

CITY OF LANCASTER, OHIO

Fairfield County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER



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

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

We have reviewed the *Independent Auditor's Report* of the City of Lancaster, Fairfield County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 5, 2019

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2018

Prepared by the City Auditor's Office

Patricia Nettles
City Auditor



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FAIRFIELD COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF LANCASTER, OHIO

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

Patricia Nettles, Auditor

June 28, 2019

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, 2018.

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

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

The Reporting Entity

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2018***

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

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

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

City Overview

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

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

Items of Local Interest

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

Culture and Education

Lancaster is home to the annual Lancaster Festival and the Fairfield Heritage annual tour of beautiful and historic buildings and homes. The Lancaster Public Library is second-to-none and offers full library services. In addition to the excellent public school system, grades K-12, operated by the Lancaster Board of Education, Ohio University maintains a branch college in the City and offers a variety of Associate, Bachelor and 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, 2018***

ECONOMIC CONDITION AND OUTLOOK

In June 2019, a downtown celebration will occur recognizing the completion of the Mithoff Building. While this particular event is important to the continued success of the downtown, around the City more celebrations are happening.

Lancaster City Schools will complete two middle schools in 2019 and in May 2019, voters approved the funds to begin construction of a new High School.

The medical centers continue to expand and mid-2019 will celebrate the opening of a new twenty-five-million-dollar emergency and wellness facility. Soon to open is the Arbor View Medical group's new offices in a renovated building on West Fair Avenue as well.

The Lancaster Area Community Improvement Corporation, owners of the Rock Mill Industrial Park, announced in 2019 that two major industries purchased land in the park. The first project will occur in 2019 on a twenty-five-acre site with Magna Seating of America investing in new facilities bringing over three-hundred jobs to the community and phase 1 payroll expected to be upwards of fifteen million annually. Additionally, South Central Power Company purchased forty-two-acres in the park that will be their new headquarters and operations center. This project will employ approximately one hundred-eighty employees with an annual payroll in excess of fifteen million also. Lancaster's east side industrial parks celebrated two manufacturers opening late 2018. CFM Global dba Complete Filter Media celebrated its first polyester filter production line in November 2018 and a Chinese affiliated company dba as SharedOptions4 began operations in early 2019. Anchor Hocking, Lancaster's largest manufacturer, has been reducing its workforce in recent years but in 2019, the company is expected to renovate a second glass tank creating approximately one hundred-forty jobs. The Rock Mill Industrial Park, Ruble Industrial Park, and JKB Innovation Park celebrate the completion of certifying the parks to make them truly shovel ready for development and with that certification and recent successes, Lancaster's manufacturing sector is moving upwards in a clear pathway.

With job growth encouraging, Lancaster must continue to develop housing to sustain the market. One project known as Timbertop Development, a seventy-seven acre mixed use project, is expected to be annexed to the City and improvements begin in 2019.

The City of Lancaster celebrates all sectors of its economy as it strives to continue to improve the quality of life for all through better healthcare, education, employment opportunities, and housing.

***Letter of Transmittal
For the Year Ended December 31, 2018***

Long-term Financial Planning:

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

MAJOR INITIATIVES

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

During the 2018 calendar year there were several major projects that were accomplished in the City of Lancaster:

- 1.) Pierce Ave. reconstruction (PID 103866) – This project involved the City's Surface Transportation Program (STP) dollars. The improved the entire stretch of Pierce Ave. (approximately 1 mile). This involved new curbing, ADA improvements, certain sidewalks, drive approaches, pavement repairs, resurfacing, pavement markings, and other ancillary work. Total Cost of Improvement = \$1,033,383
- 2.) The received funding for reconstruction of Commerce and Quarry Roads through an OPWC Grant. This project involved reconstructing the entire base by means of Full Depth Reclamation (FDR). This project improved approximately 1.5 miles of roadway within the Cities eastern industrial corporate park. Total Cost = \$878,654
- 3.) The Signal Controller upgrade consisted of upgrading all controllers throughout the City of Lancaster. This money was provided by the Cities STP allocation. Total Cost = \$149,650.
- 4.) The City's 3 Mil Levy project (Street Improvement Program) consisted of Kanahwa Rd., Sells Rd., Baldwin Drive, East Chestnut St., Hunter Ave., Witte St., Pine St., Center St., Willow St., Deerfield Ct., Buckingham Ln., and Tenant St. Total Cost = \$1,171,843
- 5.) The City was awarded \$1.5 Million through the highway safety program (HSP) for improvements to be made on Ety Road between (Memorial Drive and North Columbus Street). The project consists of design, acquisition of Right of Way, utility relocation, construction of new signals at each intersection, pavement widening to 4 lanes wide on Ety Road, a dedicated left-hand turn lane on North Columbus, and other ancillary features. The local City matching funds are approximately \$500,000. The project is currently in design and ROW acquisition stages. Construction is anticipated in latter 2020 and/or early 2021. Total Project Cost = \$2,000,000

***Letter of Transmittal
For the Year Ended December 31, 2018***

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 9 at the end of 2013. In 2017 the CSO 1019 sewer project was bid to connect the overflow with a downstream sewer to decrease overflows.

In conjunction with the Community Development Block Grant program, the Cherokee Drive project was bid in 2017 and construction was completed in 2018. The project separated combined sewers in the Cherokee Drive area and upgrade sidewalks. Paving will be completed in 2019.

In 2013, the City entered into a 10 year maintenance agreement for the various water storage tanks. Initial work will include inspection and evaluation with needed maintenance and repairs included in the contract.

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.

***Letter of Transmittal
For the Year Ended December 31, 2018***

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

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

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

OTHER INFORMATION

Independent Audit

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

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ending December 31, 2017. This was the thirty-first 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.

***Letter of Transmittal
For the Year Ended December 31, 2018***

Public Disclosure

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

Acknowledgments

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

Sincerely,



Patricia Nettles
City Auditor

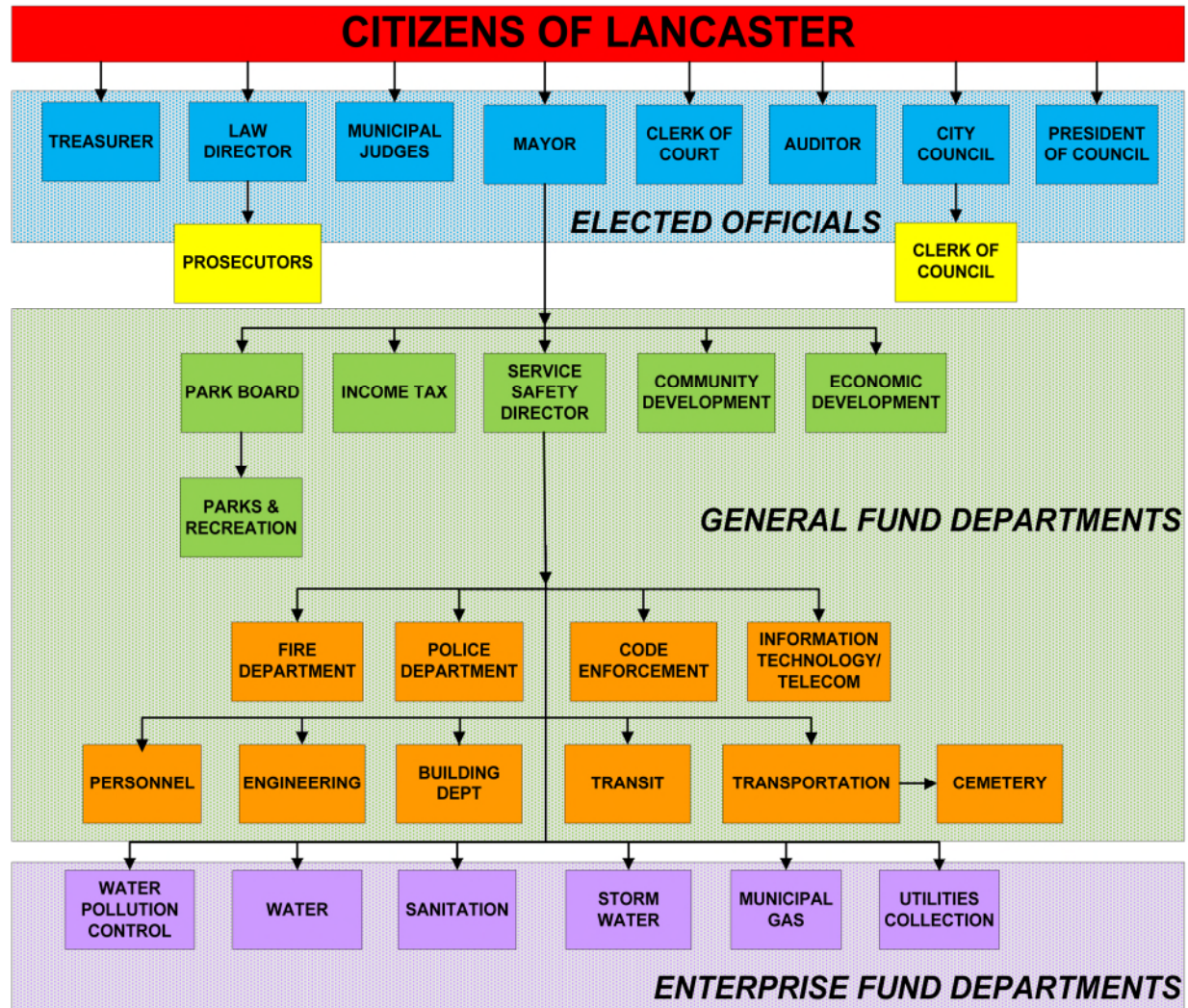
CITY OF LANCASTER, OHIO

***List of Principal Officials
For the Year Ended December 31, 2018***

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

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

City Organizational Chart
For the Year Ended December 31, 2018



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



Government Finance Officers Association

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

Presented to

**City of Lancaster
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Ohio (the "City"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the .45 Police and Fire Levy Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 28, 2019



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, 2018. 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 2018 are as follows:

- ❑ In total, net position increased \$3,878,316. Net position of governmental activities decreased \$3,291,050 which represents a 48.3% decrease from 2017. Net position of business-type activities increased \$7,169,366 from 2017.
- ❑ General revenues accounted for \$27,016,803 in revenue or 29.2% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$65,562,867 in revenues or 70.8% of total revenues of \$92,579,670.
- ❑ The City had \$44,302,690 in expenses related to governmental activities; only \$13,994,837 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$19,429,162 in revenues and other financing sources and \$20,402,289 in expenditures and other financing uses. The general fund's fund balance decreased from \$8,198,075 to \$7,226,403.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net position for 2018 compared to 2017:

	Governmental Activities		Business-type Activities		Total	
	Restated		Restated		Restated	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$30,985,392	\$32,284,260	\$411,436,898	\$467,096,075	\$442,422,290	\$499,380,335
Capital assets, Net	62,722,162	61,253,188	122,885,706	123,012,328	185,607,868	184,265,516
Total assets	93,707,554	93,537,448	534,322,604	590,108,403	628,030,158	683,645,851
Deferred outflows of resources	9,845,364	9,958,766	4,091,998	7,111,777	13,937,362	17,070,543
Long-term debt outstanding	16,906,044	17,960,316	327,396,960	346,405,668	344,303,004	364,365,984
Net Pension Liability	36,995,765	41,101,098	7,539,210	10,758,418	44,534,975	51,859,516
Net OPEB Liability	32,026,121	26,978,622	5,177,640	4,724,152	37,203,761	31,702,774
Other liabilities	5,316,559	5,347,141	3,494,837	4,045,399	8,811,396	9,392,540
Total liabilities	91,244,489	91,387,177	343,608,647	365,933,637	434,853,136	457,320,814
Deferred inflows of resources	8,790,800	5,300,358	178,183,043	221,832,997	186,973,843	227,133,355
Net position:						
Net investment in capital assets	49,673,604	46,837,859	66,438,543	62,067,035	116,112,147	108,904,894
Restricted	10,031,606	9,467,802	2,372,321	2,351,745	12,403,927	11,819,547
Unrestricted (Deficit)	(56,187,581)	(49,496,982)	(52,187,952)	(54,965,234)	(108,375,533)	(104,462,216)
Total net position	\$3,517,629	\$6,808,679	\$16,622,912	\$9,453,546	\$20,140,541	\$16,262,225

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

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

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows. As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017 from \$33,663,054 to \$6,808,679 for Governmental Activities and from \$14,113,643 to \$9,453,546 for Business-type Activities.

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Changes in Net Position –The following table shows the changes in net position for 2018 compared to 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services and Sales	\$7,119,228	\$7,261,079	\$48,627,239	\$48,154,026	\$55,746,467	\$55,415,105
Operating Grants, Contributions and Interest	6,463,567	4,626,308	2,630,791	1,107,583	9,094,358	5,733,891
Capital Grants and Contributions	412,042	1,455,314	310,000	633,684	722,042	2,088,998
Total Program Revenues	<u>13,994,837</u>	<u>13,342,701</u>	<u>51,568,030</u>	<u>49,895,293</u>	<u>65,562,867</u>	<u>63,237,994</u>
General Revenues:						
Property Taxes	4,291,990	4,737,193	0	0	4,291,990	4,737,193
Income Taxes	19,526,066	19,528,225	0	0	19,526,066	19,528,225
Other Local Taxes	478,311	683,298	0	0	478,311	683,298
Intergovernmental Revenues not Restricted to Specific Programs	1,520,356	1,260,634	0	0	1,520,356	1,260,634
Investment Earnings	559,647	431,605	0	0	559,647	431,605
Miscellaneous	640,433	724,771	0	0	640,433	724,771
Total General Revenues	<u>27,016,803</u>	<u>27,365,726</u>	<u>0</u>	<u>0</u>	<u>27,016,803</u>	<u>27,365,726</u>
Total Revenues	<u>41,011,640</u>	<u>40,708,427</u>	<u>51,568,030</u>	<u>49,895,293</u>	<u>92,579,670</u>	<u>90,603,720</u>
Program Expenses						
Security of Persons and Property	22,136,304	19,504,799	0	0	22,136,304	19,504,799
Public Health and Welfare Services	893,040	903,382	0	0	893,040	903,382
Leisure Time Activities	2,532,518	2,490,616	0	0	2,532,518	2,490,616
Community Environment	840,623	821,972	0	0	840,623	821,972
Transportation	7,252,943	6,897,020	0	0	7,252,943	6,897,020
General Government	10,154,186	10,430,660	0	0	10,154,186	10,430,660
Interest and Fiscal Charges	493,076	482,033	0	0	493,076	482,033
Gas	0	0	12,324,393	13,411,673	12,324,393	13,411,673
Water	0	0	8,152,728	8,455,739	8,152,728	8,455,739
Water Pollution	0	0	10,539,850	9,597,039	10,539,850	9,597,039
Sanitation	0	0	4,961,644	3,871,760	4,961,644	3,871,760
Storm Water	0	0	2,613,555	2,561,602	2,613,555	2,561,602
Port Authority	0	0	5,806,494	6,168,445	5,806,494	6,168,445
Total Expenses	<u>44,302,690</u>	<u>41,530,482</u>	<u>44,398,664</u>	<u>44,066,258</u>	<u>88,701,354</u>	<u>85,596,740</u>
Total Change in Net Position	(3,291,050)	(822,055)	7,169,366	5,829,035	3,878,316	5,006,980
Beginning Net Position, Restated	<u>6,808,679</u>	<u>N/A</u>	<u>9,453,546</u>	<u>N/A</u>	<u>16,262,225</u>	<u>N/A</u>
Ending Net Position	<u>\$3,517,629</u>	<u>\$6,808,679</u>	<u>\$16,622,912</u>	<u>\$9,453,546</u>	<u>\$20,140,541</u>	<u>\$16,262,225</u>

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The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$124,247 for Governmental Activities and \$64,055 for Business-type Activities computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$2,682,163 for Governmental Activities and \$522,223 for Business-type Activities.

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-type Activities
Total 2018 program expenses under GASB 75	\$44,302,690	\$44,398,664
OPEB expense under GASB 75	(2,682,163)	(522,223)
2018 contractually required contribution	51,119	0
Adjusted 2018 program expenses	41,671,646	43,876,441
Total 2017 program expenses under GASB 45	41,530,482	44,066,258
Change in program expenses not related to OPEB	\$141,164	(\$189,817)

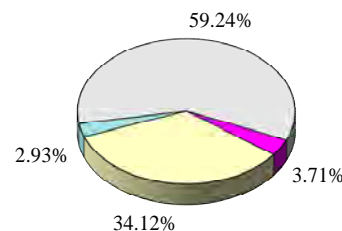
Governmental Activities

Net position of the City's governmental activities decreased by \$3,291,050. This decrease is due to the current year activity of recognizing OPEB expense.

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

Income taxes and property taxes made up 47.6% and 10.5% respectively of revenues for governmental activities for the City in 2018. The City's reliance upon tax revenues is demonstrated by the following graph indicating 59.24% of total revenues from general tax revenues:

Revenue Sources	2018	Percent of Total
General Tax Revenues	\$24,296,367	59.24%
Unrestricted Intergovernmental	1,520,356	3.71%
Program Revenues	13,994,837	34.12%
General Other	1,200,080	2.93%
Total Revenue	\$41,011,640	100.00%



Business-Type Activities

Net position of the business type activities increased by \$7,169,366. Several factors increased the net position of the utility funds. These business type funds received higher revenues for charges for services, in 2018 over 2017 as well as having only a small increase in their 2018 expenses over 2017. In addition there were gains on the commodity swaps used by the Port Authority.

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FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$15,458,068, which is a decrease from last year's balance of \$15,578,933. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2018 and 2017:

	Fund Balance December 31, 2018	Fund Balance December 31, 2017	Increase (Decrease)
General	\$7,226,403	\$8,198,075	(\$971,672)
.45 Police and Fire Levy	717,029	329,818	387,211
Other Governmental	7,514,636	7,051,040	463,596
Total	<u>\$15,458,068</u>	<u>\$15,578,933</u>	<u>(\$120,865)</u>

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:

	2018 Revenues	2017 Revenues	Increase (Decrease)
Taxes	\$13,519,877	\$13,548,396	(\$28,519)
Intergovernmental Revenue	1,245,254	929,253	316,001
Charges for Services	3,044,267	2,964,333	79,934
Licenses, Permits, and Fees	20,367	18,905	1,462
Investment Earnings	537,677	411,786	125,891
Fines and Forfeitures	795,281	766,204	29,077
All Other Revenue	266,439	247,743	18,696
Total	<u>\$19,429,162</u>	<u>\$18,886,620</u>	<u>\$542,542</u>

General Fund revenues in 2018 increased approximately 2.9% compared to revenues in 2017. The increase was mainly due to the increase in Intergovernmental Revenue, which is a result of an increase in Local Government money. There was also an increase in Investment Earnings due to a steady rise in interest rates.

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	2018	2017	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$257,243	\$239,253	\$17,990
Public Health and Welfare Services	301,687	302,688	(1,001)
Community Environment	97,246	113,105	(15,859)
General Government	6,958,779	7,103,344	(144,565)
Debt Service:			
Principal Retirement	37,689	69,016	(31,327)
Interest and Fiscal Charges	5,021	6,168	(1,147)
Total	<u>\$7,657,665</u>	<u>\$7,833,574</u>	<u>(\$175,909)</u>

General Fund expenditures decreased by \$175,909 or 2.2% compared to the prior year. General Government decreased due to a one time large Income Tax refund that happened in 2017 which was slightly offset by a 2% salary increase and a 5% increase in employer health insurance in 2018.

.45 Police and Fire Levy Fund – The increase in fund balance is the result of the General Fund needing to transfer cash over to the .45 Police and Fire Levy Fund to support its expense budget even though they didn't spend the entire budget.

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 2018, the City amended its General Fund budget several times. The final budget basis expenditures and other financing uses of \$23,492,953, increased \$1,465,188 from the original budget. The increase was due to an increase in General Government for intrafund reimbursements within the General fund not budgeted in the original budget. The positive variance with the final budget of \$1.6 million was partly the result of the offsetting of intrafund reimbursement in the General Government function and for contract labor expenditures that did not occur.

For the General Fund, final budget basis revenue and other financing sources of \$21,019,318 increased from the original budget estimates by \$1,121,623 mostly for miscellaneous revenue receipts. Actual budgetary revenue was \$1.1 million less than final budgetary amounts due to significantly less miscellaneous revenue receipts compared to those anticipated in the budgetary estimates.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018 the City had \$185,607,868 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$62,722,162 was related to governmental activities and \$122,885,706 to the business-type activities. The following table shows 2018 and 2017 balances:

	Governmental Activities		Increase (Decrease)
	2018	2017	
Land	\$18,387,081	\$18,387,081	\$0
Construction In Progress	132,101	54,201	77,900
Buildings	18,053,846	18,053,846	0
Improvements Other than Buildings	7,643,369	7,651,486	(8,117)
Machinery and Equipment	6,489,289	6,521,226	(31,937)
Vehicles	8,678,466	8,243,335	435,131
Infrastructure	38,807,324	35,948,250	2,859,074
Less: Accumulated Depreciation	(35,469,314)	(33,606,237)	(1,863,077)
Totals	<u>\$62,722,162</u>	<u>\$61,253,188</u>	<u>\$1,468,974</u>

The primary increases occurred as a result of major street improvements. The City also purchased a new fire truck in 2018.

	Business-Type Activities		Increase (Decrease)
	2018	2017	
Land	\$3,768,577	\$3,688,125	\$80,452
Construction in Progress	590,137	1,046,176	(456,039)
Buildings	83,560,194	83,560,194	0
Improvements	34,822,388	34,785,186	37,202
Machinery and Equipment	10,998,955	10,908,912	90,043
Vehicles	7,163,788	5,725,608	1,438,180
Infrastructure	103,395,869	99,399,730	3,996,139
Less: Accumulated Depreciation	(121,414,202)	(116,101,603)	(5,312,599)
Totals	<u>\$122,885,706</u>	<u>\$123,012,328</u>	<u>(\$126,622)</u>

Business type capital assets decreased by \$126,622. The additions to infrastructure include completed water pollution, and storm water projects and the construction of gas lines. Vehicles increased as a result of purchasing several Sanitation Department trucks. Additional information on the City's capital assets can be found in Note 10.

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Debt

At December 31, 2018, the City had \$10,035,067 in general obligation bonds outstanding, \$645,000 due within one year; \$290,378,793 in revenue bonds outstanding, \$16,280,000 due within one year; and \$33,579,897 in Ohio Water Development Authority Loans outstanding, \$3,259,875 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2018 and 2017:

	2018	Restated 2017
Governmental Activities:		
General Obligation Bond Payable	\$10,035,067	\$10,688,126
Special Assessment Bond		
with Government Commitment	80,500	99,050
Ohio Public Works Commission Loan	144,514	192,686
Ohio Water Development Authority Loans	278,254	296,041
Installment Loan Payable	324,391	438,492
Net Pension Liability	36,995,765	41,101,098
Net OPEB Liability	32,026,121	26,978,622
Compensated Absences	5,094,108	4,948,120
Capital Leases	826,767	1,175,358
Pollution Remediation Obligation	122,443	122,443
Total Governmental Activities	<u>\$85,927,930</u>	<u>\$86,040,036</u>
Business-Type Activities:		
Ohio Water Development Authority Loans	\$33,301,643	\$36,000,351
Revenue Bonds Payable	290,378,793	306,054,973
Installment Loan Payable	0	700,000
Ohio Public Works Commission Loan	152,634	0
Net Pension Liability	7,539,210	10,758,418
Net OPEB Liability	5,177,640	4,724,152
Landfill Postclosure Care Liability	928,458	955,391
Capital Leases	290,368	360,429
Compensated Absences	2,345,064	2,334,524
Total Business-Type Activities	<u>\$340,113,810</u>	<u>\$361,888,238</u>
Totals	<u><u>\$426,041,740</u></u>	<u><u>\$447,928,274</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, 2018, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

ECONOMIC FACTORS

Lancaster is home to a diversified community of businesses. The more than 150 manufacturing operations in the area are supported by an equal number of service operations that provide a comprehensive network of support. Industrial activity continues to grow at a steady pace. The Lancaster City Schools are working on construction for two new junior high schools in 2017 with an estimated completion date in 2020. The Lancaster City Taxpayers voted for a 3.7 mill levy in May 2019 to construct a new high school which is anticipated to be open in 2024. Fairfield Medical Center has started constructions on an \$18 million dollar outpatient facility on the north end of Lancaster. The completion date is estimated to be in 2019. Two new manufacturing plants opened for production in 2018 which were Complete Filter Media with 125 employees within three years and Midwest Coatings with 75 employees within three years. An existing manufacturer Blue Label Digital expanded in 2018 by adding a plant addition and 30 new employees. In the beginning of 2019 Magna International released that they will open a Lancaster plant at the Rockmill Industrial Park which is estimated to begin production by December 2019. This will bring an estimated 330 jobs into the City of Lancaster. Lancaster and Fairfield County have experienced a significant drop in unemployment numbers during the past year.

REQUESTS FOR INFORMATION

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



CITY OF LANCASTER, OHIO

**Statement of Net Position
December 31, 2018**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 7,301,376	\$ 5,328,025	\$ 12,629,401
Cash and Cash Equivalents with Fiscal Agent	1,365,731	0	1,365,731
Investments	8,209,261	35,757,989	43,967,250
Receivables:			
Taxes	8,732,331	0	8,732,331
Accounts	332,012	5,188,051	5,520,063
Intergovernmental	2,983,906	18,000	3,001,906
Interest	106,563	81,549	188,112
Special Assessments	102,092	0	102,092
Loans	1,531,109	0	1,531,109
Internal Balances	(202,310)	202,310	0
Inventory of Supplies	446,095	4,337,904	4,783,999
Prepaid Items	72,499	63,787	136,286
Prepaid Gas Supply - Current	0	11,892,134	11,892,134
Prepaid Gas Supply	0	162,800,314	162,800,314
Land Held for Resale	0	140,400	140,400
Fair Value of Derivative Instruments	0	175,955,659	175,955,659
Restricted Assets:			
Cash and Cash Equivalents	0	9,133,351	9,133,351
Cash and Cash Equivalents with Fiscal Agent	4,727	0	4,727
Investments	0	537,425	537,425
Capital Assets Not Being Depreciated	18,519,182	4,358,714	22,877,896
Capital Assets Being Depreciated, Net	44,202,980	118,526,992	162,729,972
Total Assets	93,707,554	534,322,604	628,030,158
Deferred Outflows of Resources:			
Deferred Loss on Early Retirement of Debt	80,935	1,765,977	1,846,912
Pension	6,462,935	1,945,001	8,407,936
OPEB	3,301,494	381,020	3,682,514
Total Deferred Outflows of Resources	9,845,364	4,091,998	13,937,362
Liabilities:			
Accounts Payable	666,392	1,504,413	2,170,805
Accrued Wages and Benefits	750,085	275,639	1,025,724
Intergovernmental Payable	0	13,598	13,598
Claims Payable	1,048,151	0	1,048,151
Retainage Payable	0	79,183	79,183
Due to Others, Payable from Restricted Assets	0	174,047	174,047
Accrued Interest Payable	34,050	1,066,957	1,101,007
General Obligation Notes Payable	2,817,881	381,000	3,198,881
Long Term Liabilities:			
Due within one year	1,878,241	19,884,051	21,762,292
Due in More than One Year:			
Net Pension Liability	36,995,765	7,539,210	44,534,975
Net OPEB Liability	32,026,121	5,177,640	37,203,761
Other Amounts Due in More than One Year	15,027,803	307,512,909	322,540,712
Total Liabilities	91,244,489	343,608,647	434,853,136

CITY OF LANCASTER, OHIO

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Taxes	4,251,128	0	4,251,128
Pension	3,778,880	1,841,684	5,620,564
OPEB	760,792	385,700	1,146,492
Deferred Inflow from Derivative Instruments	0	175,955,659	175,955,659
Total Deferred Inflows of Resources	8,790,800	178,183,043	186,973,843
Net Position:			
Net Investment in Capital Assets	49,673,604	66,438,543	116,112,147
Restricted For:			
Streets and Highways	3,210,172	0	3,210,172
Community Development	2,597,557	0	2,597,557
Security of Persons and Property	2,456,148	0	2,456,148
Public Health and Welfare	590,052	0	590,052
Debt Service	157,480	2,372,321	2,529,801
Perpetual Care, Nonexpendable	1,020,197	0	1,020,197
Unrestricted (Deficit)	(56,187,581)	(52,187,952)	(108,375,533)
Total Net Position	\$ 3,517,629	\$ 16,622,912	\$ 20,140,541

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Activities
For the Year Ended December 31, 2018**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 22,136,304	\$ 2,221,015	\$ 160,847	\$ 0
Public Health and Welfare Services	893,040	253,543	184	0
Leisure Time Activities	2,532,518	453,724	40,000	0
Community Environment	840,623	76,987	826,685	0
Transportation	7,252,943	1,252,681	4,918,961	412,042
General Government	10,154,186	2,861,278	516,890	0
Interest and Fiscal Charges	493,076	0	0	0
Total Governmental Activities	44,302,690	7,119,228	6,463,567	412,042
Business-Type Activities:				
Gas	12,324,393	14,177,606	0	0
Water	8,152,728	8,791,515	86,434	0
Water Pollution	10,539,850	12,336,673	302,042	0
Sanitation	4,961,644	4,045,384	4,416	0
Storm Water	2,613,555	3,031,541	140,520	300,000
Port Authority	5,806,494	6,244,520	2,097,379	10,000
Total Business-Type Activities	44,398,664	48,627,239	2,630,791	310,000
Totals	\$ 88,701,354	\$ 55,746,467	\$ 9,094,358	\$ 722,042

General Revenues:

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

Change in Net Position

Net Position Beginning of Year, Restated
Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (19,754,442)	\$ 0	\$ (19,754,442)
(639,313)	0	(639,313)
(2,038,794)	0	(2,038,794)
63,049	0	63,049
(669,259)	0	(669,259)
(6,776,018)	0	(6,776,018)
(493,076)	0	(493,076)
<u>(30,307,853)</u>	<u>0</u>	<u>(30,307,853)</u>
0	1,853,213	1,853,213
0	725,221	725,221
0	2,098,865	2,098,865
0	(911,844)	(911,844)
0	858,506	858,506
0	2,545,405	2,545,405
<u>0</u>	<u>7,169,366</u>	<u>7,169,366</u>
<u>(30,307,853)</u>	<u>7,169,366</u>	<u>(23,138,487)</u>
1,798,528	0	1,798,528
2,281,700	0	2,281,700
121,369	0	121,369
90,393	0	90,393
19,526,066	0	19,526,066
478,311	0	478,311
1,520,356	0	1,520,356
559,647	0	559,647
640,433	0	640,433
<u>27,016,803</u>	<u>0</u>	<u>27,016,803</u>
(3,291,050)	7,169,366	3,878,316
<u>6,808,679</u>	<u>9,453,546</u>	<u>16,262,225</u>
<u>\$ 3,517,629</u>	<u>\$ 16,622,912</u>	<u>\$ 20,140,541</u>

CITY OF LANCASTER, OHIO

**Balance Sheet
Governmental Funds
December 31, 2018**

	General	.45 Police and Fire Levy	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 729,598	\$ 681,430	\$ 5,186,976	\$ 6,598,004
Investments	5,259,923	0	2,949,338	8,209,261
Receivables:				
Taxes	4,202,514	1,095,207	3,434,610	8,732,331
Accounts	195,609	1,088	104,664	301,361
Intergovernmental	582,382	5,001	2,396,523	2,983,906
Interest	97,288	0	9,275	106,563
Special Assessments	0	0	102,092	102,092
Loans	0	0	1,531,109	1,531,109
Inventory of Supplies	114,403	0	302,127	416,530
Prepaid Items	30,107	29,735	12,657	72,499
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	4,727	0	0	4,727
Total Assets	\$ 11,216,551	\$ 1,812,461	\$ 16,029,371	\$ 29,058,383
Liabilities:				
Accounts Payable	\$ 172,826	\$ 49,255	\$ 344,258	\$ 566,339
Accrued Wages and Benefits Payable	138,895	444,151	154,294	737,340
Accrued Interest Payable	0	0	799	799
General Obligation Notes Payable	0	0	2,817,881	2,817,881
Advances from Other Funds	0	0	167,600	167,600
Total Liabilities	311,721	493,406	3,484,832	4,289,959
Deferred Inflows of Resources:				
Property Taxes	1,768,000	0	2,483,128	4,251,128
Unavailable Revenue	1,910,427	602,026	2,546,775	5,059,228
Total Deferred Inflows of Resources	3,678,427	602,026	5,029,903	9,310,356
Fund Balances:				
Nonspendable	144,510	29,735	1,334,981	1,509,226
Restricted	0	687,294	6,880,559	7,567,853
Committed	0	0	2,270,690	2,270,690
Assigned	1,463,374	0	0	1,463,374
Unassigned	5,618,519	0	(2,971,594)	2,646,925
Total Fund Balances	7,226,403	717,029	7,514,636	15,458,068
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,216,551	\$ 1,812,461	\$ 16,029,371	\$ 29,058,383

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2018***

Total Governmental Fund Balances		\$ 15,458,068
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		62,130,598
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		5,059,228
Internal Service Funds are used by management to charge the costs of insurance, fuel usage and information services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		806,362
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	6,367,292	
Deferred Inflows - Pension	(3,687,818)	
Net Pension Liability	<u>(36,625,034)</u>	(33,945,560)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - OPEB	3,282,758	
Deferred Inflows - OPEB	(741,826)	
Net OPEB Liability	<u>(31,771,517)</u>	(29,230,585)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Special Assessment Bonds Payable	(80,500)	
Ohio Public Works Commission Loans Payable	(144,514)	
General Obligation Bonds Payable	(10,035,067)	
Less: Deferred Charge on Refunding	80,935	
Ohio Water Development Authority Loan Payable	(278,254)	
Installment Loan	(324,391)	
Pollution Remediation Obligation	(122,443)	
Capital Leases Payable	(826,767)	
Compensated Absences Payable	(4,996,230)	
Accrued Interest Payable	<u>(33,251)</u>	
		<u>(16,760,482)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 3,517,629</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, 2018**

	General	.45 Police and Fire Levy	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 13,519,877	\$ 4,855,952	\$ 6,168,568	\$ 24,544,397
Intergovernmental Revenues	1,245,254	29,097	6,766,429	8,040,780
Charges for Services	3,044,267	781	2,065,933	5,110,981
Licenses, Permits and Fees	20,367	0	1,144	21,511
Investment Earnings	537,677	0	19,802	557,479
Special Assessments	0	0	117,219	117,219
Fines and Forfeitures	795,281	0	1,478,306	2,273,587
All Other Revenue	266,439	4,604	397,224	668,267
Total Revenue	19,429,162	4,890,434	17,014,625	41,334,221
Expenditures:				
Current:				
Security of Persons and Property	257,243	15,931,924	1,927,990	18,117,157
Public Health and Welfare Services	301,687	0	546,472	848,159
Leisure Time Activities	0	0	2,010,682	2,010,682
Community Environment	97,246	0	702,111	799,357
Transportation	0	0	7,247,162	7,247,162
General Government	6,958,779	0	1,545,361	8,504,140
Capital Outlay	0	0	2,287,025	2,287,025
Debt Service:				
Principal Retirement	37,689	0	1,140,074	1,177,763
Interest and Fiscal Charges	5,021	0	483,733	488,754
Total Expenditures	7,657,665	15,931,924	17,890,610	41,480,199
Excess (Deficiency) of Revenues Over Expenditures				
	11,771,497	(11,041,490)	(875,985)	(145,978)
Other Financing Sources (Uses):				
Transfers In	0	11,428,701	2,359,671	13,788,372
Transfers Out	(12,744,624)	0	(1,045,748)	(13,790,372)
Total Other Financing Sources (Uses)	(12,744,624)	11,428,701	1,313,923	(2,000)
Net Change in Fund Balances	(973,127)	387,211	437,938	(147,978)
Fund Balances at Beginning of Year	8,198,075	329,818	7,051,040	15,578,933
Increase in Inventory	1,455	0	25,658	27,113
Fund Balances End of Year	\$ 7,226,403	\$ 717,029	\$ 7,514,636	\$ 15,458,068

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2018***

Net Change in Fund Balances - Total Governmental Funds \$ (147,978)

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

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

Capital Outlay	4,232,938	
Depreciation Expense	<u>(2,615,616)</u>	1,617,322

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

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.	(16,777)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (322,581)

Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 3,282,807

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (5,187,381)

Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities. (2,656,053)

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

Special Assessment Bonds Payable	18,550	
Ohio Public Works Commission Loans Payable	48,172	
General Obligation Bonds Payable	645,000	
Ohio Water Development Authority Loan Payable	17,787	
Installment Loan Payable	114,101	
Capital Leases Payable	<u>348,591</u>	1,192,201

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,108

(Continued)

CITY OF LANCASTER, OHIO

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

Compensated Absences	(134,380)	
Change in Inventory	27,113	
Amortization of Deferred Charge on Refunding	(13,489)	
Amortization of Bond Premium	<u>8,059</u>	(112,697)

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

(941,021)

Change in Net Position of Governmental Activities

\$ (3,291,050)

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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 13,564,167	\$ 13,740,226	\$ 13,456,789	\$ (283,437)
Intergovernmental Revenue	834,012	834,012	1,166,726	332,714
Charges for Services	3,550,424	3,614,183	3,679,468	65,285
Licenses, Permits and Fees	22,700	22,700	20,367	(2,333)
Investment Earnings	342,342	342,342	500,963	158,621
Fines and Forfeitures	708,500	708,500	801,057	92,557
All Other Revenues	851,050	1,732,855	261,345	(1,471,510)
Total Revenues	<u>19,873,195</u>	<u>20,994,818</u>	<u>19,886,715</u>	<u>(1,108,103)</u>
Expenditures:				
Current:				
Security of Persons and Property	348,622	412,381	312,483	99,898
Public Health and Welfare Services	299,936	304,937	303,977	960
Community Environment	162,735	162,734	108,228	54,506
General Government	8,254,367	9,514,852	8,034,799	1,480,053
Debt Service:				
Principal Retirement	37,689	37,689	37,689	0
Interest and Fiscal Charges	20,822	20,822	12,821	8,001
Total Expenditures	<u>9,124,171</u>	<u>10,453,415</u>	<u>8,809,997</u>	<u>1,643,418</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,749,024	10,541,403	11,076,718	535,315
Other Financing Sources (Uses):				
Transfers Out	(12,903,594)	(13,039,538)	(12,744,624)	294,914
Advances In	24,500	24,500	0	(24,500)
Total Other Financing Sources (Uses):	<u>(12,879,094)</u>	<u>(13,015,038)</u>	<u>(12,744,624)</u>	<u>270,414</u>
Net Change in Fund Balance	(2,130,070)	(2,473,635)	(1,667,906)	805,729
Fund Balance at Beginning of Year	7,277,847	7,277,847	7,277,847	0
Prior Year Encumbrances	238,055	238,055	238,055	0
Fund Balance at End of Year	<u>\$ 5,385,832</u>	<u>\$ 5,042,267</u>	<u>\$ 5,847,996</u>	<u>\$ 805,729</u>

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund - .45 Police and Fire Levy Fund
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,824,020	\$ 4,824,020	\$ 4,824,020	\$ 0
Intergovernmental Revenue	0	0	26,747	26,747
Charges for Services	0	0	781	781
All Other Revenues	0	0	3,516	3,516
Total Revenues	<u>4,824,020</u>	<u>4,824,020</u>	<u>4,855,064</u>	<u>31,044</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>16,530,282</u>	<u>16,415,355</u>	<u>16,014,606</u>	<u>400,749</u>
Total Expenditures	<u>16,530,282</u>	<u>16,415,355</u>	<u>16,014,606</u>	<u>400,749</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,706,262)	(11,591,335)	(11,159,542)	431,793
Other Financing Sources (Uses):				
Transfers In	<u>11,574,671</u>	<u>11,710,615</u>	<u>11,428,701</u>	<u>(281,914)</u>
Total Other Financing Sources (Uses):	<u>11,574,671</u>	<u>11,710,615</u>	<u>11,428,701</u>	<u>(281,914)</u>
Net Change in Fund Balance	(131,591)	119,280	269,159	149,879
Fund Balance at Beginning of Year	182,600	182,600	182,600	0
Prior Year Encumbrances	<u>131,593</u>	<u>131,593</u>	<u>131,593</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 182,602</u>	<u>\$ 433,473</u>	<u>\$ 583,352</u>	<u>\$ 149,879</u>

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2018**

	Business-Type Activities - Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Assets:				
Current assets:				
Cash and Cash Equivalents	\$ 1,057,774	\$ 697,295	\$ 2,082,332	\$ 87,688
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Investments	9,770,353	5,889,360	17,106,184	723,098
Accounts receivable	2,268,230	884,878	1,299,542	422,046
Intergovernmental receivable	0	0	0	0
Interest receivable	0	17,724	57,427	6,398
Due from Other Funds	0	0	0	0
Inventory	3,292,479	897,882	100,987	22,797
Prepaid Items	26,857	14,454	20,021	2,063
Prepaid Gas Supply - current	0	0	0	0
Total current assets	<u>16,415,693</u>	<u>8,401,593</u>	<u>20,666,493</u>	<u>1,264,090</u>
Noncurrent assets:				
Restricted Assets:				
Cash and Cash Equivalents	127,047	590,854	1,828,467	0
Investments	0	0	0	537,425
Total restricted assets	<u>127,047</u>	<u>590,854</u>	<u>1,828,467</u>	<u>537,425</u>
Prepaid Gas Supply	0	0	0	0
Land Held for Resale	0	0	0	0
Fair Value of Derivative Instruments	0	0	0	0
Advance to Other Funds	0	0	0	167,600
Capital assets:				
Capital Assets Not Being Depreciated	293,273	690,186	2,628,026	265,622
Capital Assets Being Depreciated	13,207,606	23,775,722	55,647,395	2,212,922
Total capital assets (net of accumulated depreciation)	<u>13,500,879</u>	<u>24,465,908</u>	<u>58,275,421</u>	<u>2,478,544</u>
Total noncurrent assets	<u>13,627,926</u>	<u>25,056,762</u>	<u>60,103,888</u>	<u>3,183,569</u>
Total Assets	<u>30,043,619</u>	<u>33,458,355</u>	<u>80,770,381</u>	<u>4,447,659</u>
Deferred Outflows of Resources:				
Deferred Loss on Early Retirement of Debt	0	366,978	1,398,999	0
Pension	421,799	550,052	360,410	300,189
OPEB	82,630	107,754	70,603	58,805
Total Deferred Outflows of Resources	<u>504,429</u>	<u>1,024,784</u>	<u>1,830,012</u>	<u>358,994</u>

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Total	Internal Service Funds
\$ 275,154	\$ 648,400	\$ 4,848,643	\$ 1,182,754
0	0	0	1,365,731
2,268,994	0	35,757,989	0
313,355	0	5,188,051	30,651
18,000	0	18,000	0
0	0	81,549	0
0	788,728	788,728	0
0	0	4,314,145	53,324
0	0	63,395	392
0	11,892,134	11,892,134	0
<u>2,875,503</u>	<u>13,329,262</u>	<u>62,952,634</u>	<u>2,632,852</u>
79,183	6,507,800	9,133,351	0
0	0	537,425	0
<u>79,183</u>	<u>6,507,800</u>	<u>9,670,776</u>	<u>0</u>
0	162,800,314	162,800,314	0
0	140,400	140,400	0
0	175,955,659	175,955,659	0
0	0	167,600	0
339,611	141,996	4,358,714	0
<u>20,796,251</u>	<u>2,786,803</u>	<u>118,426,699</u>	<u>691,857</u>
<u>21,135,862</u>	<u>2,928,799</u>	<u>122,785,413</u>	<u>691,857</u>
<u>21,215,045</u>	<u>348,332,972</u>	<u>471,520,162</u>	<u>691,857</u>
<u>24,090,548</u>	<u>361,662,234</u>	<u>534,472,796</u>	<u>3,324,709</u>
0	0	1,765,977	0
84,610	0	1,717,060	323,584
<u>16,575</u>	<u>0</u>	<u>336,367</u>	<u>63,389</u>
<u>101,185</u>	<u>0</u>	<u>3,819,404</u>	<u>386,973</u>

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2018**

	Business-Type Activities - Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Liabilities:				
Current liabilities:				
Accounts Payable	507,474	165,472	495,557	88,498
Accrued Wages and Benefits	60,546	79,747	51,537	41,733
Intergovernmental Payable	0	0	0	11,798
Claims Payable	0	0	0	0
Retainage Payable	0	0	0	0
Due to Others, Payable from Restricted Assets	127,047	23,500	23,500	0
Due to Other Funds	788,728	0	0	0
Accrued Interest Payable	0	131,428	429,035	0
General Obligation Notes Payable	0	0	0	0
Capital Leases Payable - Current	0	0	0	0
Revenue Bond Payable - Current	0	340,000	950,000	0
OWDA Loans Payable - Current	0	1,649,163	1,558,492	0
Landfill Postclosure Care Liability - Current	0	0	0	78,600
Compensated Absences Payable - Current	41,523	73,646	44,137	26,252
Total Current Liabilities	1,525,318	2,462,956	3,552,258	246,881
Noncurrent Liabilities:				
Capital Leases Payable	0	0	0	0
Revenue Bonds Payable	0	4,375,409	18,422,086	0
OWDA Loans Payable	0	6,180,668	23,236,331	0
OPWC Loans Payable	0	0	0	0
Landfill Postclosure Care Liability	0	0	0	849,858
Compensated Absences Payable	472,632	559,596	462,623	298,901
Net Pension Liability	1,634,978	2,132,113	1,397,018	1,163,589
Net OPEB Liability	1,122,840	1,464,254	959,418	799,108
Total noncurrent liabilities	3,230,450	14,712,040	44,477,476	3,111,456
Total Liabilities	4,755,768	17,174,996	48,029,734	3,358,337
Deferred Inflows of Resources:				
Pension	398,914	521,727	341,639	283,579
OPEB	83,644	109,077	71,470	59,528
Deferred Inflow from Derivative Instruments	0	0	0	0
Total Deferred Inflow of Resources	482,558	630,804	413,109	343,107
Net Position:				
Net Investment in Capital Assets	13,500,879	12,287,646	15,507,511	2,478,544
Restricted for Debt Service	0	567,354	1,804,967	0
Unrestricted	11,808,843	3,822,339	16,845,072	(1,373,335)
Total Net Position	\$ 25,309,722	\$ 16,677,339	\$ 34,157,550	\$ 1,105,209

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

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

<u>Storm Water</u>	<u>Port Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
227,106	0	1,484,107	120,359
11,612	0	245,175	43,209
1,800	0	13,598	0
0	0	0	1,048,151
79,183	0	79,183	0
0	0	174,047	0
0	0	788,728	0
5,186	501,308	1,066,957	0
381,000	0	381,000	0
65,271	0	65,271	3,029
0	14,990,000	16,280,000	0
33,850	0	3,241,505	0
0	0	78,600	0
12,448	0	198,006	24,097
<u>817,456</u>	<u>15,491,308</u>	<u>24,096,177</u>	<u>1,238,845</u>
217,661	0	217,661	4,407
0	251,301,298	274,098,793	0
643,139	0	30,060,138	0
152,634	0	152,634	0
0	0	849,858	0
85,999	0	1,879,751	341,088
327,968	0	6,655,666	1,254,275
225,236	0	4,570,856	861,388
<u>1,652,637</u>	<u>251,301,298</u>	<u>318,485,357</u>	<u>2,461,158</u>
<u>2,470,093</u>	<u>266,792,606</u>	<u>342,581,534</u>	<u>3,700,003</u>
80,104	0	1,625,963	306,783
16,779	0	340,498	64,168
0	175,955,659	175,955,659	0
<u>96,883</u>	<u>175,955,659</u>	<u>177,922,120</u>	<u>370,951</u>
19,642,307	2,928,799	66,345,686	684,421
0	0	2,372,321	0
1,982,450	(84,014,830)	(50,929,461)	(1,043,693)
<u>\$ 21,624,757</u>	<u>\$ (81,086,031)</u>	<u>\$ 17,788,546</u>	<u>\$ (359,272)</u>

(1,165,634)
\$ 16,622,912

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018**

	Business-Type Activities - Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Operating Revenues:				
Charges for Services	\$ 13,710,941	\$ 8,753,348	\$ 12,300,651	\$ 3,989,068
Other Operating Revenues	466,665	38,167	36,022	56,316
Total Operating Revenues	14,177,606	8,791,515	12,336,673	4,045,384
Operating Expenses:				
Personal Services	2,262,602	3,276,423	2,101,508	1,793,941
Contractual Services	1,093,314	1,126,906	3,051,707	1,438,213
Cost of Gas Sold	7,304,588	0	0	0
Materials and Supplies	615,550	1,543,064	1,186,902	1,335,439
Depreciation	891,362	1,559,157	2,631,858	294,339
Health Insurance Claims	0	0	0	0
Total Operating Expenses	12,167,416	7,505,550	8,971,975	4,861,932
Operating Income (Loss)	2,010,190	1,285,965	3,364,698	(816,548)
Non-Operating Revenue (Expenses):				
Interest Income	0	86,434	302,042	4,416
Interest and Fiscal Charges	0	(447,174)	(1,443,679)	(2,128)
Gain on Derivative Instrument	0	0	0	0
Loss on Disposal of Capital Assets	0	0	0	0
Intergovernmental Grants	0	0	0	0
Other Nonoperating Revenue	0	0	0	0
Total Non-Operating Revenues (Expenses)	0	(360,740)	(1,141,637)	2,288
Income (Loss) Before Contributions and Transfers	2,010,190	925,225	2,223,061	(814,260)
Capital Contributions	0	0	0	0
Transfers In	0	0	0	0
Change in Net Position	2,010,190	925,225	2,223,061	(814,260)
Net Position Beginning of Year, Restated	23,299,532	15,752,114	31,934,489	1,919,469
Net Position End of Year	\$ 25,309,722	\$ 16,677,339	\$ 34,157,550	\$ 1,105,209

Change in Net Position of Enterprise Funds

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

Change in Net Position of Business Type Activities

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Total	Internal Service Funds
\$ 3,026,951	\$ 6,235,389	\$ 48,016,348	\$ 10,383,096
4,590	7,068	608,828	60,527
<u>3,031,541</u>	<u>6,242,457</u>	<u>48,625,176</u>	<u>10,443,623</u>
480,371	0	9,914,845	1,896,983
1,745,929	246,515	8,702,584	484,183
0	0	7,304,588	0
10,098	0	4,691,053	1,071,470
310,362	74,150	5,761,228	155,264
0	0	0	8,385,509
<u>2,546,760</u>	<u>320,665</u>	<u>36,374,298</u>	<u>11,993,409</u>
484,781	5,921,792	12,250,878	(1,549,786)
0	49,184	442,076	0
(20,574)	(5,485,829)	(7,399,384)	0
0	2,048,195	2,048,195	0
0	0	0	(18,217)
140,520	0	140,520	0
0	2,063	2,063	0
<u>119,946</u>	<u>(3,386,387)</u>	<u>(4,766,530)</u>	<u>(18,217)</u>
604,727	2,535,405	7,484,348	(1,568,003)
300,000	10,000	310,000	0
0	0	0	2,000
904,727	2,545,405	7,794,348	(1,566,003)
<u>20,720,030</u>	<u>(83,631,436)</u>	<u>9,994,198</u>	<u>1,206,731</u>
<u>\$ 21,624,757</u>	<u>\$ (81,086,031)</u>	<u>\$ 17,788,546</u>	<u>\$ (359,272)</u>
		\$ 7,794,348	
		(624,982)	
		<u>\$ 7,169,366</u>	

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
Cash Flows from Operating Activities:				
Cash Received from Customers	\$14,268,794	\$9,022,989	\$12,583,829	\$4,017,822
Cash Received from Swap Providers	0	0	0	0
Cash Received from Interfund Services	0	0	0	0
Cash Payments for Goods and Services	(9,170,645)	(2,199,065)	(3,842,894)	(2,433,712)
Cash Payments to and on behalf of Employees	(1,488,994)	(2,500,112)	(1,542,281)	(1,328,187)
Cash Payments for Claims	0	0	0	0
Cash Payments for Interfund Services	(959,405)	(1,108,371)	(716,531)	(592,639)
Customer Deposits Received	145,398	26,889	26,889	0
Customer Deposits Returned	(139,174)	(25,738)	(25,738)	0
Net Cash Provided (Used) by Operating Activities	2,655,974	3,216,592	6,483,274	(336,716)
Cash Flows from Noncapital Financing Activities:				
Intergovernmental Grants Received	0	0	0	0
Receipt of Interfund Advance Repayment	0	0	0	9,700
Principal Paid on Revenue Bond Payable	0	0	0	0
Principal Paid on Ohio Water Development Authority Loans	0	0	0	(280,928)
Interest Paid on Debt	0	0	0	(6,342)
Transfers In from Other Funds	0	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	0	(277,570)
Cash Flows from Capital and Related Financing Activities:				
Intergovernmental Grants Received	0	0	0	0
Proceeds from Ohio Water Development Authority Loan	0	0	0	0
Proceeds from Ohio Public Works Commission Loan	0	0	0	0
Proceeds from General Obligation Notes	0	0	0	0
Acquisition and Construction of Assets	(1,704,986)	(131,692)	(1,182,066)	(771,373)
Principal Paid on General Obligation Notes	0	0	0	0
Capital Lease Payments	0	0	0	0
Principal Paid on Revenue Bonds Payable	0	(330,000)	(920,000)	0
Principal Paid on Ohio Water Development Authority Loans	0	(1,586,017)	(1,508,752)	0
Principal Paid on Loan Payable	0	0	0	0
Interest Paid on All Debt	0	(458,251)	(1,495,484)	0
Net Cash Used by Capital and Related Financing Activities	(1,704,986)	(2,505,960)	(5,106,302)	(771,373)
Cash Flows from Investing Activities:				
Cash Received from Swap Providers	0	0	0	0
Sale of Investments	0	0	0	1,228,647
Purchase of Investments	(879,942)	(722,115)	(1,517,416)	0
Receipt of Investment Earnings	0	82,719	287,178	168
Net Cash Provided (Used) for Investing Activities	(879,942)	(639,396)	(1,230,238)	1,228,815
Net Increase (Decrease) in Cash and Cash Equivalents	71,046	71,236	146,734	(156,844)
Cash and Cash Equivalents at Beginning of Year	1,113,775	1,216,913	3,764,065	244,532
Cash and Cash Equivalents at End of Year	\$1,184,821	\$1,288,149	\$3,910,799	\$87,688
Reconciliation of Cash and				
Cash Equivalents per the Statement of Net Position:				
Cash and Cash Equivalents	\$1,057,774	\$697,295	\$2,082,332	\$87,688
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Restricted Cash and Cash Equivalents	127,047	590,854	1,828,467	0
Cash and Cash Equivalents at End of Year	\$1,184,821	\$1,288,149	\$3,910,799	\$87,688

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Totals	Internal Service Funds
\$3,037,775	\$5,963,985	\$48,895,194	\$0
0	12,249,056	12,249,056	0
0	0	0	10,435,884
(1,486,204)	(246,515)	(19,379,035)	(1,474,996)
(359,113)	0	(7,218,687)	(1,433,182)
0	0	0	(8,099,201)
(325,564)	0	(3,702,510)	(354,888)
0	0	199,176	0
0	0	(190,650)	0
866,894	17,966,526	30,852,544	(926,383)
162,000	0	162,000	0
0	0	9,700	0
0	(14,585,000)	(14,585,000)	0
0	0	(280,928)	0
0	(5,428,639)	(5,434,981)	0
0	0	0	2,000
162,000	(20,013,639)	(20,129,209)	2,000
300,000	0	300,000	0
676,989	0	676,989	0
152,634	0	152,634	0
381,000	0	381,000	0
(1,492,265)	(2,994)	(5,285,376)	(57,933)
(581,000)	0	(581,000)	0
(63,144)	0	(63,144)	(6,917)
0	0	(1,250,000)	0
0	0	(3,094,769)	0
0	(700,000)	(700,000)	0
(21,978)	(16,304)	(1,992,017)	0
(647,764)	(719,298)	(11,455,683)	(64,850)
0	2,414,021	2,414,021	0
0	0	1,228,647	0
(346,787)	0	(3,466,260)	0
0	49,184	419,249	0
(346,787)	2,463,205	595,657	0
34,343	(303,206)	(136,691)	(989,233)
319,994	7,459,406	14,118,685	3,537,718
\$354,337	\$7,156,200	\$13,981,994	\$2,548,485
\$275,154	\$648,400	\$4,848,643	\$1,182,754
0	0	0	1,365,731
79,183	6,507,800	9,133,351	0
\$354,337	\$7,156,200	\$13,981,994	\$2,548,485

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$2,010,190	\$1,285,965	\$3,364,698	(\$816,548)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	891,362	1,559,157	2,631,858	294,339
Miscellaneous Nonoperating Revenue	0	0	0	0
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
(Increase) Decrease in Accounts Receivable	91,188	231,474	247,156	(27,562)
Increase in Due to Other Funds	0	0	0	0
(Increase) Decrease in Inventory	(1,189,514)	(21,745)	(3,661)	(7,061)
(Increase) Decrease in Prepaid Items	(2,539)	(33)	1,870	317
Decrease in Prepaid Gas Supply	0	0	0	0
Decrease in Deferred Outflows of Resources - Pension	452,724	674,986	430,596	304,264
Increase in Deferred Outflows of Resources - OPEB	(69,151)	(88,872)	(58,411)	(49,489)
Increase (Decrease) in Accounts Payable	205,869	(2,219)	12,605	6,700
Increase in Accrued Wages and Benefits	10,890	6,724	7,132	7,325
Increase in Due to Other Funds	280,535	0	0	0
Increase in Intergovernmental Payable	0	0	0	1,022
Increase in Customer Deposits	6,224	1,151	1,151	0
Decrease in Landfill Postclosure Care Liability	0	0	0	(26,933)
Increase (Decrease) in Compensated Absences	59,814	(88,800)	41,254	(4,879)
Decrease in Net Pension Liability	(628,912)	(1,039,162)	(650,671)	(401,167)
Increase in Net OPEB Liability	98,345	128,248	84,031	69,990
Increase in Deferred Inflows of Resources - Pension	355,305	460,641	302,196	253,438
Increase in Deferred Inflows of Resources - OPEB	83,644	109,077	71,470	59,528
Increase in Claims Payable	0	0	0	0
Total Adjustments	645,784	1,930,627	3,118,576	479,832
Net Cash Provided (Used) by Operating Activities	\$2,655,974	\$3,216,592	\$6,483,274	(\$336,716)

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2018, the Water Pollution and Storm Water Funds had outstanding liabilities of \$279,224 and \$208,115 respectively for certain capital assets. During 2018, the Port Authority received capital contributions of \$10,000.

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Storm Water	Port Authority	Totals	Internal Service Funds
\$484,781	\$5,921,792	\$12,250,878	(\$1,549,786)
310,362	74,150	5,761,228	155,264
0	2,063	2,063	0
6,234	0	548,490	(7,739)
0	(280,535)	(280,535)	0
0	0	(1,221,981)	4,790
0	0	(385)	40
0	12,249,056	12,249,056	0
95,448	0	1,958,018	389,505
(13,800)	0	(279,723)	(52,398)
6,666	0	229,621	16,174
1,828	0	33,899	3,468
0	0	280,535	0
0	0	1,022	0
0	0	8,526	0
0	0	(26,933)	0
5,896	0	13,285	8,863
(138,153)	0	(2,858,065)	(591,711)
19,728	0	400,342	75,446
71,125	0	1,442,705	271,225
16,779	0	340,498	64,168
0	0	0	286,308
<u>382,113</u>	<u>12,044,734</u>	<u>18,601,666</u>	<u>623,403</u>
<u>\$866,894</u>	<u>\$17,966,526</u>	<u>\$30,852,544</u>	<u>(\$926,383)</u>

CITY OF LANCASTER, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2018***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 308,534
Due from Other Funds	<u>3,518</u>
Total Assets	<u><u>\$ 312,052</u></u>
Liabilities:	
Due to Other Funds	\$ 3,518
Intergovernmental Payable	3,518
Due to Others	<u>305,016</u>
Total Liabilities	<u><u>\$ 312,052</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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, 2018 and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

The City participates in several Jointly Governed Organizations and an Insurance Pool that are further described in Notes 21 and 22.

B. Basis of Presentation - Fund Accounting

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types are used by the City:

Governmental Funds

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

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

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

Proprietary Funds

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

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

D. Basis of Accounting

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

E. Budgetary Process

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

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

1. **Tax Budget**

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2018.

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 2018, 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, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

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

5. Budgetary Basis of Accounting

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

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

	Net Change in Fund Balance	
	General Fund	.45 Police and Fire Levy Fund
GAAP Basis (as reported)	(\$973,127)	\$387,211
Increase (Decrease):		
Accrued Revenues at December 31, 2018 received during 2019	(1,455,214)	(499,270)
Accrued Revenues at December 31, 2017 received during 2018	1,284,576	463,900
Accrued Expenditures at December 31, 2018 paid during 2019	311,721	493,406
Accrued Expenditures at December 31, 2017 paid during 2018	(439,893)	(472,573)
2017 Prepays for 2018	27,832	24,298
2018 Prepays for 2019	(30,107)	(29,735)
Adjustment to Fair Value	(11,872)	0
Outstanding Encumbrances	(381,822)	(98,078)
Budget Basis	<u>(\$1,667,906)</u>	<u>\$269,159</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

The City pools its cash, except for that held by fiscal 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 5, "Cash, Cash Equivalents and Investments."

G. Investments

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

The City's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes. See Note 5, "Cash, Cash Equivalents and Investments."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Derivative Instruments

The City's derivative financial instruments are accounted for in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instrument* and GASB Statement No. 72, *Fair Value Measurement and Application*. In connection with this Statement, the fair value of the City's derivative financial instruments is recorded on the Statement of Net position, with an offsetting deferred inflow or outflow. At December 31, 2018, the fair value of the City's derivative instruments are offset by a deferred inflow.

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

I. Inventory

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

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Prepaid Gas Supply

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds Payable	General Bond Retirement Fund
Revenue Bonds Payable	Water Fund, Water Pollution Fund, Port Authority Fund
Ohio Water Development Authority Loans	Street, Construction, Maintenance and Repair Fund, Water Fund, Water Pollution Fund Storm Water Fund
Ohio Public Works Commission Loan	General Bond Retirement Fund, Street Levy Fund, Storm Water Fund
Special Assessment Bond Payable	Special Assessment Retirement Fund
Installment Loan	General Fund, .15 Fire Levy Fund, Fire Impact-District One Fund
Capital Leases	General Fund, .45 Police and Fire Levy Fund, Street Construction, Maintenance and Repair Fund, Parks and Recreation Fund, Storm Water Fund, Utilities Collection Fund
Compensated Absences Net Pension Liability Net OPEP Liability	General Fund, .45 Police and Fire Levy Fund, Cemetery Fund, Street Construction, Maintenance and Repair Fund, Parks and Recreation Fund Lancaster Community Development Fund Gas Fund, Water Fund, Water Pollution Fund Sanitation Fund, Storm Water Fund, Utilities Collection Fund, Information Services Fund

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences

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

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

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

O. Net Position

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Pensions/Other Postemployment Benefits (OPEB)

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

Q. Interfund Transactions

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

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

R. Fund Balances

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balances (Continued)

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

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

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

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

S. Restricted Assets

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

T. Operating Revenues and Expenses

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

U. Interfund Balances

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Deferred Outflows/Inflows of Resources

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

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

W. Contributions of Capital

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

X. Estimates

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Y. Fair Value

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” Statement No. 85, “Omnibus 2017,” and Statement No. 86, “Certain Debt Extinguishment Issues.”

GASB Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE (Continued)

The implementation of GASB 75 had the following effect on net position as reported December 31, 2017:

	Governmental Activities	Business-type Activities	Gas Fund	Water Fund
Net position December 31, 2017	\$33,663,054	\$14,113,643	\$24,310,548	\$17,069,238
Adjustments:				
Net OPEB Liability	(26,978,622)	(4,724,152)	(1,024,495)	(1,336,006)
Deferred Outflow - Payments Subsequent to the Measurement Date	124,247	64,055	13,479	18,882
Restated Net Position December 31, 2017	<u>\$6,808,679</u>	<u>\$9,453,546</u>	<u>\$23,299,532</u>	<u>\$15,752,114</u>
	Water Pollution Fund	Sanitation Fund	Storm Water Fund	Internal Service Funds
Net position December 31, 2017	\$32,797,684	\$2,639,271	\$20,922,763	\$1,981,682
Adjustments:				
Net OPEB Liability	(875,387)	(729,118)	(205,508)	(785,942)
Deferred Outflow - Payments Subsequent to the Measurement Date	12,192	9,316	2,775	10,991
Restated Net Position December 31, 2017	<u>\$31,934,489</u>	<u>\$1,919,469</u>	<u>\$20,720,030</u>	<u>\$1,206,731</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	.45 Police and Fire Levy Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$30,107	\$29,735	\$12,657	\$72,499
Supplies Inventory	114,403	0	302,127	416,530
Endowment	0	0	1,020,197	1,020,197
Total Nonspendable	<u>144,510</u>	<u>29,735</u>	<u>1,334,981</u>	<u>1,509,226</u>
Restricted:				
Transportation Projects	0	0	1,949,605	1,949,605
Cemetery	0	0	589,635	589,635
Court Projects	0	0	1,179,313	1,179,313
Public Transportation	0	0	321,964	321,964
911 Services	0	0	150,456	150,456
Police and Fire Operations	0	687,294	906,998	1,594,292
Pension for Public Safety	0	0	6,528	6,528
Community Development	0	0	1,687,421	1,687,421
Debt Retirement	0	0	88,639	88,639
Total Restricted	<u>0</u>	<u>687,294</u>	<u>6,880,559</u>	<u>7,567,853</u>
Committed:				
Parks and Recreation	0	0	758,624	758,624
Capital Improvements	0	0	1,512,066	1,512,066
Total Committed	<u>0</u>	<u>0</u>	<u>2,270,690</u>	<u>2,270,690</u>
Assigned:				
Projected budgetary deficit	1,213,002	0	0	1,213,002
Services and Supplies	250,372	0	0	250,372
Total Assigned	<u>1,463,374</u>	<u>0</u>	<u>0</u>	<u>1,463,374</u>
Unassigned:				
	<u>5,618,519</u>	<u>0</u>	<u>(2,971,594)</u>	<u>2,646,925</u>
Total Fund Balances	<u>\$7,226,403</u>	<u>\$717,029</u>	<u>\$7,514,636</u>	<u>\$15,458,068</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

The fund deficits at December 31, 2018 of \$1,530,795 in the Ety Road TIF Project Fund and \$1,440,799 in the Columbian Construction Fund (capital projects funds) are the result of recording notes payable amounts in the individual fund balance sheets. The accumulated deficit of \$81,086,031 in the Port Authority Fund (enterprise fund) is the result of recording the prepaid gas supply at the present value of the future shipments and the related bonds payable at outstanding par value. At the end of the contract period, the net result will be zero. The accumulated deficit of \$1,200,344 in the Utilities Collection Fund (internal service fund) is the result of the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides transfers, upon City Council's approval when cash is required not when accruals occur.

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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

A. Deposits

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

At year end the carrying amount of the City's deposits was \$25,603,332 and the bank balance was \$25,917,013. Federal depository insurance covered \$1,236,933 of the bank balance and \$24,680,080 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held in the Ohio Pooled Collateral System	<u>\$24,680,080</u>
Total Balance	<u><u>\$24,680,080</u></u>

Investment earnings of \$422,978 earned by other funds was credited to the General Fund as required by state statute.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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

B. Investments

The City's investments at December 31, 2018 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
STAR Ohio	\$58,236	AAAm ¹	\$58,236	\$0	\$0
City of Lancaster Bond Payable	80,500	AAA ¹	25,500	55,000	0
Negotiable CDs ^a	5,077,298	N/A ³	2,971,745	1,462,905	642,648
FNMA ^b	11,881,553	AA+ ¹ , Aaa ²	396,780	11,484,773	0
FHLB ^b	11,795,165	AA+ ¹ , Aaa ²	0	10,266,262	1,528,903
FFCB ^b	5,207,332	AA+ ¹ , Aaa ²	497,840	4,513,608	195,884
FHLMC ^b	8,243,003	AA+ ¹ , Aaa ²	0	5,229,547	3,013,456
Total Investments	<u>\$42,343,087</u>		<u>\$3,950,101</u>	<u>\$33,012,095</u>	<u>\$5,380,891</u>

¹ Standard & Poor's

² Moody's Investor Service

³ All are fully FDIC insured

^a \$882,395 of the negotiable CDs are callable through September 2022.

^b \$1,569,470 of the securities were called in 2019 and \$35,160,803 of the securities are callable through October 2022.

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

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

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

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 0.1% are in STAROhio, 0.2% are in municipal bonds, 12.0% are in negotiable CDs, 28.1% are FNMA, 27.9% are FHLB, 12.3% are FFCB, and 19.4% are FHLMC.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

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

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Financial Statements	\$23,441,744	\$44,504,675
Certificates of Deposit (with maturities of more than 3 months)	2,219,824	(2,219,824)
Investments:		
STAR Ohio	(58,236)	58,236
Per GASB Statements No. 3 and 40	<u>\$25,603,332</u>	<u>\$42,343,087</u>

* Includes Cash with Fiscal Agent

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2018 were levied after October 1, 2017 on assessed values as of January 1, 2017, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2014. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 6 - TAXES (Continued)

A. Property Taxes (Continued)

The full tax rate for the City's operations for the year ended December 31, 2018 was \$6.40 per \$1,000 of assessed value. The assessed value upon which the 2018 property tax receipts were based was \$737,217,750. This amount constitutes \$717,240,540 in real property assessed value and \$19,977,210 in public utility property. Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .64% (6.40 mills) of assessed value.

B. Income Tax

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

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

NOTE 7 - RECEIVABLES

Receivables at December 31, 2018 consisted of taxes, accounts, special assessments, interest, loans and intergovernmental receivables arising from shared revenues. These amounts are shown separately on the face of the financial statements with the exception of property and income taxes receivable in the amount of \$4,473,195 and \$4,259,136 respectively. Delinquents are included in the amounts presented.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 8 – INTERFUND ACCOUNTS

Interfund balances at December 31, 2018 consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Enterprise Funds:		
Gas	\$0	\$788,728
Port Authority	788,728	0
Total Enterprise Funds	<u>788,728</u>	<u>788,728</u>
Agency Funds:		
Municipal Court	0	3,518
Law Library	3,518	0
Total Agency Funds	<u>3,518</u>	<u>3,518</u>
Totals	<u>\$792,246</u>	<u>\$792,246</u>
	<u>Advance to Other Funds</u>	<u>Advance from Other Funds</u>
Nonmajor Governmental Funds	\$0	\$167,600
Enterprise Fund:		
Sanitation Fund	167,600	0
Totals	<u>\$167,600</u>	<u>\$167,600</u>

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

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2018:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$12,744,624
.45 Police and Fire Levy Fund	11,428,701	0
Nonmajor Governmental Funds	2,359,671	1,045,748
Internal Service Funds	2,000	0
Total Transfers	<u>\$13,790,372</u>	<u>\$13,790,372</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, 2018**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2018:

Historical Cost:

Class	December 31, 2017	Additions	Deletions	December 31, 2018
<i>Capital assets not being depreciated:</i>				
Land	\$18,387,081	\$0	\$0	\$18,387,081
Construction in Progress	54,201	132,101	(54,201)	132,101
Subtotal	18,441,282	132,101	(54,201)	18,519,182
<i>Capital assets being depreciated:</i>				
Buildings	18,053,846	0	0	18,053,846
Improvements Other than Buildings	7,651,486	6,975	(15,092)	7,643,369
Machinery and Equipment	6,521,226	196,295	(228,232)	6,489,289
Vehicles	8,243,335	838,821	(403,690)	8,678,466
Infrastructure	35,948,250	3,112,947	(253,873)	38,807,324
Subtotal	76,418,143	4,155,038	(900,887)	79,672,294
Total Cost	\$94,859,425	\$4,287,139	(\$955,088)	\$98,191,476

Accumulated Depreciation:

Class	December 31, 2017	Additions	Deletions	December 31, 2018
Buildings	(\$4,704,063)	(\$400,970)	\$0	(\$5,105,033)
Improvements Other than Buildings	(5,148,818)	(271,397)	12,894	(5,407,321)
Machinery and Equipment	(4,053,685)	(483,310)	209,417	(4,327,578)
Vehicles	(6,100,027)	(719,221)	403,690	(6,415,558)
Infrastructure	(13,599,644)	(868,053)	253,873	(14,213,824)
Total Depreciation	(\$33,606,237)	(\$2,742,951) *	\$879,874	(\$35,469,314)
<i>Net Value:</i>	\$61,253,188			\$62,722,162

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$447,744)
Leisure Time Activities	(250,432)
Community Environment	(1,138)
Public Health & Welfare	(11,976)
Transportation	(1,387,861)
General Government	(516,465)
Internal Service Fund Capital Assets	(127,335)
Total Depreciation Expense	(\$2,742,951)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 10 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2018:

Historical Cost:

Class	December 31, 2017	Additions	Deletions	December 31, 2018
<i>Capital assets not being depreciated:</i>				
Land	\$3,688,125	\$80,452	\$0	\$3,768,577
Construction in Progress	1,046,176	2,134,048	(2,590,087)	590,137
Subtotal	4,734,301	2,214,500	(2,590,087)	4,358,714
<i>Capital assets being depreciated:</i>				
Buildings	83,560,194	0	0	83,560,194
Improvements	34,785,186	76,507	(39,305)	34,822,388
Machinery and Equipment	10,908,912	411,438	(321,395)	10,998,955
Vehicles	5,725,608	1,568,019	(129,839)	7,163,788
Infrastructure	99,399,730	3,996,139	0	103,395,869
Subtotal	234,379,630	6,052,103	(490,539)	239,941,194
Total Cost	\$239,113,931	\$8,266,603	(\$3,080,626)	\$244,299,908

Accumulated Depreciation:

Class	December 31, 2017	Additions	Deletions	December 31, 2018
Buildings	(\$24,505,071)	(\$1,995,935)	\$0	(\$26,501,006)
Improvements	(31,928,157)	(355,654)	39,305	(32,244,506)
Machinery and Equipment	(9,502,476)	(317,693)	307,414	(9,512,755)
Vehicles	(4,269,330)	(520,320)	129,839	(4,659,811)
Infrastructure	(45,896,569)	(2,599,555)	0	(48,496,124)
Total Depreciation	(\$116,101,603)	(\$5,789,157)	\$476,558	(\$121,414,202)
<i>Net Value:</i>	\$123,012,328			\$122,885,706

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, \$591,564 and \$100,293 of internal service funds capital assets, net of depreciation are included in the respective above amounts. Also, \$127,335 and \$27,929 of depreciation expense for the internal service funds are included in the respective above amounts.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	<u>State and Local</u>
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$2,017,966 for 2018. Of this amount, \$162,457 is reported as an intergovernmental payable.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2018 through December 31, 2018	12.25 %	12.25 %
2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2018 through December 31, 2018	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$2,178,981 for 2018. Of this amount, \$149,705 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$16,536,473	\$27,998,502	\$44,534,975
Proportion of the Net Pension Liability-2018	0.105408%	0.456191%	
Proportion of the Net Pension Liability-2017	<u>0.102972%</u>	<u>0.449586%</u>	
Percentage Change	<u>0.002436%</u>	<u>0.006605%</u>	
Pension Expense	\$3,525,468	\$3,238,849	\$6,764,317

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$1,976,219	\$1,220,043	\$3,196,262
Differences between expected and actual experience	16,888	424,896	441,784
Change in proportionate share	255,088	317,855	572,943
City contributions subsequent to the measurement date	<u>2,017,966</u>	<u>2,178,981</u>	<u>4,196,947</u>
Total Deferred Outflows of Resources	<u>\$4,266,161</u>	<u>\$4,141,775</u>	<u>\$8,407,936</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$3,550,161	\$968,533	\$4,518,694
Differences between expected and actual experience	325,881	50,649	376,530
Change in proportionate share	<u>162,015</u>	<u>563,325</u>	<u>725,340</u>
Total Deferred Inflows of Resources	<u>\$4,038,057</u>	<u>\$1,582,507</u>	<u>\$5,620,564</u>

\$4,196,947 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2019	\$1,462,485	\$627,778	\$2,090,263
2020	(230,232)	373,137	142,905
2021	(1,563,302)	(630,030)	(2,193,332)
2022	(1,458,813)	(439,940)	(1,898,753)
2023	0	359,744	359,744
2024	<u>0</u>	<u>89,598</u>	<u>89,598</u>
Total	<u>(\$1,789,862)</u>	<u>\$380,287</u>	<u>(\$1,409,575)</u>

Actuarial Assumptions - OPERS

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$29,364,561	\$16,536,473	\$5,841,711

Changes between Measurement Date and Report Date In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City’s net pension liability is not known.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below:

Valuation Date	January 1, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Increases	3.25 percent
Inflation Assumptions	2.75 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent for increases based on the lesser of the increase in CPI and 3%.

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

	Age	Police	Fire
Healthy Mortality			
	67 or less	77%	68%
	68-77	105%	87%
	78 and up	115%	120%
Disabled Mortality			
	59 or less	35%	35%
	60-69	60%	45%
	70-79	75%	70%
	80 and up	100%	90%

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2017 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected *	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Real Assets	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00 %</u>	

* levered 2x

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$38,813,265	\$27,998,502	\$19,178,073

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2018.

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$51,119 for 2018. Of this amount, \$3,511 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$11,356,618	\$25,847,143	\$37,203,761
Proportion of the Net OPEB Liability-2018	0.104580%	0.456191%	
Proportion of the Net OPEB Liability-2017	<u>0.102590%</u>	<u>0.449586%</u>	
Percentage Change	<u>0.001990%</u>	<u>0.006605%</u>	
OPEB Expense	\$1,144,165	\$2,060,221	\$3,204,386

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$826,883	\$2,522,132	\$3,349,015
Differences between expected and actual experience	8,846	0	8,846
Change in proportionate share	0	273,534	273,534
City contributions subsequent to the measurement date	0	51,119	51,119
Total Deferred Outflows of Resources	<u>\$835,729</u>	<u>\$2,846,785</u>	<u>\$3,682,514</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	\$845,992	\$170,138	\$1,016,130
Differences between expected and actual experience	0	130,362	130,362
Total Deferred Inflows of Resources	<u>\$845,992</u>	<u>\$300,500</u>	<u>\$1,146,492</u>

\$51,119 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2019	\$188,067	\$347,131	\$535,198
2020	188,067	347,131	535,198
2021	(174,899)	347,131	172,232
2022	(211,498)	347,129	135,631
2023	0	389,665	389,665
2024	0	389,665	389,665
2025	0	327,314	327,314
Total	<u>(\$10,263)</u>	<u>\$2,495,166</u>	<u>\$2,484,903</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$15,087,757	\$11,356,618	\$8,338,163

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$10,865,862	\$11,356,618	\$11,863,555

Changes between Measurement Date and Report Date In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net OPEB liability is not known.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalent	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00 %</u>	

Note: Assumptions are geometric.

* levered 2x

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Discount Rate The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$32,309,240	\$25,847,143	\$20,874,843

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$20,078,525	\$25,847,143	\$33,621,287

Changes between Measurement Date and Report Date

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City’s NOL is not known.

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 13 - NOTES PAYABLE

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

	Maturity Date	Balance January 1, 2018	Additions	(Reductions)	Balance December 31, 2018
Capital Projects Notes Payable:					
3.095% Street Improvement 2017	12/31/2018	\$1,068,364	\$0	(\$1,068,364)	\$0
2.776% Street Improvement 2018	12/31/2019	\$0	\$1,051,676	\$0	\$1,051,676
3.095% Island Capital Note 2017	12/31/2018	331,381	0	(331,381)	0
2.776% Island Capital Note 2018	12/31/2019	0	326,205	0	326,205
1.300% Columbian Construction Note 2017	12/22/2018	1,620,000	0	(1,620,000)	0
2.250% Columbian Construction Note 2018	12/21/2019	0	1,440,000	0	1,440,000
Total Capital Projects Notes Payable		<u>\$3,019,745</u>	<u>\$2,817,881</u>	<u>(\$3,019,745)</u>	<u>\$2,817,881</u>
Enterprise Funds Notes Payable:					
1.50% Storm Water Improvement	3/29/2018	\$581,000	\$0	(\$581,000)	\$0
1.80% Storm Water Improvement	3/29/2019	0	381,000	0	381,000
Total Enterprise Notes Payable		<u>\$581,000</u>	<u>\$381,000</u>	<u>(\$581,000)</u>	<u>\$381,000</u>

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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

Long-term debt and other long-term obligations of the City at December 31, 2018 were as follows:

	Restated Balance December 31, 2017	Additions	(Reductions)	Balance December 31, 2018	Due Within One Year
Business-Type Activities:					
Ohio Water Development Authority Loans (OWDA):					
2003 2.00%	\$114,294	\$0	(\$6,605)	\$107,689	\$6,737
2001 4.14%	1,809,963	0	(332,949)	1,477,014	346,876
2001 3.90%	7,491,591	0	(1,246,463)	6,245,128	1,295,550
2009 3.27%	26,303,575	0	(1,508,752)	24,794,823	1,558,492
1997 3.98%	280,928	0	(280,928)	0	0
2018 0.00%	0	676,989	0	676,989	33,850
Total Ohio Water Development Authority Loans	<u>36,000,351</u>	<u>676,989</u>	<u>(3,375,697)</u>	<u>33,301,643</u>	<u>3,241,505</u>
Revenue Bonds Payable:					
2012 2-3.5%	4,830,000	0	(330,000)	4,500,000	340,000
	Premium	0	(19,582)	215,409	0
2012 2-3.5%	3,060,000	0	(205,000)	2,855,000	210,000
2016 3-4%	15,385,000	0	(715,000)	14,670,000	740,000
	Premium	0	(125,297)	1,847,086	0
2014 variable	281,180,000	0	(14,585,000)	266,595,000	14,990,000
	Discount	(607,401)	0	(303,702)	0
Total Revenue Bonds Payable	<u>306,054,973</u>	<u>0</u>	<u>(15,676,180)</u>	<u>290,378,793</u>	<u>16,280,000</u>
2016 3.25%	700,000	0	(700,000)	0	0
Ohio Public Works Commission Loan (OWPC):					
2018 0.00%	0	152,634	0	152,634	0
Net Pension Liability-Ohio Public Employees Retirement System	10,758,418	0	(3,219,208)	7,539,210	0
Net OPEB Liability-Ohio Public Employees Retirement System	4,724,152	453,488	0	5,177,640	0
Landfill Postclosure Care Liability	955,391	0	(26,933)	928,458	78,600
Capital Leases	360,429	0	(70,061)	290,368	68,300
Compensated Absences	2,334,524	577,626	(567,086)	2,345,064	215,646
Total Business-Type Long-Term Debt	<u>\$361,888,238</u>	<u>\$1,860,737</u>	<u>(\$23,635,165)</u>	<u>\$340,113,810</u>	<u>\$19,884,051</u>

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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

	Restated Balance December 31, 2017	Additions	(Reductions)	Balance December 31, 2018	Due Within One Year
Governmental Activities Long-Term Debt:					
2010 2-3.125% General Obligation Bond Payable - Ety Road TIF	\$545,000	\$0	(\$105,000)	\$440,000	\$105,000
2014 2-3% Refunding General Obligation Bond Payable	1,835,000	0	(250,000)	1,585,000	250,000
Premium	22,928	0	(3,821)	19,107	0
2014 2-4% General Obligation Bond Payable-Court Facility	7,425,000	0	(190,000)	7,235,000	190,000
Premium	110,198	0	(4,238)	105,960	0
2014 1-3.45% General Obligation Bond Payable - Land	750,000	0	(100,000)	650,000	100,000
Total General Obligation Bonds Payable	<u>10,688,126</u>	<u>0</u>	<u>(653,059)</u>	<u>10,035,067</u>	<u>645,000</u>
2000 0.00% Ohio Public Works Commission Loan Payable	24,344	0	(6,086)	18,258	6,086
2016 0.00% Ohio Public Works Commission Loan Payable	168,342	0	(42,086)	126,256	42,085
Total Ohio Public Works Commission Loans Payable	<u>192,686</u>	<u>0</u>	<u>(48,172)</u>	<u>144,514</u>	<u>48,171</u>
2001 5.00% Special Assessment Bond Payable with Governmental Commitment	99,050	0	(18,550)	80,500	25,500
2010 3.25% Ohio Water Development Authority Loan	296,041	0	(17,787)	278,254	18,370
Installment Loans Payable:					
2012 3.25% Fire Engine	138,466	0	(68,097)	70,369	70,369
2013 3.30% Fire Aerial Truck Platform	300,026	0	(46,004)	254,022	47,535
Total Installment Loans Payable	<u>438,492</u>	<u>0</u>	<u>(114,101)</u>	<u>324,391</u>	<u>117,904</u>
Net Pension Liability:					
Ohio Public Employees Retirement System	12,624,772	0	(3,627,509)	8,997,263	0
Ohio Police and Fire Pension Fund	28,476,326	0	(477,824)	27,998,502	0
Total Net Pension Liability	<u>41,101,098</u>	<u>0</u>	<u>(4,105,333)</u>	<u>36,995,765</u>	<u>0</u>
Net OPEB Liability:					
Ohio Public Employees Retirement System	5,637,786	541,192	0	6,178,978	0
Ohio Police and Fire Pension Fund	21,340,836	4,506,307	0	25,847,143	0
Total Net Pension Liability	<u>26,978,622</u>	<u>5,047,499</u>	<u>0</u>	<u>32,026,121</u>	<u>0</u>
Compensated Absences	4,948,120	1,753,823	(1,607,835)	5,094,108	541,777
Capital Leases	1,175,358	0	(348,591)	826,767	359,076
Pollution Remediation Obligation	122,443	0	0	122,443	122,443
Total Governmental Activities	<u>\$86,040,036</u>	<u>\$6,801,322</u>	<u>(\$6,913,428)</u>	<u>\$85,927,930</u>	<u>\$1,878,241</u>

Internal service funds serve both governmental and business-type funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental and business-type funds. At year-end, \$97,878 and \$267,307 of internal service funds compensated absences are included in the respective above amounts. Also, \$7,436 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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

A. Gas Supply Revenue Bonds, Series 2014

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

The Port Authority entered into an interest rate swap with Royal Bank of Canada in connection with the Series 2014, Gas Supply Revenue Refunding Bonds. Under the swap agreement, the Port Authority pays a fixed amount and receives a variable payment computed at a rate equal to that of the bonds. The interest payments reflected in the table were calculated based on the interest rate swap agreement which converts this issue to an effective fixed rate of approximately 1.84701%. The principal and interest remaining to be paid on these bonds is \$269,400,170. Principal and interest paid for the current year and total customer net revenues were \$20,013,639 and \$6,291,644, respectively.

In May, 2019, the Port Authority issued \$300,065,000 of gas supply revenue refunding bonds in a current refunding to redeem \$259,320,000 of gas supply revenue refunding bonds issued in July, 2014 as well as provide for the prepayment of the extension of the original prepaid gas agreement through the year 2049. The 2019 gas supply revenue refunding bonds carry an interest rate of 5.00% and are scheduled to mature on August 1, 2049, with the bonds maturing after February 1, 2025 being subject to a mandatory tender as of that date.

B. Water and Wastewater Revenue Bonds

The City has pledged future customer revenues, net of specified operating expenses, to repay Water Revenue Bonds, series 2012. The 2012 bonds were issued to partially refund 2004 bonds which were originally issued to pay the cost of constructing two 2 million gallon storage tanks and various water lines. The principal and interest remaining to be paid on these bonds is \$5,638,537. Principal and interest paid for the current year and total customer net revenues were \$517,431 and \$2,931,556, respectively.

The City has pledged future customer revenues, net of specified operating expenses, to repay Wastewater Revenue Bonds, series 2008, 2012 and 2016. The 2012 bonds were issued to partially refund 2004 bonds which were originally issued to pay the cost of acquiring land for a new wastewater treatment plant and installing various sewer lines. The 2008 bonds were issued to pay the cost of constructing a new wastewater treatment plant. The 2016 bonds were issued to partially refund the 2008 bonds. The principal and interest remaining to be paid on these bonds is \$23,300,850. Principal and interest paid for the current year and total customer net revenues were \$1,635,000 and \$6,298,598, respectively.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

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

C. Ohio Water Development Authority Loans

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 \$21,064,709. This loan is payable from water charges and the proceeds were used for the water treatment plant, clearwells and wellfield.

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

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

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

In 2018, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$779,572. The proceeds are being used for drainage improvements. The amount is subject to change and has not been finalized. The interest rate on the loans is 0%, per annum. This loan is payable from storm water charges and is received by the City in increments as the project is completed. As of December 31, 2018, the City had received \$676,989, from OWDA. An estimate of future financing requirements has been made based on the loan balance of \$676,989 at December 31, 2018.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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

D. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2018 follows:

Governmental Activities:

Years	General Obligation Bond Payable		Special Assessment Bond Payable		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$645,000	\$336,583	\$25,500	\$4,025	\$18,370	\$8,211
2020	670,000	323,484	27,000	2,750	18,972	7,655
2021	675,000	308,196	28,000	1,400	19,593	7,082
2022	690,000	291,258	0	0	20,236	6,489
2023	600,000	272,575	0	0	20,898	5,877
2024-2028	1,540,000	1,156,143	0	0	115,223	19,480
2029-2033	1,380,000	912,000	0	0	64,962	2,955
2034-2038	1,675,000	613,200	0	0	0	0
2039-2042	2,035,000	250,800	0	0	0	0
Totals	<u>\$9,910,000</u>	<u>\$4,464,239</u>	<u>\$80,500</u>	<u>\$8,175</u>	<u>\$278,254</u>	<u>\$57,749</u>

Years	OPWC Loan		Installment Loan	
	Principal	Interest	Principal	Interest
2019	\$48,171	\$0	\$117,904	\$9,446
2020	48,171	0	49,114	6,414
2021	48,172	0	50,751	4,776
2022	0	0	52,439	3,088
2023	0	0	54,183	1,343
Totals	<u>\$144,514</u>	<u>\$0</u>	<u>\$324,391</u>	<u>\$25,067</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

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

D. Future Long-Term Financing Requirements (Continued)

Business-Type Activities:

Years	OWDA Loans		Revenue Bonds Payable		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$3,241,505	\$953,838	\$267,885,000	\$3,664,750	\$0	\$0
2020	3,392,396	856,806	1,335,000	815,381	16,959	0
2021	3,513,752	756,232	1,400,000	761,981	16,959	0
2022	3,639,581	651,986	1,435,000	712,031	16,959	0
2023	2,598,091	546,965	1,490,000	657,913	16,959	0
2024-2028	10,166,211	1,835,135	8,400,000	2,356,925	84,798	0
2029-2033	6,750,107	357,108	6,675,000	750,575	0	0
Totals	<u>\$33,301,643</u>	<u>\$5,958,070</u>	<u>\$288,620,000</u>	<u>\$9,719,556</u>	<u>\$152,634</u>	<u>\$0</u>

E. Defeased Debt

In June 2012, the City defeased \$5,915,000 of Water Revenue Bonds dated September, 2004 (the "2004 Bonds") through the issuance of \$5,795,000 of Water Revenue Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$4,730,000 at December 31, 2018, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In June 2012, the City defeased \$3,665,000 of Wastewater Revenue Bonds dated September, 2004 (the "2004 Bonds") through the issuance of \$3,680,000 of Wastewater Revenue Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$2,930,000 at December 31, 2018, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In June 2016, the City defeased \$15,885,000 of Wastewater Revenue Bonds dated September, 2008 (the "2008 Bonds") through the issuance of \$15,395,000 of Wastewater Revenue Bonds. The net proceeds of the 2016 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$15,180,000 at December 31, 2018, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 15 - CAPITALIZED LEASES

Under capital leases the City leases four copiers, a mailing machines, a fire medic, two street sweepers, and several street paving equipment and park and recreation trucks, tractors, mowers. The cost of the improvements and equipment obtained under capital leases is included in the appropriate proprietary fund or Governmental Activities Capital Assets and the related liability is included in the appropriate proprietary fund or in the Governmental Activities Long-Term Liabilities. The original cost of the assets acquired under capital lease was \$2,203,902.

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, 2018:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2019	\$382,520	\$78,045
2020	189,684	77,669
2021	163,473	76,473
2022	<u>137,054</u>	<u>83,156</u>
Minimum Lease Payments	872,731	315,343
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(45,964)</u>	<u>(24,975)</u>
Present value of minimum lease payments	<u><u>\$826,767</u></u>	<u><u>\$290,368</u></u>

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 16 - DERIVATIVE INSTRUMENTS

A. Composition of Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2018, 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	41,272,828 mmbtu	\$ 175,207,050	A+/A-1
Positive Cash Flow Hedge:			
Pay-fixed, receive variable interest rate swap	\$ 266,595,000	\$ 748,609	AA-/A-1+

All fair values are classified as derivative instruments on the Statement of Net Position. The decrease in fair values of these derivatives instruments was \$44,676,205 for 2018. As these commodity and interest rate swaps are considered hedging derivatives instruments, the change in fair value is reflected within deferred outflows and inflows on the Statement of Net Position. The positive and negative fair values of the commodity and interest rate swaps were not netted. The fair values of the commodity swaps are based on forward prices from established indexes for the applicable region and discounted using established interest rate indexes. The fair values of the interest rate swaps are based on the LIBOR index at year end and discounted using established interest rate indexes. The fair value of the derivatives is calculated based on current market rates (Level 2 inputs).

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 16 - DERIVATIVE INSTRUMENTS (Continued)

B. Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the Port Authority hedging derivative instruments outstanding at December 31, 2018:

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

C. Commodity Swap Risks

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 16 - DERIVATIVE INSTRUMENTS (Continued)

C. Commodity Swap Risks (Continued)

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

D. Interest Rate Swap Risks

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 17 - INSURANCE AND RISK MANAGEMENT

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

Insurance for property holds a \$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.

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

NOTE 17 - INSURANCE AND RISK MANAGEMENT (Continued)

The claims liability of \$1,048,151 reported at December 31, 2018 is based on an estimate provided by an actuary for medical and dental claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two years, including medical, surgical, prescription drug, and dental are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2017	\$502,122	\$6,815,579	(\$6,555,858)	\$761,843
2018	\$761,843	\$8,385,509	(\$8,099,201)	\$1,048,151

NOTE 18 - SIGNIFICANT COMMITMENTS

As of December 31, 2018, the City had the following commitments with respect to capital improvements:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>
Wastewater –Lawrence Street	\$184,959
Wastewater - River Valley Highlands	722,901

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the significant cash basis commitments for encumbrances were \$1,935,849 in the Gas Fund.

NOTE 19 - SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

The City has accrued a liability for landfill closure and postclosure care costs in the Sanitation Fund of \$928,458. These costs are funded by a sanitation rate increase that became effective April 1, 1997. The rate will remain in effect for twenty-five years to cover annual postclosure care costs. The remaining five years of postclosure care costs will be funded by \$537,425 which has been placed in a restricted account. The estimated costs of postclosure care are subject to changes corresponding to the effects of inflation, revision of laws and other variables.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 20 – POLLUTION REMEDIATION OBLIGATION

In 2012, the City began the pollution remediation for the Lancaster Glass Property for which it was awarded a Clean Ohio Grant of \$2,499,500. The remediation is expected to be completed in 2019 and a liability of \$122,443 has been recorded for these obligations.

NOTE 21 - 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, 2018***

NOTE 21 - 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, 2018***

NOTE 21 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

NOTE 22– INSURANCE POOL

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 22 – INSURANCE POOL (Continued)

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

NOTE 23 - 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, 2018 to December 31, 2018, 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 24- SUBSEQUENT EVENTS

In May, 2019, the Port Authority issued \$300,065,000 of gas supply revenue refunding bonds in a current refunding to redeem \$259,320,000 of gas supply revenue refunding bonds issued in July, 2014 as well as provide for the prepayment of the extension of the original prepaid gas agreement through the year 2049. The 2019 gas supply revenue refunding bonds carry an interest rate of 5.00% and are scheduled to mature on August 1, 2049, with the bonds maturing after February 1, 2025 being subject to a mandatory tender as of that date.

In conjunction with the issuance of the refunding debt noted above, the Port Authority and the Royal Bank of Canada entered into amendment of the original prepaid gas agreement dated April 1, 2018, and subsequent amended July 1, 2014. The 2019 amendment agreement was entered into to (i) provide for the acquisition of additional total contract quantity of gas from the gas supplier, (ii) extend the original term of the prepaid agreement through June 30, 20419, (iii) reduce the original daily contract quantities, and (iv) change the delivery points for a portion of the remaining daily contract quantities.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2018***

NOTE 25 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS

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

A. Major Suppliers

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

B. Current Economic Conditions

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

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



REQUIRED SUPPLEMENTAL INFORMATION

CITY OF LANCASTER, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

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

See accompanying notes to the Required Supplemental Information

CITY OF LANCASTER, OHIO

<u>2017</u>	<u>2018</u>
0.102972%	0.105408%
\$23,383,190	\$16,536,473
\$13,311,258	\$13,922,223
175.66%	118.78%
77.25%	84.66%

<u>2017</u>	<u>2018</u>
0.449586%	0.456191%
\$28,476,326	\$27,998,502
\$9,604,901	\$9,816,433
296.48%	285.22%
68.36%	70.91%

CITY OF LANCASTER, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 68 in 2015.

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

See accompanying notes to the Required Supplemental Information

CITY OF LANCASTER, OHIO

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

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



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

Ohio Public Employees Retirement System

Year	2017	2018
City's proportion of the net OPEB liability	0.102590%	0.104580%
City's proportionate share of the net OPEB liability	\$10,361,938	\$11,356,618
City's covered payroll	\$13,311,258	\$13,922,223
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	77.84%	81.57%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%

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

Ohio Police and Fire Pension Fund

Year	2017	2018
City's proportion of the net OPEB liability	0.449586%	0.456191%
City's proportionate share of the net OPEB liability	\$21,340,836	\$25,847,143
City's covered payroll	\$9,604,901	\$9,816,433
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	222.19%	263.30%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2017 is not available.

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

See accompanying notes to the Required Supplemental Information

CITY OF LANCASTER, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 75 in 2018.

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

See accompanying notes to the Required Supplemental Information

CITY OF LANCASTER, OHIO

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

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

***Notes to the Required Supplemental Information
For the Year Ended December 31, 2018***

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

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

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

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

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

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

***Notes to the Required Supplemental Information
For the Year Ended December 31, 2018***

NET OPEB LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: For 2018, there were no changes in benefit terms.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: For 2018, there were no changes in benefit terms.

Changes in assumptions: For 2018, the single discount rate changed from 3.79% to 3.24%.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Cemetery Fund

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

Street Construction, Maintenance and Repair Fund

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

Street Levy Fund

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

Parks and Recreation Fund

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

Special Improvement District Fund

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

Lancaster Public Transit Program Fund

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

911 Tariff Fund

To account for monies to enhance 911 wireless services.

Edward Byrne Grant Fund

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

Law Director Victim Assistance Fund

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

Lancaster Community Development Fund

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

(Continued)

Special Revenue Funds (Continued)

Police and Fire Pension Fund

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

Fairfield County Court Surveillance Fund

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

Indigent Drivers Alcohol Treatment Fund

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

Law Enforcement and Education Fund

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

Municipal Court Judicial Computer Fund

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

Municipal Court Probation Fund

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

Municipal Court Computerization Fund

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

Municipal Court Special Projects Fund

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

Municipal Court Family Violence Fund

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

Municipal Drug Court Fund

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

(Continued)

Special Revenue Funds (Continued)

Ohio Peace Officers Training Fund

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

DARE Officer Retention Grant Fund

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

Safe Routes to School Fund

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

.15 Fire Levy Fund

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

DOJ Equitable Sharing Grant Fund

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

Community Development Block Grant (CDBG) Fund

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

State Highway Fund

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

Drug Enforcement Fund

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

Cemetery Interment Fund

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

Debt Service Funds

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

General Bond Retirement Fund

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

Special Assessment Debt Retirement Fund

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

Capital Projects Fund

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

LDOT (Lancaster Department of Transportation) Improvement Fund

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

Parks Improvement Fund

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

Capital Improvement Fund

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

Fire Impact - District One Fund

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

Ety Road TIF Project Fund

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

Columbian Construction Fund

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

Permanent Fund

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

Cemetery Trust Fund

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

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 4,077,061	\$ 88,639	\$ 959,290	\$ 61,986	\$ 5,186,976
Investments	1,441,650	0	549,477	958,211	2,949,338
Receivables (net of allowance for doubtful accounts):					
Taxes	3,125,469	118,481	190,660	0	3,434,610
Accounts	104,664	0	0	0	104,664
Intergovernmental	2,330,738	0	65,785	0	2,396,523
Interest	9,275	0	0	0	9,275
Special Assessments	0	102,092	0	0	102,092
Loans	1,531,109	0	0	0	1,531,109
Inventory of Supplies	302,127	0	0	0	302,127
Prepaid Items	12,657	0	0	0	12,657
Total Assets	\$ 12,934,750	\$ 309,212	\$ 1,765,212	\$ 1,020,197	\$ 16,029,371
Liabilities:					
Accounts Payable	\$ 263,403	\$ 0	\$ 80,855	\$ 0	\$ 344,258
Accrued Wages and Benefits Payable	154,294	0	0	0	154,294
Accrued Interest Payable	0	0	799	0	799
General Obligation Notes Payable	0	0	2,817,881	0	2,817,881
Advances from Other Funds	0	0	167,600	0	167,600
Total Liabilities	417,697	0	3,067,135	0	3,484,832
Deferred Inflows of Resources:					
Property Taxes	2,247,000	118,481	117,647	0	2,483,128
Unavailable Revenue	2,404,725	102,092	39,958	0	2,546,775
Total Deferred Inflows of Resources	4,651,725	220,573	157,605	0	5,029,903
Fund Balances:					
Nonspendable	314,784	0	0	1,020,197	1,334,981
Restricted	6,791,920	88,639	0	0	6,880,559
Committed	758,624	0	1,512,066	0	2,270,690
Unassigned	0	0	(2,971,594)	0	(2,971,594)
Total Fund Balances	7,865,328	88,639	(1,459,528)	1,020,197	7,514,636
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,934,750	\$ 309,212	\$ 1,765,212	\$ 1,020,197	\$ 16,029,371

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 5,633,077	\$ 121,369	\$ 414,122	\$ 0	\$ 6,168,568
Intergovernmental Revenues	5,006,128	0	1,760,301	0	6,766,429
Charges for Services	1,870,384	0	166,237	29,312	2,065,933
Licenses, Permits and Fees	1,144	0	0	0	1,144
Investment Earnings	19,801	0	1	0	19,802
Special Assessments	76,748	40,471	0	0	117,219
Fines and Forfeitures	1,478,306	0	0	0	1,478,306
All Other Revenue	357,224	0	40,000	0	397,224
Total Revenue	14,442,812	161,840	2,380,661	29,312	17,014,625
Expenditures:					
Current:					
Security of Persons and Property	1,927,990	0	0	0	1,927,990
Public Health and Welfare Services	546,472	0	0	0	546,472
Leisure Time Activities	2,010,682	0	0	0	2,010,682
Community Environment	702,111	0	0	0	702,111
Transportation	7,247,162	0	0	0	7,247,162
General Government	1,540,522	2,074	2,765	0	1,545,361
Capital Outlay	0	0	2,287,025	0	2,287,025
Debt Service:					
Principal Retirement	354,373	663,550	122,151	0	1,140,074
Interest and Fiscal Charges	46,857	351,875	85,001	0	483,733
Total Expenditures	14,376,169	1,017,499	2,496,942	0	17,890,610
Excess (Deficiency) of Revenues Over Expenditures	66,643	(855,659)	(116,281)	29,312	(875,985)
Other Financing Sources (Uses):					
Transfers In	1,026,908	871,703	461,060	0	2,359,671
Transfers Out	(935,748)	0	(110,000)	0	(1,045,748)
Total Other Financing Sources (Uses)	91,160	871,703	351,060	0	1,313,923
Net Change in Fund Balances	157,803	16,044	234,779	29,312	437,938
Fund Balances at Beginning of Year	7,681,867	72,595	(1,694,307)	990,885	7,051,040
Increase in Inventory	25,658	0	0	0	25,658
Fund Balances End of Year	\$ 7,865,328	\$ 88,639	\$ (1,459,528)	\$ 1,020,197	\$ 7,514,636

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Street Levy Fund	Parks and Recreation Fund
Assets:				
Cash and Cash Equivalents	\$ 309,399	\$ 125,515	\$ 395,946	\$ 641,385
Investments	0	1,035,035	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	24,337	0	1,967,928	365,069
Accounts	248	10,913	1,666	3,926
Intergovernmental	0	956,527	115,000	0
Interest	4,201	0	0	0
Loans	0	0	0	0
Inventory of Supplies	0	284,364	0	1,328
Prepaid Items	632	7,157	0	4,868
Total Assets	\$ 338,817	\$ 2,419,511	\$ 2,480,540	\$ 1,016,576
Liabilities:				
Accounts Payable	\$ 11,980	\$ 62,955	\$ 9,982	\$ 18,620
Accrued Wages and Benefits Payable	7,128	47,723	0	33,344
Total Liabilities	19,108	110,678	9,982	51,964
Deferred Inflows of Resources:				
Property Taxes	0	0	1,865,000	0
Unavailable Revenue	15,418	645,000	217,928	199,792
Total Deferred Inflows of Resources	15,418	645,000	2,082,928	199,792
Fund Balances:				
Nonspendable	632	291,521	0	6,196
Restricted	303,659	1,372,312	387,630	0
Committed	0	0	0	758,624
Total Fund Balances	304,291	1,663,833	387,630	764,820
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 338,817	\$ 2,419,511	\$ 2,480,540	\$ 1,016,576

CITY OF LANCASTER, OHIO

Lancaster Public Transit Program Fund	911 Tariff Fund	Edward Byrne Grant Fund	Law Director Victim Assistance Fund	Lancaster Community Development Fund	Police and Fire Pension Fund
\$ 306,712	\$ 151,371	\$ 428	\$ 33,834	\$ 19,377	\$ 6,528
0	0	0	0	0	0
0	0	0	0	0	403,066
86,901	0	0	0	0	0
183,151	0	0	14,520	5,000	24,000
0	0	0	0	0	0
0	0	0	0	0	0
15,704	0	0	0	731	0
0	0	0	0	0	0
<u>\$ 592,468</u>	<u>\$ 151,371</u>	<u>\$ 428</u>	<u>\$ 48,354</u>	<u>\$ 25,108</u>	<u>\$ 433,594</u>
\$ 109,352	\$ 915	\$ 0	\$ 0	\$ 0	\$ 0
5,281	0	0	2,375	4,214	0
<u>114,633</u>	<u>915</u>	<u>0</u>	<u>2,375</u>	<u>4,214</u>	<u>0</u>
0	0	0	0	0	382,000
140,167	0	0	0	0	45,066
<u>140,167</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>427,066</u>
15,704	0	0	0	731	0
321,964	150,456	428	45,979	20,163	6,528
0	0	0	0	0	0
<u>337,668</u>	<u>150,456</u>	<u>428</u>	<u>45,979</u>	<u>20,894</u>	<u>6,528</u>
<u>\$ 592,468</u>	<u>\$ 151,371</u>	<u>\$ 428</u>	<u>\$ 48,354</u>	<u>\$ 25,108</u>	<u>\$ 433,594</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018**

	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund	Law Enforcement and Education Fund	Municipal Court Judicial Computer Fund
Assets:				
Cash and Cash Equivalents	\$ 28,164	\$ 265,923	\$ 91,066	\$ 70,753
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	0	0	40
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Loans	0	0	0	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 28,164	\$ 265,923	\$ 91,066	\$ 70,793
Liabilities:				
Accounts Payable	\$ 0	\$ 1,285	\$ 0	\$ 45
Accrued Wages and Benefits Payable	0	0	0	0
Total Liabilities	0	1,285	0	45
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	28,164	264,638	91,066	70,748
Committed	0	0	0	0
Total Fund Balances	28,164	264,638	91,066	70,748
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,164	\$ 265,923	\$ 91,066	\$ 70,793

CITY OF LANCASTER, OHIO

Municipal Court Probation Fund	Municipal Court Computerization Fund	Municipal Court Special Projects Fund	Municipal Court Family Violence Fund	Municipal Drug Court Fund	Ohio Peace Officers Training Fund
\$ 277,501 0	\$ 126,340 0	\$ 642,175 0	\$ 19,611 0	\$ 20,999 0	\$ 41,423 0
0	0	0	0	0	0
376	395	123	0	76	0
29,187	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 307,064</u>	<u>\$ 126,735</u>	<u>\$ 642,298</u>	<u>\$ 19,611</u>	<u>\$ 21,075</u>	<u>\$ 41,423</u>
\$ 1,123 17,432 18,555	\$ 2,363 2,809 5,172	\$ 23,832 0 23,832	\$ 0 0 0	\$ 8,346 3,906 12,252	\$ 1,500 0 1,500
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
288,509	121,563	618,466	19,611	8,823	39,923
0	0	0	0	0	0
<u>288,509</u>	<u>121,563</u>	<u>618,466</u>	<u>19,611</u>	<u>8,823</u>	<u>39,923</u>
<u>\$ 307,064</u>	<u>\$ 126,735</u>	<u>\$ 642,298</u>	<u>\$ 19,611</u>	<u>\$ 21,075</u>	<u>\$ 41,423</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018**

	DARE Officer Retention Grant Fund	Safe Routes to School Fund	.15 Fire Levy Fund	DOJ Equitable Sharing Grant Fund
Assets:				
Cash and Cash Equivalents	\$ 8,140	\$ 2,780	\$ 321,005	\$ 5,186
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	365,069	0
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Loans	0	0	0	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 8,140	\$ 2,780	\$ 686,074	\$ 5,186
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 2,076	\$ 0
Accrued Wages and Benefits Payable	0	0	30,082	0
Total Liabilities	0	0	32,158	0
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	199,792	0
Total Deferred Inflows of Resources	0	0	199,792	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	8,140	2,780	454,124	5,186
Committed	0	0	0	0
Total Fund Balances	8,140	2,780	454,124	5,186
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,140	\$ 2,780	\$ 686,074	\$ 5,186

CITY OF LANCASTER, OHIO

CDBG Fund	State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Total Nonmajor Special Revenue Funds
\$ 97,625	\$ 19,893	\$ 18,163	\$ 29,819	\$ 4,077,061
0	150,521	0	256,094	1,441,650
0	0	0	0	3,125,469
0	0	0	0	104,664
957,451	45,902	0	0	2,330,738
0	4,853	0	221	9,275
1,531,109	0	0	0	1,531,109
0	0	0	0	302,127
0	0	0	0	12,657
<u>\$ 2,586,185</u>	<u>\$ 221,169</u>	<u>\$ 18,163</u>	<u>\$ 286,134</u>	<u>\$ 12,934,750</u>
\$ 9,029	\$ 0	\$ 0	\$ 0	\$ 263,403
0	0	0	0	154,294
<u>9,029</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>417,697</u>
0	0	0	0	2,247,000
909,898	31,506	0	158	2,404,725
<u>909,898</u>	<u>31,506</u>	<u>0</u>	<u>158</u>	<u>4,651,725</u>
0	0	0	0	314,784
1,667,258	189,663	18,163	285,976	6,791,920
0	0	0	0	758,624
<u>1,667,258</u>	<u>189,663</u>	<u>18,163</u>	<u>285,976</u>	<u>7,865,328</u>
<u>\$ 2,586,185</u>	<u>\$ 221,169</u>	<u>\$ 18,163</u>	<u>\$ 286,134</u>	<u>\$ 12,934,750</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, 2018**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Street Levy Fund	Parks and Recreation Fund
Revenues:				
Taxes	\$ 107,909	\$ 0	\$ 1,899,852	\$ 1,618,650
Intergovernmental Revenues	0	1,953,084	230,321	40,000
Charges for Services	198,866	692,864	0	424,985
Licenses, Permits and Fees	0	0	0	1,144
Investment Earnings	11,226	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	20,637	155,944	35,130	31,949
Total Revenue	338,638	2,801,892	2,165,303	2,116,728
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	525,538	0	0	0
Leisure Time Activities	0	0	0	2,010,682
Community Environment	0	0	0	72,384
Transportation	0	2,859,513	2,283,844	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	260,931	42,086	35,791
Interest and Fiscal Charges	0	37,401	0	8,066
Total Expenditures	525,538	3,157,845	2,325,930	2,126,923
Excess (Deficiency) of Revenues Over Expenditures	(186,900)	(355,953)	(160,627)	(10,195)
Other Financing Sources (Uses):				
Transfers In	220,000	375,000	0	80,000
Transfers Out	0	(150,000)	0	0
Total Other Financing Sources (Uses)	220,000	225,000	0	80,000
Net Change in Fund Balances	33,100	(130,953)	(160,627)	69,805
Fund Balances (Deficit) at Beginning of Year	271,191	1,782,651	548,257	696,872
Increase (Decrease) in Inventory Reserve	0	12,135	0	(1,857)
Fund Balances End of Year	\$ 304,291	\$ 1,663,833	\$ 387,630	\$ 764,820

CITY OF LANCASTER, OHIO

Special Improvement District Fund	Lancaster Public Transit Program Fund	911 Tariff Fund	Edward Byrne Grant Fund	Law Director Victim Assistance Fund	Lancaster Community Development Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	1,525,664	83,534	0	59,566	122,410
0	461,835	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
76,748	0	0	0	0	0
0	0	0	0	0	0
0	94,314	0	0	0	0
<u>76,748</u>	<u>2,081,813</u>	<u>83,534</u>	<u>0</u>	<u>59,566</u>	<u>122,410</u>
0	0	54,908	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
76,748	0	0	0	0	139,962
0	2,103,805	0	0	0	0
0	0	0	0	88,755	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>76,748</u>	<u>2,103,805</u>	<u>54,908</u>	<u>0</u>	<u>88,755</u>	<u>139,962</u>
0	(21,992)	28,626	0	(29,189)	(17,552)
0	73,000	0	0	28,908	0
0	0	0	0	0	0
0	73,000	0	0	28,908	0
0	51,008	28,626	0	(281)	(17,552)
0	270,956	121,830	428	46,260	38,770
0	15,704	0	0	0	(324)
<u>\$ 0</u>	<u>\$ 337,668</u>	<u>\$ 150,456</u>	<u>\$ 428</u>	<u>\$ 45,979</u>	<u>\$ 20,894</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, 2018**

	Police and Fire Pension Fund	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund	Law Enforcement and Education Fund
Revenues:				
Taxes	\$ 388,016	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	47,620	0	0	0
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	0	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	52,564	1,751
All Other Revenue	0	10	0	0
Total Revenue	435,636	10	52,564	1,751
Expenditures:				
Current:				
Security of Persons and Property	463,380	0	4,515	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	463,380	0	4,515	0
Excess (Deficiency) of Revenues Over Expenditures	(27,744)	10	48,049	1,751
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(27,744)	10	48,049	1,751
Fund Balances (Deficit) at Beginning of Year	34,272	28,154	216,589	89,315
Increase (Decrease) in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 6,528	\$ 28,164	\$ 264,638	\$ 91,066

CITY OF LANCASTER, OHIO

<u>Municipal Court Judicial Computer Fund</u>	<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>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	296,008	0	0	0	161,316
0	66,174	0	0	295	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
50,849	362,013	197,771	806,724	0	0
116	12,972	1,623	483	0	3,807
<u>50,965</u>	<u>737,167</u>	<u>199,394</u>	<u>807,207</u>	<u>295</u>	<u>165,123</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
23,067	744,559	229,612	191,830	0	262,699
0	0	0	0	0	0
0	0	0	0	0	0
<u>23,067</u>	<u>744,559</u>	<u>229,612</u>	<u>191,830</u>	<u>0</u>	<u>262,699</u>
27,898	(7,392)	(30,218)	615,377	295	(97,576)
0	150,000	0	100,000	0	0
0	0	0	(660,748)	0	0
0	150,000	0	(560,748)	0	0
27,898	142,608	(30,218)	54,629	295	(97,576)
42,850	145,901	151,781	563,837	19,316	106,399
0	0	0	0	0	0
<u>\$ 70,748</u>	<u>\$ 288,509</u>	<u>\$ 121,563</u>	<u>\$ 618,466</u>	<u>\$ 19,611</u>	<u>\$ 8,823</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, 2018***

	Ohio Peace Officers Training Fund	DARE Officer Retention Grant Fund	Safe Routes to School Fund	.15 Fire Levy Fund
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 1,618,650
Intergovernmental Revenues	24,588	8,138	0	0
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	0	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	0
Total Revenue	24,588	8,138	0	1,618,650
Expenditures:				
Current:				
Security of Persons and Property	1,500	0	0	1,401,726
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	15,565
Interest and Fiscal Charges	0	0	0	1,390
Total Expenditures	1,500	0	0	1,418,681
Excess (Deficiency) of Revenues Over Expenditures	23,088	8,138	0	199,969
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	23,088	8,138	0	199,969
Fund Balances (Deficit) at Beginning of Year	16,835	2	2,780	254,155
Increase (Decrease) in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 39,923	\$ 8,140	\$ 2,780	\$ 454,124

CITY OF LANCASTER, OHIO

DOJ Equitable Sharing Grant Fund	CDBG Fund	State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,633,077
0	355,961	97,918	0	0	5,006,128
0	0	0	0	25,365	1,870,384
0	0	0	0	0	1,144
0	2,412	5,966	13	184	19,801
0	0	0	0	0	76,748
0	0	0	6,634	0	1,478,306
0	239	0	0	0	357,224
0	358,612	103,884	6,647	25,549	14,442,812
0	0	0	1,961	0	1,927,990
0	0	0	0	20,934	546,472
0	0	0	0	0	2,010,682
0	413,017	0	0	0	702,111
0	0	0	0	0	7,247,162
0	0	0	0	0	1,540,522
0	0	0	0	0	354,373
0	0	0	0	0	46,857
0	413,017	0	1,961	20,934	14,376,169
0	(54,405)	103,884	4,686	4,615	66,643
0	0	0	0	0	1,026,908
0	0	(125,000)	0	0	(935,748)
0	0	(125,000)	0	0	91,160
0	(54,405)	(21,116)	4,686	4,615	157,803
5,186	1,721,663	210,779	13,477	281,361	7,681,867
0	0	0	0	0	25,658
\$ 5,186	\$ 1,667,258	\$ 189,663	\$ 18,163	\$ 285,976	\$ 7,865,328

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2018**

	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 0	\$ 88,639	\$ 88,639
Receivables (net of allowance for doubtful accounts):			
Taxes	118,481	0	118,481
Special Assessments	<u>0</u>	<u>102,092</u>	<u>102,092</u>
Total Assets	<u>\$ 118,481</u>	<u>\$ 190,731</u>	<u>\$ 309,212</u>
Liabilities:			
Deferred Inflows of Resources:			
Property Taxes	118,481	0	118,481
Unavailable Revenue	<u>0</u>	<u>102,092</u>	<u>102,092</u>
Total Deferred Inflows of Resources	<u>118,481</u>	<u>102,092</u>	<u>220,573</u>
Fund Balances:			
Restricted	<u>0</u>	<u>88,639</u>	<u>88,639</u>
Total Fund Balances	<u>0</u>	<u>88,639</u>	<u>88,639</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 118,481</u>	<u>\$ 190,731</u>	<u>\$ 309,212</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, 2018***

	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$ 121,369	\$ 0	\$ 121,369
Special Assessments	0	40,471	40,471
Total Revenue	<u>121,369</u>	<u>40,471</u>	<u>161,840</u>
Expenditures:			
General Government	0	2,074	2,074
Debt Service:			
Principal Retirement	645,000	18,550	663,550
Interest and Fiscal Charges	348,072	3,803	351,875
Total Expenditures	<u>993,072</u>	<u>24,427</u>	<u>1,017,499</u>
Excess (Deficiency) of Revenues Over Expenditures	(871,703)	16,044	(855,659)
Other Financing Sources (Uses):			
Transfers In	871,703	0	871,703
Total Other Financing Sources (Uses)	<u>871,703</u>	<u>0</u>	<u>871,703</u>
Net Change in Fund Balances	0	16,044	16,044
Fund Balances at Beginning of Year	<u>0</u>	<u>72,595</u>	<u>72,595</u>
Fund Balances End of Year	<u>\$ 0</u>	<u>\$ 88,639</u>	<u>\$ 88,639</u>

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2018**

	LDOT Improvement Fund	Parks Improvement Fund	Capital Improvement Fund	Fire Impact - District One Fund
Assets:				
Cash and Cash Equivalents	\$ 203,430	\$ 77,960	\$ 66,633	\$ 591,206
Investments	0	0	549,477	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	24,337	48,676	0
Intergovernmental	65,785	0	0	0
Total Assets	\$ 269,215	\$ 102,297	\$ 664,786	\$ 591,206
Liabilities:				
Accounts Payable	\$ 72,080	\$ 3,400	\$ 0	\$ 0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Advances from Other Funds	0	0	0	0
Total Liabilities	72,080	3,400	0	0
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	0	13,319	26,639	0
Total Deferred Inflows of Resources	0	13,319	26,639	0
Fund Balances:				
Committed	197,135	85,578	638,147	591,206
Unassigned	0	0	0	0
Total Fund Balances	197,135	85,578	638,147	591,206
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 269,215	\$ 102,297	\$ 664,786	\$ 591,206

CITY OF LANCASTER, OHIO

Ety Road TIF Project Fund	Columbian Construction Fund	Total Nonmajor Capital Projects Funds
\$ 20,061	\$ 0	\$ 959,290
0	0	549,477
117,647	0	190,660
0	0	65,785
<u>\$ 137,708</u>	<u>\$ 0</u>	<u>\$ 1,765,212</u>
\$ 5,375	\$ 0	\$ 80,855
0	799	799
1,377,881	1,440,000	2,817,881
167,600	0	167,600
<u>1,550,856</u>	<u>1,440,799</u>	<u>3,067,135</u>
117,647	0	117,647
0	0	39,958
<u>117,647</u>	<u>0</u>	<u>157,605</u>
0	0	1,512,066
<u>(1,530,795)</u>	<u>(1,440,799)</u>	<u>(2,971,594)</u>
<u>(1,530,795)</u>	<u>(1,440,799)</u>	<u>(1,459,528)</u>
<u>\$ 137,708</u>	<u>\$ 0</u>	<u>\$ 1,765,212</u>

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018**

	LDOT Improvement Fund	Parks Improvement Fund	Capital Improvement Fund	Fire Impact - District One Fund
Revenues:				
Taxes	\$ 0	\$ 107,909	\$ 215,820	\$ 0
Intergovernmental Revenues	1,760,301	0	0	0
Charges for Services	0	0	48,180	118,057
Investment Earnings	0	0	0	0
All Other Revenue	40,000	0	0	0
Total Revenue	<u>1,800,301</u>	<u>107,909</u>	<u>264,000</u>	<u>118,057</u>
Expenditures:				
Current:				
General Government	0	0	0	0
Capital Outlay	1,897,679	125,834	130,077	128,060
Debt Service:				
Principal Retirement	0	0	8,050	114,101
Interest and Fiscal Charges	0	0	0	13,247
Total Expenditures	<u>1,897,679</u>	<u>125,834</u>	<u>138,127</u>	<u>255,408</u>
Excess (Deficiency) of Revenues Over Expenditures	(97,378)	(17,925)	125,873	(137,351)
Other Financing Sources (Uses):				
Transfers In	260,000	0	0	0
Transfers Out	0	0	(110,000)	0
Total Other Financing Sources (Uses)	<u>260,000</u>	<u>0</u>	<u>(110,000)</u>	<u>0</u>
Net Change in Fund Balances	162,622	(17,925)	15,873	(137,351)
Fund Balances at Beginning of Year	<u>34,513</u>	<u>103,503</u>	<u>622,274</u>	<u>728,557</u>
Fund Balances End of Year	<u>\$ 197,135</u>	<u>\$ 85,578</u>	<u>\$ 638,147</u>	<u>\$ 591,206</u>

CITY OF LANCASTER, OHIO

Ety Road TIF Project Fund	Columbian Construction Fund	Total Nonmajor Capital Projects Funds
\$ 90,393	\$ 0	\$ 414,122
0	0	1,760,301
0	0	166,237
1	0	1
0	0	40,000
<u>90,394</u>	<u>0</u>	<u>2,380,661</u>
2,765	0	2,765
5,375	0	2,287,025
0	0	122,151
<u>50,414</u>	<u>21,340</u>	<u>85,001</u>
<u>58,554</u>	<u>21,340</u>	<u>2,496,942</u>
31,840	(21,340)	(116,281)
0	201,060	461,060
<u>0</u>	<u>0</u>	<u>(110,000)</u>
<u>0</u>	<u>201,060</u>	<u>351,060</u>
31,840	179,720	234,779
<u>(1,562,635)</u>	<u>(1,620,519)</u>	<u>(1,694,307)</u>
<u>\$ (1,530,795)</u>	<u>\$ (1,440,799)</u>	<u>\$ (1,459,528)</u>

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 13,564,167	\$ 13,740,226	\$ 13,456,789	\$ (283,437)
Intergovernmental Revenues	834,012	834,012	1,166,726	332,714
Charges for Services	3,550,424	3,614,183	3,679,468	65,285
License, Permits and Fees	22,700	22,700	20,367	(2,333)
Investment Earnings	342,342	342,342	500,963	158,621
Fines and Forfeitures	708,500	708,500	801,057	92,557
All Other Revenues	851,050	1,732,855	261,345	(1,471,510)
Total Revenues	19,873,195	20,994,818	19,886,715	(1,108,103)
Expenditures:				
Security of Persons and Property:				
Police:				
Operations and Maintenance	0	63,759	0	63,759
Total Police	0	63,759	0	63,759
Street Lighting:				
Operations and Maintenance	348,622	348,622	312,483	36,139
Total Street Lighting	348,622	348,622	312,483	36,139
Total Security of Persons and Property	348,622	412,381	312,483	99,898
Public Health and Welfare Services:				
Health:				
Operations and Maintenance	294,936	294,937	294,937	0
Total Health	294,936	294,937	294,937	0
Assistance to Needy:				
Operations and Maintenance	5,000	10,000	9,040	960
Total Public Health and Welfare Services	299,936	304,937	303,977	960
Community Environment:				
Zoning, Planning, Tree Commissions:				
Personal Services	7,900	7,900	7,651	249
Operations and Maintenance	41,300	41,299	29,857	11,442
Total Zoning, Planning, Tree Commission	49,200	49,199	37,508	11,691
Economic Development:				
Personal Services	51,656	51,656	45,451	6,205
Operations and Maintenance	61,879	61,879	25,269	36,610
Total Economic Development	113,535	113,535	70,720	42,815
Total Community Environment	162,735	162,734	108,228	54,506

(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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
General Government:				
Council:				
Personal Services	120,068	120,068	119,748	320
Operations and Maintenance	6,851	6,851	4,435	2,416
Total Council	126,919	126,919	124,183	2,736
Mayor:				
Personal Services	182,182	183,977	183,778	199
Operations and Maintenance	11,001	10,848	5,463	5,385
Capital Outlay	1,500	1,500	490	1,010
Total Mayor	194,683	196,325	189,731	6,594
Personnel:				
Personal Services	101,455	103,117	102,559	558
Operations and Maintenance	27,553	27,553	23,335	4,218
Total Personnel	129,008	130,670	125,894	4,776
Auditor:				
Personal Services	410,190	416,838	415,706	1,132
Operations and Maintenance	33,417	33,417	18,570	14,847
Total Auditor	443,607	450,255	434,276	15,979
Treasurer:				
Personal Services	30,580	30,580	30,558	22
Operations and Maintenance	5,023	5,023	1,650	3,373
Total Treasurer	35,603	35,603	32,208	3,395
Law Director:				
Personal Services	538,576	544,701	541,076	3,625
Operations and Maintenance	42,439	63,376	63,214	162
Capital Outlay	5,486	5,486	5,364	122
Total Law Director	586,501	613,563	609,654	3,909
Law Director-Prosecution Contract:				
Personal Services	195,022	195,023	194,801	222
Operations and Maintenance	33,538	26,884	22,989	3,895
Capital Outlay	20,000	20,000	20,000	0
Total Law Director-Prosecution Contract	248,560	241,907	237,790	4,117

(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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Law Director-Code Enforcement:				
Personal Services	126,390	150,230	135,434	14,796
Operations and Maintenance	52,037	54,734	50,683	4,051
Capital Outlay	0	26,086	26,086	0
Total Law Director-Code Enforcement	178,427	231,050	212,203	18,847
Municipal Court:				
Personal Services	1,048,214	1,048,214	1,029,907	18,307
Operations and Maintenance	87,977	87,977	84,802	3,175
Total Municipal Court	1,136,191	1,136,191	1,114,709	21,482
Judicial:				
Personal Services	818,700	818,700	797,899	20,801
Operations and Maintenance	71,209	71,209	54,555	16,654
Capital Outlay	10,000	10,000	5,000	5,000
Total Judicial	899,909	899,909	857,454	42,455
Civil Service:				
Personal Services	9,152	9,152	7,215	1,937
Operations and Maintenance	21,960	28,460	18,669	9,791
Total Civil Service	31,112	37,612	25,884	11,728
City Hall Maintenance:				
Personal Services	64,852	64,852	63,878	974
Operations and Maintenance	135,744	135,744	109,263	26,481
Capital Outlay	4,055	4,055	3,727	328
Total City Hall Maintenance	204,651	204,651	176,868	27,783
City Hall Maintenance-Annex:				
Operations and Maintenance	56,393	61,393	53,964	7,429
Capital Outlay	10,000	5,000	0	5,000
Total City Hall Maintenance-Annex	66,393	66,393	53,964	12,429

(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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Service Safety Director:				
Personal Services	220,540	223,524	222,697	827
Operations and Maintenance	13,124	13,124	8,871	4,253
Capital Outlay	4,050	4,050	4,050	0
Total Service Safety Director	<u>237,714</u>	<u>240,698</u>	<u>235,618</u>	5,080
Engineer:				
Personal Services	344,950	349,229	343,801	5,428
Operations and Maintenance	85,234	112,814	94,689	18,125
Capital Outlay	4,500	2,641	2,641	0
Total Engineer	<u>434,684</u>	<u>464,684</u>	<u>441,131</u>	23,553
Certified Building Inspection:				
Personal Services	500,000	507,000	468,659	38,341
Operations and Maintenance	200,093	193,093	129,248	63,845
Capital Outlay	2,980	46,980	45,703	1,277
Total Certified Building Inspection	<u>703,073</u>	<u>747,073</u>	<u>643,610</u>	103,463
Administration Support:				
Personal Services	21,458	21,458	19,055	2,403
Operations and Maintenance	300,147	336,299	242,375	93,924
Total Administration Support	<u>321,605</u>	<u>357,757</u>	<u>261,430</u>	96,327
Miscellaneous:				
Personal Services	335,000	305,318	264,412	40,906
Operations and Maintenance	794,790	1,882,337	956,807	925,530
Total Miscellaneous	<u>1,129,790</u>	<u>2,187,655</u>	<u>1,221,219</u>	966,436
Income Tax:				
Personal Services	298,925	306,925	296,426	10,499
Operations and Maintenance	837,012	831,877	734,962	96,915
Capital Outlay	10,000	7,135	5,585	1,550
Total Income Tax	<u>1,145,937</u>	<u>1,145,937</u>	<u>1,036,973</u>	108,964
Total General Government	<u>8,254,367</u>	<u>9,514,852</u>	<u>8,034,799</u>	1,480,053

(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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Debt Services:				
Principal Retirement	37,689	37,689	37,689	0
Interest and Fiscal Charges	20,822	20,822	12,821	8,001
	<u>9,124,171</u>	<u>10,453,415</u>	<u>8,809,997</u>	<u>1,643,418</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,749,024	10,541,403	11,076,718	535,315
Other Financing Sources (Uses):				
Transfers Out	(12,903,594)	(13,039,538)	(12,744,624)	294,914
Advances In	24,500	24,500	0	(24,500)
Total Other Financing Sources (Uses)	<u>(12,879,094)</u>	<u>(13,015,038)</u>	<u>(12,744,624)</u>	<u>270,414</u>
Net Change in Fund Balance	(2,130,070)	(2,473,635)	(1,667,906)	805,729
Fund Balance at Beginning of Year	7,277,847	7,277,847	7,277,847	0
Prior Year Encumbrances	238,055	238,055	238,055	0
Fund Balance at End of Year	<u>\$ 5,385,832</u>	<u>\$ 5,042,267</u>	<u>\$ 5,847,996</u>	<u>\$ 805,729</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund - .45 Police and Fire Levy Fund
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,824,020	\$ 4,824,020	\$ 4,824,020	\$ 0
Intergovernmental Revenues	0	0	26,747	26,747
Charges for Services	0	0	781	781
All Other Revenues	0	0	3,516	3,516
Total Revenues	<u>4,824,020</u>	<u>4,824,020</u>	<u>4,855,064</u>	<u>31,044</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	8,536,561	8,413,589	8,225,029	188,560
Operations and Maintenance	672,205	632,725	562,060	70,665
Capital Outlay	104,428	98,133	89,649	8,484
Total Police	<u>9,313,194</u>	<u>9,144,447</u>	<u>8,876,738</u>	<u>267,709</u>
Fire:				
Personal Services	6,539,235	6,488,329	6,421,156	67,173
Operations and Maintenance	570,275	546,941	493,649	53,292
Capital Outlay	107,578	235,638	223,063	12,575
Total Fire	<u>7,217,088</u>	<u>7,270,908</u>	<u>7,137,868</u>	<u>133,040</u>
Total Expenditures	<u>16,530,282</u>	<u>16,415,355</u>	<u>16,014,606</u>	<u>400,749</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,706,262)	(11,591,335)	(11,159,542)	431,793
Other Financing Sources (Uses):				
Transfers In	<u>11,574,671</u>	<u>11,710,615</u>	<u>11,428,701</u>	<u>(281,914)</u>
Total Other Financing Sources (Uses)	<u>11,574,671</u>	<u>11,710,615</u>	<u>11,428,701</u>	<u>(281,914)</u>
Net Change in Fund Balance	(131,591)	119,280	269,159	149,879
Fund Balance at Beginning of Year	182,600	182,600	182,600	0
Prior Year Encumbrances	131,593	131,593	131,593	0
Fund Balance at End of Year	<u>\$ 182,602</u>	<u>\$ 433,473</u>	<u>\$ 583,352</u>	<u>\$ 149,879</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, 2018***

CEMETERY FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 107,200	\$ 107,200	\$ 107,200	\$ 0
Charges for Services	204,500	204,500	198,866	(5,634)
Investment Earnings	2,000	2,000	9,316	7,316
All Other Revenues	150	150	20,389	20,239
Total Revenues	<u>313,850</u>	<u>313,850</u>	<u>335,771</u>	<u>21,921</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	377,714	377,714	335,683	42,031
Operations and Maintenance	205,431	205,531	190,415	15,116
Capital Outlay	17,000	16,900	15,881	1,019
Total Expenditures	<u>600,145</u>	<u>600,145</u>	<u>541,979</u>	<u>58,166</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(286,295)	(286,295)	(206,208)	80,087
Other Financing Sources (Uses):				
Transfers In	220,000	220,000	220,000	0
Total Other Financing Sources (Uses)	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	<u>0</u>
Net Change in Fund Balance	(66,295)	(66,295)	13,792	80,087
Fund Balance at Beginning of Year	244,353	244,353	244,353	0
Prior Year Encumbrances	28,535	28,535	28,535	0
Fund Balance at End of Year	<u>\$ 206,593</u>	<u>\$ 206,593</u>	<u>\$ 286,680</u>	<u>\$ 80,087</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 1,890,000	\$ 1,890,000	\$ 1,957,730	\$ 67,730
Charges for Services	701,795	701,795	692,834	(8,961)
All Other Revenues	162,522	231,382	179,911	(51,471)
Total Revenues	<u>2,754,317</u>	<u>2,823,177</u>	<u>2,830,475</u>	<u>7,298</u>
Expenditures:				
Transportation:				
Personal Services	1,995,155	2,002,355	1,950,612	51,743
Operations and Maintenance	972,175	1,002,512	879,074	123,438
Capital Outlay	73,431	115,791	106,952	8,839
Total Transportation	<u>3,040,761</u>	<u>3,120,658</u>	<u>2,936,638</u>	<u>184,020</u>
Debt Service:				
Principal Retirement	260,931	260,931	260,931	0
Interest and Fiscal Charges	37,401	37,401	37,401	0
Total Debt Service	<u>298,332</u>	<u>298,332</u>	<u>298,332</u>	<u>0</u>
Total Expenditures	<u>3,339,093</u>	<u>3,418,990</u>	<u>3,234,970</u>	<u>184,020</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(584,776)	(595,813)	(404,495)	191,318
Other Financing Sources (Uses):				
Transfers In	375,000	375,000	375,000	0
Transfers Out	0	(150,000)	(150,000)	0
Total Other Financing Sources (Uses)	<u>375,000</u>	<u>225,000</u>	<u>225,000</u>	<u>0</u>
Net Change in Fund Balance	(209,776)	(370,813)	(179,495)	191,318
Fund Balance at Beginning of Year	1,119,973	1,119,973	1,119,973	0
Prior Year Encumbrances	147,612	147,612	147,612	0
Fund Balance at End of Year	<u>\$ 1,057,809</u>	<u>\$ 896,772</u>	<u>\$ 1,088,090</u>	<u>\$ 191,318</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, 2018**

STREET LEVY FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,869,000	\$ 1,869,000	\$ 1,899,852	\$ 30,852
Intergovernmental Revenues	231,000	231,000	481,015	250,015
All Other Revenues	0	33,464	33,464	0
Total Revenues	<u>2,100,000</u>	<u>2,133,464</u>	<u>2,414,331</u>	<u>280,867</u>
Expenditures:				
Transportation:				
Operations and Maintenance	<u>2,340,389</u>	<u>2,373,854</u>	<u>2,306,585</u>	<u>67,269</u>
Total Transportation	2,340,389	2,373,854	2,306,585	67,269
Debt Service:				
Principal Retirement	<u>50,000</u>	<u>50,000</u>	<u>42,086</u>	<u>7,914</u>
Total Debt Service	<u>50,000</u>	<u>50,000</u>	<u>42,086</u>	<u>7,914</u>
Total Expenditures	<u>2,390,389</u>	<u>2,423,854</u>	<u>2,348,671</u>	<u>75,183</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(290,389)	(290,390)	65,660	356,050
Fund Balance at Beginning of Year	296,167	296,167	296,167	0
Prior Year Encumbrances	<u>3,389</u>	<u>3,389</u>	<u>3,389</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,167</u>	<u>\$ 9,166</u>	<u>\$ 365,216</u>	<u>\$ 356,050</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, 2018***

PARKS AND RECREATION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,608,006	\$ 1,608,006	\$ 1,608,006	\$ 0
Intergovernmental Revenues	60,000	60,000	40,000	(20,000)
Charges for Services	388,500	388,500	424,985	36,485
Licenses, Permits and Fees	0	0	1,144	1,144
All Other Revenues	14,000	14,000	28,023	14,023
Total Revenues	<u>2,070,506</u>	<u>2,070,506</u>	<u>2,102,158</u>	<u>31,652</u>
Expenditures:				
Leisure Time Activities:				
Personal Services	1,423,144	1,428,411	1,351,021	77,390
Operations and Maintenance	622,445	711,131	682,470	28,661
Capital Outlay	46,435	37,545	34,710	2,835
Total Leisure Time Activities	<u>2,092,024</u>	<u>2,177,087</u>	<u>2,068,201</u>	<u>108,886</u>
Community Environment:				
Personal Services	80,000	80,000	72,133	7,867
Total Community Environment	<u>80,000</u>	<u>80,000</u>	<u>72,133</u>	<u>7,867</u>
Debt Service:				
Principal Retirement	40,000	35,791	35,791	0
Interest and Fiscal Charges	5,000	9,043	8,066	977
Total Debt Service	<u>45,000</u>	<u>44,834</u>	<u>43,857</u>	<u>977</u>
Total Expenditures	<u>2,217,024</u>	<u>2,301,921</u>	<u>2,184,191</u>	<u>117,730</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(146,518)	(231,415)	(82,033)	149,382
Other Financing Sources (Uses):				
Transfers In	80,000	80,000	80,000	0
Total Other Financing Sources (Uses)	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>0</u>
Net Change in Fund Balance	(66,518)	(151,415)	(2,033)	149,382
Fund Balance at Beginning of Year	584,360	584,360	584,360	0
Prior Year Encumbrances	20,570	20,570	20,570	0
Fund Balance at End of Year	<u>\$ 538,412</u>	<u>\$ 453,515</u>	<u>\$ 602,897</u>	<u>\$ 149,382</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, 2018***

SPECIAL IMPROVEMENT DISTRICT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 78,000	\$ 78,000	\$ 76,748	\$ (1,252)
Total Revenues	<u>78,000</u>	<u>78,000</u>	<u>76,748</u>	<u>(1,252)</u>
Expenditures:				
Community Environment:				
Operations and Maintenance	<u>78,000</u>	<u>76,748</u>	<u>76,748</u>	<u>0</u>
Total Expenditures	<u>78,000</u>	<u>76,748</u>	<u>76,748</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	1,252	0	(1,252)
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><u>\$ 0</u></u>	<u><u>\$ 1,252</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (1,252)</u></u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

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	\$ 1,235,547	\$ 1,235,547	\$ 1,490,122	\$ 254,575
Charges for Services	711,950	711,950	439,818	(272,132)
All Other Revenues	68,000	68,000	85,538	17,538
Total Revenues	<u>2,015,497</u>	<u>2,015,497</u>	<u>2,015,478</u>	<u>(19)</u>
Expenditures:				
Transportation:				
Personal Services	227,740	217,240	202,985	14,255
Operations and Maintenance	1,653,622	1,621,163	1,562,126	59,037
Capital Outlay	310,303	468,560	458,967	9,593
Total Expenditures	<u>2,191,665</u>	<u>2,306,963</u>	<u>2,224,078</u>	<u>82,885</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(176,168)	(291,466)	(208,600)	82,866
Other Financing Sources (Uses):				
Transfers In	73,000	73,000	73,000	0
Total Other Financing Sources (Uses)	<u>73,000</u>	<u>73,000</u>	<u>73,000</u>	<u>0</u>
Net Change in Fund Balance	(103,168)	(218,466)	(135,600)	82,866
Fund Balance at Beginning of Year	266,000	266,000	266,000	0
Prior Year Encumbrances	40,421	40,421	40,421	0
Fund Balance at End of Year	<u>\$ 203,253</u>	<u>\$ 87,955</u>	<u>\$ 170,821</u>	<u>\$ 82,866</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, 2018***

911 TARIFF FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 75,000	\$ 75,000	\$ 87,722	\$ 12,722
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>87,722</u>	<u>12,722</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	7,242	7,242	1,432	5,810
Capital Outlay	<u>0</u>	<u>135,013</u>	<u>135,013</u>	<u>0</u>
Total Expenditures	<u>7,242</u>	<u>142,255</u>	<u>136,445</u>	<u>5,810</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	67,758	(67,255)	(48,723)	18,532
Fund Balance at Beginning of Year	115,900	115,900	115,900	0
Prior Year Encumbrances	<u>1,742</u>	<u>1,742</u>	<u>1,742</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 185,400</u>	<u>\$ 50,387</u>	<u>\$ 68,919</u>	<u>\$ 18,532</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, 2018***

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

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

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	\$ 60,000	\$ 60,000	\$ 58,838	\$ (1,162)
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>58,838</u>	<u>(1,162)</u>
Expenditures:				
General Government:				
Personal Services	<u>90,257</u>	<u>90,257</u>	<u>88,331</u>	<u>1,926</u>
Total Expenditures	<u>90,257</u>	<u>90,257</u>	<u>88,331</u>	<u>1,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,257)	(30,257)	(29,493)	764
Other Financing Sources (Uses):				
Transfers In	<u>28,908</u>	<u>28,908</u>	<u>28,908</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>28,908</u>	<u>28,908</u>	<u>28,908</u>	<u>0</u>
Net Change in Fund Balance	(1,349)	(1,349)	(585)	764
Fund Balance at Beginning of Year	<u>34,419</u>	<u>34,419</u>	<u>34,419</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 33,070</u>	<u>\$ 33,070</u>	<u>\$ 33,834</u>	<u>\$ 764</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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 148,382	\$ 148,382	\$ 117,410	\$ (30,972)
Total Revenues	<u>148,382</u>	<u>148,382</u>	<u>117,410</u>	<u>(30,972)</u>
Expenditures:				
Community Environment:				
Personal Services	146,882	146,882	139,216	7,666
Operations and Maintenance	<u>1,500</u>	<u>1,500</u>	<u>488</u>	<u>1,012</u>
Total Expenditures	<u>148,382</u>	<u>148,382</u>	<u>139,704</u>	<u>8,678</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(22,294)	(22,294)
Fund Balance at Beginning of Year	<u>41,671</u>	<u>41,671</u>	<u>41,671</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 41,671</u>	<u>\$ 41,671</u>	<u>\$ 19,377</u>	<u>\$ (22,294)</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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 430,000	\$ 430,000	\$ 388,016	\$ (41,984)
Intergovernmental Revenues	<u>0</u>	<u>0</u>	<u>47,620</u>	<u>47,620</u>
Total Revenues	<u>430,000</u>	<u>430,000</u>	<u>435,636</u>	<u>5,636</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	455,732	455,732	455,732	0
Operations and Maintenance	<u>8,400</u>	<u>8,400</u>	<u>7,648</u>	<u>752</u>
Total Expenditures	<u>464,132</u>	<u>464,132</u>	<u>463,380</u>	<u>752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,132)	(34,132)	(27,744)	6,388
Fund Balance at Beginning of Year	<u>34,272</u>	<u>34,272</u>	<u>34,272</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 140</u>	<u>\$ 140</u>	<u>\$ 6,528</u>	<u>\$ 6,388</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, 2018**

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	\$ 50,000	\$ 50,000	\$ 0	\$ (50,000)
All Other Revenues	0	0	10	10
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>10</u>	<u>(49,990)</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	50,000	10	(49,990)
Fund Balance at Beginning of Year	<u>28,154</u>	<u>28,154</u>	<u>28,154</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 28,154</u>	<u>\$ 78,154</u>	<u>\$ 28,164</u>	<u>\$ (49,990)</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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 50,000	\$ 50,000	\$ 52,538	\$ 2,538
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>52,538</u>	<u>2,538</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u>100,000</u>	<u>100,000</u>	<u>3,470</u>	<u>96,530</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>3,470</u>	<u>96,530</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(50,000)	49,068	99,068
Fund Balance at Beginning of Year	<u>215,056</u>	<u>215,056</u>	<u>215,056</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 165,056</u>	<u>\$ 165,056</u>	<u>\$ 264,124</u>	<u>\$ 99,068</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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 0	\$ 0	\$ 1,670	\$ 1,670
Total Revenues	<u>0</u>	<u>0</u>	<u>1,670</u>	<u>1,670</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	1,670	1,670
Fund Balance at Beginning of Year	<u>89,290</u>	<u>89,290</u>	<u>89,290</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 89,290</u>	<u>\$ 89,290</u>	<u>\$ 90,960</u>	<u>\$ 1,670</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, 2018***

	<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	\$ 51,178	\$ 6,178
All Other Revenues	0	0	76	76
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>51,254</u>	<u>6,254</u>
Expenditures:				
General Government:				
Operations and Maintenance	55,000	55,000	22,926	32,074
Capital Outlay	<u>15,000</u>	<u>15,000</u>	<u>5,000</u>	<u>10,000</u>
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>27,926</u>	<u>42,074</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	(25,000)	23,328	48,328
Fund Balance at Beginning of Year	<u>39,704</u>	<u>39,704</u>	<u>39,704</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,704</u>	<u>\$ 14,704</u>	<u>\$ 63,032</u>	<u>\$ 48,328</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, 2018***

MUNICIPAL COURT PROBATION FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental Revenues	\$ 288,000	\$ 288,000	\$ 272,952	\$ (15,048)
Charges for Services	20,000	20,000	66,174	46,174
Fines and Forfeitures	350,000	350,000	362,153	12,153
All Other Revenues	0	0	12,596	12,596
Total Revenues	<u>658,000</u>	<u>658,000</u>	<u>713,875</u>	<u>55,875</u>
Expenditures:				
General Government:				
Personal Services	683,225	683,225	626,163	57,062
Operations and Maintenance	133,916	133,916	123,145	10,771
Total Expenditures	<u>817,141</u>	<u>817,141</u>	<u>749,308</u>	<u>67,833</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(159,141)	(159,141)	(35,433)	123,708
Other Financing Sources (Uses):				
Transfers In	150,000	150,000	150,000	0
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Net Change in Fund Balance	(9,141)	(9,141)	114,567	123,708
Fund Balance at Beginning of Year	136,644	136,644	136,644	0
Fund Balance at End of Year	<u>\$ 127,503</u>	<u>\$ 127,503</u>	<u>\$ 251,211</u>	<u>\$ 123,708</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, 2018***

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	\$ 186,000	\$ 186,000	\$ 199,632	\$ 13,632
All Other Revenues	0	0	1,228	1,228
Total Revenues	<u>186,000</u>	<u>186,000</u>	<u>200,860</u>	<u>14,860</u>
Expenditures:				
General Government:				
Personal Services	110,791	118,691	116,947	1,744
Operations and Maintenance	208,231	166,734	101,623	65,111
Capital Outlay	55,000	38,977	12,702	26,275
Total Expenditures	<u>374,022</u>	<u>324,402</u>	<u>231,272</u>	<u>93,130</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(188,022)	(138,402)	(30,412)	107,990
Fund Balance at Beginning of Year	139,047	139,047	139,047	0
Prior Year Encumbrances	2,903	2,903	2,903	0
Fund Balance at End of Year	<u>\$ (46,072)</u>	<u>\$ 3,548</u>	<u>\$ 111,538</u>	<u>\$ 107,990</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, 2018***

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	\$ 725,000	\$ 725,000	\$ 813,237	\$ 88,237
All Other Revenues	0	0	360	360
Total Revenues	<u>725,000</u>	<u>725,000</u>	<u>813,597</u>	<u>88,597</u>
Expenditures:				
General Government:				
Personal Services	0	300	300	0
Operations and Maintenance	253,754	259,454	192,462	66,992
Capital Outlay	690,000	224,312	5,000	219,312
Total Expenditures	<u>943,754</u>	<u>484,066</u>	<u>197,762</u>	<u>286,304</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(218,754)	240,934	615,835	374,901
Other Financing Sources (Uses):				
Transfers In	100,000	100,000	100,000	0
Transfers Out	0	(660,748)	(660,748)	0
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>(560,748)</u>	<u>(560,748)</u>	<u>0</u>
Net Change in Fund Balance	(118,754)	(319,814)	55,087	374,901
Fund Balance at Beginning of Year	508,202	508,202	508,202	0
Prior Year Encumbrances	8,754	8,754	8,754	0
Fund Balance at End of Year	<u>\$ 398,202</u>	<u>\$ 197,142</u>	<u>\$ 572,043</u>	<u>\$ 374,901</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, 2018***

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	\$ 0	\$ 0	\$ 329	\$ 329
Total Revenues	<u>0</u>	<u>0</u>	<u>329</u>	<u>329</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	329	329
Fund Balance at Beginning of Year	<u>19,282</u>	<u>19,282</u>	<u>19,282</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 19,282</u>	<u>\$ 19,282</u>	<u>\$ 19,611</u>	<u>\$ 329</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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
MUNICIPAL DRUG COURT FUND				
Revenues:				
Intergovernmental Revenues	\$ 275,886	\$ 275,886	\$ 182,034	\$ (93,852)
All Other Revenues	750	750	3,731	2,981
Total Revenues	<u>276,636</u>	<u>276,636</u>	<u>185,765</u>	<u>(90,871)</u>
Expenditures:				
General Government:				
Personal Services	138,025	139,126	138,906	220
Operations and Maintenance	<u>137,200</u>	<u>136,099</u>	<u>123,625</u>	<u>12,474</u>
Total Expenditures	<u>275,225</u>	<u>275,225</u>	<u>262,531</u>	<u>12,694</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,411	1,411	(76,766)	(78,177)
Other Financing Sources (Uses):				
Transfers In	<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>(10,000)</u>
Net Change in Fund Balance	11,411	11,411	(76,766)	(88,177)
Fund Balance at Beginning of Year	<u>94,197</u>	<u>94,197</u>	<u>94,197</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 105,608</u>	<u>\$ 105,608</u>	<u>\$ 17,431</u>	<u>\$ (88,177)</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental Revenues	\$ 10,000	\$ 10,000	\$ 24,588	\$ 14,588
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>24,588</u>	<u>14,588</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	<u>15,600</u>	<u>15,600</u>	<u>0</u>	<u>15,600</u>
Total Expenditures	<u>15,600</u>	<u>15,600</u>	<u>0</u>	<u>15,600</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,600)	(5,600)	24,588	30,188
Fund Balance at Beginning of Year	16,235	16,235	16,235	0
Prior Year Encumbrances	<u>600</u>	<u>600</u>	<u>600</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,235</u>	<u>\$ 11,235</u>	<u>\$ 41,423</u>	<u>\$ 30,188</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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 8,138	\$ 8,138
Total Revenues	<u>0</u>	<u>0</u>	<u>8,138</u>	<u>8,138</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	8,138	8,138
Fund Balance at Beginning of Year	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 8,140</u>	<u>\$ 8,138</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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>2,780</u>	<u>2,780</u>	<u>2,780</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 2,780</u></u>	<u><u>\$ 2,780</u></u>	<u><u>\$ 2,780</u></u>	<u><u>\$ 0</u></u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

.15 FIRE LEVY FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,608,006	\$ 1,608,006	\$ 1,608,006	\$ 0
Total Revenues	<u>1,608,006</u>	<u>1,608,006</u>	<u>1,608,006</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	1,476,295	1,476,295	1,358,521	117,774
Operations and Maintenance	<u>39,741</u>	<u>39,741</u>	<u>39,337</u>	<u>404</u>
Total Security of Persons and Property	1,516,036	1,516,036	1,397,858	118,178
Debt Service:				
Principal Retirement	15,570	15,570	15,565	5
Interest and Fiscal Charges	<u>1,395</u>	<u>1,395</u>	<u>1,390</u>	<u>5</u>
Total Debt Service	16,965	16,965	16,955	10
Total Expenditures	<u>1,533,001</u>	<u>1,533,001</u>	<u>1,414,813</u>	<u>118,188</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	75,005	75,005	193,193	118,188
Fund Balance at Beginning of Year	123,542	123,542	123,542	0
Prior Year Encumbrances	<u>4,270</u>	<u>4,270</u>	<u>4,270</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 202,817</u>	<u>\$ 202,817</u>	<u>\$ 321,005</u>	<u>\$ 118,188</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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>5,186</u>	<u>5,186</u>	<u>5,186</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 5,186</u></u>	<u><u>\$ 5,186</u></u>	<u><u>\$ 5,186</u></u>	<u><u>\$ 0</u></u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018***

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	\$ 646,022	\$ 1,364,600	\$ 373,357	\$ (991,243)
All Other Revenues	0	0	3,224	3,224
Total Revenues	<u>646,022</u>	<u>1,364,600</u>	<u>376,581</u>	<u>(988,019)</u>
Expenditures:				
Community Environment:				
Operations and Maintenance	65,497	65,497	1,152	64,345
Capital Outlay	668,687	402,923	371,893	31,030
Total Expenditures	<u>734,184</u>	<u>468,420</u>	<u>373,045</u>	<u>95,375</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,162)	896,180	3,536	(892,644)
Fund Balance at Beginning of Year	<u>94,089</u>	<u>94,089</u>	<u>94,089</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,927</u>	<u>\$ 990,269</u>	<u>\$ 97,625</u>	<u>\$ (892,644)</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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 100,000	\$ 100,000	\$ 97,864	\$ (2,136)
Investment Earnings	<u>0</u>	<u>0</u>	<u>14,662</u>	<u>14,662</u>
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>112,526</u>	<u>12,526</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	100,000	100,000	112,526	12,526
Other Financing Sources (Uses):				
Transfers Out	<u>0</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>0</u>
Net Change in Fund Balance	100,000	(25,000)	(12,474)	12,526
Fund Balance at Beginning of Year	<u>196,407</u>	<u>196,407</u>	<u>196,407</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 296,407</u>	<u>\$ 171,407</u>	<u>\$ 183,933</u>	<u>\$ 12,526</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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CEMETERY INTERMENT FUND				
Revenues:				
Charges for Services	\$ 13,200	\$ 13,200	\$ 25,365	\$ 12,165
Investment Earnings	250	250	184	(66)
Total Revenues	<u>13,450</u>	<u>13,450</u>	<u>25,549</u>	<u>12,099</u>
Expenditures:				
Public Health and Welfare Services:				
Operations and Maintenance	<u>32,000</u>	<u>32,000</u>	<u>20,934</u>	<u>11,066</u>
Total Expenditures	<u>32,000</u>	<u>32,000</u>	<u>20,934</u>	<u>11,066</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,550)	(18,550)	4,615	23,165
Fund Balance at Beginning of Year	<u>281,298</u>	<u>281,298</u>	<u>281,298</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 262,748</u>	<u>\$ 262,748</u>	<u>\$ 285,913</u>	<u>\$ 23,165</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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Debt Service:				
Principal Retirement	540,000	540,000	540,000	0
Interest and Fiscal Charges	331,703	331,703	331,703	0
Total Expenditures	<u>871,703</u>	<u>871,703</u>	<u>871,703</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(871,703)	(871,703)	(871,703)	0
Other Financing Sources (Uses):				
Transfers In	<u>871,703</u>	<u>871,703</u>	<u>871,703</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>871,703</u>	<u>871,703</u>	<u>871,703</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2018***

SPECIAL ASSESSMENT DEBT RETIREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Special Assessments	\$ 38,800	\$ 38,800	\$ 40,471	\$ 1,671
Total Revenues	<u>38,800</u>	<u>38,800</u>	<u>40,471</u>	<u>1,671</u>
Expenditures:				
General Government:				
Operations and Maintenance	2,300	2,300	2,074	226
Debt Service:				
Principal Retirement	24,500	24,500	18,550	5,950
Interest and Fiscal Charges	<u>5,250</u>	<u>5,250</u>	<u>3,803</u>	<u>1,447</u>
Total Expenditures	<u>32,050</u>	<u>32,050</u>	<u>24,427</u>	<u>7,623</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,750	6,750	16,044	9,294
Fund Balance at Beginning of Year	<u>72,595</u>	<u>72,595</u>	<u>72,595</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 79,345</u>	<u>\$ 79,345</u>	<u>\$ 88,639</u>	<u>\$ 9,294</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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 1,694,516	\$ 1,694,516	\$ 0
All Other Revenues	40,000	40,000	40,000	0
Total Revenues	<u>40,000</u>	<u>1,734,516</u>	<u>1,734,516</u>	<u>0</u>
Expenditures:				
Capital Outlay	<u>226,073</u>	<u>2,030,589</u>	<u>1,827,159</u>	<u>203,430</u>
Total Expenditures	<u>226,073</u>	<u>2,030,589</u>	<u>1,827,159</u>	<u>203,430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(186,073)	(296,073)	(92,643)	203,430
Other Financing Sources (Uses):				
Transfers In	<u>150,000</u>	<u>260,000</u>	<u>260,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>260,000</u>	<u>260,000</u>	<u>0</u>
Net Change in Fund Balance	(36,073)	(36,073)	167,357	203,430
Fund Balance at Beginning of Year	<u>36,073</u>	<u>36,073</u>	<u>36,073</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 203,430</u>	<u>\$ 203,430</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, 2018***

PARKS IMPROVEMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 107,200	\$ 107,200	\$ 107,200	\$ 0
Total Revenues	<u>107,200</u>	<u>107,200</u>	<u>107,200</u>	<u>0</u>
Expenditures:				
Capital Outlay	161,946	161,946	152,360	9,586
Total Expenditures	<u>161,946</u>	<u>161,946</u>	<u>152,360</u>	<u>9,586</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,746)	(54,746)	(45,160)	9,586
Fund Balance at Beginning of Year	98,437	98,437	98,437	0
Prior Year Encumbrances	9,765	9,765	9,765	0
Fund Balance at End of Year	<u>\$ 53,456</u>	<u>\$ 53,456</u>	<u>\$ 63,042</u>	<u>\$ 9,586</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, 2018***

CAPITAL IMPROVEMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 214,401	\$ 214,401	\$ 214,401	\$ 0
Intergovernmental Revenues	735,146	735,146	0	(735,146)
Charges for Services	9,900	9,900	48,180	38,280
Total Revenues	<u>959,447</u>	<u>959,447</u>	<u>262,581</u>	<u>(696,866)</u>
Expenditures:				
Capital Outlay	850,056	137,910	135,383	2,527
Debt Service:				
Principal Retirement	178,051	153,051	8,050	145,001
Total Expenditures	<u>1,028,107</u>	<u>290,961</u>	<u>143,433</u>	<u>147,528</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,660)	668,486	119,148	(549,338)
Other Financing Sources (Uses):				
Transfers In	2,000	2,000	0	(2,000)
Transfers Out	0	(110,000)	(110,000)	0
Total Other Financing Sources (Uses)	<u>2,000</u>	<u>(108,000)</u>	<u>(110,000)</u>	<u>(2,000)</u>
Net Change in Fund Balance	(66,660)	560,486	9,148	(551,338)
Fund Balance at Beginning of Year	495,056	495,056	495,056	0
Prior Year Encumbrances	111,906	111,906	111,906	0
Fund Balance at End of Year	<u>\$ 540,302</u>	<u>\$ 1,167,448</u>	<u>\$ 616,110</u>	<u>\$ (551,338)</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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 100,000	\$ 100,000	\$ 122,325	\$ 22,325
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>122,325</u>	<u>22,325</u>
Expenditures:				
Capital Outlay	0	128,060	128,060	0
Debt Service:				
Principal Retirement	114,101	114,101	114,101	0
Interest and Fiscal Charges	<u>13,254</u>	<u>13,254</u>	<u>13,247</u>	<u>7</u>
Total Expenditures	<u>127,355</u>	<u>255,415</u>	<u>255,408</u>	<u>7</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,355)	(155,415)	(133,083)	22,332
Fund Balance at Beginning of Year	<u>724,289</u>	<u>724,289</u>	<u>724,289</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 696,934</u>	<u>\$ 568,874</u>	<u>\$ 591,206</u>	<u>\$ 22,332</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, 2018***

ETY ROAD TIF PROJECT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 158,161	\$ 211,762	\$ 211,762	\$ 0
Investment Earnings	0	0	1	1
Total Revenues	<u>158,161</u>	<u>211,762</u>	<u>211,763</u>	<u>1</u>
Expenditures:				
General Government:				
Operations and Maintenance	20,000	20,000	12,765	7,235
Debt Service:				
Principal Retirement	105,000	1,504,745	1,504,745	0
Interest and Fiscal Charges	23,461	66,783	66,783	0
Total Expenditures	<u>148,461</u>	<u>1,591,528</u>	<u>1,584,293</u>	<u>7,235</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,700	(1,379,766)	(1,372,530)	7,236
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	1,399,745	1,377,881	(21,864)
Advances Out	(9,700)	(9,700)	(9,700)	0
Total Other Financing Sources (Uses)	<u>(9,700)</u>	<u>1,390,045</u>	<u>1,368,181</u>	<u>(21,864)</u>
Net Change in Fund Balance	0	10,279	(4,349)	(14,628)
Fund Balance at Beginning of Year	<u>20,060</u>	<u>20,060</u>	<u>20,060</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 20,060</u>	<u>\$ 30,339</u>	<u>\$ 15,711</u>	<u>\$ (14,628)</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, 2018**

COLUMBIAN CONSTRUCTION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Debt Service:				
Principal Retirement	0	1,620,000	1,620,000	0
Interest and Fiscal Charges	0	21,060	21,060	0
Total Expenditures	<u>0</u>	<u>1,641,060</u>	<u>1,641,060</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(1,641,060)	(1,641,060)	0
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	1,440,000	1,440,000	0
Transfers In	0	201,060	201,060	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,641,060</u>	<u>1,641,060</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 19,000	\$ 19,000	\$ 29,312	\$ 10,312
Total Revenues	<u>19,000</u>	<u>19,000</u>	<u>29,312</u>	<u>10,312</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,000	19,000	29,312	10,312
Fund Balance at Beginning of Year	<u>990,885</u>	<u>990,885</u>	<u>990,885</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,009,885</u>	<u>\$ 1,009,885</u>	<u>\$ 1,020,197</u>	<u>\$ 10,312</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.

Fuel Depot Fund

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

Information Services Fund

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

Health Insurance Management Fund

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

CITY OF LANCASTER, OHIO

**Combining Statement of Net Position
Internal Service Funds
December 31, 2018**

	Utilities Collection	Fuel Depot	Information Services	Health Insurance Management	Total
Assets:					
<i>Current Assets:</i>					
Cash and Cash Equivalents	\$ 479,382	\$ 102,616	\$ 466,725	\$ 134,031	\$ 1,182,754
Cash and Cash Equivalents with Fiscal Agent	0	0	0	1,365,731	1,365,731
<i>Receivables:</i>					
Accounts	0	28,718	1,933	0	30,651
Inventory of Supplies at Cost	23,759	12,454	17,111	0	53,324
Prepaid Items	392	0	0	0	392
Total Current Assets	503,533	143,788	485,769	1,499,762	2,632,852
<i>Non Current Assets:</i>					
Capital Assets Being Depreciated, Net	100,293	0	591,564	0	691,857
Total Assets	603,826	143,788	1,077,333	1,499,762	3,324,709
Deferred Outflows of Resources:					
Pension	227,941	0	95,643	0	323,584
OPEB	44,653	0	18,736	0	63,389
Total Deferred Outflows of Resources	272,594	0	114,379	0	386,973
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	20,306	62,845	37,208	0	120,359
Accrued Wages and Benefits	30,464	0	12,745	0	43,209
Claims Payable	0	0	0	1,048,151	1,048,151
Capital Lease Payable-Current	3,029	0	0	0	3,029
Compensated Absences Payable - Current	17,640	0	6,457	0	24,097
Total Current Liabilities	71,439	62,845	56,410	1,048,151	1,238,845
<i>Long Term Liabilities:</i>					
Capital Leases Payable	4,407	0	0	0	4,407
Compensated Absences Payable	249,667	0	91,421	0	341,088
Net Pension Liability	883,544	0	370,731	0	1,254,275
Net OPEB Liability	606,784	0	254,604	0	861,388
Total Liabilities	1,815,841	62,845	773,166	1,048,151	3,700,003
Deferred Inflows of Resources:					
Pension	215,721	0	91,062	0	306,783
OPEB	45,202	0	18,966	0	64,168
Total Deferred Inflows of Resources	260,923	0	110,028	0	370,951
Net Position:					
Net Investment in Capital Assets	92,857	0	591,564	0	684,421
Unrestricted	(1,293,201)	80,943	(283,046)	451,611	(1,043,693)
Total Net Position	\$ (1,200,344)	\$ 80,943	\$ 308,518	\$ 451,611	\$ (359,272)

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2018**

	Utilities Collection	Fuel Depot	Information Services	Health Insurance Management	Total
Operating Revenues:					
Charges for Services	\$ 1,576,436	\$ 866,267	\$ 957,160	\$ 6,983,233	\$ 10,383,096
Other Operating Revenue	47,861	0	12,666	0	60,527
Total Operating Revenues	1,624,297	866,267	969,826	6,983,233	10,443,623
Operating Expenses:					
Personal Services	1,370,054	0	526,929	0	1,896,983
Contractual Services	261,184	7,200	215,799	0	484,183
Materials and Supplies	125,450	844,491	101,529	0	1,071,470
Depreciation	27,929	0	127,335	0	155,264
Health Insurance Claims	0	0	0	8,385,509	8,385,509
Total Operating Expenses	1,784,617	851,691	971,592	8,385,509	11,993,409
Operating Income (Loss)	(160,320)	14,576	(1,766)	(1,402,276)	(1,549,786)
Nonoperating Revenue (Expenses):					
Loss on Disposal of Capital Assets	(13,981)	0	(4,236)	0	(18,217)
Total Nonoperating Revenues (Expenses)	(13,981)	0	(4,236)	0	(18,217)
Income (Loss) Before Transfers	(174,301)	14,576	(6,002)	(1,402,276)	(1,568,003)
Transfers In	0	0	0	2,000	2,000
Change in Net Position	(174,301)	14,576	(6,002)	(1,400,276)	(1,566,003)
Net Position Beginning of Year, Restated	(1,026,043)	66,367	314,520	1,851,887	1,206,731
Net Position End of Year	\$ (1,200,344)	\$ 80,943	\$ 308,518	\$ 451,611	\$ (359,272)

CITY OF LANCASTER, OHIO

***Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018***

	Utilities Collection	Fuel Depot	Information Services	Health Insurance Management	Totals
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Interfund Services	\$1,624,297	\$860,461	\$967,893	\$6,983,233	\$10,435,884
Cash Payments for Goods and Services	(331,989)	(854,140)	(288,867)	0	(1,474,996)
Cash Payments to and on behalf of Employees	(1,012,386)	0	(420,796)	0	(1,433,182)
Cash Payments for Claims	0	0	0	(8,099,201)	(8,099,201)
Cash Payments for Interfund Services	(270,058)	0	(84,830)	0	(354,888)
Net Cash Provided (Used) by Operating Activities	9,864	6,321	173,400	(1,115,968)	(926,383)
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers In from Other Funds	0	0	0	2,000	2,000
Net Cash Provided by Noncapital Financing Activities	0	0	0	2,000	2,000
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition and Construction of Assets	(57,933)	0	0	0	(57,933)
Capital Lease Payments	(6,917)	0	0	0	(6,917)
Net Cash Used by Capital and Related Financing Activities	(64,850)	0	0	0	(64,850)
Net Increase (Decrease) in Cash and Cash Equivalents	(54,986)	6,321	173,400	(1,113,968)	(989,233)
Cash and Cash Equivalents at Beginning of Year	534,368	96,295	293,325	2,613,730	3,537,718
Cash and Cash Equivalents at End of Year	\$479,382	\$102,616	\$466,725	\$1,499,762	\$2,548,485
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>					
Operating Income (Loss)	(\$160,320)	\$14,576	(\$1,766)	(\$1,402,276)	(\$1,549,786)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	27,929	0	127,335	0	155,264
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
Increase in Accounts Receivable	0	(5,806)	(1,933)	0	(7,739)
(Increase) Decrease in Inventory	755	7,170	(3,135)	0	4,790
Decrease in Prepaid Items	40	0	0	0	40
Decrease in Deferred Outflows of Resources - Pension	252,871	0	136,634	0	389,505
Increase in Deferred Outflows of Resources - OPEB	(37,242)	0	(15,156)	0	(52,398)
Increase (Decrease) in Accounts Payable	(4,208)	(9,619)	30,001	0	16,174
Increase (Decrease) in Accrued Wages and Benefits	3,834	0	(366)	0	3,468
Increase (Decrease) in Compensated Absences	(2,745)	0	11,608	0	8,863
Decrease in Net Pension Liability	(361,143)	0	(230,568)	0	(591,711)
Increase in Net OPEB Liability	53,146	0	22,300	0	75,446
Increase in Deferred Outflows of Resources - Pension	191,745	0	79,480	0	271,225
Increase in Deferred Outflows of Resources - OPEB	45,202	0	18,966	0	64,168
Increase in Claims Payable	0	0	0	286,308	286,308
Total Adjustments	170,184	(8,255)	175,166	286,308	623,403
Net Cash Provided (Used) by Operating Activities	\$9,864	\$6,321	\$173,400	(\$1,115,968)	(\$926,383)

Fiduciary Funds

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

Agency Funds

Municipal Court Fund

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

Law Library Fund

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

Utility Overpayment Fund

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

Parks Rental Deposit Fund

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

CITY OF LANCASTER, OHIO

***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2018***

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
<u>Municipal Court Fund</u>				
Assets:				
Cash and Cash Equivalents	\$157,185	\$4,968,238	(\$4,991,934)	\$133,489
Total Assets	<u>\$157,185</u>	<u>\$4,968,238</u>	<u>(\$4,991,934)</u>	<u>\$133,489</u>
Liabilities:				
Due to Other Funds	\$3,989	\$2,317,960	(\$2,318,431)	\$3,518
Intergovernmental Payable	0	1,129,683	(1,129,683)	0
Due to Others	153,196	1,520,595	(1,543,820)	129,971
Total Liabilities	<u>\$157,185</u>	<u>\$4,968,238</u>	<u>(\$4,991,934)</u>	<u>\$133,489</u>
<u>Law Library Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$52,058	(\$52,058)	\$0
Due from Other Funds	3,989	3,518	(3,989)	3,518
Total Assets	<u>\$3,989</u>	<u>\$55,576</u>	<u>(\$56,047)</u>	<u>\$3,518</u>
Liabilities:				
Intergovernmental Payable	\$3,989	\$55,576	(\$56,047)	\$3,518
Total Liabilities	<u>\$3,989</u>	<u>\$55,576</u>	<u>(\$56,047)</u>	<u>\$3,518</u>
<u>Utility Overpayment Fund</u>				
Assets:				
Cash and Cash Equivalents	\$181,608	\$43,458	(\$57,771)	\$167,295
Total Assets	<u>\$181,608</u>	<u>\$43,458</u>	<u>(\$57,771)</u>	<u>\$167,295</u>
Liabilities:				
Due to Others	\$181,608	\$43,458	(\$57,771)	\$167,295
Total Liabilities	<u>\$181,608</u>	<u>\$43,458</u>	<u>(\$57,771)</u>	<u>\$167,295</u>
<u>Parks Rental Deposit Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$9,625	(\$1,875)	\$7,750
Total Assets	<u>\$0</u>	<u>\$9,625</u>	<u>(\$1,875)</u>	<u>\$7,750</u>
Liabilities:				
Due to Others	\$0	\$9,625	(\$1,875)	\$7,750
Total Liabilities	<u>\$0</u>	<u>\$9,625</u>	<u>(\$1,875)</u>	<u>\$7,750</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$338,793	\$5,073,379	(\$5,103,638)	\$308,534
Due from Other Funds	3,989	3,518	(3,989)	3,518
Total Assets	<u>\$342,782</u>	<u>\$5,076,897</u>	<u>(\$5,107,627)</u>	<u>\$312,052</u>
Liabilities:				
Due to Other Funds	\$3,989	\$2,317,960	(\$2,318,431)	\$3,518
Intergovernmental Payables	3,989	1,185,259	(1,185,730)	3,518
Due to Others	334,804	1,573,678	(1,603,466)	305,016
Total Liabilities	<u>\$342,782</u>	<u>\$5,076,897</u>	<u>(\$5,107,627)</u>	<u>\$312,052</u>

STATISTICAL SECTION



STATISTICAL TABLES

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

Contents

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

City of Lancaster, Ohio

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

	Restated 2009	2010	Restated 2011	2012
Governmental Activities:				
Net Investment in Capital Assets	\$30,016,277	\$29,963,075	\$29,585,924	\$30,705,182
Restricted	8,350,592	8,914,509	10,612,142	10,328,275
Unrestricted	2,643,683	1,265,734	169,239	3,783,554
Total Governmental Activities Net Position	<u>\$41,010,552</u>	<u>\$40,143,318</u>	<u>\$40,367,305</u>	<u>\$44,817,011</u>
Business-type Activities:				
Net Investment in Capital Assets	\$38,448,219	\$42,163,722	\$40,715,175	\$40,307,130
Restricted	3,854,911	2,553,537	2,553,685	2,479,228
Unrestricted (Deficit)	1,665,210	(10,991,395)	(23,896,398)	(32,023,328)
Total Business-type Activities Net Position	<u>\$43,968,340</u>	<u>\$33,725,864</u>	<u>\$19,372,462</u>	<u>\$10,763,030</u>
Primary Government:				
Net Investment in Capital Assets	\$68,464,496	\$72,126,797	\$70,301,099	\$71,012,312
Restricted	12,205,503	11,468,046	13,165,827	12,807,503
Unrestricted	4,308,893	(9,725,661)	(23,727,159)	(28,239,774)
Total Primary Government Net Position	<u>\$84,978,892</u>	<u>\$73,869,182</u>	<u>\$59,739,767</u>	<u>\$55,580,041</u>

Source: City Auditor's Office

City of Lancaster, Ohio

2013	Restated 2014	2015	2016	Restated 2017	2018
\$34,859,182	\$38,638,721	\$41,576,482	\$44,062,621	\$46,837,859	\$49,673,604
10,580,754	11,237,072	11,077,774	10,154,360	9,467,802	10,031,606
5,391,809	(18,847,439)	(17,997,524)	(19,731,872)	(49,496,982)	(56,187,581)
<u>\$50,831,745</u>	<u>\$31,028,354</u>	<u>\$34,656,732</u>	<u>\$34,485,109</u>	<u>\$6,808,679</u>	<u>\$3,517,629</u>
\$42,495,213	\$46,787,496	\$54,167,749	\$59,487,303	\$62,067,035	\$66,438,543
2,469,200	2,469,033	2,469,078	2,342,642	2,351,745	2,372,321
(41,515,012)	(53,909,879)	(56,322,159)	(53,545,337)	(54,965,234)	(52,187,952)
<u>\$3,449,401</u>	<u>(\$4,653,350)</u>	<u>\$314,668</u>	<u>\$8,284,608</u>	<u>\$9,453,546</u>	<u>\$16,622,912</u>
\$77,354,395	\$85,426,217	\$95,744,231	\$103,549,924	\$108,904,894	\$116,112,147
13,049,954	13,706,105	13,546,852	12,497,002	11,819,547	12,403,927
(36,123,203)	(72,757,318)	(74,319,683)	(73,277,209)	(104,462,216)	(108,375,533)
<u>\$54,281,146</u>	<u>\$26,375,004</u>	<u>\$34,971,400</u>	<u>\$42,769,717</u>	<u>\$16,262,225</u>	<u>\$20,140,541</u>

City of Lancaster, Ohio

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

	2009	2010	Restated 2011	2012
Expenses				
Governmental Activities:				
Security of Persons and Property	\$17,891,385	\$17,701,539	\$17,530,462	\$15,424,941
Public Health and Welfare Services	876,750	824,685	754,085	744,949
Leisure Time Activities	1,853,442	1,953,298	1,958,087	1,893,828
Community Environment	671,940	842,850	817,834	825,620
Transportation	4,801,342	5,224,430	5,037,685	6,385,975
General Government	7,644,288	9,532,402	7,369,038	9,512,336
Interest and Fiscal Charges	442,382	343,326	339,535	329,507
<i>Total Governmental Activities Expenses</i>	<u>34,181,529</u>	<u>36,422,530</u>	<u>33,806,726</u>	<u>35,117,156</u>
Business-type Activities:				
Gas	19,307,808	16,287,581	14,805,525	12,339,382
Water	9,251,932	8,959,229	9,136,690	8,689,156
Water Pollution	7,864,490	7,223,678	8,441,640	9,525,692
Sanitation	3,352,104	3,333,154	3,533,473	3,205,787
Storm Water	1,546,057	2,052,733	1,786,087	1,717,429
Port Authority	0	23,188,889	21,285,796	17,564,850
<i>Total Business-type Activities Expenses</i>	<u>41,322,391</u>	<u>61,045,264</u>	<u>58,989,211</u>	<u>53,042,296</u>
<i>Total Primary Government Expenses</i>	<u>\$75,503,920</u>	<u>\$97,467,794</u>	<u>\$92,795,937</u>	<u>\$88,159,452</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$2,384,863	\$2,300,078	\$2,161,188	\$2,355,439
Public Health and Welfare Services	240,408	216,399	251,757	242,805
Leisure Time Activities	376,401	415,566	396,589	509,880
Community Environment	96,235	85,720	97,824	88,238
Transportation	790,241	825,039	813,495	777,280
General Government	1,943,677	2,302,119	2,151,906	2,522,371
Operating Grants and Contributions	5,070,598	4,358,354	5,523,719	8,668,164
Capital Grants and Contributions	0	797,834	498,035	169,670
<i>Total Governmental Activities Program Revenues</i>	<u>10,902,423</u>	<u>11,301,109</u>	<u>11,894,513</u>	<u>15,333,847</u>

City of Lancaster, Ohio

2013	2014	2015	2016	2017	2018
\$16,617,988	\$16,849,215	\$17,702,358	\$19,853,945	\$19,504,799	\$22,136,304
857,082	785,007	1,232,576	855,731	903,382	893,040
1,810,306	2,256,990	2,135,524	2,336,363	2,490,616	2,532,518
688,405	873,446	725,687	995,091	821,972	840,623
4,825,294	6,817,662	6,477,311	6,887,838	6,897,020	7,252,943
7,943,615	7,840,741	7,927,531	8,712,430	10,430,660	10,154,186
355,061	416,240	517,344	505,547	482,033	493,076
<u>33,097,751</u>	<u>35,839,301</u>	<u>36,718,331</u>	<u>40,146,945</u>	<u>41,530,482</u>	<u>44,302,690</u>
14,481,150	15,574,440	13,583,412	11,271,767	13,411,673	12,324,393
8,193,295	8,468,594	8,163,396	8,100,342	8,455,739	8,152,728
9,576,190	9,729,438	9,087,256	9,565,843	9,597,039	10,539,850
3,197,770	3,274,326	3,226,109	3,274,150	3,871,760	4,961,644
1,941,058	1,807,062	1,974,803	1,778,616	2,561,602	2,613,555
18,664,845	17,208,616	6,638,568	6,265,348	6,168,445	5,806,494
<u>56,054,308</u>	<u>56,062,476</u>	<u>42,673,544</u>	<u>40,256,066</u>	<u>44,066,258</u>	<u>44,398,664</u>
<u>\$89,152,059</u>	<u>\$91,901,777</u>	<u>\$79,391,875</u>	<u>\$80,403,011</u>	<u>\$85,596,740</u>	<u>\$88,701,354</u>
\$2,720,979	\$2,231,913	\$2,195,779	\$2,214,724	\$2,306,416	\$2,221,015
235,910	230,884	206,503	216,640	231,257	253,543
351,611	502,389	346,570	369,206	388,952	453,724
65,761	77,256	75,115	79,245	72,519	76,987
955,710	1,378,452	1,414,529	1,289,483	1,537,874	1,252,681
2,438,708	3,111,858	2,903,193	2,784,562	2,724,061	2,861,278
5,242,074	4,791,064	5,063,305	4,697,405	4,626,308	6,463,567
3,173,702	4,326,483	1,223,675	863,655	1,455,314	412,042
<u>15,184,455</u>	<u>16,650,299</u>	<u>13,428,669</u>	<u>12,514,920</u>	<u>13,342,701</u>	<u>13,994,837</u>

(continued)

City of Lancaster, Ohio

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

	2009	2010	Restated 2011	2012
Business-type Activities:				
Charges for Services				
Gas	22,023,964	17,258,590	15,206,268	12,786,252
Water	8,408,759	8,243,228	7,917,801	8,172,166
Water Pollution	8,231,224	8,708,143	10,010,386	10,620,930
Sanitation	3,592,904	3,572,689	3,583,806	3,687,918
Storm Water	1,899,584	2,107,985	2,327,529	2,726,348
Port Authority	0	9,350,923	8,626,192	5,798,134
Operating Grants and Contributions	146,543	194,145	256,255	163,697
Capital Grants and Contributions	47,589	1,042,287	144,389	432,880
<i>Total Business-type Activities Program Revenues</i>	<u>44,350,567</u>	<u>50,477,990</u>	<u>48,072,626</u>	<u>44,388,325</u>
<i>Total Primary Government Program Revenues</i>	<u>55,252,990</u>	<u>61,779,099</u>	<u>59,967,139</u>	<u>59,722,172</u>
Net (Expense)/Revenue				
Governmental Activities	(23,279,106)	(25,121,421)	(21,912,213)	(19,783,309)
Business-type Activities	3,028,176	(10,567,274)	(10,916,585)	(8,653,971)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$20,250,930)</u>	<u>(\$35,688,695)</u>	<u>(\$32,828,798)</u>	<u>(\$28,437,280)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$2,093,725	\$1,914,780	\$1,967,069	\$1,787,647
Special Purposes	417,000	394,315	446,119	404,582
Debt Service	0	228,307	332,919	332,419
Capital Outlay	0	258,061	38,576	158,607
Income Taxes	17,456,314	17,212,521	15,838,417	18,218,093
Other Local Taxes	517,840	543,579	585,100	617,585
Intergovernmental Revenue, Unrestricted	2,739,915	3,076,212	2,313,912	1,493,621
Investment Earnings	529,545	328,465	326,671	272,735
Miscellaneous	806,267	622,745	308,819	992,265
Transfers	(215,123)	(324,798)	(21,402)	(44,539)
<i>Total Governmental Activities</i>	<u>24,345,483</u>	<u>24,254,187</u>	<u>22,136,200</u>	<u>24,233,015</u>
Business-type Activities:				
Transfers	215,123	324,798	21,402	44,539
<i>Total Business-type Activities</i>	<u>215,123</u>	<u>324,798</u>	<u>21,402</u>	<u>44,539</u>
<i>Total Primary Government</i>	<u>\$24,560,606</u>	<u>\$24,578,985</u>	<u>\$22,157,602</u>	<u>\$24,277,554</u>
Change in Net Position				
Governmental Activities	\$1,066,377	(\$867,234)	\$223,987	\$4,449,706
Business-type Activities	3,243,299	(10,242,476)	(10,895,183)	(8,609,432)
<i>Total Primary Government Change in Net Position</i>	<u>\$4,309,676</u>	<u>(\$11,109,710)</u>	<u>(\$10,671,196)</u>	<u>(\$4,159,726)</u>

Source: City Auditor's Office

City of Lancaster, Ohio

2013	2014	2015	2016	2017	2018
15,121,742	17,597,507	14,060,793	12,419,202	13,346,170	14,177,606
7,891,739	7,991,000	8,229,806	8,645,087	8,947,621	8,791,515
11,082,399	11,278,415	11,442,588	12,175,681	12,599,473	12,336,673
3,635,892	3,655,721	3,767,681	3,914,303	3,839,528	4,045,384
2,956,331	3,000,829	3,015,638	3,041,305	2,892,094	3,031,541
7,748,116	9,474,189	5,672,858	5,290,812	6,529,140	6,244,520
198,065	149,107	203,559	1,647,722	1,107,583	2,630,791
106,395	0	1,248,639	1,082,611	633,684	310,000
<u>48,740,679</u>	<u>53,146,768</u>	<u>47,641,562</u>	<u>48,216,723</u>	<u>49,895,293</u>	<u>51,568,030</u>
<u>63,925,134</u>	<u>69,797,067</u>	<u>61,070,231</u>	<u>60,731,643</u>	<u>63,237,994</u>	<u>65,562,867</u>
(17,913,296)	(19,189,002)	(23,289,662)	(27,632,025)	(28,187,781)	(30,307,853)
<u>(7,313,629)</u>	<u>(2,915,708)</u>	<u>4,968,018</u>	<u>7,960,657</u>	<u>5,829,035</u>	<u>7,169,366</u>
<u>(\$25,226,925)</u>	<u>(\$22,104,710)</u>	<u>(\$18,321,644)</u>	<u>(\$19,671,368)</u>	<u>(\$22,358,746)</u>	<u>(\$23,138,487)</u>
\$1,775,753	\$1,769,125	\$1,768,791	\$1,746,676	\$1,886,173	\$1,798,528
392,439	2,530,507	2,288,683	2,247,405	2,387,133	2,281,700
331,819	331,119	331,769	330,869	334,119	121,369
135,935	157,845	175,432	247,126	129,768	90,393
17,948,988	18,135,381	19,459,814	20,293,739	19,528,225	19,526,066
618,634	624,904	644,847	621,499	683,298	478,311
1,794,651	1,468,722	1,519,113	1,261,622	1,260,634	1,520,356
110,281	328,271	302,372	130,686	431,605	559,647
819,530	585,543	427,219	590,063	724,771	640,433
0	0	0	(9,283)	0	0
<u>23,928,030</u>	<u>25,931,417</u>	<u>26,918,040</u>	<u>27,460,402</u>	<u>27,365,726</u>	<u>27,016,803</u>
0	0	0	9,283	0	0
0	0	0	9,283	0	0
<u>\$23,928,030</u>	<u>\$25,931,417</u>	<u>\$26,918,040</u>	<u>\$27,469,685</u>	<u>\$27,365,726</u>	<u>\$27,016,803</u>
\$6,014,734	\$6,742,415	\$3,628,378	(\$171,623)	(\$822,055)	(\$3,291,050)
<u>(7,313,629)</u>	<u>(2,915,708)</u>	<u>4,968,018</u>	<u>7,969,940</u>	<u>5,829,035</u>	<u>7,169,366</u>
<u>(\$1,298,895)</u>	<u>\$3,826,707</u>	<u>\$8,596,396</u>	<u>\$7,798,317</u>	<u>\$5,006,980</u>	<u>\$3,878,316</u>

City of Lancaster, Ohio

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

	2009	2010	2011	2012
General Fund				
Nonspendable	\$0	\$0	\$211,052	\$237,825
Assigned	0	0	430,940	1,581,288
Unassigned	0	0	3,341,770	3,614,790
Reserved	309,687	311,485	0	0
Unreserved	2,829,674	3,362,329	0	0
Total General Fund	3,139,361	3,673,814	3,983,762	5,433,903
All Other Governmental Funds				
Nonspendable	0	0	2,919,211	3,037,984
Restricted	0	0	5,972,886	5,980,246
Committed	0	0	1,000,075	1,560,269
Unassigned	0	0	(2,224,855)	(2,249,664)
Reserved	3,044,531	3,023,660	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	4,082,531	4,848,172	0	0
Capital Projects Funds	(4,330,894)	(2,010,441)	0	0
Total All Other Governmental Funds	2,796,168	5,861,391	7,667,317	8,328,835
Total Governmental Funds	\$5,935,529	\$9,535,205	\$11,651,079	\$13,762,738

Source: City Auditor's Office

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

City of Lancaster, Ohio

2013	2014	2015	2016	2017	2018
\$218,362	\$184,142	\$186,934	\$232,405	\$140,780	\$144,510
1,242,718	1,335,785	1,358,651	1,303,159	2,987,873	1,463,374
5,251,121	5,482,881	5,684,567	6,518,690	5,069,422	5,618,519
0	0	0	0	0	0
0	0	0	0	0	0
<u>6,712,201</u>	<u>7,002,808</u>	<u>7,230,152</u>	<u>8,054,254</u>	<u>8,198,075</u>	<u>7,226,403</u>
3,019,060	3,018,879	2,974,874	1,392,532	1,305,960	1,364,716
6,525,938	13,494,830	7,070,766	8,185,382	7,080,577	7,567,853
1,323,924	1,965,953	2,006,007	2,041,240	2,177,475	2,270,690
(2,656,486)	(1,805,141)	(2,158,940)	(3,430,546)	(3,183,154)	(2,971,594)
0	0	0	0	0	0
0	0	0	0	0	0
<u>8,212,436</u>	<u>16,674,521</u>	<u>9,892,707</u>	<u>8,188,608</u>	<u>7,380,858</u>	<u>8,231,665</u>
<u>\$14,924,637</u>	<u>\$23,677,329</u>	<u>\$17,122,859</u>	<u>\$16,242,862</u>	<u>\$15,578,933</u>	<u>\$15,458,068</u>

City of Lancaster, Ohio

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

	2009	2010	2011	2012
Revenues:				
Taxes	\$19,672,863	\$20,068,678	\$19,653,652	\$20,167,837
Intergovernmental Revenues	8,496,589	8,720,285	8,205,296	10,125,086
Charges for Services	4,192,295	4,398,036	4,110,825	4,463,521
Licenses and Permits	30,148	23,460	24,320	26,190
Investment Earnings	541,123	343,123	311,047	314,243
Special Assessments	128,276	118,993	140,063	122,408
Fines and Forfeitures	1,892,301	2,039,847	2,071,956	2,313,306
All Other Revenue	740,067	729,522	442,006	1,089,910
Total Revenue	35,693,662	36,441,944	34,959,165	38,622,501
Expenditures:				
Current:				
Security of Persons and Property	17,282,106	17,765,918	16,737,295	16,629,053
Public Health and Welfare Services	861,469	827,523	744,821	759,395
Leisure Time Activities	1,930,845	1,891,191	1,819,231	1,901,633
Community Environment	914,314	840,683	825,150	827,142
Transportation	4,405,233	4,572,787	3,920,300	4,309,998
General Government	7,342,691	8,317,591	7,115,172	7,290,528
Capital Outlay	825,694	703,024	920,837	4,489,551
Debt Service:				
Principal Retirement	413,171	643,299	747,956	769,591
Interest and Fiscal Charges	448,980	351,966	325,674	332,330
Total Expenditures	34,424,503	35,913,982	33,156,436	37,309,221
Excess (Deficiency) of Revenues Over Expenditures	1,269,159	527,962	1,802,729	1,313,280

City of Lancaster, Ohio

2013	2014	2015	2016	2017	2018
\$20,522,054	\$22,629,962	\$23,802,285	\$25,039,914	\$24,444,584	\$24,544,397
9,925,610	10,402,482	7,574,806	6,146,543	6,718,005	8,040,780
5,018,577	5,376,488	5,163,513	5,205,674	5,368,744	5,110,981
21,320	30,544	24,527	21,640	19,345	21,511
117,176	322,355	281,853	138,918	441,291	557,479
99,710	116,689	112,508	120,658	109,350	117,219
2,111,093	2,339,400	2,338,992	2,011,572	2,223,888	2,273,587
849,946	770,866	395,121	599,899	740,648	668,267
38,665,486	41,988,786	39,693,605	39,284,818	40,065,855	41,334,221
16,396,860	16,387,166	16,760,874	17,243,275	17,646,731	18,117,157
897,647	791,543	1,249,017	822,750	905,566	848,159
1,840,118	1,994,089	1,847,968	1,912,169	2,152,419	2,010,682
687,389	884,703	724,103	982,147	785,013	799,357
4,443,455	6,722,387	7,635,265	6,911,218	7,592,879	7,247,162
7,490,162	8,216,413	7,579,778	8,526,437	8,867,751	8,504,140
4,721,837	6,324,867	8,961,855	2,399,353	1,492,592	2,287,025
969,263	1,390,042	1,358,335	1,226,164	1,262,897	1,177,763
352,094	395,077	521,659	501,561	478,803	488,754
37,798,825	43,106,287	46,638,854	40,525,074	41,184,651	41,480,199
866,661	(1,117,501)	(6,945,249)	(1,240,256)	(1,118,796)	(145,978)

(Continued)

City of Lancaster, Ohio

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

	2009	2010	2011	2012
Other Financing Sources (Uses):				
Other Financing Sources - Capital Leases	518,545	18,882	0	9,806
Ohio Public Works Commission Loan	0	0	0	0
Ohio Water Development Authority Loans	0	337,247	61,428	0
General Obligation Bonds Issued	0	2,800,000	0	0
Premium on General Obligation Bonds	0	0	0	0
Refunding General Obligation Bonds Issued	0	0	0	0
Premium on Refunding General Obligation Bonds	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Installment Loan	0	0	199,141	1,049,337
Transfers In	1,989,769	1,803,367	1,267,822	1,288,514
Transfers Out	(2,032,945)	(1,878,889)	(1,289,224)	(1,633,053)
Total Other Financing Sources (Uses)	<u>475,369</u>	<u>3,080,607</u>	<u>239,167</u>	<u>714,604</u>
Net Change in Fund Balance	<u>\$1,744,528</u>	<u>\$3,608,569</u>	<u>\$2,041,896</u>	<u>\$2,027,884</u>
Debt Service as a Percentage of Noncapital Expenditures	2.63%	2.91%	3.40%	3.10%

Source: City Auditor's Office

City of Lancaster, Ohio

2013	2014	2015	2016	2017	2018
20,751	423,428	469,044	244,069	625,000	0
0	0	0	210,428	0	0
0	0	0	0	0	0
0	9,350,000	0	0	0	0
0	127,150	0	0	0	0
0	2,380,000	0	0	0	0
0	38,212	0	0	0	0
0	(2,359,891)	0	0	0	0
470,575	0	0	0	0	0
2,035,399	11,404,518	11,887,104	11,523,088	11,847,598	13,788,372
(2,214,087)	(11,469,006)	(11,951,592)	(11,664,159)	(11,924,017)	(13,790,372)
<u>312,638</u>	<u>9,894,411</u>	<u>404,556</u>	<u>313,426</u>	<u>548,581</u>	<u>(2,000)</u>
<u>\$1,179,299</u>	<u>\$8,776,910</u>	<u>(\$6,540,693)</u>	<u>(\$926,830)</u>	<u>(\$570,215)</u>	<u>(\$147,978)</u>
4.07%	4.95%	5.33%	4.75%	4.65%	4.47%

City of Lancaster, Ohio

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

Tax year	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Income Tax Rate	1.75%	1.75%	1.75%	1.75%
Estimated Personal Income (in thousands)	\$1,211,789	\$1,214,457	\$1,301,806	\$1,396,920
Total Tax Collected	\$16,819,420	\$17,320,421	\$16,703,561	\$17,457,624
Income Tax Receipts				
Withholding	12,867,716	13,193,795	13,238,524	13,557,810
Percentage	76.51%	76.17%	79.25%	77.66%
Corporate	2,005,248	2,192,628	1,609,683	1,649,607
Percentage	11.92%	12.66%	9.64%	9.45%
Individuals	1,946,456	1,933,998	1,855,354	2,250,207
Percentage	11.57%	11.17%	11.11%	12.89%

Source: City Income Tax Department

Credit is given for tax paid to city of employment up to a maximum of 1.0%

City of Lancaster, Ohio

2013	2014	2015	2016	2017	2018
1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
\$1,543,778	\$1,566,749	\$1,595,603	\$1,675,569	\$1,760,445	\$1,779,530
\$17,750,771	\$17,809,533	\$18,672,494	\$20,100,001	\$19,944,236	\$19,964,681
13,659,993	13,883,166	14,439,064	15,248,970	15,278,799	15,737,489
76.96%	77.96%	77.34%	75.88%	76.62%	78.83%
1,932,043	1,897,976	2,067,737	2,444,653	2,413,546	1,974,128
10.88%	10.66%	11.07%	12.16%	12.10%	9.89%
2,158,735	2,028,391	2,165,693	2,406,378	2,251,891	2,253,064
12.16%	11.38%	11.59%	11.96%	11.28%	11.28%



City of Lancaster, Ohio

*Income Tax Collections
Current Year and Nine Years Ago*

Calendar Year 2018

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.10%	\$5,956,724	29.84%
All Others	<u>9,802</u>	<u>99.90%</u>	<u>14,007,957</u>	<u>70.16%</u>
Total	<u>9,812</u>	<u>100.00%</u>	<u>\$19,964,681</u>	<u>100.00%</u>

Calendar Year 2009

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

Source: City Income Tax Department

City of Lancaster, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	2009	2010	2011	2012
Governmental Activities ⁽¹⁾				
Housing and Urban Development Loan Payable	\$670,000	\$580,000	\$490,000	\$400,000
Ohio Public Works Commission Loan Payable	69,990	63,904	57,818	54,775
Ohio Water Development Authority Loans Payable	0	337,247	391,485	376,754
Special Assessment Bonds Payable	261,500	245,000	228,000	210,000
General Obligation Bonds Payable	3,335,000	5,745,000	5,295,000	4,835,000
State Infrastructure Bank Loan Payable	910,707	769,994	610,821	464,867
Installment Loan Payable	0	0	180,634	1,492,108
Capital Leases	750,733	532,216	356,584	184,820
Business-type Activities ⁽¹⁾				
Ohio Water Development Authority Loans Payable	\$41,534,180	\$58,381,455	\$60,996,820	\$56,434,105
Revenue Bonds Payable	373,688,481	369,297,377	365,281,273	361,341,879
Installment Loan Payable	0	0	0	0
Ohio Rail Development Commission Loan	100,808	53,060	4,136	0
Capital Leases	287,311	200,470	83,832	325,974
Total Primary Government	<u>\$421,608,710</u>	<u>\$436,205,723</u>	<u>\$433,976,403</u>	<u>\$426,120,282</u>
Population ⁽²⁾				
City of Lancaster	37,680	37,243	38,780	38,880
Outstanding Debt Per Capita	\$11,189	\$11,712	\$11,191	\$10,960
Income ⁽³⁾				
Personal (in thousands)	1,211,789	1,214,457	1,301,806	1,396,920
Percentage of Personal Income	34.79%	35.92%	33.34%	30.50%

Sources:

- (1) Source: City Auditor's Office
- (2) Lancaster Community Development Department estimates (2008- 2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2017)
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Lancaster, Ohio

2013	2014	2015	2016	2017	2018
\$310,000	\$220,000	\$130,000	\$40,000	\$0	\$0
45,646	39,560	33,474	240,859	192,686	144,514
361,723	346,088	329,941	313,264	296,041	278,254
191,000	171,000	150,000	128,000	99,050	80,500
4,360,000	13,177,942	12,369,244	11,541,185	10,688,126	10,035,067
314,502	159,592	0	0	0	0
1,695,230	1,378,506	1,053,040	739,482	438,492	324,391
114,214	447,016	737,330	780,396	1,175,358	826,767
\$52,134,520	\$47,606,083	\$43,497,740	\$39,590,748	\$36,000,351	\$33,301,643
356,703,101	347,855,825	334,188,997	321,226,153	306,054,973	290,378,793
0	0	0	1,050,000	700,000	0
0	0	0	0	0	0
280,665	233,665	165,790	108,017	360,429	290,368
<u>\$416,510,601</u>	<u>\$411,635,277</u>	<u>\$392,655,556</u>	<u>\$375,758,104</u>	<u>\$356,005,506</u>	<u>\$335,660,297</u>
39,359	38,854	38,780	39,848	39,848	40,280
\$10,582	\$10,594	\$10,125	\$9,430	\$8,934	\$8,333
1,543,778	1,566,749	1,595,603	1,675,569	1,760,445	1,779,530
26.98%	26.27%	24.61%	22.43%	20.22%	18.86%

City of Lancaster, Ohio

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2009	2010	2011	2012
Population ⁽¹⁾	37,680	37,243	38,780	38,880
Assessed Value ⁽²⁾	\$745,611,660	\$737,068,930	\$718,274,700	\$723,028,400
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$3,335,000	\$5,745,000	\$5,295,000	\$4,835,000
Resources Available to Pay Principal ⁽⁴⁾	\$97,729	\$91,191	\$91,191	\$91,191
Net General Bonded Debt	\$3,237,271	\$5,653,809	\$5,203,809	\$4,743,809
Ratio of Net Bonded Debt to Assessed Value	0.43%	0.77%	0.72%	0.66%
Net Bonded Debt per Capita	\$85.91	\$151.81	\$134.19	\$122.01

Source:

- (1) Lancaster Community Development Department estimates (2008- 2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2017)
- (2) Fairfield County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.
- (4) Includes only Debt Service funds available for general obligation bonded debt supported
by property taxes.

City of Lancaster, Ohio

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
39,359	38,854	38,780	39,848	39,848	40,280
\$727,831,260	\$722,645,450	\$719,521,390	\$722,023,270	\$740,245,390	\$737,217,750
\$4,360,000	\$13,177,942	\$12,369,244	\$11,541,185	\$10,688,126	\$10,035,067
\$91,191	\$0	\$11,869	\$0	\$0	\$0
\$4,268,809	\$13,177,942	\$12,357,375	\$11,541,185	\$10,688,126	\$10,035,067
0.59%	1.82%	1.72%	1.60%	1.44%	1.36%
\$108.46	\$339.17	\$318.65	\$289.63	\$268.22	\$249.13



City of Lancaster, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2018*

<u>Jurisdiction</u>		<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Lancaster</u>	<u>Amount Applicable to the City of Lancaster</u>
Direct:				
City of Lancaster	(1)	\$11,689,493	100.00%	\$11,689,493
Overlapping:				
Lancaster City School District	(2)	91,323,061	77.20%	70,501,403
Fairfield County	(3)	37,331,204	20.02%	<u>7,473,707</u>
			Subtotal	<u>77,975,110</u>
			Total	<u><u>\$89,664,603</u></u>

Source:

- (1) City Auditor's Office
- (2) Lancaster City School District, as of June 30, 2018, the District's fiscal year end.
- (3) Fairfield County Auditor - Comprehensive Annual Financial Report

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

City of Lancaster, Ohio

*Debt Limitations
Last Ten Years*

Collection Year	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Debt				
Net Assessed Valuation	\$745,611,660	\$737,068,930	\$718,274,700	\$723,028,400
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	78,289,224	77,392,238	75,418,844	75,917,982
City Debt Outstanding (2)	3,335,000	5,745,000	5,295,000	4,835,000
Less: Applicable Debt Service Fund Amounts	<u>(97,729)</u>	<u>(91,191)</u>	<u>(91,191)</u>	<u>(91,191)</u>
Net Indebtedness Subject to Limitation	<u>3,237,271</u>	<u>5,653,809</u>	<u>5,203,809</u>	<u>4,743,809</u>
Overall Legal Debt Margin	<u><u>\$75,051,953</u></u>	<u><u>\$71,738,429</u></u>	<u><u>\$70,215,035</u></u>	<u><u>\$71,174,173</u></u>
Unvoted Debt				
Net Assessed Valuation	\$745,611,660	\$737,068,930	\$718,274,700	\$723,028,400
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	41,008,641	40,538,791	39,505,109	39,766,562
City Debt Outstanding (2)	3,335,000	5,745,000	5,295,000	4,835,000
Less: Applicable Debt Service Fund Amounts	<u>(97,729)</u>	<u>(91,191)</u>	<u>(91,191)</u>	<u>(91,191)</u>
Net Indebtedness Subject to Limitation	<u>3,237,271</u>	<u>5,653,809</u>	<u>5,203,809</u>	<u>4,743,809</u>
Overall Legal Debt Margin	<u><u>\$37,771,370</u></u>	<u><u>\$34,884,982</u></u>	<u><u>\$34,301,300</u></u>	<u><u>\$35,022,753</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, Ohio

2013	2014	2015	2016	2017	2018
\$727,831,260	\$722,645,450	\$719,521,390	\$722,023,270	\$740,245,390	\$737,217,750
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
76,422,282	75,877,772	75,549,746	75,812,443	77,725,766	77,407,864
4,360,000	13,177,942	12,369,244	11,541,185	10,688,126	10,035,067
(91,191)	0	(11,869)	0	0	0
4,268,809	13,177,942	12,357,375	11,541,185	10,688,126	10,035,067
\$72,153,473	\$62,699,830	\$63,192,371	\$64,271,258	\$67,037,640	\$67,372,797
\$727,831,260	\$722,645,450	\$719,521,390	\$722,023,270	\$740,245,390	\$737,217,750
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
40,030,719	39,745,500	39,573,676	39,711,280	40,713,496	40,546,976
4,360,000	13,177,942	12,369,244	11,541,185	10,688,126	10,035,067
(91,191)	0	(11,869)	0	0	0
4,268,809	13,177,942	12,357,375	11,541,185	10,688,126	10,035,067
\$35,761,910	\$26,567,558	\$27,216,301	\$28,170,095	\$30,025,370	\$30,511,909

City of Lancaster, Ohio

Pledged Revenue Coverage Last Ten Years

	2009	2010	2011	2012
Water Mortgage Bonds (1 a)				
Gross Revenues (2)	\$8,432,910	\$8,307,429	\$7,979,328	\$8,210,753
Direct Operating Expenses (3)	5,798,198	5,845,492	5,796,524	5,919,515
Net Revenue Available for Debt Service	2,634,712	2,461,937	2,182,804	2,291,238
Annual Debt Service Requirement	566,094	564,344	561,869	519,035
Coverage	4.65	4.36	3.88	4.41
Water Pollution Mortgage Bonds (1 b)				
Gross Revenues (2)	\$8,339,280	\$8,834,129	\$10,115,464	\$10,715,711
Direct Operating Expenses (3)	3,893,941	3,542,641	3,568,981	4,297,101
Net Revenue Available for Debt Service	4,445,339	5,291,488	6,546,483	6,418,610
Annual Debt Service Requirement	1,786,742	1,786,941	1,786,179	1,761,279
Coverage	2.49	2.96	3.67	3.64
Port Authority Gas Supply Revenue Bonds (1 c)				
Gross Revenues (2)	N/A	\$9,347,281	\$8,628,422	\$5,758,552
Direct Operating Expenses (3)	N/A	9,830,408	8,217,550	4,540,457
Net Revenue Available for Debt Service	N/A	(483,127)	410,872	1,218,095
Annual Debt Service Requirement	6,166,070	4,440,158	3,737,119	3,741,661
Coverage	N/A	(0.11)	0.11	0.33
Special Assessment Bonds (1 d)				
Special Assessment Collections	\$35,202	\$36,342	\$46,203	\$37,246
Debt Service				
Principal	15,500	16,500	17,000	18,000
Interest	13,850	13,075	12,250	11,400
Coverage	1.20	1.23	1.58	1.27

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

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

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

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

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

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

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

N/A = not available

Source: City Auditor's Office

City of Lancaster, Ohio

2013	2014	2015	2016	2017	2018
\$7,885,740	\$8,023,002	\$8,211,328	\$8,643,136	\$8,992,669	\$8,877,949
5,453,543	5,802,924	5,822,634	5,914,565	6,108,057	5,946,393
2,432,197	2,220,078	2,388,694	2,728,571	2,884,612	2,931,556
416,144	516,081	514,981	513,981	509,831	517,431
5.84	4.30	4.64	5.31	5.66	5.67
\$11,072,967	\$11,378,708	\$11,499,199	\$12,185,806	\$12,745,699	\$12,638,715
4,054,109	4,403,285	3,930,137	4,609,387	4,778,447	6,340,117
7,018,858	6,975,423	7,569,062	7,576,419	7,967,252	6,298,598
1,749,669	1,749,756	1,753,812	1,688,038	1,637,900	1,635,000
4.01	3.99	4.32	4.49	4.86	3.85
\$7,732,965	\$9,475,747	\$5,668,319	\$5,291,860	\$6,540,915	\$6,291,644
5,819,723	6,531,561	290,978	242,969	328,795	246,515
1,913,242	2,944,186	5,377,341	5,048,891	6,212,120	6,045,129
3,884,923	2,852,227	15,284,079	16,505,174	18,078,461	20,013,639
0.49	1.03	0.35	0.31	0.34	0.30
\$36,571	\$41,881	\$39,239	\$43,231	\$38,304	\$40,471
19,000	20,000	21,000	22,000	28,950	18,550
10,500	9,550	8,550	7,500	7,550	3,803
1.24	1.42	1.33	1.47	1.05	1.81

City of Lancaster, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	2009	2010	2011	2012	2013
Population					
City of Lancaster (2)	37,680	37,243	38,780	38,880	39,359
Fairfield County (1)	143,712	143,712	146,156	147,747	148,797
Income (3) (a)					
Total Personal (in thousands)	1,211,789	1,214,457	1,301,806	1,396,920	1,543,778
Per Capita	32,160	32,609	33,569	35,929	39,223
Unemployment Rate (4)					
Federal	9.3%	9.6%	8.9%	8.1%	7.4%
State	10.2%	10.1%	8.6%	7.2%	7.4%
Fairfield County	8.5%	8.8%	7.7%	6.3%	6.4%
Civilian Work Force Estimates (4)					
State	5,970,200	5,897,600	5,762,000	5,747,900	5,765,700
Fairfield County	76,100	75,300	74,400	74,800	75,600
Lancaster	18,600	17,900	1,770	17,500	17,700

Sources:

- (1) US Bureau of Census of Population
- (2) Lancaster Community Development Department estimates (2009- 2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2018)
- (3) US Department of Commerce, Bureau of Economic Analysis information is only available through 2017
for the presentation of 2018 statistics, the City is using the latest information available.
(a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (4) State Department of Labor Statistics

City of Lancaster, Ohio

2014	2015	2016	2017	2018
38,854	38,780	39,848	39,848	40,280
150,381	151,408	152,597	154,733	155,782
1,566,749	1,595,603	1,675,569	1,760,445	1,779,530
40,324	41,145	42,049	44,179	44,179
6.2%	5.3%	4.9%	4.4%	3.9%
5.7%	4.9%	4.9%	5.0%	4.6%
5.0%	4.3%	4.2%	4.3%	4.0%
5,719,500	5,700,300	5,713,100	5,780,000	5,754,900
74,900	75,400	75,800	77,400	77,300
17,900	17,900	17,900	17,400	17,300



City of Lancaster, Ohio

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2018		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	1,864	1	10.77%
Fairfield County	Government	938	2	5.42%
Anchor Hocking	Manufacturer	900	3	5.20%
Lancaster City Schools	Education	705	4	4.08%
City of Lancaster	Government	430	5	2.49%
Kroger - Lancaster Locations	Grocer	412	6	2.38%
Diamond Power	Manufacturer	240	7	1.39%
Crown Cork & Seal	Manufacturer	173	8	1.00%
Retriev Technologies	Manufacturer	140	9	0.81%
US Gorrugated	Manufacturer	114	10	0.66%
Total		5,916		34.20%
Total Employment within the City		17,300		

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

Sources:

Source for 2018 total employment is from the Ohio Labor Market Information Website.
2018 Company information is from the Fairfield County Economic Development webpage, compiled as of May 2015, the latest data available.

City of Lancaster, Ohio

Full Time Equivalent Employees by Function Last Ten Years

	2009	2010	2011	2012	2013
Governmental Activities					
General Government					
Auditor	6.00	5.00	4.00	4.00	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00
Legal	10.00	9.00	8.00	9.00	7.00
City Council	11.00	11.00	11.00	11.00	11.00
Court	35.00	34.00	33.00	33.00	33.00
Administration	4.00	4.00	4.00	4.00	5.00
Engineering	5.00	4.00	4.00	3.00	4.00
Certified Building	4.00	4.00	3.00	3.00	3.00
Income Tax	5.00	5.00	4.00	4.00	4.00
Maintenance	1.00	1.00	1.00	1.00	1.00
Electric	0.00	0.00	0.00	0.00	0.00
Information Systems	6.00	6.00	7.00	7.00	7.00
Security of Persons and Property					
Police	83.00	83.00	81.00	83.00	80.00
Fire	92.00	84.00	70.00	70.00	70.00
Public Health and Welfare					
Cemetery	5.00	5.00	4.00	4.00	4.00
Transportation					
Street	25.00	24.00	22.00	21.00	22.00
Leisure Time Activities					
Parks	25.00	26.00	16.00	25.00	24.00
Community Environment					
Community Development	2.00	3.00	3.00	3.00	3.00
Public Transit	1.00	1.00	1.00	1.00	1.00
Civil Service	1.00	1.00	1.00	1.00	1.00
Business-Type Activities					
Utilities					
Gas	24.00	24.00	25.00	25.00	25.00
Water	46.00	44.00	43.00	42.00	41.00
Water Pollution	21.00	22.00	24.00	24.00	23.00
Sanitation	23.00	22.00	21.00	21.00	21.00
Storm Water	3.00	3.00	2.00	4.00	4.00
Utilities Collection	17.00	17.00	15.00	15.00	15.00
<i>Total Employees</i>	<u>457.00</u>	<u>444.00</u>	<u>409.00</u>	<u>420.00</u>	<u>416.00</u>

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

Source: City Auditor's Office

City of Lancaster, Ohio

2014	2015	2016	2017	2018
5.00	5.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00
9.00	7.00	10.00	11.00	11.00
11.00	11.00	11.00	11.00	11.00
36.00	36.00	39.00	39.00	41.00
5.00	4.00	4.00	5.00	5.00
3.00	3.00	3.00	3.00	3.00
3.00	3.00	4.00	5.00	5.00
4.00	4.00	4.00	4.00	3.00
1.00	1.00	1.00	1.00	1.00
0.00	0.00	0.00	0.00	0.00
8.00	8.00	8.00	6.00	5.00
83.00	82.00	85.00	84.00	80.00
72.00	72.00	70.00	72.00	72.00
2.00	2.00	2.00	2.00	3.00
4.00	4.00	4.00	4.00	4.00
22.00	23.00	23.00	23.00	24.00
26.00	25.00	29.00	28.00	26.00
3.00	3.00	3.00	3.00	3.00
1.00	2.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00
25.00	25.00	25.00	26.00	27.00
39.00	38.00	38.00	39.00	37.00
24.00	24.00	25.00	23.00	23.00
21.00	20.00	21.00	21.00	22.00
5.00	5.00	5.00	5.00	5.00
15.00	15.00	15.00	16.00	16.00
429.00	424.00	439.00	441.00	437.00

City of Lancaster, Ohio

Operating Indicators by Function Last Ten Years

	2009	2010	2011	2012
Governmental Activities				
General Government				
Court				
Number of Traffic Cases	12,429	14,199	16,242	17,053
Number of Open Cases	1,344	1,254	1,444	1,345
Licenses and Permits				
Number of Building Permits	1,011	1,254	1,070	1,146
Number of Building Inspections	2,610	2,857	2,283	2,566
Security of Persons and Property				
Police				
Number of Calls Received	60,948	59,216	63,969	62,591
Number of Traffic Citations	4,003	4,424	5,185	4,361
Number of Arrests	2,645	1,750	4,071	1,543
Parking Tickets Written	1,136	1,001	1,001	984
Fire				
Number of Fire Calls	1,750	1,526	1,595	1,709
Number of EMS Runs	6,151	6,314	6,304	6,729
Number of Inspections	3,744	3,041	3,142	2,363
Leisure Time Activities				
Parks				
Number of Programs Offered	43	49	56	57
Number of Pool Admissions	21,165	31,492	33,258	28,533
Business-Type Activities				
Water				
Number of Service Connections	15,242	15,306	15,260	15,275
Daily Average Consumption (thousands of gallons)	4.31M	3.87M	3.88M	3.79M
Peak Daily Consumption (thousands of gallons)	5.76M	5.785M	5.69M	5.23M
Water Pollution				
Number of Service Connections	14,961	14,994	14,966	14,974
Maximum Daily Capacity (2)	12.5M	12.5M	14.5M	14M
Daily Average Sewage Treatment (thousands of gallons) (1)	6.60M	6.47M	9.7M	6.96M
Sanitation				
Number of Customers	14,985	15,597	15,370	15,441
Storm Water				
Number of Customers	14,439	14,608	14,619	14,680

Source: City Auditor's Office

(1) New plant opened in 2011

City of Lancaster, Ohio

2013	2014	2015	2016	2017	2018
17,933	17,898	17,631	16,678	17,733	15,395
1,606	1,335	1,271	1,449	1,673	1,389
1,156	1,049	1,258	1,338	2,233	2,101
2,983	2,436	2,878	3,759	4,145	5,388
58,228	56,254	60,578	60,685	62,306	68,120
5,079	2,616	4,205	2,412	4,399	3,809
1,647	1,494	1,481	1,447	1,991	1,177
833	696	598	451	929	1,352
1,530	1,569	1,767	1,910	2,005	2,086
6,819	6,931	7,259	7,358	7,696	7,831
1,464	1,433	1,503	1,596	1,584	1,563
63	61	62	62	62	67
18,758	18,283	19,022	24,597	13,380	27,505
15,363	15,424	15,464	15,499	15,554	15,642
3.58M	3.75M	4.57M	3.67M	3.63M	3.85M
5.89M	5.76M	5.89M	5.64M	6.18M	6.2M
15,088	15,129	15,095	15,215	15,264	15,384
14M	14M	14M	14M	14M	17.87M
7.10M	7.23M	6.84M	7.07M	7.56M	8.99M
15,468	15,490	15,518	15,566	15,622	15,703
14,750	14,820	14,832	14,876	14,954	15,009

City of Lancaster, Ohio

Capital Asset Statistics by Function Last Ten Years

	2009	2010	2011	2012
Governmental Activities				
General Government				
Public Land and Buildings				
Land (1)	18,590	18,590	18,590	18,590
Buildings	36	36	36	36
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	31	31	33	38
Fire				
Stations	3	3	3	3
Vehicles	22	20	20	21
Public Health & Welfare				
Cemetery				
Land (acres)	150	150	150	150
Transportation				
Street				
Streets (lane miles)	185	185	185	185
Street Lights	2,360	2,464	2,466	2,300
Traffic Signals	85	85	85	85
Leisure Time Activities				
Parks				
Land (acres)	733	733	733	733
Buildings	21	21	21	21
Parks	27	27	27	27
Playgrounds	12	12	12	12
Swimming Pools	3	2	2	2
Tennis Courts	13	13	13	13
Baseball/Softball Diamonds	26	26	26	26
Soccer Fields	22	22	22	22

(1) Previous to 2016, total land (shown in square miles) within the corporate boundaries of the City was being reported. Beginning in 2016, only City owned land (shown in acres) is reported.

City of Lancaster, Ohio

2013	2014	2015	2016	2017	2018
18,598 36	18,598 36	18,598 36	1,453.94 37	1,453.94 38	1,427.97 38
1 34	1 38	1 37	1 38	1 40	1 36
3 20	3 18	3 18	3 19	3 20	3 19
150	150	150	150	150	150
185 2,476 85	185 2,476 86	185 2,476 86	185 2,476 88	185 2,476 86	185 2,527 86
733 21 27 12 2 13 26 22	733 21 27 12 2 13 26 22	733 21 27 12 2 13 26 22	733 21 27 12 2 13 26 22	733 21 27 12 2 13 26 22	757 21 27 12 3 13 26 22

City of Lancaster, Ohio

Capital Asset Statistics by Function Last Ten Years

	2009	2010	2011	2012
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	174	179	180	181
Pump Stations	2	2	2	2
Number of Hydrants	1,791	1,800	1,835	1,842
Storage Capacity (thousands of gallons)	17.5M	9.8M	9.8M	9.8M
Water Pollution				
Sewerlines (Miles)	186	186	186	186
Lift Stations	10	10	10	11
Sanitation				
Packers	10	10	10	9
Storm Water				
Storm Sewers (Miles)	63	63	63	64
Gas				
Gaslines (Miles)	N/A	N/A	260	260

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

City of Lancaster, Ohio

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
182	182	182	182	183	183
2	2	2	2	2	2
1,848	1,885	1,892	1,900	1,864	1,864
9.8M	9.8M	9.8M	9.8M	9.8M	9.8M
186	186	186	186	186	186
11	11	11	11	10	10
9	10	9	9	9	11
66	88	88	88	88	88
249	249	249	255	254	256



**CITY OF LANCASTER
FAIRFIELD COUNTY, OHIO**

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

December 31, 2018

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Ohio (the "City"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2019, wherein we noted the City adopted the provisions of GASB Statement No. 75.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 28, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited City of Lancaster, Ohio's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2018. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Lancaster, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 28, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 28, 2019

CITY OF LANCASTER
FAIRFIELD COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Final Federal Schedule Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<u>CDBG - Entitlement Grants Cluster</u>			
Community Development Block Grants/Entitlement Grants	N/A	14.218	\$ 371,893
Total CDBG - Entitlement Grants Cluster			<u>371,893</u>
Total U.S. Department of Housing and Urban Development			<u>371,893</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through Ohio Office of Criminal Justice</i>			
Violence Against Women Formula Grants	2017-WF-VA5-8422	16.588	<u>59,566</u>
Edward Byrne Memorial Justice Assistance Grant Program	2014-JG-D01-6589A 2017-JG-D02-6589	16.738 16.738	<u>28,794</u> <u>13,499</u> <u>42,293</u>
<i>Directly funded from the U.S. Department of Justice</i>			
Bulletproof Vest Partnership Program	N/A	16.607	<u>2,652</u>
Total U.S. Department of Justice			<u>104,511</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Transportation</i>			
<u>Highway Planning and Construction Cluster</u>			
Highway Planning and Construction	PID 103866	20.205	<u>913,994</u>
Total Highway Planning and Construction Cluster			<u>913,994</u>
Formula Grants for Rural Areas	RPTF-4107-050-181 RPTM-0107-050-181	20.509 20.509	<u>591,998</u> <u>106,875</u> <u>698,873</u>
<u>Federal Transit Cluster</u>			
Bus and Bus Facilities Formula Program	107-BABF-18-0200	20.526	<u>109,728</u>
Total Federal Transit Cluster			<u>109,728</u>
National Infrastructure Investments	TTGR-0107-036-16T	20.933	<u>66,291</u>
Total U.S. Department of Transportation			<u>1,788,886</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Passed Through Ohio Environmental Protection Agency</i>			
Nonpoint Source Implementation Grants	C9975500017	66.460	<u>140,520</u>
Total U.S. Environmental Protection Agency			<u>140,520</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	N/A	93.243	<u>283,960</u>
Total U.S. Department of Health and Human Services			<u>283,960</u>
Total Expenditures of Federal Awards			<u>\$ 2,689,770</u>

The accompanying notes are an integral part of this schedule.

**CITY OF LANCASTER
FAIRFIELD COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2018**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the City of Lancaster, Fairfield County, Ohio, (the City's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, activities and cash flows of the City for the year ended December 31, 2018.

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

NOTE B - SUBRECIPIENTS

The City did not pass any federal awards received to subrecipients during the year ended December 31, 2018.

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

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

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2018 is as follows:

Beginning loans receivable balance as of January 1, 2018	\$ 972,304
Loans made	-
Loan principal repaid	<u>(46,280)</u>
Ending loans receivable balance as of December 31, 2018	\$ 926,024
Cash balance on hand in the revolving loan fund as of December 31, 2018	\$ 46,201

NOTE D - MATCHING REQUIREMENTS

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

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	None noted
Identification of major programs:	
Highway Planning and Construction Cluster: CFDA 20.205 – Highway Planning and Construction	
Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted



OHIO AUDITOR OF STATE
KEITH FABER



CITY OF LANCASTER

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 15, 2019**