

CITY OF LANCASTER, OHIO

Fairfield County, Ohio



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2022



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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2022

Prepared by the City Auditor's Office

Patricia Nettles
City Auditor



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FAIRFIELD COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF LANCASTER, OHIO

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

Patricia Nettles, Auditor

June 23, 2023

To the Citizens and
Elected Officials of
Lancaster, Ohio:

I am pleased to present to you the Annual Comprehensive Financial Report, of the City of Lancaster, Ohio (the "City"), for the year ended December 31, 2022.

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

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

The Reporting Entity

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2022***

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

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

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

City Overview

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

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

Items of Local Interest

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

Culture and Education

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

***Letter of Transmittal
For the Year Ended December 31, 2022***

ECONOMIC CONDITION AND OUTLOOK

Lancaster is leading Ohio with two JobsOhio Authenticated Sites within the industrial core and the efforts are being recognized in projects and leads. Google purchased 120 JobsOhio Authenticated acres for its new Google Data Center in Lancaster and began construction in August 2021 and they anticipate turning on the taps to their first data center before the end of 2023. Google will continue to expand their Google Data Center in future years. Magna Seating of America recently expanded their production and committed to adding 224 new jobs. Magna manufactures seat structures for the automotive industry and is on track to employing 600 full-time employees. South Central Power moved into its new headquarters and operations center in 2022. The operations center has consolidated regional facilities to report out of the new Lancaster thirty-million-dollar combined facility. The new facility has brought over two hundred new employees into the city. Chiyoda Integre of Japan chose Lancaster as its first U.S. manufacturing facility, investing \$1 million and entering into a lease with the Lancaster Port Authority. In 2022, after one year of being a tenant, Chiyoda purchased the 50,000 square foot speculative development built by the Lancaster Port Authority. Cirba Solutions announced a \$200 million dollar expansion to their east side industrial park facility they acquired from Retreiv Technologies. The expansion will include construction of an additional building as well as creating 150 new jobs. Cirba, a play on words for Circular Battery Solutions, will recycle electric vehicle batters and use the components and minerals in those to make new batteries. Alleguard announced a \$900,000 investment in their Commerce Street facility. Following a string of acquisitions, including Foam Packaging Materials, Alleguard will create 85 additional jobs in Lancaster. Zebco, Lancaster's downtown manufacturer, was awarded a JobsOhio Inclusion Grant which enabled a \$200,000 investment in machinery and equipment and will allow for the addition of a couple new jobs. The new machinery and equipment will contribute to better increased productivity and efficiency.

Lancaster is a desirable location to live and the community is experiencing high growth in residential development. Population has grown in Lancaster year over year and currently sits at 41,000. To accommodate the additional population, the City of Lancaster has been meeting with developers to grow housing stock of all types. One recent project is Timbertop which has proven to be Vision One's fastest leasing, market-rate rentals to date. Other single-family projects include Misty Meadows and the Outlook projects. Multi-family projects are approaching four hundred units and are the Flats (220 units), Gateway (110 units), and East Pointe (60 units).

Lancaster City Schools began construction on their new state of the art baseball/softball fields at the end of 2021 and completed the construction in the beginning of 2023. They also began construction on a new high school in the fall of 2022 with a completion date estimated in 2026.

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

***Letter of Transmittal
For the Year Ended December 31, 2022***

Long-term Financial Planning:

In May of 2013, the City of Lancaster citizens passed a ten-year 3 mill property tax levy to support the City's ten-year street improvement plan. The annual levy proceeds (\$2,000,000) along with STP (Surface Transportation Program) funds will work together to help the City maintain the street and bridge repairs/replacement that are on the ten-year street improvement plan. The city will be putting the 3-mill street improvement levy renewal before the voters in the May 2023 primary.

The City's Water Pollution Control Department is working on two large improvement projects which are the Lawrence Street Water Pollution Control Facility Upgrade (\$22,497,193) and the Upper Hocking Water Pollution Control Facility Expansion (\$39,381,069). Both capital improvement projects will be financed with Ohio Water Development Authority (OWDA) at lower interest rates. The City's Water Department is working on replacing the North Water Treatment Plant (\$98,215,678) this project will also be financed with Ohio Water Development Authority (OWDA) at a lower interest rate.

The Sanitation Department will be replacing the existing transfer station that was constructed in 1973. The new transfer station will be located at the same address. The city will issue a bond to finance the construction of the new transfer station in 2023. The cost of the construction is yet to be determined.

The city voters passed an additional .10% parks and recreation income tax increase in 2022 to add to the existing .15% parks and recreation income tax. This additional parks and recreation income tax will take effect January 2023 which will make the parks and recreation receiving .25% income tax to help with maintaining the park infrastructure. Beginning January 2023, the City of Lancaster's income tax rate will go from 2.2% to 2.3%.

MAJOR INITIATIVES

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

During the 2022 calendar year there were several major projects that were completed or are in the design, utility relocation, or ROW acquisition process. Following is a list of those projects:

- 2022 Street Improvement Program (SIP) – Completed
- OPWC – High/Perry Street Paving – Completed
- Sixth Avenue (Memorial to Maple) PID 114407 – Completed
- S. Broad Street (RR to Main) PID 116843 – Completed
- Sixth Avenue (Maple to Cherry) PID 111406 – Designed

***Letter of Transmittal
For the Year Ended December 31, 2022***

Amendments to the federal Clean Water Act have directed pollution mitigation efforts to other water pollution sources, one being combined sewer overflows (CSO's). The CSO's are permitted under the City's National Pollution Discharge Elimination System (NPDES) permit. However, under the permit, the City is required to reduce the number of overflow events at its CSO's. Prior to the current permit, the City retained a consulting engineer to develop a plan of improvements and schedule for construction of those improvements to meet the stricter permit conditions. The City and the Ohio Environmental Protection Agency finalized negotiations of this pollution mitigation plan, and that plan is part of the City's NPDES permit. The City anticipates spending \$70,000,000 between 2014-2035 to construct the required improvements to the City's sewerage system. To date the City has reduced the number of CSO locations from 33 in 1995 to 9 at the end of 2013. The City will keep these 9 CSO locations, due to the necessity of them, but we are monitoring/reducing the amount of time that they would be activated along with reducing clean water flows to the Lawrence Street Water Pollution Control Facility. Projects included to mitigate CSO overflow's as well as other drainage related projects are as follows:

- Main Street Sewer Separation Project Design
- Construction of CSO 1029 Replacement
- Upgrade of the Lawrence Street Water Pollution Control Facility – multi-million, multi-year project (+\$20 million)
- Sewer System Rehabilitation Projects
- Replacement of the Independence Boulevard Culvert
- Replacement of two culverts on Main Street
- Baldwin Run Manhole Protection
- Fetter's Run Stream Restoration at Ohio University Lancaster

Due to development pressures in the U.S. 33 service area, a number of projects were under study, design and construction. These include:

- South Water Plant Concentrate Line Improvements to increase water production
- New North Water Plant to replace the existing Miller Park Water Plant
- Lateral D Sanitary Trunk Sewer Phase 1 and 2 to serve the US 33 development area
- Expansion of the Upper Hocking Water Pollution Control Facility to increase capacity to 4 MGD
- Disinfection improvements at the South Water Plant to increase water production.
- Design of the Western Transmission Line to increase flows to the US 33 service area.
- Renovations to the Tiki Lane Booster Station.

The Lancaster Sanitation Transfer Station is 50 years old and has reached the end of its useful life. A replacement transfer facility has been designed and is currently waiting for Ohio EPA permitting. Construction is expected in 2023. Finally, the Division of Water undertook major initiatives in Asset Management Planning, Lead Service Line Identification and Emergency Planning to comply with U.S. EPA and Ohio EPA regulatory requirements.

***Letter of Transmittal
For the Year Ended December 31, 2022***

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

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

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

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

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2022***

OTHER INFORMATION

Independent Audit

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

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ending December 31, 2021. This was the thirty-fifth year the City has won this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Public Disclosure

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

Acknowledgments

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

Sincerely,



Patricia Nettles
City Auditor

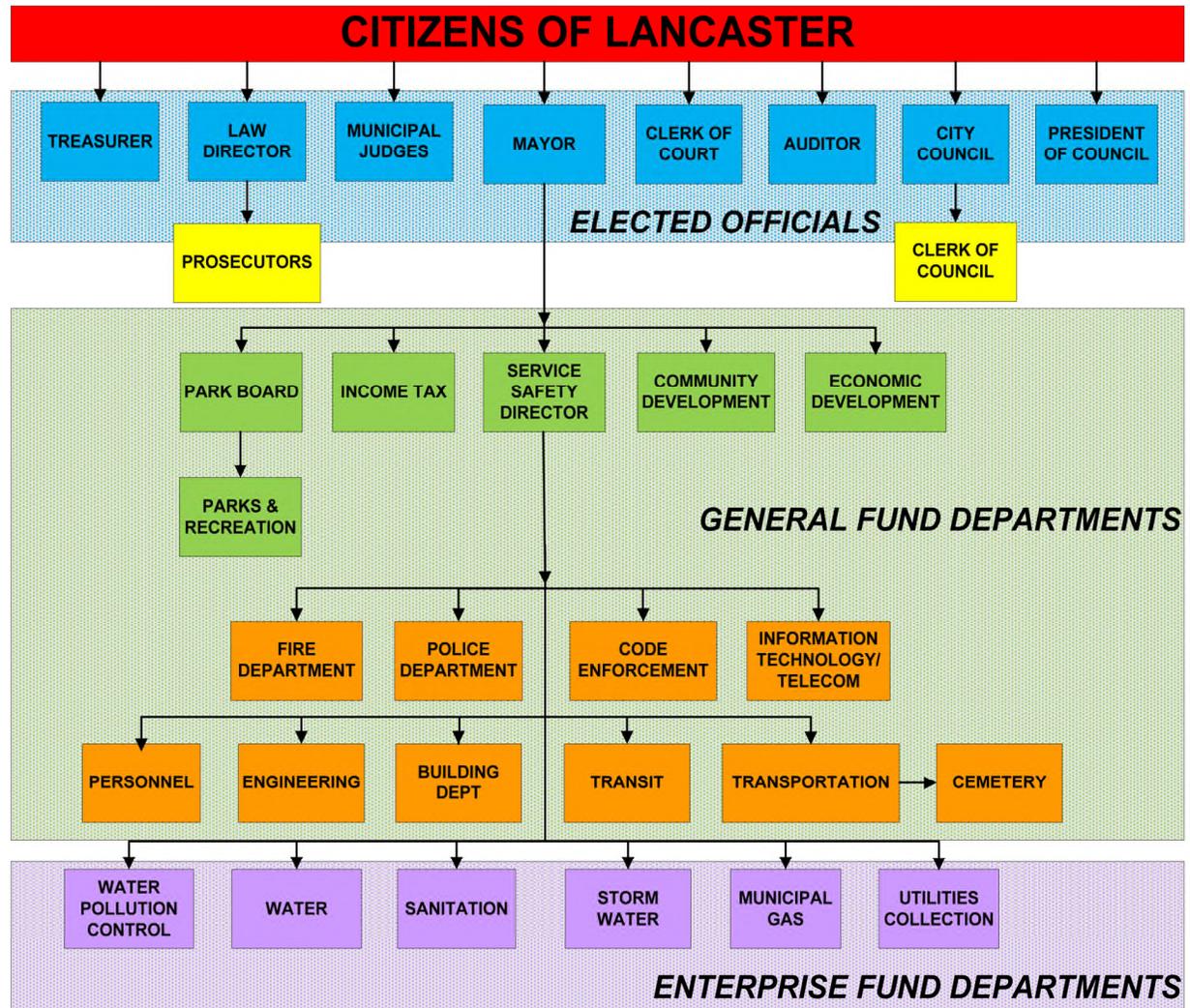
CITY OF LANCASTER, OHIO

***List of Principal Officials
For the Year Ended December 31, 2022***

<i>Name</i>	<i>Title</i>
<i>Executive Officials</i>	
David Scheffler	Mayor
Patricia Nettles	Auditor
Stephanie Hall	Law Director
Robert Wolfinger	Treasurer
<i>Legislative Officials</i>	
David Uhl	President of Council
Corey Schoonover	Council-at-Large
Jennifer Sitterley	Council-at-Large
Don McDaniel	Council-at-Large
Presten Ahlers	Council - 1st Ward
Thomas James	Council - 2nd Ward
Jack Mattlin	Council - 3rd Ward
Tom Stoughton	Council - 4th Ward
Kristina Crites	Council - 5th Ward
Becky Tener	Council - 6th Ward
<i>Administrative Officials</i>	
Paul Martin	Service/Safety Director
Amy Hamilton	Income Tax Commissioner
Mitch Noland	City Engineer

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

**City Organizational Chart
For the Year Ended December 31, 2022**



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



Government Finance Officers Association

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

Presented to

**City of Lancaster
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Fairfield County, Ohio (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, as of December 31, 2022, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, .45 Police and 2021 Police and Fire Levy funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Lancaster Port Authority (the Port Authority), which is both a major fund and 56 percent and 20 percent, respectively, of the assets and revenues of the business-type activities. The Port Authority reports a deficit net position of \$122,849,043 compared to the \$16,734,204 total net position report for the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Port Authority, is based solely on the report of other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities/assets and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

City of Lancaster
Fairfield County
Independent Auditor's Report

information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
June 23, 2023



***Management's Discussion and Analysis
For the Year Ended December 31, 2022***

Unaudited

The discussion and analysis of the City of Lancaster's (the "City") financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2022 are as follows:

- ❑ In total, net position increased \$22,237,004. Net position of governmental activities increased \$17,237,864 which represents a 35% increase from 2021. Net position of business-type activities increased \$4,999,140 which represents a 43% increase from 2021.
- ❑ General revenues accounted for \$41,377,384 in revenue or 33% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$82,884,461 in revenues or 67% of total revenues of \$124,261,845.
- ❑ The City had \$40,600,138 in expenses related to governmental activities; only \$15,604,194 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$22,448,085 in revenues and \$20,761,301 in expenditures and other financing uses. The general fund's fund balance increased from \$14,949,083 to \$16,628,922.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

CITY OF LANCASTER, OHIO

**Management’s Discussion and Analysis
For the Year Ended December 31, 2022**

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City’s net position for 2022 compared to 2021:

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current and other assets	\$61,501,446	\$51,221,061	\$349,703,117	\$384,786,322	\$411,204,563	\$436,007,383
Net OPEB Asset	2,036,743	1,148,694	1,441,704	830,234	3,478,447	1,978,928
Capital assets, Net	71,573,409	68,932,348	156,838,446	134,957,419	228,411,855	203,889,767
Total assets	135,111,598	121,302,103	507,983,267	520,573,975	643,094,865	641,876,078
Deferred outflows of resources	13,483,184	9,736,674	2,941,541	2,916,391	16,424,725	12,653,065
Long-term debt outstanding	13,562,831	14,548,652	402,413,222	388,179,785	415,976,053	402,728,437
Net Pension Liability	32,774,746	39,126,938	4,032,521	6,957,803	36,807,267	46,084,741
Net OPEB Liability	4,751,578	4,585,919	0	0	4,751,578	4,585,919
Other liabilities	5,488,035	5,999,353	15,387,934	15,294,711	20,875,969	21,294,064
Total liabilities	56,577,190	64,260,862	421,833,677	410,432,299	478,410,867	474,693,161
Deferred inflows of resources	26,086,305	18,084,492	72,356,927	101,323,003	98,443,232	119,407,495
Net position:						
Net investment in capital assets	62,227,835	58,885,098	91,055,634	84,187,043	153,283,469	143,072,141
Restricted	22,072,597	16,744,795	2,076,467	1,992,264	24,149,064	18,737,059
Unrestricted (Deficit)	(18,369,145)	(26,936,470)	(76,397,897)	(74,444,243)	(94,767,042)	(101,380,713)
Total net position	\$65,931,287	\$48,693,423	\$16,734,204	\$11,735,064	\$82,665,491	\$60,428,487

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

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

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

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

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

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

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

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

CITY OF LANCASTER, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Unaudited

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

Changes in Net Position –The following table shows the changes in net position for 2022 compared to 2021:

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for Services and Sales	\$7,617,308	\$7,329,444	\$64,174,671	\$50,508,749	\$71,791,979	\$57,838,193
Operating Grants and Contributions	6,744,353	7,640,862	0	1,065,156	6,744,353	8,706,018
Capital Grants and Contributions	1,242,533	3,672,971	3,105,596	1,377,947	4,348,129	5,050,918
Total Program Revenues	15,604,194	18,643,277	67,280,267	52,951,852	82,884,461	71,595,129
General Revenues:						
Property Taxes	4,822,060	5,088,790	0	0	4,822,060	5,088,790
Income Taxes	35,351,543	30,503,110	0	0	35,351,543	30,503,110
Other Local Taxes	703,982	630,640	0	0	703,982	630,640
Intergovernmental Revenues, Contributions not Restricted to Specific Programs	1,896,753	1,816,233	0	0	1,896,753	1,816,233
Investment Earnings	(1,347,221)	(220,389)	(778,424)	0	(2,125,645)	(220,389)
Miscellaneous	728,691	363,975	0	0	728,691	363,975
Total General Revenues	42,155,808	38,182,359	(778,424)	0	41,377,384	38,182,359
Total Revenues	57,760,002	56,825,636	66,501,843	52,951,852	124,261,845	109,777,488
Program Expenses						
Security of Persons and Property	19,986,940	19,210,651	0	0	19,986,940	19,210,651
Public Health and Welfare Services	1,077,611	725,083	0	0	1,077,611	725,083
Leisure Time Activities	2,551,602	1,858,571	0	0	2,551,602	1,858,571
Community Environment	1,222,792	1,044,872	0	0	1,222,792	1,044,872
Transportation	6,374,770	5,085,549	0	0	6,374,770	5,085,549
General Government	8,979,014	6,382,205	0	0	8,979,014	6,382,205
Interest and Fiscal Charges	407,409	415,685	0	0	407,409	415,685
Gas	0	0	17,814,214	13,193,322	17,814,214	13,193,322
Water	0	0	6,611,260	5,855,954	6,611,260	5,855,954
Water Pollution	0	0	8,208,115	7,706,479	8,208,115	7,706,479
Sanitation	0	0	3,673,774	2,869,401	3,673,774	2,869,401
Storm Water	0	0	1,827,856	1,745,749	1,827,856	1,745,749
Port Authority	0	0	23,289,484	18,284,964	23,289,484	18,284,964
Total Expenses	40,600,138	34,722,616	61,424,703	49,655,869	102,024,841	84,378,485
Change in Net Position before Transfers	17,159,864	22,103,020	5,077,140	3,295,983	22,237,004	25,399,003
Transfers	78,000	(41,000)	(78,000)	41,000	0	0
Total Change in Net Position	17,237,864	22,062,020	4,999,140	3,336,983	22,237,004	25,399,003
Beginning Net Position,	48,693,423	26,631,403	11,735,064	8,398,081	60,428,487	35,029,484
Ending Net Position	\$65,931,287	\$48,693,423	\$16,734,204	\$11,735,064	\$82,665,491	\$60,428,487

***Management's Discussion and Analysis
For the Year Ended December 31, 2022***

Unaudited

Governmental Activities

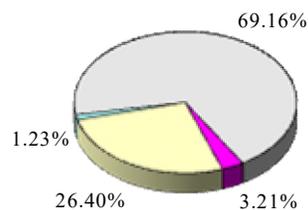
Net position of the City's governmental activities increased \$17,237,864. Operating grants received in the prior year as part of the American Rescue Plan Act resulted in a subsequent decrease in operating grants in 2022. Contributions of infrastructure from developers in the prior year resulted in a subsequent decrease in capital grants. An increase in income taxes can be attributed to the 0.45% increase in the income tax rate. Changes in the fair value of investments resulted in a decrease in investment earnings.

A substantial decrease in expenses in the prior year due to changes in the net pension and net OPEB liabilities resulted in a subsequent increase in expense in 2022.

The City receives an income tax, which is based on 2.2% of all salaries, wages, commissions and other compensation and on net profits earned from those working in the City.

Income taxes and property taxes made up 61% and 8% respectively of revenues for governmental activities for the City in 2022. The City's reliance upon tax revenues is demonstrated by the following graph indicating 69% of total revenues from general tax revenues:

Revenue Sources	2022	Percent of Total
General Tax Revenues Unrestricted	\$40,877,585	69.16%
Intergovernmental/Contributions	1,896,753	3.21%
Program Revenues	15,604,194	26.40%
General Other*	728,691	1.23%
Total Revenue	\$59,107,223	100.00%



*Total revenue does not include investment earnings of (\$1,347,221).

Business-Type Activities

Net position of the business type activities increased \$4,999,140. A 27% increase in charges for services can mostly be attributed to an increase in gas revenues. This increase can be directly attributed to an increase in the gas cost recovery rate, which was the result of an increase in the cost of purchasing gas.

Also contributing to an increase in charges for services was an increase in sewer rates charged to customers, which were increased to fund capital improvement projects and debt service.

Capital grants consisted of funding received for water improvement projects.

Changes in the fair value of investments resulted in a decrease in investment earnings.

In addition to the increased cost of gas, changes in the net pension and net OPEB liabilities/asset also contributed to an overall increase in expenses.

CITY OF LANCASTER, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$38,667,833, which is an increase from last year's balance of \$31,531,008. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2022 and 2021:

	Fund Balance December 31, 2022	Fund Balance December 31, 2021	Increase (Decrease)
General	\$16,628,922	\$14,949,083	\$1,679,839
.45 Police and Fire Levy	4,527,718	2,590,199	1,937,519
2021 Police and Fire Levy	3,644,374	1,836,244	1,808,130
Other Governmental	13,866,819	12,155,482	1,711,337
Total	<u>\$38,667,833</u>	<u>\$31,531,008</u>	<u>\$7,136,825</u>

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

	2022 Revenues	2021 Revenues	Increase (Decrease)
Taxes	\$17,869,017	\$16,137,952	\$1,731,065
Intergovernmental Revenue	1,563,429	1,436,629	126,800
Charges for Services	3,442,927	3,251,090	191,837
Licenses, Permits, and Fees	24,070	18,630	5,440
Investment Earnings	(1,348,374)	(219,624)	(1,128,750)
Special Assessments	1	0	1
Fines and Forfeitures	660,691	617,640	43,051
All Other Revenue	236,324	84,773	151,551
Total	<u>\$22,448,085</u>	<u>\$21,327,090</u>	<u>\$1,120,995</u>

General Fund revenues in 2022 increased approximately 5% compared to revenues in 2021. The large increase in taxes was due to the 0.45% income tax increase. This increase was partially offset by a decrease in investments earnings, which can be attributed to a decline in the fair value of the City's investments.

	2022 Expenditures	2021 Expenditures	Increase (Decrease)
Security of Persons and Property	\$10,137,945	\$9,505,804	\$632,141
Public Health and Welfare Services	358,000	337,046	20,954
Community Environment	283,890	152,816	131,074
General Government	8,479,415	7,415,622	1,063,793
Debt Service:			
Principal Retirement	34,056	26,116	7,940
Interest and Fiscal Charges	9,567	5,336	4,231
Total	<u>\$19,302,873</u>	<u>\$17,442,740</u>	<u>\$1,860,133</u>

***Management's Discussion and Analysis
For the Year Ended December 31, 2022***

Unaudited

General Fund expenditures increased \$1,860,133 or 11% compared to the prior year. This increase can mostly be attributed to an overall increase in the cost of goods and services. Also contributing to the increase was an increase in income tax refunds.

.45 Police and Fire Levy Fund – In 2022 the City shifted a portion of police and fire department costs from the General Fund to the .45 Police and Fire Levy Fund, which resulted in an increase in expenditures in this fund. However, revenues continued to outpace expenditures, resulting in an overall increase in fund balance of \$1,937,519.

2021 Police and Fire Levy Fund – In 2022 the City shifted a portion of police and fire department costs from the General Fund to the 2021 Police and Fire Levy Fund, which resulted in an increase in expenditures in this fund. However, revenues continued to outpace expenditures, resulting in an overall increase in fund balance of \$1,808,130.

Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2022, the City amended its General Fund budget several times. Final budget basis expenditures and other financing uses of \$28,640,895, increased \$3,247,621 from the original budget. The increase was partly due to an increase in General Government for intrafund reimbursements within the General fund not budgeted in the original budget and partly due to increased costs of goods and services. The General Fund's positive variance was mostly the result of the shifting of police and fire department costs to the .45 Police and Fire Levy Fund and 2021 Police and Fire Levy Fund.

For the General Fund, final budget basis revenue and other financing sources decreased \$2,382,402, due mostly to an increase in income taxes being allocated to other funds. Actual budgetary basis revenue of \$24,947,137 was \$6.9 million higher than final estimates due to the 0.45% increase in the income tax rate.

***Management's Discussion and Analysis
For the Year Ended December 31, 2022***

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022 the City had \$228,411,855 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$71,573,409 was related to governmental activities and \$156,838,446 to the business-type activities. The following table shows 2022 and 2021 balances:

	Governmental Activities		Increase (Decrease)
	2022	2021	
Land	\$19,204,645	\$19,204,645	\$0
Construction In Progress	138,933	130,911	8,022
Buildings	18,117,920	18,037,591	80,329
Improvements Other than Buildings	8,847,111	8,804,598	42,513
Machinery and Equipment	7,405,784	6,797,734	608,050
Vehicles	9,235,416	8,714,827	520,589
Infrastructure	51,171,726	47,808,356	3,363,370
Less: Accumulated Depreciation	<u>(42,548,126)</u>	<u>(40,566,314)</u>	<u>(1,981,812)</u>
Totals	<u>\$71,573,409</u>	<u>\$68,932,348</u>	<u>\$2,641,061</u>

Changes in governmental activities capital assets included the addition of several police cruisers, as well as various equipment purchases for public safety and parks. Infrastructure additions included routine maintenance of several streets.

	Business-Type Activities		Increase (Decrease)
	2022	2021	
Land	\$3,784,056	\$3,819,852	(\$35,796)
Construction in Progress	39,135,016	10,627,522	28,507,494
Buildings	81,285,152	83,868,905	(2,583,753)
Improvements	34,660,929	34,787,770	(126,841)
Machinery and Equipment	11,404,739	11,084,976	319,763
Vehicles	7,792,112	7,545,164	246,948
Infrastructure	120,488,786	119,993,037	495,749
Less: Accumulated Depreciation	<u>(141,712,344)</u>	<u>(136,769,807)</u>	<u>(4,942,537)</u>
Totals	<u>\$156,838,446</u>	<u>\$134,957,419</u>	<u>\$21,881,027</u>

Changes in business type capital assets included various vehicle and equipment purchases. Two large water pollution projects as well as improvements at the North Water Plant resulted in the increase in construction in progress. Additional information on the City's capital assets can be found in Note 10.

**Management's Discussion and Analysis
For the Year Ended December 31, 2022****Unaudited****Debt**

The following table summarizes the City's debt outstanding as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Governmental Activities:		
General Obligation Bond Payable	\$7,322,831	\$8,020,890
Ohio Water Development Authority Loans	201,083	221,319
State Infrastructure Bank Loan	172,987	198,932
Installment Loans	1,237,652	1,028,577
Compensated Absences	<u>4,628,278</u>	<u>5,078,934</u>
Total Governmental Activities	\$13,562,831	\$14,548,652
Business-Type Activities:		
Ohio Water Development Authority Loans	\$48,747,533	\$31,811,287
Revenue Bonds Payable	348,976,373	353,033,727
Long Term Note Payable	1,475,000	1,500,000
Installment Loans	219,450	80,449
Ohio Public Works Commission Loan	242,357	276,979
Landfill Postclosure Care Liability	719,623	821,889
Compensated Absences	<u>2,032,886</u>	<u>2,155,454</u>
Total Business-Type Activities	<u>\$402,413,222</u>	<u>\$389,679,785</u>
Totals	<u><u>\$415,976,053</u></u>	<u><u>\$404,228,437</u></u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2022, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

ECONOMIC FACTORS

Lancaster is home to a diversified community of businesses. The more than 150 manufacturing operations in the area are supported by an equal number of service operations that provide a comprehensive network of support. Industrial activity continues to grow at a steady pace. Lancaster has been chosen by Google to build a new Google Data Center with construction that began in August 2021 and they anticipate turning on the taps to their first data center before the end of 2023. Google will continue to expand their Google Data Center in future years. Chiyoda Integre of Japan has chosen Lancaster as its first U.S. manufacturing facility, investing \$1 million and entered into a lease with the Lancaster Port Authority. Cirba Solutions announced a \$200 million dollar expansion to their east side industrial park facility which will create 150 new jobs. The Lancaster City Schools began construction of a new high school in 2022 with a completion date estimated in 2026.

REQUESTS FOR INFORMATION

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

CITY OF LANCASTER, OHIO**Statement of Net Position
December 31, 2022**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled Cash and Investments	\$ 39,764,635	\$ 60,610,764	\$ 100,375,399
Investments	1,035,539	0	1,035,539
Receivables:			
Taxes	14,474,969	0	14,474,969
Accounts	321,835	6,773,414	7,095,249
Intergovernmental	3,996,052	0	3,996,052
Interest	30,997	19,734	50,731
Loans	1,342,837	0	1,342,837
Leases	108,096	0	108,096
Internal Balances	(1,230,608)	1,230,608	0
Inventory of Supplies	602,102	5,487,509	6,089,611
Prepaid Items	768,249	71,574	839,823
Prepaid Gas Supply - Current	0	13,863,744	13,863,744
Prepaid Gas Supply	0	184,063,072	184,063,072
Land Held for Resale	0	1,774,580	1,774,580
Fair Value of Derivative Instruments	0	65,982,379	65,982,379
Restricted Assets:			
Cash and Cash Equivalents	0	9,259,233	9,259,233
Cash and Cash Equivalents with Fiscal Agent	286,743	0	286,743
Investments	0	566,506	566,506
Net OPEB Asset	2,036,743	1,441,704	3,478,447
Capital Assets Not Being Depreciated	19,343,578	42,919,072	62,262,650
Capital Assets Being Depreciated, Net	52,229,831	113,919,374	166,149,205
Total Assets	135,111,598	507,983,267	643,094,865
Deferred Outflows of Resources:			
Deferred Loss on Early Retirement of Debt	26,979	1,098,325	1,125,304
Pension	10,850,168	1,826,198	12,676,366
OPEB	2,606,037	17,018	2,623,055
Total Deferred Outflows of Resources	13,483,184	2,941,541	16,424,725

(Continued)

CITY OF LANCASTER, OHIO

	Governmental Activities	Business-Type Activities	Total
Liabilities:			
Accounts Payable	745,323	1,622,795	2,368,118
Accrued Wages and Benefits	1,364,442	449,150	1,813,592
Intergovernmental Payable	252,805	1,794	254,599
Claims Payable	300,562	0	300,562
Due to Others, Payable from Restricted Assets	66,088	217,436	283,524
Unearned Revenue	823,293	6,570,569	7,393,862
Accrued Interest Payable	44,638	6,526,190	6,570,828
General Obligation Notes Payable	1,890,884	0	1,890,884
Long Term Liabilities:			
Due within one year	1,603,988	5,500,018	7,104,006
Due in More than One Year:			
Net Pension Liability	32,774,746	4,032,521	36,807,267
Net OPEB Liability	4,751,578	0	4,751,578
Other Amounts Due in More than One Year	11,958,843	396,913,204	408,872,047
Total Liabilities	56,577,190	421,833,677	478,410,867
Deferred Inflows of Resources:			
Property Taxes	5,876,733	0	5,876,733
Leases	108,096	0	108,096
Pension	16,343,187	4,884,978	21,228,165
OPEB	3,758,289	1,489,570	5,247,859
Deferred Inflow from Derivative Instruments	0	65,982,379	65,982,379
Total Deferred Inflows of Resources	26,086,305	72,356,927	98,443,232
Net Position:			
Net Investment in Capital Assets	62,227,835	91,055,634	153,283,469
Restricted For:			
Streets and Highways	3,520,964	0	3,520,964
Community Development	2,816,076	0	2,816,076
Security of Persons and Property	13,741,162	0	13,741,162
Public Health and Welfare	1,686,266	0	1,686,266
Capital Projects	308,129	0	308,129
Debt Service	0	2,076,467	2,076,467
Unrestricted (Deficit)	(18,369,145)	(76,397,897)	(94,767,042)
Total Net Position	\$ 65,931,287	\$ 16,734,204	\$ 82,665,491

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Activities
For the Year Ended December 31, 2022**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 19,986,940	\$ 2,587,905	\$ 166,862	\$ 0
Public Health and Welfare Services	1,077,611	225,289	0	0
Leisure Time Activities	2,551,602	691,677	90,000	0
Community Environment	1,222,792	75,989	1,202,017	0
Transportation	6,374,770	1,132,763	4,462,798	1,242,533
General Government	8,979,014	2,903,685	822,676	0
Interest and Fiscal Charges	407,409	0	0	0
Total Governmental Activities	40,600,138	7,617,308	6,744,353	1,242,533
Business-Type Activities:				
Gas	17,814,214	20,777,648	0	0
Water	6,611,260	9,866,668	0	3,105,596
Water Pollution	8,208,115	13,086,788	0	0
Sanitation	3,673,774	4,721,194	0	0
Storm Water	1,827,856	3,113,149	0	0
Port Authority	23,289,484	12,609,224	0	0
Total Business-Type Activities	61,424,703	64,174,671	0	3,105,596
Totals	\$ 102,024,841	\$ 71,791,979	\$ 6,744,353	\$ 4,348,129

General Revenues and Transfers:

Property Taxes Levied for:

General Purposes

Special Purposes

Debt Service

Capital Outlay

Income Taxes

Other Local Taxes

Intergovernmental Revenues not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (17,232,173)	\$ 0	\$ (17,232,173)
(852,322)	0	(852,322)
(1,769,925)	0	(1,769,925)
55,214	0	55,214
463,324	0	463,324
(5,252,653)	0	(5,252,653)
(407,409)	0	(407,409)
<u>(24,995,944)</u>	<u>0</u>	<u>(24,995,944)</u>
0	2,963,434	2,963,434
0	6,361,004	6,361,004
0	4,878,673	4,878,673
0	1,047,420	1,047,420
0	1,285,293	1,285,293
0	(10,680,260)	(10,680,260)
<u>0</u>	<u>5,855,564</u>	<u>5,855,564</u>
<u>\$ (24,995,944)</u>	<u>\$ 5,855,564</u>	<u>\$ (19,140,380)</u>
2,128,621	0	2,128,621
2,465,959	0	2,465,959
118,594	0	118,594
108,886	0	108,886
35,351,543	0	35,351,543
703,982	0	703,982
1,896,753	0	1,896,753
(1,347,221)	(778,424)	(2,125,645)
728,691	0	728,691
78,000	(78,000)	0
<u>42,233,808</u>	<u>(856,424)</u>	<u>41,377,384</u>
17,237,864	4,999,140	22,237,004
48,693,423	11,735,064	60,428,487
<u>\$ 65,931,287</u>	<u>\$ 16,734,204</u>	<u>\$ 82,665,491</u>

CITY OF LANCASTER, OHIO

**Balance Sheet
Governmental Funds
December 31, 2022**

	General	.45 Police and Fire Levy	2021 Police and Fire Levy
Assets:			
Pooled Cash and Investments	\$ 17,991,265	\$ 3,052,819	\$ 2,083,976
Investments	0	0	0
Receivables:			
Taxes	6,856,568	1,735,071	1,735,071
Accounts	243,863	5,314	0
Intergovernmental	848,392	0	0
Interest	28,947	0	0
Loans	0	0	0
Leases	0	0	0
Due from Other Funds	0	1,022,727	1,022,727
Inventory of Supplies	103,242	0	0
Prepaid Items	216,085	47,243	0
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	286,743	0	0
Total Assets	\$ 26,575,105	\$ 5,863,174	\$ 4,841,774
Liabilities:			
Accounts Payable	\$ 210,307	\$ 37,422	\$ 1,936
Accrued Wages and Benefits Payable	552,160	287,442	184,872
Intergovernmental Payable	252,805	0	0
Due to Others	0	0	0
Due to Other Funds	2,886,362	0	0
Unearned Revenue	0	0	0
Accrued Interest Payable	0	0	0
General Obligation Notes Payable	0	0	0
Advances from Other Funds	0	0	0
Total Liabilities	3,901,634	324,864	186,808
Deferred Inflows of Resources:			
Property Taxes	3,097,000	0	0
Leases	0	0	0
Unavailable Revenue	2,947,549	1,010,592	1,010,592
Total Deferred Inflows of Resources	6,044,549	1,010,592	1,010,592
Fund Balances:			
Nonspendable	319,327	47,243	0
Restricted	0	4,480,475	3,644,374
Committed	0	0	0
Assigned	3,503,063	0	0
Unassigned	12,806,532	0	0
Total Fund Balances	16,628,922	4,527,718	3,644,374
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 26,575,105	\$ 5,863,174	\$ 4,841,774

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 12,120,628	\$ 35,248,688
1,035,539	1,035,539
4,148,259	14,474,969
27,128	276,305
3,147,660	3,996,052
2,050	30,997
1,342,837	1,342,837
108,096	108,096
840,908	2,886,362
448,629	551,871
504,921	768,249
0	286,743
\$ 23,726,655	\$ 61,006,708
\$ 486,511	\$ 736,176
323,673	1,348,147
0	252,805
66,088	66,088
0	2,886,362
823,293	823,293
1,332	1,332
1,890,884	1,890,884
124,800	124,800
3,716,581	8,129,887
2,779,733	5,876,733
108,096	108,096
3,255,426	8,224,159
6,143,255	14,208,988
953,550	1,320,120
10,317,504	18,442,353
4,394,186	4,394,186
200,000	3,703,063
(1,998,421)	10,808,111
13,866,819	38,667,833
\$ 23,726,655	\$ 61,006,708

CITY OF LANCASTER, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2022***

Total Governmental Fund Balances		\$ 38,667,833
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		71,189,699
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		8,224,159
Internal Service Funds are used by management to charge the costs of insurance, fuel usage and information services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		3,134,593
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	10,766,431	
Deferred Inflows - Pension	(16,102,711)	
Net Pension Liability	<u>(32,576,233)</u>	(37,912,513)
The net OPEB liability/asset is not due and payable/receivable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	1,965,711	
Deferred Outflows - OPEB	2,606,037	
Deferred Inflows - OPEB	(3,684,897)	
Net OPEB Liability	<u>(4,751,578)</u>	(3,864,727)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(7,322,831)	
Less: Deferred Loss on Early Retirement	26,979	
State Infrastructure Bank Loan Payable	(172,987)	
Ohio Water Development Authority Loan Payable	(201,083)	
Installment Loans	(1,237,652)	
Compensated Absences Payable	(4,556,877)	
Accrued Interest Payable	<u>(43,306)</u>	
		<u>(13,507,757)</u>
<i>Net Position of Governmental Activities</i>		\$ 65,931,287

See accompanying notes to the basic financial statements



CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022**

	General	.45 Police and Fire Levy	2021 Police and Fire Levy
Revenues:			
Taxes	\$ 17,869,017	\$ 6,567,027	\$ 6,567,027
Intergovernmental Revenues	1,563,429	32,290	0
Charges for Services	3,442,927	53,888	0
Licenses, Permits and Fees	24,070	0	0
Investment Earnings	(1,348,374)	0	0
Special Assessments	1	0	0
Fines and Forfeitures	660,691	0	0
All Other Revenue	236,324	19,697	15,161
Total Revenue	22,448,085	6,672,902	6,582,188
Expenditures:			
Current:			
Security of Persons and Property	10,137,945	4,735,383	4,774,058
Public Health and Welfare Services	358,000	0	0
Leisure Time Activities	0	0	0
Community Environment	283,890	0	0
Transportation	0	0	0
General Government	8,479,415	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	34,056	0	0
Interest and Fiscal Charges	9,567	0	0
Total Expenditures	19,302,873	4,735,383	4,774,058
Excess (Deficiency) of Revenues Over Expenditures	3,145,212	1,937,519	1,808,130
Other Financing Sources (Uses):			
Installment Loans	0	0	0
Transfers In	0	0	0
Transfers Out	(1,458,428)	0	0
Total Other Financing Sources (Uses)	(1,458,428)	0	0
Net Change in Fund Balances	1,686,784	1,937,519	1,808,130
Fund Balances at Beginning of Year	14,949,083	2,590,199	1,836,244
Increase (Decrease) in Inventory Reserve	(6,945)	0	0
Fund Balances End of Year	\$ 16,628,922	\$ 4,527,718	\$ 3,644,374

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 8,218,473	\$ 39,221,544
7,968,585	9,564,304
2,145,842	5,642,657
34,183	58,253
(11,245)	(1,359,619)
75,680	75,681
1,566,765	2,227,456
<u>495,856</u>	<u>767,038</u>
<u>20,494,139</u>	<u>56,197,314</u>
2,204,157	21,851,543
808,519	1,166,519
3,038,641	3,038,641
1,046,352	1,330,242
9,199,264	9,199,264
1,926,629	10,406,044
1,329,874	1,329,874
1,143,050	1,177,106
<u>376,939</u>	<u>386,506</u>
<u>21,073,425</u>	<u>49,885,739</u>
(579,286)	6,311,575
650,000	650,000
2,755,466	2,755,466
<u>(1,229,038)</u>	<u>(2,687,466)</u>
<u>2,176,428</u>	<u>718,000</u>
1,597,142	7,029,575
12,155,482	31,531,008
<u>114,195</u>	<u>107,250</u>
<u>\$ 13,866,819</u>	<u>\$ 38,667,833</u>

CITY OF LANCASTER, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2022***

Net Change in Fund Balances - Total Governmental Funds \$ 7,029,575

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

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

Capital Outlay	5,619,550	
Depreciation Expense	(2,856,082)	2,763,468

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

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.		(83,723)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,553,776
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Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		3,906,865
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Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,040,377)
--	--	-------------

Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability/asset are reported as OPEB expense in the statement of activities.		1,022,121
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The issuance of long-term debt (e.g. loans, leases) provides current financial resources to governmental funds, but has no effect on net position.

Also governmental funds report the effect of premiums and similar items when debt is first issued, whereas, the amounts are deferred and amortized in the statement of activities.

Installment Loans		(650,000)
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Repayment of bond, loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General Obligation Bonds Payable	690,000	
Ohio Water Development Authority Loan Payable	20,236	
Installment Loan Payable	440,925	
State Infrastructure Bank Loan Payable	25,945	1,177,106

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(15,473)
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(Continued)

CITY OF LANCASTER, OHIO

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

Compensated Absences	418,840	
Change in Inventory	107,250	
Amortization of Loss on Early Retirement of Debt	(13,489)	
Amortization of Bond Premium	<u>8,059</u>	520,660

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

1,053,866

Change in Net Position of Governmental Activities

\$ 17,237,864

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 14,194,748	\$ 11,708,382	\$ 18,105,338	\$ 6,396,956
Intergovernmental Revenue	1,419,851	1,523,815	1,552,955	29,140
Charges for Services	3,709,822	3,709,822	4,061,952	352,130
Licenses, Permits and Fees	18,450	18,450	23,695	5,245
Investment Earnings	285,444	285,444	323,880	38,436
Special Assessments	0	0	1	1
Fines and Forfeitures	631,800	631,800	650,275	18,475
All Other Revenues	159,600	159,600	229,041	69,441
Total Revenues	<u>20,419,715</u>	<u>18,037,313</u>	<u>24,947,137</u>	<u>6,909,824</u>
Expenditures:				
Current:				
Security of Persons and Property	13,377,595	13,585,655	10,394,148	3,191,507
Public Health and Welfare Services	359,000	368,500	367,000	1,500
Community Environment	227,088	341,184	301,214	39,970
General Government	10,048,039	10,726,545	9,448,406	1,278,139
Debt Service:				
Principal Retirement	34,057	34,057	34,056	1
Interest and Fiscal Charges	12,867	12,867	9,567	3,300
Total Expenditures	<u>24,058,646</u>	<u>25,068,808</u>	<u>20,554,391</u>	<u>4,514,417</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,638,931)	(7,031,495)	4,392,746	11,424,241
Other Financing Sources (Uses):				
Transfers Out	(1,334,628)	(3,572,087)	(1,458,443)	2,113,644
Total Other Financing Sources (Uses):	<u>(1,334,628)</u>	<u>(3,572,087)</u>	<u>(1,458,443)</u>	<u>2,113,644</u>
Net Change in Fund Balance	(4,973,559)	(10,603,582)	2,934,303	13,537,885
Fund Balance at Beginning of Year	15,682,930	15,682,930	15,682,930	0
Prior Year Encumbrances	433,502	433,502	433,502	0
Fund Balance at End of Year	<u>\$ 11,142,873</u>	<u>\$ 5,512,850</u>	<u>\$ 19,050,735</u>	<u>\$ 13,537,885</u>

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund - .45 Police and Fire Levy Fund
For the Year Ended December 31, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,180,560	\$ 5,180,560	\$ 6,203,288	\$ 1,022,728
Intergovernmental Revenue	0	27,761	32,290	4,529
Charges for Services	0	0	53,888	53,888
All Other Revenues	0	0	14,383	14,383
Total Revenues	<u>5,180,560</u>	<u>5,208,321</u>	<u>6,303,849</u>	<u>1,095,528</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>5,495,941</u>	<u>5,529,704</u>	<u>4,887,124</u>	<u>642,580</u>
Total Expenditures	<u>5,495,941</u>	<u>5,529,704</u>	<u>4,887,124</u>	<u>642,580</u>
Net Change in Fund Balance	(315,381)	(321,383)	1,416,725	1,738,108
Fund Balance at Beginning of Year	1,256,465	1,256,465	1,256,465	0
Prior Year Encumbrances	<u>210,497</u>	<u>210,497</u>	<u>210,497</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,151,581</u>	<u>\$ 1,145,579</u>	<u>\$ 2,883,687</u>	<u>\$ 1,738,108</u>

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund - 2021 Police and Fire Levy Fund
For the Year Ended December 31, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,180,560	\$ 5,180,560	\$ 6,203,288	\$ 1,022,728
All Other Revenues	<u>0</u>	<u>0</u>	<u>15,161</u>	<u>15,161</u>
Total Revenues	<u>5,180,560</u>	<u>5,180,560</u>	<u>6,218,449</u>	<u>1,037,889</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>5,240,952</u>	<u>5,240,952</u>	<u>4,833,587</u>	<u>407,365</u>
Total Expenditures	<u>5,240,952</u>	<u>5,240,952</u>	<u>4,833,587</u>	<u>407,365</u>
Net Change in Fund Balance	(60,392)	(60,392)	1,384,862	1,445,254
Fund Balance at Beginning of Year	625,230	625,230	625,230	0
Prior Year Encumbrances	<u>60,570</u>	<u>60,570</u>	<u>60,570</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 625,408</u>	<u>\$ 625,408</u>	<u>\$ 2,070,662</u>	<u>\$ 1,445,254</u>

See accompanying notes to the basic financial statements



CITY OF LANCASTER, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2022**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Water	Water Pollution
Assets:			
Current assets:			
Pooled Cash and Investments	\$ 8,111,812	\$ 14,474,297	\$ 22,606,988
Accounts receivable	3,651,638	947,590	1,411,995
Interest receivable	0	7,274	11,791
Due from Other Funds	0	0	0
Inventory	4,462,093	928,825	53,969
Prepaid Items	24,236	15,956	25,803
Prepaid Gas Supply - current	0	0	0
Total current assets	<u>16,249,779</u>	<u>16,373,942</u>	<u>24,110,546</u>
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents	158,722	597,709	1,478,758
Investments	0	0	0
Total restricted assets	<u>158,722</u>	<u>597,709</u>	<u>1,478,758</u>
Prepaid Gas Supply	0	0	0
Land Held for Resale	0	0	0
Fair Value of Derivative Instruments	0	0	0
Advance to Other Funds	0	0	0
Net OPEB Asset	302,391	401,327	258,373
Capital assets:			
Capital Assets Not Being Depreciated	290,273	9,753,036	32,499,224
Capital Assets Being Depreciated	16,106,350	18,773,608	47,676,738
Total capital assets	<u>16,396,623</u>	<u>28,526,644</u>	<u>80,175,962</u>
Total noncurrent assets	<u>16,857,736</u>	<u>29,525,680</u>	<u>81,913,093</u>
Total Assets	<u>33,107,515</u>	<u>45,899,622</u>	<u>106,023,639</u>
Deferred Outflows of Resources:			
Deferred Loss on Early Retirement of Debt	0	233,530	864,795
Pension	376,598	500,567	322,056
OPEB	0	0	0
Total Deferred Outflows of Resources	<u>376,598</u>	<u>734,097</u>	<u>1,186,851</u>

CITY OF LANCASTER, OHIO

Sanitation	Storm Water	Port Authority	Total	Internal Service Funds
\$ 1,976,684	\$ 4,251,393	\$ 8,556,599	\$ 59,977,773	\$ 5,148,938
452,709	309,482	0	6,773,414	45,530
669	0	0	19,734	0
0	0	1,012,462	1,012,462	0
39,158	0	0	5,484,045	53,695
3,944	0	0	69,939	1,635
0	0	13,863,744	13,863,744	0
<u>2,473,164</u>	<u>4,560,875</u>	<u>23,432,805</u>	<u>87,201,111</u>	<u>5,249,798</u>
0	0	7,024,044	9,259,233	0
<u>566,506</u>	<u>0</u>	<u>0</u>	<u>566,506</u>	<u>0</u>
<u>566,506</u>	<u>0</u>	<u>7,024,044</u>	<u>9,825,739</u>	<u>0</u>
0	0	184,063,072	184,063,072	0
0	0	1,774,580	1,774,580	0
0	0	65,982,379	65,982,379	0
124,800	0	0	124,800	0
226,283	50,287	18,323	1,256,984	255,752
265,622	100,741	10,176	42,919,072	138,933
<u>2,326,374</u>	<u>28,999,750</u>	<u>8,459</u>	<u>113,891,279</u>	<u>272,872</u>
<u>2,591,996</u>	<u>29,100,491</u>	<u>18,635</u>	<u>156,810,351</u>	<u>411,805</u>
<u>3,509,585</u>	<u>29,150,778</u>	<u>258,881,033</u>	<u>419,837,905</u>	<u>667,557</u>
<u>5,982,749</u>	<u>33,711,653</u>	<u>282,313,838</u>	<u>507,039,016</u>	<u>5,917,355</u>
0	0	0	1,098,325	0
281,890	59,278	68,057	1,608,446	301,489
0	0	17,018	17,018	0
<u>281,890</u>	<u>59,278</u>	<u>85,075</u>	<u>2,723,789</u>	<u>301,489</u>

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2022**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Water	Water Pollution
Liabilities:			
Current liabilities:			
Accounts Payable	460,395	450,701	420,011
Accrued Wages and Benefits	90,213	133,096	81,214
Intergovernmental Payable	0	0	0
Claims Payable	0	0	0
Due to Others	158,722	29,357	29,357
Due to Other Funds	1,012,462	0	0
Unearned Revenue	0	6,563,501	0
Accrued Interest Payable	0	31,598	312,186
Revenue Bond Payable - Current	0	390,000	855,000
Installment Loan Payable - Current	0	0	0
OWDA Loans Payable - Current	0	755,995	1,774,398
OPWC Loans Payable - Current	0	0	0
Landfill Postclosure Care Liability - Current	0	0	0
Compensated Absences Payable - Current	21,355	63,580	53,126
Total Current Liabilities	1,743,147	8,417,828	3,525,292
Noncurrent Liabilities:			
Long Term Notes Payable	0	1,475,000	0
Installment Loans Payable	0	0	0
Revenue Bonds Payable	0	2,812,081	11,984,263
OWDA Loans Payable	0	3,234,319	38,921,579
OPWC Loans Payable	0	0	0
Landfill Postclosure Care Liability	0	0	0
Compensated Absences Payable	433,329	502,612	387,936
Net Pension Liability	845,066	1,121,554	722,051
Total noncurrent liabilities	1,278,395	9,145,566	52,015,829
Total Liabilities	3,021,542	17,563,394	55,541,121
Deferred Inflows of Resources:			
Pension	1,023,709	1,358,646	874,688
OPEB	312,431	414,652	266,951
Deferred Inflow from Derivative Instruments	0	0	0
Total Deferred Inflow of Resources	1,336,140	1,773,298	1,141,639
Net Position:			
Net Investment in Capital Assets	16,396,623	19,937,326	27,505,517
Restricted for Debt Service	0	597,709	1,478,758
Unrestricted	12,729,808	6,761,992	21,543,455
Total Net Position	\$ 29,126,431	\$ 27,297,027	\$ 50,527,730

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

Total Net Position of Business Type Activities

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Sanitation	Storm Water	Port Authority	Total	Internal Service Funds
224,936	12,638	0	1,568,681	63,261
68,494	19,174	3,888	396,079	69,366
0	0	1,794	1,794	0
0	0	0	0	300,562
0	0	0	217,436	0
0	0	0	1,012,462	0
0	0	7,068	6,570,569	0
0	4,559	6,177,847	6,526,190	0
0	0	1,355,000	2,600,000	0
0	40,428	0	40,428	0
0	0	0	2,530,393	0
0	34,622	0	34,622	0
78,600	0	0	78,600	0
39,600	14,325	0	191,986	25,995
<u>411,630</u>	<u>125,746</u>	<u>7,545,597</u>	<u>21,769,240</u>	<u>459,184</u>
0	0	0	1,475,000	0
0	179,022	0	179,022	0
0	0	331,580,029	346,376,373	0
0	4,061,242	0	46,217,140	0
0	207,735	0	207,735	0
641,023	0	0	641,023	0
237,231	61,884	0	1,622,992	263,314
632,374	140,530	54,726	3,516,301	714,733
<u>1,510,628</u>	<u>4,650,413</u>	<u>331,634,755</u>	<u>400,235,586</u>	<u>978,047</u>
<u>1,922,258</u>	<u>4,776,159</u>	<u>339,180,352</u>	<u>422,004,826</u>	<u>1,437,231</u>
766,055	170,237	66,294	4,259,629	865,825
233,796	51,955	18,931	1,298,716	264,246
0	0	65,982,379	65,982,379	0
<u>999,851</u>	<u>222,192</u>	<u>66,067,604</u>	<u>71,540,724</u>	<u>1,130,071</u>
2,591,996	24,577,442	18,635	91,027,539	411,805
0	0	0	2,076,467	0
750,534	4,195,138	(122,867,678)	(76,886,751)	3,239,737
<u>\$ 3,342,530</u>	<u>\$ 28,772,580</u>	<u>\$ (122,849,043)</u>	<u>\$ 16,217,255</u>	<u>\$ 3,651,542</u>

516,949
\$ 16,734,204

CITY OF LANCASTER, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2022**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Water	Water Pollution
Operating Revenues:			
Charges for Services	\$ 19,424,680	\$ 9,799,297	\$ 13,060,822
Other Operating Revenues	1,352,943	11,775	14,162
Total Operating Revenues	20,777,623	9,811,072	13,074,984
Operating Expenses:			
Personal Services	973,579	2,331,990	1,530,312
Contractual Services	1,880,643	1,394,103	2,070,807
Cost of Gas Sold	13,927,912	0	0
Materials and Supplies	117,648	1,418,369	1,002,882
Depreciation	1,095,840	1,432,994	2,704,426
Health Insurance Claims	0	0	0
Total Operating Expenses	17,995,622	6,577,456	7,308,427
Operating Income	2,782,001	3,233,616	5,766,557
Non-Operating Revenue (Expenses):			
Interest Income	0	(345,065)	(508,941)
Interest and Fiscal Charges	0	(197,639)	(1,015,090)
Gain on Sale of Capital Assets	25	0	0
Intergovernmental Grants	0	0	0
Loss on Disposal of Capital Assets	0	0	0
Other Nonoperating Revenue	0	55,596	11,804
Other Nonoperating Expense	0	0	0
Total Non-Operating Revenues (Expenses)	25	(487,108)	(1,512,227)
Income (Loss) Before Contributions and Transfers	2,782,026	2,746,508	4,254,330
Capital Contributions	0	3,105,596	0
Transfers In	0	0	0
Transfers Out	0	(78,000)	0
Change in Net Position	2,782,026	5,774,104	4,254,330
Net Position Beginning of Year	26,344,405	21,522,923	46,273,400
Net Position End of Year	\$ 29,126,431	\$ 27,297,027	\$ 50,527,730

Change in Net Position of Enterprise Funds

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

Change in Net Position of Business Type Activities

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

<u>Sanitation</u>	<u>Storm Water</u>	<u>Port Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 4,465,884	\$ 3,051,058	\$ 12,388,936	\$ 62,190,677	\$ 12,480,670
255,036	62,091	108,416	1,804,423	46,185
<u>4,720,920</u>	<u>3,113,149</u>	<u>12,497,352</u>	<u>63,995,100</u>	<u>12,526,855</u>
1,370,217	79,670	198,518	6,484,286	1,609,891
1,532,635	1,231,473	208,940	8,318,601	591,484
0	0	9,510,490	23,438,402	0
460,750	4,908	0	3,004,557	1,448,661
425,691	444,809	41,420	6,145,180	55,485
0	0	0	0	7,161,955
<u>3,789,293</u>	<u>1,760,860</u>	<u>9,959,368</u>	<u>47,391,026</u>	<u>10,867,476</u>
931,627	1,352,289	2,537,984	16,604,074	1,659,379
2,819	0	72,763	(778,424)	0
0	(4,559)	(13,319,376)	(14,536,664)	0
0	0	0	25	0
0	0	0	0	8,912
(19,229)	(91,469)	0	(110,698)	0
274	0	111,872	179,546	0
0	0	(10,740)	(10,740)	0
<u>(16,136)</u>	<u>(96,028)</u>	<u>(13,145,481)</u>	<u>(15,256,955)</u>	<u>8,912</u>
915,491	1,256,261	(10,607,497)	1,347,119	1,668,291
0	0	0	3,105,596	0
0	0	0	0	10,000
0	0	0	(78,000)	0
915,491	1,256,261	(10,607,497)	4,374,715	1,678,291
2,427,039	27,516,319	(112,241,546)	11,842,540	1,973,251
<u>\$ 3,342,530</u>	<u>\$ 28,772,580</u>	<u>\$ (122,849,043)</u>	<u>\$ 16,217,255</u>	<u>\$ 3,651,542</u>
			\$ 4,374,715	
			624,425	
			<u>\$ 4,999,140</u>	

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Water	Water Pollution
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$19,676,442	\$9,760,748	\$12,895,642
Cash Received from Swap Providers	0	0	0
Cash Received from Interfund Services	0	0	0
Cash Payments for Goods and Services	(17,234,085)	(2,192,936)	(2,611,763)
Cash Payments to and on behalf of Employees	(1,166,152)	(2,575,831)	(1,693,851)
Cash Payments for Claims	0	0	0
Cash Payments for Interfund Services	(1,035,366)	(1,195,898)	(908,061)
Customer Deposits Received	20,749	3,837	3,837
Customer Deposits Returned	(9,593)	(1,774)	(1,774)
Net Cash Provided by Operating Activities	251,995	3,798,146	7,684,030
<u>Cash Flows from Noncapital Financing Activities:</u>			
Intergovernmental Grants Received	0	6,278,086	0
Receipt of Interfund Advance Repayment	0	0	0
Principal Paid on Revenue Bond Payable	0	0	0
Interest Paid on Debt	0	0	0
Transfers In from Other Funds	0	0	0
Transfers Out to Other Funds	0	(78,000)	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	6,200,086	0
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from Ohio Water Development Authority Loan	0	3,161,696	17,635,044
Installment Loan Proceeds	0	0	0
Proceeds from General Obligation Notes	0	1,475,000	0
Principal Paid on General Obligation Notes	0	(1,500,000)	0
Proceeds from Sales of Capital Assets	25	0	0
Acquisition and Construction of Assets	(1,209,445)	(7,771,650)	(22,628,462)
Installment Loan Payments	0	0	0
Principal Paid on Revenue Bonds Payable	0	(375,000)	(820,000)
Principal Paid on Ohio Water Development Authority Loans	0	(1,854,114)	(1,717,767)
Principal Paid on Ohio Public Works Commission Loan	0	0	0
Interest Paid on All Debt	0	(210,142)	(1,082,177)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,209,420)	(7,074,210)	(8,613,362)
<u>Cash Flows from Investing Activities:</u>			
Sale of Investments	7,006,338	9,053,338	18,314,889
Change in Fair Value of Investments	0	(454,287)	(736,500)
Receipt of Investment Earnings	0	71,297	150,934
Net Cash Provided for Investing Activities	7,006,338	8,670,348	17,729,323
Net Increase in Cash and Cash Equivalents	6,048,913	11,594,370	16,799,991
Cash and Cash Equivalents at Beginning of Year	2,221,621	3,477,636	7,285,755
Cash and Cash Equivalents at End of Year	\$8,270,534	\$15,072,006	\$24,085,746
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Statement of Net Position:</u>			
Cash and Cash Equivalents	\$8,111,812	\$14,474,297	\$22,606,988
Restricted Cash and Cash Equivalents	158,722	597,709	1,478,758
Cash and Cash Equivalents at End of Year	\$8,270,534	\$15,072,006	\$24,085,746

CITY OF LANCASTER, OHIO

Sanitation	Storm Water	Port Authority	Totals	Internal Service Funds
\$4,675,883	\$3,089,227	\$12,386,198	\$62,484,140	\$0
0	0	5,108,147	5,108,147	0
0	0	0	0	12,512,989
(1,511,502)	(904,298)	(208,940)	(24,663,524)	(2,038,785)
(1,425,105)	(308,629)	(155,886)	(7,325,454)	(1,767,088)
0	0	0	0	(7,416,870)
(921,700)	(383,638)	0	(4,444,663)	(471,709)
0	0	0	28,423	0
0	0	0	(13,141)	0
817,576	1,492,662	17,129,519	31,173,928	818,537
0	0	0	6,278,086	8,912
11,300	0	0	11,300	0
0	0	(1,285,000)	(1,285,000)	0
0	0	(14,786,875)	(14,786,875)	0
0	0	0	0	10,000
0	0	0	(78,000)	0
11,300	0	(16,071,875)	(9,860,489)	18,912
0	0	0	20,796,740	0
0	219,450	0	219,450	0
0	0	0	1,475,000	0
0	0	0	(1,500,000)	0
0	0	2,891,328	2,891,353	0
(782,734)	(405,035)	(10,000)	(32,807,326)	(8,221)
0	(80,449)	0	(80,449)	0
0	0	0	(1,195,000)	0
0	(288,613)	0	(3,860,494)	0
0	(34,622)	0	(34,622)	0
0	0	0	(1,292,319)	0
(782,734)	(589,269)	2,881,328	(15,387,667)	(8,221)
1,445,742	2,526,533	0	38,346,840	0
0	0	0	(1,190,787)	0
2,901	0	72,763	297,895	0
1,448,643	2,526,533	72,763	37,453,948	0
1,494,785	3,429,926	4,011,735	43,379,720	829,228
481,899	821,467	11,568,908	25,857,286	4,319,710
\$1,976,684	\$4,251,393	\$15,580,643	\$69,237,006	\$5,148,938
\$1,976,684	\$4,251,393	\$8,556,599	\$59,977,773	\$5,148,938
0	0	7,024,044	9,259,233	0
\$1,976,684	\$4,251,393	\$15,580,643	\$69,237,006	\$5,148,938

(Continued)

CITY OF LANCASTER, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Water	Water Pollution
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$2,782,001	\$3,233,616	\$5,766,557
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	1,095,840	1,432,994	2,704,426
Miscellaneous Nonoperating Revenue	0	55,596	11,804
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
Increase in Accounts Receivable	(1,101,181)	(105,920)	(191,146)
Increase in Due from Other Funds	0	0	0
Increase in Inventory	(2,148,303)	(33,448)	(22,440)
(Increase) Decrease in Prepaid Items	9,153	(1,241)	(2,769)
Decrease in Prepaid Gas Supply	0	0	0
Increase in Net OPEB Asset	(130,558)	(166,852)	(109,180)
(Increase) Decrease in Deferred Outflows of Resources - Pension	(119,921)	(150,316)	(99,197)
Decrease in Deferred Outflows of Resources - OPEB	84,475	115,270	73,345
Increase (Decrease) in Accounts Payable	77,402	65,725	17,187
Increase (Decrease) in Accrued Wages and Benefits	8,722	20,006	2,303
Increase in Due to Other Funds	161,582	0	0
Decrease in Intergovernmental Payable	0	0	0
Increase in Customer Deposits	11,156	2,063	2,063
Decrease in Unearned Revenue	0	0	0
Decrease in Landfill Postclosure Care Liability	0	0	0
Increase (Decrease) in Compensated Absences	2,634	(5,693)	(56,800)
Decrease in Net Pension Liability	(594,047)	(842,198)	(527,453)
Increase in Deferred Inflows of Resources - Pension	355,826	492,241	316,388
Decrease in Deferred Inflows of Resources - OPEB	(242,786)	(313,697)	(201,058)
Decrease in Claims Payable	0	0	0
Total Adjustments	<u>(2,530,006)</u>	<u>564,530</u>	<u>1,917,473</u>
Net Cash Provided by Operating Activities	<u>\$251,995</u>	<u>\$3,798,146</u>	<u>\$7,684,030</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2022, the Water and Water Pollution Funds had outstanding liabilities of \$191,126 and \$95,608 respectively for certain capital assets.

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

Sanitation	Storm Water	Port Authority	Totals	Internal Service Funds
\$931,627	\$1,352,289	\$2,537,984	\$16,604,074	\$1,659,379
425,691	444,809	41,420	6,145,180	55,485
274	0	59,000	126,674	0
(45,311)	(23,922)	0	(1,467,480)	(13,866)
0	0	(161,582)	(161,582)	0
(2,162)	0	0	(2,206,353)	(10,914)
(816)	0	0	4,327	(826)
0	0	14,618,637	14,618,637	0
(97,038)	(11,524)	(10,288)	(525,440)	(113,463)
(88,828)	(14,866)	11,507	(461,621)	(138,456)
63,538	19,056	24,965	380,649	69,951
70,406	(263)	0	230,457	(54,894)
4,810	(73)	3,888	39,656	(2,690)
0	0	0	161,582	0
0	0	(26)	(26)	0
0	0	0	15,282	0
0	0	(8,572)	(8,572)	0
(102,266)	0	0	(102,266)	0
5,954	(45,423)	0	(99,328)	(55,056)
(450,068)	(184,102)	(17,092)	(2,614,960)	(476,965)
276,956	25,874	35,297	1,502,582	336,100
(175,191)	(69,193)	(5,619)	(1,007,544)	(180,333)
0	0	0	0	(254,915)
<u>(114,051)</u>	<u>140,373</u>	<u>14,591,535</u>	<u>14,569,854</u>	<u>(840,842)</u>
<u>\$817,576</u>	<u>\$1,492,662</u>	<u>\$17,129,519</u>	<u>\$31,173,928</u>	<u>\$818,537</u>

CITY OF LANCASTER, OHIO

***Statement of Net Position
Fiduciary Funds
December 31, 2022***

	<u>Custodial</u>
Assets:	
Cash and Cash Equivalents	\$ 239,837
Receivables:	
Intergovernmental	<u>2,611</u>
Total Assets	<u>242,448</u>
Liabilities:	
Intergovernmental Payable	<u>2,611</u>
Total Liabilities	<u>2,611</u>
Net Position:	
Restricted for Individuals, Organizations and Other Governments	<u>239,837</u>
Total Net Position	<u>\$ 239,837</u>

See accompanying notes to the basic financial statements

CITY OF LANCASTER, OHIO

***Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2022***

	<u>Custodial</u>
Additions:	
Fines and Forfeitures Collections for Others	\$ 2,853,281
Total Additions	<u>2,853,281</u>
Deductions:	
Distribution of Fines and Forfeitures to Others	<u>2,613,444</u>
Total Deductions	<u>2,613,444</u>
Change in Net Position	239,837
Net Position at Beginning of Year	<u>0</u>
Net Position End of Year	<u>\$ 239,837</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lancaster, Ohio (the "City") was incorporated in 1831 under the laws of the State of Ohio. The Citizens elect Council members (six wards, three at large and a president) who serve two year terms, and the Mayor, City Auditor, City Solicitor and City Treasurer who all serve four year terms. In addition, two municipal court judges are elected to serve six year terms.

The financial statements are presented as of December 31, 2022 and for the year then ended, and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

The City participates in several Jointly Governed Organizations which are further described in Note 19.

B. Basis of Presentation - Fund Accounting

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types are used by the City:

Governmental Funds

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

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

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

2021 Police and Fire Levy Fund – This fund is used to account for a voted income tax levy used for police and fire operations and equipment.

Proprietary Funds

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

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Fiduciary Funds

Custodial Funds - These funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations or other governmental units and therefore not available to support the City's own programs. The custodial funds account for municipal court collections that are distributed to the state and various local governments and fee collections to be distributed to the law library.

C. Basis of Presentation – Financial Statements

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue.

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

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

E. Budgetary Process

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2022.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level (the legal level of control). The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. The allocation of appropriations among departments and objects within a fund may only be modified during the year by an ordinance of City Council. During the year, several supplemental appropriations were legally enacted by Council. Administrative control is maintained through the establishment of more detailed line-item budgets. The amounts reported as the original budget amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The budgetary figures which appear on the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual" are presented on a budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

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

5. Budgetary Basis of Accounting

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

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

	Net Change in Fund Balance		
	General Fund	.45 Police and Fire Levy Fund	2021 Police and Fire Levy Fund
GAAP Basis (as reported)	\$1,686,784	\$1,937,519	\$1,808,130
Increase (Decrease):			
Accrued Revenues at December 31, 2022 received during 2023	(2,237,905)	(1,752,520)	(1,747,206)
Accrued Revenues at December 31, 2021 received during 2022	1,817,559	1,383,467	1,383,467
Accrued Expenditures at December 31, 2022 paid during 2023	3,901,634	324,864	186,808
Accrued Expenditures at December 31, 2021 paid during 2022	(3,229,253)	(288,340)	(233,023)
2021 Prepays for 2022	30,643	28,110	0
2022 Prepays for 2023	(216,085)	(47,243)	0
Adjustment to Fair Value	1,676,951	0	0
Outstanding Encumbrances	(496,025)	(169,132)	(13,314)
Budget Basis	<u>\$2,934,303</u>	<u>\$1,416,725</u>	<u>\$1,384,862</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

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

G. Investments

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

The City's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes. See Note 5, "Cash, Cash Equivalents and Investments."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Derivative Instruments

The City's derivative financial instruments are accounted for in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instrument* and GASB Statement No. 72, *Fair Value Measurement and Application*. In connection with this Statement, the fair value of the City's derivative financial instruments is recorded on the Statement of Net position, with an offsetting deferred inflow or outflow. At December 31, 2022, the fair value of the City's derivative instruments are offset by a deferred inflow.

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

I. Inventory

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

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Prepaid Gas Supply

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Obligations

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences

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

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

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

O. Net Position

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Pensions/Other Postemployment Benefits (OPEB)

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

Q. Interfund Transactions

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

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

R. Fund Balances

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balances (Continued)

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

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

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

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

S. Restricted Assets

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

T. Operating Revenues and Expenses

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

U. Interfund Balances

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Deferred Outflows/Inflows of Resources

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

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

W. Contributions of Capital

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

X. Estimates

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Y. Fair Value

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

Z. Land Held for Resale

As part of the economic development program, the City has acquired land with the intent for the land to be sold to businesses to promote economic development within the City. Transactions are conducted through the City's Port Authority Fund.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, "Leases," Statement No. 91, "Conduit Debt Obligations," Statement No. 92, "Omnibus 2020," and Statement No. 93, "Replacement of Interbank Offered Rates."

GASB Statement No. 87 establishes standards of accounting and financial reporting for leases.

GASB Statement No. 91 establishes a single method of reporting conduit debt obligations.

GASB Statement No. 92 establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases.

The implementation of these Statements had no effect on beginning net position/fund balance.

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	.45 Police and Fire Levy Fund	2021 Police and Fire Levy Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$216,085	\$47,243	\$0	\$504,921	\$768,249
Inventory of Supplies	103,242	0	0	448,629	551,871
Total Nonspendable	<u>319,327</u>	<u>47,243</u>	<u>0</u>	<u>953,550</u>	<u>1,320,120</u>
Restricted:					
Transportation Projects	0	0	0	1,627,285	1,627,285
Cemetery	0	0	0	1,688,388	1,688,388
Court Projects	0	0	0	2,292,412	2,292,412
Public Transportation	0	0	0	374,647	374,647
911 Services	0	0	0	152,730	152,730
Police and Fire Operations	0	4,480,475	3,644,374	2,076,921	10,201,770
Pension for Public Safety	0	0	0	26,161	26,161
Community Development	0	0	0	1,768,865	1,768,865
Debt Retirement	0	0	0	1,966	1,966
Capital Improvements	0	0	0	308,129	308,129
Total Restricted	<u>0</u>	<u>4,480,475</u>	<u>3,644,374</u>	<u>10,317,504</u>	<u>18,442,353</u>
Committed:					
Parks and Recreation	0	0	0	1,957,394	1,957,394
Capital Improvements	0	0	0	2,436,792	2,436,792
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,394,186</u>	<u>4,394,186</u>
Assigned:					
Projected budgetary deficit	3,217,344	0	0	200,000	3,417,344
Services and Supplies	285,719	0	0	0	285,719
Total Assigned	<u>3,503,063</u>	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>3,703,063</u>
Unassigned:					
	12,806,532	0	0	(1,998,421)	10,808,111
Total Fund Balances	<u>\$16,628,922</u>	<u>\$4,527,718</u>	<u>\$3,644,374</u>	<u>\$13,866,819</u>	<u>\$38,667,833</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

The fund deficits at December 31, 2022 of \$1,277,089 in the Ety Road TIF Project Fund and \$721,332 in the Columbian Construction Fund (capital projects funds) are the result of recording notes payable amounts in the individual fund balance sheets. The accumulated deficit of \$122,849,043 in the Port Authority Fund (enterprise fund) is the result of recording the prepaid gas supply at the present value of the future shipments and the related bonds payable at outstanding par value. At the end of the contract period, the net result will be zero. The accumulated deficit of \$480,044 in the Utilities Collection Fund and \$108,815 in the Environmental Engineering Fund (internal service funds) is the result of the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides transfers, upon City Council's approval when cash is required not when accruals occur.

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

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

A. Deposits

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

At year end the carrying amount of the City's deposits was \$38,388,419 and the bank balance was \$38,329,896. Federal depository insurance covered \$1,902,085 of the bank balance and \$36,427,811 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name and securities held in the Ohio Pooled Collateral System.

Investment earnings of \$210,840 earned by other funds were credited to the General Fund as required by state statute.

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CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

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

B. Investments

The City's investments at December 31, 2022 were as follows:

	Fair Value	Credit Rating	Concentration of Credit Risk	Investment Maturities (in Years)			
				less than 1	1-3	3-5	more than 5
STAR Ohio	\$61,008	AAAm ¹	0.08%	\$61,008	\$0	\$0	\$0
Negotiable CD's	6,804,844	N/A ³	9.27%	1,705,486	5,099,358	0	0
Money Market	448,176	AA+ ¹ , Aaa ²	0.61%	448,176	0	0	0
Municipal Bonds	5,349,410	*	7.29%	2,615,257	2,011,388	209,365	513,400
School Bonds	269,357	AA+ ¹ , Aaa ²	0.37%	269,357	0	0	0
U.S. Treasuries	21,779,480	AA+ ¹ , Aaa ²	29.69%	6,824,540	7,771,960	7,182,980	0
FNMA	3,598,467	AA+ ¹ , Aaa ²	4.90%	0	3,598,467	0	0
FHLB	14,490,060	AA+ ¹ , Aaa ²	19.75%	3,823,504	4,453,907	6,212,649	0
FFCB	14,875,151	AA+ ¹ , Aaa ²	20.27%	9,704,748	5,170,403	0	0
FHLMC	5,698,885	AA+ ¹ , Aaa ²	7.77%	0	5,698,885	0	0
Total Investments	\$73,374,838		100.00%	\$25,452,076	\$33,804,368	\$13,604,994	\$513,400

¹ Standard & Poor's

² Moody's Investor Service

³ All are fully FDIC insured

* Standard & Poor's ratings of AA and A+, Moody's ratings of Aa1-Aa3

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

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

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

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2022 were levied after October 1, 2021 on assessed values as of January 1, 2021, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2019. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

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

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

The full tax rate for the City's operations for the year ended December 31, 2022 was \$6.40 per \$1,000 of assessed value. The assessed value upon which the 2022 property tax receipts were based was \$875,438,160. This amount constitutes \$834,420,030 in real property assessed value and \$41,018,130 in public utility property. Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .64% (6.40 mills) of assessed value.

B. Income Tax

The City levies a tax of 2.2%, 1.2% of which is voter approved, on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. The City allows a credit of 100% of the first 1.0% unvoted tax paid to another municipality to a maximum of the total amount assessed.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 7 - RECEIVABLES

Receivables at December 31, 2022 consisted of taxes, accounts, special assessments, interest, loans and intergovernmental receivables arising from shared revenues. These amounts are shown separately on the face of the financial statements with the exception of property and income taxes receivable in the amount of \$5,992,400 and \$8,482,569 respectively. Delinquents are included in the amounts presented.

Leases Receivable - The City leases office space as lessor. In 2022 the City received \$53,109 in lease payments. The total lease receivable balance at December 31, 2022 was \$108,096.

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CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 8 – INTERFUND ACCOUNTS

Interfund balances at December 31, 2022 consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$0	\$2,886,362
.45 Police and Fire Levy	1,022,727	0
2021 Police and Fire Levy	1,022,727	0
Nonmajor Governmental Funds	840,908	0
Total Governmental Funds	<u>2,886,362</u>	<u>2,886,362</u>
Enterprise Funds:		
Gas	0	1,012,462
Port Authority	1,012,462	0
Total Enterprise Funds	<u>1,012,462</u>	<u>1,012,462</u>
Totals	<u>\$3,898,824</u>	<u>\$3,898,824</u>
	<u>Advance to Other Funds</u>	<u>Advance from Other Funds</u>
Nonmajor Governmental Funds	\$0	\$124,800
Enterprise Fund:		
Sanitation Fund	124,800	0
Totals	<u>\$124,800</u>	<u>\$124,800</u>

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

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2022:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$1,458,428
Nonmajor Governmental Funds	2,755,466	1,229,038
Enterprise Funds:		
Water Fund	0	78,000
Internal Service Funds	10,000	0
Total Transfers	<u>\$2,765,466</u>	<u>\$2,765,466</u>

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

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2022:

Historical Cost:

Class	December 31, 2021	Additions	Deletions	December 31, 2022
<i>Capital assets not being depreciated:</i>				
Land	\$19,204,645	\$0	\$0	\$19,204,645
Construction in Progress	130,911	8,022	0	138,933
Subtotal	19,335,556	8,022	0	19,343,578
<i>Capital assets being depreciated:</i>				
Buildings	18,037,591	80,329	0	18,117,920
Improvements Other than Buildings	8,804,598	42,513	0	8,847,111
Machinery and Equipment	6,797,734	682,132	(74,082)	7,405,784
Vehicles	8,714,827	1,040,818	(520,229)	9,235,416
Infrastructure	47,808,356	3,773,758	(410,388)	51,171,726
Subtotal	90,163,106	5,619,550	(1,004,699)	94,777,957
Total Cost	\$109,498,662	\$5,627,572	(\$1,004,699)	\$114,121,535

Accumulated Depreciation:

Class	December 31, 2021	Additions	Deletions	December 31, 2022
Buildings	(\$6,355,153)	(\$399,096)	\$0	(\$6,754,249)
Improvements Other than Buildings	(5,985,513)	(243,786)	0	(6,229,299)
Machinery and Equipment	(4,879,082)	(515,487)	74,082	(5,320,487)
Vehicles	(7,006,999)	(699,005)	479,538	(7,226,466)
Infrastructure	(16,339,567)	(1,045,414)	367,356	(17,017,625)
Total Depreciation	(\$40,566,314)	(\$2,902,788) *	\$920,976	(\$42,548,126)
<i>Net Value:</i>	\$68,932,348			\$71,573,409

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$433,871
Leisure Time Activities	276,701
Public Health and Welfare	17,550
Transportation	1,689,624
General Government	438,336
Internal Service Fund Capital Assets	46,706
Total Depreciation Expense	\$2,902,788

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 10 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2022:

Historical Cost:

Class	December 31, 2021	Additions	Deletions	December 31, 2022
Capital assets not being depreciated:				
Land	\$3,819,852	\$0	(\$35,796)	\$3,784,056
Construction in Progress	10,627,522	28,507,494	0	39,135,016
Subtotal	14,447,374	28,507,494	(35,796)	42,919,072
Capital assets being depreciated:				
Buildings	83,868,905	8,380	(2,592,133)	81,285,152
Improvements	34,787,770	10,000	(136,841)	34,660,929
Machinery and Equipment	11,084,976	586,719	(266,956)	11,404,739
Vehicles	7,545,164	772,212	(525,264)	7,792,112
Infrastructure	119,993,037	1,110,075	(614,326)	120,488,786
Subtotal	257,279,852	2,487,386	(4,135,520)	255,631,718
Total Cost	\$271,727,226	\$30,994,880	(\$4,171,316)	\$298,550,790

Accumulated Depreciation:

Class	December 31, 2021	Additions	Deletions	December 31, 2022
Buildings	(\$32,575,105)	(\$1,985,992)	\$343,518	(\$34,217,579)
Improvements	(32,749,707)	(129,594)	74,080	(32,805,221)
Machinery and Equipment	(9,343,871)	(384,238)	175,487	(9,552,622)
Vehicles	(5,811,438)	(669,352)	506,035	(5,974,755)
Infrastructure	(56,289,686)	(2,984,783)	112,302	(59,162,167)
Total Depreciation	(\$136,769,807)	(\$6,153,959)	\$1,211,422	(\$141,712,344)
Net Value:	\$134,957,419			\$156,838,446

Internal service funds serve both governmental and business-type funds. Accordingly, capital assets for them are included as part of the above totals for governmental and business-type funds. At year-end, \$383,710 and \$28,095 of internal service funds capital assets, net of depreciation are included in the respective above amounts. Also, \$46,706 and \$8,779 of depreciation expense for the internal service funds are included in the respective above amounts.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member’s pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS’s Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit. For additional information, see the Plan Statement in the OPERS Annual Comprehensive Financial Report.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	<u>State and Local</u>
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$2,394,857 for 2022. Of this amount, \$195,166 is reported as accrued wages and benefits payable.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2022 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25
2022 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$2,498,331 for 2022. Of this amount, \$198,372 is reported as accrued wages and benefits payable.

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

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$9,724,438	\$27,082,829	\$36,807,267
Proportion of the Net Pension Liability-2022	0.111141%	0.433504%	
Proportion of the Net Pension Liability-2021	0.111471%	0.432831%	
Percentage Change	<u>(0.000330%)</u>	<u>0.000673%</u>	
Pension Expense	(\$1,288,445)	\$1,472,292	\$183,847

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$1,216,033	\$4,949,577	\$6,165,610
Differences between expected and actual experience	495,738	780,910	1,276,648
Change in proportionate share	250,014	90,906	340,920
City contributions subsequent to the measurement date	<u>2,394,857</u>	<u>2,498,331</u>	<u>4,893,188</u>
Total Deferred Outflows of Resources	<u>\$4,356,642</u>	<u>\$8,319,724</u>	<u>\$12,676,366</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$11,566,869	\$7,100,699	\$18,667,568
Differences between expected and actual experience	213,277	1,407,935	1,621,212
Change in proportionate share	<u>0</u>	<u>939,385</u>	<u>939,385</u>
Total Deferred Inflows of Resources	<u>\$11,780,146</u>	<u>\$9,448,019</u>	<u>\$21,228,165</u>

\$4,893,188 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2023	(\$1,284,956)	(\$295,914)	(\$1,580,870)
2024	(3,973,555)	(2,209,702)	(6,183,257)
2025	(2,719,841)	(995,056)	(3,714,897)
2026	(1,840,009)	(665,286)	(2,505,295)
2027	<u>0</u>	<u>539,332</u>	<u>539,332</u>
Total	<u>(\$9,818,361)</u>	<u>(\$3,626,626)</u>	<u>(\$13,444,987)</u>

Actuarial Assumptions - OPERS

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021 and December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2021
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2022. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age
	December 31, 2020
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	0.5 percent simple through 2021. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. Best estimates of arithmetic real rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other Investments	4.00	2.85
Total	100.00 %	4.21 %

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$25,638,920	\$9,724,438	(\$3,518,520)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2021 is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2021, compared with January 1, 2020, are presented below.

	January 1, 2021	January 1, 2020
Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

For the January 1, 2021 valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For the January 1, 2021 valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2021 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	<u>125.00 %</u>	

* levered 2.5x

Note: Assumptions are geometric

OPF’s Board of Trustees has incorporated the “risk parity” concept into OPF’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2021, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2020 was 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$40,163,458	\$27,082,829	\$16,189,895

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2022.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75. OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$58,299 for 2022. Of this amount, \$4,639 is reported as an accrued wages and benefits payable.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability (Asset)	(\$3,478,447)	\$4,751,578	\$1,273,131
Proportion of the Net OPEB Liability (Asset) -2022	0.110471%	0.433504%	
Proportion of the Net OPEB Liability (Asset) -2021	<u>0.110626%</u>	<u>0.432831%</u>	
Percentage Change	<u>(0.000155%)</u>	<u>0.000673%</u>	
OPEB Expense	(\$2,831,597)	\$424,238	(\$2,407,359)

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$0	\$2,103,192	\$2,103,192
Differences between expected and actual experience	0	216,154	216,154
Change in proportionate share	105,732	139,678	245,410
City contributions subsequent to the measurement date	0	58,299	58,299
Total Deferred Outflows of Resources	<u>\$105,732</u>	<u>\$2,517,323</u>	<u>\$2,623,055</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	\$1,658,277	\$429,224	\$2,087,501
Changes in assumptions	1,408,035	551,870	1,959,905
Differences between expected and actual experience	527,627	627,988	1,155,615
Change in proportionate share	0	44,838	44,838
Total Deferred Inflows of Resources	<u>\$3,593,939</u>	<u>\$1,653,920</u>	<u>\$5,247,859</u>

\$58,299 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2023	(\$2,117,697)	\$226,111	(\$1,891,586)
2024	(770,033)	162,387	(607,646)
2025	(362,324)	179,664	(182,660)
2026	(238,153)	35,253	(202,900)
2027	0	99,256	99,256
2028	0	65,323	65,323
2029	0	37,110	37,110
Total	<u>(\$3,488,207)</u>	<u>\$805,104</u>	<u>(\$2,683,103)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	1.84 percent
Prior measurement date	2.00 percent
Health Care Cost Trend Rate:	
Current measurement date	5.5 percent initial, 3.5 percent ultimate in 2034
Prior measurement date	8.5 percent initial, 3.5 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	0.91 %
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index").

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB liability (asset)	(\$2,045,652)	(\$3,478,447)	(\$4,667,684)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$3,516,033)	(\$3,478,447)	(\$3,433,851)

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 12- DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	2.84 percent	2.96 percent
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized below:

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	<u>125.00 %</u>	

* levered 2.5x

Note: Assumptions are geometric

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.05 percent at December 31, 2021 and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.50 percent, which resulted in a blended discount rate of 2.84 percent for 2021 and 2.96 percent for 2020. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	1% Decrease (1.84%)	Current Discount Rate (2.84%)	1% Increase (3.84%)
City's proportionate share of the net OPEB liability	\$5,972,839	\$4,751,578	\$3,747,699

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

NOTE 13 - NOTES PAYABLE

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

	Maturity Date	Balance January 1, 2021	Additions	(Reductions)	Balance December 31, 2022
Capital Projects Notes Payable:					
2.938% Street Improvement 2021	12/31/2022	\$931,202	\$0	(\$931,202)	\$0
3.257% Street Improvement 2022	12/31/2023	0	893,682	0	893,682
2.938% Island Capital Note 2021	12/31/2022	288,837	0	(288,837)	0
2.938% Island Capital Note 2022	12/31/2023	0	277,202	0	277,202
0.500% Columbian Construction Note 2021	12/22/2022	900,000	0	(900,000)	0
0.450% Various Purpose Notes	12/15/2023	0	720,000	0	720,000
Total Capital Projects Notes Payable		<u>\$2,120,039</u>	<u>\$1,890,884</u>	<u>(\$2,120,039)</u>	<u>\$1,890,884</u>

CITY OF LANCASTER, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

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

Long-term debt and other long-term obligations of the City at December 31, 2022 were as follows:

	Balance December 31, 2021	Additions	(Reductions)	Balance December 31, 2022	Due Within One Year
Business-Type Activities:					
Ohio Water Development Authority Loans (OWDA):*					
2003 2.00% Water Treatment Plant/Clearwells/Wellfield	\$87,069	\$0	(\$7,151)	\$79,918	\$7,295
2001 4.14% Water Transmission Line/Waste Force Main	392,250	0	(392,250)	0	0
2001 3.90% Water Treatment Plant/Clearwells/Wellfield	2,203,413	0	(1,454,713)	748,700	748,700
2009 3.27% Water Pollution Control Plant	19,963,515	0	(1,717,767)	18,245,748	1,774,398
2021 0.70% Water Pollution Lawrence Facility Upgrade	4,815,185	11,620,309	0	16,435,494	0
2018 0.00% Cherokee Drive Drainage Improvements	500,395	0	(77,957)	422,438	0
2020 0.00% Fifth Ave/Sixth/Ave/Forest Rose Ave CSO	3,849,460	0	(210,656)	3,638,804	0
2022 0.86% Upper Hocking Water Pollution Control Facility	0	6,014,735	0	6,014,735	0
2022 2.52% North Water Treatment Plant Replacement	0	3,161,696	0	3,161,696	0
Total Ohio Water Development Authority Loans	<u>31,811,287</u>	<u>20,796,740</u>	<u>(3,860,494)</u>	<u>48,747,533</u>	<u>2,530,393</u>
Revenue Bonds Payable:					
2012 2-3.5% Refunding Water System Improvement Revenue Bond	3,440,000	0	(375,000)	3,065,000	390,000
Premium	156,663	0	(19,582)	137,081	0
2016 3-4% Refunding Wastewater System Improvement Revenue Bond	12,370,000	0	(820,000)	11,550,000	855,000
Premium	1,406,468	0	(117,205)	1,289,263	0
2019 5.00% Refunding Port Authority Gas Supply Revenue Bond	296,045,000	0	(1,285,000)	294,760,000	1,355,000
Premium	39,615,596	0	(1,440,567)	38,175,029	0
Total Revenue Bonds Payable	<u>353,033,727</u>	<u>0</u>	<u>(4,057,354)</u>	<u>348,976,373</u>	<u>2,600,000</u>
Long Term Notes:					
2021 0.50% Various Purpose Water	1,500,000	0	(1,500,000)	0	0
2022 0.70% Various Purpose Water	0	1,475,000	0	1,475,000	0
Total Long Term Notes	<u>1,500,000</u>	<u>1,475,000</u>	<u>(1,500,000)</u>	<u>1,475,000</u>	<u>0</u>
Installment Loans:*					
2017 3.00% Street Sweeper	37,854	0	(37,854)	0	0
2017 3.00% Street Sweeper	42,595	0	(42,595)	0	0
2022 4.11% Street Sweeper	0	219,450	0	219,450	40,428
Total Installment Loans	<u>80,449</u>	<u>219,450</u>	<u>(80,449)</u>	<u>219,450</u>	<u>40,428</u>
Ohio Public Works Commission Loan (OWPC):*					
2018 0.00% Cherokee Drive Drainage Improvements	276,979	0	(34,622)	242,357	34,622
Landfill Postclosure Care Liability	821,889	0	(102,266)	719,623	78,600
Compensated Absences	2,155,454	87,397	(209,965)	2,032,886	215,975
Total Business-Type Long-Term Debt	<u>\$389,679,785</u>	<u>\$22,578,587</u>	<u>(\$9,845,150)</u>	<u>\$402,413,222</u>	<u>\$5,500,018</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

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

	Balance December 31, 2021	Additions	(Reductions)	Balance December 31, 2022	Due Within One Year
Governmental Activities Long-Term Debt:					
2010 2-3.125% General Obligation Bond Payable - Ety Road TIF	\$115,000	\$0	(\$115,000)	\$0	\$0
2014 2-3% Refunding General Obligation Bond Payable	820,000	0	(265,000)	555,000	275,000
Premium	7,644	0	(3,821)	3,823	0
2014 2-4% General Obligation Bond Payable-Court Facility	6,645,000	0	(200,000)	6,445,000	210,000
Premium	93,246	0	(4,238)	89,008	0
2014 1-3.45% General Obligation Bond Payable - Land	340,000	0	(110,000)	230,000	115,000
Total General Obligation Bonds Payable	<u>8,020,890</u>	<u>0</u>	<u>(698,059)</u>	<u>7,322,831</u>	<u>600,000</u>
2010 3.25% Ohio Water Development Authority Loan*	221,319	0	(20,236)	201,083	20,898
2019 0.00% State Infrastructure Bank Loan*	198,932	0	(25,945)	172,987	26,728
Installment Loans:*					
2013 3.30% Fire Aerial Truck Platform	106,623	0	(52,439)	54,184	54,184
2017 3.00% Street Master Lease Purchase	91,618	0	(91,618)	0	0
2017 3.00% Park Master Lease Purchase	43,114	0	(43,114)	0	0
2019 3.85% Street Master Lease Purchase	222,203	0	(71,228)	150,975	74,033
2019 3.85% Cementery Master Lease Purchase	41,901	0	(13,432)	28,469	13,960
2019 2.20% Fire Pumper Master Lease Purchase	241,118	0	(118,264)	122,854	122,854
2021 2.49% Fire Horton Medic Master Lease	282,000	0	(50,830)	231,170	55,668
2022 2.49% Parks - Various Equipment	0	325,000	0	325,000	58,617
2022 2.49% Street - Various Equipme	0	325,000	0	325,000	58,564
Total Installment Loans	<u>1,028,577</u>	<u>650,000</u>	<u>(440,925)</u>	<u>1,237,652</u>	<u>437,880</u>
Compensated Absences	5,078,934	1,176,114	(1,626,770)	4,628,278	518,482
Total Governmental Activities	<u>\$14,548,652</u>	<u>\$1,826,114</u>	<u>(\$2,811,935)</u>	<u>\$13,562,831</u>	<u>\$1,603,988</u>

* The OWDA, OPWC, SIB and Installment Loans are direct borrowings.

Internal service funds serve both governmental and business-type funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental and business-type funds. At year-end, \$71,401 and \$217,908 of internal service funds compensated absences are included in the respective above amounts.

A. Long Term Note Payable

Long term notes payable at December 31, 2022 consisted of Various Purpose Water Improvement Notes. The notes have a term of one year or less and were issued to finance water improvements. The City has been retiring a portion of the Various Purpose Improvement Notes as they mature and is issuing new notes for the remaining balance. The notes are dated February 3, 2022 and are due February 3, 2023, at an interest rate of 0.7%. Subsequent to year-end, the Various Purpose Improvement Notes, due February 3, 2023, were refinanced; therefore, these notes payable are recorded as long-term obligations.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

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

B. Gas Supply Revenue Bonds, Series 2019

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

The principal and interest remaining to be paid on these bonds is \$528,643,500. Principal and interest paid for the current year and total customer net revenues were \$16,071,875 and \$2,652,167, respectively.

C. Water and Wastewater Revenue Bonds

The City has pledged future customer revenues, net of specified operating expenses, to repay Water Revenue Bonds, series 2012. The 2012 bonds were issued to partially refund 2004 bonds which were originally issued to pay the cost of constructing two 2 million gallon storage tanks and various water lines. The principal and interest remaining to be paid on these bonds is \$3,586,513. Principal and interest paid for the current year and total customer net revenues were \$510,531 and \$4,321,545, respectively.

The City has pledged future customer revenues, net of specified operating expenses, to repay Wastewater Revenue Bonds 2016. The 2016 bonds were issued to partially refund the 2008 bonds which were originally issued to pay the cost of constructing a new wastewater treatment plant. The principal and interest remaining to be paid on these bonds is \$14,502,600. Principal and interest paid for the current year and total customer net revenues were \$1,314,800 and \$7,962,042, respectively.

D. Ohio Water Development Authority Loans

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

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

D. Ohio Water Development Authority Loans (Continued)

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

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

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

In 2018, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$779,572. The proceeds are being used for drainage improvements. The amount is subject to change and has not been finalized. The interest rate on the loans is 0%, per annum. This loan is payable from storm water charges and is received by the City in increments as the project is completed. As of December 31, 2022, the City had received \$695,288, from OWDA. As of December 31, 2022, the loan has not been finalized and there is no amortization schedule for the loan.

In 2020, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$4,213,115. The proceeds are being used for a combined sewer overflow project. The amount is subject to change and has not been finalized. The interest rate on the loans is 0%, per annum. This loan is payable from storm water charges and is received by the City in increments as the project is completed. As of December 31, 2022, the City had received \$3,954,788, from OWDA. As of December 31, 2022, the loan has not been finalized and there is no amortization schedule for the loan.

In 2021, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$22,379,560. The proceeds are being used for upgrades to the Lawrence Street Wastewater facility. The amount is subject to change and has not been finalized. The interest rate on the loans is 0.7%, per annum. This loan is payable from wastewater charges and is received by the City in increments as the project is completed. As of December 31, 2022, the City had received \$16,435,494, from OWDA. As of December 31, 2022, the loan has not been finalized and there is no amortization schedule for the loan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

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

D. Ohio Water Development Authority Loans (Continued)

In 2022, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$39,381,069. The proceeds are being used for upgrades to the Upper Hocking Water Pollution Control Facility. The amount is subject to change and has not been finalized. The interest rate on the loans is 0.86%, per annum. This loan is payable from wastewater charges and is received by the City in increments as the project is completed. As of December 31, 2022, the City had received \$6,014,735, from OWDA. As of December 31, 2022, the loan has not been finalized and there is no amortization schedule for the loan.

In 2022, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$98,215,679. The proceeds are being used for replacement of the North Water Treatment Plant. The amount is subject to change and has not been finalized. The interest rate on the loans is 2.52%, per annum. This loan is payable from water charges and is received by the City in increments as the project is completed. As of December 31, 2022, the City had received \$3,161,696, from OWDA. As of December 31, 2022, the loan has not been finalized and there is no amortization schedule for the loan.

E. Installment Loans

In 2022 the City received an installment loan in the amount of \$219,450 for the purchase of a street sweeper. The loan carries an interest rate of 4.11% and matures in 2027. In 2022 the City also received two installment loans in the amount of \$325,000 each for the purchase of parks and street equipment. The loans carry an interest rate of 2.49% and mature in 2027.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

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

F. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2022 follows:

Governmental Activities:

Years	General Obligation Bond Payable		OWDA Loan	
	Principal	Interest	Principal	Interest
	2023	\$600,000	\$272,575	\$20,898
2024	610,000	255,606	21,583	5,245
2025	220,000	236,787	22,290	4,592
2026	230,000	229,363	23,021	3,918
2027	235,000	221,600	23,775	3,222
2028-2032	1,325,000	964,387	89,516	5,458
2033-2037	1,615,000	677,800	0	0
2038-2042	1,955,000	329,000	0	0
2043	440,000	17,600	0	0
Totals	<u>\$7,230,000</u>	<u>\$3,204,718</u>	<u>\$201,083</u>	<u>\$28,312</u>

Years	State Infrastructure Bank Loan		Installment Loan	
	Principal	Interest	Principal	Interest
	2023	\$26,728	\$4,991	\$437,880
2024	27,536	4,183	276,778	19,231
2025	28,368	3,351	190,016	11,847
2026	29,226	2,493	194,778	7,085
2027	59,348	1,610	138,201	2,585
2028-2029	1,781	698	0	0
	<u>\$172,987</u>	<u>\$17,326</u>	<u>\$1,237,652</u>	<u>\$80,809</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

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

F. Future Long-Term Financing Requirements (Continued)

Business-Type Activities:

Years	OWDA Loans		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
	2023	\$2,530,393	\$546,965	\$2,600,000
2024	1,840,336	481,921	2,750,000	15,192,675
2025	1,900,912	426,335	6,680,000	15,070,575
2026	1,963,482	368,918	10,785,000	14,647,700
2027	2,028,113	309,611	11,075,000	14,115,225
2028-2032	8,811,130	605,458	58,525,000	62,195,650
2033-2037	0	0	55,585,000	48,006,975
2038-2042	0	0	61,475,000	33,587,500
2043-2047	0	0	69,570,000	17,326,125
2048-2050	0	0	30,330,000	1,907,625
Totals	<u>\$19,074,366</u>	<u>\$2,739,208</u>	<u>\$309,375,000</u>	<u>\$237,357,613</u>

Years	OPWC Loans		Installment Loans	
	Principal	Interest	Principal	Interest
2023	\$34,622	\$0	\$40,428	\$9,017
2024	34,622	0	42,090	7,355
2025	34,622	0	43,819	5,626
2026	34,622	0	45,619	3,826
2027	34,622	0	47,494	1,951
2028-2032	69,247	0	0	0
Totals	<u>\$242,357</u>	<u>\$0</u>	<u>\$219,450</u>	<u>\$27,775</u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

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

G. Defeased Debt

In June 2012, the City defeased \$5,915,000 of Water Revenue Bonds dated September, 2004 (the "2004 Bonds") through the issuance of \$5,795,000 of Water Revenue Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$3,290,000 at December 31, 2022, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In June 2012, the City defeased \$3,665,000 of Wastewater Revenue Bonds dated September, 2004 (the "2004 Bonds") through the issuance of \$3,680,000 of Wastewater Revenue Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$2,040,000 at December 31, 2022, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In June 2016, the City defeased \$15,885,000 of Wastewater Revenue Bonds dated September, 2008 (the "2008 Bonds") through the issuance of \$15,395,000 of Wastewater Revenue Bonds. The net proceeds of the 2016 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$12,060,000 at December 31, 2022, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 15 - DERIVATIVE INSTRUMENTS

A. Composition of Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2022, classified by type, are as follows:

	Notional Amount		Fair Value	Counterparty Credit Rating
Positive Cash Flow Hedge:				
Pay-variable, receive fixed commodity swap	54,816,205	mmbtu	\$ 65,982,379	A-

All fair values are classified as derivative instruments on the Statement of Net Position. The decrease in fair values of these derivatives instruments was \$29,606,023 for 2022. As these commodity swaps are considered hedging derivatives instruments, the change in fair value is reflected within deferred inflows on the Statement of Net Position. The fair values of the commodity swaps are based on forward prices from established indexes for the applicable region and discounted using established interest rate indexes. The fair value of the derivatives is calculated based on current market rates (Level 2 inputs).

B. Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the Port Authority hedging derivative instruments outstanding at December 31, 2022:

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 15 - DERIVATIVE INSTRUMENTS (Continued)

C. Commodity Swap Risks

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

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 16 - INSURANCE AND RISK MANAGEMENT

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

Insurance for property holds a \$10,000 disappearing deductible, general liability holds a \$1,000 deductible. The City carries a \$25,000 deductible for both police and professional liability insurance. The City also has an umbrella policy with Selective Insurance Company for claims in excess of \$1,000,000. The City has a Cyber Liability Insurance through Travelers in the amount of \$1,000,000 with a \$25,000 deductible.

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

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

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

On July 1, 2020, the City became independently self-funded for health, dental, and prescription drug benefits. The City contracts with United Health Care for medical and prescription claims servicing and Delta Dental for dental claims servicing. The City has stop loss coverage through United Health Care for medical claims exceeding \$150,000 per covered member per year. The City has no stop loss coverage for dental claims. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Health Insurance Management Fund (internal service fund) are available to pay claims.

The City offers a vision plan that is fully insured through VSP. Employees pay 100% of the premium cost for vision coverage.

The claims liability of \$300,562 reported at December 31, 2022 is based on an estimate provided by an actuary for medical and dental claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two years, including medical, surgical, prescription drug, and dental are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2021	\$361,245	\$6,809,603	(\$6,615,371)	\$555,477
2022	\$555,477	\$7,161,955	(\$7,416,870)	\$300,562

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2022**

NOTE 17 - SIGNIFICANT COMMITMENTS

As of December 31, 2022, the City had the following commitments with respect to capital improvements:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>
Water Pollution –Lawrence Street WPCF	\$6,031,357
Water Pollution – Lateral D Trunk Sewer WPCF	240,911
Water Pollution – Upper Hocking WPCF	33,352,193
Water – South Water Plant	3,992,733
Water – North Water Plant	95,033,255

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the significant cash basis commitments for encumbrances were \$2,161,594 in the Gas Fund.

NOTE 18 - SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

The City has accrued a liability for landfill closure and postclosure care costs in the Sanitation Fund of \$719,623. These costs are funded by a sanitation rate increase that became effective April 1, 1997. The rate will remain in effect for twenty-five years to cover annual postclosure care costs. The remaining five years of postclosure care costs will be funded by \$566,506 which has been placed in a restricted account. The estimated costs of postclosure care are subject to changes corresponding to the effects of inflation, revision of laws and other variables.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

F. Community Corrections Board (the “Board”)

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

H. Mid-Ohio Regional Planning Commission (MORPC)

The City is a participant in the Mid-Ohio Regional Planning Commission (MORPC), a jointly governed organization. MORPC is composed of 74 representatives appointed by member governments who make up the Commission, the policy-making body of MORPC, and the oversight board. MORPC is a voluntary association of local governments in central and south central Ohio and a regional planning agency whose membership includes over 60 political subdivisions in and around Franklin, Ross, Fayette, Delaware, Knox, Marion, Morrow, Union, Pickaway, Madison, Licking, Hocking, Logan, Perry, and Fairfield counties, Ohio. The purpose of the organization is to improve the quality of life for member communities by improving housing conditions, to promote and support livability/sustainability measures as a means of addressing regional growth challenges, and to administer and facilitate the availability of regional environmental infrastructure program funding to the full advantage of MORPC's members.

NOTE 20 - CONTINGENCIES

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

For the period January 1, 2022 to December 31, 2022, the City received federal and state grants for specific purposes that are subject to reviews and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 21 – ASSET RETIREMENT OBLIGATION

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage treatment system to the Ohio EPA for approval. Through this permitting process, the City would be responsible to address any public safety issues associated with their sewage treatment facilities and the permit would specify the procedures required to dispose of all or part of the sewage treatment plant. At this time, the City has not applied for, nor does it have, an approved permit from Ohio EPA to dispose of all or part of its sewage treatment plant. Due to the lack of specific legal requirements for retiring the sewage treatment plant, the City has determined that the amount of the Asset Retirement Obligation (ARO) associated with this capital asset cannot be reasonably estimated at this time.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2022***

NOTE 22 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

A. Major Suppliers

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

B. Current Economic Conditions

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

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

NOTE 23- SUBSEQUENT EVENTS

In February, 2023, the City issued \$975,000 of 1 year renewal general obligation notes payable for water improvements. The notes carry an interest rate of 4.70%.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LANCASTER, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2014 is not available.

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

See accompanying notes to the Required Supplementary Information

CITY OF LANCASTER, OHIO

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
0.102972%	0.105408%	0.106715%	0.106490%	0.111471%	0.111141%
\$23,383,190	\$16,536,473	\$29,227,075	\$21,048,471	\$16,578,243	\$9,724,438
\$13,311,258	\$13,922,223	\$14,414,043	\$14,982,743	\$15,775,121	\$16,221,293
175.66%	118.78%	202.77%	140.48%	105.09%	59.95%
77.25%	84.66%	74.70%	82.17%	86.88%	92.62%
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
0.449586%	0.456191%	0.457354%	0.446472%	0.432831%	0.433504%
\$28,476,326	\$27,998,502	\$37,332,171	\$30,076,732	\$29,506,498	\$27,082,829
\$9,604,901	\$9,816,433	\$10,225,157	\$10,572,263	\$10,530,103	\$10,932,624
296.48%	285.22%	365.10%	284.49%	280.21%	247.72%
68.36%	70.91%	63.07%	69.89%	70.65%	75.03%

CITY OF LANCASTER, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$1,642,320	\$1,577,336	\$1,594,047	\$1,597,351
Contributions in relation to the contractually required contribution	<u>1,642,320</u>	<u>1,577,336</u>	<u>1,594,047</u>	<u>1,597,351</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$12,633,231	\$13,144,467	\$13,283,725	\$13,311,258
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$1,521,402	\$1,942,722	\$1,995,215	\$2,045,844
Contributions in relation to the contractually required contribution	<u>1,521,402</u>	<u>1,942,722</u>	<u>1,995,215</u>	<u>2,045,844</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$8,245,423	\$9,092,747	\$9,346,715	\$9,604,901
Contributions as a percentage of covered payroll	18.45%	21.37%	21.35%	21.30%

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

Notes: The City implemented GASB Statement 68 in 2015.

See accompanying notes to the Required Supplementary Information

CITY OF LANCASTER, OHIO

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$1,809,889	\$2,017,966	\$2,097,584	\$2,208,517	\$2,270,981	\$2,394,857
<u>1,809,889</u>	<u>2,017,966</u>	<u>2,097,584</u>	<u>2,208,517</u>	<u>2,270,981</u>	<u>2,394,857</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$13,922,223	\$14,414,043	\$14,982,743	\$15,775,121	\$16,221,293	\$17,106,121
13.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$2,085,992	\$2,178,981	\$2,256,121	\$2,248,177	\$2,340,240	\$2,498,331
<u>2,085,992</u>	<u>2,178,981</u>	<u>2,256,121</u>	<u>2,248,177</u>	<u>2,340,240</u>	<u>2,498,331</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,816,433	\$10,225,157	\$10,572,263	\$10,530,103	\$10,932,624	\$11,659,953
21.25%	21.31%	21.34%	21.35%	21.41%	21.43%

CITY OF LANCASTER, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2017 is not available.

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

See accompanying notes to the Required Supplementary Information

CITY OF LANCASTER, OHIO

<u>2020</u>	<u>2021</u>	<u>2022</u>
0.105793%	0.110626%	0.110471%
\$14,612,762	(\$1,978,928)	(\$3,478,447)
\$14,982,743	\$15,775,121	\$16,221,293
97.53%	(12.54%)	(21.44%)
47.80%	115.57%	128.23%

<u>2020</u>	<u>2021</u>	<u>2022</u>
0.446472%	0.432831%	0.433504%
\$4,410,129	\$4,585,919	\$4,751,578
\$10,572,263	\$10,530,103	\$10,932,624
41.71%	43.55%	43.46%
47.08%	45.42%	46.86%

CITY OF LANCASTER, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$126,332	\$262,889	\$265,675	\$266,225
Contributions in relation to the contractually required contribution	<u>126,332</u>	<u>262,889</u>	<u>265,675</u>	<u>266,225</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$12,633,231	\$13,144,467	\$13,283,725	\$13,311,258
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%	2.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$279,733	\$45,464	\$46,734	\$48,025
Contributions in relation to the contractually required contribution	<u>279,733</u>	<u>45,464</u>	<u>46,734</u>	<u>48,025</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$8,245,423	\$9,092,747	\$9,346,715	\$9,604,901
Contributions as a percentage of covered payroll	3.39%	0.50%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

See accompanying notes to the Required Supplementary Information

CITY OF LANCASTER, OHIO

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$139,222	\$0	\$0	\$0	\$0	\$0
<u>139,222</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$13,922,223	\$14,414,043	\$14,982,743	\$15,775,121	\$16,221,293	\$17,106,121
1.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$49,080	\$51,119	\$52,864	\$52,648	\$54,662	\$58,299
<u>49,080</u>	<u>51,119</u>	<u>52,864</u>	<u>52,648</u>	<u>54,662</u>	<u>58,299</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,816,433	\$10,225,157	\$10,572,263	\$10,530,103	\$10,932,624	\$11,659,953
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2022***

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2022.

Changes in assumptions:

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

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

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

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

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

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

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2022***

NET PENSION LIABILITY (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2022.

Changes in assumptions:

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

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

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

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

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***Notes to the Required Supplementary Information
For the Year Ended December 31, 2022***

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2021.

2022: Group plans for non-Medicare retirees and re-employed retirees replaced with individual medical plans. OPERS will provide a subsidy or allowance via an HRA.

Changes in assumptions:

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

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

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2022***

NET OPEB LIABILITY (ASSET) (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

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

2020 - 2022: There were no changes in benefit terms.

Changes in assumptions:

2018: The single discount rate changed from 3.79% to 3.24%.

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

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

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.56% to 2.96%.
- The payroll growth rate changed from 2.75% to 3.25%.

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.96% to 2.84%.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Cemetery Fund

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

Street Construction, Maintenance and Repair Fund

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

Street Levy Fund

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

Parks and Recreation Fund

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

Special Improvement District Fund

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

Lancaster Public Transit Program Fund

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

911 Tariff Fund

To account for monies to enhance 911 wireless services.

Edward Byrne Grant Fund

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

Law Director Victim Assistance Fund

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

Lancaster Community Development Fund

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

(Continued)

Special Revenue Funds (Continued)

Law Enforcement Block Grant Fund

To account for Federal grants administered through the State designated for law enforcement

Police and Fire Pension Fund

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

Fairfield County Court Surveillance Fund

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

Indigent Drivers Alcohol Treatment Fund

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

Law Enforcement and Education Fund

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

Municipal Court Judicial Computer Fund

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

Municipal Court Probation Fund

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

Municipal Court Computerization Fund

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

Municipal Court Special Projects Fund

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

Municipal Court Family Violence Fund

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

Municipal Drug Court Fund

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

(Continued)

Special Revenue Funds (Continued)

Ohio Peace Officers Training Fund

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

DARE Officer Retention Grant Fund

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

Safe Routes to School Fund

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

.15 Fire Levy Fund

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

DOJ Equitable Sharing Grant Fund

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

Local Fiscal Recovery Fund

This fund is used to account for Coronavirus State and Local Fiscal Recovery funds received as part of the American Rescue Plan Act. The funds are to be used to support the response and recovery from the COVID-19 public health emergency

Community Development Block Grant (CDBG) Fund

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

State Highway Fund

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

Drug Enforcement Fund

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

Cemetery Interment Fund

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

Cemetery Perpetual Care Fund

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

Debt Service Funds

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

General Bond Retirement Fund

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

Special Assessment Debt Retirement Fund

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

Capital Projects Fund

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

LDOT (Lancaster Department of Transportation) Improvement Fund

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

Parks Improvement Fund

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

Capital Improvement Fund

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

Fire Impact - District One Fund

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

Ety Road TIF Project Fund

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

Columbian Construction Fund

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

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Pooled Cash and Investments	\$ 9,231,953	\$ 1,966	\$ 2,886,709	\$ 12,120,628
Investments	1,035,539	0	0	1,035,539
Receivables				
Taxes	3,823,855	0	324,404	4,148,259
Accounts	27,128	0	0	27,128
Intergovernmental	3,147,660	0	0	3,147,660
Interest	2,050	0	0	2,050
Loans	1,342,837	0	0	1,342,837
Leases	0	0	108,096	108,096
Due from Other Funds	704,545	0	136,363	840,908
Inventory of Supplies	448,629	0	0	448,629
Prepaid Items	284,834	0	220,087	504,921
Total Assets	\$ 20,049,030	\$ 1,966	\$ 3,675,659	\$ 23,726,655
Liabilities:				
Accounts Payable	\$ 469,111	\$ 0	\$ 17,400	\$ 486,511
Accrued Wages and Benefits Payable	323,673	0	0	323,673
Due to Others	66,088	0	0	66,088
Unearned Revenue	823,293	0	0	823,293
Accrued Interest Payable	0	0	1,332	1,332
General Obligation Notes Payable	0	0	1,890,884	1,890,884
Advances from Other Funds	0	0	124,800	124,800
Total Liabilities	1,682,165	0	2,034,416	3,716,581
Deferred Inflows of Resources:				
Property Taxes	2,571,000	0	208,733	2,779,733
Leases	0	0	108,096	108,096
Unavailable Revenue	3,188,054	0	67,372	3,255,426
Total Deferred Inflows of Resources	5,759,054	0	384,201	6,143,255
Fund Balances:				
Nonspendable	733,463	0	220,087	953,550
Restricted	10,007,409	1,966	308,129	10,317,504
Committed	1,866,939	0	2,527,247	4,394,186
Assigned	0	0	200,000	200,000
Unassigned	0	0	(1,998,421)	(1,998,421)
Total Fund Balances	12,607,811	1,966	1,257,042	13,866,819
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 20,049,030	\$ 1,966	\$ 3,675,659	\$ 23,726,655

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2022**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 7,071,457	\$ 118,594	\$ 1,028,422	\$ 8,218,473
Intergovernmental Revenues	7,166,398	0	802,187	7,968,585
Charges for Services	2,010,178	0	135,664	2,145,842
Licenses, Permits and Fees	34,183	0	0	34,183
Investment Earnings	(12,186)	941	0	(11,245)
Special Assessments	75,670	10	0	75,680
Fines and Forfeitures	1,566,765	0	0	1,566,765
All Other Revenue	452,009	0	43,847	495,856
Total Revenue	18,364,474	119,545	2,010,120	20,494,139
Expenditures:				
Current:				
Security of Persons and Property	2,192,770	0	11,387	2,204,157
Public Health and Welfare Services	808,519	0	0	808,519
Leisure Time Activities	3,038,641	0	0	3,038,641
Community Environment	1,046,352	0	0	1,046,352
Transportation	9,199,264	0	0	9,199,264
General Government	1,923,718	2	2,909	1,926,629
Capital Outlay	0	0	1,329,874	1,329,874
Debt Service:				
Principal Retirement	282,347	690,000	170,703	1,143,050
Interest and Fiscal Charges	27,440	291,260	58,239	376,939
Total Expenditures	18,519,051	981,262	1,573,112	21,073,425
Excess (Deficiency) of Revenues Over Expenditures	(154,577)	(861,717)	437,008	(579,286)
Other Financing Sources (Uses):				
Installment Loan	650,000	0	0	650,000
Transfers In	1,508,300	862,666	384,500	2,755,466
Transfers Out	(1,229,038)	0	0	(1,229,038)
Total Other Financing Sources (Uses)	929,262	862,666	384,500	2,176,428
Net Change in Fund Balances	774,685	949	821,508	1,597,142
Fund Balances at Beginning of Year	11,718,931	1,017	435,534	12,155,482
Increase in Inventory Reserve	114,195	0	0	114,195
Fund Balances End of Year	\$ 12,607,811	\$ 1,966	\$ 1,257,042	\$ 13,866,819

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2022**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Street Levy Fund	Parks and Recreation Fund
Assets:				
Pooled Cash and Investments	\$ 575,655	\$ 1,137,922	\$ 211,588	\$ 1,475,037
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	38,557	0	2,107,071	578,357
Accounts	2,787	8,885	63	5,970
Intergovernmental	0	1,374,474	110,499	0
Interest	1,210	0	0	0
Loans	0	0	0	0
Due from Other Funds	22,727	0	0	340,909
Inventory of Supplies	0	425,631	0	8,676
Prepaid Items	1,113	34,766	0	7,475
Total Assets	\$ 642,049	\$ 2,981,678	\$ 2,429,221	\$ 2,416,424
Liabilities:				
Accounts Payable	\$ 93,321	\$ 148,860	\$ 1,078	\$ 75,807
Accrued Wages and Benefits Payable	14,784	87,843	0	54,575
Due to Others	0	0	0	66,088
Unearned Revenue	0	0	0	0
Total Liabilities	108,105	236,703	1,078	196,470
Deferred Inflows of Resources:				
Property Taxes	0	0	2,062,000	0
Unavailable Revenue	22,457	916,316	155,570	336,864
Total Deferred Inflows of Resources	22,457	916,316	2,217,570	336,864
Fund Balances:				
Nonspendable	1,113	460,397	0	16,151
Restricted	510,374	1,368,262	210,573	0
Committed	0	0	0	1,866,939
Total Fund Balances	511,487	1,828,659	210,573	1,883,090
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 642,049	\$ 2,981,678	\$ 2,429,221	\$ 2,416,424

CITY OF LANCASTER, OHIO

Lancaster Public Transit Program Fund	911 Tariff Fund	Edward Byrne Grant Fund	Law Director Victim Assistance Fund	Lancaster Community Development Fund	Law Enforcement Block Grant Fund	Police and Fire Pension Fund
\$ 489,316 0	\$ 160,555 0	\$ 428 0	\$ 76,212 0	\$ 128,882 0	\$ 7,700 0	\$ 26,161 0
0	0	0	0	0	0	521,513
7,945	0	0	0	0	0	0
255,059	0	0	2,809	22,386	0	26,816
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
14,322	0	0	0	0	0	0
66,480	175,000	0	0	0	0	0
<u>\$ 833,122</u>	<u>\$ 335,555</u>	<u>\$ 428</u>	<u>\$ 79,021</u>	<u>\$ 151,268</u>	<u>\$ 7,700</u>	<u>\$ 574,490</u>
\$ 57,380	\$ 7,825	\$ 0	\$ 67	\$ 630	\$ 7,700	\$ 0
65,234	0	0	3,944	14,398	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>122,614</u>	<u>7,825</u>	<u>0</u>	<u>4,011</u>	<u>15,028</u>	<u>7,700</u>	<u>0</u>
0	0	0	0	0	0	509,000
255,059	0	0	0	0	0	39,329
<u>255,059</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>548,329</u>
80,802	175,000	0	0	0	0	0
374,647	152,730	428	75,010	136,240	0	26,161
0	0	0	0	0	0	0
<u>455,449</u>	<u>327,730</u>	<u>428</u>	<u>75,010</u>	<u>136,240</u>	<u>0</u>	<u>26,161</u>
<u>\$ 833,122</u>	<u>\$ 335,555</u>	<u>\$ 428</u>	<u>\$ 79,021</u>	<u>\$ 151,268</u>	<u>\$ 7,700</u>	<u>\$ 574,490</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2022**

	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund	Law Enforcement and Education Fund	Municipal Court Judicial Computer Fund
Assets:				
Pooled Cash and Investments	\$ 28,164	\$ 163,429	\$ 99,342	\$ 61,734
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	0	0	259
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Loans	0	0	0	0
Due from Other Funds	0	0	0	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 28,164	\$ 163,429	\$ 99,342	\$ 61,993
Liabilities:				
Accounts Payable	\$ 0	\$ 13,421	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Due to Others	0	0	0	0
Unearned Revenue	0	0	0	0
Total Liabilities	0	13,421	0	0
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	28,164	150,008	99,342	61,993
Committed	0	0	0	0
Total Fund Balances	28,164	150,008	99,342	61,993
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,164	\$ 163,429	\$ 99,342	\$ 61,993

CITY OF LANCASTER, OHIO

<u>Municipal Court Probation Fund</u>	<u>Municipal Court Computerization Fund</u>	<u>Municipal Court Special Projects Fund</u>	<u>Municipal Court Family Violence Fund</u>	<u>Municipal Drug Court Fund</u>	<u>Ohio Peace Officers Training Fund</u>
\$ 996,503	\$ 200,598	\$ 477,109	\$ 20,914	\$ 133,171	\$ 40,833
0	0	0	0	0	0
0	0	0	0	0	0
377	202	0	0	375	0
81,570	0	0	0	55,433	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 1,078,450</u>	<u>\$ 200,800</u>	<u>\$ 477,109</u>	<u>\$ 20,914</u>	<u>\$ 188,979</u>	<u>\$ 40,833</u>
\$ 463	\$ 4,045	\$ 19,334	\$ 0	\$ 5,303	\$ 0
25,130	4,269	0	0	6,003	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>25,593</u>	<u>8,314</u>	<u>19,334</u>	<u>0</u>	<u>11,306</u>	<u>0</u>
0	0	0	0	0	0
27,190	0	0	0	0	0
<u>27,190</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
1,025,667	192,486	457,775	20,914	177,673	40,833
0	0	0	0	0	0
<u>1,025,667</u>	<u>192,486</u>	<u>457,775</u>	<u>20,914</u>	<u>177,673</u>	<u>40,833</u>
<u>\$ 1,078,450</u>	<u>\$ 200,800</u>	<u>\$ 477,109</u>	<u>\$ 20,914</u>	<u>\$ 188,979</u>	<u>\$ 40,833</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2022**

	DARE Officer Retention Grant Fund	Safe Routes to School Fund	.15 Fire Levy Fund	DOJ Equitable Sharing Grant Fund
Assets:				
Pooled Cash and Investments	\$ 46,091	\$ 2,780	\$ 1,160,285	\$ 280,466
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	578,357	0
Accounts	0	0	265	0
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Loans	0	0	0	0
Due from Other Funds	0	0	340,909	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 46,091	\$ 2,780	\$ 2,079,816	\$ 280,466
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 3,749	\$ 0
Accrued Wages and Benefits Payable	0	0	47,493	0
Due to Others	0	0	0	0
Unearned Revenue	0	0	0	0
Total Liabilities	0	0	51,242	0
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	336,864	0
Total Deferred Inflows of Resources	0	0	336,864	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	46,091	2,780	1,691,710	280,466
Committed	0	0	0	0
Total Fund Balances	46,091	2,780	1,691,710	280,466
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 46,091	\$ 2,780	\$ 2,079,816	\$ 280,466

CITY OF LANCASTER, OHIO

Local Fiscal Recovery Fund	CDBG Fund	State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Cemetery Perpetual Care Fund	Total Nonmajor Special Revenue Funds
\$ 823,293	\$ 225,304	\$ 22,013	\$ 17,993	\$ 6,989	\$ 135,486	\$ 9,231,953
0	0	0	0	260,810	774,729	1,035,539
0	0	0	0	0	0	3,823,855
0	0	0	0	0	0	27,128
0	1,141,823	76,791	0	0	0	3,147,660
0	0	840	0	0	0	2,050
0	1,342,837	0	0	0	0	1,342,837
0	0	0	0	0	0	704,545
0	0	0	0	0	0	448,629
0	0	0	0	0	0	284,834
<u>\$ 823,293</u>	<u>\$ 2,709,964</u>	<u>\$ 99,644</u>	<u>\$ 17,993</u>	<u>\$ 267,799</u>	<u>\$ 910,215</u>	<u>\$ 20,049,030</u>
\$ 0	\$ 30,128	\$ 0	\$ 0	\$ 0	\$ 0	\$ 469,111
0	0	0	0	0	0	323,673
0	0	0	0	0	0	66,088
823,293	0	0	0	0	0	823,293
<u>823,293</u>	<u>30,128</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,682,165</u>
0	0	0	0	0	0	2,571,000
0	1,047,211	51,194	0	0	0	3,188,054
<u>0</u>	<u>1,047,211</u>	<u>51,194</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,759,054</u>
0	0	0	0	0	0	733,463
0	1,632,625	48,450	17,993	267,799	910,215	10,007,409
0	0	0	0	0	0	1,866,939
<u>0</u>	<u>1,632,625</u>	<u>48,450</u>	<u>17,993</u>	<u>267,799</u>	<u>910,215</u>	<u>12,607,811</u>
<u>\$ 823,293</u>	<u>\$ 2,709,964</u>	<u>\$ 99,644</u>	<u>\$ 17,993</u>	<u>\$ 267,799</u>	<u>\$ 910,215</u>	<u>\$ 20,049,030</u>

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Street Levy Fund	Parks and Recreation Fund
Revenues:				
Taxes	\$ 145,934	\$ 0	\$ 2,076,047	\$ 2,189,010
Intergovernmental Revenues	0	2,884,789	771,826	90,000
Charges for Services	211,309	769,209	0	619,465
Licenses, Permits and Fees	0	0	0	34,183
Investment Earnings	9,703	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	20,684	113,811	120,587	52,827
Total Revenue	387,630	3,767,809	2,968,460	2,985,485
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	781,163	0	0	0
Leisure Time Activities	0	0	0	3,038,641
Community Environment	0	0	0	0
Transportation	0	4,119,948	3,058,236	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	13,432	209,027	0	43,114
Interest and Fiscal Charges	1,505	21,867	0	686
Total Expenditures	796,100	4,350,842	3,058,236	3,082,441
Excess (Deficiency) of Revenues Over Expenditures	(408,470)	(583,033)	(89,776)	(96,956)
Other Financing Sources (Uses):				
Installment Loan	0	325,000	0	325,000
Transfers In	420,000	420,000	0	78,000
Transfers Out	0	(140,000)	0	0
Total Other Financing Sources (Uses)	420,000	605,000	0	403,000
Net Change in Fund Balances	11,530	21,967	(89,776)	306,044
Fund Balances (Deficit) at Beginning of Year	499,957	1,697,066	300,349	1,575,848
Increase (Decrease) in Inventory Reserve	0	109,626	0	1,198
Fund Balances End of Year	\$ 511,487	\$ 1,828,659	\$ 210,573	\$ 1,883,090

CITY OF LANCASTER, OHIO

Special Improvement District Fund	Lancaster Public Transit Program Fund	911 Tariff Fund	Edward Byrne Grant Fund	Law Director Victim Assistance Fund	Lancaster Community Development Fund	Law Enforcement Block Grant Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	1,297,161	95,417	0	62,239	345,640	23,266
0	287,856	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
75,670	0	0	0	0	0	0
0	0	0	0	0	0	0
0	68,179	0	0	5	1,160	0
<u>75,670</u>	<u>1,653,196</u>	<u>95,417</u>	<u>0</u>	<u>62,244</u>	<u>346,800</u>	<u>23,266</u>
0	0	73,852	0	0	0	23,266
0	0	0	0	0	0	0
0	0	0	0	0	0	0
75,670	0	0	0	0	312,128	0
0	2,021,080	0	0	0	0	0
0	0	0	0	79,329	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>75,670</u>	<u>2,021,080</u>	<u>73,852</u>	<u>0</u>	<u>79,329</u>	<u>312,128</u>	<u>23,266</u>
0	(367,884)	21,565	0	(17,085)	34,672	0
0	0	0	0	0	0	0
0	73,000	0	0	47,300	90,000	0
0	0	0	0	0	0	0
<u>0</u>	<u>73,000</u>	<u>0</u>	<u>0</u>	<u>47,300</u>	<u>90,000</u>	<u>0</u>
0	(294,884)	21,565	0	30,215	124,672	0
0	746,852	306,165	428	44,795	11,678	0
0	3,481	0	0	0	(110)	0
<u>\$ 0</u>	<u>\$ 455,449</u>	<u>\$ 327,730</u>	<u>\$ 428</u>	<u>\$ 75,010</u>	<u>\$ 136,240</u>	<u>\$ 0</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022**

	Police and Fire Pension Fund	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund	Law Enforcement and Education Fund
Revenues:				
Taxes	\$ 471,456	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	53,674	0	0	0
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	0	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	37,364	1,681
All Other Revenue	0	0	0	0
Total Revenue	525,130	0	37,364	1,681
Expenditures:				
Current:				
Security of Persons and Property	531,516	0	29,405	0
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	531,516	0	29,405	0
Excess (Deficiency) of Revenues Over Expenditures	(6,386)	0	7,959	1,681
Other Financing Sources (Uses):				
Installment Loan	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	(130,000)	0
Total Other Financing Sources (Uses)	0	0	(130,000)	0
Net Change in Fund Balances	(6,386)	0	(122,041)	1,681
Fund Balances (Deficit) at Beginning of Year	32,547	28,164	272,049	97,661
Increase (Decrease) in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 26,161	\$ 28,164	\$ 150,008	\$ 99,342

CITY OF LANCASTER, OHIO

Municipal Court Judicial Computer Fund	Municipal Court Probation Fund	Municipal Court Computerization Fund	Municipal Court Special Projects Fund	Municipal Court Family Violence Fund	Municipal Drug Court Fund	Ohio Peace Officers Training Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	305,760	0	0	0	257,910	0
0	65,922	0	0	426	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
40,730	355,494	159,254	716,157	0	0	0
271	34,186	820	32,219	0	3,531	0
<u>41,001</u>	<u>761,362</u>	<u>160,074</u>	<u>748,376</u>	<u>426</u>	<u>261,441</u>	<u>0</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
46,573	746,113	147,118	323,847	0	404,031	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>46,573</u>	<u>746,113</u>	<u>147,118</u>	<u>323,847</u>	<u>0</u>	<u>404,031</u>	<u>0</u>
(5,572)	15,249	12,956	424,529	426	(142,590)	0
0	0	0	0	0	0	0
0	150,000	0	100,000	0	130,000	0
0	0	0	(639,038)	0	0	0
<u>0</u>	<u>150,000</u>	<u>0</u>	<u>(539,038)</u>	<u>0</u>	<u>130,000</u>	<u>0</u>
(5,572)	165,249	12,956	(114,509)	426	(12,590)	0
67,565	860,418	179,530	572,284	20,488	190,263	40,833
0	0	0	0	0	0	0
<u>\$ 61,993</u>	<u>\$ 1,025,667</u>	<u>\$ 192,486</u>	<u>\$ 457,775</u>	<u>\$ 20,914</u>	<u>\$ 177,673</u>	<u>\$ 40,833</u>

(Continued)

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022**

	DARE Officer Retention Grant Fund	Safe Routes to School Fund	.15 Fire Levy Fund	DOJ Equitable Sharing Grant Fund
Revenues:				
Taxes	\$ 0	\$ 0	\$ 2,189,010	\$ 0
Intergovernmental Revenues	12,089	0	0	0
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	0	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	256,085
All Other Revenue	0	0	3,411	0
Total Revenue	12,089	0	2,192,421	256,085
Expenditures:				
Current:				
Security of Persons and Property	0	0	1,491,457	42,963
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	16,774	0
Interest and Fiscal Charges	0	0	3,382	0
Total Expenditures	0	0	1,511,613	42,963
Excess (Deficiency) of Revenues Over Expenditures	12,089	0	680,808	213,122
Other Financing Sources (Uses):				
Installment Loan	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	12,089	0	680,808	213,122
Fund Balances (Deficit) at Beginning of Year	34,002	2,780	1,010,902	67,344
Increase (Decrease) in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 46,091	\$ 2,780	\$ 1,691,710	\$ 280,466

CITY OF LANCASTER, OHIO

Local Fiscal Recovery Fund	CDBG Fund	State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Cemetery Perpetual Care Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,071,457
176,707	647,396	142,524	0	0	0	7,166,398
0	0	0	0	28,505	27,486	2,010,178
0	0	0	0	0	0	34,183
0	2,802	17,320	0	0	(42,011)	(12,186)
0	0	0	0	0	0	75,670
0	0	0	0	0	0	1,566,765
0	318	0	0	0	0	452,009
<u>176,707</u>	<u>650,516</u>	<u>159,844</u>	<u>0</u>	<u>28,505</u>	<u>(14,525)</u>	<u>18,364,474</u>
0	0	0	311	0	0	2,192,770
0	0	0	0	27,356	0	808,519
0	0	0	0	0	0	3,038,641
0	658,554	0	0	0	0	1,046,352
0	0	0	0	0	0	9,199,264
176,707	0	0	0	0	0	1,923,718
0	0	0	0	0	0	282,347
0	0	0	0	0	0	27,440
<u>176,707</u>	<u>658,554</u>	<u>0</u>	<u>311</u>	<u>27,356</u>	<u>0</u>	<u>18,519,051</u>
0	(8,038)	159,844	(311)	1,149	(14,525)	(154,577)
0	0	0	0	0	0	650,000
0	0	0	0	0	0	1,508,300
0	0	(170,000)	0	0	(150,000)	(1,229,038)
<u>0</u>	<u>0</u>	<u>(170,000)</u>	<u>0</u>	<u>0</u>	<u>(150,000)</u>	<u>929,262</u>
0	(8,038)	(10,156)	(311)	1,149	(164,525)	774,685
0	1,640,663	58,606	18,304	266,650	1,074,740	11,718,931
0	0	0	0	0	0	114,195
<u>\$ 0</u>	<u>\$ 1,632,625</u>	<u>\$ 48,450</u>	<u>\$ 17,993</u>	<u>\$ 267,799</u>	<u>\$ 910,215</u>	<u>\$ 12,607,811</u>

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2022**

	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
Assets:			
Cash and Cash Equivalents	\$ 941	\$ 1,025	\$ 1,966
Total Assets	<u>\$ 941</u>	<u>\$ 1,025</u>	<u>\$ 1,966</u>
Liabilities:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:			
Restricted	941	1,025	1,966
Total Fund Balances	<u>941</u>	<u>1,025</u>	<u>1,966</u>
Total Liabilities and Fund Balances	<u>\$ 941</u>	<u>\$ 1,025</u>	<u>\$ 1,966</u>

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2022**

	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$ 118,594	\$ 0	\$ 118,594
Investment Earnings	941	0	941
Special Assessments	0	10	10
Total Revenue	<u>119,535</u>	<u>10</u>	<u>119,545</u>
Expenditures:			
General Government	0	2	2
Debt Service:			
Principal Retirement	690,000	0	690,000
Interest and Fiscal Charges	291,260	0	291,260
Total Expenditures	<u>981,260</u>	<u>2</u>	<u>981,262</u>
Excess (Deficiency) of Revenues Over Expenditures	(861,725)	8	(861,717)
Other Financing Sources (Uses):			
Transfers In	862,666	0	862,666
Total Other Financing Sources (Uses)	<u>862,666</u>	<u>0</u>	<u>862,666</u>
Net Change in Fund Balances	941	8	949
Fund Balances at Beginning of Year	<u>0</u>	<u>1,017</u>	<u>1,017</u>
Fund Balances End of Year	<u>\$ 941</u>	<u>\$ 1,025</u>	<u>\$ 1,966</u>

CITY OF LANCASTER, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2022**

	LDOT Improvement Fund	Parks Improvement Fund	Capital Improvement Fund	Fire Impact - District One Fund
Assets:				
Cash and Cash Equivalents	\$ 508,129	\$ 51,628	\$ 1,648,521	\$ 659,836
Receivables				
Taxes	0	38,557	77,114	0
Leases	0	0	108,096	0
Due from Other Funds	0	22,727	113,636	0
Prepaid Items	0	0	0	220,087
Total Assets	\$ 508,129	\$ 112,912	\$ 1,947,367	\$ 879,923
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 17,400	\$ 0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Advances from Other Funds	0	0	0	0
Total Liabilities	0	0	17,400	0
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Leases	0	0	108,096	0
Unavailable Revenue	0	22,457	44,915	0
Total Deferred Inflows of Resources	0	22,457	153,011	0
Fund Balances:				
Nonspendable	0	0	0	220,087
Restricted	308,129	0	0	0
Committed	0	90,455	1,776,956	659,836
Assigned	200,000	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	508,129	90,455	1,776,956	879,923
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 508,129	\$ 112,912	\$ 1,947,367	\$ 879,923

CITY OF LANCASTER, OHIO

Ety Road TIF Project Fund	Columbian Construction Fund	Total Nonmajor Capital Projects Funds
\$ 18,595	\$ 0	\$ 2,886,709
208,733	0	324,404
0	0	108,096
0	0	136,363
0	0	220,087
<u>\$ 227,328</u>	<u>\$ 0</u>	<u>\$ 3,675,659</u>
\$ 0	\$ 0	\$ 17,400
0	1,332	1,332
1,170,884	720,000	1,890,884
124,800	0	124,800
<u>1,295,684</u>	<u>721,332</u>	<u>2,034,416</u>
208,733	0	208,733
0	0	108,096
0	0	67,372
<u>208,733</u>	<u>0</u>	<u>384,201</u>
0	0	220,087
0	0	308,129
0	0	2,527,247
0	0	200,000
(1,277,089)	(721,332)	(1,998,421)
<u>(1,277,089)</u>	<u>(721,332)</u>	<u>1,257,042</u>
<u>\$ 227,328</u>	<u>\$ 0</u>	<u>\$ 3,675,659</u>

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022**

	LDOT Improvement Fund	Parks Improvement Fund	Capital Improvement Fund	Fire Impact - District One Fund
Revenues:				
Taxes	\$ 0	\$ 145,934	\$ 773,602	\$ 0
Intergovernmental Revenues	802,187	0	0	0
Charges for Services	0	0	67,373	68,291
All Other Revenue	42,880	967	0	0
Total Revenue	845,067	146,901	840,975	68,291
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	11,387
General Government	0	0	0	0
Capital Outlay	875,869	198,527	44,125	211,353
Debt Service:				
Principal Retirement	0	0	0	170,703
Interest and Fiscal Charges	0	0	0	11,229
Total Expenditures	875,869	198,527	44,125	404,672
Excess (Deficiency) of Revenues Over Expenditures	(30,802)	(51,626)	796,850	(336,381)
Other Financing Sources (Uses):				
Transfers In	200,000	0	0	0
Total Other Financing Sources (Uses)	200,000	0	0	0
Net Change in Fund Balances	169,198	(51,626)	796,850	(336,381)
Fund Balances at Beginning of Year	338,931	142,081	980,106	1,216,304
Fund Balances End of Year	\$ 508,129	\$ 90,455	\$ 1,776,956	\$ 879,923

CITY OF LANCASTER, OHIO

Ety Road TIF Project Fund	Columbian Construction Fund	Total Nonmajor Capital Projects Funds
\$ 108,886	\$ 0	\$ 1,028,422
0	0	802,187
0	0	135,664
0	0	43,847
<u>108,886</u>	<u>0</u>	<u>2,010,120</u>
0	0	11,387
2,909	0	2,909
0	0	1,329,874
0	0	170,703
41,289	5,721	58,239
<u>44,198</u>	<u>5,721</u>	<u>1,573,112</u>
64,688	(5,721)	437,008
0	184,500	384,500
0	184,500	384,500
64,688	178,779	821,508
(1,341,777)	(900,111)	435,534
<u>\$ (1,277,089)</u>	<u>\$ (721,332)</u>	<u>\$ 1,257,042</u>

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 14,194,748	\$ 11,708,382	\$ 18,105,338	\$ 6,396,956
Intergovernmental Revenues	1,419,851	1,523,815	1,552,955	29,140
Charges for Services	3,709,822	3,709,822	4,061,952	352,130
License, Permits and Fees	18,450	18,450	23,695	5,245
Investment Earnings	285,444	285,444	323,880	38,436
Special Assessments	0	0	1	1
Fines and Forfeitures	631,800	631,800	650,275	18,475
All Other Revenues	159,600	159,600	229,041	69,441
Total Revenues	<u>20,419,715</u>	<u>18,037,313</u>	<u>24,947,137</u>	<u>6,909,824</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	6,342,580	6,191,553	4,961,950	1,229,603
Operations and Maintenance	684,243	1,012,107	928,891	83,216
Capital Outlay	148,248	146,384	142,681	3,703
Total Police	<u>7,175,071</u>	<u>7,350,044</u>	<u>6,033,522</u>	<u>1,316,522</u>
Fire:				
Personal Services	5,633,713	5,631,514	4,051,452	1,580,062
Operations and Maintenance	5,906	5,906	5,717	189
Capital Outlay	282,000	282,000	0	282,000
Total Fire	<u>5,921,619</u>	<u>5,919,420</u>	<u>4,057,169</u>	<u>1,862,251</u>
Street Lighting:				
Operations and Maintenance	280,905	316,191	303,457	12,734
Total Street Lighting	<u>280,905</u>	<u>316,191</u>	<u>303,457</u>	<u>12,734</u>
Total Security of Persons and Property	<u>13,377,595</u>	<u>13,585,655</u>	<u>10,394,148</u>	<u>3,191,507</u>
Public Health and Welfare Services:				
Health:				
Operations and Maintenance	350,000	350,000	350,000	0
Total Health	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>0</u>
Assistance to Needy:				
Operations and Maintenance	9,000	18,500	17,000	1,500
Total Assistance to Needy	<u>9,000</u>	<u>18,500</u>	<u>17,000</u>	<u>1,500</u>
Total Public Health and Welfare Services	<u>359,000</u>	<u>368,500</u>	<u>367,000</u>	<u>1,500</u>

(Continued)

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Zoning, Planning, Tree Commissions:				
Personal Services	117,988	117,988	110,628	7,360
Operations and Maintenance	109,100	119,232	90,586	28,646
Total Zoning, Planning, Tree Commission	227,088	237,220	201,214	36,006
Economic Development:				
Operations and Maintenance	0	103,964	100,000	3,964
Total Economic Development	0	103,964	100,000	3,964
Total Community Environment	227,088	341,184	301,214	39,970
General Government:				
Council:				
Personal Services	124,968	124,968	123,382	1,586
Operations and Maintenance	5,192	10,192	7,761	2,431
Total Council	130,160	135,160	131,143	4,017
Mayor:				
Personal Services	197,880	204,380	193,029	11,351
Operations and Maintenance	83,851	83,851	78,084	5,767
Total Mayor	281,731	288,231	271,113	17,118
Personnel:				
Personal Services	201,364	184,864	165,429	19,435
Operations and Maintenance	168,226	218,250	153,630	64,620
Capital Outlay	5,000	5,000	0	5,000
Total Personnel	374,590	408,114	319,059	89,055
Auditor:				
Personal Services	527,623	527,623	452,527	75,096
Operations and Maintenance	117,657	117,634	109,964	7,670
Capital Outlay	6,434	6,434	4,255	2,179
Total Auditor	651,714	651,691	566,746	84,945
Treasurer:				
Personal Services	45,579	111,732	50,986	60,746
Operations and Maintenance	13,889	16,189	14,849	1,340
Total Treasurer	59,468	127,921	65,835	62,086

(Continued)

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Law Director:				
Personal Services	919,217	908,867	754,419	154,448
Operations and Maintenance	172,953	183,303	105,495	77,808
Capital Outlay	2,871	2,871	2,500	371
Total Law Director	1,095,041	1,095,041	862,414	232,627
Law Director-Code Enforcement:				
Personal Services	241,571	241,571	161,344	80,227
Operations and Maintenance	107,917	107,916	101,494	6,422
Capital Outlay	1,587	1,587	1,437	150
Total Law Director-Code Enforcement	351,075	351,074	264,275	86,799
Municipal Court:				
Personal Services	1,242,420	1,244,920	1,207,701	37,219
Operations and Maintenance	157,018	157,018	139,801	17,217
Total Municipal Court	1,399,438	1,401,938	1,347,502	54,436
Judicial:				
Personal Services	962,492	962,492	943,381	19,111
Operations and Maintenance	77,392	77,392	63,009	14,383
Capital Outlay	1,000	1,000	0	1,000
Total Judicial	1,040,884	1,040,884	1,006,390	34,494
Civil Service:				
Personal Services	10,373	10,373	9,620	753
Operations and Maintenance	111,196	111,196	62,821	48,375
Total Civil Service	121,569	121,569	72,441	49,128
City Hall Maintenance:				
Personal Services	74,005	78,601	72,201	6,400
Operations and Maintenance	213,027	219,188	182,483	36,705
Capital Outlay	5,194	110,946	18,345	92,601
Total City Hall Maintenance	292,226	408,735	273,029	135,706
City Hall Maintenance-Annex:				
Operations and Maintenance	51,375	47,178	44,331	2,847
Total City Hall Maintenance-Annex	51,375	47,178	44,331	2,847

(Continued)

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Service Safety Director:				
Personal Services	246,693	246,693	222,868	23,825
Operations and Maintenance	7,978	8,028	6,143	1,885
Capital Outlay	4,050	4,050	4,050	0
Total Service Safety Director	258,721	258,771	233,061	25,710
Engineer:				
Personal Services	483,864	483,864	460,292	23,572
Operations and Maintenance	257,305	257,105	126,136	130,969
Capital Outlay	3,700	3,900	2,774	1,126
Total Engineer	744,869	744,869	589,202	155,667
Certified Building Inspection:				
Personal Services	574,229	638,132	587,954	50,178
Operations and Maintenance	117,810	214,810	138,480	76,330
Capital Outlay	4,200	4,200	4,000	200
Total Certified Building Inspection	696,239	857,142	730,434	126,708
Administration Support:				
Personal Services	25,000	36,500	29,155	7,345
Operations and Maintenance	485,955	485,955	434,392	51,563
Total Administration Support	510,955	522,455	463,547	58,908
Miscellaneous:				
Operations and Maintenance	704,400	625,070	630,615	(5,545)
Total Miscellaneous	704,400	625,070	630,615	(5,545)
Income Tax:				
Personal Services	407,377	407,377	381,349	26,028
Operations and Maintenance	865,728	1,227,846	1,190,441	37,405
Capital Outlay	10,479	5,479	5,479	0
Total Income Tax	1,283,584	1,640,702	1,577,269	63,433
Total General Government	10,048,039	10,726,545	9,448,406	1,278,139

(Continued)

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Debt Services:				
Principal Retirement	34,057	34,057	34,056	1
Interest and Fiscal Charges	12,867	12,867	9,567	3,300
Total Expenditures	<u>24,058,646</u>	<u>25,068,808</u>	<u>20,554,391</u>	<u>4,514,417</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,638,931)	(7,031,495)	4,392,746	11,424,241
Other Financing Sources (Uses):				
Transfers Out	<u>(1,334,628)</u>	<u>(3,572,087)</u>	<u>(1,458,443)</u>	<u>2,113,644</u>
Total Other Financing Sources (Uses)	<u>(1,334,628)</u>	<u>(3,572,087)</u>	<u>(1,458,443)</u>	<u>2,113,644</u>
Net Change in Fund Balance	(4,973,559)	(10,603,582)	2,934,303	13,537,885
Fund Balance at Beginning of Year	15,682,930	15,682,930	15,682,930	0
Prior Year Encumbrances	433,502	433,502	433,502	0
Fund Balance at End of Year	<u>\$ 11,142,873</u>	<u>\$ 5,512,850</u>	<u>\$ 19,050,735</u>	<u>\$ 13,537,885</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund - .45 Police and Fire Levy Fund
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,180,560	\$ 5,180,560	\$ 6,203,288	\$ 1,022,728
Intergovernmental Revenues	0	27,761	32,290	4,529
Charges for Services	0	0	53,888	53,888
All Other Revenues	0	0	14,383	14,383
Total Revenues	<u>5,180,560</u>	<u>5,208,321</u>	<u>6,303,849</u>	<u>1,095,528</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	2,598,958	2,613,097	2,253,551	359,546
Operations and Maintenance	21,258	32,926	27,027	5,899
Capital Outlay	65,752	65,752	46,888	18,864
Total Police	<u>2,685,968</u>	<u>2,711,775</u>	<u>2,327,466</u>	<u>384,309</u>
Fire:				
Personal Services	1,530,033	1,538,633	1,378,675	159,958
Operations and Maintenance	1,055,480	1,064,973	967,120	97,853
Capital Outlay	224,460	214,323	213,863	460
Total Fire	<u>2,809,973</u>	<u>2,817,929</u>	<u>2,559,658</u>	<u>258,271</u>
Total Expenditures	<u>5,495,941</u>	<u>5,529,704</u>	<u>4,887,124</u>	<u>642,580</u>
Net Change in Fund Balance	(315,381)	(321,383)	1,416,725	1,738,108
Fund Balance at Beginning of Year	1,256,465	1,256,465	1,256,465	0
Prior Year Encumbrances	210,497	210,497	210,497	0
Fund Balance at End of Year	<u>\$ 1,151,581</u>	<u>\$ 1,145,579</u>	<u>\$ 2,883,687</u>	<u>\$ 1,738,108</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund – 2021 Police and Fire Levy Fund
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,180,560	\$ 5,180,560	\$ 6,203,288	\$ 1,022,728
All Other Revenues	0	0	15,161	15,161
Total Revenues	<u>5,180,560</u>	<u>5,180,560</u>	<u>6,218,449</u>	<u>1,037,889</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	5,195,567	5,181,429	4,807,557	373,872
Operations and Maintenance	3,019	17,157	14,125	3,032
Capital Outlay	42,366	42,366	11,905	30,461
Total Expenditures	<u>5,240,952</u>	<u>5,240,952</u>	<u>4,833,587</u>	<u>407,365</u>
Net Change in Fund Balance	(60,392)	(60,392)	1,384,862	1,445,254
Fund Balance at Beginning of Year	625,230	625,230	625,230	0
Prior Year Encumbrances	60,570	60,570	60,570	0
Fund Balance at End of Year	<u>\$ 625,408</u>	<u>\$ 625,408</u>	<u>\$ 2,070,662</u>	<u>\$ 1,445,254</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

CEMETERY FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 115,123	\$ 115,123	\$ 137,851	\$ 22,728
Charges for Services	235,000	235,000	211,309	(23,691)
Investment Earnings	15,000	15,000	13,611	(1,389)
All Other Revenues	21,150	21,150	17,897	(3,253)
Total Revenues	<u>386,273</u>	<u>386,273</u>	<u>380,668</u>	<u>(5,605)</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	432,134	446,602	422,411	24,191
Operations and Maintenance	316,370	328,945	284,168	44,777
Capital Outlay	96,400	103,325	103,023	302
Debt Service:				
Principal Retirement	13,000	13,500	13,457	43
Interest Charges	2,100	1,600	1,480	120
Total Expenditures	<u>860,004</u>	<u>893,972</u>	<u>824,539</u>	<u>69,433</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(473,731)	(507,699)	(443,871)	63,828
Other Financing Sources (Uses):				
Transfers In	420,000	420,000	420,000	0
Total Other Financing Sources (Uses)	<u>420,000</u>	<u>420,000</u>	<u>420,000</u>	<u>0</u>
Net Change in Fund Balance	(53,731)	(87,699)	(23,871)	63,828
Fund Balance at Beginning of Year	449,860	449,860	449,860	0
Prior Year Encumbrances	42,512	42,512	42,512	0
Fund Balance at End of Year	<u>\$ 438,641</u>	<u>\$ 404,673</u>	<u>\$ 468,501</u>	<u>\$ 63,828</u>

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				
Revenues:				
Intergovernmental Revenues	\$ 2,980,000	\$ 2,980,000	\$ 2,872,028	\$ (107,972)
Charges for Services	762,000	762,000	769,209	7,209
All Other Revenues	196,000	196,000	104,926	(91,074)
Total Revenues	<u>3,938,000</u>	<u>3,938,000</u>	<u>3,746,163</u>	<u>(191,837)</u>
Expenditures:				
Transportation:				
Personal Services	2,327,693	2,416,141	2,297,227	118,914
Operations and Maintenance	1,597,641	1,603,962	1,465,029	138,933
Capital Outlay	265,392	633,092	570,404	62,688
Total Transportation	<u>4,190,726</u>	<u>4,653,195</u>	<u>4,332,660</u>	<u>320,535</u>
Debt Service:				
Principal Retirement	190,000	198,300	198,252	48
Interest and Fiscal Charges	20,000	20,000	19,286	714
Total Debt Service	<u>210,000</u>	<u>218,300</u>	<u>217,538</u>	<u>762</u>
Total Expenditures	<u>4,400,726</u>	<u>4,871,495</u>	<u>4,550,198</u>	<u>321,297</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(462,726)	(933,495)	(804,035)	129,460
Other Financing Sources (Uses):				
Transfers In	420,000	420,000	420,000	0
Transfers Out	(140,000)	(140,000)	(140,000)	0
Installment Loan Proceeds	0	325,000	325,000	0
Total Other Financing Sources (Uses)	<u>280,000</u>	<u>605,000</u>	<u>605,000</u>	<u>0</u>
Net Change in Fund Balance	(182,726)	(328,495)	(199,035)	129,460
Fund Balance at Beginning of Year	985,307	985,307	985,307	0
Prior Year Encumbrances	150,301	150,301	150,301	0
Fund Balance at End of Year	<u>\$ 952,882</u>	<u>\$ 807,113</u>	<u>\$ 936,573</u>	<u>\$ 129,460</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	STREET LEVY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 1,983,000	\$ 1,983,000	\$ 2,076,047	\$ 93,047
Intergovernmental Revenues	217,000	217,000	220,813	3,813
All Other Revenues	0	120,000	120,524	524
Total Revenues	<u>2,200,000</u>	<u>2,320,000</u>	<u>2,417,384</u>	<u>97,384</u>
Expenditures:				
Transportation:				
Operations and Maintenance	<u>2,601,429</u>	<u>2,624,086</u>	<u>2,523,927</u>	<u>100,159</u>
Total Expenditures	<u>2,601,429</u>	<u>2,624,086</u>	<u>2,523,927</u>	<u>100,159</u>
Net Change in Fund Balance	(401,429)	(304,086)	(106,543)	197,543
Fund Balance at Beginning of Year	292,657	292,657	292,657	0
Prior Year Encumbrances	11,429	11,429	11,429	0
Fund Balance at End of Year	<u>\$ (97,343)</u>	<u>\$ 0</u>	<u>\$ 197,543</u>	<u>\$ 197,543</u>

CITY OF LANCASTER, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022**

PARKS AND RECREATION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,726,854	\$ 1,726,854	\$ 2,067,763	\$ 340,909
Intergovernmental Revenues	40,000	90,000	90,000	0
Charges for Services	572,500	572,500	619,245	46,745
Licenses, Permits and Fees	36,000	36,000	34,183	(1,817)
All Other Revenues	51,500	51,500	47,709	(3,791)
Total Revenues	<u>2,426,854</u>	<u>2,476,854</u>	<u>2,858,900</u>	<u>382,046</u>
Expenditures:				
Leisure Time Activities:				
Personal Services	1,624,673	1,637,673	1,573,948	63,725
Operations and Maintenance	943,676	1,225,397	1,129,727	95,670
Capital Outlay	464,797	636,076	447,112	188,964
Total Leisure Time Activities	<u>3,033,146</u>	<u>3,499,146</u>	<u>3,150,787</u>	<u>348,359</u>
Debt Service:				
Principal Retirement	43,000	43,500	43,070	430
Interest and Fiscal Charges	3,000	2,500	730	1,770
Total Debt Service	<u>46,000</u>	<u>46,000</u>	<u>43,800</u>	<u>2,200</u>
Total Expenditures	<u>3,079,146</u>	<u>3,545,146</u>	<u>3,194,587</u>	<u>350,559</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(652,292)	(1,068,292)	(335,687)	732,605
Other Financing Sources (Uses):				
Transfers In	0	78,000	78,000	0
Installment Loan Proceeds	0	325,000	325,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>403,000</u>	<u>403,000</u>	<u>0</u>
Net Change in Fund Balance	(652,292)	(665,292)	67,313	732,605
Fund Balance at Beginning of Year	1,128,270	1,128,270	1,128,270	0
Prior Year Encumbrances	75,011	75,011	75,011	0
Fund Balance at End of Year	<u>\$ 550,989</u>	<u>\$ 537,989</u>	<u>\$ 1,270,594</u>	<u>\$ 732,605</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 77,000	\$ 77,000	\$ 75,670	\$ (1,330)
Total Revenues	<u>77,000</u>	<u>77,000</u>	<u>75,670</u>	<u>(1,330)</u>
Expenditures:				
Community Environment:				
Operations and Maintenance	77,000	75,670	75,670	0
Total Expenditures	<u>77,000</u>	<u>75,670</u>	<u>75,670</u>	<u>0</u>
Net Change in Fund Balance	0	1,330	0	(1,330)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 1,330</u>	<u>\$ 0</u>	<u>\$ (1,330)</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

LANCASTER PUBLIC TRANSIT PROGRAM FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 1,939,828	\$ 1,939,828	\$ 1,327,564	\$ (612,264)
Charges for Services	541,900	541,900	309,412	(232,488)
All Other Revenues	16,500	16,500	68,505	52,005
Total Revenues	<u>2,498,228</u>	<u>2,498,228</u>	<u>1,705,481</u>	<u>(792,747)</u>
Expenditures:				
Transportation:				
Personal Services	1,857,783	1,544,649	1,484,502	60,147
Operations and Maintenance	695,816	725,816	580,347	145,469
Capital Outlay	78,673	98,673	85,403	13,270
Total Expenditures	<u>2,632,272</u>	<u>2,369,138</u>	<u>2,150,252</u>	<u>218,886</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(134,044)	129,090	(444,771)	(573,861)
Other Financing Sources (Uses):				
Transfers In	73,000	73,000	73,000	0
Total Other Financing Sources (Uses)	<u>73,000</u>	<u>73,000</u>	<u>73,000</u>	<u>0</u>
Net Change in Fund Balance	(61,044)	202,090	(371,771)	(573,861)
Fund Balance at Beginning of Year	679,982	679,982	679,982	0
Prior Year Encumbrances	61,930	61,930	61,930	0
Fund Balance at End of Year	<u>\$ 680,868</u>	<u>\$ 944,002</u>	<u>\$ 370,141</u>	<u>\$ (573,861)</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

911 TARIFF FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 95,417	\$ 95,417
Total Revenues	<u>0</u>	<u>0</u>	<u>95,417</u>	<u>95,417</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	280,067	280,067	254,915	25,152
Capital Outlay	20,000	20,000	0	20,000
Total Expenditures	<u>300,067</u>	<u>300,067</u>	<u>254,915</u>	<u>45,152</u>
Net Change in Fund Balance	(300,067)	(300,067)	(159,498)	140,569
Fund Balance at Beginning of Year	296,207	296,207	296,207	0
Prior Year Encumbrances	10,068	10,068	10,068	0
Fund Balance at End of Year	<u>\$ 6,208</u>	<u>\$ 6,208</u>	<u>\$ 146,777</u>	<u>\$ 140,569</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

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

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 60,000	\$ 60,000	\$ 59,430	\$ (570)
All Other Revenues	0	0	5	5
Total Revenues	60,000	60,000	59,435	(565)
Expenditures:				
General Government:				
Personal Services	79,450	97,450	79,140	18,310
Total Expenditures	79,450	97,450	79,140	18,310
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,450)	(37,450)	(19,705)	17,745
Other Financing Sources (Uses):				
Transfers In	33,500	33,500	47,300	13,800
Total Other Financing Sources (Uses)	33,500	33,500	47,300	13,800
Net Change in Fund Balance	14,050	(3,950)	27,595	31,545
Fund Balance at Beginning of Year	48,388	48,388	48,388	0
Prior Year Encumbrances	162	162	162	0
Fund Balance at End of Year	\$ 62,600	\$ 44,600	\$ 76,145	\$ 31,545

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LANCASTER COMMUNITY DEVELOPMENT FUND				
Revenues:				
Intergovernmental Revenues	\$ 744,000	\$ 744,000	\$ 323,254	\$ (420,746)
All Other Revenues	0	0	1,160	1,160
Total Revenues	<u>744,000</u>	<u>744,000</u>	<u>324,414</u>	<u>(419,586)</u>
Expenditures:				
Community Environment:				
Personal Services	342,756	342,776	293,496	49,280
Operations and Maintenance	430,857	162,640	27,180	135,460
Total Expenditures	<u>773,613</u>	<u>505,416</u>	<u>320,676</u>	<u>184,740</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,613)	238,584	3,738	(234,846)
Other Financing Sources (Uses):				
Transfers In	25,000	75,000	90,000	15,000
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>75,000</u>	<u>90,000</u>	<u>15,000</u>
Net Change in Fund Balance	(4,613)	313,584	93,738	(219,846)
Fund Balance at Beginning of Year	20,230	20,230	20,230	0
Prior Year Encumbrances	4,613	4,613	4,613	0
Fund Balance at End of Year	<u>\$ 20,230</u>	<u>\$ 338,427</u>	<u>\$ 118,581</u>	<u>\$ (219,846)</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

LAW ENFORCEMENT BLOCK GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 23,266	\$ 23,266	\$ 23,266	\$ 0
Total Revenues	23,266	23,266	23,266	0
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	23,266	23,266	23,266	0
Total Expenditures	23,266	23,266	23,266	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 499,000	\$ 499,000	\$ 471,456	\$ (27,544)
Intergovernmental Revenues	0	0	53,674	53,674
Total Revenues	<u>499,000</u>	<u>499,000</u>	<u>525,130</u>	<u>26,130</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	522,516	522,948	522,948	0
Operations and Maintenance	9,000	8,568	8,568	0
Total Expenditures	<u>531,516</u>	<u>531,516</u>	<u>531,516</u>	<u>0</u>
Net Change in Fund Balance	(32,516)	(32,516)	(6,386)	26,130
Fund Balance at Beginning of Year	32,547	32,547	32,547	0
Fund Balance at End of Year	<u>\$ 31</u>	<u>\$ 31</u>	<u>\$ 26,161</u>	<u>\$ 26,130</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 27,190	\$ 27,190
Total Revenues	<u>0</u>	<u>0</u>	<u>27,190</u>	<u>27,190</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	27,190	27,190
Fund Balance at Beginning of Year	28,164	28,164	28,164	0
Fund Balance at End of Year	<u>\$ 28,164</u>	<u>\$ 28,164</u>	<u>\$ 55,354</u>	<u>\$ 27,190</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 50,000	\$ 50,000	\$ 37,199	\$ (12,801)
Total Revenues	50,000	50,000	37,199	(12,801)
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	100,000	100,000	50,000	50,000
Total Expenditures	100,000	100,000	50,000	50,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(50,000)	(12,801)	37,199
Other Financing Sources (Uses):				
Transfers Out	0	(130,000)	(130,000)	0
Total Other Financing Sources (Uses)	0	(130,000)	(130,000)	0
Net Change in Fund Balance	(50,000)	(180,000)	(142,801)	37,199
Fund Balance at Beginning of Year	279,366	279,366	279,366	0
Fund Balance at End of Year	\$ 229,366	\$ 99,366	\$ 136,565	\$ 37,199

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

LAW ENFORCEMENT AND EDUCATION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 0	\$ 0	\$ 1,681	\$ 1,681
Total Revenues	<u>0</u>	<u>0</u>	<u>1,681</u>	<u>1,681</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	1,681	1,681
Fund Balance at Beginning of Year	97,576	97,576	97,576	0
Fund Balance at End of Year	<u>\$ 97,576</u>	<u>\$ 97,576</u>	<u>\$ 99,257</u>	<u>\$ 1,681</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 45,000	\$ 45,000	\$ 40,273	\$ (4,727)
All Other Revenues	0	0	12	12
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>40,285</u>	<u>(4,715)</u>
Expenditures:				
General Government:				
Operations and Maintenance	85,247	85,247	58,050	27,197
Capital Outlay	5,000	5,000	0	5,000
Total Expenditures	<u>90,247</u>	<u>90,247</u>	<u>58,050</u>	<u>32,197</u>
Net Change in Fund Balance	(45,247)	(45,247)	(17,765)	27,482
Fund Balance at Beginning of Year	61,340	61,340	61,340	0
Prior Year Encumbrances	3,747	3,747	3,747	0
Fund Balance at End of Year	<u>\$ 19,840</u>	<u>\$ 19,840</u>	<u>\$ 47,322</u>	<u>\$ 27,482</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

MUNICIPAL COURT PROBATION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 324,510	\$ 324,510	\$ 278,570	\$ (45,940)
Charges for Services	40,000	40,000	65,922	25,922
Fines and Forfeitures	350,000	350,000	348,741	(1,259)
All Other Revenues	8,000	8,000	6,619	(1,381)
Total Revenues	<u>722,510</u>	<u>722,510</u>	<u>699,852</u>	<u>(22,658)</u>
Expenditures:				
General Government:				
Personal Services	659,922	659,922	616,294	43,628
Operations and Maintenance	221,101	221,101	144,412	76,689
Total Expenditures	<u>881,023</u>	<u>881,023</u>	<u>760,706</u>	<u>120,317</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(158,513)	(158,513)	(60,854)	97,659
Other Financing Sources (Uses):				
Transfers In	150,000	150,000	150,000	0
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Net Change in Fund Balance	(8,513)	(8,513)	89,146	97,659
Fund Balance at Beginning of Year	818,605	818,605	818,605	0
Prior Year Encumbrances	17,137	17,137	17,137	0
Fund Balance at End of Year	<u>\$ 827,229</u>	<u>\$ 827,229</u>	<u>\$ 924,888</u>	<u>\$ 97,659</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 150,000	\$ 150,000	\$ 157,198	\$ 7,198
All Other Revenues	300	300	618	318
Total Revenues	<u>150,300</u>	<u>150,300</u>	<u>157,816</u>	<u>7,516</u>
Expenditures:				
General Government:				
Personal Services	98,856	98,856	97,375	1,481
Operations and Maintenance	130,118	130,118	48,459	81,659
Capital Outlay	15,188	15,188	7,188	8,000
Total Expenditures	<u>244,162</u>	<u>244,162</u>	<u>153,022</u>	<u>91,140</u>
Net Change in Fund Balance	(93,862)	(93,862)	4,794	98,656
Fund Balance at Beginning of Year	172,975	172,975	172,975	0
Prior Year Encumbrances	4,162	4,162	4,162	0
Fund Balance at End of Year	<u>\$ 83,275</u>	<u>\$ 83,275</u>	<u>\$ 181,931</u>	<u>\$ 98,656</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

MUNICIPAL COURT SPECIAL PROJECTS FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 735,000	\$ 735,000	\$ 705,045	\$ (29,955)
All Other Revenues	30,000	30,000	32,219	2,219
Total Revenues	<u>765,000</u>	<u>765,000</u>	<u>737,264</u>	<u>(27,736)</u>
Expenditures:				
General Government:				
Personal Services	1,022	1,122	775	347
Operations and Maintenance	489,381	504,281	316,749	187,532
Capital Outlay	80,000	65,000	29,271	35,729
Total Expenditures	<u>570,403</u>	<u>570,403</u>	<u>346,795</u>	<u>223,608</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	194,597	194,597	390,469	195,872
Other Financing Sources (Uses):				
Transfers In	100,000	100,000	100,000	0
Transfers Out	(665,000)	(665,000)	(639,038)	25,962
Total Other Financing Sources (Uses)	<u>(565,000)</u>	<u>(565,000)</u>	<u>(539,038)</u>	<u>25,962</u>
Net Change in Fund Balance	(370,403)	(370,403)	(148,569)	221,834
Fund Balance at Beginning of Year	495,248	495,248	495,248	0
Prior Year Encumbrances	52,153	52,153	52,153	0
Fund Balance at End of Year	<u>\$ 176,998</u>	<u>\$ 176,998</u>	<u>\$ 398,832</u>	<u>\$ 221,834</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

MUNICIPAL COURT FAMILY VIOLENCE FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 0	\$ 0	\$ 428	\$ 428
Total Revenues	<u>0</u>	<u>0</u>	<u>428</u>	<u>428</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	428	428
Fund Balance at Beginning of Year	20,431	20,431	20,431	0
Fund Balance at End of Year	<u>\$ 20,431</u>	<u>\$ 20,431</u>	<u>\$ 20,859</u>	<u>\$ 428</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MUNICIPAL DRUG COURT FUND				
Revenues:				
Intergovernmental Revenues	\$ 243,500	\$ 243,500	\$ 253,160	\$ 9,660
All Other Revenues	1,000	1,000	3,156	2,156
Total Revenues	<u>244,500</u>	<u>244,500</u>	<u>256,316</u>	<u>11,816</u>
Expenditures:				
General Government:				
Personal Services	231,465	231,465	225,503	5,962
Operations and Maintenance	176,595	306,595	184,108	122,487
Total Expenditures	<u>408,060</u>	<u>538,060</u>	<u>409,611</u>	<u>128,449</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(163,560)	(293,560)	(153,295)	140,265
Other Financing Sources (Uses):				
Transfers In	50,000	180,000	130,000	(50,000)
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>180,000</u>	<u>130,000</u>	<u>(50,000)</u>
Net Change in Fund Balance	(113,560)	(113,560)	(23,295)	90,265
Fund Balance at Beginning of Year	128,486	128,486	128,486	0
Prior Year Encumbrances	22,024	22,024	22,024	0
Fund Balance at End of Year	<u>\$ 36,950</u>	<u>\$ 36,950</u>	<u>\$ 127,215</u>	<u>\$ 90,265</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	10,000	10,000	0	10,000
Total Expenditures	10,000	10,000	0	10,000
Net Change in Fund Balance	(10,000)	(10,000)	0	10,000
Fund Balance at Beginning of Year	40,833	40,833	40,833	0
Fund Balance at End of Year	\$ 30,833	\$ 30,833	\$ 40,833	\$ 10,000

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 12,089	\$ 12,089
Total Revenues	<u>0</u>	<u>0</u>	<u>12,089</u>	<u>12,089</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	12,089	12,089
Fund Balance at Beginning of Year	34,002	34,002	34,002	0
Fund Balance at End of Year	<u>\$ 34,002</u>	<u>\$ 34,002</u>	<u>\$ 46,091</u>	<u>\$ 12,089</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

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

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

.15 FIRE LEVY FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,726,854	\$ 1,726,854	\$ 2,067,763	\$ 340,909
All Other Revenues	0	0	3,146	3,146
Total Revenues	<u>1,726,854</u>	<u>1,726,854</u>	<u>2,070,909</u>	<u>344,055</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	1,685,596	1,687,296	1,487,047	200,249
Operations and Maintenance	33,947	38,446	11,245	27,201
Total Security of Persons and Property	<u>1,719,543</u>	<u>1,725,742</u>	<u>1,498,292</u>	<u>227,450</u>
Debt Service:				
Principal Retirement	16,775	16,775	16,774	1
Interest and Fiscal Charges	3,400	3,400	3,382	18
Total Debt Service	<u>20,175</u>	<u>20,175</u>	<u>20,156</u>	<u>19</u>
Total Expenditures	<u>1,739,718</u>	<u>1,745,917</u>	<u>1,518,448</u>	<u>227,469</u>
Net Change in Fund Balance	(12,864)	(19,063)	552,461	571,524
Fund Balance at Beginning of Year	567,956	567,956	567,956	0
Prior Year Encumbrances	36,119	36,119	36,119	0
Fund Balance at End of Year	<u>\$ 591,211</u>	<u>\$ 585,012</u>	<u>\$ 1,156,536</u>	<u>\$ 571,524</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 5,000	\$ 5,000	\$ 256,085	\$ 251,085
Total Revenues	5,000	5,000	256,085	251,085
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	37,200	30,700	26,244	4,456
Capital Outlay	30,500	37,000	37,000	0
Total Expenditures	67,700	67,700	63,244	4,456
Net Change in Fund Balance	(62,700)	(62,700)	192,841	255,541
Fund Balance at Beginning of Year	67,344	67,344	67,344	0
Fund Balance at End of Year	\$ 4,644	\$ 4,644	\$ 260,185	\$ 255,541

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Operations and Maintenance	0	1,000,000	176,707	823,293
Total Expenditures	0	1,000,000	176,707	823,293
Net Change in Fund Balance	0	(1,000,000)	(176,707)	823,293
Fund Balance at Beginning of Year	1,000,000	1,000,000	1,000,000	0
Fund Balance at End of Year	\$ 1,000,000	\$ 0	\$ 823,293	\$ 823,293

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

COMMUNITY DEVELOPMENT BLOCK GRANT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 750,000	\$ 994,599	\$ 730,443	\$ (264,156)
All Other Revenues	1,200	1,200	5,418	4,218
Total Revenues	<u>751,200</u>	<u>995,799</u>	<u>735,861</u>	<u>(259,938)</u>
Expenditures:				
Community Environment:				
Operations and Maintenance	201,200	101,228	88,897	12,331
Capital Outlay	550,000	773,730	674,227	99,503
Total Expenditures	<u>751,200</u>	<u>874,958</u>	<u>763,124</u>	<u>111,834</u>
Net Change in Fund Balance	0	120,841	(27,263)	(148,104)
Fund Balance at Beginning of Year	198,052	198,052	198,052	0
Fund Balance at End of Year	<u>\$ 198,052</u>	<u>\$ 318,893</u>	<u>\$ 170,789</u>	<u>\$ (148,104)</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 158,000	\$ 158,000	\$ 141,243	\$ (16,757)
Investment Earnings	10,000	10,000	9,432	(568)
Total Revenues	<u>168,000</u>	<u>168,000</u>	<u>150,675</u>	<u>(17,325)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	168,000	168,000	150,675	(17,325)
Other Financing Sources (Uses):				
Transfers Out	<u>(170,000)</u>	<u>(170,000)</u>	<u>(170,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(170,000)</u>	<u>(170,000)</u>	<u>(170,000)</u>	<u>0</u>
Net Change in Fund Balance	(2,000)	(2,000)	(19,325)	(17,325)
Fund Balance at Beginning of Year	<u>41,338</u>	<u>41,338</u>	<u>41,338</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 39,338</u>	<u>\$ 39,338</u>	<u>\$ 22,013</u>	<u>\$ (17,325)</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 20,000	\$ 20,000	\$ 28,505	\$ 8,505
Investment Earnings	2,000	2,000	0	(2,000)
Total Revenues	<u>22,000</u>	<u>22,000</u>	<u>28,505</u>	<u>6,505</u>
Expenditures:				
Public Health and Welfare Services:				
Operations and Maintenance	<u>40,000</u>	<u>40,000</u>	<u>27,356</u>	<u>12,644</u>
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>27,356</u>	<u>12,644</u>
Net Change in Fund Balance	(18,000)	(18,000)	1,149	19,149
Fund Balance at Beginning of Year	<u>266,650</u>	<u>266,650</u>	<u>266,650</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 248,650</u>	<u>\$ 248,650</u>	<u>\$ 267,799</u>	<u>\$ 19,149</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 32,000	\$ 32,000	\$ 27,486	\$ (4,514)
Investment Earnings	5,000	5,000	0	(5,000)
Total Revenues	<u>37,000</u>	<u>37,000</u>	<u>27,486</u>	<u>(9,514)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,000	37,000	27,486	(9,514)
Other Financing Sources (Uses):				
Transfers Out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>0</u>
Net Change in Fund Balance	(113,000)	(113,000)	(122,514)	(9,514)
Fund Balance at Beginning of Year	1,074,740	1,074,740	1,074,740	0
Fund Balance at End of Year	<u>\$ 961,740</u>	<u>\$ 961,740</u>	<u>\$ 952,226</u>	<u>\$ (9,514)</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2022***

GENERAL BOND RETIREMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 941	\$ 941
Total Revenues	<u>0</u>	<u>0</u>	<u>941</u>	<u>941</u>
Expenditures:				
Debt Service:				
Principal Retirement	575,000	575,000	575,000	0
Interest and Fiscal Charges	287,666	287,666	287,666	0
Total Expenditures	<u>862,666</u>	<u>862,666</u>	<u>862,666</u>	<u>0</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(862,666)	(862,666)	(861,725)	941
Other Financing Sources (Uses):				
Transfers In	862,666	862,666	862,666	0
Total Other Financing Sources (Uses)	<u>862,666</u>	<u>862,666</u>	<u>862,666</u>	<u>0</u>
Net Change in Fund Balance	0	0	941	941
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 941</u>	<u>\$ 941</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2022***

SPECIAL ASSESSMENT DEBT RETIREMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 0	\$ 0	\$ 10	\$ 10
Total Revenues	<u>0</u>	<u>0</u>	<u>10</u>	<u>10</u>
Expenditures:				
General Government:				
Operations and Maintenance	1,017	1,017	2	1,015
Total Expenditures	<u>1,017</u>	<u>1,017</u>	<u>2</u>	<u>1,015</u>
Net Change in Fund Balance	(1,017)	(1,017)	8	1,025
Fund Balance at Beginning of Year	1,017	1,017	1,017	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,025</u>	<u>\$ 1,025</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022***

LDOT IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 802,187	\$ 802,187	\$ 0
All Other Revenues	0	42,880	42,880	0
Total Revenues	<u>0</u>	<u>845,067</u>	<u>845,067</u>	<u>0</u>
Expenditures:				
Capital Outlay	492,109	1,384,590	881,294	503,296
Total Expenditures	<u>492,109</u>	<u>1,384,590</u>	<u>881,294</u>	<u>503,296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(492,109)	(539,523)	(36,227)	503,296
Other Financing Sources (Uses):				
Transfers In	140,000	200,000	200,000	0
Total Other Financing Sources (Uses)	<u>140,000</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Net Change in Fund Balance	(352,109)	(339,523)	163,773	503,296
Fund Balance at Beginning of Year	334,516	334,516	334,516	0
Prior Year Encumbrances	5,007	5,007	5,007	0
Fund Balance at End of Year	<u>\$ (12,586)</u>	<u>\$ 0</u>	<u>\$ 503,296</u>	<u>\$ 503,296</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 115,123	\$ 115,123	\$ 137,851	\$ 22,728
All Other Revenues	0	0	967	967
Total Revenues	<u>115,123</u>	<u>115,123</u>	<u>138,818</u>	<u>23,695</u>
Expenditures:				
Capital Outlay	<u>223,847</u>	<u>223,848</u>	<u>200,627</u>	<u>23,221</u>
Total Expenditures	<u>223,847</u>	<u>223,848</u>	<u>200,627</u>	<u>23,221</u>
Net Change in Fund Balance	(108,724)	(108,725)	(61,809)	46,916
Fund Balance at Beginning of Year	98,519	98,519	98,519	0
Prior Year Encumbrances	<u>14,847</u>	<u>14,847</u>	<u>14,847</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,642</u>	<u>\$ 4,641</u>	<u>\$ 51,557</u>	<u>\$ 46,916</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 575,618	\$ 575,618	\$ 689,254	\$ 113,636
Charges for Services	63,250	63,250	67,373	4,123
Total Revenues	638,868	638,868	756,627	117,759
Expenditures:				
Capital Outlay	0	400,000	400,000	0
Debt Service:				
Principal Retirement	110,000	110,000	0	110,000
Total Expenditures	110,000	510,000	400,000	110,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	528,868	128,868	356,627	227,759
Other Financing Sources (Uses):				
Transfers In	175,000	175,000	0	(175,000)
Total Other Financing Sources (Uses)	175,000	175,000	0	(175,000)
Net Change in Fund Balance	703,868	303,868	356,627	52,759
Fund Balance at Beginning of Year	918,619	918,619	918,619	0
Fund Balance at End of Year	\$ 1,622,487	\$ 1,222,487	\$ 1,275,246	\$ 52,759

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022***

FIRE IMPACT-DISTRICT ONE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 300,000	\$ 300,000	\$ 68,291	\$ (231,709)
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>68,291</u>	<u>(231,709)</u>
Expenditures:				
Security of Persons and Property:				
Operations and Maintenance	0	74,913	11,387	63,526
Capital Outlay	220,000	440,087	432,003	8,084
Debt Service:				
Principal Retirement	170,703	170,667	170,667	0
Interest and Fiscal Charges	11,231	11,267	11,265	2
Total Expenditures	<u>401,934</u>	<u>696,934</u>	<u>625,322</u>	<u>71,612</u>
Net Change in Fund Balance	(101,934)	(396,934)	(557,031)	(160,097)
Fund Balance at Beginning of Year	1,216,304	1,216,304	1,216,304	0
Fund Balance at End of Year	<u>\$ 1,114,370</u>	<u>\$ 819,370</u>	<u>\$ 659,273</u>	<u>\$ (160,097)</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022***

ETY ROAD TIF PROJECT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 230,000	\$ 230,000	\$ 227,480	\$ (2,520)
Total Revenues	<u>230,000</u>	<u>230,000</u>	<u>227,480</u>	<u>(2,520)</u>
Expenditures:				
General Government:				
Operations and Maintenance	24,000	23,999	18,159	5,840
Debt Service:				
Principal Retirement	115,000	1,335,039	1,335,039	0
Interest and Fiscal Charges	3,593	39,439	39,439	0
Total Expenditures	<u>142,593</u>	<u>1,398,477</u>	<u>1,392,637</u>	<u>5,840</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	87,407	(1,168,477)	(1,165,157)	3,320
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	1,220,039	1,170,884	(49,155)
Advances Out	(16,744)	(16,744)	(16,744)	0
Total Other Financing Sources (Uses)	<u>(16,744)</u>	<u>1,203,295</u>	<u>1,154,140</u>	<u>(49,155)</u>
Net Change in Fund Balance	70,663	34,818	(11,017)	(45,835)
Fund Balance at Beginning of Year	9,612	9,612	9,612	0
Prior Year Encumbrances	10,000	10,000	10,000	0
Fund Balance at End of Year	<u>\$ 90,275</u>	<u>\$ 54,430</u>	<u>\$ 8,595</u>	<u>\$ (45,835)</u>

CITY OF LANCASTER, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2022***

COLUMBIAN CONSTRUCTION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Debt Service:				
Principal Retirement	0	900,000	900,000	0
Interest and Fiscal Charges	0	4,500	4,500	0
Total Expenditures	0	904,500	904,500	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(904,500)	(904,500)	0
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	720,000	720,000	0
Transfers In	0	184,500	184,500	0
Total Other Financing Sources (Uses)	0	904,500	904,500	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0



Internal Service Funds

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

Utilities Collection Fund

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

Fuel Depot Fund

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

Information Services Fund

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

Health Insurance Management Fund

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

Environmental Engineering Fund

To account for the accumulation and allocation of costs associated with assisting other departments with environmental regulation and compliance.

CITY OF LANCASTER, OHIO

**Combining Statement of Net Position
Internal Service Funds
December 31, 2022**

	Utilities Collection	Fuel Depot	Information Services
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 571,762	\$ 231,597	\$ 803,886
Receivables:			
Accounts	0	43,580	1,950
Inventory of Supplies at Cost	3,464	46,029	4,202
Prepaid Items	1,635	0	0
<i>Total Current Assets</i>	<u>576,861</u>	<u>321,206</u>	<u>810,038</u>
<i>Non Current Assets:</i>			
Net OPEB Asset	165,384	0	71,032
Capital Assets Not Being Depreciated	0	0	138,933
Capital Assets Being Depreciated, Net	28,095	0	244,777
Total capital assets (net of accumulated depreciation)	<u>28,095</u>	<u>0</u>	<u>383,710</u>
Total Non Current Assets	<u>193,479</u>	<u>0</u>	<u>454,742</u>
Total Assets	<u>770,340</u>	<u>321,206</u>	<u>1,264,780</u>
Deferred Outflows of Resources:			
Pension	194,959	0	83,737
Total Deferred Outflows of Resources	<u>194,959</u>	<u>0</u>	<u>83,737</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	45,189	453	8,694
Accrued Wages and Benefits	47,208	0	16,295
Claims Payable	0	0	0
Compensated Absences Payable - Current	22,314	0	2,006
<i>Total Current Liabilities</i>	<u>114,711</u>	<u>453</u>	<u>26,995</u>
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	137,680	0	69,395
Net Pension Liability	462,185	0	198,513
Total Liabilities	<u>714,576</u>	<u>453</u>	<u>294,903</u>
Deferred Inflows of Resources:			
Pension	559,891	0	240,476
OPEB	170,876	0	73,392
Total Deferred Inflows of Resources	<u>730,767</u>	<u>0</u>	<u>313,868</u>
Net Position:			
Net Investment in Capital Assets	28,095	0	383,710
Unrestricted	(508,139)	320,753	356,036
Total Net Position	<u>\$ (480,044)</u>	<u>\$ 320,753</u>	<u>\$ 739,746</u>

CITY OF LANCASTER, OHIO

Health Insurance Management	Environmental Engineering	Total
\$ 3,480,464	\$ 61,229	\$ 5,148,938
0	0	45,530
0	0	53,695
0	0	1,635
<u>3,480,464</u>	<u>61,229</u>	<u>5,249,798</u>
0	19,336	255,752
0	0	138,933
0	0	272,872
<u>0</u>	<u>0</u>	<u>411,805</u>
<u>0</u>	<u>19,336</u>	<u>667,557</u>
<u>3,480,464</u>	<u>80,565</u>	<u>5,917,355</u>
0	22,793	301,489
<u>0</u>	<u>22,793</u>	<u>301,489</u>
0	8,925	63,261
0	5,863	69,366
300,562	0	300,562
0	1,675	25,995
<u>300,562</u>	<u>16,463</u>	<u>459,184</u>
0	56,239	263,314
0	54,035	714,733
<u>300,562</u>	<u>126,737</u>	<u>1,437,231</u>
0	65,458	865,825
0	19,978	264,246
<u>0</u>	<u>85,436</u>	<u>1,130,071</u>
0	0	411,805
3,179,902	(108,815)	3,239,737
<u>\$ 3,179,902</u>	<u>\$ (108,815)</u>	<u>\$ 3,651,542</u>

CITY OF LANCASTER, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2022**

	Utilities Collection	Fuel Depot	Information Services
Operating Revenues:			
Charges for Services	\$ 1,617,016	\$ 1,314,678	\$ 965,716
Other Operating Revenue	39,229	114	6,394
Total Operating Revenues	<u>1,656,245</u>	<u>1,314,792</u>	<u>972,110</u>
Operating Expenses:			
Personal Services	975,256	0	331,631
Contractual Services	293,753	8,084	250,920
Materials and Supplies	154,243	1,236,740	56,879
Depreciation	8,779	0	46,706
Health Insurance Claims	0	0	0
Total Operating Expenses	<u>1,432,031</u>	<u>1,244,824</u>	<u>686,136</u>
Operating Income (Loss)	224,214	69,968	285,974
Nonoperating Revenue (Expenses):			
Intergovernmental Revenue	0	8,912	0
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>8,912</u>	<u>0</u>
Income (Loss) Before Transfers	224,214	78,880	285,974
Transfers In	0	0	0
Change in Net Position	224,214	78,880	285,974
Net Position Beginning of Year	(704,258)	241,873	453,772
Net Position End of Year	<u>\$ (480,044)</u>	<u>\$ 320,753</u>	<u>\$ 739,746</u>

CITY OF LANCASTER, OHIO

Health Insurance Management	Environmental Engineering	Total
\$ 8,349,993	\$ 233,267	\$ 12,480,670
0	448	46,185
<u>8,349,993</u>	<u>233,715</u>	<u>12,526,855</u>
0	303,004	1,609,891
0	38,727	591,484
0	799	1,448,661
0	0	55,485
7,161,955	0	7,161,955
<u>7,161,955</u>	<u>342,530</u>	<u>10,867,476</u>
1,188,038	(108,815)	1,659,379
0	0	8,912
<u>0</u>	<u>0</u>	<u>8,912</u>
1,188,038	(108,815)	1,668,291
10,000	0	10,000
<u>1,198,038</u>	<u>(108,815)</u>	<u>1,678,291</u>
1,981,864	0	1,973,251
<u>\$ 3,179,902</u>	<u>\$ (108,815)</u>	<u>\$ 3,651,542</u>

CITY OF LANCASTER, OHIO

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2022**

	Utilities Collection	Fuel Depot	Information Services
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Interfund Services	\$1,656,245	\$1,302,876	\$970,160
Cash Payments for Goods and Services	(356,291)	(1,342,493)	(311,739)
Cash Payments to and on behalf of Employees	(1,165,870)	0	(483,497)
Cash Payments for Claims	0	0	0
Cash Payments for Interfund Services	(361,436)	0	(83,770)
Net Cash Provided (Used) by Operating Activities	<u>(227,352)</u>	<u>(39,617)</u>	<u>91,154</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Intergovernmental Grants Received	0	8,912	0
Transfers In from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>8,912</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	<u>0</u>	<u>0</u>	<u>(8,221)</u>
Net Cash Used by Capital and Related Financing Activities	<u>0</u>	<u>0</u>	<u>(8,221)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(227,352)	(30,705)	82,933
Cash and Cash Equivalents at Beginning of Year	<u>799,114</u>	<u>262,302</u>	<u>720,953</u>
Cash and Cash Equivalents at End of Year	<u><u>\$571,762</u></u>	<u><u>\$231,597</u></u>	<u><u>\$803,886</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$224,214	\$69,968	\$285,974
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	8,779	0	46,706
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
Increase in Accounts Receivable	0	(11,916)	(1,950)
(Increase) Decrease in Inventory	17,828	(29,270)	528
Increase in Prepaid Items	(826)	0	0
Increase in Net OPEB Asset	(66,694)	0	(27,433)
Increase in Deferred Outflows of Resources - Pension	(81,882)	0	(33,781)
Decrease in Deferred Outflows of Resources - OPEB	48,517	0	21,434
Increase (Decrease) in Accounts Payable	11,579	(68,399)	(6,999)
Increase (Decrease) in Accrued Wages and Benefits	(2,829)	0	(5,724)
Increase (Decrease) in Compensated Absences	(81,154)	0	(31,816)
Increase (Decrease) in Net Pension Liability	(364,357)	0	(166,643)
Increase in Deferred Outflows of Resources - Pension	195,188	0	75,454
Increase (Decrease) in Deferred Outflows of Resources - OPEB	(135,715)	0	(64,596)
Decrease in Claims Payable	0	0	0
Total Adjustments	<u>(451,566)</u>	<u>(109,585)</u>	<u>(194,820)</u>
Net Cash Provided by Operating Activities	<u><u>(\$227,352)</u></u>	<u><u>(\$39,617)</u></u>	<u><u>\$91,154</u></u>

CITY OF LANCASTER, OHIO

Health Insurance Management	Environmental Engineering	Totals
\$8,349,993	\$233,715	\$12,512,989
0	(28,262)	(2,038,785)
0	(117,721)	(1,767,088)
(7,416,870)	0	(7,416,870)
0	(26,503)	(471,709)
933,123	61,229	818,537
0	0	8,912
10,000	0	10,000
10,000	0	18,912
0	0	(8,221)
0	0	(8,221)
943,123	61,229	829,228
2,537,341	0	4,319,710
\$3,480,464	\$61,229	\$5,148,938
\$1,188,038	(\$108,815)	\$1,659,379
0	0	55,485
0	0	(13,866)
0	0	(10,914)
0	0	(826)
0	(19,336)	(113,463)
0	(22,793)	(138,456)
0	0	69,951
0	8,925	(54,894)
0	5,863	(2,690)
0	57,914	(55,056)
0	54,035	(476,965)
0	65,458	336,100
0	19,978	(180,333)
(254,915)	0	(254,915)
(254,915)	170,044	(840,842)
\$933,123	\$61,229	\$818,537



Fiduciary Funds

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

Custodial Funds

Municipal Court Fund

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

Law Library Fund

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

CITY OF LANCASTER, OHIO

**Combining Statement of Net Position
Fiduciary Funds
December 31, 2022**

	Municipal Court	Law Library	Total Custodial Funds
Assets:			
Cash and Cash Equivalents	\$ 239,837	\$ 0	\$ 239,837
Receivables:			
Intergovernmental	0	2,611	2,611
Total Assets	<u>239,837</u>	<u>2,611</u>	<u>242,448</u>
Liabilities:			
Intergovernmental Payable	0	2,611	2,611
Total Liabilities	<u>0</u>	<u>2,611</u>	<u>2,611</u>
Net Position:			
Restricted For:			
Individuals, Organizations and Other Governments	239,837	0	239,837
Total Net Position	<u>\$ 239,837</u>	<u>\$ 0</u>	<u>\$ 239,837</u>

CITY OF LANCASTER, OHIO

**Combining Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2022**

	Municipal Court	Law Library	Total Custodial Funds
Additions:			
Fines and Forfeiture Collections for Others	\$ 2,810,689	\$ 42,592	\$ 2,853,281
Total Additions	<u>2,810,689</u>	<u>42,592</u>	<u>2,853,281</u>
Deductions:			
Distribution of Fines and Forfeitures to Others	2,570,852	42,592	2,613,444
Total Deductions	<u>2,570,852</u>	<u>42,592</u>	<u>2,613,444</u>
Change in Net Position	239,837	0	239,837
Net Position at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Net Position End of Year	<u>\$ 239,837</u>	<u>\$ 0</u>	<u>\$ 239,837</u>



STATISTICAL SECTION



STATISTICAL TABLES

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

Contents

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

City of Lancaster, Ohio

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

	2013	Restated 2014	2015	2016
Governmental Activities:				
Net Investment in Capital Assets	\$34,859,182	\$38,638,721	\$41,576,482	\$44,062,621
Restricted	10,580,754	11,237,072	11,077,774	10,154,360
Unrestricted	5,391,809	(18,847,439)	(17,997,524)	(19,731,872)
Total Governmental Activities Net Position	<u>\$50,831,745</u>	<u>\$31,028,354</u>	<u>\$34,656,732</u>	<u>\$34,485,109</u>
Business-type Activities:				
Net Investment in Capital Assets	\$42,495,213	\$46,787,496	\$54,167,749	\$59,487,303
Restricted	2,469,200	2,469,033	2,469,078	2,342,642
Unrestricted (Deficit)	(41,515,012)	(53,909,879)	(56,322,159)	(53,545,337)
Total Business-type Activities Net Position	<u>\$3,449,401</u>	<u>(\$4,653,350)</u>	<u>\$314,668</u>	<u>\$8,284,608</u>
Primary Government:				
Net Investment in Capital Assets	\$77,354,395	\$85,426,217	\$95,744,231	\$103,549,924
Restricted	13,049,954	13,706,105	13,546,852	12,497,002
Unrestricted	(36,123,203)	(72,757,318)	(74,319,683)	(73,277,209)
Total Primary Government Net Position	<u>\$54,281,146</u>	<u>\$26,375,004</u>	<u>\$34,971,400</u>	<u>\$42,769,717</u>

Source: City Auditor's Office

City of Lancaster, Ohio

Restated 2017	2018	2019	2020	2021	2022
\$46,837,859	\$49,673,604	\$52,330,007	\$54,184,923	\$58,885,098	\$62,227,835
9,467,802	10,031,606	11,332,790	11,217,660	16,744,795	22,072,597
(49,496,982)	(56,187,581)	(41,543,274)	(38,771,180)	(26,936,470)	(18,369,145)
<u>\$6,808,679</u>	<u>\$3,517,629</u>	<u>\$22,119,523</u>	<u>\$26,631,403</u>	<u>\$48,693,423</u>	<u>\$65,931,287</u>
\$62,067,035	\$66,438,543	\$71,050,827	\$78,086,549	\$84,187,043	\$91,055,634
2,351,745	2,372,321	2,379,486	2,345,297	1,992,264	2,076,467
(54,965,234)	(52,187,952)	(61,651,825)	(72,033,765)	(74,444,243)	(76,397,897)
<u>\$9,453,546</u>	<u>\$16,622,912</u>	<u>\$11,778,488</u>	<u>\$8,398,081</u>	<u>\$11,735,064</u>	<u>\$16,734,204</u>
\$108,904,894	\$116,112,147	\$123,380,834	\$132,271,472	\$143,072,141	\$153,283,469
11,819,547	12,403,927	13,712,276	13,562,957	18,737,059	24,149,064
(104,462,216)	(108,375,533)	(103,195,099)	(110,804,945)	(101,380,713)	(94,767,042)
<u>\$16,262,225</u>	<u>\$20,140,541</u>	<u>\$33,898,011</u>	<u>\$35,029,484</u>	<u>\$60,428,487</u>	<u>\$82,665,491</u>

City of Lancaster, Ohio

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

	2013	2014	2015	2016
Expenses				
Governmental Activities:				
Security of Persons and Property	\$16,617,988	\$16,849,215	\$17,702,358	\$19,853,945
Public Health and Welfare Services	857,082	785,007	1,232,576	855,731
Leisure Time Activities	1,810,306	2,256,990	2,135,524	2,336,363
Community Environment	688,405	873,446	725,687	995,091
Transportation	4,825,294	6,817,662	6,477,311	6,887,838
General Government	7,943,615	7,840,741	7,927,531	8,712,430
Interest and Fiscal Charges	355,061	416,240	517,344	505,547
<i>Total Governmental Activities Expenses</i>	<u>33,097,751</u>	<u>35,839,301</u>	<u>36,718,331</u>	<u>40,146,945</u>
Business-type Activities:				
Gas	14,481,150	15,574,440	13,583,412	11,271,767
Water	8,193,295	8,468,594	8,163,396	8,100,342
Water Pollution	9,576,190	9,729,438	9,087,256	9,565,843
Sanitation	3,197,770	3,274,326	3,226,109	3,274,150
Storm Water	1,941,058	1,807,062	1,974,803	1,778,616
Port Authority	18,664,845	17,208,616	6,638,568	6,265,348
<i>Total Business-type Activities Expenses</i>	<u>56,054,308</u>	<u>56,062,476</u>	<u>42,673,544</u>	<u>40,256,066</u>
<i>Total Primary Government Expenses</i>	<u>\$89,152,059</u>	<u>\$91,901,777</u>	<u>\$79,391,875</u>	<u>\$80,403,011</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$2,720,979	\$2,231,913	\$2,195,779	\$2,214,724
Public Health and Welfare Services	235,910	230,884	206,503	216,640
Leisure Time Activities	351,611	502,389	346,570	369,206
Community Environment	65,761	77,256	75,115	79,245
Transportation	955,710	1,378,452	1,414,529	1,289,483
General Government	2,438,708	3,111,858	2,903,193	2,784,562
Operating Grants and Contributions	5,242,074	4,791,064	5,063,305	4,697,405
Capital Grants and Contributions	3,173,702	4,326,483	1,223,675	863,655
<i>Total Governmental Activities Program Revenues</i>	<u>15,184,455</u>	<u>16,650,299</u>	<u>13,428,669</u>	<u>12,514,920</u>

City of Lancaster, Ohio

2017	2018	2019	2020	2021	2022
\$19,504,799	\$22,136,304	\$1,799,062	\$20,807,024	\$19,210,651	\$19,986,940
903,382	893,040	955,434	908,121	725,083	1,077,611
2,490,616	2,532,518	2,879,347	2,246,039	1,858,571	2,551,602
821,972	840,623	1,055,812	929,581	1,044,872	1,222,792
6,897,020	7,252,943	7,809,758	8,335,716	5,085,549	6,374,770
10,430,660	10,154,186	10,973,019	10,736,341	6,382,205	8,979,014
482,033	493,076	483,957	467,415	415,685	407,409
<u>41,530,482</u>	<u>44,302,690</u>	<u>25,956,389</u>	<u>44,430,237</u>	<u>34,722,616</u>	<u>40,600,138</u>
13,411,673	12,324,393	13,986,387	10,832,957	13,193,322	17,814,214
8,455,739	8,152,728	9,448,889	8,338,909	5,855,954	6,611,260
9,597,039	10,539,850	9,117,280	9,454,081	7,706,479	8,208,115
3,871,760	4,961,644	4,640,674	4,121,258	2,869,401	3,673,774
2,561,602	2,613,555	2,500,991	2,366,316	1,745,749	1,827,856
6,168,445	5,806,494	15,048,563	16,295,697	18,284,964	23,289,484
<u>44,066,258</u>	<u>44,398,664</u>	<u>54,742,784</u>	<u>51,409,218</u>	<u>49,655,869</u>	<u>61,424,703</u>
<u>\$85,596,740</u>	<u>\$88,701,354</u>	<u>\$80,699,173</u>	<u>\$95,839,455</u>	<u>\$84,378,485</u>	<u>\$102,024,841</u>
\$2,306,416	\$2,221,015	\$2,530,566	\$2,361,458	\$2,576,228	\$2,587,905
231,257	253,543	229,398	232,990	313,816	225,289
388,952	453,724	554,954	227,714	623,329	691,677
72,519	76,987	69,616	77,264	78,665	75,989
1,537,874	1,252,681	1,319,871	981,977	985,332	1,132,763
2,724,061	2,861,278	3,068,730	2,609,556	2,752,074	2,903,685
4,626,308	6,463,567	5,736,348	10,536,359	7,640,862	6,744,353
1,455,314	412,042	324,419	492,066	3,672,971	1,242,533
<u>13,342,701</u>	<u>13,994,837</u>	<u>13,833,902</u>	<u>17,519,384</u>	<u>18,643,277</u>	<u>15,604,194</u>

(continued)

City of Lancaster, Ohio

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

	2013	2014	2015	2016
Business-type Activities:				
Charges for Services				
Gas	15,121,742	17,597,507	14,060,793	12,419,202
Water	7,891,739	7,991,000	8,229,806	8,645,087
Water Pollution	11,082,399	11,278,415	11,442,588	12,175,681
Sanitation	3,635,892	3,655,721	3,767,681	3,914,303
Storm Water	2,956,331	3,000,829	3,015,638	3,041,305
Port Authority	7,748,116	9,474,189	5,672,858	5,290,812
Operating Grants and Contributions	198,065	149,107	203,559	1,647,722
Capital Grants and Contributions	106,395	0	1,248,639	1,082,611
<i>Total Business-type Activities Program Revenues</i>	<u>48,740,679</u>	<u>53,146,768</u>	<u>47,641,562</u>	<u>48,216,723</u>
<i>Total Primary Government Program Revenues</i>	<u>63,925,134</u>	<u>69,797,067</u>	<u>61,070,231</u>	<u>60,731,643</u>
Net (Expense)/Revenue				
Governmental Activities	(17,913,296)	(19,189,002)	(23,289,662)	(27,632,025)
Business-type Activities	(7,313,629)	(2,915,708)	4,968,018	7,960,657
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$25,226,925)</u>	<u>(\$22,104,710)</u>	<u>(\$18,321,644)</u>	<u>(\$19,671,368)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$1,775,753	\$1,769,125	\$1,768,791	\$1,746,676
Special Purposes	392,439	2,530,507	2,288,683	2,247,405
Debt Service	331,819	331,119	331,769	330,869
Capital Outlay	135,935	157,845	175,432	247,126
Income Taxes	17,948,988	18,135,381	19,459,814	20,293,739
Other Local Taxes	618,634	624,904	644,847	621,499
Intergovernmental Revenue/ Contributions, Unrestricted	1,794,651	1,468,722	1,519,113	1,261,622
Investment Earnings	110,281	328,271	302,372	130,686
Miscellaneous	819,530	585,543	427,219	590,063
Transfers	0	0	0	(9,283)
<i>Total Governmental Activities</i>	<u>23,928,030</u>	<u>25,931,417</u>	<u>26,918,040</u>	<u>27,460,402</u>
Business-type Activities:				
Special Item	0	0	0	0
Investment Earnings	0	0	0	0
Transfers	0	0	0	9,283
<i>Total Business-type Activities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,283</u>
<i>Total Primary Government</i>	<u>\$23,928,030</u>	<u>\$25,931,417</u>	<u>\$26,918,040</u>	<u>\$27,469,685</u>
Change in Net Position				
Governmental Activities	\$6,014,734	\$6,742,415	\$3,628,378	(\$171,623)
Business-type Activities	(7,313,629)	(2,915,708)	4,968,018	7,969,940
<i>Total Primary Government Change in Net Position</i>	<u>(\$1,298,895)</u>	<u>\$3,826,707</u>	<u>\$8,596,396</u>	<u>\$7,798,317</u>

Source: City Auditor's Office

City of Lancaster, Ohio

2017	2018	2019	2020	2021	2022
13,346,170	14,177,606	12,876,071	11,744,347	14,339,436	20,777,648
8,947,621	8,791,515	8,828,660	9,351,767	8,989,994	9,866,668
12,599,473	12,336,673	12,533,969	12,611,471	12,187,323	13,086,788
3,839,528	4,045,384	4,219,316	4,377,576	4,526,303	4,721,194
2,892,094	3,031,541	3,274,242	3,091,294	3,139,944	3,113,149
6,529,140	6,244,520	5,031,902	3,645,317	7,325,749	12,609,224
1,107,583	2,630,791	899,748	486,293	1,065,156	0
633,684	310,000	127,606	40,663	1,377,947	3,105,596
<u>49,895,293</u>	<u>51,568,030</u>	<u>47,791,514</u>	<u>45,348,728</u>	<u>52,951,852</u>	<u>67,280,267</u>
<u>63,237,994</u>	<u>65,562,867</u>	<u>61,625,416</u>	<u>62,868,112</u>	<u>71,595,129</u>	<u>82,884,461</u>
(28,187,781)	(30,307,853)	(12,122,487)	(26,910,853)	(16,079,339)	(24,995,944)
<u>5,829,035</u>	<u>7,169,366</u>	<u>(6,951,270)</u>	<u>(6,060,490)</u>	<u>3,295,983</u>	<u>5,855,564</u>
<u>(\$22,358,746)</u>	<u>(\$23,138,487)</u>	<u>(\$19,073,757)</u>	<u>(\$32,971,343)</u>	<u>(\$12,783,356)</u>	<u>(\$19,140,380)</u>
\$1,886,173	\$1,798,528	\$1,825,529	\$2,106,171	\$2,237,953	\$2,128,621
2,387,133	2,281,700	2,305,255	2,459,283	2,620,804	2,465,959
334,119	121,369	118,481	120,331	117,031	118,594
129,768	90,393	110,050	123,071	113,002	108,886
19,528,225	19,526,066	20,977,070	20,733,365	30,503,110	35,351,543
683,298	478,311	664,742	622,615	630,640	703,982
1,260,634	1,520,356	2,757,540	1,587,080	1,816,233	1,896,753
431,605	559,647	1,067,622	679,766	(220,389)	(1,347,221)
724,771	640,433	898,092	3,339,108	363,975	728,691
0	0	0	(348,057)	(41,000)	78,000
<u>27,365,726</u>	<u>27,016,803</u>	<u>30,724,381</u>	<u>31,422,733</u>	<u>38,141,359</u>	<u>42,233,808</u>
0	0	2,106,846	2,332,026	0	0
0	0	0	0	0	(778,424)
0	0	0	348,057	41,000	(78,000)
0	0	2,106,846	2,680,083	41,000	(856,424)
<u>\$27,365,726</u>	<u>\$27,016,803</u>	<u>\$32,831,227</u>	<u>\$34,102,816</u>	<u>\$38,182,359</u>	<u>\$41,377,384</u>
(\$822,055)	(\$3,291,050)	\$18,601,894	\$4,511,880	\$22,062,020	\$17,237,864
<u>5,829,035</u>	<u>7,169,366</u>	<u>(4,844,424)</u>	<u>(3,380,407)</u>	<u>3,336,983</u>	<u>4,999,140</u>
<u>\$5,006,980</u>	<u>\$3,878,316</u>	<u>\$13,757,470</u>	<u>\$1,131,473</u>	<u>\$25,399,003</u>	<u>\$22,237,004</u>

City of Lancaster, Ohio

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund				
Nonspendable	\$218,362	\$184,142	\$186,934	\$232,405
Assigned	1,242,718	1,335,785	1,358,651	1,303,159
Unassigned	5,251,121	5,482,881	5,684,567	6,518,690
<i>Total General Fund</i>	<u>6,712,201</u>	<u>7,002,808</u>	<u>7,230,152</u>	<u>8,054,254</u>
All Other Governmental Funds				
Nonspendable	3,019,060	3,018,879	2,974,874	1,392,532
Restricted	6,525,938	13,494,830	7,070,766	8,185,382
Committed	1,323,924	1,965,953	2,006,007	2,041,240
Assigned	0	0	0	0
Unassigned	(2,656,486)	(1,805,141)	(2,158,940)	(3,430,546)
<i>Total All Other Governmental Funds</i>	<u>8,212,436</u>	<u>16,674,521</u>	<u>9,892,707</u>	<u>8,188,608</u>
<i>Total Governmental Funds</i>	<u>\$14,924,637</u>	<u>\$23,677,329</u>	<u>\$17,122,859</u>	<u>\$16,242,862</u>

Source: City Auditor's Office

City of Lancaster, Ohio

2017	2018	2019	2020	2021	2022
\$140,780	\$144,510	\$141,819	\$153,194	\$140,830	\$319,327
2,987,873	1,463,374	1,322,697	171,498	4,676,463	3,503,063
5,069,422	5,618,519	6,349,751	11,645,299	10,131,790	12,806,532
8,198,075	7,226,403	7,814,267	11,969,991	14,949,083	16,628,922
1,305,960	1,364,716	333,337	363,398	378,178	1,000,793
7,080,577	7,567,853	10,135,924	11,095,229	14,545,166	18,442,353
2,177,475	2,270,690	2,450,773	2,585,119	3,900,469	4,394,186
0	0	0	0	0	200,000
(3,183,154)	(2,971,594)	(2,734,927)	(2,483,759)	(2,241,888)	(1,998,421)
7,380,858	8,231,665	10,185,107	11,559,987	16,581,925	22,038,911
\$15,578,933	\$15,458,068	\$17,999,374	\$23,529,978	\$31,531,008	\$38,667,833

City of Lancaster, Ohio

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

	2013	2014	2015	2016
Revenues:				
Taxes	\$20,522,054	\$22,629,962	\$23,802,285	\$25,039,914
Intergovernmental Revenues	9,925,610	10,402,482	7,574,806	6,146,543
Charges for Services	5,018,577	5,376,488	5,163,513	5,205,674
Licenses and Permits	21,320	30,544	24,527	21,640
Investment Earnings	117,176	322,355	281,853	138,918
Special Assessments	99,710	116,689	112,508	120,658
Fines and Forfeitures	2,111,093	2,339,400	2,338,992	2,011,572
Donations	0	0	0	0
All Other Revenue	849,946	770,866	395,121	599,899
Total Revenue	38,665,486	41,988,786	39,693,605	39,284,818
Expenditures:				
Current:				
Security of Persons and Property	16,396,860	16,387,166	16,760,874	17,243,275
Public Health and Welfare Services	897,647	791,543	1,249,017	822,750
Leisure Time Activities	1,840,118	1,994,089	1,847,968	1,912,169
Community Environment	687,389	884,703	724,103	982,147
Transportation	4,443,455	6,722,387	7,635,265	6,911,218
General Government	7,490,162	8,216,413	7,579,778	8,526,437
Capital Outlay	4,721,837	6,324,867	8,961,855	2,399,353
Debt Service:				
Principal Retirement	969,263	1,390,042	1,358,335	1,226,164
Interest and Fiscal Charges	352,094	395,077	521,659	501,561
Total Expenditures	37,798,825	43,106,287	46,638,854	40,525,074
Excess (Deficiency) of Revenues Over Expenditures	866,661	(1,117,501)	(6,945,249)	(1,240,256)

City of Lancaster, Ohio

2017	2018	2019	2020	2021	2022
\$24,444,584	\$24,544,397	\$25,350,871	\$25,708,543	\$34,580,944	\$39,221,544
6,718,005	8,040,780	7,315,696	12,181,964	9,510,641	9,564,304
5,368,744	5,110,981	5,619,741	4,911,515	5,602,220	5,642,657
19,345	21,511	23,235	35,805	55,551	58,253
441,291	557,479	1,044,249	701,163	(220,279)	(1,359,619)
109,350	117,219	104,100	115,648	111,606	75,681
2,223,888	2,273,587	2,466,185	1,900,619	1,937,884	2,227,456
0	0	1,324,575	0	0	0
740,648	668,267	897,279	3,391,697	491,847	767,038
40,065,855	41,334,221	44,145,931	48,946,954	52,070,414	56,197,314
17,646,731	18,117,157	18,732,982	18,852,844	20,227,200	21,851,543
905,566	848,159	907,678	892,387	872,967	1,166,519
2,152,419	2,010,682	2,184,273	1,987,952	2,273,985	3,038,641
785,013	799,357	968,318	878,652	1,240,148	1,330,242
7,592,879	7,247,162	7,674,236	7,921,027	8,268,546	9,199,264
8,867,751	8,504,140	8,317,600	8,983,268	9,116,933	10,406,044
1,492,592	2,287,025	2,157,622	2,017,312	790,391	1,329,874
1,262,897	1,177,763	1,368,026	1,117,957	1,193,411	1,177,106
478,803	488,754	480,456	463,370	412,359	386,506
41,184,651	41,480,199	42,791,191	43,114,769	44,395,940	49,885,739
(1,118,796)	(145,978)	1,354,740	5,832,185	7,674,474	6,311,575

(Continued)

City of Lancaster, Ohio

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

	2013	2014	2015	2016
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
State Infrastructure Bank Loan	0	0	0	0
Other Financing Sources - Capital Leases	20,751	423,428	469,044	244,069
Ohio Public Works Commission Loan	0	0	0	210,428
General Obligation Bonds Issued	0	9,350,000	0	0
Premium on General Obligation Bonds	0	127,150	0	0
Refunding General Obligation Bonds Issued	0	2,380,000	0	0
Premium on Refunding General Obligation Bonds	0	38,212	0	0
Payment to Refunded Bond Escrow Agent	0	(2,359,891)	0	0
Installment Loan	470,575	0	0	0
Transfers In	2,035,399	11,404,518	11,887,104	11,523,088
Transfers Out	(2,214,087)	(11,469,006)	(11,951,592)	(11,664,159)
Total Other Financing Sources (Uses)	<u>312,638</u>	<u>9,894,411</u>	<u>404,556</u>	<u>313,426</u>
Net Change in Fund Balance	<u>\$1,179,299</u>	<u>\$8,776,910</u>	<u>(\$6,540,693)</u>	<u>(\$926,830)</u>
Debt Service as a Percentage of Noncapital Expenditures	4.07%	4.95%	5.33%	4.75%

Source: City Auditor's Office

City of Lancaster, Ohio

2017	2018	2019	2020	2021	2022
0	0	0	0	82,892	0
0	0	217,587	6,528	0	0
625,000	0	986,000	0	282,000	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	650,000
11,847,598	13,788,372	13,023,384	2,554,327	2,188,278	2,755,466
(11,924,017)	(13,790,372)	(13,025,884)	(2,902,384)	(2,229,278)	(2,687,466)
<u>548,581</u>	<u>(2,000)</u>	<u>1,201,087</u>	<u>(341,529)</u>	<u>323,892</u>	<u>718,000</u>
<u>(\$570,215)</u>	<u>(\$147,978)</u>	<u>\$2,555,827</u>	<u>\$5,490,656</u>	<u>\$7,998,366</u>	<u>\$7,029,575</u>
4.65%	4.47%	4.79%	4.00%	3.96%	3.53%

City of Lancaster, Ohio

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

Tax year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Income Tax Rate	1.75%	1.75%	1.75%	1.75%
Estimated Personal Income (in thousands)	\$1,543,778	\$1,566,749	\$1,595,603	\$1,675,569
Total Tax Collected	\$17,750,771	\$17,809,533	\$18,672,494	\$20,100,001
Income Tax Receipts				
Withholding	13,659,993	13,883,166	14,439,064	15,248,970
Percentage	76.96%	77.96%	77.34%	75.88%
Corporate	1,932,043	1,897,976	2,067,737	2,444,653
Percentage	10.88%	10.66%	11.07%	12.16%
Individuals	2,158,735	2,028,391	2,165,693	2,406,378
Percentage	12.16%	11.38%	11.59%	11.96%

Source: City Income Tax Department

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

City of Lancaster, Ohio

2017	2018	2019	2020	2021	2022
1.75%	1.75%	1.75%	1.75%	2.20%	2.20%
\$1,760,445	\$1,857,432	\$1,889,057	\$2,071,952	\$2,074,356	\$2,527,691
\$19,944,236	\$19,964,681	\$20,823,359	\$20,751,089	\$28,452,710	\$33,031,456
15,278,799	15,737,489	16,084,541	16,477,967	22,094,648	25,317,669
76.62%	78.83%	77.24%	79.41%	77.65%	76.65%
2,413,546	1,974,128	2,179,517	1,974,049	3,468,436	3,883,875
12.10%	9.89%	10.47%	9.51%	12.19%	11.76%
2,251,891	2,253,064	2,559,301	2,299,073	2,889,626	3,829,912
11.28%	11.28%	12.29%	11.08%	10.16%	11.59%



City of Lancaster, Ohio

*Income Tax Collections
Current Year and Nine Years Ago*

Calendar Year 2022				
Income Tax Filers	Number of Filers	Percent of Total	Income Tax Collections	Percent of Income
Top Ten	10	0.11%	\$2,479,564	7.51%
All Others	9,186	99.89%	30,551,892	92.49%
Total	9,196	100.00%	\$33,031,456	100.00%

Calendar Year 2013				
Income Tax Filers	Number of Filers	Percent of Total	Income Tax Collections	Percent of Income
Top Ten	10	0.10%	\$5,077,032	28.60%
All Others	9,754	99.90%	12,673,739	71.40%
Total	9,764	100.00%	\$17,750,771	100.00%

Source: City Income Tax Department

City of Lancaster, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	2013	2014	2015	2016
Governmental Activities ⁽¹⁾				
Housing and Urban Development Loan Payable	\$310,000	\$220,000	\$130,000	\$40,000
Ohio Public Works Commission Loan Payable	45,646	39,560	33,474	240,859
Ohio Water Development Authority Loans Payable	361,723	346,088	329,941	313,264
Special Assessment Bonds Payable	191,000	171,000	150,000	128,000
General Obligation Bonds Payable	4,360,000	13,177,942	12,369,244	11,541,185
State Infrastructure Bank Loan Payable	314,502	159,592	0	0
Installment Loan Payable	1,809,444	1,825,522	1,790,370	1,519,878
Business-type Activities ⁽¹⁾				
Ohio Water Development Authority Loans Payable	\$52,134,520	\$47,606,083	\$43,497,740	\$39,590,748
Ohio Public Works Commission Loan Payable	0	0	0	0
Revenue Bonds Payable	356,703,101	347,855,825	334,188,997	321,226,153
Long-Term Notes Payable	0	0	0	0
Installment Loan Payable	280,665	233,665	165,790	1,158,017
Total Primary Government	<u>\$416,510,601</u>	<u>\$411,635,277</u>	<u>\$392,655,556</u>	<u>\$375,758,104</u>
Population ⁽²⁾				
City of Lancaster	39,359	38,854	38,780	39,848
Outstanding Debt Per Capita	\$10,582	\$10,594	\$10,125	\$9,430
Income ⁽³⁾				
Personal (in thousands)	1,543,778	1,566,749	1,595,603	1,675,569
Percentage of Personal Income	26.98%	26.27%	24.61%	22.43%

Sources:

- (1) Source: City Auditor's Office
- (2) Lancaster Community Development Department estimates (2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2018)
the U.S. Census Department estimates (2019-2022)
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Lancaster, Ohio

2017	2018	2019	2020	2021	2022
\$0	\$0	\$0	\$0	\$0	\$0
192,686	144,514	96,343	72,257	0	0
296,041	278,254	259,884	240,912	221,319	201,083
99,050	80,500	0	0	0	0
10,688,126	10,035,067	9,382,008	8,703,949	8,020,890	7,322,831
0	0	217,587	224,115	198,932	172,987
1,613,850	1,151,158	1,554,682	1,148,661	1,028,577	1,237,652
\$36,000,351	\$33,301,643	\$30,055,009	\$30,079,620	\$31,811,287	\$48,747,533
0	152,634	346,223	328,912	276,979	242,357
306,054,973	290,378,793	363,624,346	359,498,900	353,033,727	348,976,373
0	0	0	0	1,500,000	1,475,000
1,060,429	290,368	222,068	151,844	80,449	219,450
<u>\$356,005,506</u>	<u>\$335,812,931</u>	<u>\$405,758,150</u>	<u>\$400,449,170</u>	<u>\$396,172,160</u>	<u>\$408,595,266</u>
39,848	40,280	39,942	40,505	40,552	41,000
\$8,934	\$8,337	\$10,159	\$9,886	\$9,769	\$9,966
1,760,445	1,857,432	1,889,057	2,071,952	2,074,356	2,527,691
20.22%	18.08%	21.48%	19.33%	19.10%	16.16%

City of Lancaster, Ohio

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2013	2014	2015	2016
Population ⁽¹⁾	39,359	38,854	38,780	39,848
Assessed Value ⁽²⁾	\$727,831,260	\$722,645,450	\$719,521,390	\$722,023,270
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$4,360,000	\$13,177,942	\$12,369,244	\$11,541,185
Resources Available to Pay Principal ⁽⁴⁾	\$91,191	\$0	\$11,869	\$0
Net General Bonded Debt	\$4,268,809	\$13,177,942	\$12,357,375	\$11,541,185
Ratio of Net Bonded Debt to Assessed Value	0.59%	1.82%	1.72%	1.60%
Net Bonded Debt per Capita	\$108.46	\$339.17	\$318.65	\$289.63

Source:

- (1) Lancaster Community Development Department estimates (2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2018)
the U.S. Census Department estimates (2019-2022)
- (2) Fairfield County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.
- (4) Includes only Debt Service funds available for general obligation bonded debt supported
by property taxes.

City of Lancaster, Ohio

2017	2018	2019	2020	2021	2022
39,848	40,280	39,942	40,505	40,552	41,000
\$740,245,390	\$737,217,750	\$745,389,440	\$843,415,140	\$851,347,650	\$875,438,160
\$10,688,126	\$10,035,067	\$9,382,008	\$8,703,949	\$8,020,890	\$7,322,831
\$0	\$0	\$0	\$0	\$0	\$0
\$10,688,126	\$10,035,067	\$9,382,008	\$8,703,949	\$8,020,890	\$7,322,831
1.44%	1.36%	1.26%	1.03%	0.94%	0.84%
\$268.22	\$249.13	\$234.89	\$214.89	\$197.79	\$178.61



City of Lancaster, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2022*

<u>Jurisdiction</u>		<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Lancaster</u>	<u>Amount Applicable to the City of Lancaster</u>
Direct:				
City of Lancaster	(1)	\$8,934,553	100.00%	\$8,934,553
Overlapping:				
Lancaster City School District	(2)	152,040,558	79.85%	121,404,386
Fairfield County	(3)	36,383,960	18.83%	<u>6,851,100</u>
			Subtotal	<u>128,255,486</u>
			Total	<u><u>\$137,190,039</u></u>

Source:

- (1) City Auditor's Office
- (2) Lancaster City School District, as of June 30, 2022, the District's fiscal year end.
- (3) Fairfield County Auditor -Annual Comprehensive Financial Report

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

City of Lancaster, Ohio

*Debt Limitations
Last Ten Years*

Collection Year	2013	2014	2015	2016
Total Debt				
Net Assessed Valuation	\$727,831,260	\$722,645,450	\$719,521,390	\$722,023,270
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	76,422,282	75,877,772	75,549,746	75,812,443
City Debt Outstanding (2)	4,360,000	13,177,942	12,369,244	11,541,185
Less: Applicable Debt Service Fund Amounts	(91,191)	0	(11,869)	0
Net Indebtedness Subject to Limitation	<u>4,268,809</u>	<u>13,177,942</u>	<u>12,357,375</u>	<u>11,541,185</u>
Overall Legal Debt Margin	<u><u>\$72,153,473</u></u>	<u><u>\$62,699,830</u></u>	<u><u>\$63,192,371</u></u>	<u><u>\$64,271,258</u></u>
Unvoted Debt				
Net Assessed Valuation	\$727,831,260	\$722,645,450	\$719,521,390	\$722,023,270
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	40,030,719	39,745,500	39,573,676	39,711,280
City Debt Outstanding (2)	4,360,000	13,177,942	12,369,244	11,541,185
Less: Applicable Debt Service Fund Amounts	(91,191)	0	(11,869)	0
Net Indebtedness Subject to Limitation	<u>4,268,809</u>	<u>13,177,942</u>	<u>12,357,375</u>	<u>11,541,185</u>
Overall Legal Debt Margin	<u><u>\$35,761,910</u></u>	<u><u>\$26,567,558</u></u>	<u><u>\$27,216,301</u></u>	<u><u>\$28,170,095</u></u>

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

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.

Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office

City of Lancaster, Ohio

2017	2018	2019	2020	2021	2022
\$740,245,390	\$737,217,750	\$745,389,440	\$843,415,140	\$851,347,650	\$875,438,160
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
77,725,766	77,407,864	78,265,891	88,558,590	89,391,503	91,921,007
10,688,126	10,035,067	9,382,008	8,703,949	8,020,890	7,322,831
0	0	0	0	0	0
10,688,126	10,035,067	9,382,008	8,703,949	8,020,890	7,322,831
\$67,037,640	\$67,372,797	\$68,883,883	\$79,854,641	\$81,370,613	\$84,598,176
\$740,245,390	\$737,217,750	\$745,389,440	\$843,415,140	\$851,347,650	\$875,438,160
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
40,713,496	40,546,976	40,996,419	46,387,833	46,824,121	48,149,099
10,688,126	10,035,067	9,382,008	8,703,949	8,020,890	7,322,831
0	0	0	0	0	0
10,688,126	10,035,067	9,382,008	8,703,949	8,020,890	7,322,831
\$30,025,370	\$30,511,909	\$31,614,411	\$37,683,884	\$38,803,231	\$40,826,268

City of Lancaster, Ohio

Pledged Revenue Coverage Last Ten Years

	2013	2014	2015	2016
Water Revenue Bonds (1 a)				
Gross Revenues (2)	\$7,885,740	\$8,023,002	\$8,211,328	\$8,643,136
Direct Operating Expenses (3)	5,453,543	5,802,924	5,822,634	5,914,565
Net Revenue Available for Debt Service	2,432,197	2,220,078	2,388,694	2,728,571
Annual Debt Service Requirement	416,144	516,081	514,981	513,981
Coverage	5.84	4.30	4.64	5.31
Water Pollution Revenue Bonds (1 b)				
Gross Revenues (2)	\$11,072,967	\$11,378,708	\$11,499,199	\$12,185,806
Direct Operating Expenses (3)	4,054,109	4,403,285	3,930,137	4,609,387
Net Revenue Available for Debt Service	7,018,858	6,975,423	7,569,062	7,576,419
Annual Debt Service Requirement	1,749,669	1,749,756	1,753,812	1,688,038
Coverage	4.01	3.99	4.32	4.49
Port Authority Gas Supply Revenue Bonds (1 c)				
Gross Revenues (2)	\$7,732,965	\$9,475,747	\$5,668,319	\$5,291,860
Direct Operating Expenses (3)	5,819,723	6,531,561	290,978	242,969
Net Revenue Available for Debt Service	1,913,242	2,944,186	5,377,341	5,048,891
Annual Debt Service Requirement	3,884,923	2,852,227	15,284,079	16,505,174
Coverage	0.49	1.03	0.35	0.31
Special Assessment Bonds (1 d)				
Special Assessment Collections	\$36,571	\$41,881	\$39,239	\$43,231
Debt Service				
Principal	19,000	20,000	21,000	22,000
Interest	10,500	9,550	8,550	7,500
Coverage	1.24	1.42	1.33	1.47

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

These bonds were refunded in 2012 with the issuance of \$5,795,000 in Water Revenue Bonds.

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

These bonds were refunded in 2012 with the issuance of \$3,680,000 in Water Pollution Revenue Bonds.

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

These bonds were refunded in 2016 with the issuance of \$15,395,000 in Water Pollution Revenue Bonds.

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

In 2019 the City issued \$300,065,000 of Gas Supply Bonds to refund the 2008 bonds

(1 d) In 2001 the City issued \$367,000 of Special Assessment Bonds, which were paid off in 2019.

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

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

N/A = not applicable

Source: City Auditor's Office

City of Lancaster, Ohio

2017	2018	2019	2020	2021	2022
\$8,992,669	\$8,877,949	\$8,988,156	\$9,441,826	\$8,935,894	\$9,466,007
6,108,057	5,946,393	7,408,599	6,605,168	4,493,217	5,144,462
2,884,612	2,931,556	1,579,557	2,836,658	4,442,677	4,321,545
509,831	517,431	514,231	510,631	516,631	510,532
5.66	5.67	3.07	5.56	8.60	8.46
\$12,745,699	\$12,638,715	\$13,097,897	\$12,962,949	\$12,062,972	\$12,566,043
4,778,447	6,340,117	5,462,606	5,179,942	3,975,764	4,604,001
7,967,252	6,298,598	7,635,291	7,783,007	8,087,208	7,962,042
1,637,900	1,635,000	1,635,350	1,639,750	3,835,350	1,314,800
4.86	3.85	4.67	4.75	2.11	6.06
\$6,540,915	\$6,291,644	\$5,052,764	\$3,617,450	\$7,134,824	\$12,570,115
328,795	246,515	4,672,212	2,753,731	4,824,161	9,917,948
6,212,120	6,045,129	380,552	863,719	2,310,663	2,652,167
18,078,461	20,013,639	11,759,029	19,016,715	16,073,875	16,071,875
0.34	0.30	0.03	0.05	0.14	0.17
\$38,304	\$40,471	\$35,443	\$38,816	\$33,293	\$10
28,950	18,550	80,500	0	0	0
7,550	3,803	2,012	0	0	0
1.05	1.81	0.43	N/A	N/A	N/A

City of Lancaster, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	2013	2014	2015	2016	2017
Population					
City of Lancaster (2)(3)	39,359	38,854	38,780	39,848	39,848
Fairfield County (1)(3)	148,797	150,381	151,408	152,597	154,733
Income (3) (a)					
Total Personal (in thousands)	1,543,778	1,566,749	1,595,603	1,675,569	1,760,445
Per Capita	39,223	40,324	41,145	42,049	44,179
Unemployment Rate (4)					
Federal	7.4%	6.2%	5.3%	4.9%	4.4%
State	7.4%	5.7%	4.9%	4.9%	5.0%
Fairfield County	6.4%	5.0%	4.3%	4.2%	4.3%
Civilian Work Force Estimates (4)					
State	5,765,700	5,719,500	5,700,300	5,713,100	5,780,000
Fairfield County	75,600	74,900	75,400	75,800	77,400
Lancaster	17,700	17,900	17,900	17,900	17,400

Sources:

- (1) US Bureau of Census of Population
- (2) Lancaster Community Development Department estimates (2013)
Fairfield County Economic Development website using
the Ohio Dept of Taxation Census Population estimates (2014-2018)
the U.S. Census Department estimates (2019-2022)
- (3) US Department of Commerce, Bureau of Economic Analysis information is only available through 2021
for the presentation of 2022 statistics, the City is using the latest information available.
(a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (4) State Department of Labor Statistics

City of Lancaster, Ohio

2018	2019	2020	2021	2022
40,280	39,942	40,505	40,552	41,000
155,782	157,574	159,709	161,064	162,898
1,857,432	1,889,057	2,071,952	2,074,356	2,527,691
46,113	47,295	51,153	51,153	61,651
3.9%	3.7%	8.1%	5.3%	3.6%
4.6%	4.1%	8.1%	5.1%	4.0%
4.0%	3.7%	6.6%	4.3%	3.5%
5,754,900	5,802,300	5,754,300	5,736,900	5,741,300
77,300	78,000	78,600	79,800	80,500
17,300	17,969	18,194	18,766	18,600



City of Lancaster, Ohio

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2022		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	1,953	1	10.50%
Anchor Acquisition LLC	Manufacturer	1,630	2	8.76%
Lancaster City Schools	Education	1,370	3	7.37%
Fairfield County	Government	1,163	4	6.25%
Kroger - Lancaster Locations	Grocer	775	5	4.17%
MAGNA	Manufacturer	621	6	3.34%
Daily Services	Employment Services	434	7	2.33%
SRI Ohio Inc	Manufacturer	423	8	2.27%
State of Ohio	Government	417	9	2.24%
Group Management Services	Employment Services	387	10	2.08%
Total		9,173		49.31%
Total Employment within the City		18,600		

Employer	Nature of Business	2013		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	1,871	1	10.57%
Anchor Hocking	Glass Manufacturer	1,148	2	6.49%
Fairfield County	Government	957	3	5.41%
Lancaster City Schools	Education	690	4	3.90%
City of Lancaster	Government	363	5	2.05%
Ralston Foods/Con Agra	Manufacturer	349	6	1.97%
Diamond Power	Metal Fabrication	300	7	1.69%
Kroger	Food	286	8	1.62%
Fairfield Homes	Construction	231	9	1.31%
Crestview	Medical Services	227	10	1.28%
Total		6,422		36.29%
Total Employment within the City		17,700		

Sources:

2022 - Lancaster City Income Tax Department

2013 - Fairfield County Chamber of Commerce

City of Lancaster, Ohio

Full Time Equivalent Employees by Function Last Ten Years

	2013	2014	2015	2016	2017
Governmental Activities					
General Government					
Auditor	5.00	5.00	5.00	5.00	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00
Legal	7.00	9.00	7.00	10.00	11.00
City Council	11.00	11.00	11.00	11.00	11.00
Court	33.00	36.00	36.00	39.00	39.00
Administration	5.00	5.00	4.00	4.00	5.00
Engineering	4.00	3.00	3.00	3.00	3.00
Certified Building	3.00	3.00	3.00	4.00	5.00
Income Tax	4.00	4.00	4.00	4.00	4.00
Maintenance	1.00	1.00	1.00	1.00	1.00
Information Systems	7.00	8.00	8.00	8.00	6.00
Security of Persons and Property					
Police	80.00	83.00	82.00	85.00	84.00
Fire	70.00	72.00	72.00	70.00	72.00
Public Health and Welfare	1.00	2.00	2.00	2.00	2.00
Cemetery	4.00	4.00	4.00	4.00	4.00
Transportation					
Street	22.00	22.00	23.00	23.00	23.00
Leisure Time Activities					
Parks	24.00	26.00	25.00	29.00	28.00
Community Environment					
Community Development	3.00	3.00	3.00	3.00	3.00
Public Transit	1.00	1.00	2.00	3.00	3.00
Civil Service	1.00	1.00	1.00	1.00	1.00
Business-Type Activities					
Utilities					
Gas	25.00	25.00	25.00	25.00	26.00
Water	41.00	39.00	38.00	38.00	39.00
Water Pollution	23.00	24.00	24.00	25.00	23.00
Sanitation	21.00	21.00	20.00	21.00	21.00
Storm Water	4.00	5.00	5.00	5.00	5.00
Utilities Collection	15.00	15.00	15.00	15.00	16.00
<i>Total Employees</i>	<u>416.00</u>	<u>429.00</u>	<u>424.00</u>	<u>439.00</u>	<u>441.00</u>

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

Source: City Auditor's Office

City of Lancaster, Ohio

2018	2019	2020	2021	2022
5.00	5.00	5.00	5.00	6.00
1.00	1.00	1.00	1.00	2.00
11.00	11.00	11.00	12.00	11.00
11.00	11.00	11.00	11.00	11.00
41.00	41.00	40.00	44.00	42.00
5.00	5.00	5.00	5.00	6.00
3.00	4.00	4.00	4.00	4.00
5.00	6.00	6.00	6.00	8.00
3.00	4.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00
5.00	6.00	5.00	7.00	5.00
80.00	84.00	77.00	89.00	85.00
72.00	68.00	65.00	78.00	78.00
3.00	3.00	3.00	3.00	4.00
4.00	4.00	4.00	4.00	5.00
24.00	24.00	27.00	28.00	28.00
26.00	28.00	26.00	22.00	18.00
3.00	3.00	3.00	3.00	4.00
3.00	3.00	36.00	29.00	39.00
1.00	1.00	1.00	1.00	1.00
27.00	27.00	27.00	28.00	28.00
37.00	37.00	38.00	36.00	37.00
23.00	23.00	23.00	25.00	21.00
22.00	22.00	23.00	28.00	24.00
5.00	5.00	5.00	7.00	5.00
16.00	16.00	16.00	17.00	16.00
437.00	443.00	468.00	499.00	494.00

City of Lancaster, Ohio

Operating Indicators by Function Last Ten Years

	2013	2014	2015	2016
Governmental Activities				
General Government				
Court				
Number of Traffic Cases	17,933	17,898	17,631	16,678
Number of Open Cases	1,606	1,335	1,271	1,449
Licenses and Permits				
Number of Building Permits	1,156	1,049	1,258	1,338
Number of Building Inspections	2,983	2,436	2,878	3,759
Security of Persons and Property				
Police				
Number of Calls Received	58,228	56,254	60,578	60,685
Number of Traffic Citations	5,079	2,616	4,205	2,412
Number of Arrests	1,647	1,494	1,481	1,447
Parking Tickets Written	833	696	598	451
Fire				
Number of Fire Calls	1,530	1,569	1,767	1,910
Number of EMS Runs	6,819	6,931	7,259	7,358
Number of Inspections	1,464	1,433	1,503	1,596
Leisure Time Activities				
Parks				
Number of Programs Offered	63	61	62	62
Number of Pool Admissions	18,758	18,283	19,022	24,597
Business-Type Activities				
Water				
Number of Service Connections	15,363	15,424	15,464	15,499
Daily Average Consumption (thousands of gallons)	3.58M	3.75M	4.57M	3.67M
Peak Daily Consumption (thousands of gallons)	5.89M	5.76M	5.89M	5.64M
Water Pollution				
Number of Service Connections	15,088	15,129	15,095	15,215
Maximum Daily Capacity	14M	14M	14M	14M
Daily Average Sewage Treatment (thousands of gallons)	7.10M	7.23M	6.84M	7.07M
Sanitation				
Number of Customers	15,468	15,490	15,518	15,566
Storm Water				
Number of Customers	14,750	14,820	14,832	14,876

Source: City Auditor's Office

City of Lancaster, Ohio

2017	2018	2019	2020	2021	2022
17,733	15,395	15,178	10,537	10,243	12,304
1,673	1,389	1,185	1,055	642	1,002
2,233	2,101	1,654	1,116	1,218	1,072
4,145	5,388	2,011	3,222	3,640	3,973
62,306	60,456	62,282	56,281	50,839	58,291
4,399	3,809	4,442	3,028	2,431	1,887
1,991	1,177	1,889	1,847	3,097	1,764
929	1,352	999	368	100	91
2,005	2,086	1,209	1,138	1,150	1,306
7,696	7,831	8,198	7,721	8,450	8,944
1,584	1,563	1,477	980	1,351	2,340
62	67	46	13	37	42
13,380	27,505	28,397	0	20,716	19,342
15,554	15,642	15,677	15,706	15,985	16,183
3.63M	3.85M	3.93M	3.85M	3.89M	3.82M
6.18M	6.2M	6.44M	6.24M	6.6M	6.6M
15,264	15,384	15,478	15,418	15,420	15,406
14M	17.87M	18.13M	18.73M	13.933M	15.29M
7.56M	8.99M	8.94M	7.73M	6.904M	7.41M
15,622	15,703	16,100	15,793	15,822	16,151
14,954	15,009	15,754	15,106	15,148	15,369

City of Lancaster, Ohio

Capital Asset Statistics by Function Last Ten Years

	2013	2014	2015	2016
Governmental Activities				
General Government				
Public Land and Buildings				
Land (1)	18,598	18,598	18,598	1,453.94
Buildings	36	36	36	37
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	34	38	37	38
Fire				
Stations	3	3	3	3
Vehicles	20	18	18	19
Public Health & Welfare				
Cemetery				
Land (acres)	150	150	150	150
Transportation				
Street				
Streets (lane miles) (2)	185	185	185	185
Street Lights	2,476	2,476	2,476	2,476
Traffic Signals	85	86	86	88
Leisure Time Activities				
Parks				
Land (acres)	733	733	733	733
Buildings	21	21	21	21
Parks	27	27	27	27
Playgrounds	12	12	12	12
Swimming Pools	2	2	2	2
Tennis Courts	13	13	13	13
Baseball/Softball Diamonds	26	26	26	26
Soccer Fields	22	22	22	22

- (1) Previous to 2016, total land (shown in square miles) within the corporate boundaries of the City was being reported. Beginning in 2016, only City owned land (shown in acres) is reported.
- (2) Previous to 2020, the miles were reported as centerline miles. Beginning in 2020, the miles are reported as lane miles.

City of Lancaster, Ohio

2017	2018	2019	2020	2021	2022
1,453.94	1,427.97	1,453.94	1,514.82	1,551.54	1,565.01
38	38	38	38	55	57
1	1	1	1	1	1
40	36	37	36	35	31
3	3	3	3	3	3
20	19	18	19	18	18
150	150	150	150	122	122
185	185	185	372	372	372
2,476	2,527	2,509	2,517	2,529	2,539
86	86	80	78	79	79
733	757	830	830	830	841
21	21	35	21	21	24
27	27	27	27	27	28
12	12	13	13	13	13
2	3	3	3	3	3
13	13	15	15	15	13
26	26	25	25	25	21
22	22	20	20	20	19

(continued)

City of Lancaster, Ohio

*Capital Asset Statistics by Function
Last Ten Years*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	182	182	182	182
Pump Stations	2	2	2	2
Number of Hydrants	1,848	1,885	1,892	1,900
Storage Capacity (thousands of gallons)	9.8M	9.8M	9.8M	9.8M
Water Pollution				
Sewerlines (Miles)	186	186	186	186
Lift Stations	11	11	11	11
Sanitation				
Packers	9	10	9	9
Storm Water				
Storm Sewers (Miles)	66	88	88	88
Gas				
Gaslines (Miles)	249	249	249	255

Source: City Auditor's Office

City of Lancaster, Ohio

2017	2018	2019	2020	2021	2022
183	183	184	184	192	192
2	2	2	2	2	2
1,864	1,864	1,872	2,000	2,000	2,009
9.8M	9.8M	9.8M	9.8M	9.8M	9.8M
186	186	187	187	181	182
10	10	10	10	10	10
9	11	11	11	10	11
88	88	88	88	94	94
254	256	254	256	260	256

