</u>	<u>503,981</u>	<u>55</u>
Expenditures:				
General Government:				
Operations and Maintenance	1,063,320	1,072,291	530,131	542,160
Capital Outlay	21,000	34,614	33,068	1,546
Debt Service:				
Principal Retirement	0	3,695,378	4,744,351	(1,048,973)
Interest and Fiscal Charges	<u>0</u>	<u>68,953</u>	<u>87,316</u>	<u>(18,363)</u>
Total Expenditures	<u>1,084,320</u>	<u>4,871,236</u>	<u>5,394,866</u>	<u>(523,630)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(634,320)	(4,367,310)	(4,890,885)	(523,575)
Other Financing Sources (Uses):				
General Obligation Bonds Issued	0	2,800,000	2,800,000	0
General Obligation Notes Issued	<u>0</u>	<u>542,160</u>	<u>1,609,874</u>	<u>1,067,714</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>3,342,160</u>	<u>4,409,874</u>	<u>1,067,714</u>
Net Change in Fund Balance	(634,320)	(1,025,150)	(481,011)	544,139
Fund Balance at Beginning of Year	<u>1,095,317</u>	<u>1,095,317</u>	<u>1,095,317</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 460,997</u>	<u>\$ 70,167</u>	<u>\$ 614,306</u>	<u>\$ 544,139</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, 2010**

	<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>\$ 30,823</u>	<u>\$ 30,823</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>30,823</u>	<u>30,823</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	30,823	30,823
Fund Balance at Beginning of Year	<u>962,114</u>	<u>962,114</u>	<u>962,114</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 962,114</u>	<u>\$ 962,114</u>	<u>\$ 992,937</u>	<u>\$ 30,823</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 Assets
Internal Service Funds
December 31, 2010**

	Utilities Collection	Information Services	Health Insurance Management	Total
Assets:				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 369,603	\$ 227,505	\$ 29,905	\$ 627,013
Cash and Cash Equivalents with Fiscal Agent	0	0	3,479,261	3,479,261
Inventory of Supplies at Cost	29,182	8,354	0	37,536
Prepaid Items	440	0	0	440
<i>Total Current Assets</i>	399,225	235,859	3,509,166	4,144,250
<i>Non Current Assets:</i>				
Capital Assets Being Depreciated, Net	101,148	188,128	0	289,276
Total Assets	500,373	423,987	3,509,166	4,433,526
Liabilities:				
<i>Current Liabilities:</i>				
Accounts Payable	12,106	12,664	0	24,770
Accrued Wages and Benefits	54,636	24,141	0	78,777
Claims Payable	0	0	274,226	274,226
Capital Lease Payable-Current	2,337	0	0	2,337
Compensated Absences Payable - Current	49,988	23,636	0	73,624
<i>Total Current Liabilities</i>	119,067	60,441	274,226	453,734
<i>Long Term Liabilities:</i>				
Capital Leases Payable	6,413	0	0	6,413
Compensated Absences Payable	239,527	84,052	0	323,579
Total Liabilities	365,007	144,493	274,226	783,726
Net Assets:				
Invested in Capital Assets, Net of Related Debt	92,398	188,128	0	280,526
Unrestricted	42,968	91,366	3,234,940	3,369,274
Total Net Assets	\$ 135,366	\$ 279,494	\$ 3,234,940	\$ 3,649,800

CITY OF LANCASTER, OHIO

***Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2010***

	Utilities Collection	Information Services	Health Insurance Management	Total
Operating Revenues:				
Charges for Services	\$ 1,606,191	\$ 637,634	\$ 6,304,861	\$ 8,548,686
Other Operating Revenue	22,101	985	0	23,086
Total Operating Revenues	1,628,292	638,619	6,304,861	8,571,772
Operating Expenses:				
Personal Services	1,116,646	480,971	0	1,597,617
Contractual Services	304,985	102,687	0	407,672
Materials and Supplies	154,544	44,445	0	198,989
Depreciation	17,620	33,432	0	51,052
Health Insurance Claims	0	0	5,702,875	5,702,875
Total Operating Expenses	1,593,795	661,535	5,702,875	7,958,205
Operating Income (Loss)	34,497	(22,916)	601,986	613,567
Net Assets Beginning of Year	100,869	302,410	2,632,954	3,036,233
Net Assets End of Year	<u>\$ 135,366</u>	<u>\$ 279,494</u>	<u>\$ 3,234,940</u>	<u>\$ 3,649,800</u>

CITY OF LANCASTER, OHIO

***Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2010***

	Utilities Collection	Information Services	Health Insurance Management	Totals
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Interfund Services	\$1,628,292	\$639,519	\$6,305,391	\$8,573,202
Cash Payments for Goods and Services	(453,263)	(141,755)	0	(595,018)
Cash Payments to and on behalf of Employees	(1,190,017)	(471,173)	0	(1,661,190)
Cash Payments for Claims	0	0	(5,827,507)	(5,827,507)
Net Cash Provided (Used) by Operating Activities	(14,988)	26,591	477,884	489,487
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(20,121)	(5,307)	0	(25,428)
Capital Lease Payments	(2,121)	0	0	(2,121)
Net Cash Used for Capital and Related Financing Activities	(22,242)	(5,307)	0	(27,549)
Net Increase (Decrease) in Cash and Cash Equivalents	(37,230)	21,284	477,884	461,938
Cash and Cash Equivalents at Beginning of Year	406,833	206,221	3,031,282	3,644,336
Cash and Cash Equivalents at End of Year	\$369,603	\$227,505	\$3,509,166	\$4,106,274
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$34,497	(\$22,916)	\$601,986	\$613,567
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	17,620	33,432	0	51,052
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	0	900	530	1,430
(Increase) Decrease in Inventory	3,146	(65)	0	3,081
Decrease in Prepaid Items	118	0	0	118
Increase in Accounts Payable	2,965	5,442	0	8,407
Increase in Accrued Wages and Benefits	123	357	0	480
Increase (Decrease) in Compensated Absences	(73,457)	9,441	0	(64,016)
Decrease in Claims Payable	0	0	(124,632)	(124,632)
Total Adjustments	(49,485)	49,507	(124,102)	(124,080)
Net Cash Provided (Used) by Operating Activities	(\$14,988)	\$26,591	\$477,884	\$489,487

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.

Fire Insurance Escrow Fund

Established to account for insurance monies on deposit to insure fire site cleanup of damaged property.

CITY OF LANCASTER, OHIO

***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2010***

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
<u>Street Deposit Fund</u>				
Assets:				
Cash and Cash Equivalents	\$4,700	\$600	(\$100)	\$5,200
Total Assets	<u>\$4,700</u>	<u>\$600</u>	<u>(\$100)</u>	<u>\$5,200</u>
Liabilities:				
Due to Others	\$4,700	\$600	(\$100)	\$5,200
Total Liabilities	<u>\$4,700</u>	<u>\$600</u>	<u>(\$100)</u>	<u>\$5,200</u>
<u>Municipal Court Fund</u>				
Assets:				
Cash with Fiscal Agent	\$195,284	\$4,846,156	(\$4,861,254)	\$180,186
Total Assets	<u>\$195,284</u>	<u>\$4,846,156</u>	<u>(\$4,861,254)</u>	<u>\$180,186</u>
Liabilities:				
Due to Other Funds	\$4,266	\$2,006,912	(\$2,006,949)	\$4,229
Intergovernmental Payable	0	1,023,950	(1,023,950)	0
Due to Others	191,018	1,815,294	(1,830,355)	175,957
Total Liabilities	<u>\$195,284</u>	<u>\$4,846,156</u>	<u>(\$4,861,254)</u>	<u>\$180,186</u>
<u>Law Library Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$52,023	(\$52,023)	\$0
Due from Other Funds	4,266	4,229	(4,266)	4,229
Total Assets	<u>\$4,266</u>	<u>\$56,252</u>	<u>(\$56,289)</u>	<u>\$4,229</u>
Liabilities:				
Intergovernmental Payable	\$4,266	\$56,252	(\$56,289)	\$4,229
Total Liabilities	<u>\$4,266</u>	<u>\$56,252</u>	<u>(\$56,289)</u>	<u>\$4,229</u>
<u>Fire Insurance Escrow Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$16,000	\$0	\$16,000
Total Assets	<u>\$0</u>	<u>\$16,000</u>	<u>\$0</u>	<u>\$16,000</u>
Liabilities:				
Due to Others	\$0	\$16,000	\$0	\$16,000
Total Liabilities	<u>\$0</u>	<u>\$16,000</u>	<u>\$0</u>	<u>\$16,000</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$199,984	\$4,914,779	(\$4,913,377)	\$201,386
Due from Other Funds	4,266	4,229	(4,266)	4,229
Total Assets	<u>\$204,250</u>	<u>\$4,919,008</u>	<u>(\$4,917,643)</u>	<u>\$205,615</u>
Liabilities:				
Due to Other Funds	\$4,266	\$2,006,912	(\$2,006,949)	\$4,229
Intergovernmental Payables	4,266	1,080,202	(1,080,239)	4,229
Due to Others	195,718	1,831,894	(1,830,455)	197,157
Total Liabilities	<u>\$204,250</u>	<u>\$4,919,008</u>	<u>(\$4,917,643)</u>	<u>\$205,615</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. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.	

City of Lancaster

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

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

Source: City Auditor's Office

City of Lancaster

2007	2008	Restated 2009	2010
\$25,645,197	\$29,763,541	\$30,016,277	\$29,963,075
9,988,647	7,482,942	8,350,592	8,914,509
4,038,840	2,697,692	2,643,683	1,265,734
<u>\$39,672,684</u>	<u>\$39,944,175</u>	<u>\$41,010,552</u>	<u>\$40,143,318</u>
\$33,974,969	\$37,984,626	\$38,448,219	\$42,163,722
1,051,465	2,561,847	3,854,911	2,553,537
30,810,822	25,478,180	1,665,210	(10,991,395)
<u>\$65,837,256</u>	<u>\$66,024,653</u>	<u>\$43,968,340</u>	<u>\$33,725,864</u>
\$59,620,166	\$67,748,167	\$68,464,496	\$72,126,797
11,040,112	10,044,789	12,205,503	11,468,046
34,849,662	28,175,872	4,308,893	(9,725,661)
<u>\$105,509,940</u>	<u>\$105,968,828</u>	<u>\$84,978,892</u>	<u>\$73,869,182</u>

City of Lancaster

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

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

City of Lancaster

2007	2008	2009	2010
\$16,857,036	\$18,208,576	\$17,891,385	\$17,701,539
889,715	913,831	876,750	824,685
2,278,778	1,703,779	1,853,442	1,953,298
670,861	921,428	671,940	842,850
5,109,759	4,540,208	4,801,342	5,224,430
9,709,530	7,903,080	7,644,288	9,532,402
474,299	530,870	442,382	343,326
<u>35,989,978</u>	<u>34,721,772</u>	<u>34,181,529</u>	<u>36,422,530</u>
23,856,601	29,486,089	19,307,808	16,287,581
8,508,514	9,024,527	9,251,932	8,959,229
7,387,509	8,085,696	7,864,490	7,223,678
3,149,630	3,364,602	3,352,104	3,333,154
1,797,201	1,624,711	1,546,057	2,052,733
0	0	0	23,188,889
<u>44,699,455</u>	<u>51,585,625</u>	<u>41,322,391</u>	<u>61,045,264</u>
<u>\$80,689,433</u>	<u>\$86,307,397</u>	<u>\$75,503,920</u>	<u>\$97,467,794</u>
\$2,056,919	\$2,100,254	\$2,384,863	\$2,300,078
260,296	233,239	240,408	216,399
364,720	530,383	376,401	415,566
101,951	99,804	96,235	85,720
1,366,382	770,556	790,241	825,039
1,884,603	1,998,226	1,943,677	2,302,119
5,641,639	6,257,136	5,070,598	4,358,354
2,965,310	1,248,952	0	797,834
<u>14,641,820</u>	<u>13,238,550</u>	<u>10,902,423</u>	<u>11,301,109</u>

(continued)

City of Lancaster

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

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

Source: City Auditor's Office

City of Lancaster

2007	2008	2009	2010
23,183,618	26,425,358	22,023,964	17,258,590
9,320,183	8,626,257	8,408,759	8,243,228
7,794,051	8,194,701	8,231,224	8,708,143
3,605,141	3,570,408	3,592,904	3,572,689
1,775,357	1,745,794	1,899,584	2,107,985
0	0	0	9,350,923
0	0	146,543	194,145
1,945,692	1,340,484	47,589	1,042,287
<u>47,624,042</u>	<u>49,903,002</u>	<u>44,350,567</u>	<u>50,477,990</u>
<u>62,265,862</u>	<u>63,141,552</u>	<u>55,252,990</u>	<u>61,779,099</u>
(21,348,158)	(21,483,222)	(23,279,106)	(25,121,421)
<u>2,924,587</u>	<u>(1,682,623)</u>	<u>3,028,176</u>	<u>(10,567,274)</u>
<u>(\$18,423,571)</u>	<u>(\$23,165,845)</u>	<u>(\$20,250,930)</u>	<u>(\$35,688,695)</u>
\$2,036,017	\$1,946,225	\$2,093,725	\$1,914,780
432,511	383,601	417,000	394,315
0	0	0	228,307
0	0	0	258,061
16,129,114	17,366,985	17,456,314	17,212,521
550,548	577,976	517,840	543,579
3,048,567	3,170,617	2,739,915	3,076,212
1,352,560	802,558	529,545	328,465
1,117,099	588,164	806,267	622,745
68,000	(1,428,140)	(215,123)	(324,798)
<u>24,734,416</u>	<u>23,407,986</u>	<u>24,345,483</u>	<u>24,254,187</u>
0	441,880	0	0
(68,000)	1,428,140	215,123	324,798
(68,000)	1,870,020	215,123	324,798
<u>\$24,666,416</u>	<u>\$25,278,006</u>	<u>\$24,560,606</u>	<u>\$24,578,985</u>
\$3,386,258	\$1,924,764	\$1,066,377	(\$867,234)
<u>2,856,587</u>	<u>187,397</u>	<u>3,243,299</u>	<u>(10,242,476)</u>
<u>\$6,242,845</u>	<u>\$2,112,161</u>	<u>\$4,309,676</u>	<u>(\$11,109,710)</u>

City of Lancaster

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund				
Reserved	\$588,579	\$426,004	\$315,859	\$336,003
Unreserved	<u>4,416,149</u>	<u>3,856,325</u>	<u>3,290,763</u>	<u>3,940,089</u>
<i>Total General Fund</i>	<u>5,004,728</u>	<u>4,282,329</u>	<u>3,606,622</u>	<u>4,276,092</u>
All Other Governmental Funds				
Reserved	1,875,511	2,499,441	2,322,508	2,472,534
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,987,417	2,307,521	2,333,595	2,581,905
Capital Projects Funds	<u>(300,658)</u>	<u>(588,472)</u>	<u>257,216</u>	<u>(17,171)</u>
Total All Other Governmental Funds	<u>3,562,270</u>	<u>4,218,490</u>	<u>4,913,319</u>	<u>5,037,268</u>
<i>Total Governmental Funds</i>	<u><u>\$8,566,998</u></u>	<u><u>\$8,500,819</u></u>	<u><u>\$8,519,941</u></u>	<u><u>\$9,313,360</u></u>

Source: City Auditor's Office

NOTE: Years 2001-2002 do not include the Cemetery Interment and Cemetery Trust Funds which were classified as Fiduciary Funds prior to implementing GASB 34 in 2003.

City of Lancaster

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$332,621	\$447,451	\$290,959	\$269,862	\$309,687	\$311,485
<u>3,724,907</u>	<u>4,042,869</u>	<u>3,759,946</u>	<u>3,153,883</u>	<u>2,829,674</u>	<u>3,362,329</u>
<u>4,057,528</u>	<u>4,490,320</u>	<u>4,050,905</u>	<u>3,423,745</u>	<u>3,139,361</u>	<u>3,673,814</u>
2,571,986	2,776,859	2,829,102	2,801,159	3,044,531	3,023,660
3,084,591	3,035,341	3,580,847	3,670,910	4,082,531	4,848,172
<u>(306,634)</u>	<u>(1,543,724)</u>	<u>(4,231,667)</u>	<u>(5,744,111)</u>	<u>(4,330,894)</u>	<u>(2,010,441)</u>
<u>5,349,943</u>	<u>4,268,476</u>	<u>2,178,282</u>	<u>727,958</u>	<u>2,796,168</u>	<u>5,861,391</u>
<u>\$9,407,471</u>	<u>\$8,758,796</u>	<u>\$6,229,187</u>	<u>\$4,151,703</u>	<u>\$5,935,529</u>	<u>\$9,535,205</u>

City of Lancaster

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

	2001	2002	2003	2004
Revenues:				
Taxes	\$13,886,573	\$14,504,954	\$15,317,624	\$16,088,874
Intergovernmental Revenues	6,606,745	6,659,241	6,010,243	6,367,123
Charges for Services	2,109,084	2,141,310	2,353,249	3,586,258
Licenses and Permits	32,443	18,653	25,167	11,340
Investment Earnings	980,453	458,438	376,875	347,591
Special Assessments	215,585	37,480	41,006	36,873
Fines and Forfeitures	1,084,988	1,213,778	1,309,508	1,175,825
All Other Revenue	275,525	325,514	217,954	516,825
Total Revenue	<u>25,191,396</u>	<u>25,359,368</u>	<u>25,651,626</u>	<u>28,130,709</u>
Expenditures:				
Current:				
Security of Persons and Property	11,600,718	12,690,508	13,039,847	13,477,234
Public Health and Welfare Services	1,655,940	1,140,416	824,672	845,713
Leisure Time Activities	1,852,663	1,474,007	1,598,290	1,463,661
Community Environment	605,689	957,514	818,537	713,786
Transportation	3,273,454	3,061,935	3,603,691	4,001,483
General Government	5,113,651	5,246,602	5,791,625	6,121,410
Capital Outlay	3,509,832	1,088,656	2,461,374	899,156
Debt Service:				
Principal Retirement	93,043	104,043	535,629	4,168,086
Interest and Fiscal Charges	236,478	235,184	172,778	230,382
Total Expenditures	<u>27,941,468</u>	<u>25,998,865</u>	<u>28,846,443</u>	<u>31,920,911</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,750,072)	(639,497)	(3,194,817)	(3,790,202)

City of Lancaster

2005	2006	2007	2008	2009	2010
\$16,421,231	\$17,981,983	\$18,767,446	\$19,650,167	\$19,672,863	\$20,068,678
6,443,731	6,933,762	8,513,743	8,188,157	8,496,589	8,720,285
4,132,594	4,232,866	4,710,409	4,345,079	4,192,295	4,398,036
22,049	24,279	26,759	24,362	30,148	23,460
598,759	1,151,742	1,372,732	864,986	541,123	343,123
144,634	136,327	140,058	137,351	128,276	118,993
1,471,477	1,522,814	1,535,541	1,633,932	1,892,301	2,039,847
573,346	884,284	1,168,788	712,682	740,067	729,522
<u>29,807,821</u>	<u>32,868,057</u>	<u>36,235,476</u>	<u>35,556,716</u>	<u>35,693,662</u>	<u>36,441,944</u>

14,402,149	15,901,921	16,710,584	17,825,296	17,282,106	17,765,918
854,324	921,993	893,308	947,332	861,469	827,523
1,632,501	1,959,713	2,194,345	2,138,133	1,930,845	1,891,191
787,384	1,204,194	683,621	938,993	914,314	840,683
3,672,615	3,805,510	4,094,796	4,126,802	4,405,233	4,572,787
6,929,816	6,946,297	7,784,196	7,667,476	7,342,691	8,317,591
1,151,747	2,221,974	7,193,369	3,172,798	825,694	703,024
4,254,086	259,586	265,086	1,139,743	413,171	643,299
349,665	298,633	461,330	539,724	448,980	351,966
<u>34,034,287</u>	<u>33,519,821</u>	<u>40,280,635</u>	<u>38,496,297</u>	<u>34,424,503</u>	<u>35,913,982</u>

(4,226,466)	(651,764)	(4,045,159)	(2,939,581)	1,269,159	527,962
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(Continued)

City of Lancaster

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Other Financing Sources (Uses):				
State Infrastructure Bank Loan	0	0	0	0
Other Financing Sources - Capital Leases	301,883	127,540	0	465,049
Housing and Urban Development Loan	0	0	0	0
Ohio Public Works Commission Loan	17,290	0	0	0
Ohio Water Development Authority Loans	0	0	0	0
Special Assessment Bonds	367,000	0	0	0
General Obligation Notes Issued	0	425,000	2,260,000	3,960,000
General Obligation Bonds Issued	0	0	0	0
Transfers In	3,290,548	2,715,595	1,555,237	1,846,362
Transfers Out	(3,281,247)	(2,715,595)	(1,555,237)	(1,693,114)
Total Other Financing Sources (Uses)	<u>695,474</u>	<u>552,540</u>	<u>2,260,000</u>	<u>4,578,297</u>
Net Change in Fund Balance	<u>(\$2,054,598)</u>	<u>(\$86,957)</u>	<u>(\$934,817)</u>	<u>\$788,095</u>
Debt Service as a Percentage of Noncapital Expenditures	1.29%	1.35%	2.82%	14.78%

Source: City Auditor's Office

NOTE: Years 2001-2002 do not include the Cemetery Interment and Cemetery Trust Funds which were classified as Fiduciary Funds prior to implementing GASB 34 in 2003.

City of Lancaster

2005	2006	2007	2008	2009	2010
0	0	1,155,949	0	0	0
142,381	10,079	440,386	126,409	518,545	18,882
0	0	0	760,000	0	0
0	0	0	0	0	0
0	0	0	0	0	337,247
0	0	0	0	0	0
0	0	0	0	0	0
4,150,000	0	0	0	0	2,800,000
1,732,309	1,986,619	2,479,004	1,762,994	1,989,769	1,803,367
(1,732,309)	(1,986,619)	(2,523,754)	(1,786,988)	(2,032,945)	(1,878,889)
<u>4,292,381</u>	<u>10,079</u>	<u>1,551,585</u>	<u>862,415</u>	<u>475,369</u>	<u>3,080,607</u>
<u>\$65,915</u>	<u>(\$641,685)</u>	<u>(\$2,493,574)</u>	<u>(\$2,077,166)</u>	<u>\$1,744,528</u>	<u>\$3,608,569</u>
14.63%	1.93%	2.07%	4.70%	2.63%	2.91%

City of Lancaster

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Income Tax Rate	1.60%	1.60%	1.60%	1.60%
Estimated Personal Income	\$1,019,085,600	\$1,038,003,560	\$1,061,675,160	\$1,105,333,540
Total Tax Collected	\$11,659,246	\$13,520,973	\$13,170,482	\$13,323,746
Income Tax Receipts				
Withholding	9,385,830	10,980,427	10,374,895	10,318,818
Percentage	80.50%	81.21%	78.77%	77.45%
Corporate	1,234,068	1,462,968	1,280,896	1,281,868
Percentage	10.58%	10.82%	9.73%	9.62%
Individuals	1,039,348	1,077,578	1,514,691	1,723,060
Percentage	8.91%	7.97%	11.50%	12.93%

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

2005	2006	2007	2008	2009	2010
1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
\$1,104,424,040	\$1,124,578,560	\$1,165,636,875	\$1,201,987,072	\$1,223,243,520	\$1,209,056,752
\$14,186,430	\$15,550,666	\$16,264,316	\$16,746,431	\$16,819,420	\$17,320,421
11,136,624	12,067,107	12,695,987	12,953,012	12,867,716	13,193,795
78.50%	77.60%	78.06%	77.35%	76.51%	76.17%
1,262,432	1,515,792	1,514,077	1,707,499	2,005,248	2,192,628
8.90%	9.75%	9.31%	10.20%	11.92%	12.66%
1,787,374	1,967,767	2,054,252	2,085,920	1,946,456	1,933,998
12.60%	12.65%	12.63%	12.46%	11.57%	11.17%



City of Lancaster

Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2010

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.10%	\$4,954,835	28.61%
All Others	<u>9,788</u>	<u>99.90%</u>	<u>12,365,586</u>	<u>71.39%</u>
Total	<u>9,798</u>	<u>100.00%</u>	<u>\$17,320,421</u>	<u>100.00%</u>

Calendar Year 2001

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.11%	\$3,545,975	30.41%
All Others	<u>8,762</u>	<u>99.89%</u>	<u>8,113,271</u>	<u>69.59%</u>
Total	<u>8,772</u>	<u>100.00%</u>	<u>\$11,659,246</u>	<u>100.00%</u>

Source: City Income Tax Department

City of Lancaster

Ratio of Outstanding Debt By Type Last Ten Years

	2001	2002	2003	2004
Governmental Activities ⁽¹⁾				
Housing and Urban Development Loan Payable	\$1,390,000	\$1,300,000	\$1,210,000	\$1,120,000
Ohio Public Works Commission Loan Payable	118,678	115,635	106,506	100,420
Ohio Water Development Authority Loans Payable	2,000,000	2,000,000	2,000,000	0
Special Assessment Bonds Payable	367,000	356,000	344,500	332,500
Long Term Notes Payable	0	525,000	2,260,000	3,960,000
General Obligation Bonds Payable	0	0	0	0
State Infrastructure Bank Loan Payable	0	0	0	0
Capital Leases	1,191,657	1,041,334	826,207	929,486
Business-type Activities ⁽¹⁾				
Ohio Water Development Authority Loans Payable	\$34,567,215	\$46,932,034	\$47,881,940	\$46,849,409
Long-Term Notes Payable	0	0	2,400,000	0
Revenue Bonds Payable	0	0	0	13,506,256
Ohio Rail Development Commission Loan	0	0	0	0
Capital Leases	39,252	41,256	15,537	28,679
Total Primary Government	<u>\$39,673,802</u>	<u>\$52,311,259</u>	<u>\$57,044,690</u>	<u>\$66,826,750</u>
Population ⁽²⁾				
City of Lancaster	35,600	35,860	36,120	36,380
Outstanding Debt Per Capita	\$1,114	\$1,459	\$1,579	\$1,837
Income ⁽³⁾				
Personal (in thousands)	1,019,086	1,038,004	1,061,675	1,105,334
Percentage of Personal Income	3.89%	5.04%	5.37%	6.05%

Sources:

(1) Source: City Auditor's Office

(2) US Bureau of Census, Population Division, 2010 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

2005	2006	2007	2008	2009	2010
\$1,030,000	\$940,000	\$850,000	\$760,000	\$670,000	\$580,000
94,334	88,248	82,162	76,076	69,990	63,904
0	0	0	0	0	337,247
319,500	306,000	292,000	277,000	261,500	245,000
0	0	0	0	0	0
3,965,000	3,815,000	3,660,000	3,500,000	3,335,000	5,745,000
0	0	1,155,949	1,047,292	910,707	769,994
849,076	617,050	859,143	641,890	750,733	532,216
\$44,400,803	\$41,823,289	\$39,171,688	\$36,365,393	\$41,534,180	\$58,381,455
0	0	0	0	0	0
13,168,005	12,824,754	12,476,503	379,339,585	373,688,481	369,297,377
0	0	0	0	100,808	53,060
35,004	26,714	425,521	343,706	287,311	200,470
<u>\$63,861,722</u>	<u>\$60,441,055</u>	<u>\$58,972,966</u>	<u>\$422,350,942</u>	<u>\$421,608,710</u>	<u>\$436,205,723</u>
36,380	36,380	36,375	36,608	37,680	37,243
\$1,755	\$1,661	\$1,621	\$11,537	\$11,189	\$11,712
1,104,424	1,124,579	1,165,637	1,201,987	1,223,244	1,209,057
5.78%	5.37%	5.06%	35.14%	34.47%	36.08%

City of Lancaster

Ratios of General Bonded Debt Outstanding Last Six 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) U.S. Bureau of Census of Population, 2010 is an estimate made by the City
- (2) Fairfield County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.
There were no General Obligation Bonds prior to 2005
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

City of Lancaster

<u>2009</u>	<u>2010</u>
37,680	37,243
\$745,611,660	\$737,068,930
\$3,335,000	\$5,745,000
\$97,729	\$91,191
\$3,237,271	\$5,653,809
0.43%	0.77%
\$85.91	\$151.81



City of Lancaster

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2010*

<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)	\$5,745,000	100.00%	\$5,745,000
Overlapping:				
Lancaster City School District	(2)	661,973	80.66%	533,947
Fairfield County	(2)	15,176,812	22.72%	3,448,172
			Subtotal	<u>3,982,119</u>
			Total	<u><u>\$9,727,119</u></u>

Source:

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

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

City of Lancaster

Debt Limitations Last Ten Years

Collection Year	2001	2002	2003	2004
Total Debt				
Net Assessed Valuation	\$580,459,833	\$661,031,641	\$669,449,822	\$672,465,949
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	60,948,282	69,408,322	70,292,231	70,608,925
City Debt Outstanding (2)	1,875,000	1,625,000	3,158,000	4,710,000
Less: Applicable Debt Service Fund Amounts	<u>(8,575)</u>	<u>(12,532)</u>	<u>(59,559)</u>	<u>(53,473)</u>
Net Indebtedness Subject to Limitation	<u>1,866,425</u>	<u>1,612,468</u>	<u>3,098,441</u>	<u>4,656,527</u>
Overall Legal Debt Margin	<u><u>\$59,081,857</u></u>	<u><u>\$67,795,854</u></u>	<u><u>\$67,193,790</u></u>	<u><u>\$65,952,398</u></u>
Unvoted Debt				
Net Assessed Valuation	\$580,459,833	\$661,031,641	\$669,449,822	\$672,465,949
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	31,925,291	36,356,740	36,819,740	36,985,627
City Debt Outstanding (2)	1,875,000	1,625,000	3,158,000	4,710,000
Less: Applicable Debt Service Fund Amounts	<u>(8,575)</u>	<u>(12,532)</u>	<u>(59,559)</u>	<u>(53,473)</u>
Net Indebtedness Subject to Limitation	<u>1,866,425</u>	<u>1,612,468</u>	<u>3,098,441</u>	<u>4,656,527</u>
Overall Legal Debt Margin	<u><u>\$30,058,866</u></u>	<u><u>\$34,744,272</u></u>	<u><u>\$33,721,299</u></u>	<u><u>\$32,329,100</u></u>

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

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

Source: City Auditor's Office

City of Lancaster

2005	2006	2007	2008	2009	2010
\$727,046,497	\$708,753,525	\$697,186,961	\$759,216,664	\$745,611,660	\$737,068,930
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
76,339,882	74,419,120	73,204,631	79,717,750	78,289,224	77,392,238
5,116,500	6,026,600	5,897,600	3,500,000	3,335,000	5,745,000
(97,729)	(97,729)	(97,729)	(97,729)	(97,729)	(91,191)
5,018,771	5,928,871	5,799,871	3,402,271	3,237,271	5,653,809
<u>\$71,321,111</u>	<u>\$68,490,249</u>	<u>\$67,404,760</u>	<u>\$76,315,479</u>	<u>\$75,051,953</u>	<u>\$71,738,429</u>
\$727,046,497	\$708,753,525	\$697,186,961	\$759,216,664	\$745,611,660	\$737,068,930
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
39,987,557	38,981,444	38,345,283	41,756,917	41,008,641	40,538,791
5,116,500	6,026,600	5,897,600	3,500,000	3,335,000	5,745,000
(97,729)	(97,729)	(97,729)	(97,729)	(97,729)	(91,191)
5,018,771	5,928,871	5,799,871	3,402,271	3,237,271	5,653,809
<u>\$34,968,786</u>	<u>\$33,052,573</u>	<u>\$32,545,412</u>	<u>\$38,354,646</u>	<u>\$37,771,370</u>	<u>\$34,884,982</u>

City of Lancaster

Pledged Revenue Coverage Last Ten Years

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

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

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

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

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

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

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

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

Source: City Auditor's Office

City of Lancaster

2005	2006	2007	2008	2009	2010
\$8,388,041	\$8,613,246	\$9,320,183	\$8,626,257	\$8,432,910	\$8,307,429
4,924,256	5,348,084	5,436,732	5,714,908	5,798,198	5,845,492
3,463,785	3,265,162	3,883,451	2,911,349	2,634,712	2,461,937
565,969	561,869	562,256	562,006	566,094	564,344
6.12	5.81	6.91	5.18	4.65	4.36
\$7,006,365	\$7,314,131	\$7,794,051	\$8,194,701	\$8,339,280	\$8,834,129
3,510,807	3,925,494	3,991,924	4,103,624	3,893,941	3,542,641
3,495,558	3,388,637	3,802,127	4,091,077	4,445,339	5,291,488
349,141	351,641	348,716	518,214	1,786,742	1,786,941
10.01	9.64	10.90	7.89	2.49	2.96
\$0	\$0	\$0	N/A	N/A	\$9,347,281
0	0	0	N/A	N/A	9,830,408
0	0	0	N/A	N/A	(483,127)
0	0	0	8,062,363	6,166,070	4,440,158
0.00	0.00	0.00	N/A	N/A	(0.11)
\$39,212	\$35,998	\$38,107	\$37,547	\$35,202	\$36,342
13,000	13,500	14,000	15,000	15,500	16,500
16,625	15,975	15,638	6,963	13,850	13,075
1.32	1.22	1.29	1.71	1.20	1.23

City of Lancaster

Demographic and Economic Statistics Last Ten Years

Calendar Year	2001	2002	2003	2004	2005
Population					
City of Lancaster (2)	35,600	35,860	36,120	36,380	36,380
Fairfield County (1)	122,759	122,759	122,759	122,759	138,423
Income (3) (a)					
Total Personal (in thousands)	1,019,086	1,038,004	1,061,675	1,105,334	1,104,424
Per Capita	28,626	28,946	29,393	30,383	30,358
Unemployment Rate (4)					
Federal	3.8%	4.8%	5.8%	6.0%	5.5%
State	3.7%	4.3%	5.7%	6.1%	6.0%
Fairfield County	2.8%	4.5%	4.7%	5.3%	5.3%
Civilian Work Force Estimates (4)					
State	5,857,000	5,828,000	5,915,000	5,875,300	5,900,400
Fairfield County	69,800	67,800	68,600	71,700	72,200

Sources:

- (1) US Bureau of Census of Population
- (2) Lancaster Community Development Department estimates
- (3) US Department of Commerce, Bureau of Economic Analysis information is only available through 2009 for the presentation of 2010 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

2006	2007	2008	2009	2010
36,380	36,375	36,608	37,680	37,243
139,637	142,557	144,252	143,712	143,712
1,124,579	1,165,637	1,201,987	1,223,244	1,209,057
30,912	32,045	32,834	32,464	32,464
5.0%	4.6%	5.8%	9.3%	9.6%
5.9%	5.6%	6.6%	10.2%	10.1%
4.8%	5.0%	5.6%	8.5%	8.8%
5,934,000	5,976,500	5,986,400	5,970,200	5,897,600
74,200	76,300	77,100	76,100	75,300



City of Lancaster

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2010		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	1,714	1	10.20%
Anchor Hocking	Glass Manufacturer	1,201	2	7.15%
Fairfield County	Government	949	3	5.65%
Lancaster City Schools	Education	680	4	4.05%
City of Lancaster	Government	438	5	2.61%
Walmart	Food	396	6	2.36%
Ralston Foods	Cereal	391	7	2.33%
Diamond Power	Metal Fabrication	366	8	2.18%
Kroger	Food	315	9	1.88%
Crestview Manor Nursing	Nursing Care	240	10	1.43%
Total		6,690		39.82%
Total Employment within the City		16,800		

Employer	Nature of Business	2001		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	1,605	1	9.07%
Anchor Hocking	Glass Manufacturer	1,283	2	7.25%
Lancaster City Schools	Education	717	3	4.05%
Fairfield County	Government	616	4	3.48%
Diamond Power	Metal Fabrication	388	5	2.19%
Ralston Foods	Cereal	366	6	2.07%
City of Lancaster	Government	352	7	1.99%
Glassfloss	Industrial	264	8	1.49%
Lancaster Glass	Glass Manufacturer	255	9	1.44%
Crestview	Nursing Care	255	10	1.44%
Total		6,101		34.47%
Total Employment within the City		17,700		

Sources:

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

City of Lancaster

Full Time Equivalent Employees by Function Last Ten Years

	2001	2002	2003	2004	2005	2006
Governmental Activities						
General Government						
Auditor	6.00	6.00	6.00	6.00	6.00	6.00
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00
Legal	9.00	9.00	9.00	9.00	9.00	9.00
City Council	11.00	11.00	11.00	11.00	11.00	11.00
Court	27.00	25.00	27.00	25.00	30.00	32.00
Administration	5.00	5.00	4.00	4.00	4.00	4.00
Engineering	10.00	10.00	12.00	12.00	11.00	8.00
Certified Building	0.00	0.00	0.00	3.00	4.00	6.00
Income Tax	6.00	6.00	6.00	6.00	6.00	5.00
Maintenance	2.00	2.00	2.00	2.00	2.00	2.00
Electric	9.00	9.00	9.00	0.00	0.00	0.00
Information Systems	1.00	2.00	2.00	4.00	4.00	6.00
Security of Persons and Property						
Police	86.00	88.00	84.00	84.00	84.00	83.00
Fire	82.00	83.00	79.00	79.00	88.00	94.00
Public Health and Welfare	20.00	1.00	1.00	1.00	1.00	1.00
Cemetery	8.00	10.00	9.00	9.00	6.00	5.00
Transportation						
Street	27.00	28.00	26.00	29.00	31.00	29.00
Leisure Time Activities						
Parks	29.00	26.00	25.00	25.00	25.00	25.00
Community Environment						
Community Development	4.00	3.00	3.00	3.00	3.00	3.00
Public Transit	0.00	0.00	2.00	1.00	1.00	1.00
Civil Service	1.00	2.00	3.00	1.00	1.00	1.00
Business-Type Activities						
Utilities						
Gas	27.00	27.00	26.00	25.00	24.00	24.00
Water	41.00	48.00	47.00	43.00	44.00	43.00
Water Pollution	21.00	22.00	24.00	23.00	23.00	23.00
Sanitation	32.00	27.00	26.00	26.00	24.00	24.00
Storm Water	0.00	0.00	2.00	3.00	3.00	3.00
Utilities Collection	18.00	19.00	19.00	20.00	21.00	21.00
<i>Total Employees</i>	<u>483.00</u>	<u>470.00</u>	<u>465.00</u>	<u>455.00</u>	<u>467.00</u>	<u>470.00</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

2007	2008	2009	2010
6.00	6.00	6.00	5.00
1.00	1.00	1.00	1.00
9.00	10.00	10.00	9.00
11.00	11.00	11.00	11.00
33.00	35.00	35.00	34.00
4.00	4.00	4.00	4.00
8.00	8.00	5.00	4.00
6.00	4.00	4.00	4.00
5.00	6.00	5.00	5.00
2.00	2.00	1.00	1.00
0.00	0.00	0.00	0.00
6.00	7.00	6.00	6.00
84.00	86.00	83.00	83.00
94.00	95.00	92.00	84.00
1.00	1.00	1.00	1.00
5.00	5.00	5.00	5.00
29.00	28.00	25.00	24.00
25.00	27.00	25.00	26.00
3.00	3.00	2.00	3.00
1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00
22.00	23.00	24.00	24.00
44.00	45.00	46.00	44.00
22.00	22.00	21.00	22.00
23.00	23.00	23.00	22.00
3.00	3.00	3.00	3.00
21.00	20.00	17.00	17.00
<u>469.00</u>	<u>477.00</u>	<u>457.00</u>	<u>444.00</u>

City of Lancaster

Operating Indicators by Function Last Ten Years

	2001	2002	2003	2004
Governmental Activities				
General Government				
Court				
Number of Traffic Cases	16,269	17,213	13,510	11,378
Number of Open Cases	673	1,026	560	603
Licenses and Permits				
Number of Building Permits	179	169	161	161
Number of Building Inspections	2,560	2,760	2,820	3,630
Security of Persons and Property				
Police				
Number of Calls Received	N/A	54,555	56,440	46,923
Number of Traffic Citations	3,693	4,242	4,685	4,735
Number of Arrests	3,372	3,715	4,031	4,333
Parking Tickets Written	1,577	2,928	2,770	2,162
Fire				
Number of Fire Calls	1,806	1,753	1,755	1,751
Number of EMS Runs	4,739	5,029	5,197	5,526
Number of Inspections	2,269	2,487	2,865	4,208
Leisure Time Activities				
Parks				
Number of Programs Offered	13	13	13	13
Number of Pool Passes Issued	32,122	17,108	15,236	18,186
Business-Type Activities				
Water				
Number of Service Connections	14,275	14,275	14,741	14,240
Daily Average Consumption (thousands of gallons)	5.1M	5.1M	5.1M	5.1M
Peak Daily Consumption (thousands of gallons) (1)	16.5M	16.5M	8.5M	8.5M
Water Pollution				
Number of Service Connections	13,800	13,885	13,885	13,707
Maximum Daily Capacity	12.5M	12.5M	6M	5.8M
Daily Average Sewage Treatment (thousands of gallons)	6.1M	7M	12.5M	12.5M
Sanitation				
Number of Customers	14,200	14,400	14,600	15,000
Storm Water				
Number of Customers (2)	0	0	0	13,898

Source: City Auditor's Office

N/A = Not Available

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

(2) Storm Water Department began billing customers in 2004

City of Lancaster

2005	2006	2007	2008	2009	2010
12,021	11,285	11,700	15,164	12,429	14,199
1,310	1,282	1,437	1,718	1,344	1,254
824	795	973	1,135	1,011	1,254
4,921	4,075	3,672	3,191	2,610	2,857
56,486	56,311	50,565	59,000	60,948	59,216
4,121	3,671	3,828	4,411	4,003	4,424
3,918	3,863	2,276	2,545	2,645	1,750
1,744	1,856	1,176	1,189	1,136	1,001
1,633	1,586	1,681	1,750	1,750	1,526
5,407	5,508	5,830	6,314	6,151	6,314
2,783	2,527	2,610	3,350	3,744	3,041
15	16	21	41	43	49
22,338	19,071	26,321	25,296	21,165	31,492
14,240	15,110	15,185	15,199	15,242	15,306
4.5M	4.1M	4.2M	4.5M	4.31M	3.87M
8.5M	16.5M	8.6M	7.8M	5.76M	5.785M
13,707	14,794	14,855	14,869	14,961	14,994
5.8M	6.82M	7.56M	14.7M	12.5M	12.5M
12.5M	12.5M	12.5M	8.4M	6.60M	6.47M
15,185	15,185	14,200	15,279	14,985	15,597
13,989	14,291	14,356	14,376	14,439	14,608

City of Lancaster

Capital Asset Statistics by Function Last Ten Years

	2001	2002	2003	2004
Governmental Activities				
General Government				
Public Land and Buildings				
Land (square miles)	17.922	17.954	18.047	18.047
Buildings	35	35	36	36
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles (1)	13	13	16	17
Fire				
Stations	3	3	3	3
Vehicles	21	21	20	20
Public Health & Welfare				
Cemetery				
Land (acres)	150	150	150	150
Transportation				
Street				
Streets (lane miles)	141	141	144	144
Street Lights	2,085	2,085	2,355	2,355
Traffic Signals	88	88	92	92
Leisure Time Activities				
Parks				
Land (acres)	657	657	701	701
Buildings	18	21	21	21
Parks	25	25	26	26
Playgrounds	12	12	12	12
Swimming Pools	2	2	2	2
Tennis Courts	12	12	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

2005	2006	2007	2008	2009	2010
18,360	18,505	18,590	18,590	18,590	18,590
36	36	36	36	36	36
1	1	1	1	1	1
17	17	16	16	31	31
3	3	3	3	3	3
21	22	22	22	22	20
150	150	150	150	150	150
160	160	185	185	185	185
2,360	2,360	2,360	2,360	2,360	2,464
92	92	92	92	85	85
720	720	720	720	733	733
21	21	21	21	21	21
27	27	27	27	27	27
12	12	12	12	12	12
2	2	2	2	3	2
10	10	10	10	13	13
26	26	26	26	26	26
8	8	8	8	22	22

(Continued)

City of Lancaster

Capital Asset Statistics by Function Last Ten Years

	2001	2002	2003	2004
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	161	162	162	162
Pump Stations	1	1	1	2
Number of Hydrants	1,400	1,400	1,425	1,425
Storage Capacity (thousands of gallons)	8.5M	8.5M	8.5M	16.5M
Water Pollution				
Sewerlines (Miles)	170	170	170	170
Lift Stations	7	7	8	9
Sanitation				
Packers	8	8	9	9
Storm Water				
Storm Sewers (Miles)	0	0	0	58

Source: City Auditor's Office

City of Lancaster

2005	2006	2007	2008	2009	2010
162	170	171	171	174	179
2	2	2	2	2	2
1,425	1,600	1,670	1,670	1,791	1,800
16.5M	16.5M	16.5M	16.5M	17.5M	9.8M
170	170	185	185	186	186
9	9	9	9	10	10
9	9	9	9	10	10
60	61	61	61	63	63





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
MARCH 13, 2012