

Modlich, Carol L.

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Disclosure Type: FINANCIAL/OPERATING FILING Annual Financial Information and Operating Data (Rule 15c2-12): FY2021 Annual Financial Information Filing for the year ended 12/31/2021

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The following issuers are associated with this continuing disclosure submission:

CUSIP6	State	Issuer Name
514246	OH	LANCASTER OHIO
514271	OH	CITY OF LANCASTER, OHIO
51427C	OH	CITY OF LANCASTER, OHIO
514401	OH	LANCASTER PORT AUTH OHIO GAS SUPPLY REV

The following 89 Securities have been published with this continuing disclosure submission:

Security: CUSIP - 514246FK8, Maturity Date - 12/01/2010
Security: CUSIP - 514246FL6, Maturity Date - 12/01/2011
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Security: CUSIP - 514246FQ5, Maturity Date - 12/01/2015
Security: CUSIP - 514246FR3, Maturity Date - 12/01/2016
Security: CUSIP - 514246FS1, Maturity Date - 12/01/2017
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Security: CUSIP - 514246GJ0, Maturity Date - 12/01/2017
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Security: CUSIP - 514246GQ4, Maturity Date - 12/01/2024
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Security: CUSIP - 514246GW1, Maturity Date - 12/01/2029
Security: CUSIP - 514246GX9, Maturity Date - 12/01/2030
Security: CUSIP - 514246GY7, Maturity Date - 12/01/2031
Security: CUSIP - 514246HA8, Maturity Date - 12/01/2033
Security: CUSIP - 514246HB6, Maturity Date - 12/01/2037
Security: CUSIP - 514246HC4, Maturity Date - 12/01/2043
Security: CUSIP - 514246HD2, Maturity Date - 12/01/2014
Security: CUSIP - 514246HE0, Maturity Date - 12/01/2015
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Security: CUSIP - 514246HP5, Maturity Date - 12/01/2024
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Security: CUSIP - 514246JA6, Maturity Date - 12/01/2024
Security: CUSIP - 514271AB1, Maturity Date - 12/01/2013
Security: CUSIP - 514271AC9, Maturity Date - 12/01/2014
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Security: CUSIP - 514271AK1, Maturity Date - 12/01/2021
Security: CUSIP - 514271AN5, Maturity Date - 12/01/2024
Security: CUSIP - 514271AR6, Maturity Date - 12/01/2027
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Security: CUSIP - 514401AT5, Maturity Date - 02/01/2022
Security: CUSIP - 514401AU2, Maturity Date - 08/01/2022
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CITY OF LANCASTER, OHIO

ANNUAL INFORMATION FILING FOR FISCAL YEAR 2021

The following provides, in accordance with the continuing disclosure agreements (the “Continuing Disclosure Agreements”) entered into by the City of Lancaster, Ohio (the “City”), annual financial information and operating data for the City’s fiscal year ended December 31, 2021 (“Fiscal Year 2021”), of the type included in the respective final official statements for its primary offerings and issuances of:

Amount of Issue	Name of Issue	Date of Issue	Final Maturity
\$2,800,000	Street Improvement Bonds, Series 2010	10/13/2010	12/01/2022
\$5,795,000	Water System Revenue Refunding Bonds, Series 2012	06/14/2012	12/01/2029
\$8,315,000	Courthouse Improvement Bonds, Series 2014	06/24/2014	12/01/2043
\$2,380,000	Various Purpose Refunding Bonds, Series 2014 (Tax-Exempt)	09/17/2014	12/01/2024
\$1,035,000	Real Estate Acquisition and Improvement Bonds, Series 2014 (Federally Taxable)	09/17/2014	12/01/2024
\$15,395,000	Wastewater System Refunding Revenue Bonds, Series 2016	06/01/2016	12/01/2033

The applicable CUSIP numbers are 514246, 514271 and 51427C.

The City is also providing annual financial information and operating data for Fiscal Year 2021 of the type included in the final official statement for its primary offering and issuance by the Lancaster Port Authority in accordance with the continuing disclosure agreement entered into by the City:

Amount of Issue	Name of Issue	Date of Issue	Final Maturity
\$300,065,000	Gas Supply Revenue Refunding Bonds, Series 2019	05/21/2019	2049

The applicable CUSIP number is 514401.

The Annual Information Filing constitutes only the annual financial information and operating data agreed to be provided under the Continuing Disclosure Agreements entered into at the time of the primary offerings referenced above. No representation is made as to the materiality or completeness of that information. Other relevant information for Fiscal Year 2021 may exist, and matters may have occurred or become known during or since that period, which an investor would consider to be important when making an investment decision. Further, no representation is made that the Annual Information Filing is indicative of financial or operating results of the City since the end of Fiscal Year 2021 or future financial or operating results. Finally, the inclusion of certain information pertaining to post-Fiscal Year 2021 events, if any, is provided solely for convenience, and is not intended to suggest that other such information not so included is any less material or important to an investor.

September 26, 2022

CITY OF LANCASTER, OHIO

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INTRODUCTORY STATEMENT

The City entered into the Continuing Disclosure Agreements pursuant to SEC Rule 15c2-12 (the “Rule”) in connection with the primary offerings and issuances by the City of the bond issues identified on the cover page (collectively, the “Bonds”). The Continuing Disclosure Agreements require the City to provide annually financial information and operating data for its immediately preceding Fiscal Year of the type included in the final official statements for those offerings (collectively, the “Official Statements”). This Annual Information Filing provides such financial information and operating data for the City’s Fiscal Year ended December 31, 2021.

All financial and other information in this Annual Information Filing has been provided by the City from its records, except for information expressly attributed to other sources. More complete information regarding laws, reports and documents referenced in this Annual Information Filing may be obtained by reviewing those laws, reports and documents. Subject to limited exceptions, records of the City are available for public inspection and copies may be obtained at cost upon request. Questions regarding information contained in this Annual Information Filing and requests for copies of documents should be directed to the Director of Finance of the City at the address shown on the cover. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or otherwise be predictive of future experience. The information and expressions of opinion herein are subject to change without notice. The delivery of this Annual Information Filing shall not, under any circumstances, give rise to any implication that the affairs of the City have not changed since the date of this Annual Information Filing.

The City’s audited basic financial statements for Fiscal Year 2021 (the “Fiscal Year 2021 Financial Statements”) were filed with the Municipal Securities Rulemaking Board (MSRB) in an electronic format prescribed by the MSRB using the MSRB’s Electronic Municipal Market Access (EMMA) platform on September 6, 2022. Those audited financial statements are hereby incorporated by reference and made a part of this Annual Information Filing.

As used in this Annual Information Filing:

- “Council” means the City Council of the City.
- “County” means Fairfield County.
- “County Auditor” means the Auditor of the County.
- “Debt charges” means the principal (including any mandatory sinking fund deposits and mandatory redemption payments) and interest payable on the obligations referred to as those payments come due and are payable; debt charges may also be referred to as “debt service.”

- “Fiscal Year” means the 12-month period ending December 31, and reference to a particular Fiscal Year (such as “Fiscal Year 2021”) means the Fiscal Year ending on December 31 in that year.
- “Revised Code” means the Ohio Revised Code.
- “State” or “Ohio” means the State of Ohio.

COVID-19 PANDEMIC

The spread of the strain of coronavirus commonly known as COVID-19 (“COVID-19” or the “Pandemic”) began altering the behavior of businesses and people early in 2020 in a manner that had, and continues to have, negative effects on global, state and local economies and, in turn, on state and local governments and their revenues and expenses.

As a part of its response to the Pandemic, the federal government has provided and continues to provide certain assistance under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the American Rescue Plan Act (ARPA) and other legislation. The City has been awarded approximately \$3.1 million in CARES Act local coronavirus relief monies from the State which have been used to cover eligible expenses used to prevent the spread of COVID-19. The City has also been awarded approximately \$12.5 million from ARPA, with half of those dollars received in 2021 and half in June 2022. City staff is in the process of identifying appropriate projects to recommend to the Council for use of those funds. The Director of Finance will also submit for reimbursement any eligible lost revenue in 2020 and 2021 as an additional use of the ARPA funding.

The COVID-19 outbreak has not impacted the City’s revenues and expenditures in a material adverse manner. The amounts of the reductions (and any offsets) in any local tax sources, additional grant assistance received as well as both Pandemic-related assistance, expenses and operational cost savings experienced by the City in Fiscal Year 2021, are all taken into account in the information provided in this Annual Information Filing. See **OTHER MAJOR GENERAL FUND REVENUE SOURCES – Municipal Income Tax** and **Appendices A and B**.

THE WATER UTILITY

Existing Facilities

The facilities of the City’s water treatment and distribution system (the “Water Utility”) consist of two water treatment plants, five storage tanks, two wellfields, two booster stations and water lines.

Service Area and Users

The Water Utility is the only supplier of water service in the City, and the City requires all businesses and residences located in the City to connect to the Water Utility. As of December 31, 2021, the Water Utility served 15,610 users within the City and 123 users outside of the City. The total number and percentages of users by category are estimated to be: 14,250 (90.57%)

residential; 1,285 (8.17%) commercial/institutional; 75 (0.48%) industrial; and 123 (0.78%) outside the City.

TreeHouse Foods (formerly Ralston Foods) (4.06%), EveryWare Global, Inc. (formerly Anchor Hocking Corp.) (4.15%), Fairfield Medical Center (2.38%) and Fairfield County Commissioner (1.14%) were the largest users by volume in 2021 and were the only users whose volume usage equaled or exceeded 1% of the total user volume in that year. The percentage of user volume by each category of users for 2021 was as follows:

2021 User Volume

Category	Cubic Feet (00s)
Residential	834,920
Commercial/Institutional	229,640
Industrial	175,474
Outside City	<u>7,270</u>
Total	1,247,304

Employees

Thirty-nine people are employed in the operation of the Water Utility, of which 19 are employed at the water treatment plants and wellfields and 20 provide maintenance and repair services. All of those employees are under the direct supervision of the Water and Wastewater Superintendent.

Of the full-time employees of the Water Utility, 34 are represented by American Federation of State County and Municipal Employees (“AFSCME”), Ohio Council 8, and their contract expires on December 31, 2023. A new contract is currently being negotiated. Historically, the relations between the City and that bargaining unit have been considered good. There have been no work stoppages or related disruptions since at least 1980.

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Historical Operating Results

The following summarizes recent Fiscal Year operating results of the Water Utility.

	2017	2018	2019	2020	2021
Revenues:					
Operating Revenues	\$8,201,619	\$8,222,914	\$8,277,282	\$8,558,748	\$8,588,956
Non-Operating Revenues	690,603	836,439	559,803	1,185,754	505,905
Total Revenues	\$8,892,222	\$9,059,353	\$8,837,085	\$9,744,502	\$9,094,861
Expenditures:					
Operation & Maintenance	\$5,909,450	\$6,365,289	\$6,386,180	\$6,337,489	\$6,197,290
Capital Improvements ^(a)	240,000	275,000	275,000	275,000	275,000
Debt charges	2,297,660	2,380,525	2,394,949	2,405,269	2,420,204
Total Expenditures	\$8,447,110	\$9,020,814	\$9,056,129	\$9,017,758	\$8,892,494
Revenues Over (Under)					
Expenditures	\$445,112	\$38,539	(\$219,044)	\$726,744	\$202,367
Balance:					
January 1	\$2,527,238	\$2,972,350	\$3,010,889	\$2,791,845	\$3,518,589
December 31	\$2,972,350	\$3,010,889	\$2,791,845	\$3,518,589	3,720,956

(a) Amount transferred to Capital Improvement Fund each year.

Water Rates

As provided by law and the City's ordinances, the Director of Public Service has authority to establish water rates. The Director of Public Service, as that official may be advised by the Water and Wastewater Superintendent, revises those rates when and as determined necessary to pay the expenses of conducting and managing the Water Utility, including operating expenses and the costs of permanent improvements.

Present monthly water rates are \$5.25 per 100 cubic feet for residential users; \$5.25 for first 100 cubic feet, \$4.62 per 101 to 250 cubic feet, \$3.88 per 251 to 2,500 cubic feet, \$3.51 for greater than 2,501 cubic feet for industrial and commercial users; and \$7.03 per 100 cubic feet for users located outside of the City. In addition, all users also pay a monthly wellhead protection charge and a monthly charge based on size of user's meter. New users of the Water Utility pay a one-time water capacity fee.

In setting rates and charges for the Water Utility, the City is bound by the Water Rate Covenant in the Trust Agreement (the "Water Trust Agreement"), and those water rates and charges are to be revised when necessary to comply with that covenant.

Monthly Water Rates and Charges

The current monthly rates and charges for the Water Utility are as follows:

	Meter Size	Meter Charge	Wellhead Protection	Rate Per 100 Cubic Feet
Residential	5/8 inch	\$10.74	\$0.50	\$5.25
	3/4 inch	12.11	0.75	5.25
	1 inch	14.83	1.00	5.25
	1-1/2 inch	17.73	2.00	5.25
Outside Corp	5/8 inch	\$16.11	\$0.50	\$7.03
	3/4 inch	18.17	0.75	7.03
	1 inch	22.25	1.00	7.03
	1-1/2 inch	26.60	2.00	7.03
	2 inch	33.99	3.00	7.03
	3 inch	38.90	3.00	7.03
	4 inch	47.16	4.00	7.03
	6 inch	57.86	6.00	7.03
Commercial and Industrial	5/8 inch	\$10.74	\$0.50	(a)
	3/4 inch	12.11	0.75	(a)
	1 inch	14.83	1.00	(a)
	1-1/2 inch	17.73	2.00	(a)
	2 inch	22.66	3.00	(a)
	3 inch	25.93	3.00	(a)
	4 inch	31.44	4.00	(a)
	6 inch	38.57	6.00	(a)
	8 inch	58.52	8.00	(a)
	10 inch	94.19	10.00	(a)
12 inch	117.17	10.00	(a)	

(a) Water rates for commercial and industrial users are \$5.25 for the first 100 cubic feet, \$4.62 for 101 to 250 cubic feet, \$3.88 for 251 to 2,500 cubic feet and \$3.51 for greater than 2,500 cubic feet. Water rates are not tied to the meter size.

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Water Capacity Fees

The current one-time capacity fees charged to new users of the Water Utility are as follows:

Meter Size	Inside City		Outside City	
	Domestic Use	Fire Protection	Domestic Use	Fire Protection
3/4-inch	\$3,690	(a)	\$5,535	(a)
1-inch	6,149	\$778	9,224	\$1,167
1-1/2-inch	12,299	1,750	18,449	3,625
2-inch	19,678	3,111	29,517	4,547
4-inch	61,493	12,445	92,240	18,670
6-inch	122,986	28,000	184,479	42,000
8-inch	221,375	49,750	332,063	74,500
10-inch	356,660	(b)	534,990	(b)
12-inch	528,840	(b)	793,260	(b)

(a) Fire protection not available with 3/4-inch meters.

(b) Fee to be negotiated with user.

Billing; Delinquent Water Utility Bills

Bills to users of the Water Utility are mailed monthly on a combined bill of the Water Utility, the Wastewater Utility and the storm, sanitation and gas utilities. The City adds a 5% surcharge to all Water Utility bills not paid by 23 days after the billing date. If those bills remain unpaid for another 30 days, the Water Utility mails a termination notice to the user and service may thereafter be terminated. If service is terminated, it will not be restored until the bill is paid.

If such bills (and penalties) due from owner-occupied properties are not paid within 120 days after they become due and payable, they may be certified to the County Auditor to be placed on the tax duplicate together with the interest and penalties allowed by law, to be collected as other taxes are collected.

As of December 31, 2021, 1,369 Water Utility accounts (representing 7.24% of all the accounts), totaling \$47,505.86 (representing 9.04% of amounts payable) were delinquent for more than 29 days, and 401 accounts (representing 2.17% of all accounts), totaling \$27,276.83 (representing 5.19% of amounts payable) were delinquent for more than 116 days.

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Debt Charges Coverage

The following are the annual debt charges requirements on the 2012 Water Bonds:

Year	2012 Water Bonds		Total Debt Charges
	Principal ^(a)	Interest	
2022	\$375,000.00	\$135,531.26	\$510,531.26
2023	390,000.00	123,812.50	513,812.50
2024	400,000.00	111,625.00	511,625.00
2025	410,000.00	99,125.00	509,125.00
2026	435,000.00	78,625.00	513,625.00
2027	455,000.00	56,875.00	511,875.00
2028	480,000.00	34,125.00	514,125.00
2029	495,000.00	17,325.00	512,325.00

(a) Includes mandatory sinking fund redemption requirements.

Based on the rates and charges currently established, the projected debt service on the Series 2012 Water Bonds and other Water obligations and the assumptions described below, the City projects that the Water Revenues, Operating Expenses, Net Revenues and Debt Coverage for the years 2022 through 2026 are as follows:

	2022	2023	2024	2025	2026
Revenues ^(a)	\$9,668,592	\$11,502,014	\$13,340,311	\$15,339,099	\$15,859,308
Less: Operating Expenses	(7,105,663)	(9,204,523)	(10,039,616)	(10,313,618)	(10,596,392)
Net Revenues	\$2,562,929	\$2,297,491	\$3,300,695	\$5,025,481	\$5,262,916
Debt Charges on the Series 2012 Bonds	\$510,531	\$513,813	\$511,625	\$509,125	\$513,625
Debt Charges on Other Utility Indebtedness	1,888,171	1,379,339	1,411,677	1,407,927	4,656,220
Total Utility Debt Charges	\$2,398,702	\$1,893,152	\$1,923,302	\$1,917,052	\$5,169,845
Debt Coverage:					
Bonds	5.02	4.47	6.45	9.87	10.25 ^(b)
All Utility Debt	1.07	1.21	1.72	2.62	1.02

(a) Operating Revenues include estimated revenues from new facility under construction that is expected to be a large water user.

(b) The City is planning to call the Series 2012 Water Bonds by 2026.

The projections of Water Revenues assumes a 30% annual growth as a result from Project Ruby and rate increases of 0% in 2022, 5% in 2023, 5% in 2024, 5% in 2025 and 4.5% in 2026. The projections of Operating Expenses assumes a 11% annual increase in Operating Expenses in 2022 through 2026.

Other Obligations Payable from Water Revenues

There is no general obligation debt of the City outstanding issued for improvements to the Water Utility. Debt service on future general obligation debt will be payable from ad valorem taxes, but that debt service may be paid from certain surplus water revenues. The City does have loans, payable only from water revenues, from the Ohio Water Development Authority totaling \$2,682,732 with annual payments of \$1,919,974 through 2022, \$759,931 in 2023, and \$8,857 in 2024 through 2032. The proceeds of the loans were used to pay costs of improvements to the Water Utility.

THE WASTEWATER UTILITY

Existing Facilities

The facilities of the City’s wastewater collection and treatment system (the “Wastewater Utility”) consists of two treatment plants, ten pump stations, sewer lines and force mains.

Service Area and Users

The Wastewater Utility is the only wastewater collection and treatment service in the City, and the City requires all businesses and residences located in the City to connect to the Wastewater Utility. Currently, the Wastewater Utility serves 15,275 users within the City and 12 outside the City.

The total number and percentages of users by category as of December 31, 2021 were:

	Inside the City		Outside the City	
	Number of Users	Percentages of Users	Number of Users	Percentages of Users
Residential	13,990 ^(a)	91.59%	8	0.050%
Commercial/Institutional	1,204	7.88	1 ^(b)	0.007
Industrial	71	0.46	0	n/a

(a) Includes as one customer, the users of the County’s wastewater utility.

(b) The Greenfield Township Water and Sewer District’s wastewater utility only uses a flow meter.

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The largest Wastewater Utility customers with volume usage greater than 1% of the total volume usage for the Fiscal Year 2021 were:

Customer	% of Volume Usage	Dollar Sales
TreeHouse (formerly Ralston)	2.77	\$166,241
EveryWare Global	3.36	198,669
Greenfield Township	3.94	217,986
Fairfield Medical Center	1.09	94,358
Fairfield County Utilities	2.62	150,792

The percentage of user volume by each category of users for Fiscal Year 2021 was as follows:

Category	Inside City Cubic Feet (00s)	Outside City Cubic Feet (00s)
Residential	906,411	1,089
Commercial/Institutional	238,368	0
Industrial	<u>147,361</u>	<u>0</u>
Total	1,292,140	1,089

Employees

Twenty-three people are employed in the operation of the Wastewater Utility, of which 17.5 are employed at the wastewater treatment facilities and 5.5 provide maintenance and repair services. All of those employees are under the direct supervision of the Water and Wastewater Superintendent.

Of the full-time employees of the Wastewater Utility, 20 are represented by AFSCME, Ohio Council 8, and their contract expired on December 31, 2020. A new contract is currently being negotiated. Historically, the relations between the City and that bargaining unit have been considered good. There have been no work stoppages or related disruptions since at least 1980.

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Historical Operating Results

The following summarizes recent Fiscal Years operating results of the Wastewater Utility.

	2017	2018	2019	2020	2021
Revenues:					
Operating Revenues	\$10,852,549	\$11,001,602	\$10,912,345	\$10,782,003	\$10,989,772
Non-Operating Revenues	1,783,871	1,726,159	1,766,860	1,948,593	1,501,374
Total Revenues	\$12,636,419	\$12,727,761	\$12,679,205	\$12,730,596	\$12,491,146
Operating Expenses:					
Operation & Maintenance	\$5,973,654	\$5,780,098	\$5,960,061	\$6,555,437	\$8,328,005
Capital Improvements ^(a)	340,000	340,000	340,000	340,000	340,000
Total Operating Expenses	\$6,313,654	\$6,120,098	\$6,300,061	\$6,895,437	\$8,668,005
Net Revenues	\$6,322,766	\$6,607,663	\$6,379,144	\$5,835,159	\$3,823,140
Plus: Amounts on deposit in Utility Reserve Fund (as of March 15)	\$5,146,149	\$6,729,895	\$5,279,140	\$6,299,426	\$8,330,781
Less: Extraordinary items relating to extinguishment of debt	\$0	\$0	\$0	\$0	\$0
Net Revenues Available for Service Charges	\$11,468,915	\$13,337,558	\$11,658,285	\$12,134,586	\$12,153,921
Service Charges					
Debt Service on the Series 2008 Bonds	\$703,500	\$0	\$0	\$0	\$0
Debt Service on the Series 2012 Bonds	333,350	329,250	315,950	317,550	323,750
Debt Service on the Series 2016 Bonds	611,150	1,315,850	1,319,400	1,322,200	1,321,600
Debt Service on Other Utility Indebtedness	2,455,686	2,356,645	2,293,907	2,297,158	2,301,612
Total Utility Service Charges	\$4,103,686	\$4,001,745	\$3,929,257	\$3,936,908	\$3,946,962
Coverage Ratio					
Bonds	6.96	8.11	7.13	7.40	7.39
All Utility Indebtedness	2.79	3.33	2.97	3.08	3.08

(a) Amount transferred to Capital Improvement Fund each year.

Wastewater Rates and Charges

The Council establishes the rates and charges for the Wastewater Utility. The Council, as it may be advised by the Water and Wastewater Superintendent, revises those rates when and as determined necessary to pay the expenses of conducting and managing the Wastewater Utility, including operating expenses and the costs of permanent improvements.

Present rates and charges for users located within the City include an \$18.98 monthly customer charge and \$6.54 per 100 cubic feet of water usage for users who are also users of the City's Water Utility, and a monthly charge of \$71.30 for users who are not users of the City's Water Utility. The City charges a one-time sewer capacity fee to new users of the Utility, and the City charges industrial customers a surcharge for discharges exceeding defined levels and fees to monitor those discharges. Presently, Ralston Foods pays approximately 85% of those surcharges and monitoring fees.

In setting Wastewater Utility rates and charges, the City is bound by the Wastewater Rate Covenant in the Trust Agreement, and those wastewater rates and charges are to be revised when necessary to comply with that covenant.

Monthly Wastewater Rates and Charges

The current monthly rates and charges for the Wastewater Utility are as follows:

Users with Metered Water

Customer Charge	Usage Charge (per 100 cubic feet)
\$18.98	\$6.54

Users without Metered Water

Customer Charge
\$71.30

Wastewater Capacity Fees

The current one-time capacity fees charged to new users of the Wastewater Utility are as follows:

	Meter Size	Customer Charge
Inside Corp	3/4 inch	\$4,844
	1 inch	9,452
	1-1/2 inch	22,920
	2 inch	39,933
	4 inch	86,010
	6 inch	144,611
	8 inch	325,724
Outside Corp	3/4 inch	\$7,266
	1 inch	14,178
	1-1/2 inch	34,381
	2 inch	59,900
	4 inch	129,016
	6 inch	216,916
	8 inch	488,062

Pursuant to a 1999 contract with Greenfield Township Water and Sewer District, that District currently pays \$6.54 per 748 gallons of water used as measured by a master meter. That rate increases proportionally with any increase in the rates to residential users within the City. The District is responsible for billing its users and for maintenance of wastewater facilities within its service area. The contract expired in 2018 but automatically renews for additional two-year periods unless either the City or the District provide one year's notice of termination. The District has been acquired by Fairfield County Utilities. The County has provided notification to terminate the contract in 2020.

Pursuant to a 2003 contract with the County, users of the County's wastewater utility with metered water pay \$6.54 per 748 gallons of water used and a monthly customer charge of \$18.21. That rate increases proportionally with any increase in the rates to residential users within the City. The City is responsible for billing those users. The County is responsible for maintenance of wastewater facilities within its service area. The contract expires in 2023, but automatically renews for additional two-year periods unless either the City or the County provide one year's notice of termination.

As portrayed in the tables under **Debt Service Coverage**, these rates and charges, as in effect and as scheduled to increase, together with investment earnings on the Bond Service Fund and Bond Reserve Fund, are expected to produce sufficient Revenues to meet Operating Expenses and the estimated costs of the requirements and covenants imposed by the Wastewater Trust Agreement during the next five years.

Billing; Delinquent Wastewater Utility Bills

Bills to users of the Wastewater Utility are mailed monthly on a combined bill of the Wastewater Utility, the Water Utility, storm, sanitation and gas utilities. The City adds a 5% surcharge to all Wastewater Utility bills not paid by 23 days after the billing date. If those bills remain unpaid for another 30 days, the Wastewater Utility mails a termination notice to the user and service may thereafter be terminated. If service is terminated, it will not be restored until the bill is paid.

If such bills (and penalties) due from owner-occupied properties are not paid within 120 days after they become due and payable, they may be certified to the County Auditor to be placed on the tax duplicate together with the interest and penalties allowed by law, to be collected as other taxes are collected.

As of December 31, 2021, 1,994 Utility accounts (representing 10.98% of all the accounts), totaling \$62,428 (representing 8.84% of amounts payable), were delinquent for more than 29 days, and 1,356 accounts (representing 5.36% of all accounts) totaling \$37,804 (representing 5.36% of amounts payable) were delinquent for more than 116 days.

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Debt Charges Requirements and Coverage

The following are the annual debt charges requirements on the 2016 Wastewater Bonds:

Year	Series 2016 Bonds		Total Debt Charges
	Principal ^(a)	Interest	
2022	\$820,000	\$494,800	\$1,314,800
2023	855,000	462,000	1,317,000
2024	890,000	427,800	1,317,800
2025	925,000	392,200	1,317,200
2026	965,000	355,200	1,320,200
2027	1,005,000	316,600	1,321,600
2028	1,040,000	276,400	1,316,400
2029	1,085,000	234,800	1,319,800
2030	1,130,000	191,400	1,321,400
2031	1,170,000	146,200	1,316,200
2032	1,220,000	99,400	1,319,400
2033	1,265,000	50,600	1,315,600

(a) Includes mandatory sinking fund redemption requirements.

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Based on the rates and charges currently established, the debt service on the Series 2016 Wastewater Bonds and other Wastewater obligations and the assumptions described below, the City projects that the Wastewater Revenues, Operating Expenses, Net Revenues and Debt Coverage for the years 2022 through 2026 are as follows:

	2022	2023	2024	2025	2026
Revenues:					
Operating Revenues	\$11,442,750	\$11,957,674	\$12,539,800	\$12,539,800	\$14,433,925
Non-Operating Revenues	1,627,999	1,651,302	1,671,496	1,671,496	1,766,119
Total Revenues	\$13,070,749	\$13,608,976	\$14,211,296	\$14,211,296	\$16,200,044
Operating Expenses:					
Operation & Maintenance	\$6,301,981	\$6,457,819	\$6,618,065	\$6,816,607	\$7,702,088
Capital Improvements	305,000	3,955,538	45,000	750,000	1,023,729
Total Operating Expenses	\$6,606,981	\$10,413,357	\$6,663,065	\$7,566,607	\$8,725,817
Net Revenues	\$6,463,768	\$3,195,619	\$7,548,231	\$6,644,689	\$7,474,227
Plus: Amounts on deposit in Utility Reserve Fund (as of March 15)	\$2,271,536	\$2,282,894	\$2,294,308	\$2,000,000	\$1,544,145
Less: Extraordinary items relating to extinguishment of debt	\$0	\$0	\$0	\$0	\$0
Net Revenues Available for Service Charges	\$8,735,303	\$5,478,513	\$9,842,539	\$8,644,689	\$9,018,372
Service Charges					
Debt Service on the Series 2016 Bonds	\$1,314,800	\$1,317,000	\$1,318,800	\$1,317,200	\$1,320,200
Debt Service on Other Utility Indebtedness	3,347,825	4,582,197	5,868,421	\$5,870,000	6,975,578
Total Utility Service Charges	\$4,662,625	\$5,899,197	\$7,187,221	\$7,187,200	\$8,295,778
Coverage Ratio					
Bonds	5.34	3.35	6.00	5.29	6.83
All Utility Indebtedness	1.75	1.19	1.31	1.15	1.09

The projections of Wastewater Revenues assumes a 6.5% annual growth and rate increases of 0% in 2022, 6% in 2023, 6% in 2024, 6% in 2025 and 3% in 2026. The projections of Operating Expenses assume a 5% annual increase in Operating Expenses in 2022 through 2026.

Other Obligations Payable from Wastewater Revenues

There is no general obligation debt of the City outstanding for improvements to the Utility. Debt service on future general obligation debt will be payable from ad valorem taxes, but that debt service may be paid from certain surplus wastewater revenues. The City does have loans, payable only from wastewater revenues, from the Ohio Water Development Authority which have a principal loan balance as of December 31, 2021 of \$19,111,596 with annual payments through 2031. The estimated payments on the loans in years 2022 through 2026 are included above as "Debt Charges on Other Utility Indebtedness." The total loan payments decline to between approximately \$2,286,636 and \$2,351,975 in years 2022 through 2031.

FINANCIAL MATTERS

Introduction

The City's Fiscal Year corresponds with the calendar year.

The main sources of City revenue have been and are income and property taxes, and State distributions, as described below.

The responsibilities for the major financial functions of the City are divided among the Mayor, Auditor and the Council.

The Auditor is the City's fiscal and chief accounting officer. Among that officer's duties are to keep the books and accurate statements of all moneys received and expended and of all taxes and assessments; at the end of each Fiscal Year, or more often if requested by the Council, to examine all accounts of City officers and departments; and not to allow the amount set aside for any appropriation to be overdrawn, or the amount appropriated for any one item of expense to be drawn upon for any other purpose, or a voucher to be paid unless sufficient funds are in the City treasury to the credit of the fund on which the voucher is drawn. The City Treasurer is responsible for receiving, maintaining custody of and disbursing all City funds.

Investments and deposits of City funds are governed by the Ohio Uniform Depository Law (Chapter 135 of the Ohio Revised Code) applicable to all subdivisions, and by City ordinances. The City Treasurer is responsible for those investments and deposits.

For property taxation purposes, assessment of real property is the responsibility of the County Auditor subject to supervision by the State Tax Commissioner, and assessment of public utility and tangible personal property is performed by the State Tax Commissioner. Property taxes and assessments are billed and collected by County officials.

Budgeting, Tax Levy and Appropriations Procedures

Detailed provisions for budgeting, tax levies and appropriations are provided by the Ohio Revised Code, including a requirement that the City levy a property tax in a sufficient amount, with any other moneys available for the purpose, to pay the debt service on securities payable from property taxes.

The law generally requires that a subdivision prepare, and then adopt after a public hearing, a tax budget approximately six months before the start of the next Fiscal Year. The tax budget then is presented for review by the appropriate county budget commission, comprised of the county auditor, county treasurer and prosecuting attorney. However, a county budget commission may either waive the requirement for a tax budget or permit an alternative form of tax budget with more limited information. The Fairfield County Budget Commission has not waived the requirement of a tax budget from the City.

The county budget commission then determines and approves levies for debt service outside and inside the ten-mill limitation. The Ohio Revised Code provides that "if any debt charge is omitted from the budget, the commission shall include it therein."

The county budget commission then certifies its action to the City together with the estimate by the county auditor of the tax rates outside and inside the ten-mill limitation. Thereafter, and before the end of the then Fiscal Year, the subdivision approves the tax levies and certifies them to the proper county officials. The approved and certified tax rates are then reflected in the tax bills sent to property owners. Real property taxes are payable in two equal installments, the first usually by February and the second in July.

The Council adopts a temporary appropriation measure in December and then, by April 1, a permanent appropriation measure for that Fiscal Year. Although called “permanent,” the annual appropriation measure may be, and often is, amended during the Fiscal Year. Annual appropriations may not exceed the Fairfield County Budget Commission’s official estimates of resources, and the county auditor must certify that the City’s appropriation measures do not appropriate moneys in excess of the amounts set forth in those estimates.

Financial Reports and Audits

The City maintains its accounts, appropriations and other fiscal records in accordance with the procedures established and prescribed by the Auditor of State of Ohio (the “State Auditor”). The State Auditor is charged by law with the responsibility of inspecting and supervising the accounts and records of each taxing subdivision and most public agencies and institutions.

City receipts and expenditures are compiled on a cash basis, pursuant to accounting procedures prescribed by the State Auditor which are generally applicable to all Ohio political subdivisions. The cash receipts and expenditures are converted annually for reporting purposes to a modified accrual basis of accounting for governmental funds and an accrual basis for proprietary funds. These accounting procedures conform to generally accepted accounting principles as recommended by the Governmental Accounting Standards Board (“GASB”). Those recommendations, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds and the debt service (“bond retirement”) fund and for a full accrual basis of accounting for all other funds, and for the preparation for each fund of balance sheets, statements of revenues and expenditures, and statements showing changes in fund balances.

Generally accepted accounting principles also require separate entity-wide financial statements that display information about the City as a whole. These statements include a statement of net assets and a statement of activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities and for the business-type activities and thus identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

The City issues an Annual Comprehensive Financial Report (“ACFR”), including General Purpose Financial Statements. The ACFRs through Fiscal Year 2020 were awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (the “GFOA”), which is awarded to those governmental reporting agencies that comply with the GFOA reporting standards. The City has submitted its 2021 ACFR to the GFOA for consideration for the Certificate of Achievement for Excellence in Financial Reporting.

Audits are made by the State Auditor or by certified public accountants at the direction of the State Auditor, pursuant to Ohio law, and examinations or audits are made under certain federal program requirements. No other independent examination or audit of the City’s financial records is made.

The most recent audit (including compliance audit) of the City’s accounts by Wilson, Shannon & Snow Inc. was completed through Fiscal Year 2021. No material findings, citations or items for adjustment, or material weaknesses in internal controls, were noted as part of the audit.

Annual financial reports are prepared by the City, and filed as required by law with the State Auditor after the close of each Fiscal Year.

See **Appendix A** for an unaudited comparative cash-basis summary of General Fund receipts and expenditures for the last five Fiscal Years. That summary has been prepared by the City in comparative form from statements prepared by the City Auditor.

The audited financial statements are public records, no consent to their inclusion is required, and no bring-down procedures have been undertaken by the State Auditor (or any CPAs) since the date of the audit report.

**AD VALOREM PROPERTY TAXES
AND SPECIAL ASSESSMENTS**

Assessed Valuation

The following table shows the recent assessed valuations of property subject to ad valorem taxes levied by the City.

Tax Collection Year	Real^(a)	Public Utility^(b)	Total Assessed Valuation
2018	\$717,240,540	\$19,977,210	\$737,217,750
2019	723,853,370	21,536,070	745,389,440
2020 ^(c)	817,871,560	25,543,580	843,415,140
2021	825,804,070	34,954,630	860,758,700
2022	834,420,030	41,018,130	875,438,160

(a) Other than real property of railroads. The real property of public utilities, other than railroads, is assessed by the County Auditor. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.

(b) Tangible personal property of all public utilities and real property of railroads.

(c) Reflects sexennial reappraisal.

Source: County Auditor.

Taxes collected on “Real” in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. “Public Utility” (real and tangible personal) 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.

Since 2005, approximately 588.614 acres have been annexed to the City and none are the subject of pending annexation.

Based on County Auditor records of assessed valuations for the tax year 2021 (collection year 2022), the largest City ad valorem property taxpayers as of December 31, 2021 were:

Name of Taxpayer	Nature of Business	Total Assessed Valuation	% of Total Assessed Valuation
<u>Real</u>			
Zane Properties Corporation	Commercial Real Estate	\$7,447,740	0.85%
Lancaster Apartment Properties	Apartments	6,958,450	0.79
River Valley Redemption LLC	Apartments	6,452,430	0.74
River Valley Plaza LP	Commercial Real Estate	4,438,260	0.51
One Point Three LLC	Real Estate	4,333,680	0.49
SUSO 4 Hocking LP	Commercial Real Estate	4,319,800	0.49
DOC-2405 North Columbus Street	Medical Offices	4,030,000	0.46
Lancaster Phase One Group PLL	Residential	3,997,540	0.46
DFG Lancaster, LLC	Commercial Real Estate	3,852,860	0.44
Mountain Columbus LLC	Real Estate	3,645,430	0.42
<u>Public Utility</u>			
Ohio Power Company	Electric Transmission	\$25,287,520	2.89%
AEP Ohio Transmission Company	Electric Transmission	11,351,510	1.30
Columbia Gas Transmission Corp.	Gas	3,636,230	0.41
Rockies Express Pipeline LLC	Gas	177,290	0.02
All Others		\$785,509,420	89.73%
Total		\$875,438,160	100.00%

Pursuant to statutory requirements for sexennial reappraisals, in 2019 the County Auditor adjusted the true value of taxable real property to reflect current fair market values. These adjustments were first reflected in the 2019 duplicate (collection year 2020) and in the ad valorem taxes distributed to the City in 2020 and thereafter. The County Auditor is required to adjust (but without individual appraisal of properties except in the sexennial reappraisal), and has adjusted, taxable real property value triennially to reflect true values. The County Auditor is conducting such a triennial adjustment in 2022 (collection year 2023).

The “assessed valuation” of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

As a result of the phase-out of taxation of tangible personal property used in general business (excluding certain public utility property) and tangible personal property used by telephone, telegraph or interexchange telecommunications companies, and the 2002 reduction of the percentages of true value of electric utility production equipment and natural gas utility property assessed for taxation, as described above, eligible local governments have received reimbursement payments from the State to account for the loss of property tax revenue. The City no longer receives reimbursement from the State relating to lost property revenue from operating levies.

As indicated herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property, and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These tax credits apply only to certain voted levies on real property, and they do not apply to unvoted levies or to voted levies to provide a specified dollar amount or to pay debt charges on general obligation debt. These credits are discussed further following **Tax Table A**.

Overlapping Governmental Entities

The major political subdivisions or other governmental entities that overlap all or a portion of the territory of the City are listed below. The “(%)” figure is that approximate percentage of a recent tax valuation of the overlapping entity that is located within the City as of December 31, 2021.

- The County (functions allocated to counties by Ohio law, such as elections, health and human services and judicial) (18.63%).
- Townships of Greenfield (0.69%) and Pleasant (0.56%) (limited functions allocated to townships by Ohio law).
- A portion of the Lancaster City School District (K-12 educational responsibilities) (76.85%). Portions of other school districts are also included in the City as follows: Amanda-Clearcreek Local School District (0.63%) and Berne Union Local School District (2.68%).
- Eastland-Fairfield Career & Technical Joint Vocational School District (vocational education program) (0.08%).
- Fairfield County Library District (18.63%).
- Fairfield County Historical Parks District (18.63%).

Source: Ohio Municipal Advisory Council.

Each of these entities operates independently, with its own separate budget, taxing power and sources of revenue. Only the County, the City and local school districts may levy ad valorem property taxes within the ten-mill limitation (subject to available statutory allocation of the 10 mills) described under **CITY DEBT AND OTHER LONG-TERM OBLIGATIONS – Indirect Debt and Unvoted Debt Limitations**.

Tax Rates

All references to tax rates under this caption are in terms of stated rates in mills per \$1.00 of assessed valuation.

The following are the rates at which the City and overlapping taxing subdivisions have in recent years levied ad valorem property taxes.

**TAX TABLE A
Overlapping Tax Rates**

Collection Year	City	County^(a)	Fairfield County Library	Fairfield County Historical Parks	Lancaster City School District	Total
2018	6.40	11.40	0.50	0.40	68.10	86.80
2019	6.40	11.40	0.50	0.40	68.10	86.80
2020	6.40	12.70	0.50	0.40	67.90	87.90
2021	6.40	12.70	0.50	0.40	71.60	91.60
2022	6.40	12.70	0.50	0.40	71.40	91.40

(a) Includes levies for Mental Health, Protective Services, ADAMH, Roads and Senior Services.

Source: County Auditor.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year; and
- amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

As noted above, all of the City’s property tax levies, as levies inside the ten-mill limitation, are exempt from those tax credit provisions. The tax credit provisions do not apply to amounts realized from taxes levied at whatever rate is required to produce a specified amount or an amount to pay debt charges or from taxes levied inside the ten-mill limitation or any applicable charter tax rate limitation. To calculate the limited amount to be realized, a reduction factor is applied to the

stated rates of the levies subject to these tax credits. A resulting “effective tax rate” reflects the aggregate of those reductions, and is the rate on the basis of which real property taxes are in fact collected. As an example, the total overlapping tax rate for tax year 2021 (collection year 2022) of 91.40 mills within the City (in that portion of the City within the Lancaster City School District) was reduced by reduction factors of 0.524360 for residential/agricultural property and 0.422951 for all other real property, which results in “effective tax rates” of 43.473563 mills for residential and agricultural property and 52.742345 mills for all other real property. See **Tax Table A**.

Residential and agricultural real property tax amounts paid by taxpayers generally have been further reduced by an additional 10% (12.5% in the case of owner-occupied residential property); however, legislation passed by the State’s General Assembly in 2013 eliminated such reductions for additional and replacement levies approved at elections after its effective date and for other taxes (or increases in taxes) not levied for tax year 2013. See **AD VALOREM PROPERTY TAXES AND SPECIAL ASSESSMENTS – Collections** for a discussion of reimbursements by the State to taxing subdivisions for these reductions and related changes made by that State legislation.

The following are the rates at which the City levied property taxes for the general categories of purposes for the years shown. The City does not currently levy any taxes outside the ten-mill limitation.

**TAX TABLE B
City Tax Rates**

Inside the Limitation

Collection Year	Operating	Police and Fire Pension	Roads	Total
2018	2.80	0.60	3.00	6.40
2019	2.80	0.60	3.00	6.40
2020	2.80	0.60	3.00	6.40
2021	2.80	0.60	3.00	6.40
2022	2.80	0.60	3.00	6.40

See the discussion of the ten-mill limitation, and the priority of claim on that millage for debt charges on unvoted general obligation debt, under **CITY DEBT AND OTHER LONG-TERM OBLIGATIONS – Indirect Debt and Unvoted Property Tax Limitations**.

Collections

The following are the amounts billed and collected for City ad valorem property taxes on real and public utility property for the tax collection years shown.

Collection Year	Current Billed	Current Collected	Current % Collected	Delinquent ^(a)	
				Collected	Accumulated Unpaid
2017	\$4,615,320	\$4,476,131	96.98%	\$171,739	\$301,821
2018	4,594,776	4,433,631	96.49	65,275	333,201
2019	4,657,813	4,475,902	96.09	121,070	355,242
2020	4,996,968	4,830,525	96.67	198,273	286,165
2021	5,126,744	4,968,407	96.92	187,653	251,570

(a) Payment of past delinquencies and current collections may exceed current billings.

Source: County Auditor.

Included in the “Current Billed” and “Current Collected” figures above are payments made from State revenue sources under two statewide real property tax relief programs – the Homestead Exemption and the Property Tax Rollback Exemption. The Homestead Exemption is available for (i) persons 65 years of age or older, (ii) persons who are totally or permanently disabled and (iii) surviving spouses of persons who were totally or permanently disabled or 65 years of age or older, and had applied and qualified for a reduction of property taxes in the year of death, so long as the surviving spouses were not younger than 59 or older than 65 years of age on the date of their deceased spouses’ deaths. The Homestead Exemption exempts \$25,000 of the homestead’s market value from taxation, thereby reducing the property owner’s ad valorem property tax liability. The Property Tax Rollback Exemption applies to all non-business properties, and reduces each property owner’s ad valorem property tax liability by either 12.5% (for owner-occupied non-business properties) or 10% (for non-owner non-business occupied properties). Payments to taxing subdivisions have been made in amounts approximately equal to the Homestead and Property Tax Rollback Exemptions granted. This State assistance reflected in the City’s tax collections for 2021 was \$11,318,798 for the elderly/disabled homestead payment and \$404,884 for the rollback payment.

Legislation passed by the State’s General Assembly in 2013 made the Homestead Exemption subject to means testing beginning January 1, 2014, and eliminated the Property Tax Rollback Exemption and related reimbursements with respect to new or replacement tax levies approved at elections after its effective date, and for other taxes (or increases in taxes) not levied for tax year 2013. See **AD VALOREM PROPERTY TAXES AND SPECIAL ASSESSMENTS – Tax Rates**.

Real property taxes are payable in two installments, the first usually by February and the second in July.

Special Assessments

The City regularly conducts residential and other street improvements, which can include paving, resurfacing, draining, planting shade trees and constructing curbs, sidewalks, storm sewers, sanitary sewers and water lines. The cost of these improvements is paid in part from special assessments levied against the property benefiting from those improvements; the remaining cost is paid by the City. Unless all of the benefiting property owners petition to pay all costs, State law requires the City to pay at least 2% (plus the cost associated with intersections) of the total cost of the improvements.

Owners of benefiting properties may commence a street improvement project by filing a petition with the Council requesting the improvement. Alternatively, the Council, with a three-quarter majority, may by resolution declare the necessity for such an improvement. The special assessment proceedings provide for notice to property owners and an opportunity for property owners to object to the special assessments. At the commencement of construction of the improvement, bond anticipation notes may be issued to pay the property owners' portion of the project cost. Following completion of the work and determination of final costs, the special assessments are levied by the Council against the benefiting property. Special assessments not paid within 30 days are certified to the County Auditor for collection over a period of time (usually 10 to 20 years for most projects). Special assessments are billed by the County Auditor and collected by the County Treasurer along with and at the same time as real property taxes. The real property taxes levied on any property against which special assessments have been levied are not to be paid unless those special assessments are also paid.

If bond anticipation notes are issued to pay the property owners' portion of the project cost as described above, bonds may be issued in anticipation of the collection of the special assessments to refund (together with any cash payments of special assessments) those notes. The special assessments certified for collection bear the same interest as the bonds. Under State law, those bonds are to be paid from the anticipated special assessments, but they are also general obligations of the City, payable from ad valorem property taxes to the extent not paid from those special assessments. See **CITY DEBT AND OTHER LONG-TERM OBLIGATIONS – Statutory Direct Debt Limitations, – Indirect Debt and Unvoted Property Tax Limitations and Debt Tables A and B**. The City has never been required to levy an ad valorem property tax for debt charges on bonds issued in anticipation of the collection of special assessments because special assessments have been collected as required and sufficient balances have been available in the Bond Retirement Fund to cover any temporary shortfall.

The City conducts annual programs for the provision of street lighting and street cleaning services (including sprinkling, sweeping and removing snow and leaves) for its streets, alleys and other public ways. A portion of the cost of these programs is paid by the City from general funds; the remaining portion is financed by the levy each year of special assessments upon the benefited properties. Notes may be issued in anticipation of those special assessments to fund these programs. If issued, these notes generally have a maturity of one year or less and are payable solely from those special assessments. The notes are not general obligations of the City. By statute, no property tax may be pledged or used for their payment.

The following are the amounts billed and collected for City special assessments for the tax collection years shown.

Collection Year	Current Billed	<i>Special Assessments</i> ^{(a)(b)}		Delinquent	
		Current Collected	Current % Collected	Current	Accumulated
2017	\$165,567	\$149,133	90.07%	\$47,260	\$252,820
2018	187,882	155,188	82.60	52,138	260,243
2019	228,758	175,939	76.91	72,013	137,472
2020	252,612	207,801	82.26	72,803	106,430
2021	204,270	238,404	116.71	108,330	73,706

- (a) Includes assessments for unpaid utility charges, mowing, weed removal, junk removal, demolition of unsafe structures and other property maintenance.
- (b) Updated information is being included in the entire chart. In past annual information filings, the information included for current billed, current collected and percentage collected figures included additional amounts other than those currently billed or collected. This chart has been updated in this annual information filing so that those figures only include current amounts billed and collected.

Source: County Auditor.

Delinquencies

The following is a general description of delinquency procedures under Ohio law, the implementation of which may vary in practice among the counties.

Under the Revised Code, taxes levied on property become a lien of the State on the first day of January, annually, and that lien continues until the taxes, including any penalties, interest or other charges, are paid. Real estate taxes and special assessments are generally payable in two equal installments – with the first half installment due no later than January in the year following their levy and the second half installment due no later than July in the year following their levy. Current year billed taxes not paid when due are generally subject to a 10% penalty, subject to remission of one-half of the penalty if those taxes are paid within 10 days following the due date.

The county auditor is required to prepare a list and duplicate of delinquent lands (“delinquent lands duplicate”) immediately after each settlement with the county treasurer of taxes collected and to certify the delinquent lands duplicate to the county treasurer. Taxes, including penalties, interest and other charges, that remain unpaid after the last day that the second half installment of current taxes may be paid without penalty in any year become “delinquent taxes” and the properties to which they relate comprise the delinquent lands duplicate. If delinquent taxes (and special assessments) are not paid within 60 days after a copy of the county auditor’s delinquent land duplicate is delivered to the county treasurer, then the county treasurer is to enforce the lien of the State that attached on January 1 of the year the taxes were levied. Under State law, the county treasurer is to enforce the lien “in the same way mortgage liens are enforced,” that is, by an action in the court of common pleas for foreclosure and sale of the property in satisfaction of the delinquency. If the county treasurer fails to bring an action to enforce the lien, then the State Tax Commissioner is to do so. In addition, one year after certification of a delinquent land

duplicate, the county prosecuting attorney is authorized to institute foreclosure proceedings in the name of the county treasurer to foreclose the lien.

The property owner may execute a written delinquent tax agreement with the county treasurer to arrange a payment plan that provides for payments of tax, interest, and penalties over a period not to exceed five years. If payments are made when due under the plan, no further interest will be assessed against delinquent balances covered by the plan; however, a default in any payment under the plan or in the payment of current taxes will invalidate the taxpayer's participation in the plan. If a payment plan is not adhered to or if none is arranged, foreclosure proceedings may be initiated by the county. Mass foreclosure proceedings and sales are permitted after three years' delinquency. Proceeds from delinquent property foreclosure sales become part of and are distributed as current collections to the taxing subdivisions.

As required by law, the County deposits 5% of all collections of certified delinquent taxes and assessments into the delinquent real estate tax and assessment collection fund. Money in that fund is divided equally between the County Treasurer and Prosecuting Attorney and is used solely in connection with the collection of delinquent taxes and assessments.

In recent years, the State legislature has enacted several programs with respect to forestalling the foreclosure process or the forfeiture of property due to tax delinquency that may have the effect of delaying or eliminating the collection of certain property taxes. Notwithstanding the delay or loss of the tax revenues from those properties, an issuer of general obligation notes or bonds, such as the City, remains obligated to pay the debt charges on those notes or bonds from the available revenues. See **CITY DEBT AND OTHER LONG-TERM OBLIGATIONS - Security for General Obligation Debt; Bonds and BANs.**

In recent years the number of delinquent parcels in the City against which foreclosures were commenced are as follows:

Tax Collection Year	Total Nonexempt Parcels	Parcels Certified as Delinquent^(a)
2017	16,910	363
2018	16,858	429
2019	17,009	572
2020	17,021	634
2021	16,888	561

(a) Certified delinquent to the County Prosecutor in the year. Parcels must be delinquent one year prior to certification.

Of the 16,888 nonexempt parcels in the City for collection year 2021, the number of delinquent parcels was 561, against 11 of which foreclosure proceedings were commenced.

There was one taxpayer that accounted for more than 5% of any of the delinquencies of ad valorem real property taxes or special assessments identified above for collection year 2021.

OTHER MAJOR GENERAL FUND REVENUE SOURCES

Major sources of revenue to the General Fund, in addition to ad valorem property taxes, include the City's income tax and State local government distributions. **Appendix A** provides further information regarding other revenue sources for the General Fund and other funds.

Municipal Income Tax

Ohio law authorizes a city or village to levy a municipal income tax on both business income and employee wages and salaries at a rate of up to 1.00% without voter authorization. An income tax rate in excess of 1.00% requires approval of the voters. The City electors authorized an income tax at the rate of 2.20% with 0.15% of that income tax providing funds for the municipal park and recreation facilities, 0.15% of that income tax providing funds for the City fire department, 0.45% of that income tax providing funds for the City police and fire departments and an additional 0.45% of that income tax providing funds for the City police and fire departments. In November 2021, electors approved an increase in the income tax for park and recreation facilities to 0.25% for collection beginning January 1, 2023 for a continuing period of time.

This tax on business income and individuals' salaries and wages is collected and administered by the City. For taxable years beginning on or after January 1, 2018, taxpayers subject to a municipal net profit tax may elect to file one municipal net profit tax return that covers its total municipal net profit tax liability to all municipal corporations through the Ohio Business Gateway for processing by the Ohio Department of Taxation. The Ohio Department of Taxation will provide all administrative functions for those centrally-filed returns and will distribute payments to the appropriate municipalities, as well as address audits and appeals.

The 2.05% portion of the income tax is in effect for a continuing period of time; 0.15% of the income tax (providing funds for the municipal park and recreation facilities) was renewed in 2017 and then increased by electors at the November 2021 election to 0.25% beginning in January 1, 2023 for a continuing period of time. All or any portion of the income tax could be reduced or terminated by action of the Council or by vote of the electors initiated by petition of 10% of the number of electors of the City who voted at the last preceding November election, following initiated ordinance procedure. Under current law, the Council could reimpose a 1% income tax without authorization by the electors. Included in the figures above, in November 2020, electors of the City approved a 0.45% increase in the City's income tax rate effective January 1, 2021 for a continuing period of time for the purpose of operating, maintaining, repairing and providing capital facilities for the Fire and Police Departments of the City.

Income tax proceeds, after payment of collection expenses, have been allocated by the Council for Fiscal Year 2021 to the General Fund.

Annual income tax receipts in recent years were:

Year	Rate	Total Receipts	Accumulated Delinquency
2017	1.75%	\$19,024,341	\$2,073,840
2018	1.75	19,964,661	2,030,990
2019	1.75	20,823,359	1,964,945
2020	1.75	20,751,089	1,991,695
2021	2.20	20,451,710	1,890,784

Residents are currently permitted, as a credit against their City income tax liability, up to a maximum of 100% of any amount paid as municipal income tax on the same income in another municipal corporation, to a maximum credit of 1% of income taxable to such municipal corporation.

Based on employer payments of corporate and withheld personal income taxes, the following employer contributed more than 5% of the City income taxes collected in 2021:

Employer	Nature of Business
Fairfield Medical Center	Hospital

Certain of the income subject to the City income tax is also subject to the State income tax.

In an emergency response to the spread of the Pandemic, the Ohio General Assembly passed, and Governor DeWine signed into law, Amended Substitute House Bill 197 (“H.B. 197”) in March 2020. Section 29 of H.B. 197 provided temporary changes to Ohio’s municipal income tax rules to clarify and simplify municipal income tax collection during the period of the emergency declared by Executive Order 2020-01D (issued by Governor DeWine on March 9, 2020 and herein referred to as the “Executive Order”), and continuing for 30 days following the cessation of that period (collectively, the “COVID Temporary Period”). Specifically, section 29 provided that “any day [during the COVID Temporary Period] on which an employee performs personal services at a location, including the employee’s home, to which the employee is required to report for employment duties as a result of the declaration in the Executive Order shall be deemed to be a day performing personal services at the [site of the employer to which the employee primarily worked prior to the declaration (the “Employer Site”)]” (rather than the location at which the employee must work as a result of the declaration). Accordingly, employers have been authorized to continue withholding and remitting the municipal income taxes on wages paid to their employees during the COVID Temporary Period to the city in which the Employer Site is located, rather than to the city in which the employees actually perform services during the COVID Temporary Period.

Governor DeWine lifted the state of emergency in Ohio on June 18, 2021, which would have ended the COVID Temporary Period and the applicability of the provisions of section 29 of H.B. 197 on July 18, 2021. However, the Ohio General Assembly has passed, and on July 1, 2021 Governor DeWine signed into law, Substitute House Bill 110 (“H.B. 110”) which extended until

December 31, 2021 the period during which employers had to withhold and remit the municipal income taxes to the city in which the Employer Site is located. H.B. 110 allows employees who performed work during tax year 2021 from a location outside the municipality in which the Employer Site is located to apply for refunds of the municipal income taxes that their employer withheld and remitted to the municipality in which the Employer Site is located.

Thus, pursuant to the provisions of section 29 of H.B. 197, for wages earned during the COVID Temporary Period, cities were temporarily authorized to impose (i) a nonresident income tax on individuals who in the absence of the Executive Order would have reported to an Employer Site in the city, without regard to the taxpayer's physical presence in the city, and (ii) an obligation on employers located in the city to withhold and remit the foregoing city income tax temporarily imposed on nonresident individuals who otherwise would have performed employee services in the city. Under that provision, the City imposed (i) its income taxes on workers working from their homes outside of the City rather than at Employer Sites in the City and (ii) the City income tax withholding and remittance obligations on the employers of such workers.

Provisions of H.B. 110, amending section 29 of H.B. 197, prescribed that employers continued to have an obligation to withhold, and to remit to the city in which the Employer Site is located, municipal income taxes on employees' wages earned through December 31, 2021; however, neither an employee's actual tax liability nor the jurisdiction (or jurisdictions) to which the employee's taxes are to be paid was conclusively determined by the employer's withholding and remission. Under H.B. 110, an employee who during tax year 2021 performed work from a location outside the city in which the Employer Site is located may claim a refund for the portion of the remitted tax applicable to the wages the employee earned on days the employee worked outside the city in which the Employer Site is located. In processing such refunds, a city may only request from employers information as to the number of days an employee worked at the Employer Site and whether the employer has already refunded to the employee the amount of tax the employer withheld and remitted to the city.

In accordance with the provisions of H.B. 110, the City anticipates processing income tax refunds for tax year 2021; however, the City cannot at this time anticipate the number or corresponding amount of such refunds but has estimated this amount as described above. Under an existing provision of the Revised Code, a taxpayer must bring any civil action to recover municipal income taxes within the later of (i) three years after the tax was due or (ii) one year after the conclusion of a qualifying deferral period, if any.

Effective January 1, 2022, Ohio's twenty-day rule – requiring employers to withhold municipal income taxes for the municipality in which an employee has worked for more than twenty days during the calendar year – has been reinstated without the modifications effected by H.B. 110. If an employee has worked in a municipality twenty days or less during a calendar year, an employer is not required to withhold municipal income taxes for that municipality for that calendar year. An employee can only be considered working in one municipality per calendar day.

The City is unable to predict the ultimate outcome or possible effect of the litigation concerning municipal income taxes now pending against other Ohio cities.

State Local Government Funds

Statutory state-level local government funds, comprised of designated State revenues, are another source of revenue to the General Fund. Most are distributed to each county and then allocated on a formula basis, or in some cases on an agreement basis, among the county and cities, villages and townships, and in some cases park districts, in the county. City receipts from those funds are set forth in the following table.

Year	Receipts
2017	\$717,151
2018	874,646
2019	911,897
2020	990,672
2021	1,130,702

The amounts of and formula for distribution of these funds have been and may be revised from time to time.

CITY DEBT AND OTHER LONG-TERM OBLIGATIONS

The following describes the security for general obligation debt, applicable debt and ad valorem property tax limitations and outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the City.

As used in the discussions that follow, the term “BANs” refers to notes issued in anticipation of the issuance of general obligation bonds.

The 2010 Street Bonds, the 2014 Courthouse Bonds, the 2014 VP Bonds and 2014 Real Estate Bonds are unvoted general obligations of the City. Certain overlapping subdivisions also may issue general obligation debt. The 2014 Courthouse Bonds, the 2014 VP Bonds and the 2014 Real Estate Bonds are subject to both of the direct debt limitations.

The 2012 Water Bonds and the 2016 Wastewater Bonds are special obligations of the City and are payable solely from the revenues of the City’s water system and wastewater system, respectively. The 2012 Water Bonds and the 2016 Wastewater Bonds have been *excluded* entirely from the following debt discussion and tables. The City is not aware of and has not been notified of any condition of default under those bonds or the related financing documents.

Certain overlapping subdivisions also may issue voted and unvoted general obligation debt.

The City is not, and to the knowledge of current City officials has not in at least the last 25 years been in default in the payment of debt charges on any of the bonds or notes on which the City is obligor. The City, however, makes no representation as to the existence of a condition of default resulting from a default by any private entity under any financing documents relating to industrial development or hospital revenue bonds for which the City was the issuer.

Security for General Obligation Debt; Bonds and BANs

The following describes the security for City general obligation debt: bonds and bond anticipation notes (“BANs”).

Voted Bonds. The basic security for voted City general obligation bonds is the authorization by the electors for the City to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes, without limitation as to rate or amount, on all real and tangible personal property subject to ad valorem taxation by the City. These taxes are outside of the ten-mill limitation and are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on the voted bonds (subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally, to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities). As of December 31, 2021, the City had no voted general obligation bonds outstanding.

Unvoted Bonds. The basic security for unvoted City general obligation bonds is the City’s ability to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the City, within the ten-mill limitation described below. These taxes are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on unvoted general obligation bonds. The law provides that the levy necessary for debt charges has priority over any levy for other purposes within that tax limitation; that priority may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion, and to limitations on legal remedies against public entities. See the discussion under **CITY DEBT AND OTHER LONG-TERM OBLIGATIONS – Indirect Debt and Unvoted Property Tax Limitations** of the ten-mill limitation, and the priority of claim on it for debt charges on unvoted general obligation debt of the City and all overlapping taxing subdivisions.

BANs. BANs may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the BANs, or available funds of the City or a combination of these sources. While BANs are outstanding, Ohio law requires the levy of ad valorem property taxes in an amount not less than what would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months from the date of issuance of the original notes. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated. Portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period. As of December 31, 2021, the City had \$2,400,000 of outstanding BANs.

Statutory Direct Debt Limitations

The Revised Code provides:

- The net principal amount of both voted and unvoted debt of a city, excluding “exempt debt” (discussed below), may not exceed 10½% of the total tax valuation of all property in the city as listed and assessed for taxation.
- The net principal amount of the unvoted nonexempt debt of a city may not exceed 5½% of that valuation.

These two limitations, which are referred to as the “direct debt limitations,” may be amended from time to time by the General Assembly.

The City’s ability to incur unvoted debt (whether or not exempt from the direct debt limitations) is also restricted by the indirect debt limitation discussed under **CITY DEBT AND OTHER LONG-TERM OBLIGATIONS – Indirect Debt and Unvoted Property Tax Limitations**.

Certain debt that the City may issue is exempt from the direct debt limitations (“exempt debt”). Exempt debt includes, among others, the following categories.

- General obligation debt:
 - That is “self-supporting” debt (*i.e.*, nontax revenues from the facility or category of facilities are sufficient to pay operating and maintenance expenses and related debt charges and other requirements) issued for facilities for city utility systems, airports, railroads, mass transit systems, parking, health care, solid waste, urban development, recreation, sports, convention, auditorium, museum, trade show and other public attractions, facilities for natural resource exploration, development, recovery, use or sale, and correctional, detention and related rehabilitation facilities.
 - To the extent debt charges are expected to be paid from tax increment financing payments in lieu of taxes pledged to the payment of those debt charges (subject to certain limitations).
 - For highway improvements if the municipality has covenanted to pay debt charges and financing costs from distributions of motor vehicle license and fuel taxes.
 - Issued in anticipation of the levy or collection of special assessments.
 - To pay final judgments or court-approved settlements.
- Securities for water or sanitary or storm water sewerage facilities to the extent that another subdivision has agreed to pay to the City amounts equal to debt charges on those securities.

- Unvoted general obligation bonds to the extent that debt charges will be met from lawfully available municipal income taxes, to be applied to those debt charges pursuant to ordinance covenants.
- Revenue debt and mortgage revenue bonds to finance municipal utilities.
- Notes issued in anticipation of (i) the collection of current revenues (which have a latest maturity of the last day of the Fiscal Year in which issued) or (ii) the proceeds of a specific tax levy.
- Notes issued for certain energy conservation improvements or certain emergency purposes.
- Debt issued in anticipation of the receipt of federal or State grants for permanent improvements, or to evidence loans from the State capital improvements fund or State infrastructure bank.
- Voted debt for urban redevelopment purposes not in excess of 2% of the City's assessed valuation.
- Securities issued to make a single payment on certain accrued liability to the statewide Police and Fire Pension Fund.
- Securities issued for municipal educational and cultural facilities.

BANs issued in anticipation of exempt bonds also are exempt debt.

The City may incur debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority.

In the calculation of debt subject to the direct debt limitations, the amount in a city's bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross nonexempt debt. Without consideration of amounts in the City's Bond Retirement Fund, and based on outstanding debt and current tax (assessed) valuation, the City's voted and unvoted nonexempt debt capacities as of December 31, 2021 were:

Limitation	Nonexempt Debt Outstanding	Additional Debt Capacity Within Limitation
10-1/2% = \$91,921,006	\$7,911,623	\$84,009,383
5-1/2% = \$48,149,098	\$7,911,623	\$40,237,475

This is further detailed in **Debt Table A**.

Indirect Debt and Unvoted Property Tax Limitations

Voted general obligation debt may be issued by the City if authorized by vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt charges on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds.

General obligation debt also may be issued by the City without a vote of the electors. This unvoted debt may not be issued unless the ad valorem property tax for the payment of debt charges on those bonds (or the bonds in anticipation of which BANs are issued), and all outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the City resulting in the highest tax required for such debt charges, in any year is 10 mills or less per \$1.00 of assessed valuation. This indirect debt limitation, the product of what is commonly referred to as the “ten-mill limitation,” is imposed by a combination of provisions of the Ohio Constitution and the Revised Code.

The ten-mill limitation is the maximum aggregate millage for all purposes that may be levied on any single piece of property by *all* overlapping taxing subdivisions without a vote of the electors. The 10 mills are allocated pursuant to a statutory formula among certain overlapping taxing subdivisions in the County, including the City. For collection year 2022, the entire 10 mills was being levied by the combination of the City and taxing subdivisions overlapping the City. For collection year 2022, the current allocation of the 10 mills (sometimes referred to as the “inside millage”) was as follows: 3.40 City, 2.60 County and 4.00 Lancaster City School District. That allocation has remained constant for at least the last five years.

Present Ohio law requires the inside millage allocated to a taxing subdivision to be used first for the payment of debt charges on its unvoted general obligation debt, unless provision has been made for that payment from other sources, with the balance usable for other purposes. To the extent this inside millage is required for debt charges of a taxing subdivision (which may exceed the formula allocation to that subdivision), the amount that would otherwise be available to that subdivision for general fund purposes is reduced. Because the inside millage that may actually be required to pay debt charges on a subdivision’s unvoted general obligation debt may exceed the formula allocation of that millage to the subdivision, the excess reduces the amount of inside millage available to overlapping subdivisions. In the case of the City, however, a law applicable to all Ohio cities and villages requires that any lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt charges on City unvoted debt before the formula allocations of the inside millage to overlapping subdivisions can be invaded for that purpose.

In the case of BANs issued in anticipation of unvoted general obligation bonds, the highest annual debt charges estimated for the anticipated bonds is used to calculate the millage required.

Revenue bonds and notes and mortgage revenue bonds are not included in debt subject to the indirect limitation since they are not general obligations of the City, and the full faith and credit and property taxing power of the City is not pledged for their payment.

The indirect limitation applies to all unvoted general obligation debt even if debt charges on some of it was expected to be paid in fact from municipal income taxes, special assessments, utility revenues or other sources.

As of December 31, 2021, the highest debt charges requirement in any year for all City debt subject to the ten-mill limitation was estimated to be \$1,156,140.44. That debt includes all unvoted general obligation bonds outstanding and any bonds anticipated by BANs outstanding. The payment of those annual debt charges would require a levy of 1.3206 mills based on current assessed valuation. Of this maximum annual debt charges requirement, \$237,837.75 was expected by the City to be paid from sources other than ad valorem taxes, such as utilities, tax increment financing revenues and municipal income taxes (see **Debt Table C**). If those other sources for any reason were not available, the debt charges could be met from the amounts produced by the millage currently levied for all purposes by the City within the ten-mill limitation, and therefore, inside millage allocated to the overlapping subdivisions might have to be preempted for those debt charges. (See the discussion of this preemption, and of limitations on it, above under this caption.)

As of December 31, 2021, the total millage theoretically required by the City, the Lancaster City School District and the County (the highest overlapping taxing subdivisions that had issued unvoted debt) for debt charges on their outstanding unvoted general obligation debt was estimated to be 4.5650 mills for Fiscal Year 2022, the year of the highest potential debt charges requirements. There thus remained 5.4350 mills within the ten-mill limitation that had yet to be allocated to debt charges and that were available to the City and overlapping subdivisions in connection with the issuance of additional unvoted general obligation debt.

Debt Outstanding

The Debt Tables attached provide information concerning the City’s outstanding debt represented by bonds and notes, with respect to City and overlapping subdivisions general obligation debt allocations, and debt charges.

The following table shows the principal amount of City general obligation debt outstanding as of December 31 in the years shown.

Year	Exempt	Total	Of GO Total	
			Voted	Unvoted
2017	\$3,028,300	\$13,338,326	\$-0-	\$13,338,326
2018	2,509,100	12,233,122	-0-	12,233,122
2019	1,807,500	10,943,987	-0-	10,943,987
2020	1,480,000	10,007,374	-0-	10,007,374
2021	2,651,100	10,562,723	-0-	10,562,723

Bond Anticipation Notes

As of December 31, 2021, \$2,400,000 of the debt of the City was in the form of BANs. BANs may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the BANs, or available funds of the City, or a combination of these sources.

Bond Retirement Fund

The Bond Retirement Fund is the fund from which the City pays debt charges on its general obligation debt, and into which money required to be applied to those payments are deposited. The following table is an unaudited summary of Bond Retirement Fund receipts and disbursements (including proceeds of renewal or refunding obligations) for the years shown.

Year	Receipts	Disbursements	December 31 Balance
2017	\$1,074,928	\$1,074,928	\$-0-
2018	2,512,763	2,512,763	-0-
2019	2,335,503	2,335,503	-0-
2020	2,153,313	2,153,313	-0-
2021	1,951,565	1,951,565	-0-

Future Financings

The City is looking at future financings to make improvements to the City Hall building in addition to the purchase of land for the construction of a new Fire House.

Long-Term Financial Obligations Other Than Bonds and Notes

The City has borrowed \$210,428 with 0% interest from the State of Ohio Public Works Commission to pay costs of improvements to West Fair/Collins Road. The loan initialization was on December 2, 2016 and began principal payments in 2017. The loan was for 10 years and retired in 2021 from annual funds allocated to the Lancaster Department of Transportation. The Lancaster Department of Transportation made double principal payments to cut the loan from a 10-year payoff to a five-year payoff.

The City has loans, payable only from water revenues, from the Ohio Water Development Authority totaling \$26,728,739 with annual payments ranging from \$1,875,891 in 2019 and incrementally increasing to \$1,925,116 in 2022, \$771,359 in 2023, and \$8,857 in 2024 through 2032. The City has loans, payable only from wastewater revenues, from the Ohio Water Development Authority totaling \$43,807,403 with annual payments through 2031. The annual payment on the wastewater loans in Fiscal Year 2021 was \$2,326,042; those payments incrementally increase over the remaining term of the loan with payments ranging from \$2,326,042 in 2021 to a final payment of \$2,365,591 in 2031.

The City entered into a loan agreement with the Ohio Water Development Authority in 2008 for \$34,396,999 for the Upper Hocking Water Pollution Control Facility and in 2009 for \$398,675 for the construction of stormwater improvements at the Department of Transportation facility. The Water Pollution Control Facility loan is paid with utility revenues and the stormwater loan is paid with a combination of utility, street and general fund money. These two loan amounts are included in the Ohio Water Development Authority wastewater loan totals above.

The City also has one outstanding \$30,430 interest-free loan from the Ohio Public Works Commission. The last maturity of that loan was in 2021 with an annual payment of \$6,086. Debt service on that loan is paid from the City's general fund.

As of December 31, 2021, the City had no other long-term financial obligations, other than the bonds and notes described above, the retirement obligations and liability described under **CITY DEBT AND OTHER LONG-TERM OBLIGATIONS – Retirement Expenses** and the compensated absences described in the Notes to the Fiscal Year 2021 Financial Statements previously filed on EMMA.

Retirement Expenses

Present and retired employees of the City are covered under two statewide public employee retirement (including disability retirement) systems. The Ohio Police and Fire Pension Fund ("OP&F") covers uniformed members of the police and fire departments. All other eligible City employees are covered by the Ohio Public Employees Retirement System ("OPERS").

OPERS and OP&F are two of five statewide public employee retirement systems created by and operating pursuant to Ohio law, all of which currently have unfunded actuarial accrued liabilities. The General Assembly has the power to amend the format of those systems and to revise rates and methods of contributions to be made by public employers and their employees and eligibility criteria, benefits or benefit levels for employee members. In 2012, the General Assembly passed five separate pension reform measures intended to assist each of the five retirement systems in addressing its unfunded actuarial accrued liabilities. The reform legislation passed with respect to OPERS and OP&F provided for (i) no change in the City contribution rates with respect to its employees' earnable salaries, (ii) no change in OPERS employee contribution rate, and (iii) an increase in the OP&F employee contribution rate from 10% to 12.25% in annual increments of 0.75% that began on July 2, 2013. With certain transition provisions applicable to certain current employees, the reform legislation has, among other changes, increased minimum age and service requirements for retirement and disability benefits, revised the calculation of an employee's final average salary on which pension benefits are based to include the five highest years (rather than the three highest years), provided for OPERS pension benefits to be calculated on a lower, fixed formula, changed provisions with respect to future cost-of-living adjustments to limit those adjustments to the lesser of any increase in the Consumer Price Index or three percent. The OP&F reform legislation also authorizes the OP&F board to further adjust member contribution rates or further adjust age and service requirements after November 1, 2017, if, after an actuarial investigation, the board determines that an adjustment is appropriate.

For further information on these pension plans and for Fiscal Year 2021 reporting with respect to employer pensions, see the Notes to the Fiscal Year 2021 Financial Statements previously filed on EMMA. Financial and other information for OPERS and OP&F can also be found on the respective website for each retirement system including its Annual Comprehensive Financial Report.

In Fiscal Year 2021, City employees covered by OPERS contributed at a statutory rate of 10.0% of earnable salary or compensation. As the employer, the City's statutory contribution rate for those employees was 14.0% of the same base. City employees covered by OP&F contributed

at a statutory rate of 12.25% of earnable salary. As the employer, the City's statutory contribution rates, applied to the same base, were 19.5% for police personnel and 24.0% for fire personnel. These employee and employer contribution rates have been and are now the maximums permitted under current State law.

The City's current employer contributions to OPERS and OP&F, and the payments toward the accrued OP&F liability, have been treated as current expenses and included in the City's operating expenditures, except to the extent paid from the proceeds of the "Police and Fire Pension" levy referred to under **AD VALOREM PROPERTY TAXES AND SPECIAL ASSESSMENTS – Tax Rates**.

Federal law requires City employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, City employees who are covered by a State retirement system are not currently covered under the federal Social Security Act. OPERS and OP&F are not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

THE GAS ENTERPRISE

The following statements have been provided by the City unless otherwise noted.

History

The Gas Enterprise, a department of the City, was formed in 1887 after natural gas was discovered in the area. Today, the natural gas distribution system serves approximately 16,200 customers, with an average daily consumption of approximately 5,400 thousand cubic feet ("Mcf" millions of cubic feet) of natural gas, through approximately 256 miles of natural gas mains and services.

The City is one of only two cities in the State with a municipally owned natural gas enterprise. Over the years, local control of the Gas Enterprise has enabled the residents and businesses of the City to enjoy safe, efficient, high quality and competitively priced natural gas service.

The Gas Enterprise's purpose is to regulate and control the use, sale, and distribution of natural gas by the City.

The rates, terms of service, and procedures of the Gas Enterprise are established by City ordinances. The Gas Enterprise uses a Gas Cost Recovery mechanism which can be adjusted to recover changes in gas commodity prices.

Organization

The Gas Enterprise has a budgeted staff of 27. Built in 2001, the administrative headquarters and operations facilities are located at 1424 Camp Ground Road, Lancaster, Ohio.

Employer/Employee Relations

The Gas Enterprise employees are City employees. The City provides the Human Resource services for City departments. Employees, with the exception of managers or supervisors, are represented by AFSCME, Ohio Council 8 and Local 3427. The current contracts with the AFSCME Ohio Council 8 and Local 3427 became effective on March 4, 2022 and expire on December 31, 2023. A new contract is currently being negotiated. Management and Supervisory personnel representation is described in City Ordinance #56-07. This ordinance is renewed annually in December by the Council of the City.

Service Area

The Gas Enterprise is the primary provider of natural gas service within the incorporated limits of the City and land owned, or leased by the City, and also provides natural gas service to approximately 1,079 customers in the nearby proximity of the City boundaries.

Natural Gas Distribution System

The natural gas distribution system infrastructure has a replacement value of approximately \$64,000,000. Facilities contained within the infrastructure include natural gas mains, meters, corrosion control rectifiers, and regulating and metering equipment.

The infrastructure represents approximately 256 miles of distribution pipe that provides natural gas service to 16,233 customer meters. Additionally, there are approximately 1,530 valves, five natural gas delivery stations and 15 district pressure regulating stations that control local delivery pressure between 1/2 pounds per square inch (“psi”) and 125 psi.

Sources of Natural Gas Supply

Prior to the anticipated gas prepayment transaction described in the Official Statement for the Lancaster Port Authority Gas Supply Revenue Refunding Bonds, Series 2019, the Gas Enterprise has purchased its gas supply from BP Corporation North America, Inc. The City has four interconnections with Columbia Gas Transmission Corp. and firm transportation contracts through March 2023. The Gas Enterprise also has firm storage arrangements with Columbia Gas Transmission Corp. providing security, flexibility, and winter deliverability. The storage contract is for approximately 0.882 billion cubic feet, and expires in May 2023. The Gas Enterprise has been expanding its major pipeline infrastructure and completed nine pipeline interconnection with Texas Eastern Transmission Corporation, providing access to three gas supply basins (Wyoming, Pennsylvania Shale and Gulf of Mexico) and three interstate gas pipelines.

Summary of Capital Improvement Program

The Gas Enterprise (LMG) has various capital improvement plans, some of which are in conjunction with the Public Utilities Commission of Ohio while others are determined by Gas Enterprise’s staff. In the spring of 2021, construction was completed on a major mainline and service line replacement upgrade project. This large multi-year project began in 2018 (known as the North Central Gas Main Replacement Project). The upgrade includes 44,000 feet of new medium pressure distribution pipeline and replacement of approximately 36,500 feet of

predominantly bare steel low pressure mainline; as well as replacement of over 1,100 service lines (including a total of 110 coated steel risers). In spring of 2021, LMG began work on another multi-year project known as the North East Replacement Project. This project includes replacement of approximately 35,000 feet of gas main and 700 connected service lines (60 Coated Risers). The project is scheduled for completion in the fall of 2023. Through aggressive replacement of aging bare steel infrastructure and coated steel service risers, LMG has achieved a continuous reduction in the number of hazardous leaks; thus, mitigating associated risk on its piping system and improving public safety.

Natural Gas Rates, Fees and Charges

General. Natural gas rates are based on the City's costs for purchasing and distributing gas to its customers. Natural gas costs comprise approximately 80% of the Gas Enterprise's operating expense budget. Rates and charges for natural gas service are established by the Council Ordinances, and are administered by the Service-Safety Director. Such rates and charges are based upon comparable rates charged by other natural gas utilities in central Ohio. To establish retail rates, the Contract Price will be added to other revenue requirements related to the operation of the Gas Enterprise.

Natural Gas Rate Structure. Natural gas rate schedules are established for residential and non-residential (commercial and industrial) users by the Council ordinance.

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The following table sets forth the Gas Enterprise’s rates for the past four Fiscal Years and the current Fiscal Year.

**City of Lancaster Municipal Gas Department
Rate Structure
Fiscal Years 2017 through 2021**

User type and Monthly Rate Block	2017	2018	2019	2020	2021
Residential ¹					
Monthly charge per meter	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Total Rate ² (per ccf) ³	\$0.75-\$0.65	\$0.75-\$0.65	\$0.70-\$0.60	\$0.70-\$0.60	\$0.70-\$0.90
Small Non-Residential ³ (Commercial)					
Monthly charge per meter:	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Total Rate ² (per ccf)	\$0.75-\$0.65	\$0.75-\$0.65	\$0.70-\$0.60	\$0.70-\$0.60	\$0.07-\$0.90
Large Non-Residential ⁴ (Industrial)					
Monthly charge per meter:	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
Total Rate ² (per ccf)	\$0.75-\$0.65	\$0.75-\$0.65	\$0.70-\$0.60	\$0.70-\$0.60	\$0.70-\$0.90

¹ Monthly Residential charges include (1) a service charge per meter; (2) the cost of natural gas; and (3) gas cost recovery.

² Total rate is comprised of the volumetric charge and the gas recovery charge; these charges are in addition to the monthly charge meter fee paid by each customer.

³ ccf equals hundred cubic feet.

⁴ Monthly Small Non-Residential and Large Non-Residential charges include (1) a service charge per meter; (2) cost of natural gas; and (3) gas cost recovery.

Gas Demand and Customer Base

On average, the City provides its customers with approximately 5,400 Mcf of natural gas per day. Demand is largely seasonal, with the winter months experiencing higher consumption and in the summer months, lower consumption. In Fiscal Year 2021, the Gas Enterprise supplied approximately 16,200 customers with approximately 1,900 Mcf of natural gas. The following table sets forth a five-year history of sales amounts and natural gas deliveries in Mcf by customer type.

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**City of Lancaster Municipal Gas Department
Natural Gas Sales and Deliveries in Mcf (Unaudited)**

Fiscal Year Ending	Deliveries in Sales Dollars (\$)				Deliveries in Mcf (000's)			
	<u>Residential</u>¹	<u>Commercial</u>¹	<u>Industrial</u>¹	<u>Total</u>¹	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total</u>
2017	\$7,071,052	\$2,586,041	\$2,720,163	\$12,377,256	867,452	360,690	566,455	1,794,597
2018	8,332,323	3,056,198	2,440,008	13,828,526	1,025,126	429,019	606,682	2,060,827
2019	7,767,748	2,866,397	2,237,410	12,871,555	972,913	416,179	560,582	1,949,674
2020	6,542,948	2,323,405	2,038,986	10,905,339	901,035	373,378	598,138	1,877,551
2021	7,766,205	2,936,971	3,122,147	13,825,323	937,204	408,512	610,157	1,955,873

¹ Includes gas sales and transmission of such gas.

Source: Gas Enterprise

The following table sets forth the ten largest customers of the Gas Enterprise for the Fiscal Year ended December 31, 2021. In the aggregate, the ten largest customers represented approximately 27% of the annual natural gas usage of the Gas Enterprise.

**City of Lancaster Municipal Gas Department
Ten Largest Customers (by sales)
Fiscal Year Ended December 31, 2021**

<u>Customer</u>	<u>MCF</u>	<u>Sales</u>
TreeHouse (Private Brands)	137,779	\$573,998
FMC	93,852	509,930
Crown Cork & Seal	65,350	305,514
WestRock	64,943	280,329
Crown Cork & Seal	57,422	257,303
Anchor Hocking Dist.	43,136	308,226
3 Sigma	24,409	136,916
Midwest Coatings	20,955	92,760
Complete Filter Media	14,990	75,291
FPM	<u>14,592</u>	<u>81,370</u>
Totals	537,428	\$2,621,637

The City has two Certified Industrial Parks located on the City's west and east sides. Total available acreage utility served is approximately four hundred acres and the City is strategically planning additional industrial sites. All sites are served by Lancaster Municipal Gas.

The City has teamed with other communities in the area to create the Fairfield 33 Development Alliance that is responsible for marketing the region. The Alliance is a public/private partnership with an annual operating budget of over \$135,000 per year and funded by a public and

private partnership. The Rock Mill Industrial Park is served by the Gas Enterprise and pipelines are already in place to provide natural gas service.

Financial Information

Summary of Financial Operations. The following tables present the Statements of Net Assets and Statements of Revenues, Expenses and Changes in Fund Net Assets for the Gas Enterprise. The statements show the audited results for Fiscal Years 2017 through 2021.

City of Lancaster Municipal Gas Department Statements of Net Assets (Audited) Fiscal Years ended December 31, 2017 through 2021

	2017	2018	2019	2020	2021
Assets:					
Current Assets:					
Cash & Cash Equivalents	\$992,952	\$1,057,774	\$1,170,799	\$2,281,214	\$2,074,055
Cash & Cash Equivalents with Fiscal Agent	0	0	0	0	0
Investments	8,890,411	9,770,353	8,805,394	8,333,945	7,006,338
Accounts Receivable	2,359,418	2,268,230	1,958,206	1,961,003	2,550,457
Interest Receivable	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Inventory	2,102,965	3,292,479	2,004,250	1,402,868	2,313,790
Prepaid Items	24,318	26,857	30,365	32,238	33,389
Prepaid Gas Supply - Current	0	0	0	0	0
Total Current Assets	\$14,370,064	\$16,415,693	\$13,969,014	\$14,011,268	\$13,978,029
Noncurrent Assets:					
Restricted Assets	0	0	0	0	0
Cash & Cash Equivalents	120,823	127,047	156,272	139,017	147,566
Investments	0	0	0	0	0
Total Restricted Assets	\$120,823	\$127,047	\$156,272	\$139,017	\$147,566
Prepaid Gas Supply:					
Land Held for Resale	0	0	0	0	0
Fair Value of Derivative Instruments	0	0	0	0	0
Net OPEB Asset	0	0	0	0	171,833
Capital Assets:					
Capital Assets Not Being Depreciated	856,725	293,273	293,273	290,273	290,273
Capital Assets Being Depreciated	11,854,201	13,207,606	14,691,431	15,529,046	15,989,684
Total Capital Assets (net of accumulated depreciation)	\$12,710,926	\$13,500,879	\$14,984,704	\$15,819,319	\$16,279,957
Total Noncurrent Assets	\$12,831,749	\$13,627,926	\$15,140,976	\$15,958,336	\$16,599,356
Total Assets	\$27,201,813	\$30,043,619	\$29,109,990	\$29,969,604	\$30,577,385
Deferred Outflows of Resources:					
Deferred Loss on Early Retirement of Debt	874,523	421,799	885,162	0	0
Pension	0	82,630	107,924	307,853	256,677
OPEB	0	0	0	209,417	84,475
Deferred Outflow from Derivative Instruments	0	0	0	0	0
Total Deferred Outflows of Resources	\$874,523	\$504,429	\$993,086	\$517,270	\$341,152

	2017	2018	2019	2020	2021
Liabilities:					
Current Liabilities:					
Accounts Payable	\$325,276	\$507,474	\$370,718	\$304,684	\$379,932
Accrued Wages & Benefits	49,656	60,546	67,814	76,465	81,491
Intergovernmental Payable	0	0	0	0	0
Claims Payable	0	0	0	0	0
Due to Others, Payable from Restricted Assets	120,823	127,047	156,272	139,017	147,566
Due to Other Funds	508,193	788,728	366,136	352,385	850,880
Unearned Revenue	0	0	0	0	0
Accrued Interest Payable	0	0	0	0	0
General Obligation Notes Payable	0	0	0	0	0
Capital Leases Payable - Current	0	0	0	0	0
Revenue Bond Payable - Current	0	0	0	0	0
Installment Loan Payable - Current	0	0	0	0	0
Compensated Absences Payable - Current	28,164	41,523	45,720	43,129	27,230
Total Current Liabilities	\$1,032,112	\$1,525,318	\$1,006,660	\$915,680	\$1,487,099
Noncurrent Liabilities:					
Capital Leases Payable	0	0	0	0	0
Installment Loan Payable	0	0	0	0	0
Revenue Bonds Payable	0	0	0	0	0
Compensated Absences Payable	426,177	472,632	464,190	379,623	424,820
Net Pension Liability	2,263,890	1,634,978	2,912,303	1,905,350	1,439,113
Net OPEB Liability	0	1,122,840	1,376,160	1,322,776	0
Fair Value of Derivative Instruments	0	0	0	0	0
Total Noncurrent Liabilities	\$2,690,067	\$3,230,450	\$4,752,653	\$3,607,749	\$1,863,933
Total Liabilities	\$3,722,179	\$4,755,768	\$5,759,313	\$4,523,429	\$3,351,032
Deferred Inflows of Resources:					
Pension	43,609	398,914	39,477	535,101	667,883
OPEB	0	83,644	3,734	262,398	555,217
Deferred Inflow from Derivative Instruments	0	0	0	0	0
Total Deferred Inflow of Resources	\$43,609	\$482,558	\$43,211	\$797,499	\$1,223,100
Net Position:					
Net Investment in Capital Assets	12,710,926	13,500,879	14,984,704	15,819,319	16,279,957
Restricted for Gas Insurance Deposit	0	0	0	0	0
Unrestricted	11,599,622	11,808,843	9,315,848	9,346,627	10,064,448
Total Net Position	\$24,310,548	\$25,309,722	\$24,300,552	\$25,165,946	\$26,344,405

City of Lancaster Municipal Gas Department
Statements of Revenues, Expenses and Changes in Fund Net Assets (Audited)
Fiscal Years ended December 31, 2017 through 2021

	2017	2018	2019	2020	2021
Operating Revenues:					
Charges for Services	\$12,244,265	\$13,710,941	\$12,702,255	\$11,448,952	\$14,098,845
Other Operating Revenues	1,101,905	466,665	172,377	295,395	237,584
Total Operating Revenues	\$13,346,170	\$14,177,606	\$12,874,632	\$11,744,347	\$14,336,429
Operating Expenses:					
Personal Services	\$2,146,569	\$2,262,602	\$2,661,288	\$2,185,163	\$612,610
Contractual Services	776,528	1,093,314	1,058,507	890,110	1,110,993
Cost of Gas Sold	8,948,378	7,304,588	8,504,227	6,217,386	10,194,194
Materials and Supplies	534,646	615,550	683,566	609,107	527,193
Depreciation	815,003	891,362	977,653	942,007	1,058,667
Health Insurance Claims	0	0	0	0	0
Total Operating Expenses	\$13,221,124	\$12,167,416	\$13,885,241	\$10,843,773	\$13,503,657
Operating Income (Loss)	\$125,046	\$2,010,190	(\$1,010,609)	\$900,574	\$832,772
Non-Operating Revenue (Expenses)					
Interest Income	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
Gain on Sale of Capital Assets	0	0	1,439	0	3,007
Loss on Disposal of Capital Assets	0	0	0	(35,180)	0
Intergovernmental Grants	0	0	0	0	342,680
Other Non-operating Revenue	0	0	0	0	0
Total Non-Operating Revenue (Expenses)	0	0	\$1,439	(\$35,180)	\$345,687
Income (Loss) Before Contributions & Special Items	\$125,046	\$2,010,190	(\$1,009,170)	\$865,394	\$1,178,459
Capital Contributions	0	0	0	0	0
Transfers Out	0	0	0	0	0
Transfers In	0	0	0	0	0
Change in Net Position	\$125,046	\$2,010,190	(\$1,009,170)	\$865,394	\$1,178,459
Net Position Beginning of Year	\$24,185,502	\$23,299,532	\$25,309,722	\$24,300,552	\$25,165,946
Net Position End of Year	\$24,310,548	\$25,309,722	\$24,300,552	\$25,165,946	\$26,344,405

The following discussion is an overview of the results of the City of Lancaster Municipal Gas Department figures for the Fiscal Years ended December 31, 2020 and 2021.

The total volume of natural gas delivered in Fiscal Year 2021 was 1,955,873 Mcf, compared to 1,877,551 Mcf, in Fiscal Year 2020. The average sale of natural gas per Mcf was

\$7.07 in Fiscal Year 2021, compared to \$5.80 in Fiscal Year 2020 due to lower cost of natural gas supply.

Outstanding Indebtedness. The Gas Enterprise has no outstanding indebtedness.

Accounting and Annual Budget. The City's and the Gas Enterprise's Fiscal Year begins on January 1st and ends the subsequent December 31st. All accounting functions for the Gas Enterprise are fully computerized providing control of income and expense. All operating records of the Gas Enterprise are audited annually by the Auditor of the City as well as by an independent certified public accountant.

An annual operating budget is developed by the Gas Enterprise staff and is then submitted to the Mayor/City Council for inclusion in the City budget. The Council must approve the City budget prior to the beginning of each Fiscal Year. Additionally, Lancaster Municipal Gas prepares and updates a five-year plan.

Risk Management and Insurance. Pursuant to statutes enacted in November 1985, the liability of political subdivisions has been significantly reduced. As a general rule, Ohio law provides that political subdivisions such as the City have immunity from liability in damages for injury, death, or loss to persons or property allegedly caused by an act or omission of such political subdivisions or their employees in connection with governmental and proprietary functions, as defined in the Ohio statutes. The statutes have no effect on any liability imposed by federal law or other federal cause of action.

Pursuant to Ohio law, there are, however, five areas in which a political subdivision may be held liable for such loss. These include the negligent operation of a motor vehicle on public roads, highways or streets; negligent performance of proprietary functions; failure to keep public roads, highways, streets, sidewalks, bridges or public grounds open, in repair, and free from nuisance; negligence of employees within or upon the grounds of buildings used in the performance of governmental functions, excluding jails, juvenile detention workhouses and other detention facilities; and liability specifically imposed by statute. Ohio law also imposes a two-year statute of limitations and puts limits on the damages which may be recovered from such political subdivisions. No punitive or exemplary damages can be recovered, and any insurance benefits are deducted from any award against a political subdivision. Although there is no limitation with respect to compensatory damages representing a person's economic loss, there is a \$250,000 per person ceiling on the compensatory damage that represents a person's non-economic loss in cases other than wrongful death, in which case there is no maximum limitation.

The City is insured and carries general liability, personal injury, business auto, boiler and machinery, and public officials' insurance coverage. The City carries a \$25,000 deductible for both police and professional liability insurance. The City also has an umbrella policy for claims in excess of \$1,000,000. Additionally, the City has a Cyber Liability Insurance through Travelers in the amount of \$1,000,000 with a \$25,000 deductible.

Pension Plan. All Gas Enterprise employees are City employees. The Gas Enterprise contributes its share of pension costs based upon rates established by PERS for the City's general employees. PERS does not calculate a separate pension obligation for the Gas Enterprise. Copies

of PERS' annual financial report may be obtained from their executive office at: 277 East Town Street, Columbus, Ohio 43215. Since PERS is on a fiscal year ending December 31, all actuarial calculations for the City's retirement plan are made on a fiscal year ending December 31 which mirrors the City's and the Gas Enterprise's December 31 fiscal year end.

Investment Policy. The City has an Investment Committee that meets quarterly, consisting of the Mayor, Law Director, City Auditor, and the City Treasurer. The Committee reviews the status of funds available for investment, votes on changes to investment levels and ensures compliance with statutes under the Ohio Revised Code.

DEBT TABLES AND APPENDICES

Debt Tables A, B, C and D and Appendices A, B, C and D which follow are a part of this Annual Information Filing.

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DEBT TABLE A

**Principal Amounts of Outstanding Debt;
Leeway for Additional Debt Within Direct Debt Limitations
(as of December 31, 2021)**

A.	Total debt:		\$26,372,723
B.	Exempt debt:		
	Category	Outstanding Principal Amount	
	Income Tax	\$900,000	
	Revenue	15,810,000	
	Tax Increment Financing	251,100	
	Water	1,500,000	
	Total exempt debt:		\$18,461,100
C.	Total nonexempt debt [A minus B]		\$7,911,623
D.	5-1/2% of tax (assessed) valuation (unvoted nonexempt debt limitation):		\$48,149,098
E.	Total nonexempt limited tax bonds and notes outstanding:		
	Bonds	\$7,911,623	
	Notes	-0-	\$7,911,623
F.	Debt leeway within 5-1/2% unvoted debt limitation [D minus E]		\$40,237,475 ^(a)
G.	10-1/2% of tax (assessed) valuation (voted and unvoted debt limitation):		\$91,921,006
H.	Total nonexempt bonds and notes outstanding:		
	Bonds	\$7,911,623	
	Notes	-0-	\$7,911,623
I.	Debt leeway within 10-1/2% debt limitation [G minus H]		\$84,009,383 ^(a)

(a) Debt leeway in this table determined without considering money in the Bond Retirement Fund.

DEBT TABLE B

**Various City and Overlapping
GO Debt Allocations (Principal Amounts)
(as of December 31, 2021)**

	Amount	Per Capita^(a)	% of City's Current Assessed Valuation^(b)
City Nonexempt GO Debt	\$7,911,623	\$195.10	0.90%
Total City GO Debt (exempt and nonexempt)	10,562,723	260.47	1.21
Highest Total Overlapping GO Debt ^(c)	116,801,101	2,880.28	13.34

(a) Based on 2020 population of 40,552.

(b) The City's assessed valuation as of December 31, 2021: \$875,438,160.

(c) Includes, in addition to "Total City GO Debt," allocations of total GO debt of overlapping debt issuing subdivisions (as of December 31, 2021) resulting in the calculation of highest total overlapping debt based on percent of tax (assessed) valuation of territory of the subdivisions located within the City (% figures are resulting percent of total debt of subdivisions allocated to the City in this manner), as follows:

\$ 4,974,340 County (18.63%);
 \$ 101,256,896 Lancaster City School District (76.85%); and
 \$ 7,142 Greenfield Township (0.69).

Allocation of GO debt of the remaining overlapping debt issuing subdivisions was as follows:

\$ 2,079 Amanda-Clearcreek Local School District (0.63%); and
 \$ 7,281 Berne Union Local School District (2.68%).

Source of tax (assessed) valuation and confirmation of GO debt figures for overlapping subdivisions: OMAC*.

* Ohio Municipal Advisory Council ("OMAC") compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Annual Information Filing to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

DEBT TABLE C

Projected Debt Charges Requirements on City GO Debt (as of December 31, 2021)

Year	Debt Charges on		Total Debt Charges	Portions of Total Debt Charges Anticipated to be Paid From			
	Outstanding Bonds	Bonds Anticipated by BANs		Limited Ad Valorem Taxes	Water	Income Tax	Tax Increment Financing
2022	\$1,053,640.44	\$102,500.00	\$1,156,140.44	\$918,302.69	\$102,500.00	\$0.00	\$135,337.75
2023	945,176.52	200,800.00	1,145,976.52	928,384.52	108,800.00	92,000.00	16,792.00
2024	882,425.00	199,320.00	1,081,745.00	865,605.00	107,600.00	91,720.00	16,820.00
2025	473,515.50	196,720.00	670,235.50	456,787.50	106,400.00	90,320.00	16,728.00
2026	476,182.50	194,060.00	670,242.50	459,362.50	105,200.00	88,860.00	16,820.00
2027	473,388.00	196,340.00	669,728.00	456,600.00	109,000.00	87,340.00	16,788.00
2028	474,523.50	194,260.00	668,783.50	457,787.50	107,500.00	86,760.00	16,736.00
2029	475,364.00	191,060.00	666,424.00	458,600.00	106,000.00	85,060.00	16,764.00
2030	475,268.00	187,800.00	663,068.00	458,400.00	104,500.00	83,300.00	16,868.00
2031	474,544.00	185,480.00	660,024.00	457,800.00	103,000.00	82,480.00	16,744.00
2032	456,800.00	182,040.00	638,840.00	456,800.00	101,500.00	80,540.00	0.00
2033	460,400.00	184,540.00	644,940.00	460,400.00	105,000.00	79,540.00	0.00
2034	458,400.00	180,620.00	639,020.00	458,400.00	103,200.00	77,420.00	0.00
2035	456,000.00	177,640.00	633,640.00	456,000.00	101,400.00	76,240.00	0.00
2036	458,200.00	173,540.00	631,740.00	458,200.00	99,600.00	73,940.00	0.00
2037	459,800.00	170,380.00	630,180.00	459,800.00	97,800.00	72,580.00	0.00
2038	455,800.00	167,100.00	622,900.00	455,800.00	96,000.00	71,100.00	0.00
2039	456,400.00	168,700.00	625,100.00	456,400.00	99,200.00	69,500.00	0.00
2040	456,400.00	163,880.00	620,280.00	456,400.00	97,100.00	66,780.00	0.00
2041	455,800.00	95,000.00	550,800.00	455,800.00	95,000.00	0.00	0.00
2042	459,600.00	92,900.00	552,500.00	459,600.00	92,900.00	0.00	0.00
2043	457,600.00	90,800.00	548,400.00	457,600.00	90,800.00	0.00	0.00
2044	0.00	93,700.00	93,700.00	0.00	93,700.00	0.00	0.00
2045	0.00	91,300.00	91,300.00	0.00	91,300.00	0.00	0.00
2046	0.00	88,900.00	88,900.00	0.00	88,900.00	0.00	0.00
2047	0.00	86,500.00	86,500.00	0.00	86,500.00	0.00	0.00
2048	0.00	89,100.00	89,100.00	0.00	89,100.00	0.00	0.00
2049	0.00	86,400.00	86,400.00	0.00	86,400.00	0.00	0.00
2050	0.00	83,700.00	83,700.00	0.00	83,700.00	0.00	0.00
2051	0.00	81,000.00	81,000.00	0.00	81,000.00	0.00	0.00
2052	0.00	83,300.00	83,300.00	0.00	83,300.00	0.00	0.00
2053	0.00	80,300.00	80,300.00	0.00	80,300.00	0.00	0.00
2054	0.00	77,300.00	77,300.00	0.00	77,300.00	0.00	0.00
2055	0.00	79,300.00	79,300.00	0.00	79,300.00	0.00	0.00
2056	0.00	76,000.00	76,000.00	0.00	76,000.00	0.00	0.00
2057	0.00	72,700.00	72,700.00	0.00	72,700.00	0.00	0.00
2058	0.00	74,400.00	74,400.00	0.00	74,400.00	0.00	0.00
2059	0.00	70,800.00	70,800.00	0.00	70,800.00	0.00	0.00
2060	0.00	67,200.00	67,200.00	0.00	67,200.00	0.00	0.00
2061	0.00	63,600.00	63,600.00	0.00	63,600.00	0.00	0.00

DEBT TABLE D

Outstanding Bonds and Bond Anticipation Notes

The following debt is reflected in **Debt Tables A, B and C.**

General Obligation Bonds				
General Purpose of Issue	Date of Issuance	Final Maturity	Original Principal Amount	Outstanding Principal Amount
Street Improvement	10/13/2010	12/01/2022	\$2,800,000	\$115,000
Fire Truck Loan	12/27/2013	12/06/2023	470,575	106,623
Courthouse	06/24/2014	12/01/2043	8,315,000	6,645,000
Various Purpose Refunding	09/17/2014	12/01/2024	2,380,000	820,000
Real Estate Acquisition	09/17/2014	12/01/2024	1,035,000	340,000
Street Improvement	10/08/2014	12/01/2031	204,200	136,100

General Obligation Bond Anticipation Notes						
General Purpose of Issue	Outstanding Principal Amount	Due	Estimated		Original Notes	
			Bond Maturity Years	Interest Rate	Year of Issuance	Principal Amount
Courthouse	\$900,000	12/16/2022	18	6.00%	2015	\$1,800,000
Water	1,500,000	02/03/2022	40	6.00	2021	1,500,000

The following debt is reflected in **Debt Table A** as exempt debt.

Revenue Bonds				
Issue	Date of Issuance	Final Maturity	Original Principal Amount	Outstanding Principal Amount
Water System Refunding	06/14/2012	12/01/2029	\$5,795,000	\$3,440,000
Wastewater System Refunding	06/01/2016	12/01/2033	15,395,000	12,370,000

APPENDIX A

Comparative Cash-Basis Summary of General Fund Receipts and Expenditures for Fiscal Years 2017 through 2021

	2017	2018	2019	2020	2021
BEGINNING BALANCE	\$5,020,857.99	\$5,253,282.44	\$3,743,734.37	\$4,656,640.24	\$9,572,171.80
RECEIPTS:					
Taxes	\$12,098,248.15	\$12,325,348.14	\$13,326,147.14	\$13,494,624.24	\$13,265,105.94
Intergovernmental Revenue	987,689.64	1,150,161.61	1,175,675.26	1,263,386.54	1,375,746.48
Charges for Services	762,125.73	699,526.00	847,999.06	582,271.87	594,177.78
Licenses, Permits, Fines/Fees	3,427,674.11	3,507,362.45	3,711,432.23	3,220,573.03	3,503,531.74
Investment Earnings	400,052.07	500,962.85	643,080.01	455,740.52	261,920.67
Special Assessments	0.00	0.00	0.00	0.00	0.00
All Other Revenue	302,009.89	270,082.99	424,374.46	2,931,680.88	288,222.99
TOTAL RECEIPTS	<u>\$17,977,799.59</u>	<u>\$18,453,444.04</u>	<u>\$20,128,708.16</u>	<u>\$21,948,277.08</u>	<u>\$19,288,705.60</u>
EXPENDITURES:					
Security of Persons and Property	\$217,287.19	\$231,535.16	\$236,959.75	\$8,837,846.87	\$9,693,608.43
Public Health and Welfare	294,933.60	294,936.60	309,682.80	317,424.87	333,296.11
Leisure Time Activity	0.00	0.00	0.00	0.00	0.00
Community Environment	49,845.03	43,462.37	143,486.50	128,129.23	142,385.15
Transportation	0.00	0.00	0.00	0.00	0.00
General Government	5,994,990.72	6,197,633.57	6,158,333.62	6,145,400.09	6,415,904.45
Debt Service					
Principal Retirement	485,744.84	449,703.31	444,796.32	446,468.79	433,243.73
Interest and Fiscal Charges	6,203.78	5,022.17	7,572.11	3,513.67	5,335.90
TOTAL EXPENDITURES	<u>\$7,049,005.16</u>	<u>\$7,222,293.18</u>	<u>\$7,300,831.10</u>	<u>\$15,878,783.52</u>	<u>\$17,023,773.77</u>
OTHER FINANCING SOURCES (Uses)					
Sale of Capital Assets	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Advances In	0.00	0.00	0.00	0.00	0.00
Advances Out	0.00	0.00	0.00	0.00	0.00
Transfer Out	(10,696,369.98)	(12,740,698.93)	(11,914,971.19)	(1,153,962.00)	(1,199,702.00)
TOTAL OTHER FINANCING SOURCES	<u>(\$10,696,369.98)</u>	<u>(\$12,740,698.93)</u>	<u>(\$11,914,971.19)</u>	<u>(\$1,153,962.00)</u>	<u>(\$1,199,702.00)</u>
GRAND TOTAL EXPENDITURES AND OTHER FINANCING	\$17,745,375.14	\$19,962,992.11	\$19,215,802.29	\$17,032,745.52	\$18,223,475.77
ENDING BALANCE	\$5,253,282.44	\$3,743,734.37	\$4,656,640.24	\$9,572,171.80	\$10,637,401.63

APPENDIX B

All-Funds Summary 2021 (Cash Basis)

Fund	Beginning Balance	Receipts	Expenditures	Ending Balance
General Fund	\$9,572,171.80	\$19,288,705.60	\$18,223,475.77	\$10,637,401.63
Cemetery Fund	425,325.82	615,064.86	548,018.32	492,372.36
Department of Transportation	1,303,432.11	4,266,212.99	4,434,037.15	1,135,607.95
3 Mil Street Improv Levy	387,779.44	2,301,933.48	2,385,626.89	304,086.03
Parks And Recreation Fund	744,256.63	2,742,341.50	2,394,646.26	1,091,951.87
City Income Tax Fund	1,250,158.32	30,250,057.32	26,211,776.10	5,288,439.54
Special Improvement District	0.00	78,313.22	78,313.22	0.00
Lanc Public Transit Program	533,269.97	2,228,712.06	2,020,069.66	741,912.37
911 Tariff - Police	250,251.46	70,906.27	14,882.36	306,275.37
Edward Byrne Grant-Law Dir	427.56	0.00	0.00	427.56
Law Dir Violence Against Women	45,618.99	88,342.56	85,411.08	48,550.47
Lanc Community Dev Fund	70,013.43	239,592.62	284,763.13	24,842.92
Law Enf Block/Jag Grant-Police	0.00	11,473.00	11,473.00	0.00
Police & Fire Pension	138.10	522,275.62	489,867.02	32,546.70
Cops Hiring Program-Police	0.00	0.00	0.00	0.00
Community Corrections Fund	28,163.69	0.00	0.00	28,163.69
Public Sites & Open Spaces	71,443.01	66,150.00	26,264.23	111,328.78
Indigent Driv Alcohol Treat Fd	279,939.05	38,219.98	38,793.26	279,365.77
OVI Enforcement, Education, Lpd Fund	95,331.74	2,244.00	0.00	97,575.74
Muni Ct Judicial Computer Fd	66,966.35	37,530.02	39,409.45	65,086.92
Muni Ct Probation Fund	653,049.14	928,473.39	745,780.43	835,742.10
Muni Ct Clerk Computer Fd	118,043.28	211,879.08	152,784.91	177,137.45
Municipal Crt Special Projects	615,638.38	806,459.69	874,696.78	547,401.29
Muni Court Family Violence Fun	20,149.70	281.20	0.00	20,430.90
Muni Ct/Judicial/Drug Ct/ADAMH	87,011.44	394,364.63	330,866.06	150,510.01
FEMA Grant	0.00	0.00	0.00	0.00
Ohio Peace Officers Training	40,833.00	0.00	0.00	40,833.00
Drug Use Prevention Program	23,986.86	10,015.09	0.00	34,001.95
Safety Route To School-Law D	2,779.56	0.00	0.00	2,779.56
Safer Grant - Fire Dept	0.00	0.00	0.00	0.00
.15 Fire Levy	457,301.68	1,816,912.16	1,670,138.48	604,075.36
.45 Police & Fire Levy	1,479,754.67	5,496,672.58	5,509,465.27	1,466,961.98
DOJ Equitable Sharing	64,858.51	18,720.40	16,235.27	67,343.64
Court Electronic Monitoring	0.00	0.00	0.00	0.00
Local Coronavirus Relief Fund	0.00	0.00	0.00	0.00
.45 Police & Fire Levy 2021	0.00	4,139,188.76	3,453,389.24	685,799.52
Local Fiscal Recovery Fund	0.00	6,278,086.00	5,278,086.00	1,000,000.00
Community Dev Block Grant Fund	43,910.26	605,583.36	560,076.16	89,417.46
Home Loan Repay Revolving Acct	21,367.28	861.08	320.00	21,908.36
CDBG Loan Repay Revolving Acct	25,219.79	670.35	672.00	25,218.14
Comm. Dev Chip Home Program Fd	37,380.64	159,820.73	135,693.05	61,508.32
State Highway Fund	50,972.77	157,865.02	167,500.00	41,337.79
LDOT Improvement Fund	378,864.67	187,633.02	226,974.24	339,523.45
Parks Improvement Fund	142,180.41	120,446.71	149,260.67	113,366.45
General Improvement Fund	44,028.53	150,000.00	138,805.56	55,222.97
Capital Improvements	706,168.98	304,170.69	92,724.70	917,614.97
Fire Impact-District One	826,303.11	571,933.44	181,932.24	1,216,304.31
Ety Road TIF Project	62.90	0.31	0.00	63.21

Fund	Beginning Balance	Receipts	Expenditures	Ending Balance
Ety Rd TIF Service Fund	16,869.73	1,450,071.81	1,447,392.16	19,549.38
Bond Retirement	0.00	1,951,565.00	1,951,565.00	0.00
Downtown Spec Assessment Debt	77,055.35	33,292.48	109,331.00	1,016.83
Gas Fund	10,607,296.28	14,063,394.72	15,627,427.70	9,043,263.30
Water Revenue Fund	3,518,589.06	9,094,861.34	8,892,494.49	3,720,955.91
Waste Water Revenue Fund	13,430,410.82	12,491,145.78	14,486,005.48	11,435,551.12
Sanitation Fund	1,461,285.00	4,687,716.69	4,242,485.74	1,906,515.95
Storm Water Sewer Fund	387,810.05	3,222,510.16	2,900,864.22	709,455.99
Stormwater Rebate	0.00	0.00	0.00	0.00
Stormwater Utility Reserve	1,449,640.09	1,476,438.97	1,310,441.02	1,615,638.04
Stormwater Construction	0.00	0.00	0.00	0.00
Stormwater R & I	1,000,000.00	0.00	0.00	1,000,000.00
Water Well Head Protection Fd	500,000.00	0.00	0.00	500,000.00
Waste Water Replace & Imp Fd	2,333,349.08	353,301.47	298,657.72	2,387,992.83
Water Replacement & Imp Fund	1,232,011.58	462,784.91	382,279.37	1,312,517.12
Water Construction Fund	1,885.29	10.18	0.00	1,895.47
Water Utility Reserve Fund	1,853,028.25	7,939,635.79	3,440,502.81	6,352,161.23
Water Rebate Fund	0.00	0.00	0.00	0.00
Waste Water Utility Reserve Fd	7,680,040.70	10,672,403.02	8,122,006.90	10,230,436.82
Waste Water Construction Fd	22,275.58	120.28	0.00	22,395.86
Waste Water Rebate Fund	0.00	0.00	0.00	0.00
Utilities Deposits Fund	190,443.26	22,125.94	10,415.61	202,153.59
Utilities Collection Fund	739,283.12	1,940,193.55	1,880,362.54	799,114.13
Fuel Depot Fund	102,394.45	1,013,738.38	853,830.34	262,302.49
Information Services	719,462.39	920,151.12	972,879.94	666,733.57
Health Insurance Management Fd	906,181.91	8,556,105.00	6,924,946.24	2,537,340.67
Environmental Engineering	0.00	0.00	0.00	0.00
Street Repair Deposit Fund	0.00	0.00	0.00	0.00
BUSTR	33,000.00	0.00	0.00	33,000.00
Gas Insurance Reserve Fund	0.00	0.00	0.00	0.00
Treasury Investment Capital	0.00	0.00	0.00	0.00
Budgetary Agency Fd	64,886.65	146,814.58	169,337.52	42,363.71
Utility Agency Overpayments	228,133.91	6,638.79	29,849.81	204,922.89
Unclaimed Funds	67,386.08	36,030.29	721.53	102,694.84
Code Enf - Fire Ins Escrow	0.00	0.00	0.00	0.00
Parks Rental Deposits	34,865.00	41,380.27	11,675.00	64,570.27
Cemetery Perpetual Care Fund	1,039,625.56	35,114.00	0.00	1,074,739.56
Cemetery Pre Interment Fund	267,232.80	22,200.00	22,783.00	266,649.80
Treas Post Closure Tr/Landfill	537,424.76	26,179.65	0.00	563,604.41
BWC Processing	0.00	0.00	0.00	0.00
Hotel/Motel Tax	10,278.97	178,416.60	176,162.98	12,532.59
Law Library Fund	0.00	37,109.47	37,109.47	0.00
Totals	\$71,476,698.75	\$166,089,563.03	\$151,273,755.55	\$86,292,506.23

(a) Certain Fiscal Year 2021 Beginning Balances were restated.

APPENDIX C

Basic Financial Statements from the City's Financial Report for Fiscal Year 2021 (Audited)

The City's Fiscal Year 2021 Audited Basic Financial Statements were filed with the MSRB/EMMA website on September 6, 2022.

APPENDIX D

**Annual Transaction Report of the Trustee for Lancaster Port Authority
Gas Supply Revenue Refunding Bonds, Series 2019**

Filed separately on September 12, 2022.