



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ending June 30, 2009





#### About the Cover....

In 2007, the City introduced its new brand "Positively Clear". No matter how you look at it, it's positively clear that Lancaster is the perfect place to live, work, visit and play! The City of Lancaster prides itself on its conservative financial management practices and ability to maintain core services and a desirable community. We offer clean air, attainable housing, wide open spaces, and a close-knit community, making Lancaster the ideal place for families. Residents and visitors enjoy many recreational, artistic and diverse cultural activities at several venues throughout the City.

#### Photos:

- **Celebrate Downtown Lancaster** is much more than the exciting street fairs and festivals held during the summer nights on Lancaster Boulevard and the hospitality walk during the winter holiday season. The community is celebrating a major transformation in historic Downtown Lancaster. The Performing Arts Center (pictured first) will soon be surrounded by dramatic new mid-rise buildings as high as five stories, offering artist lofts, shops, restaurants and businesses, creating a destination for people to stroll down the boulevard and enjoy art, entertainment, dining and social gathering areas.
- **Kids** enjoy their big hats and good old fashioned family fun in Lancaster. In the background you can see one of Southern California's High Desert treasures...the beautiful blooming poppies that look like fields of velvet at the Poppy Reserve in Lancaster.
- Lancaster welcomes **Giovanni's Italian Deli and Delights** to our City. Besides offering another fine dining opportunity for our residents and visitors, Giovanni's continues to show their support to our Community through their participation in the Lancaster's Shop and Dine Local Stimulus Program. They join over 400 other local businesses in this truly spectacular community program. If you missed the clip on NBC Nightly News, be sure to visit our website at [www.cityoflancasterca.org](http://www.cityoflancasterca.org) to learn more about this innovative solution to help our residents and businesses through this recessionary period.

CITY OF LANCASTER, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2009

CITY OF LANCASTER  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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CITY OF LANCASTER, CALIFORNIA  
44933 Fern Avenue  
Lancaster, California 93534

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**  
For the Year Ended June 30, 2009

Prepared by the City of Lancaster, Finance Department  
Barbara Boswell, Finance Director  
Pam Statsmann, Assistant Finance Director  
Tammie Holladay, Accountant

For additional information, please contact the Finance Department at  
(661) 723-6033.



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## CITY OF LANCASTER

### CITY COUNCIL MEMBERS

		<u>Term Expires</u>
R. Rex Parris	Mayor	2010
Ronald D. Smith	Vice Mayor	2010
Kenneth G. Mann	Council Member	2012
Sheryl A. Marquez	Council Member	2012
Edward P. Sileo	Council Member	2010

### CITY OFFICIALS

Mark V. Bozigian	City Manager
Jason D. Caudle	Deputy City Manager
Kelvin Tainatongo	Assistant to the City Manager
Barbara Boswell	Finance Director
Elizabeth A. Brubaker	Housing & Neighborhood Revitalization Director
Geri K. Bryan	City Clerk
Beverly Glode	Human Resources and Risk Management Director
Vern Lawson	Economic Development/Redevelopment Director
Brian S. Ludicke	Planning Director
Robert Greene	Parks, Recreation and Arts Director
James R. Williams	Public Works Director
David R. McEwen	City Attorney

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R. Rex Parris Mayor  
Ronald D. Smith Vice Mayor  
Ken Mann Council Member  
Sherry Marquez Council Member  
Ed Sileo Council Member  
Mark V. Bozigian City Manager

December 2, 2009

Honorable Mayor and Members of the City Council:

We are pleased to submit for your consideration the Comprehensive Annual Financial Report (CAFR) of the City of Lancaster, California, for the fiscal year ended June 30, 2009. This report was prepared by the Finance Department of the City; responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with City staff. To provide a reasonable basis for making these representations, management of the City of Lancaster has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of Lancaster's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, Lancaster's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. This report includes the annual audit report of the City's independent auditors, Lance, Soll, and Lunghard. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The data is designed to factually set forth the City's financial condition and to present results of City operations as measured by activity among the various fund groups in an easily readable and understandable style. All disclosures necessary for the reader to gain an understanding of the City's financial affairs have been included. Financial statements are prepared in accordance with GAAP, as promulgated by the Government Accounting Standards Board.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officers. The financial section includes the basic financial statements, including the management's discussion and analysis, the combining and individual fund statements and schedules, and the auditor's report on the financial statements and schedules. The statistical section includes selected multi-year financial and demographic information.

This CAFR includes all of the funds of the City, including the separate entities under the direction of the City Council. The separate entities include the Lancaster Redevelopment Agency, the Lancaster Housing Authority, the Lancaster Community Services Foundation, Community Facilities District 89-1, Community Facilities District 90-1, Community Facilities District 91-1, Community Facilities District 91-2, Assessment District 92-101 and Assessment District 93-3.

The City provides a broad range of services normally associated with a municipality. These services include highway, street, drainage, sewer, and infrastructure construction and maintenance; planning and zoning; and parks, recreation, and cultural activities. Sheriff's and animal control services are provided under contract with Los Angeles County, whereas fire protection, water, sanitation, school, and library are funded by special districts not under City control.



## **Lancaster: A brief history, major accomplishments, and prospects for the future**

### **I. History**

Following the completion of the Southern Pacific Railroad in 1867, Lancaster was established as a water stop along the route. In 1898, gold was discovered in the hills north of Lancaster and attracted many prospectors to the area. Some of the mines can still be seen and are still operational. Also in 1890, borax was found in what is now known as Boron, just to the northeast of Lancaster. The world's largest open-pit borax mine is still operational today.

The 1930's introduced the first airplane to the area and the Air Force started conducting flight tests at Muroc Air Base (now Edwards Air Force Base).

Today, the area is most recognized for its significant contributions to the aerospace industry. Edwards Air Force Base, which is famous for its space shuttle landings and Air Force Flight Test Center programs, sits just to the northeast of Lancaster. Lockheed resides just to the south of Lancaster in the City of Palmdale. This is home to the visiting space shuttle and countless exciting test flights of the B-1b, B-2 stealth bomber and F117A stealth fighter. Residents of Lancaster are frequently treated to spectacular air shows as the newest machines in aerospace fill the skies.

Until incorporation in 1977, the area was under the political influence of Los Angeles County. For many years, Lancaster's economy was driven by the defense and aerospace industries. These two industries have been powerful forces driving the growth of the community. Each downturn in military spending had a significant negative impact on the health of the economy. The leaders of the community have been fully aware of these swings from the end of WWII, to the cold war, to the late 70's Carter era reduction in defense spending, the boom during the Reagan era of rebuilding our defenses, and most recently the downsizing of the military with its base closures; they knew that we had to change.

### **II. Major Accomplishments**

The City achieved several major accomplishments during the 2008-09 fiscal year. Significant progress was made in addressing the City's number one priority, to reduce crime in Lancaster. The City continues to see decreases in major crimes, showing a 22.7% drop in the first quarter of 2009. This follows a 25% drop in the fourth quarter of 2008. Credit for the continuing progress goes to increased presence of the Sheriff's Department, the aid of the City's Community Service Officers and the participation of hundreds of citizens in Neighborhood and Business Watch programs.

The City of Lancaster received national recognition for its innovative local economic stimulus package. The program consists of five broad categories, including merchant assistance, hospitality, construction projects, developer/broker assistance, and promotional opportunities. In March 2009, the merchant assistance segment began with a Shop and Dine Program and a Shop and Drive Program. Together these two programs generated over \$27 million in retail sales and new car sales within the community.

- The Shop and Dine Gift Card Program encouraged consumers to shop in Lancaster for everyday purchases. Once they accumulated \$300 in sales receipts, they could trade them in for a \$30 Shop and Dine Gift Card, which could be used at any one of over 400 local area merchants.
- The Shop and Drive Gift Card Program encouraged consumers to purchase a new car, truck or motorcycle in Lancaster. This purchase qualified them for a rebate of their registration fees in



the form of Shop and Drive Gift Cards. A total of 798 new vehicles were purchased through this program, generating over \$25 million in spending within the community.

Lancaster believes in clear skies and a healthy environment for current residents and visitors as well as for generations to come. The efforts to “go green” continue as the City began its first utility, with its recycled water connection. The Lancaster University Center became the first customer for the City’s recycled water program as we celebrated the connection in late April 2009. We continue to use recycled water in the Division Street Corridor for municipal and industrial purposes and have many other potential customers anxious to be a part of this exciting new utility and “green” effort.

In 2008, Lancaster became the proud owner of the nation’s only road that plays the William Tell Overture while you drive along enjoying the desert scenes on Avenue G between 30<sup>th</sup> and 40<sup>th</sup> Street West. The singing road has been nationally recognized, as it was designed for Honda and is featured in their Honda Civic commercial, creating an “experience that embodied the connection Civic drivers feel with the road”.

An amazing transformation is underway in Downtown Lancaster. A concerted effort to revitalize Downtown began in 2005. Through a process that included extensive community involvement, a comprehensive specific plan for Downtown was created and ultimately embraced by a number of developers who are rapidly moving forward on exciting projects along Lancaster Boulevard and the neighborhoods surrounding it. Innovative housing options for young and old are appearing, as well as new shops, restaurants and businesses. Downtown Lancaster will be a destination people flock to for art, entertainment and dining.

### **III. Prospects for the Future**

The City continues its fiscally conservative General Fund balance reserve to cover unanticipated revenue shortfalls or expenditure requirements. Also in safe and closely monitored condition is the City's status relative to Proposition 4, the Gann initiative, which limits appropriations by a formula tied to the Consumer Price Index, population growth, and assessed value changes. This year the City continued its long-standing policy of maintaining a 10% General Fund unallocated reserve and formalized a 25% Financial Stability Reserve.

The weakened economy resulted in a loss of revenue to the City of Lancaster. Through its long-range financial forecasting, the City has positioned itself well to weather the current economic downturn. The City made a commitment to excellent customer service, public safety and maintaining long-term financial stability. This was accomplished by finding opportunities to improve efficiencies, deferring projects and reducing administrative costs. These efforts reduced the operating budget by more than 6% compared to the prior year. The City also identified what it calls “work-out plans” which are opportunities to further improve efficiencies while cutting costs. These will be prioritized and implemented as soon as practical.

### **OTHER INFORMATION**

#### **Independent Audit**

The City requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City. This report was prepared with the assistance of the auditor, the

independent certified public accounting firm of Lance, Soll, and Lunghard. The auditor's opinion is included in this report.

### **Financial Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lancaster for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City of Lancaster has received a Certificate of Achievement for the last twenty-three (23) consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA.

The GFOA also awarded a Distinguished Budget Presentation Award to the City of Lancaster for Fiscal Year 2008-09. This is the highest form of recognition in governmental budgeting, and represents a significant achievement by any organization. The document is judged by an independent, anonymous panel of experts in the field of finance and budgeting. In order to receive the budget award, Lancaster had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well a government's budget serves as a policy document, a financial plan, an operations guide and a communications device. The California Society of Municipal Finance Officers (CSMFO) likewise awarded the City of Lancaster the Certificate of Award - Excellence in Operational Budgeting.

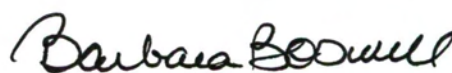
### **Acknowledgments**

The preparation of this document is the result of the hard work of the entire Finance Department staff. Special recognition goes to Pam Statsmann, Assistant Finance Director and Tammie Holladay, Accountant for their dedication, and whose efforts, coupled with the assistance of our auditors, have culminated in the timely completion of this report. We are pleased with the product and wish to thank all involved. Special appreciation goes to the members of the City Council for their continuing interest and support in the financial activities of the City. The financial success of the City of Lancaster is greatly attributable to the City Council's progressive and responsible manner in addressing the business of the municipality.

Respectfully submitted,

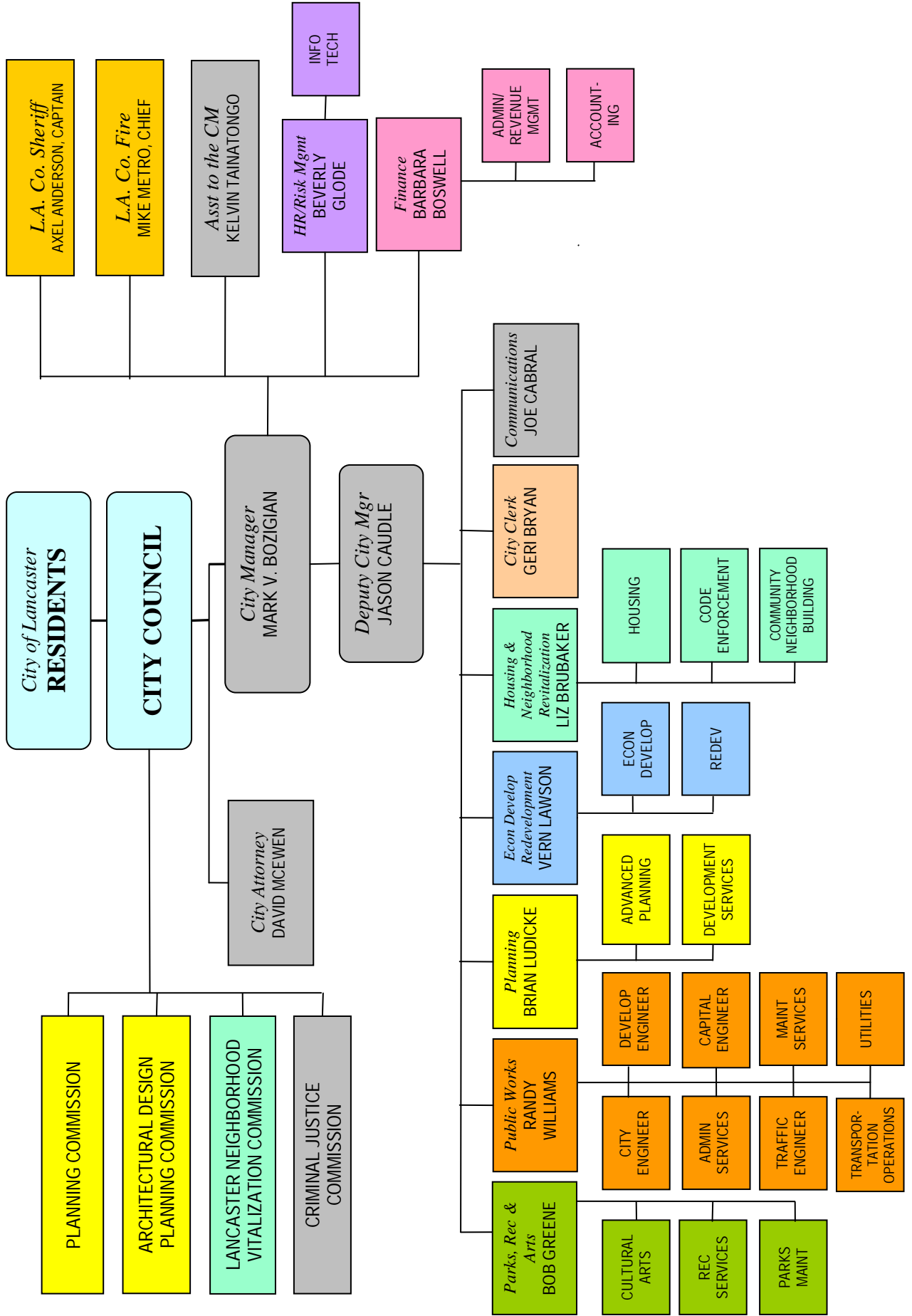


Mark V. Bozigian  
City Manager



Barbara Boswell  
Finance Director





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lancaster  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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



President

Executive Director

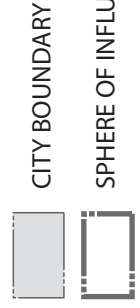
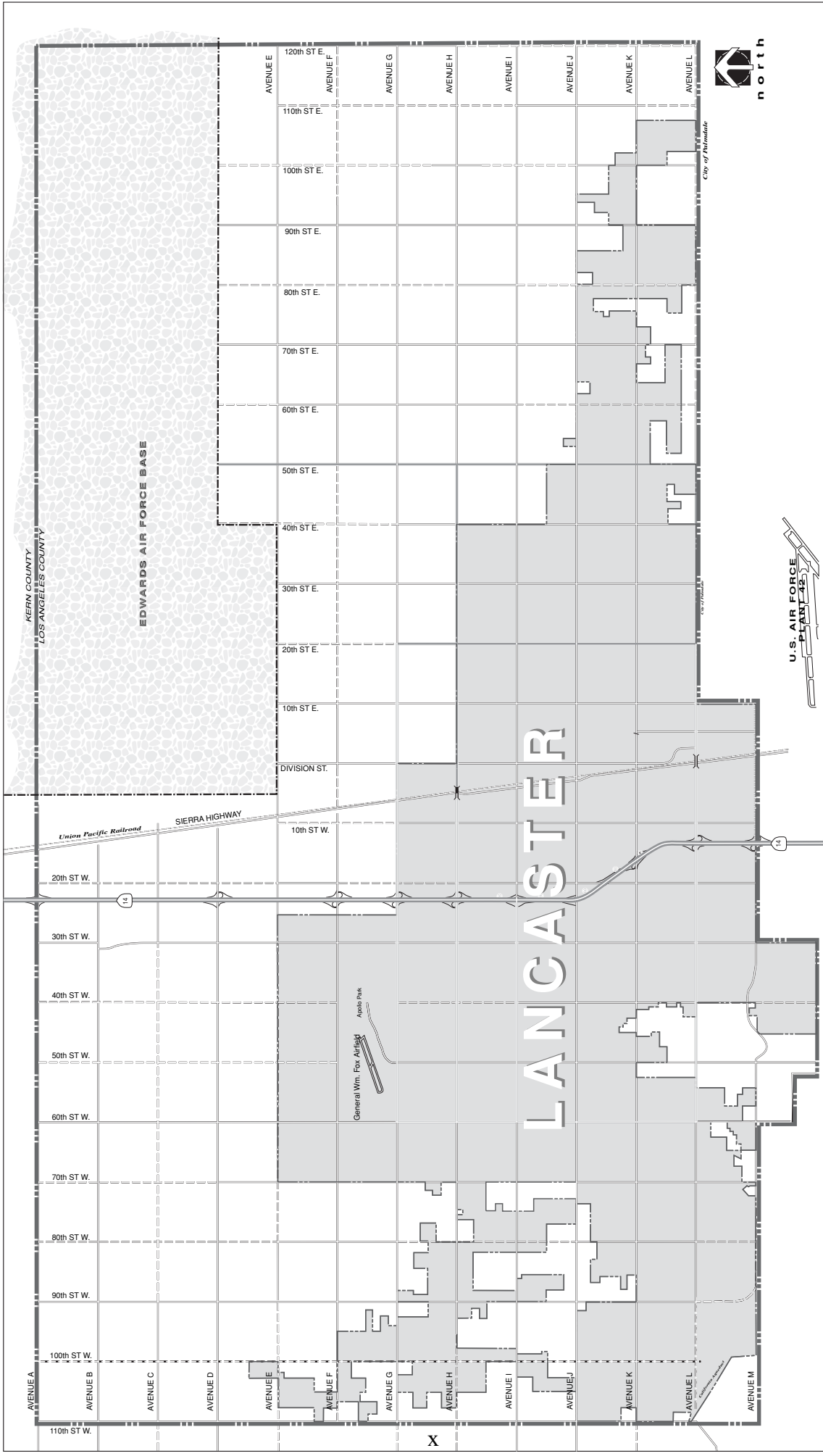
AV Economic Region





# CITY OF LANCASTER

TOTAL INCORPORATED AREA: 94 SQUARE MILES





CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, C.P.A.
- Donald L. Parker, C.P.A.
- Michael K. Chu, C.P.A.
- David E. Hale, C.P.A., C.F.P.  
A Professional Corporation
- Donald G. Slater, C.P.A.
- Richard K. Kikuchi, C.P.A.
- Susan F. Matz, C.P.A.

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of Lancaster, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Lancaster, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lancaster's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Lancaster as of June 30, 2009, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2009, on our consideration of the City of Lancaster's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



To the Honorable Mayor and Members of the City Council  
City of Lancaster, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the combining fund statements, individual fund budgetary comparison schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining nonmajor fund financial statements and individual fund budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Lance, Soll & Loughard, LLP*

December 2, 2009

## Management's Discussion and Analysis

As management of the City of Lancaster, we offer readers of the City of Lancaster's financial statements this narrative overview and analysis of the financial activities of the City of Lancaster for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### Financial Highlights

- The program and general revenues were \$182,397,702
- The cost of governmental activities was \$155,455,561
- The General Fund reported expenditures and transfers out in excess of revenues and transfers in of \$3,376,128
- For the General Fund, actual resources available for appropriation (revenue inflows and fund balance) was less than final budget by \$5,203,418 while actual appropriations (outflows) were less than final budget by \$8,277,672

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lancaster's basic financial statements. The City of Lancaster's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Lancaster's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Lancaster's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Lancaster is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Lancaster that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Lancaster include General Government, Public Safety, Public Works, and Parks and Recreation.

The government-wide financial statements include the blending of separate legal entities--the Lancaster Redevelopment Agency and the Lancaster Housing Authority. Although legally separate, these "component units" are important because the City of Lancaster is financially accountable for them.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lancaster, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Lancaster can be divided into two categories: Governmental Funds and Fiduciary Funds.

**Governmental Funds.** Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term and outflows of spendable resource, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Lancaster maintains forty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, two capital project funds and one debt service fund, all of which are considered to be major funds. Data from the other thirty-seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Lancaster adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**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 of Lancaster's own programs.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statement.

**Combining Statements.** The combining statements referred to earlier in connection with non-major governmental are presented immediately following the notes.

### **Government-wide Financial Analysis**

Our analysis focuses on the net assets and changes in net assets of the City's governmental activities.



**City of Lancaster Net Assets  
(in Thousands)**

	Governmental Activities	
	2009	2008
Current and other assets	\$ 316,316	\$ 293,659
Capital Assets	861,325	888,192
Total Assets	1,177,641	1,181,851
Long Term Liabilities Outstanding	257,766	261,520
Other Liabilities	21,051	32,716
Total Liabilities	278,817	294,236
Net Assets		
Invested in capital assets, net of related debt	898,682	880,722
Restricted	107,859	115,528
Unrestricted	(107,717)	(108,635)
Total Net Assets	\$ 898,824	\$ 887,615

**City of Lancaster Asset Type  
(in Thousands)**

Land	\$ 12,465
Buildings and Improvements	32,194
Furniture and Equipment	4,951
Infrastructure	824,180
Construction in Progress	32,042
Net Capital Assets	\$ 905,832

- The City of Lancaster uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.
- Long-term debt outstanding decreased (\$3,754,605) due to the repayment of debt.
- Cash and Investments decreased \$34,619,768 as a result of the increase in expenditures for public safety and use of redevelopment bond proceeds.

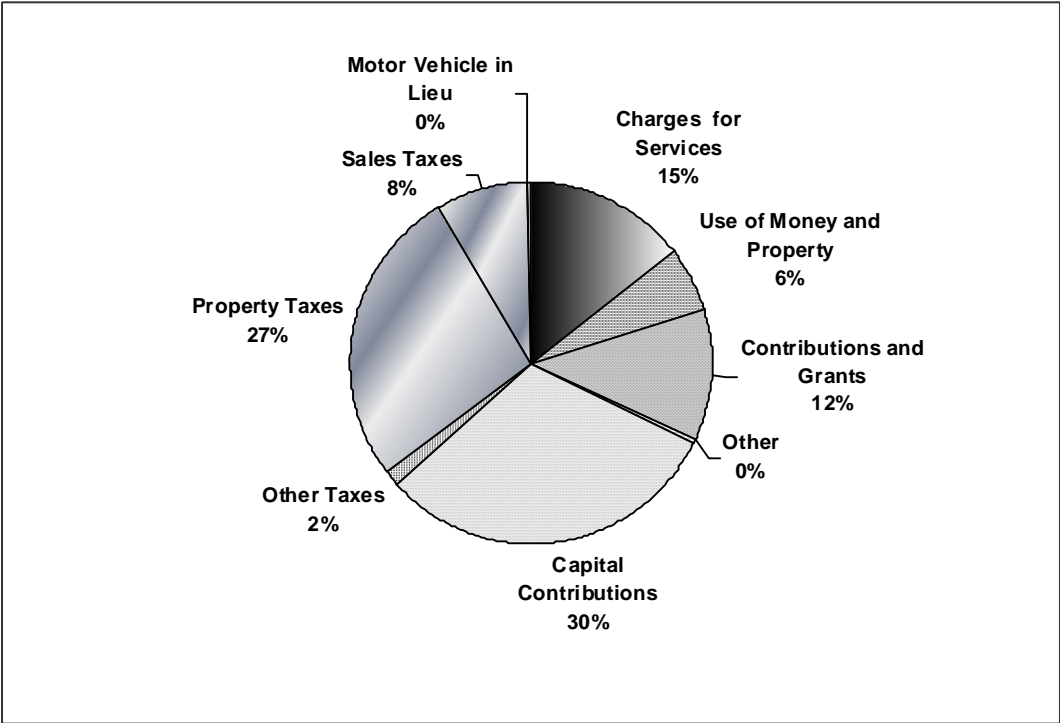
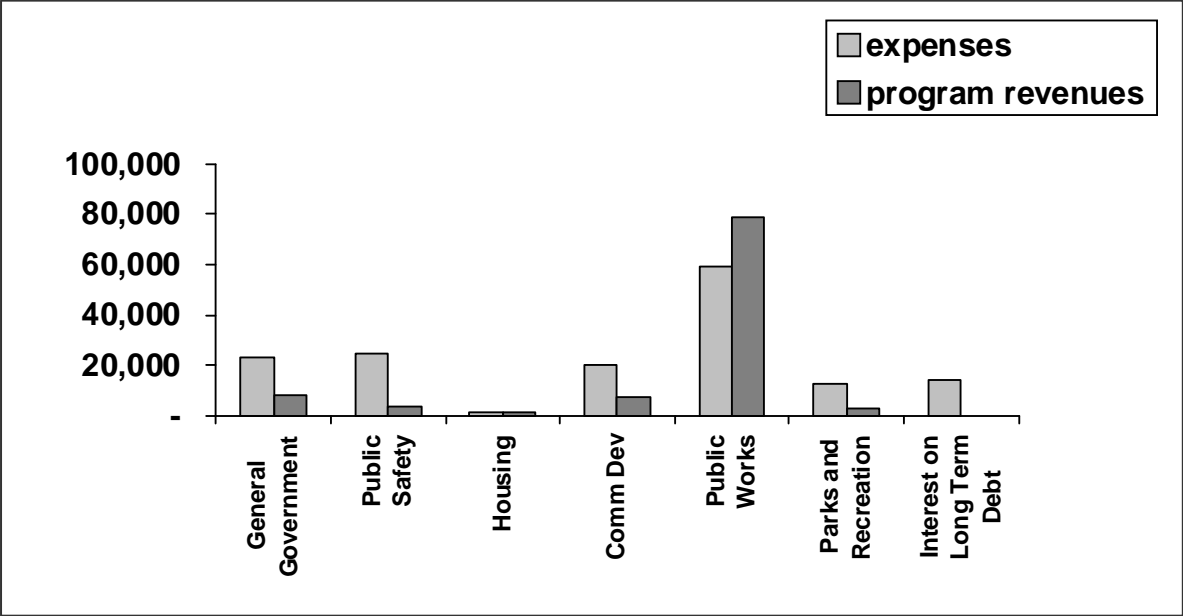
**Governmental Activities.** Governmental activities increased the City of Lancaster's net assets by \$11,208,630. Net Asset restatements accounted for a net decrease of (\$15,733,511). The overall decrease in Charges for Services reflects the slowdown of the economy of Lancaster in FY 2008-09.

**City of Lancaster Changes in Net Assets  
(in Thousands)**

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Revenues		
Program revenues:		
Charges for services	\$ 26,044	\$ 28,791
Operating contributions and grants	20,917	22,304
Capital contributions and grants	55,674	65,571
General revenues:		
Taxes:		
Property taxes	47,841	44,680
Sales taxes	14,935	19,450
Franchise taxes	2,902	2,485
Other taxes	2,701	2,513
Motor vehicle in lieu	494	648
Investment income	10,270	13,357
Other	619	197
Total revenues	<u>182,397</u>	<u>199,996</u>
Expenses		
General government	22,896	19,703
Public safety	24,365	22,156
Public works	59,454	60,664
Parks and recreation	13,053	14,735
Housing	960	1,786
Community Development	20,533	6,650
Interest on long-term debt	14,194	16,513
Total expenses	<u>155,455</u>	<u>142,207</u>
Increase in net assets	<u>\$ 26,942</u>	<u>\$ 57,789</u>

The City's total revenues are \$182,397,702 while the costs of all programs and services are \$155,455,561.

**City of Lancaster Government Activities  
Revenue by Source**



**City of Lancaster Governmental Activities  
(in Thousands)**

The following presents the cost of each of the City’s five largest programs—general government, public safety, public works, parks and recreation and interest on long-term debt—as well as each program’s *net* cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City’s taxpayers by each of these functions.

- Public works includes expenses for the City’s Redevelopment Agency.

	Total Cost of Services 2009	Net Cost of Services 2009
General Government	\$ 22,896	\$ (15,014)
Public Safety	24,365	(20,715)
Public Works	59,454	19,078
Parks and Recreation	13,053	(9,899)
Interest on Long-term Debt	14,194	(14,194)
Totals	\$ 133,962	\$ (40,744)

The net cost of services indicates that the overall cost of government is more than the revenues generated to support it. The City is not fully recovering the cost of these services with program revenues from user fees and other contributions. See the Statement of Activities for further detail on program revenues and general revenues.

**Financial Analysis of the City’s Funds**

The City of Lancaster uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City of Lancaster’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Lancaster’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Lancaster’s governmental funds reported combined ending fund balances of \$189.2 million.

The general fund is the chief operating fund of the City of Lancaster. At the end of the current fiscal year, including operating transfers, the General Fund reported expenditures and transfers out in excess of revenues and transfers in of \$3,376,128. The growth remains flat with an increase in public safety costs.

The change in fund balance for the Lancaster Redevelopment Agency Capital Projects Fund reflects the expenditures of the bond proceeds and tax increment funds loaned from the debt service funds from previous fiscal years for ongoing redevelopment projects.

**General Fund Budgetary Highlights**

The final appropriations for the General Fund at year-end were \$3,296,055 less than the final budget before transfers. The budget to actual variance in appropriations was principally due to close control by management. Actual revenues were \$2,947,619 less than the final budget before transfers.

**Capital Asset and Debt Administration**

**Capital Assets.** At the end of FY 2009, the City had \$905.8 million invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment.

The City's Capital Improvement Plan projects spending \$28 million through fiscal 2009-10. Funding will come from current fund balances and projected revenues. The most significant projects include the design and reconstruction of Lancaster Boulevard and Beech Avenue in the Downtown area, groundwater recharge, drainage construction, improvements at Avenue I and the 14 Freeway, multiple street overlay and pavement projects, and various recreation facilities and economic development projects including a new museum, an art gallery and two new parks. In addition, the Agency will participate in affordable housing projects and foreclosure rehabilitations funded from the Redevelopment Agency Low and Moderate Housing Fund.

Note 6 provides a detailed analysis of the Capital Assets.

**Long-term Debt.** The City of Lancaster has not used the capital markets for financing the construction of its infrastructure. However, the Lancaster Redevelopment Agency, as with all redevelopment agencies in the State of California, must incur debt in order for it to receive the tax increment flow necessary for it to be viable. The Agency has made extensive use of its ability to issue tax allocation bonds and notes in the marketplace. These notes have been used to finance projects that will enhance the community's prospects for attracting new or expanding existing businesses. On June 30, 2009, the Lancaster Redevelopment Agency had \$238,485,000 in Tax Allocation Bonds and Notes outstanding, of which County entities and local School Districts account for \$50,143,487, Mobile Home Parks account for \$2,705,000 and the Agency is responsible for \$185,636,513. As of June 30, 2009, the City of Lancaster had accrued employee benefits outstanding of \$2,011,797.

	Governmental Activities (in Thousands)	
	2009	2008
Tax Allocation Bonds	\$ 230,890	\$ 235,660
Accrued Employee Benefits	2,012	1,996
Totals	\$ 232,902	\$ 237,656

Note 9 provides a detailed analysis of the Long Term Debt.



## **Economic Factors and Next Year's Budgets and Rates**

On June 23, 2009, the City Council adopted the 2009-10 Program and Financial Plan and 2009-10 Budget, with total appropriations of \$97.6 million. Adequate resources are available to fund the proposed expenditures. Consistent with the City's policy, General Fund operating revenues fully cover operating expenses, and ending fund balance meet's the City's policy minimum of 10% of operating expenditures.

Budgetary revenue estimates have been prepared using a variety of methods. Certain revenue sources, such as Federal and State grants and transportation funds are relatively fixed and known. Others, such as sales tax and development related revenues are more difficult to estimate. In those cases, a cautiously optimistic economic outlook has been assumed.

Current economic conditions allow the City to maintain core services, and to provide enhancements to public safety. However, prudent long-term fiscal planning dictates that we remain conservative, focus on the highest priorities, and fund only those enhancements we can sustain financially. A Ten Year Financial Forecast of General Fund revenues and expenditures was presented along with the 200-10 budget.

The largest single source of revenue for the City's General Fund is sales tax. Sales tax represents 30% of all General Fund revenues; for the upcoming fiscal year, a 20.5% decrease in sales tax revenue has been projected. This decrease is due to the overall economic downturn. The revenue and expenditure projections for development related activity are based upon local and regional economic forecasts and trends. Overall the budget is based on the information supplied by outside agencies, such as the State Department of Finance, State Board of Equalization, and the Los Angeles County Assessor's Office, to predict revenues. The revenue and expenditure projections are intended to serve as a guide in planning for the future.

The assumption used for forecasting expenditures includes increases of 3% in labor costs due to a rate adjustment that was effective July 06, 2008 and a decrease in overall staffing of 39 full time equivalent positions. Budgeted expenditures relating to Operating Maintenance/Supplies have decreased 9.2% due to prudent fiscal practices. Community Safety is a top priority of the city and as such the budget for 2009-10 reflects a 5.1% increase. The budget includes payment for services provided by the Los Angeles County Sheriff's Department.

While the recent accelerated residential growth rate has subsided, the City's operating budget reflects the impact of the recent growth on recurring maintenance and services, including road and drainage facilities maintenance.

A priority of the City is to maintain a high quality of services while adopting a balanced budget. Once again the proposed budget is balanced and conservative in a highly volatile fiscal environment.

## **Contacting The City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, 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 Pamela Statsmann, Assistant Finance Director, at the City of Lancaster, 44933 Fern Avenue, Lancaster, CA 93534, or by phone at (661)723-6038.

CITY OF LANCASTER

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	<u>Governmental Activities</u>
<b>Assets:</b>	
Cash and investments	\$ 123,000,091
Receivables:	
Accounts	3,539,250
Taxes	9,081,724
Notes and loans	9,670,188
Accrued interest	805,922
Prepaid costs	221,882
Deposits	4,130
Due from other governments	1,380,158
Inventories	44,225
Deferred charges	7,051,836
Land held for resale	62,581,387
Restricted assets:	
Cash and investments	1,245,917
Cash with fiscal agent	48,892,229
Prepaid pension obligation	4,289,983
Capital assets not being depreciated	44,506,917
Capital assets, net of depreciation	<u>861,325,373</u>
<b>Total Assets</b>	<b><u>1,177,641,212</u></b>
<b>Liabilities:</b>	
Accounts payable	7,592,783
Accrued liabilities	567,447
Accrued interest	4,321,849
Unearned revenue	1,255,655
Deposits payable	2,849,235
Due to other governments	4,464,533
Noncurrent liabilities:	
Due within one year	7,796,958
Due in more than one year	<u>249,968,777</u>
<b>Total Liabilities</b>	<b><u>278,817,237</u></b>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	898,682,290
Restricted for:	
Community development projects	42,450,832
Capital projects	32,685,740
Debt service	32,721,659
Unrestricted	<u>(107,716,546)</u>
<b>Total Net Assets</b>	<b><u>\$ 898,823,975</u></b>

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CITY OF LANCASTER

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues		Capital Contributions and Grants	Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Contributions and Grants		
					Governmental Activities
<b>Functions/Programs</b>					
Governmental Activities:					
General government	\$ 22,895,700	\$ 3,690,259	\$ 4,190,991	\$ -	\$ (15,014,450)
Public safety	24,365,048	2,921,179	729,319	-	(20,714,550)
Community development	20,533,196	579,523	7,181,732	-	(12,771,941)
Parks and recreation	13,053,273	2,888,631	265,182	-	(9,899,460)
Public works	59,454,167	14,308,525	8,549,541	55,674,240	19,078,139
Housing	959,974	1,655,770	42	-	695,838
Interest on long-term debt	14,194,203	-	-	-	(14,194,203)
<b>Total Governmental Activities</b>	<b>\$ 155,455,561</b>	<b>\$ 26,043,887</b>	<b>\$ 20,916,807</b>	<b>\$ 55,674,240</b>	<b>(52,820,627)</b>
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purpose					47,841,204
Transient occupancy taxes					1,327,022
Sales taxes					14,934,911
Franchise taxes					2,902,408
Business licenses taxes					855,453
Other taxes					518,992
Motor vehicle in lieu - unrestricted					493,557
Use of money and property					10,270,036
Other					619,185
					<u>79,762,768</u>
					Change in Net Assets 26,942,141
					Net Assets at Beginning of Year 887,615,345
					Restatement of Net Assets (15,733,511)
					<u><b>Net Assets at End of Year \$ 898,823,975</b></u>

CITY OF LANCASTER

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	General	Capital Projects	
		Capital Projects	Lancaster Redevelopment Agency
<b>Assets:</b>			
Pooled cash and investments	\$ 33,302,663	\$ 1,859,969	\$ 12,923,513
Receivables:			
Accounts	1,353,929	-	256,328
Taxes	3,371,094	-	65,904
Notes and loans	-	-	5,652,054
Accrued interest	211,365	-	254,709
Prepaid costs	221,882	-	-
Deposits	-	-	-
Due from other governments	130,056	-	-
Due from other funds	6,057,043	-	389,196
Advances to other funds	99,365,388	-	-
Inventories	44,225	-	-
Land held for resale	-	-	60,861,222
Restricted assets:			
Cash and investments	-	-	-
Cash and investments with fiscal agents	-	-	29,394,750
<b>Total Assets</b>	<b>\$ 144,057,645</b>	<b>\$ 1,859,969</b>	<b>\$ 109,797,676</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 3,992,537	\$ 1,672,139	\$ 957,738
Accrued liabilities	372,109	18,362	38,875
Deferred revenues	49,479,654	-	175,280
Unearned revenues	218,382	-	-
Deposits payable	2,715,066	-	95,561
Due to other governments	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	99,365,388
<b>Total Liabilities</b>	<b>56,777,748</b>	<b>1,690,501</b>	<b>100,632,842</b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for encumbrances	1,807,437	3,734,957	1,453,340
Reserved for prepaid costs	221,882	-	-
Reserved for land held for resale	-	-	60,861,222
Reserved for notes and loans	-	-	5,476,774
Reserved for advances to other funds	50,387,709	-	-
Reserved for inventories	44,225	-	-
Reserved for deposits	-	-	-
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Debt service funds	-	-	-
Designated for debt service	-	-	-
Designated for legal claims	1,066,419	-	-
Designated for employee benefits	4,385,028	-	-
Designated for emergency repairs	108,081	-	-
Designated for building replacement	503,028	-	-
Designated for capital facilities	400,000	-	-
Designated for vision 2020	400,000	-	-
Designated for strong neighborhoods	3,333,855	-	-
Undesignated	24,622,233	(3,565,489)	(58,626,502)
<b>Total Fund Balances</b>	<b>87,279,897</b>	<b>169,468</b>	<b>9,164,834</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 144,057,645</b>	<b>\$ 1,859,969</b>	<b>\$ 109,797,676</b>

CITY OF LANCASTER

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	<u>Debt Service Lancaster Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Pooled cash and investments	\$ 11,604,960	\$ 63,308,986	\$ 123,000,091
Receivables:			
Accounts	-	1,928,993	3,539,250
Taxes	5,630,022	14,704	9,081,724
Notes and loans	-	4,018,134	9,670,188
Accrued interest	2,624	337,224	805,922
Prepaid costs	-	-	221,882
Deposits	-	4,130	4,130
Due from other governments	-	1,250,102	1,380,158
Due from other funds	-	-	6,446,239
Advances to other funds	-	-	99,365,388
Inventories	-	-	44,225
Land held for resale	-	1,720,165	62,581,387
Restricted assets:			
Cash and investments	775,379	470,538	1,245,917
Cash and investments with fiscal agents	18,801,140	696,339	48,892,229
<b>Total Assets</b>	<b><u>\$ 36,814,125</u></b>	<b><u>\$ 73,749,315</u></b>	<b><u>\$ 366,278,730</u></b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 101,738	\$ 868,631	\$ 7,592,783
Accrued liabilities	-	138,101	567,447
Deferred revenues	-	4,920,526	54,575,460
Unearned revenues	-	1,037,273	1,255,655
Deposits payable	-	38,608	2,849,235
Due to other governments	4,286,871	177,662	4,464,533
Due to other funds	-	6,446,239	6,446,239
Advances from other funds	-	-	99,365,388
<b>Total Liabilities</b>	<b><u>4,388,609</u></b>	<b><u>13,627,040</u></b>	<b><u>177,116,740</u></b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for encumbrances	-	592,151	7,587,885
Reserved for prepaid costs	-	-	221,882
Reserved for land held for resale	-	1,720,165	62,581,387
Reserved for notes and loans	-	590,062	6,066,836
Reserved for advances to other funds	-	-	50,387,709
Reserved for inventories	-	-	44,225
Reserved for deposits	-	4,130	4,130
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	56,919,624	56,919,624
Debt service funds	-	296,143	296,143
Designated for debt service	32,425,516	-	32,425,516
Designated for legal claims	-	-	1,066,419
Designated for employee benefits	-	-	4,385,028
Designated for emergency repairs	-	-	108,081
Designated for building replacement	-	-	503,028
Designated for capital facilities	-	-	400,000
Designated for vision 2020	-	-	400,000
Designated for strong neighborhoods	-	-	3,333,855
Undesignated	-	-	(37,569,758)
<b>Total Fund Balances</b>	<b><u>32,425,516</u></b>	<b><u>60,122,275</u></b>	<b><u>189,161,990</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 36,814,125</u></b>	<b><u>\$ 73,749,315</u></b>	<b><u>\$ 366,278,730</u></b>

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CITY OF LANCASTER

**GOVERNMENTAL FUNDS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009**

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Fund balances of governmental funds	\$ 189,161,990
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	905,832,290
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets.	7,051,836
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Long-term liabilities	(253,147,344)
Claims and judgments	(609,690)
Compensated Absences	(2,011,797)
Net OPEB liability	(1,996,904)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(4,321,849)
Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.	54,575,460
The prepaid pension obligation is an asset in the Statement of Net Assets but is an expenditure in the governmental funds.	<u>4,289,983</u>
<b>Net assets of governmental activities</b>	<b><u><u>\$ 898,823,975</u></u></b>



CITY OF LANCASTER

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

	General	Capital Projects	
		Capital Projects	Lancaster Redevelopment Agency
<b>Revenues:</b>			
Taxes	\$ 40,642,872	\$ -	\$ -
Licenses and permits	384,161	-	-
Intergovernmental	1,730,924	-	-
Charges for services	2,883,663	-	197,596
Use of money and property	1,570,971	-	4,143,590
Fines and forfeitures	1,635,425	-	-
Miscellaneous	3,572,755	-	241,565
<b>Total Revenues</b>	<b>52,420,771</b>	<b>-</b>	<b>4,582,751</b>
<b>Expenditures:</b>			
Current:			
General government	13,595,763	-	4,656,660
Public safety	24,082,162	-	-
Community development	3,579,447	-	16,177,858
Parks and recreation	11,847,542	-	-
Public works	4,995,015	2,165,956	-
Housing	-	-	-
Capital outlay	-	17,798,861	1,103,298
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	1,693,323
<b>Total Expenditures</b>	<b>58,099,929</b>	<b>19,964,817</b>	<b>23,631,139</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,679,158)	(19,964,817)	(19,048,388)
<b>Other Financing Sources (Uses):</b>			
Transfers in	4,412,887	19,755,256	16,853,721
Transfers out	(2,109,857)	(120,952)	(8,211,718)
<b>Total Other Financing Sources (Uses)</b>	<b>2,303,030</b>	<b>19,634,304</b>	<b>8,642,003</b>
Net Change in Fund Balances	(3,376,128)	(330,513)	(10,406,385)
Fund Balances, Beginning of Year, as previously reported	91,836,288	499,981	19,052,730
Restatements	(1,180,263)	-	518,489
Fund Balances, Beginning of Year, as restated	90,656,025	499,981	19,571,219
<b>Fund Balances, End of Year</b>	<b>\$ 87,279,897</b>	<b>\$ 169,468</b>	<b>\$ 9,164,834</b>

CITY OF LANCASTER

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

	<u>Debt Service Lancaster Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Taxes	\$ 26,314,135	\$ 2,773,791	\$ 69,730,798
Licenses and permits	-	3,992,680	4,376,841
Intergovernmental	5,432,998	15,760,667	22,924,589
Charges for services	-	6,566,418	9,647,677
Use of money and property	670,640	3,672,005	10,057,206
Fines and forfeitures	-	1,285,754	2,921,179
Miscellaneous	-	523,889	4,338,209
<b>Total Revenues</b>	<b>32,417,773</b>	<b>34,575,204</b>	<b>123,996,499</b>
<b>Expenditures:</b>			
Current:			
General government	698,692	1,449,868	20,400,983
Public safety	-	221,283	24,303,445
Community development	-	626,532	20,383,837
Parks and recreation	-	6,321	11,853,863
Public works	-	15,293,658	22,454,629
Housing	-	959,974	959,974
Capital outlay	-	102,575	19,004,734
Debt service:			
Principal retirement	5,425,000	320,000	5,745,000
Interest and fiscal charges	11,672,291	508,198	13,873,812
<b>Total Expenditures</b>	<b>17,795,983</b>	<b>19,488,409</b>	<b>138,980,277</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,621,790	15,086,795	(14,983,778)
<b>Other Financing Sources (Uses):</b>			
Transfers in	7,410,270	6,927,029	55,359,163
Transfers out	(16,853,721)	(28,062,915)	(55,359,163)
<b>Total Other Financing Sources (Uses)</b>	<b>(9,443,451)</b>	<b>(21,135,886)</b>	<b>-</b>
Net Change in Fund Balances	5,178,339	(6,049,091)	(14,983,778)
Fund Balances, Beginning of Year, as previously reported	24,663,754	65,566,485	201,619,238
Restatements	2,583,423	604,881	2,526,530
Fund Balances, Beginning of Year, as restated	27,247,177	66,171,366	204,145,768
<b>Fund Balances, End of Year</b>	<b>\$ 32,425,516</b>	<b>\$ 60,122,275</b>	<b>\$ 189,161,990</b>

CITY OF LANCASTER

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009**

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Net change in fund balances - total governmental funds \$ (14,983,778)

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 costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	35,900,048
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	5,767,607
Debt issuance costs are expenditures in governmental funds, but these costs are capitalized on the statement of net assets.	(306,230)
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.	(40,541)
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(16,098)
Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.	2,726,963
Governmental funds report all contributions in relation to the Annual Required Contribution (ARC) for OPEB as expenditures, however in the statement of activities the total ARC is an expense.	(1,996,904)
The prepaid pension obligation is an expenditure in governmental funds, but this cost is capitalized and amortized on the Statement of Net Assets. This is the amortization for the current period.	<u>(108,926)</u>

**Change in net assets of governmental activities** **\$ 26,942,141**

CITY OF LANCASTER

BUDGETARY COMPARISON STATEMENT  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 90,656,025	\$ 90,656,025	\$ 90,656,025	\$ -
<b>Resources (Inflows):</b>				
Taxes	47,388,755	42,952,770	40,642,872	(2,309,898)
Licenses and permits	688,770	345,185	384,161	38,976
Intergovernmental	1,356,500	1,160,855	1,730,924	570,069
Charges for services	3,480,670	2,818,980	2,883,663	64,683
Use of money and property	1,030,620	1,030,620	1,570,971	540,351
Fines and forfeitures	1,536,985	1,733,195	1,635,425	(97,770)
Miscellaneous	2,305,185	5,326,785	3,572,755	(1,754,030)
Transfers in	6,568,686	6,668,686	4,412,887	(2,255,799)
<b>Amounts Available for Appropriation</b>	<b>155,012,196</b>	<b>152,693,101</b>	<b>147,489,683</b>	<b>(5,203,418)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	12,824,345	14,724,764	13,595,763	1,129,001
Public safety	24,524,955	24,747,392	24,082,162	665,230
Community development	3,481,290	3,788,234	3,579,447	208,787
Parks and recreation	12,669,599	12,363,318	11,847,542	515,776
Public works	4,771,490	5,772,276	4,995,015	777,261
Transfers out	4,700,171	7,091,474	2,109,857	4,981,617
<b>Total Charges to Appropriations</b>	<b>62,971,850</b>	<b>68,487,458</b>	<b>60,209,786</b>	<b>8,277,672</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 92,040,346</b>	<b>\$ 84,205,643</b>	<b>\$ 87,279,897</b>	<b>\$ 3,074,254</b>

CITY OF LANCASTER

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2009

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	<u>Agency Funds</u>
<b>Assets:</b>	
Pooled cash and investments	\$ 4,676,768
Receivables:	
Accounts	480
Accrued interest	15,399
Due from other governments	16,534
Restricted assets:	
Cash and investments with fiscal agents	<u>3,323,878</u>
<b>Total Assets</b>	<b><u>\$ 8,033,059</u></b>
<b>Liabilities:</b>	
Accounts payable	\$ 16,528
Deposits payable	736,590
Due to other governments	761
Due to bondholders	<u>7,279,180</u>
<b>Total Liabilities</b>	<b><u>\$ 8,033,059</u></b>

## CITY OF LANCASTER

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

#### I. SIGNIFICANT ACCOUNTING POLICIES

##### Note 1: Organization and Summary of Significant Accounting Policies

###### a. Description of the Reporting Entity

The City of Lancaster (the City) was incorporated on November 22, 1977, under the laws of the State of California and enjoys all the rights and privileges applicable to a general law City. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Lancaster (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City:

###### Component Units:

- Lancaster Redevelopment Agency
- Lancaster Housing Authority
- Lancaster Community Services Foundation
- Lancaster Public Financing Authority

###### Blended Component Units

The Redevelopment Agency (the Agency) was established pursuant to the State of California Health and Safety Code, Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of Lancaster. Separate financial statements may be obtained for the Agency by contacting the City's finance department.

The Housing Authority (the Authority) was formed for the purpose of providing affordable, decent housing for lower income residents of the City of Lancaster. The Authority operates certain mobile home parks within the City. Separate financial statements are not available for the Authority.

The Lancaster Community Services Foundation (the Foundation) was formed to provide certain community services to the residents of the City. Separate financial statements are not available for the Foundation.

The Lancaster Public Financing Authority was formed for the purpose to provide, through the issuance of debt, financing necessary for various capital improvements. Separate financial statements are not available for the Authority.

Although these component units are legally separate from the City of Lancaster, they are reported as if they were part of the primary government because the governing boards of these component units are the same as the primary government. Furthermore, the purpose of these component units is to provide a safe and more efficient service for the residents of Lancaster.

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

**b. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**c. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of state gas tax which has an availability period of 120 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

- General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

- Capital Projects Fund - to account for the capital improvement projects of the City.
- Lancaster Redevelopment Agency - Capital Project Fund - to account for the general redevelopment operations of the City's Redevelopment Agency.
- Lancaster Redevelopment Agency - Debt Service Fund - to account for the accumulation of resources for, and the payment of, principal and interest on the Tax Allocation notes and bonds issued by the Redevelopment Agency.

The Agency Funds used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. It is accounted for on the accrual basis. The City reports the following Agency Funds:

- Assessment District Funds - to account for the City, acting in the capacity as an agent, for various 1915 Act Assessment District Bonds.
- Community Facilities Districts - to account for collection of special assessments within the Mello-Roos District to provide public waterworks improvements and basic infrastructure within the Districts.
- Agency - to account for various performance and construction deposits.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed

**d. Assets, Liabilities and Net Assets or Equity**

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City pools idle cash from all funds for the purpose of increasing income through investment activities.

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds."



**City of Lancaster**  
**Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

3. Inventories and Prepaid Items

Inventories of materials and supplies are carried at cost on a moving average basis. The City uses the consumption method of accounting for inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for future capital improvements by City resolution.

5. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with GASB Statement No. 34, the City has reported general infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	40
Machinery and equipment	7
Public domain infrastructure	50
Construction-in-progress	N/A

6. Land Held for Resale

The Lancaster Redevelopment Agency has acquired several parcels of land as part of its primary purpose to develop or redevelop blighted properties. The City records these parcels as land held for resale in its financial records. The property is being carried in the Lancaster Redevelopment Agency Capital Projects Fund at a net realizable value, which is equal to cost. At June 30, 2009, net realizable value for land held for resale totaled \$1,720,165 in the Housing and Community Development Fund and \$60,861,222 in the Lancaster Redevelopment Agency Capital Projects Fund, with this amount offset by a reservation of fund balance.

7. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than twice his regular annual entitlement.

Sick leave is payable when an employee is unable to work because of illness. Accrued sick leave may be accumulated without limit. Employees resigning in good standing from City service shall receive up to a maximum of 50% of unused sick leave.

All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Note 2: Reconciliation of Government-Wide and Fund Financial Statements**

- a. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes reconciliation between fund balance - governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term debts and compensated absences have not been included in the governmental fund activity." The detail of the \$253,147,344 long-term debt difference is as follows:

Long-term debt:	
Tax allocation bonds payable	\$ 238,485,000
Revenue bonds payable	7,150,000
Loans payable	4,713,000
Unamortized bond premium	6,834,777
Unamortized bond defeasance loss	<u>(4,035,433)</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	<u>\$ 253,147,344</u>

- b. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances of total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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 and reported as depreciation expense." The details of this \$35,900,048 difference are as follows:

Capital outlay	\$ 18,799,490
Capital contribution	55,674,240
Depreciation expense	(33,433,428)
Loss from Disposition of Capital Assets	<u>(5,140,254)</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 35,900,048</u>

Another element of that reconciliation states that "repayment of bond principal is an expenditure in the governmental funds, and the issuance of new bonds is another financing source in governmental funds, but the changes are reflected in the long-term liabilities in the statement of net assets."

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 2: Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$5,767,607 difference are as follows:

Change in claims and judgments	\$ (3,773)
Principal Repayments:	
Tax allocation bonds	5,425,000
Revenue bonds	320,000
Amortization of bond premium	320,164
Amortization of bond defeasance loss	<u>(293,784)</u>
Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities.	<u><u>\$ 5,767,607</u></u>

**II. STEWARDSHIP**

**Note 3: Stewardship, Compliance and Accountability**

**a. Budgetary Data**

General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the City Manager. Expenditures may not exceed appropriations at the function level. At fiscal year end, all unencumbered operating budget appropriations lapse. During the year, several supplementary appropriations were necessary.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

For the current fiscal year the Community Facilities District 91-1 Fund and the Lancaster Housing Authority Debt Service Fund did not have adopted budgets.

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 3: Stewardship, Compliance and Accountability (Continued)**

b. Excess of expenditures over appropriations by function in individual funds are as follows:

For the year ending June 30, 2009, the General Fund had no excess of expenditures over appropriation by function.

c. The following fund contained deficit fund balances as of June 30, 2009:

	<u>Deficit Amount</u>
Nonmajor funds	
Federal Grants	\$ (1,977,787)
State Grants	(1,759,695)
County and Other	(119,005)
Lancaster Lighting District Fund	(47,205)
Miscellaneous Grants	(239,473)
Engineering Fees Fund	(43,850)
LA County Reimbursement Fund	(1,789,123)

These fund balance deficits will be eliminated as grant reimbursements become available.

**III. DETAILED NOTES ON ALL FUNDS**

**Note 4: Deposits and Investments**

As of June 30, 2009, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	\$ 173,138,237
Fiduciary funds	<u>8,000,646</u>
Total Cash and Investments	<u><u>\$ 181,138,883</u></u>

The City of Lancaster maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

**Deposits**

At June 30, 2009, the carrying amount of the City's deposits was \$1,559,369 and the bank balance was \$4,274,490. The \$2,715,121 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also follows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California

**City of Lancaster**  
**Notes to Financial Statements (Continued)**

**Note 4: Deposits and Investments (Continued)**

Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Under provision of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- Demand Deposits
- Banker's Acceptances
- Local Agency Investment Fund (State Pool)
- Passbook Savings Accounts
- United States Treasury Securities

**Investments Authorized by Debt Agreements**

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

**Investments in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

**GASB Statement No. 31**

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

**Credit Risk**

The City's investment policy limits investments in medium term notes (MTNs) to those rated AA- or better by a nationally recognized statistical rating organization. At June 30, 2009, the City invested in various MTNs which were rated AA- or better by Standard & Poors (S&P). At June 30, 2009 the City's investments with Federal Agency securities and money market mutual funds were rated AAA by S&P. Investments in U.S. government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2009, the City's investments in external investment pools are unrated. The City has amounts invested in investment agreements held with fiscal agents and invested under the direction of the City.

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 4: Deposits and Investments (Continued)**

As of June 30, 2009, the City's fiscal agent investments agreements consisted of investments with various corporations that were within acceptable investment grade ranges allowed by the City's investment policy under the direction of the City. As of June 30, 2009, the City's fiscal agent investments agreements consisted of investments with various corporations that were within acceptable investment grade ranges allowed by the City's investment policy.

**Custodial Credit Risk**

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2009, none of the City's deposits or investments were exposed to custodial credit risk.

**Concentration of Credit Risk**

The City's investment policy imposes restrictions on the maximum percentage it can invest in a single type of investment. These limitations are 25% of the City's invested funds for non-negotiable certificates of deposit, 15% of the City's invested funds for banker acceptances with no more than 2% in any one issuer, 25% of the City's invested funds for commercial paper with no more than 10% in any one issuer, 10% of the City's invested funds for medium term notes, and 20% of the City's invested funds for money market funds with no more than 10% in any one issuer. In accordance with GASB Statement No. 40, if the City has invested more than 5% of its total investments in any one issuer then it is exposed to credit risk. As of June 30, 2009, the City's investment in the following issuers exceeded 5%:

Federal National Mortgage Association	\$12,627,514
Federal Home Loan Bank	14,701,245
Federal Home Loan Mortgage Corporation	20,058,268
Federal Farm Credit Bank	12,941,649

**Interest Rate Risk**

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that investments in United States Treasury Securities and securities for which the full faith and credit of the United States is pledged should have a maturity no longer than five years. Reserve funds relating to the bonds issues may be invested in securities for more than five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 4: Deposits and Investments (Continued)**

The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2009, the City had the following investments and original maturities:

	Investments Maturities				Fair Value
	1 year or less	1 year to 3 years	3 years to 5 years	5 years and more	
Investments					
Money market mutual funds	\$ 398,621	\$ -	\$ -	\$ -	\$ 398,621
Certificates of deposits	400,000	-	-	-	400,000
California Local Agency Investment Fund	60,636,854	-	-	-	60,636,854
Federal government agency	8,092,600	2,360,935	40,159,523	9,715,618	60,328,676
Corporate obligations	1,001,490	1,011,520	3,592,900	-	5,605,910
Investments with fiscal agents					
Money market mutual funds	10,863,982	-	-	-	10,863,982
Investment agreements	25,594,555	956,934	-	14,793,982	41,345,471
	<u>\$ 106,988,102</u>	<u>\$ 4,329,389</u>	<u>\$ 43,752,423</u>	<u>\$ 24,509,600</u>	<u>\$ 179,579,514</u>

**Note 5: Rehabilitation Loans**

During fiscal year 1991-1992, the City of Lancaster and the Redevelopment Agency initiated several rehabilitation loan programs. These loans are secured by a deed of trust on the property involved and are payable when the property is sold or otherwise changes ownership. No interest rate is present on these loans. As of June 30, 2009, \$5,652,054 of these loans had been made.

**Note 6: Capital Assets**

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Adjustments	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 12,230,176	\$ -	\$ 12,230,176	\$ 234,510	\$ -	\$ 12,464,686
Construction-in-progress	46,594,522	-	46,594,522	15,562,616	30,114,907	32,042,231
Total Capital Assets, Not Being Depreciated	<u>58,824,698</u>	<u>-</u>	<u>58,824,698</u>	<u>15,797,126</u>	<u>30,114,907</u>	<u>44,506,917</u>
Capital assets, being depreciated:						
Structures and improvements	51,131,405	(2,176,902)	48,954,503	4,378,510	-	53,333,013
Furniture and equipment	9,152,404	75,807	9,228,211	1,608,747	387,545	10,449,413
Infrastructure	1,356,882,219	(27,843,870)	1,329,038,349	78,007,582	-	1,407,045,931
Total Capital Assets, Being Depreciated	<u>1,417,166,028</u>	<u>(29,944,965)</u>	<u>1,387,221,063</u>	<u>83,994,839</u>	<u>387,545</u>	<u>1,470,828,357</u>
Less accumulated depreciation:						
Structures and improvements	27,219,719	(7,253,042)	19,966,677	1,172,113	-	21,138,790
Furniture and equipment	9,009,972	(4,431,882)	4,578,090	964,351	43,963	5,498,478
Infrastructure	551,568,752	-	551,568,752	31,296,964	-	582,865,716
Total Accumulated Depreciation	<u>587,798,443</u>	<u>(11,684,924)</u>	<u>576,113,519</u>	<u>33,433,428</u>	<u>43,963</u>	<u>609,502,984</u>
Total Capital Assets, Being Depreciated, Net	<u>829,367,585</u>	<u>(18,260,041)</u>	<u>811,107,544</u>	<u>50,561,411</u>	<u>343,582</u>	<u>861,325,373</u>
Governmental Activities Capital Assets, Net	<u>\$ 888,192,283</u>	<u>\$(18,260,041)</u>	<u>\$ 869,932,242</u>	<u>\$ 66,358,537</u>	<u>\$ 30,458,489</u>	<u>\$ 905,832,290</u>



**City of Lancaster**  
**Notes to Financial Statements (Continued)**

**Note 6: Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 358,168
Public safety	39,421
Public works	31,624,056
Community development	149,740
Parks and recreation	<u>1,262,043</u>
Total Depreciation Expense	<u><u>\$ 33,433,428</u></u>

**Note 7: Interfund Receivable, Payable and Transfers**

The composition of interfund balances as of June 30, 2009, is as follows:

**Due To/From Other Funds**

	<u>Due To Other Funds</u>
	Nonmajor Governmental Funds
<u>Funds</u>	<u>Funds</u>
Due From Other Funds:	
General Fund	\$ 6,057,043
LRA Capital Projects	<u>389,196</u>
Total	<u><u>\$ 6,446,239</u></u>

The due to General Fund of \$6,057,043 from various nonmajor funds was a result of temporary deficit cash balances in those funds. The due to LRA Capital Projects of \$389,196 from nonmajor funds pertained to the Housing Authority.

**Advances To/From Other Funds**

	<u>Advances From Other Funds:</u>
	LRA Capital Projects
<u>Funds</u>	<u>Capital Projects</u>
Advances to Other Funds:	
General Fund	\$ 99,365,388

During the current and previous fiscal years, the City of Lancaster has made loans to the Agency. These loans bear interest at rates up to 12% per annum depending upon when the loan was initiated. The City may demand payment of all or a portion of the principal balance at any time as funds become available; however, such demands are not anticipated with the next fiscal year. As of June 30, 2009, loans and accrued unpaid interest owed on those loans were \$99,365,388.

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 7: Interfund Receivable, Payable and Transfers (Continued)**

**Interfund Transfers**

Funds	Transfers Out:					Total
	General Fund	Capital Projects	LRA Capital Projects	LRA Debt Service	Nonmajor Funds	
Transfer in:						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 4,412,887	\$ 4,412,887
Capital projects	260,738	-	745,489	-	18,749,029	19,755,256
LRA Capital Projects	-	-	-	16,853,721	-	16,853,721
LRA Debt service	-	-	7,410,270	-	-	7,410,270
Nonmajor Funds	1,849,119	120,952	55,959	-	4,900,999	6,927,029
	<u>\$ 2,109,857</u>	<u>\$ 120,952</u>	<u>\$ 8,211,718</u>	<u>\$ 16,853,721</u>	<u>\$ 28,062,915</u>	<u>\$ 55,359,163</u>

The City uses the Capital Outlay Fund to account for all of its capital projects. The funding sources for those projects were reported as transfers from various funds to the Capital Projects fund. The total of the Capital Projects transfers for the year were \$19,755,256.

During the year, certain funds made payments to the General Fund for administrative costs incurred. These transfers to the General Fund for the year were \$4,412,887.

Transfers between the Lancaster Redevelopment Agency Debt Service Fund and Capital Project Fund were done to provide monies for debt servicing purposes, low and moderate income housing set-aside, and to fund capital projects.

**Note 8: Due to Other Governments**

County of Los Angeles, Schools and Community College Districts

Residential Project Tax Increment Fund	\$ 121,758
Central Business District Tax Increment	39,081
Fox Field Tax Increment Fund	85,899
Amargosa Tax Increment Fund	906,482
Area No. 5 Tax Increment Fund	1,284,537
Area No. 6 Tax Increment Fund	1,713,377
Area No. 7 Tax Increment Fund	<u>135,737</u>
Total	<u>\$ 4,286,871</u>

The Agency has various tax sharing agreements. As a result of these agreements, the Agency has agreed to remit to schools and community college districts a portion of its tax increment collections. Additionally, during the year, amounts were received from the County of Los Angeles in excess of transfers made on the Library issues.

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt**

**a. Bonds and Notes**

A description of individual issues of bonds and notes (excluding defeased issues) outstanding as of June 30, 2009, follows:

Lancaster Housing Authority

On February 4, 1999, the Authority issued \$10,040,000 of Lancaster Housing Authority Lease Revenue Refunding Bonds. These bonds were issued to defease a previous issue of 1994 Lease Revenue Bonds (Brierwood Mobile Home Park Project). Interest on these bonds is due semi-annually on April 1 and October 1 of each year commencing April 1, 1999. Interest rates vary from 3.05% to 5.00%. The principal portion of these bonds is payable from April 1, 1999 to April 1, 2024.

Lancaster Redevelopment Agency

Combined Tax Allocation Notes and Bonds

1. On December 7, 2006, the Agency issued \$25,660,000 of Tax Allocation Revenue Bonds, Issue of 2006. This financing was undertaken to refund \$5,845,000 in outstanding Agency bonds and to provide the Agency with additional funds for projects. The principal portion of these bonds is payable from February 1, 2008 to 2039. Interest is payable semi-annually on February 1 and August 1 of each year commencing on August 1, 2007. Interest rates vary from 3.80% to 5.00%. The principal portion of these bonds has been allocated to the following project areas:

Residential Area	\$ 305,000
Fox Field Area	2,505,000
Amargosa Area	5,080,000
Area Number 5	4,320,000
Area Number 6	<u>13,450,000</u>
Total	<u>\$ 25,660,000</u>

2. On November 8, 2006, the Agency issued \$13,655,000 of Tax Allocation Bonds (School District Projects), Series 2006. This financing was undertaken to finance school district projects pursuant to certain school district pass through agreements with respect to Redevelopment Project No. 5 and No. 6, pay costs of issuing the Bonds, and fund a debt service reserve account. The principal portion of these bonds is payable from February 1, 2008 to 2037. Interest is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 2007. Interest rates vary from 4.00% to 5.00%. Project Area Number 5 received \$4,895,000 of the principal portion of these bonds with the remaining amount of \$8,760,000 being allocated to Project Area Number 6.

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

3. On December 15, 2004, the Agency issued \$10,200,000 of Combined Redevelopment Project Areas (Fire Protection Facilities Project), Tax Allocation Refunding Bonds, Issue of 2004. Interest on these bonds is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2006. Interest rates vary from 2.00% to 5.25%. Principal redemptions are payable starting December 1, 2006 through December 1, 2023. The proceeds of this bond issue were utilized to refund all of the Agency's outstanding Combined Redevelopment Project Areas (Fire Protection Facilities Project) Tax Allocation Bonds, Issue of 1993, pay costs of issuing the Bonds, and fund a debt service reserve account.
4. On December 15, 2004, the Agency issued \$21,540,000 of Combined Redevelopment Project Areas (Sheriff's Facility Project), Tax Allocation Refunding Bonds, Issue of 2004. Interest on these bonds is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2006. Interest rates vary from 2.00% to 5.25%. Principal redemptions are payable starting December 1, 2006 through December 1, 2019. The proceeds of this bond issue were utilized to refund all of the Agency's outstanding Combined Redevelopment Project Areas (Sheriff's Facility Project) Tax Allocation Bonds, Issue of 1993, pay costs of issuing the Bonds, and fund a debt service reserve account.
5. On December 15, 2004, the Agency issued \$5,135,000 of Combined Redevelopment Project Areas (Library Project), Tax Allocation Refunding Bonds, Issue of 2004. Interest on these bonds is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2006. Interest rates vary from 3.00% to 4.75%. Principal redemptions are payable starting December 1, 2006 through December 1, 2029. The proceeds of this bond issue were utilized to refund all of the Agency's outstanding Combined Redevelopment Project Areas (Library Project) Tax Allocation Bonds, Issue of 1993, and Combined Redevelopment Project Areas (Library Project) Subordinated Tax Allocation Refunding Bonds, Issue of 1999, pay costs of issuing the Bonds, and fund a debt service reserve account.
6. On September 9, 2004, the Agency issued \$7,830,000 of Lancaster Financing Authority, Tax Allocation Refunding Bonds (Lancaster Redevelopment Project No. 5 and Project No. 6 (School Districts), Issue of 2004. Interest on these bonds is payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2006. Interest rates vary from 2.00% to 5.60%. Principal redemptions are payable starting February 1, 2006 through February 1, 2034. The proceeds of this bond issue were utilized to advance refund and defease all of the Agency's outstanding Lancaster Redevelopment Project No. 6, Tax Allocation Refunding Bonds (School District), Issue of 1996, finance school district projects pursuant to certain school district pass through agreements with respect to Redevelopment Project No. 5 and No. 6, pay costs of issuing the Bonds, and fund a debt service reserve account.

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

7. On November 9, 2004, the Agency issued \$13,575,000 of Combined Redevelopment Project Areas (Housing Programs), Subordinate Tax Allocation Bonds, Issue of 2004 (Taxable). This financing was undertaken to provide funding for certain low and moderate income housing projects of the Agency, fund a reserve account for the Bonds and to pay the costs of issuance. The principal portion of these bonds is payable from August 1, 2006 to 2035. Interest is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 2006.
8. On November 9, 2004, the Agency issued \$11,005,000 of Lancaster Financing Authority, Subordinate Tax Allocation Revenue Bonds (Lancaster Residential, Amargosa, Project No. 5 and Project No. 6 Redevelopment Projects), Issue of 2004B. Interest on these bonds is payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2006. Interest rates vary from 2.35% to 5.00%. Principal redemptions are payable starting February 1, 2008 through February 1, 2035. The proceeds of this bond issue were utilized to finance redevelopment activities of the Agency with respect to four of its Project Areas, fund capitalized interest through August 1, 2007, pay costs of issuing the Bonds, and fund a debt service reserve account.
9. On June 11, 2003, the Agency issued \$101,575,000 of Series 2003 Bonds (\$60,980,000 Combined Housing Financing and \$40,595,000 of Combined Economic Development Financing). This financing was undertaken to refund \$75,065,000 in outstanding Agency debt and to provide the Agency with additional funds for projects. The principal portion of these bonds is payable from August 1, 2004 to 2034 on the Economic Development Financing (Combined Tax Allocation Bonds, Series 2003) and August 1, 2006 to 2033, on the Housing Financing (Combined Housing Bonds). Interest is payable semi-annually on February 1 and August 1, of each year commencing on August 1, 2004.
10. On December 12, 2003, the Agency issued \$34,640,000 of Series 2003 B Bonds (\$18,080,000 Combined Housing Financing and \$16,560,000 of Subordinate Tax Allocation Revenue Bonds). This financing was undertaken to refund \$13,375,000 in outstanding Agency debt and to provide the Agency with additional funds for projects. The principal portion of these bonds is payable from August 1, 2004 to 2034, on the Subordinate Tax Allocation Revenue Bonds and February 1, 2004 to 2034, on the Housing Financing (Combined Housing Bonds). Interest is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 2004. The principal portion of these bonds has been allocated to the following project areas:

	<u>Economic Development</u>	<u>Housing</u>
Residential Area	\$ 1,805,000	\$ 3,372,853
Central Business District Area	-	175,098
Fox Field Area	-	173,720
Amargosa Area	10,305,000	4,687,320
Area Number 5	1,625,000	4,396,360
Area Number 6	2,825,000	4,704,068
Area Number 7	-	570,581
	<u>\$ 16,560,000</u>	<u>\$ 18,080,000</u>
Total		

**City of Lancaster**  
**Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

11. On February 23, 1993, the Agency, City of Lancaster, Los Angeles County Public Library and the County of Los Angeles entered into a Memorandum of Understanding whereby the Agency will provide a contribution in the amount of \$1,500,000, and a loan to the Library in the approximate principal amount of \$5,870,000, for construction and development of the Library Project. The Agency contribution and loan amounts will be provided in addition to net proceeds from the Library Bonds and Subordinated Bonds for development and construction of the Library Project. The exact amount of the Agency loan will be determined by subtracting the amount of net bond proceeds, subordinated note proceeds and contributions proceeds from the total development and construction costs of the Library Project.

Central Business District Project Area

1. On January 1, 1994, the Agency issued \$3,065,000 of Lancaster Central Business District Redevelopment Project Area, Tax Allocation Refunding Bonds, Issue of 1994. The principal portion of these bonds is payable from August 1, 1994 to August 1, 2023. Interest is payable semi-annually on February 1 and August 1 each year commencing August 1, 1994, at rates of 3.00% to 6.125% per annum. The proceeds of these bonds was utilized to defease \$1,055,000 of the Tax Allocation Refunding Bonds, Issue of 1986, and \$1,900,000 of Subordinated Tax Allocation Refunding Notes, Issue of 1988.

Fox Field Redevelopment Project

1. On January 1, 1994, the Agency issued \$3,050,000 of Lancaster Fox Field Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 1994. The principal portion of these bonds is payable from August 1, 1994 to August 1, 2022. Interest is payable semi-annually on February 1 and August 1 of each year at rates of 3.000% to 6.125% per annum, commencing August 1, 1994. These bonds defeased the \$1,600,000 Fox Field Subordinated Tax Allocation Refunding Notes, Issue of 1988. These bonds were defeased during the current year by the Tax Allocation Revenue Bonds, Issue of 2006.

Amargosa Redevelopment Project

1. On March 18, 1999, the Agency issued \$4,380,000 of Lancaster Redevelopment Agency, Amargosa Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 1999. The purpose of these bonds was to defease a portion of the \$7,005,000 Tax Allocation Refunding Bonds, Issue of 1991. The principal portion of these bonds is payable from February 1, 2000 to February 1, 2024. Interest is payable semi-annually at rates of 3.0% to 5.0% per annum, commencing August 1, 1999.
2. On March 18, 1999, the Agency issued \$6,710,000 of Lancaster Redevelopment Agency, Lease Revenue Refunding Bonds (Lancaster Public Capital Improvement Projects), Issue of 1999. The purpose of these bonds was to defease \$7,475,000 of Lancaster Redevelopment Agency, Lease Revenue Notes (Lancaster Public Capital Improvement Projects), Issue of 1995. The principal portion of these bonds is payable from December 1, 1999 to December 1, 2028. Interest is payable semi-annually at rates of 2.9% to 5.0% per annum, commencing December 1, 1999. The Bonds are payable

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

from Lease Payments to be made by the City of Lancaster to the Agency or its assignee. The property covered by the Lease consists of the Lancaster Performing Arts Center completed in November 1991, and developed by the Agency at a cost of \$8,024,000. Neither the Bonds nor the obligation of the City to make Lease Payments under the Lease Agreement constitutes an indebtedness of the City, the Agency, the State of California or any political subdivision thereof, within the meaning of the Constitution of the State of California or otherwise.

Project Area Number 5

1. On December 1, 1997, the Agency issued \$6,480,000 of Lancaster Redevelopment Project No. 5, Tax Allocation Refunding Bonds, Issue of 1997. The principal portion of these bonds is payable from February 1, 1998 to February 1, 2014. Interest is payable semi-annually at rates of 3.75% to 5.00% per annum, commencing February 1, 1998. These bonds are issued on a parity basis with the previously issued \$10,750,000 of Lancaster Redevelopment Agency, Lancaster Redevelopment Project No. 5, Tax Allocation Refunding Bonds, Issue of 1996 and the \$13,755,000 of Lancaster Redevelopment Agency, Lancaster Redevelopment Project No. 5, Tax Allocation Refunding Bonds, Issue of 1991. A portion of the proceeds of these bonds was utilized to defease the Lancaster Redevelopment Project No. 5, Tax Allocation Refunding Bonds, Issue of 1988. These bonds were defeased during the current year by the Tax Allocation Revenue Bonds, Issue of 2006.

Project Area Number 6

1. On February 1, 2000, the Agency took over the operation of the Desert Sands Mobile Home Park Project. In connection with this, the agency is accomplishing the servicing of its previously issued Mobile Home Park Revenue Bonds (Desert Sands Mobile Home Park Project), Series 1997 A and B Bonds issued November 1, 1997. The bonds outstanding as of February 1, 2000, were \$3,280,000. The principal portion of these bonds is payable from May 1, 2000 to 2028. Interest is payable semi-annually on May 1 and November 1 of each year at rates of 4.0% to 7.5% per annum.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2009, including interest, are as follows:

Lancaster Housing Authority - Bonds		
Fiscal Year	Principal	Interest
2009-2010	\$ 335,000	\$ 353,830
2010-2011	350,000	337,750
2011-2012	365,000	320,950
2012-2013	385,000	303,430
2013-2014	400,000	284,950
2014-2019	2,335,000	1,107,000
2019-2024	2,980,000	461,500
Total	<u>\$ 7,150,000</u>	<u>\$ 3,169,410</u>

**City of Lancaster**  
**Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

Lancaster Redevelopment Agency Bonds and Notes		
Fiscal Year	Principal	Interest
2009-2010	\$ 5,635,000	\$ 11,461,746
2010-2011	5,845,000	11,237,145
2011-2012	6,090,000	10,996,018
2012-2013	6,335,000	10,727,780
2013-2014	6,615,000	10,445,235
2014-2019	39,865,000	46,933,085
2019-2024	49,855,000	35,992,715
2024-2029	46,920,000	24,234,260
2029-2034	49,830,000	12,300,000
2034-2039	21,495,000	2,119,155
Total	<u>\$ 238,485,000</u>	<u>\$ 176,447,139</u>

The City has pledged, as security for bonds it has issued, either directly or through the Financing Authority, a portion of the tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. These bonds were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. The City has committed to appropriate each year, from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$414,932,139 with annual debt service requirements as indicated below. For the current year, the total tax increment revenue, net of pass through payments, recognized by the City was \$26,314,135 and the debt service obligation on the bonds was \$17,097,296.

**b. U.S. Government Guaranteed Notes (Section 108 Notes)**

On April 28, 1999, the City issued \$3,100,000 of U.S. Government Guaranteed Notes, Series 1999-A, guaranteed by the Secretary of Housing and Urban Development. The City has pledged as security for repayment of the notes the following:

1. Future entitlements that the City may become eligible for under Section 108 of Title I of the Housing and Community Development Act of 1974; and
2. Program income.

The notes mature from 2000 to 2018 and bear varying rates of interest. The principal balance outstanding as of June 30, 2009, was \$2,010,000.

On June 14, 2000, the City issued \$320,000 of U.S. Government Guaranteed Notes, Series 2000-A, guaranteed by the Secretary of Housing and Urban Development. The City has pledged as security for repayment of the notes the following:

1. Future entitlements that the City may become eligible for under Section 108 of Title I of the Housing and Community Development Act of 1974; and
2. Program income.



**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

The notes mature from 2000-2019 and bear varying rates of interest. The principal balance outstanding as of June 30, 2009, was \$230,000.

On August 7, 2003, the City issued \$1,450,000 of U.S. Government Guaranteed Notes, Series 2003-A, guaranteed by the Secretary of Housing and Urban Development. This City has pledged as security for repayment of the notes the following:

1. Future entitlements that the City may become eligible for under Section 108 of Title I of the Housing and Community Development Act of 1974; and
2. Program income.

The notes mature from 2004-2023 and bear varying rates of interest. The principal balance outstanding as of June 30, 2009, was \$1,186,000.

On June 30, 2004, the City issued \$1,500,000 of U.S. Government Guaranteed Notes, Series 2004-A, guaranteed by the Secretary of Housing and Urban Development. The City has pledged as security for repayment of the notes the following:

1. Future entitlements that the City may become eligible for under Section 108 of Title I of the Housing and Community Development Act of 1974; and
2. Program income.

The notes mature from 2006-2024 and bear varying rates of interest. The principal balance outstanding as of June 30, 2009, was \$1,287,000.

At June 30, 2009, the annual requirements to repay the outstanding indebtedness were as follows:

U.S. Government Guaranteed Notes		
Fiscal Year	Principal	Interest
2009-2010	\$ 293,000	\$ 270,307
2010-2011	297,000	254,531
2011-2012	312,000	237,738
2012-2013	333,000	219,413
2013-2014	348,000	199,613
2014-2019	2,044,000	648,959
2019-2024	980,000	174,495
2024-2029	106,000	3,185
Total	<u>\$ 4,713,000</u>	<u>\$ 2,008,241</u>

**City of Lancaster**  
**Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

c. The following is a schedule of changes in long-term debt of the City by bond types for fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Repayments	Balance June 30, 2009	Due Within One Year
<b><u>Lancaster Housing Authority</u></b>					
Lease Revenue Refunding Bonds	\$ 7,470,000	\$ -	\$ 320,000	\$ 7,150,000	\$ 335,000
<b><u>Redevelopment Agency</u></b>					
<b><u>Residential Project Area</u></b>					
2003 Development and Housing	\$ 10,882,623	\$ -	\$ 160,124	\$ 10,722,499	\$ 169,977
2003B Development and Housing	4,519,391	-	124,540	4,394,851	137,198
2004B Development	1,056,926	-	18,563	1,038,363	19,537
2004 Housing	1,063,711	-	17,640	1,046,071	18,065
2004 Sheriff's Facilities	2,200,310	-	94,791	2,105,519	99,963
2004 Fire Facilities	1,149,676	-	52,316	1,097,360	54,230
2004 Library	233,551	-	6,928	226,623	7,174
2006 Development	298,039	-	7,259	290,780	7,428
Total	<u>\$ 21,404,227</u>	<u>\$ -</u>	<u>\$ 482,161</u>	<u>\$ 20,922,066</u>	<u>\$ 513,572</u>
<b><u>Central Business District Project Area</u></b>					
1994 Refunding	\$ 1,525,000	\$ -	\$ 55,000	\$ 1,470,000	\$ 60,000
2003 Development and Housing	1,021,196	-	16,275	1,004,921	15,930
2003B Development and Housing	153,304	-	3,438	149,866	4,679
2004 Housing	226,420	-	3,759	222,661	3,845
2004 Sheriff's Facilities	561,154	-	24,173	536,981	25,494
2004 Fire Facilities	240,567	-	10,947	229,620	11,348
2004 Library	45,237	-	1,342	43,895	1,390
Total	<u>\$ 3,772,878</u>	<u>\$ -</u>	<u>\$ 114,934</u>	<u>\$ 3,657,944</u>	<u>\$ 122,686</u>
<b><u>Fox Field Project Area</u></b>					
2003 Development and Housing	\$ 1,705,454	\$ -	\$ 27,063	\$ 1,678,391	\$ 26,607
2003B Development and Housing	152,104	-	3,411	148,693	4,642
2004 Housing	269,257	-	4,473	264,784	4,573
2004 Sheriff's Facilities	375,343	-	16,170	359,173	17,052
2004 Fire Facilities	232,458	-	10,578	221,880	10,965
2004 Library	40,364	-	1,197	39,167	1,240
2006 Development	2,447,904	-	59,536	2,388,368	61,015
Total	<u>\$ 5,222,884</u>	<u>\$ -</u>	<u>\$ 122,428</u>	<u>\$ 5,100,456</u>	<u>\$ 126,094</u>

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

	Balance July 1, 2008	Additions	Repayments	Balance June 30, 2009	Due Within One Year
<u>Amargosa Project Area</u>					
1999 Refunding	\$ 3,890,000	\$ -	\$ 95,000	\$ 3,795,000	\$ 100,000
1999 Lease Revenue	5,470,000	-	155,000	5,315,000	160,000
2003 Development and Housing	16,198,795	-	246,699	15,952,096	252,879
2003B Development and Housing	13,046,201	-	424,957	12,621,244	394,010
2004B Development	2,398,874	-	42,237	2,356,637	44,339
2004 Housing	2,060,671	-	34,188	2,026,483	34,995
2004 Sheriff's Facilities	3,676,766	-	158,400	3,518,366	167,038
2004 Fire Facilities	1,898,404	-	86,388	1,812,016	89,547
2004 Library	391,298	-	11,606	379,692	12,021
2006 Development	4,964,170	-	120,780	4,843,390	123,733
Total	<u>\$ 53,995,179</u>	<u>\$ -</u>	<u>\$ 1,375,255</u>	<u>\$ 52,619,924</u>	<u>\$ 1,378,562</u>
<u>Project Area 5</u>					
2003 Development and Housing	\$ 32,053,211	\$ -	\$ 475,190	\$ 31,578,021	\$ 500,587
2003B Development and Housing	5,259,357	-	138,820	5,120,537	159,853
2004B Development	3,829,547	-	67,222	3,762,325	70,787
2004 School Refunding	2,031,367	-	29,854	2,001,513	29,853
2004 Housing	3,165,020	-	52,500	3,112,520	53,750
2004 Sheriff's Facilities	5,626,295	-	242,385	5,383,910	255,607
2004 Fire Facilities	2,771,479	-	126,115	2,645,364	130,730
2004 Library	611,409	-	18,135	593,274	18,783
2006 Development	4,221,486	-	102,724	4,118,762	105,221
2006 School	4,825,093	-	69,907	4,755,186	75,280
Total	<u>\$ 64,394,264</u>	<u>\$ -</u>	<u>\$ 1,322,852</u>	<u>\$ 63,071,412</u>	<u>\$ 1,400,451</u>
<u>Project Area 6</u>					
1997 Mobile Home	\$ 2,780,000	\$ -	\$ 75,000	\$ 2,705,000	\$ 75,000
2003 Development and Housing	34,824,488	-	524,118	34,300,370	543,743
2003B Development and Housing	6,570,079	-	183,631	6,386,448	199,372
2004B Development	3,534,653	-	61,978	3,472,675	65,337
2004 School Refunding	5,453,633	-	80,146	5,373,487	80,147
2004 Housing	5,430,264	-	90,069	5,340,195	92,220
2004 Sheriff's Facilities	6,371,172	-	274,478	6,096,694	289,447
2004 Fire Facilities	2,717,416	-	123,656	2,593,760	128,180
2004 Library	3,261,181	-	96,730	3,164,451	100,185
2006 Development	13,143,401	-	319,701	12,823,700	327,603
2006 School	8,634,907	-	125,093	8,509,814	134,720
Total	<u>\$ 92,721,194</u>	<u>\$ -</u>	<u>\$ 1,954,600</u>	<u>\$ 90,766,594</u>	<u>\$ 2,035,954</u>
<u>Project Area 7</u>					
2003 Development and Housing	\$ 979,233	\$ -	\$ 15,531	\$ 963,702	\$ 15,277
2003B Development and Housing	499,564	-	11,203	488,361	15,246
2004 Housing	444,657	-	7,371	437,286	7,552
2004 Sheriff's Facilities	338,960	-	14,603	324,357	15,399
2004 Library	136,960	-	4,062	132,898	4,207
Total	<u>\$ 2,399,374</u>	<u>\$ -</u>	<u>\$ 52,770</u>	<u>\$ 2,346,604</u>	<u>\$ 57,681</u>

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

	Balance July 1, 2008	Additions	Repayments	Balance June 30, 2009	Due Within One Year
<b>City</b>					
<b>Notes</b>					
Series 1999-A	\$ 2,010,000	\$ -	\$ -	\$ 2,010,000	\$ 160,000
Series 2000-A	230,000	-	-	230,000	15,000
Series 2003-A	1,186,000	-	-	1,186,000	59,000
Series 2004-A	1,287,000	-	-	1,287,000	59,000
Accrued Employee Benefits	1,995,699	844,875	828,777	2,011,797	835,462
Claims and Judgments	605,917	485,271	481,498	609,690	484,496
Net OPEB Obligation	-	2,139,000	142,096	1,996,904	214,000
<b>Total</b>	<b>\$ 258,694,616</b>	<b>\$ 3,469,146</b>	<b>\$ 7,197,371</b>	<b>254,966,391</b>	<b>\$ 7,796,958</b>
Unamortized original issue (discount) or premium				6,834,777	
Unamortized bond defeasance loss				(4,035,433)	
Net Long-Term Debt				<b>\$ 257,765,735</b>	

**Compensated Absences**

The City's policies relating to compensated absences are described in Note 1 of the notes to financial statements. For the governmental activities, the liability will be paid in future years by the General Fund.

**Defeasance of Debt**

In prior years, the Agency defeased certain tax allocation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Agency's financial statements. At June 30, 2009, the following bond issues are considered defeased:

**City of Lancaster**  
**Notes to Financial Statements (Continued)**

**Note 9: Long-Term Debt (Continued)**

	<u>Original Amount</u>
<u>Combined Redevelopment Project Areas:</u>	
Subordinated Tax Allocation Notes	\$ 7,000,000
Tax Allocation Refunding Notes, Issue of 1988	25,990,000
Housing Programs, Tax Allocation Bonds, Issue of 1993	32,000,000
Library Project, Issue of 1993	3,860,000
Sheriff's Facility Project, Issue of 1993	27,380,000
Fire Protection Facility Project, Issue of 1993	14,020,000
Library Project, Issue of 1999	1,780,000
<u>Residential Project Area:</u>	
Tax Allocation Refunding Notes, Issue of 1992	13,800,000
Subordinated Tax Allocation Refunding Bonds, Issue of 1997	3,065,000
<u>Central Business District Project Area:</u>	
Tax Allocation Refunding Bonds, Issue of 1986	1,800,000
<u>Fox Project Area:</u>	
Tax Allocation Refunding Bonds, Issue of 1984	3,050,000
<u>Amargosa Redevelopment Project Area:</u>	
Tax Allocation Notes	5,400,000
Tax Allocation Refunding Notes, Issue of 1989	9,000,000
Subordinated Tax Allocation Refunding Notes, Issue of 1991	4,000,000
Tax Allocation Refunding Bonds, Issue of 1991	9,000,000
Tax Allocation Refunding Bonds	6,190,000
Tax Allocation Refunding Bonds (amount defeased)	2,590,000
Lease Revenue Notes, Issue of 1995	7,475,000
Tax Allocation Refunding Bonds, Issue of 1996	12,700,000
<u>Project Area Number 5:</u>	
Tax Allocation Notes	6,250,000
Subordinated Tax Allocation Refunding Notes, Issue of 1989	16,000,000
Subordinated Tax Allocation Refunding Notes, Issue of 1991	4,500,000
School District Tax Allocation Notes, Issue of 1991	4,250,000
Tax Allocation Refunding Bonds, Issue of 1991	13,755,000
Tax Allocation Refunding Bonds, Issue of 1996	10,750,000
Tax Allocation Refunding Bonds, Issue of 1997	6,480,000
<u>Project Area Number 6:</u>	
School District Tax Allocation Notes, Issue of 1991	3,250,000
Tax Allocation Refunding Bonds, Issue of 1993	14,100,000
School District Tax Allocation Refunding Bonds, Issue of 1996	3,650,000
Total	<u>\$ 273,085,000</u>

**d. Non-Commitment Debt**

The Agency has issued \$292,422,000 of Residential Mortgage Revenue Bonds that have not been reflected in Long-Term Debt because these bonds are special obligations payable solely from and secured by specific revenue sources described in the bond resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Redevelopment Agency, the State of California or any political subdivision thereof, is pledged for the payment of these bonds.

**City of Lancaster**  
**Notes to Financial Statements (Continued)**

**Note 10: Fund Equity**

**a. Reservation of Fund Balance**

Special Purpose Reserves

Certain fund balance reserve accounts have been established in the following funds which represent available spendable resources restricted for a specified purpose:

General Fund:	
Reserved for encumbrances	\$ 1,807,437
Reserved for advances to other funds	50,387,709
Reserved for inventories	44,225
Reserved for prepaid costs	221,882
Total	<u>\$ 52,461,253</u>
Capital Projects Fund:	
Reserved for encumbrances	\$ 3,734,957
Lancaster Redevelopment Agency	
Capital Projects Fund:	
Reserved for encumbrances	1,453,340
Reserved for notes and loans	5,476,774
Reserved for land held for resale	60,861,222
Total	<u>\$ 67,791,336</u>
Other Governmental Funds:	
Reserved for encumbrances	\$ 592,151
Reserved for land held for resale	1,720,165
Reserved for notes and loans	590,062
Reserved for deposits	4,130
Total	<u>\$ 2,906,508</u>

Reserved for advances to other funds in the General Fund above consisted of \$99,365,388 of interfund receivable less \$48,977,679 of deferred interest revenue.

**b. Unreserved - Designation of Fund Balances**

The City has established certain designations of fund balances to indicate tentative plans for financial resources utilization in the future fiscal years.

**City of Lancaster**  
**Notes to Financial Statements (Continued)**

**Note 10: Fund Equity (Continued)**

**c. Restatement of Net Assets and Fund Balances**

Fund balances in the following funds had been restated for the following reasons:

Governmental Fund Balance:

General Fund

Correction of prior period accrued liability balances	\$ 29,565
Correction of prior period loan receivable balances	(1,113,905)
Correction of prior period accounts receivable	(95,923)
Total General Fund	<u>(1,180,263)</u>

LRA Capital Projects Fund

Correction of prior period payable balances	501,094
Correction of prior period loan receivable balances	16,956
Correction of Desert Sands and Newport Pacific balances	(27,103)
Correction of prior period cash balances	27,542
Total LRA Capital Projects Fund	<u>518,489</u>

LRA Debt Service Fund

Correction of prior period payable balances	<u>2,583,423</u>
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Other Governmental Funds

Recycle Water Fund

Correction of prior period receivable balances	(150,734)
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HOME Program Fund

Correction of prior period loan receivable balances	756,615
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Lancaster Housing Fund

Correction of cash balances for Brierwood	(1,000)
---	---------

Total Other Governmental Funds	<u>604,881</u>
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To Governmental Fund Balance restatements	<u>\$ 2,526,530</u>
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Government-wide Net Assets

Governmental Fund Balance restatements (above)	\$ 2,526,530
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Correction of prior period capital asset balances	<u>(18,260,041)</u>
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Total Government-wide Net Asset restatements	<u>\$ (15,733,511)</u>
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**IV. OTHER INFORMATION**

**Note 11: Public Employees Retirement System (Defined Benefit Pension Plan)**

Plan Description

The City of Lancaster contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

**City of Lancaster**  
**Notes to Financial Statements (Continued)**

**Note 11: Public Employees Retirement System (Defined Benefit Pension Plan) (Continued)**

Funding Policy

Participants are required to contribute 7.000% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 8.734% for miscellaneous employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost and Net Pension Obligation

The City of Lancaster annual pension cost and change in net pension obligation for fiscal year ending June 30, 2009, were as follows.

Annual required contribution	\$ 2,995,179
Interest on net pension obligation	(340,915)
Adjustment to annual required contribution	<u>449,841</u>
Annual pension cost	3,104,105
Contribution made	<u>2,995,179</u>
Increase (decrease) in net pension obligation	108,926
Net pension obligation (asset) beginning of year	<u>(4,398,909)</u>
Net pension obligation (asset) end of year	<u><u>\$ (4,289,983)</u></u>

The required contributions were determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method.

A summary of principle assumptions and methods used to determine the APC is shown below:

Valuation Date	June 30, 2008
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	32 years as of the Valuation Date
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on age, service and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the Plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.



**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 11: Public Employees Retirement System (Defined Benefit Pension Plan) (Continued)**

Three-Year Trend Information for PERS			
Fiscal Year	Annual Pension Costs (APC)	Percentage of APC Contributed	Net Pension Obligation (asset)
6/30/2007	\$ 2,474,123	100%	\$ (4,500,000)
6/30/2008	2,707,503	96%	(4,398,909)
6/30/2009	3,104,105	96%	(4,289,983)

Schedule of Funding Progress for PERS						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Liability (Excess Assets) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2006	\$ 48,151,617	\$ 48,853,608	\$ 701,991	98.6 %	\$ 14,038,505	5.0 %
6/30/2007	53,772,818	55,552,355	1,779,537	96.8 %	17,718,738	10.0 %
6/30/2008	60,114,101	62,164,413	2,050,312	96.7 %	18,897,358	10.9 %

**Note 12: Public Agency Retirement System (Defined Contribution Retirement Plan)**

The City contributes to the Public Agency Retirement System (PARS), which is a defined contribution retirement plan. A defined contribution retirement plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

As established by the plan, all eligible employees of the City will become a participant in the plan from the date they are hired. An eligible employee is any employee who, at any time during which the employer maintains this plan, is not accruing a benefit under the Public Employees Retirement System (see Note 11).

Contributions made by an employee and the employer vest immediately. As determined by the plan, each employee contributes 0% of gross earnings to the plan. The City contributes an additional 6% of gross earnings.

During the year, the City contributed \$1,111,427(6% of covered) and employees contributed \$0 (0% of current year covered payroll). The total covered payroll of employees participating in the plan for the year ended June 30, 2009, was \$18,523,784. The total payroll for the year was \$21,222,754.

No changes in plan provisions occurred during the year. The plan held no securities of the City or other related parties during or at the close of the fiscal year.

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 13: Other Post-Employment Employee Benefits**

**Plan Description**

The City provides other postemployment benefits (OPEB) through a single-employer defined benefit healthcare plan by contributing a portion of premiums charged under the health benefit plan for all eligible employees. These benefits are provided per contract between the City and the employee associations. A separate financial report is not available for the plan.

**Funding Policy**

The contribution requirements of plan members and the City are established and may be amended by the City, City Council, and/or employee associations. Currently, contributions are not required from plan members. A contribution of \$142,096 was made during the 2008-2009 fiscal year and was not included in the July 1, 2006, actuarial study. The purpose of the contribution was to pay current year premiums for retirees. As a result, the City calculated and recorded a Net OPEB Liability, representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented below:

Annual required contribution (ARC)	\$ 2,139,000
Adjustment to ARC	<u>-</u>
Annual OPEB Cost	2,139,000
Contributions made	<u>(142,096)</u>
(Decrease) increase in Net OPEB obligation	1,996,904
Net OPEB obligation (asset) June 30, 2008	<u>-</u>
Net OPEB obligation (asset) June 30, 2009	<u><u>\$ 1,996,904</u></u>

The contribution rate of 12.4% is based on the ARC of \$2,139,000, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over a thirty year period.

**Annual OPEB Costs and Net OPEB Obligation (Asset)**

For the fiscal year 2008-2009, the City's annual OPEB cost (expense) of \$2,139,000 was equal to the ARC. Since this fiscal year is the transition year, information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB Obligation is only available for the current fiscal year, as presented below:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
<u>6/30/2009</u>	\$ 2,139,000	\$ 142,096	7%	\$ 1,996,904

**Funded Status and Funding Progress**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**City of Lancaster  
Notes to Financial Statements (Continued)**

**Note 13: Other Post-Employment Employee Benefits (Continued)**

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Only one year is presented as this is the first year of the plan.

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as percent of Covered Payroll	Interest Rate	Salary Scale
Actual	6/30/2008	\$ -	\$ 16,178,000	0.0%	\$ 17,302,000	93.50%	4.50%	3.00%

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.50% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 10.9% beginning January 1, 2009, and reduced by decrements to an ultimate rate of 4.5% after seven years. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2009, was twenty-nine years. The number of active participants is 307.

**Note 14: Stadium Operating Lease**

The City of Lancaster leases the Lancaster Municipal Stadium to Clutch Play Baseball for the Jethawks, a California "A" League professional baseball team. This facility is leased from March 1 through September 1 at which time the operation returns to the City for City recreational functions.

**Note 15: Joint Ventures**

Antelope Valley Transit Authority

The City is a member of the Antelope Valley Transit Authority, a joint powers authority of the County of Los Angeles and the cities of Palmdale and Lancaster. The Authority was formed to provide public transit service to Palmdale and Lancaster. The governing board consists of one person from each member agency. Each member has one vote.

Description of Debt

On October 1, 1991, the California Special Districts Association Finance Corporation, on behalf of the Los Angeles County Transportation Commission, issued Certificate of Participation Notes in the amount of \$19,340,000. This issue was for the benefit of several different transit authorities. The Certificates of Participation were issued prior to the formation of the Antelope Valley Transit Authority. Los Angeles County participated in this issuance on behalf of the Authority to provide financing of \$7,690,000 for the purchase of transportation equipment.

**City of Lancaster**  
**Notes to Financial Statements (Continued)**

**Note 15: Joint Ventures (Continued)**

Subsequent to the Certificate of Participation issue, the Authority entered into a "Reimbursement Agreement" with the County of Los Angeles to repay the obligation incurred by the County on their behalf.

As of June 30, 2008, (latest information available), Antelope Valley Transit Authority's financial position was as follows:

Assets	<u>\$ 40,700,275</u>
Liabilities	\$ 1,650,569
Fund Equity	<u>39,049,706</u>
Total Liabilities and Fund Equity	<u>\$ 40,700,275</u>
Revenues	\$ 21,701,350
Expenses	<u>(21,263,832)</u>
Changes in Fund Equity	<u>\$ 437,518</u>

The Authority is funded, in part, by revenues allocated to the City and redirected to the Authority and, in part, by a shared formula based on the level of service provided to the jurisdiction. The City of Lancaster is the primary recipient of local services from the Authority.

Separate financial statements of the Authority are available from the Authority office located at 1031 W. Avenue L-12, Lancaster, California 93534.

**Note 16: Risk Management**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City handled those risks with the purchase of commercial insurance. The City maintained liability insurance coverage up to a limit of \$10,000,000 with \$100,000 self-insurance retention for its general liabilities. Workers' compensation insurance is provided by Southern California Risk Management Associates, with statutory limit coverage. The City also maintained property coverage including earthquake and flood.

At June 30, 2009, \$609,690 has been accrued for general liability claims. This amount represents an estimate of amounts to be paid for reported claims and incurred but not yet reported claims based upon past experience, modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2009, is dependent on future developments, based upon information from the City Attorney, the City's claims administrators and others involved with the administration of the programs, City management believes the accrual is adequate to cover such losses.

Changes in the claims liability amount in fiscal years 2008 and 2009 were as follows:

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2007-2008	\$ 923,252	\$ 8,311	\$ (325,646)	\$ 605,917
2008-2009	605,917	485,271	(481,498)	609,690

**City of Lancaster**  
**Notes to Financial Statements (Continued)**

**Note 16: Risk Management (Continued)**

For worker's compensation insurance, the City has transferred all risk of loss with the purchase of commercial insurance policies and has not reported any estimated loss in the financial statements. There were no significant reductions in insurance coverage from the previous year. In addition, insurance coverage exceeded the amount of settlements for each of the past three fiscal years.

**Note 17: Contingent Liabilities**

Various claims and lawsuits are pending against the City. Although the outcome of these claims and lawsuits is not presently determinable, in the opinion of the City's management, on advice of legal counsel, it is unlikely that they will have a material adverse effect on the accompanying financial statements.

**Note 18: Subsequent Events**

SERAF Tax Increment Revenue Shift for fiscal year 2009-2010 and 2010-2011

On July 23, 2009, the California Legislature passed SB 26, requiring a shift in tax increment revenues during fiscal years 2009-2010 and 2010-2011 to be deposited into the county "Supplemental" Educational Revenue Augmentation Fund (SERAF) and which is to be distributed to meet the State's Prop 98 obligations to schools. It is estimated that the Agency's share of the SERAF shift for fiscal year 2009-2010 and 2010-2011 will amount to approximately \$17,464,320 and \$3,595,595, respectively. In October 2009, the California Redevelopment Association and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid. As of the date of this report, no legal determination has been made by the courts on that action.

Local Government Revenues Withheld by the State of California

On July 24, 2009 the legislation approved the "borrowing" of up to 8 percent of the local property tax under Proposition 1A (2004). The State of California is required to repay this obligation by June 30, 2013.

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CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	<b>Special Revenue Funds</b>			
	<b>Gas Tax</b>	<b>Community Services</b>	<b>Landscape Maintenance District</b>	<b>Housing and Community Development</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 233,471	\$ 257,507	\$ 1,526,785	\$ -
Receivables:				
Accounts	25,728	60	2,675	1,019,842
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	7,893	-
Deposits	-	-	-	-
Due from other governments	181,899	-	24,153	-
Land held for resale	-	-	-	1,720,165
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 441,098</b>	<b>\$ 257,567</b>	<b>\$ 1,561,506</b>	<b>\$ 2,740,007</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 189,635	\$ -	\$ 120,563	\$ 10,695
Accrued liabilities	39,341	-	5,019	5,467
Deferred revenues	181,899	-	-	432,008
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	944,012
<b>Total Liabilities</b>	<b>410,875</b>	<b>-</b>	<b>125,582</b>	<b>1,392,182</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	9,588	-	687	28,367
Reserved for land held for resale	-	-	-	1,720,165
Reserved for notes and loans	-	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	-
Undesignated	20,635	257,567	1,435,237	(400,707)
<b>Total Fund Balances</b>	<b>30,223</b>	<b>257,567</b>	<b>1,435,924</b>	<b>1,347,825</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 441,098</b>	<b>\$ 257,567</b>	<b>\$ 1,561,506</b>	<b>\$ 2,740,007</b>

## CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

(Continued)

	<b>Special Revenue Funds</b>			
	<b>Transportation Development Authority</b>	<b>Proposition A</b>	<b>Bikeway Improvement</b>	<b>Proposition C</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 9,373,271	\$ 2,037,033	\$ 194,778	\$ 4,775,577
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	57,805	7,732	1,015	24,773
Deposits	-	-	-	-
Due from other governments	408,399	157,855	6,913	130,976
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	367,000	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 9,839,475</b>	<b>\$ 2,569,620</b>	<b>\$ 202,706</b>	<b>\$ 4,931,326</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,197	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	1,260	-	-	-
Deposits payable	-	19,927	325	-
Due to other governments	-	-	177,662	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>1,260</b>	<b>21,124</b>	<b>177,987</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	2,470	-	30,915
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	-	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	557,554	-	-
Undesignated	9,838,215	1,988,472	24,719	4,900,411
<b>Total Fund Balances</b>	<b>9,838,215</b>	<b>2,548,496</b>	<b>24,719</b>	<b>4,931,326</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,839,475</b>	<b>\$ 2,569,620</b>	<b>\$ 202,706</b>	<b>\$ 4,931,326</b>



CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	<b>Special Revenue Funds</b>			
	<b>Federal Grants</b>	<b>State Grants</b>	<b>Parks Development</b>	<b>County and Other</b>
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ -	\$ 629,647	\$ -
Receivables:				
Accounts	-	33,876	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	6,363	-
Deposits	-	-	-	-
Due from other governments	-	86,636	-	150,000
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 120,512</b>	<b>\$ 636,010</b>	<b>\$ 150,000</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 116,887	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	119,252	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	1,977,787	1,644,068	-	269,005
<b>Total Liabilities</b>	<b>1,977,787</b>	<b>1,880,207</b>	<b>-</b>	<b>269,005</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	-	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	-
Undesignated	(1,977,787)	(1,759,695)	636,010	(119,005)
<b>Total Fund Balances</b>	<b>(1,977,787)</b>	<b>(1,759,695)</b>	<b>636,010</b>	<b>(119,005)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 120,512</b>	<b>\$ 636,010</b>	<b>\$ 150,000</b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

(Continued)

	Special Revenue Funds			
	Developer Fees Fund - Signals	Developer Fees Fund - Drainage	Recycle Water	Biological Impact Fee Fund
<b>Assets:</b>				
Pooled cash and investments	\$ 5,290,424	\$ 13,526,679	\$ 562,362	\$ 357,557
Receivables:				
Accounts	145,378	321,108	-	1,979
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	27,765	70,190	2,448	1,848
Deposits	-	-	-	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 5,463,567</b>	<b>\$ 13,917,977</b>	<b>\$ 564,810</b>	<b>\$ 361,384</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 4,762	\$ -
Accrued liabilities	-	-	3,022	-
Deferred revenues	145,378	321,108	-	-
Unearned revenues	-	-	186,013	-
Deposits payable	-	-	11,987	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>145,378</b>	<b>321,108</b>	<b>205,784</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	-	3,130	-
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	-	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	-
Undesignated	5,318,189	13,596,869	355,896	361,384
<b>Total Fund Balances</b>	<b>5,318,189</b>	<b>13,596,869</b>	<b>359,026</b>	<b>361,384</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,463,567</b>	<b>\$ 13,917,977</b>	<b>\$ 564,810</b>	<b>\$ 361,384</b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Special Revenue Funds			
	Traffic Impact Fees Fund	AQMD Fund	Lancaster Lighting District Fund	Lancaster Drainage Maintenance District
<b>Assets:</b>				
Pooled cash and investments	\$ 5,651,612	\$ 83,405	\$ 158,379	\$ 2,338,629
Receivables:				
Accounts	268,534	-	21,398	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	29,251	431	-	12,112
Deposits	-	-	-	-
Due from other governments	-	-	71,319	10,501
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 5,949,397</b>	<b>\$ 83,836</b>	<b>\$ 251,096</b>	<b>\$ 2,361,242</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 285,982	\$ 39,808
Accrued liabilities	-	-	12,319	13,892
Deferred revenues	268,534	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>268,534</b>	<b>-</b>	<b>298,301</b>	<b>53,700</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	378	34,698	-
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	-	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	-
Undesignated	5,680,863	83,458	(81,903)	2,307,542
<b>Total Fund Balances</b>	<b>5,680,863</b>	<b>83,836</b>	<b>(47,205)</b>	<b>2,307,542</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,949,397</b>	<b>\$ 83,836</b>	<b>\$ 251,096</b>	<b>\$ 2,361,242</b>

## CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

(Continued)

	<b>Special Revenue Funds</b>			
	<b>HOME Program Fund</b>	<b>Miscellaneous Grants Fund</b>	<b>Traffic Safety Fund</b>	<b>Building Fees Fund</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 322,201	\$ -	\$ 8,152	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	14,704	-	-	-
Notes and loans	4,018,134	-	-	-
Accrued interest	1,672	-	7,292	-
Deposits	-	-	-	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,356,711</b>	<b>\$ -</b>	<b>\$ 15,444</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	688	-	-
Deferred revenues	3,428,072	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	238,785	-	-
<b>Total Liabilities</b>	<b>3,428,072</b>	<b>239,473</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	-	-	131,439
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	590,062	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	-
Undesignated	338,577	(239,473)	15,444	(131,439)
<b>Total Fund Balances</b>	<b>928,639</b>	<b>(239,473)</b>	<b>15,444</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,356,711</b>	<b>\$ -</b>	<b>\$ 15,444</b>	<b>\$ -</b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	<b>Special Revenue Funds</b>			
	<b>Engineering Fees Fund</b>	<b>LA County Reimbursement Fund</b>	<b>Lancaster Housing Fund</b>	<b>USP - Operations Fund</b>
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ -	\$ 172,377	\$ 231,516
Receivables:				
Accounts	36,331	-	27,809	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	241	-	901	1,196
Deposits	-	-	4,130	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	103,538	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 36,572</b>	<b>\$ -</b>	<b>\$ 308,755</b>	<b>\$ 232,712</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,994	\$ -	\$ -	\$ -
Accrued liabilities	43,165	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	850,000	-	-
Deposits payable	-	-	6,369	-
Due to other governments	-	-	-	-
Due to other funds	33,263	939,123	-	-
<b>Total Liabilities</b>	<b>80,422</b>	<b>1,789,123</b>	<b>6,369</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	89,248	-	-	-
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	-	-	-	-
Reserved for deposits	-	-	4,130	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	-
Undesignated	(133,098)	(1,789,123)	298,256	232,712
<b>Total Fund Balances</b>	<b>(43,850)</b>	<b>(1,789,123)</b>	<b>302,386</b>	<b>232,712</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 36,572</b>	<b>\$ -</b>	<b>\$ 308,755</b>	<b>\$ 232,712</b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

(Continued)

	<b>Special Revenue Funds</b>			
	<b>USP - Parks Fund</b>	<b>USP - Admin Fund</b>	<b>USP - Corp Yard Fund</b>	<b>Mariposa Lily Fund</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 8,462,245	\$ 472,728	\$ 405,826	\$ 52,615
Receivables:				
Accounts	24,275	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	44,117	2,472	2,097	272
Deposits	-	-	-	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 8,530,637</b>	<b>\$ 475,200</b>	<b>\$ 407,923</b>	<b>\$ 52,887</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	24,275	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>24,275</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	-	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	-
Undesignated	8,506,362	475,200	407,923	52,887
<b>Total Fund Balances</b>	<b>8,506,362</b>	<b>475,200</b>	<b>407,923</b>	<b>52,887</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,530,637</b>	<b>\$ 475,200</b>	<b>\$ 407,923</b>	<b>\$ 52,887</b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Special Revenue Funds			Capital Projects Fund
	Sewer Maintenance District	Proposition 1B	Proposition 42	Community Facilities District 91-1
<b>Assets:</b>				
Pooled cash and investments	\$ 1,600,368	\$ 3,647,858	\$ 935,984	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	8,300	19,038	-	-
Deposits	-	-	-	-
Due from other governments	21,451	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,630,119</b>	<b>\$ 3,666,896</b>	<b>\$ 935,984</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 95,108	\$ -	\$ -	\$ -
Accrued liabilities	15,188	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>110,296</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	261,231	-	-	-
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	-	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	-
Undesignated	1,258,592	3,666,896	935,984	-
<b>Total Fund Balances</b>	<b>1,519,823</b>	<b>3,666,896</b>	<b>935,984</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,630,119</b>	<b>\$ 3,666,896</b>	<b>\$ 935,984</b>	<b>\$ -</b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	<b>Debt Service Fund</b>	
	<b>Lancaster Housing Authority</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>		
Pooled cash and investments	\$ -	\$ 63,308,986
Receivables:		
Accounts	-	1,928,993
Taxes	-	14,704
Notes and loans	-	4,018,134
Accrued interest	-	337,224
Deposits	-	4,130
Due from other governments	-	1,250,102
Land held for resale	-	1,720,165
Restricted assets:		
Cash and investments	-	470,538
Cash and investments with fiscal agents	696,339	696,339
<b>Total Assets</b>	<b>\$ 696,339</b>	<b>\$ 73,749,315</b>
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 868,631
Accrued liabilities	-	138,101
Deferred revenues	-	4,920,526
Unearned revenues	-	1,037,273
Deposits payable	-	38,608
Due to other governments	-	177,662
Due to other funds	400,196	6,446,239
<b>Total Liabilities</b>	<b>400,196</b>	<b>13,627,040</b>
<b>Fund Balances:</b>		
Reserved:		
Reserved for encumbrances	-	592,151
Reserved for land held for resale	-	1,720,165
Reserved for notes and loans	-	590,062
Reserved for deposits	-	4,130
Unreserved:		
Designated for Antelope Valley Transit Authority	-	557,554
Undesignated	296,143	56,658,213
<b>Total Fund Balances</b>	<b>296,143</b>	<b>60,122,275</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 696,339</b>	<b>\$ 73,749,315</b>



CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	<b>Special Revenue Funds</b>			
	<b>Gas Tax</b>	<b>Community Services</b>	<b>Landscape Maintenance District</b>	<b>Housing and Community Development</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,101,502	-	-	973,292
Charges for services	9,158	-	1,410,671	400,323
Use of money and property	-	-	43,590	-
Fines and forfeitures	-	-	-	-
Miscellaneous	24,154	69,171	-	-
<b>Total Revenues</b>	<b>2,134,814</b>	<b>69,171</b>	<b>1,454,261</b>	<b>1,373,615</b>
<b>Expenditures:</b>				
Current:				
General government	-	55	-	505
Public safety	-	-	-	-
Community development	-	35,221	-	456,880
Parks and recreation	-	-	-	-
Public works	4,183,638	-	1,240,600	-
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	139,008
<b>Total Expenditures</b>	<b>4,183,638</b>	<b>35,276</b>	<b>1,240,600</b>	<b>596,393</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,048,824)	33,895	213,661	777,222
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,828,970	-	-	-
Transfers out	(184,713)	-	(264,170)	(410,819)
<b>Total Other Financing Sources (Uses)</b>	<b>1,644,257</b>	<b>-</b>	<b>(264,170)</b>	<b>(410,819)</b>
Net Change in Fund Balances	(404,567)	33,895	(50,509)	366,403
Fund Balances, Beginning of Year	434,790	223,672	1,486,433	981,422
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	434,790	223,672	1,486,433	981,422
<b>Fund Balances, End of Year</b>	<b>\$ 30,223</b>	<b>\$ 257,567</b>	<b>\$ 1,435,924</b>	<b>\$ 1,347,825</b>

## CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

(Continued)

	Special Revenue Funds			
	Transportation Development Authority	Proposition A	Bikeway Improvement	Proposition C
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	5,024,565	1,914,632	-	1,545,442
Charges for services	-	-	-	-
Use of money and property	305,824	60,424	5,272	139,014
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	150	-
<b>Total Revenues</b>	<b>5,330,389</b>	<b>1,975,056</b>	<b>5,422</b>	<b>1,684,456</b>
<b>Expenditures:</b>				
Current:				
General government	-	1,327,161	-	-
Public safety	-	-	-	11,194
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	150,010	49,949
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>1,327,161</b>	<b>150,010</b>	<b>61,143</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,330,389	647,895	(144,588)	1,623,313
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	254,812	-	-
Transfers out	(4,708,562)	(99,313)	(8,315)	(338,846)
<b>Total Other Financing Sources (Uses)</b>	<b>(4,708,562)</b>	<b>155,499</b>	<b>(8,315)</b>	<b>(338,846)</b>
Net Change in Fund Balances	621,827	803,394	(152,903)	1,284,467
Fund Balances, Beginning of Year	9,216,388	1,745,102	177,622	3,646,859
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	9,216,388	1,745,102	177,622	3,646,859
<b>Fund Balances, End of Year</b>	<b>\$ 9,838,215</b>	<b>\$ 2,548,496</b>	<b>\$ 24,719</b>	<b>\$ 4,931,326</b>

CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	<b>Special Revenue Funds</b>			
	<b>Federal Grants</b>	<b>State Grants</b>	<b>Parks Development</b>	<b>County and Other</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	181,500	-
Intergovernmental	11,780	387,601	-	150,850
Charges for services	-	-	-	-
Use of money and property	-	-	57,569	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>11,780</b>	<b>387,601</b>	<b>239,069</b>	<b>150,850</b>
<b>Expenditures:</b>				
Current:				
General government	-	71,100	-	-
Public safety	-	210,089	-	-
Community development	4,057	130,374	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>4,057</b>	<b>411,563</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,723	(23,962)	239,069	150,850
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	371,051	-	-
Transfers out	(101,004)	(684,345)	(2,504,177)	(109,574)
<b>Total Other Financing Sources (Uses)</b>	<b>(101,004)</b>	<b>(313,294)</b>	<b>(2,504,177)</b>	<b>(109,574)</b>
Net Change in Fund Balances	(93,281)	(337,256)	(2,265,108)	41,276
Fund Balances, Beginning of Year	(1,884,506)	(1,422,439)	2,901,118	(160,281)
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	(1,884,506)	(1,422,439)	2,901,118	(160,281)
<b>Fund Balances, End of Year</b>	<b>\$ (1,977,787)</b>	<b>\$ (1,759,695)</b>	<b>\$ 636,010</b>	<b>\$ (119,005)</b>

## CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

(Continued)

	Special Revenue Funds			
	Developer Fees Fund - Signals	Developer Fees Fund - Drainage	Recycle Water	Biological Impact Fee Fund
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	443,487	832,269	-	31,462
Intergovernmental	-	-	-	-
Charges for services	-	-	1,032	-
Use of money and property	164,635	422,553	18,498	10,455
Fines and forfeitures	-	-	-	-
Miscellaneous	-	241,618	-	-
<b>Total Revenues</b>	<b>608,122</b>	<b>1,496,440</b>	<b>19,530</b>	<b>41,917</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	126,992	-
Housing	-	-	-	-
Capital outlay	-	-	-	45,000
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>126,992</b>	<b>45,000</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	608,122	1,496,440	(107,462)	(3,083)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	110,000	-
Transfers out	(1,191,083)	(5,184,945)	(310,105)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,191,083)</b>	<b>(5,184,945)</b>	<b>(200,105)</b>	<b>-</b>
Net Change in Fund Balances	(582,961)	(3,688,505)	(307,567)	(3,083)
Fund Balances, Beginning of Year	5,901,150	17,285,374	817,327	364,467
Restatements	-	-	(150,734)	-
Fund Balances, Beginning of Year, as Restated	5,901,150	17,285,374	666,593	364,467
<b>Fund Balances, End of Year</b>	<b>\$ 5,318,189</b>	<b>\$ 13,596,869</b>	<b>\$ 359,026</b>	<b>\$ 361,384</b>

CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	<b>Special Revenue Funds</b>			
	<b>Traffic Impact Fees Fund</b>	<b>AQMD Fund</b>	<b>Lancaster Lighting District Fund</b>	<b>Lancaster Drainage Maintenance</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	605,710	-	-	-
Intergovernmental	-	75,000	-	-
Charges for services	-	-	3,603,000	1,142,234
Use of money and property	168,834	2,431	(2,615)	71,199
Fines and forfeitures	-	-	-	-
Miscellaneous	19,080	-	115,638	1,549
<b>Total Revenues</b>	<b>793,624</b>	<b>77,431</b>	<b>3,716,023</b>	<b>1,214,982</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	4,024,119	1,098,231
Housing	-	-	-	-
Capital outlay	-	57,575	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>57,575</b>	<b>4,024,119</b>	<b>1,098,231</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	793,624	19,856	(308,096)	116,751
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	486,966	-
Transfers out	(95,271)	(64,308)	(514,945)	(391,493)
<b>Total Other Financing Sources (Uses)</b>	<b>(95,271)</b>	<b>(64,308)</b>	<b>(27,979)</b>	<b>(391,493)</b>
Net Change in Fund Balances	698,353	(44,452)	(336,075)	(274,742)
Fund Balances, Beginning of Year	4,982,510	128,288	288,870	2,582,284
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	4,982,510	128,288	288,870	2,582,284
<b>Fund Balances, End of Year</b>	<b>\$ 5,680,863</b>	<b>\$ 83,836</b>	<b>\$ (47,205)</b>	<b>\$ 2,307,542</b>

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

(Continued)

	<u>Special Revenue Funds</u>			
	<u>HOME Program Fund</u>	<u>Miscellaneous Grants Fund</u>	<u>Traffic Safety Fund</u>	<u>Building Fees Fund</u>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	32	-	-	-
Charges for services	-	-	-	-
Use of money and property	8,105	-	31,176	-
Fines and forfeitures	-	-	1,285,754	-
Miscellaneous	-	52,525	-	-
<b>Total Revenues</b>	<b>8,137</b>	<b>52,525</b>	<b>1,316,930</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government	-	11,107	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	6,321	-	-
Public works	-	-	-	-
Housing	2,330	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>2,330</b>	<b>17,428</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,807	35,097	1,316,930	-
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	120,952	-	-
Transfers out	-	-	(1,402,594)	(2,798,058)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>120,952</b>	<b>(1,402,594)</b>	<b>(2,798,058)</b>
Net Change in Fund Balances	5,807	156,049	(85,664)	(2,798,058)
Fund Balances, Beginning of Year	166,217	(395,522)	101,108	2,798,058
Restatements	756,615	-	-	-
Fund Balances, Beginning of Year, as Restated	922,832	(395,522)	101,108	2,798,058
<b>Fund Balances, End of Year</b>	<b>\$ 928,639</b>	<b>\$ (239,473)</b>	<b>\$ 15,444</b>	<b>\$ -</b>

CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	<b>Special Revenue Funds</b>			
	<b>Engineering Fees Fund</b>	<b>LA County Reimbursement Fund</b>	<b>Lancaster Housing Fund</b>	<b>USP - Operations Fund</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,428,422	-	-	67
Intergovernmental	-	501,683	-	-
Charges for services	-	-	-	-
Use of money and property	12,293	-	1,657,954	7,194
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>1,440,715</b>	<b>501,683</b>	<b>1,657,954</b>	<b>7,261</b>
<b>Expenditures:</b>				
Current:				
General government	39,940	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	2,455,211	-	-	-
Housing	-	-	957,644	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>2,495,151</b>	<b>-</b>	<b>957,644</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,054,436)	501,683	700,310	7,261
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,100,211	-	-	-
Transfers out	(1,506,825)	(767,747)	(598,108)	(601)
<b>Total Other Financing Sources (Uses)</b>	<b>1,593,386</b>	<b>(767,747)</b>	<b>(598,108)</b>	<b>(601)</b>
Net Change in Fund Balances	538,950	(266,064)	102,202	6,660
Fund Balances, Beginning of Year	(582,800)	(1,523,059)	201,184	226,052
Restatements	-	-	(1,000)	-
Fund Balances, Beginning of Year, as Restated	(582,800)	(1,523,059)	200,184	226,052
<b>Fund Balances, End of Year</b>	<b>\$ (43,850)</b>	<b>\$ (1,789,123)</b>	<b>\$ 302,386</b>	<b>\$ 232,712</b>

## CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

(Continued)

	Special Revenue Funds			
	USP - Parks Fund	USP - Admin Fund	USP - Corp Yard Fund	Mariposa Lily Fund
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	431,850	16,880	15,020	6,013
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	283,784	17,766	12,301	1,781
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>715,634</b>	<b>34,646</b>	<b>27,321</b>	<b>7,794</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	715,634	34,646	27,321	7,794
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(2,604,847)	(220,716)	(45,322)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,604,847)</b>	<b>(220,716)</b>	<b>(45,322)</b>	<b>-</b>
Net Change in Fund Balances	(1,889,213)	(186,070)	(18,001)	7,794
Fund Balances, Beginning of Year	10,395,575	661,270	425,924	45,093
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	10,395,575	661,270	425,924	45,093
<b>Fund Balances, End of Year</b>	<b>\$ 8,506,362</b>	<b>\$ 475,200</b>	<b>\$ 407,923</b>	<b>\$ 52,887</b>



CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds			Capital Projects Fund
	Sewer Maintenance District	Proposition 1B	Proposition 42	Community Facilities District 91-1
<b>Revenues:</b>				
Taxes	\$ 2,773,791	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	2,138,048	936,240	-
Charges for services	-	-	-	-
Use of money and property	33,365	99,407	-	4,154
Fines and forfeitures	-	-	-	-
Miscellaneous	4	-	-	-
<b>Total Revenues</b>	<b>2,807,160</b>	<b>2,237,455</b>	<b>936,240</b>	<b>4,154</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	1,632,290	-	-	332,618
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>1,632,290</b>	<b>-</b>	<b>-</b>	<b>332,618</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,174,870	2,237,455	936,240	(328,464)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(68,661)	(883,192)	(256)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(68,661)</b>	<b>(883,192)</b>	<b>(256)</b>	<b>-</b>
Net Change in Fund Balances	1,106,209	1,354,263	935,984	(328,464)
Fund Balances, Beginning of Year	413,614	2,312,633	-	328,464
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	413,614	2,312,633	-	328,464
<b>Fund Balances, End of Year</b>	<b>\$ 1,519,823</b>	<b>\$ 3,666,896</b>	<b>\$ 935,984</b>	<b>\$ -</b>

CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009**

	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
	<b>Lancaster Housing Authority</b>	
<b>Revenues:</b>		
Taxes	\$ -	\$ 2,773,791
Licenses and permits	-	3,992,680
Intergovernmental	-	15,760,667
Charges for services	-	6,566,418
Use of money and property	35,042	3,672,005
Fines and forfeitures	-	1,285,754
Miscellaneous	-	523,889
<b>Total Revenues</b>	<b>35,042</b>	<b>34,575,204</b>
<b>Expenditures:</b>		
Current:		
General government	-	1,449,868
Public safety	-	221,283
Community development	-	626,532
Parks and recreation	-	6,321
Public works	-	15,293,658
Housing	-	959,974
Capital outlay	-	102,575
Debt service:		
Principal retirement	320,000	320,000
Interest and fiscal charges	369,190	508,198
<b>Total Expenditures</b>	<b>689,190</b>	<b>19,488,409</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(654,148)	15,086,795
<b>Other Financing Sources (Uses):</b>		
Transfers in	654,067	6,927,029
Transfers out	-	(28,062,915)
<b>Total Other Financing Sources (Uses)</b>	<b>654,067</b>	<b>(21,135,886)</b>
Net Change in Fund Balances	(81)	(6,049,091)
Fund Balances, Beginning of Year	296,224	65,566,485
Restatements	-	604,881
Fund Balances, Beginning of Year, as Restated	296,224	66,171,366
<b>Fund Balances, End of Year</b>	<b>\$ 296,143</b>	<b>\$ 60,122,275</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
GAS TAX  
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 434,790	\$ 434,790	\$ 434,790	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	2,625,795	2,416,530	2,101,502	(315,028)
Charges for services	10,000	10,000	9,158	(842)
Use of money and property	10,000	-	-	-
Miscellaneous	-	17,000	24,154	7,154
Transfers in	2,134,847	1,828,972	1,828,970	(2)
<b>Amounts Available for Appropriation</b>	<b>5,215,432</b>	<b>4,707,292</b>	<b>4,398,574</b>	<b>(308,718)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	200	200	-	200
Public works	4,586,000	4,619,325	4,183,638	435,687
Transfers out	185,125	222,700	184,713	37,987
<b>Total Charges to Appropriations</b>	<b>4,771,325</b>	<b>4,842,225</b>	<b>4,368,351</b>	<b>473,874</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 444,107</b>	<b>\$ (134,933)</b>	<b>\$ 30,223</b>	<b>\$ 165,156</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
COMMUNITY SERVICES  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 223,672	\$ 223,672	\$ 223,672	\$ -
<b>Resources (Inflows):</b>				
Miscellaneous	35,500	39,250	69,171	29,921
<b>Amounts Available for Appropriation</b>	<b>259,172</b>	<b>262,922</b>	<b>292,843</b>	<b>29,921</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	132,934	132,934	55	132,879
Community development	31,066	31,066	35,221	(4,155)
<b>Total Charges to Appropriations</b>	<b>164,000</b>	<b>164,000</b>	<b>35,276</b>	<b>128,724</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 95,172</b>	<b>\$ 98,922</b>	<b>\$ 257,567</b>	<b>\$ 158,645</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
LANDSCAPE MAINTENANCE DISTRICT  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 1,486,433	\$ 1,486,433	\$ 1,486,433	\$ -
<b>Resources (Inflows):</b>				
Charges for services	1,000,000	1,000,000	1,410,671	410,671
Use of money and property	75,000	75,000	43,590	(31,410)
Miscellaneous	365,990	365,990	-	(365,990)
<b>Amounts Available for Appropriation</b>	<b>2,927,423</b>	<b>2,927,423</b>	<b>2,940,694</b>	<b>13,271</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	1,229,995	1,273,888	1,240,600	33,288
Transfers out	264,170	264,475	264,170	305
<b>Total Charges to Appropriations</b>	<b>1,494,165</b>	<b>1,538,363</b>	<b>1,504,770</b>	<b>33,593</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,433,258</b>	<b>\$ 1,389,060</b>	<b>\$ 1,435,924</b>	<b>\$ 46,864</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
HOUSING AND COMMUNITY DEVELOPMENT  
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 981,422	\$ 981,422	\$ 981,422	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,500,000	1,500,000	973,292	(526,708)
Charges for services	-	11,967,066	400,323	(11,566,743)
<b>Amounts Available for Appropriation</b>	<b>2,481,422</b>	<b>14,448,488</b>	<b>2,355,037</b>	<b>(12,093,451)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	505	(505)
Community development	917,430	917,430	456,880	460,550
Housing	-	6,983,533	-	6,983,533
Debt service:				
Principal retirement	564,070	564,070	-	564,070
Interest and fiscal charges	-	-	139,008	(139,008)
Transfers out	908,581	1,384,725	410,819	973,906
<b>Total Charges to Appropriations</b>	<b>2,390,081</b>	<b>9,849,758</b>	<b>1,007,212</b>	<b>8,842,546</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 91,341</b>	<b>\$ 4,598,730</b>	<b>\$ 1,347,825</b>	<b>\$ (3,250,905)</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
TRANSPORTATION DEVELOPMENT AUTHORITY  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$9,216,388	\$ 9,216,388	\$ 9,216,388	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	4,807,630	4,807,630	5,024,565	216,935
Use of money and property	72,000	72,000	305,824	233,824
<b>Amounts Available for Appropriation</b>	<b>14,096,018</b>	<b>14,096,018</b>	<b>14,546,777</b>	<b>450,759</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	4,575,000	13,979,503	4,708,562	9,270,941
<b>Total Charges to Appropriations</b>	<b>4,575,000</b>	<b>13,979,503</b>	<b>4,708,562</b>	<b>9,270,941</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$9,521,018</b>	<b>\$ 116,515</b>	<b>\$ 9,838,215</b>	<b>\$ 9,721,700</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
PROPOSITION A  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 1,745,102	\$ 1,745,102	\$ 1,745,102	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	2,315,625	2,315,625	1,914,632	(400,993)
Use of money and property	14,000	39,000	60,424	21,424
Transfers in	-	254,812	254,812	-
<b>Amounts Available for Appropriation</b>	<b>4,074,727</b>	<b>4,354,539</b>	<b>3,974,970</b>	<b>(379,569)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	1,986,500	1,986,500	1,327,161	659,339
Transfers out	995,580	1,846,580	99,313	1,747,267
<b>Total Charges to Appropriations</b>	<b>2,982,080</b>	<b>3,833,080</b>	<b>1,426,474</b>	<b>2,406,606</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,092,647</b>	<b>\$ 521,459</b>	<b>\$ 2,548,496</b>	<b>\$ 2,027,037</b>



CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
BIKEWAY IMPROVEMENT  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 177,622	\$ 177,622	\$ 177,622	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	140,000	151,400	-	(151,400)
Use of money and property	-	-	5,272	5,272
Miscellaneous	-	-	150	150
<b>Amounts Available for Appropriation</b>	<b>317,622</b>	<b>329,022</b>	<b>183,044</b>	<b>(145,978)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	-	150,010	(150,010)
Transfers out	140,000	412,887	8,315	404,572
<b>Total Charges to Appropriations</b>	<b>140,000</b>	<b>412,887</b>	<b>158,325</b>	<b>254,562</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 177,622</b>	<b>\$ (83,865)</b>	<b>\$ 24,719</b>	<b>\$ 108,584</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION C  
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,646,859	\$ 3,646,859	\$ 3,646,859	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,921,143	1,921,143	1,545,442	(375,701)
Use of money and property	18,252	18,252	139,014	120,762
<b>Amounts Available for Appropriation</b>	<b>5,586,254</b>	<b>5,586,254</b>	<b>5,331,315</b>	<b>(254,939)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	46,000	46,000	11,194	34,806
Public works	68,000	68,000	49,949	18,051
Transfers out	4,470,000	5,208,591	338,846	4,869,745
<b>Total Charges to Appropriations</b>	<b>4,584,000</b>	<b>5,322,591</b>	<b>399,989</b>	<b>4,922,602</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,002,254</b>	<b>\$ 263,663</b>	<b>\$ 4,931,326</b>	<b>\$ 4,667,663</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
FEDERAL GRANTS  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (1,884,506)	\$ (1,884,506)	\$ (1,884,506)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	124,000	124,000	11,780	(112,220)
<b>Amounts Available for Appropriation</b>	<b>(1,760,506)</b>	<b>(1,760,506)</b>	<b>(1,872,726)</b>	<b>(112,220)</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	-	-	4,057	(4,057)
Transfers out	-	1,302,630	101,004	1,201,626
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>1,302,630</b>	<b>105,061</b>	<b>1,197,569</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (1,760,506)</b>	<b>\$ (3,063,136)</b>	<b>\$ (1,977,787)</b>	<b>\$ 1,085,349</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 STATE GRANTS  
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,422,439)	\$ (1,422,439)	\$ (1,422,439)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	950,041	1,243,813	387,601	(856,212)
Transfers in	-	371,051	371,051	-
<b>Amounts Available for Appropriation</b>	<b>(472,398)</b>	<b>192,425</b>	<b>(663,787)</b>	<b>(856,212)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	130,480	133,080	71,100	61,980
Public safety	30,136	340,845	210,089	130,756
Community development	-	-	130,374	(130,374)
Transfers out	1,033,946	1,611,250	684,345	926,905
<b>Total Charges to Appropriations</b>	<b>1,194,562</b>	<b>2,085,175</b>	<b>1,095,908</b>	<b>989,267</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (1,666,960)</b>	<b>\$ (1,892,750)</b>	<b>\$ (1,759,695)</b>	<b>\$ 133,055</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
PARKS DEVELOPMENT  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$2,901,118	\$ 2,901,118	\$ 2,901,118	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	600,000	200,000	181,500	(18,500)
Use of money and property	-	30,000	57,569	27,569
<b>Amounts Available for Appropriation</b>	<b>3,501,118</b>	<b>3,131,118</b>	<b>3,140,187</b>	<b>9,069</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	700,000	3,118,641	2,504,177	614,464
<b>Total Charges to Appropriations</b>	<b>700,000</b>	<b>3,118,641</b>	<b>2,504,177</b>	<b>614,464</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$2,801,118</b>	<b>\$ 12,477</b>	<b>\$ 636,010</b>	<b>\$ 623,533</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 COUNTY AND OTHER  
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (160,281)	\$ (160,281)	\$ (160,281)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	15,000	150,000	150,850	850
<b>Amounts Available for Appropriation</b>	<b>(145,281)</b>	<b>(10,281)</b>	<b>(9,431)</b>	<b>850</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	1,358,000	1,508,000	109,574	1,398,426
<b>Total Charges to Appropriations</b>	<b>1,358,000</b>	<b>1,508,000</b>	<b>109,574</b>	<b>1,398,426</b>
<b>Budgetary Fund Balance, June 30</b>	<b><u>\$(1,503,281)</u></b>	<b><u>\$(1,518,281)</u></b>	<b><u>\$(119,005)</u></b>	<b><u>\$ 1,399,276</u></b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
DEVELOPER FEES FUND - SIGNAL  
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,901,150	\$ 5,901,150	\$ 5,901,150	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	409,980	409,980	443,487	33,507
Use of money and property	40,000	150,000	164,635	14,635
<b>Amounts Available for Appropriation</b>	<b>6,351,130</b>	<b>6,461,130</b>	<b>6,509,272</b>	<b>48,142</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	1,745,000	5,416,188	1,191,083	4,225,105
<b>Total Charges to Appropriations</b>	<b>1,745,000</b>	<b>5,416,188</b>	<b>1,191,083</b>	<b>4,225,105</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 4,606,130</b>	<b>\$ 1,044,942</b>	<b>\$ 5,318,189</b>	<b>\$ 4,273,247</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
DEVELOPER FEES FUND - DRAINAGE  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 17,285,374	\$ 17,285,374	\$ 17,285,374	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	1,148,780	1,148,780	832,269	(316,511)
Use of money and property	200,000	500,000	422,553	(77,447)
Miscellaneous	-	-	241,618	241,618
<b>Amounts Available for Appropriation</b>	<b>18,634,154</b>	<b>18,934,154</b>	<b>18,781,814</b>	<b>(152,340)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	900,000	16,164,789	5,184,945	10,979,844
<b>Total Charges to Appropriations</b>	<b>900,000</b>	<b>16,164,789</b>	<b>5,184,945</b>	<b>10,979,844</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 17,734,154</b>	<b>\$ 2,769,365</b>	<b>\$ 13,596,869</b>	<b>\$ 10,827,504</b>



CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
 RECYCLE WATER  
 YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 666,593	\$ 666,593	\$ 666,593	\$ -
<b>Resources (Inflows):</b>				
Charges for services	75,000	10,000	1,032	(8,968)
Use of money and property	-	-	18,498	18,498
Transfers in	110,000	110,000	110,000	-
<b>Amounts Available for Appropriation</b>	<b>851,593</b>	<b>786,593</b>	<b>796,123</b>	<b>9,530</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	138,635	155,876	126,992	28,884
Transfers out	-	555,105	310,105	245,000
<b>Total Charges to Appropriations</b>	<b>138,635</b>	<b>710,981</b>	<b>437,097</b>	<b>273,884</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 712,958</b>	<b>\$ 75,612</b>	<b>\$ 359,026</b>	<b>\$ 283,414</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
 BIOLOGICAL IMPACT FEES FUND  
 YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 364,467	\$ 364,467	\$ 364,467	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	50,000	35,000	31,462	(3,538)
Use of money and property	10,000	3,000	10,455	7,455
<b>Amounts Available for Appropriation</b>	<b>424,467</b>	<b>402,467</b>	<b>406,384</b>	<b>3,917</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	45,000	45,000	-
Transfers out	-	350,000	-	350,000
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>395,000</b>	<b>45,000</b>	<b>350,000</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 424,467</b>	<b>\$ 7,467</b>	<b>\$ 361,384</b>	<b>\$ 353,917</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
TRAFFIC IMPACT FEES FUND  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$4,982,510	\$ 4,982,510	\$ 4,982,510	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	610,475	610,475	605,710	(4,765)
Use of money and property	280,000	120,000	168,834	48,834
Miscellaneous	16,000	20,000	19,080	(920)
<b>Amounts Available for Appropriation</b>	<b>5,888,985</b>	<b>5,732,985</b>	<b>5,776,134</b>	<b>43,149</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	1,683,000	3,822,272	95,271	3,727,001
<b>Total Charges to Appropriations</b>	<b>1,683,000</b>	<b>3,822,272</b>	<b>95,271</b>	<b>3,727,001</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$4,205,985</b>	<b>\$ 1,910,713</b>	<b>\$ 5,680,863</b>	<b>\$ 3,770,150</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 AQMD FUND  
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 128,288	\$ 128,288	\$ 128,288	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	100,000	100,000	75,000	(25,000)
Use of money and property	4,000	4,000	2,431	(1,569)
<b>Amounts Available for Appropriation</b>	<b>232,288</b>	<b>232,288</b>	<b>205,719</b>	<b>(26,569)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	80,000	80,000	57,575	22,425
Transfers out	155,000	155,000	64,308	90,692
<b>Total Charges to Appropriations</b>	<b>235,000</b>	<b>235,000</b>	<b>121,883</b>	<b>113,117</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (2,712)</b>	<b>\$ (2,712)</b>	<b>\$ 83,836</b>	<b>\$ 86,548</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 LANCASTER LIGHTING DISTRICT FUND  
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 288,870	\$ 288,870	\$ 288,870	\$ -
<b>Resources (Inflows):</b>				
Charges for services	3,385,020	3,395,020	3,603,000	207,980
Use of money and property	-	-	(2,615)	(2,615)
Miscellaneous	-	74,000	115,638	41,638
Transfers in	712,739	712,739	486,966	(225,773)
<b>Amounts Available for Appropriation</b>	<b>4,386,629</b>	<b>4,470,629</b>	<b>4,491,859</b>	<b>21,230</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	3,582,815	3,791,787	4,024,119	(232,332)
Transfers out	514,945	514,945	514,945	-
<b>Total Charges to Appropriations</b>	<b>4,097,760</b>	<b>4,306,732</b>	<b>4,539,064</b>	<b>(232,332)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 288,869</b>	<b>\$ 163,897</b>	<b>\$ (47,205)</b>	<b>\$ (211,102)</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 LANCASTER DRAINAGE MAINTENANCE DISTRICT  
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,582,284	\$ 2,582,284	\$ 2,582,284	\$ -
<b>Resources (Inflows):</b>				
Charges for services	1,282,400	1,282,400	1,142,234	(140,166)
Use of money and property	-	25,000	71,199	46,199
Miscellaneous	-	-	1,549	1,549
<b>Amounts Available for Appropriation</b>	<b>3,864,684</b>	<b>3,889,684</b>	<b>3,797,266</b>	<b>(92,418)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	1,020	1,020	-	1,020
Public works	1,094,965	1,116,734	1,098,231	18,503
Transfers out	308,715	1,933,959	391,493	1,542,466
<b>Total Charges to Appropriations</b>	<b>1,404,700</b>	<b>3,051,713</b>	<b>1,489,724</b>	<b>1,561,989</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,459,984</b>	<b>\$ 837,971</b>	<b>\$ 2,307,542</b>	<b>\$ 1,469,571</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
HOME PROGRAM FUND  
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 922,832	\$ 922,832	\$ 922,832	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	4,000,000	4,140,000	32	(4,139,968)
Use of money and property	-	-	8,105	8,105
<b>Amounts Available for Appropriation</b>	<b>4,922,832</b>	<b>5,062,832</b>	<b>930,969</b>	<b>(4,131,863)</b>
<b>Charges to Appropriation (Outflow):</b>				
Housing	4,000,000	4,000,000	2,330	3,997,670
<b>Total Charges to Appropriations</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>2,330</b>	<b>3,997,670</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 922,832</b>	<b>\$ 1,062,832</b>	<b>\$ 928,639</b>	<b>\$ (134,193)</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
MISCELLANEOUS GRANTS FUND  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (395,522)	\$ (395,522)	\$ (395,522)	\$ -
<b>Resources (Inflows):</b>				
Miscellaneous	8,000	8,000	52,525	44,525
Transfers in	-	-	120,952	120,952
<b>Amounts Available for Appropriation</b>	<b>(387,522)</b>	<b>(387,522)</b>	<b>(222,045)</b>	<b>165,477</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	10,121	10,121	11,107	(986)
Parks and recreation	7,000	7,000	6,321	679
<b>Total Charges to Appropriations</b>	<b>17,121</b>	<b>17,121</b>	<b>17,428</b>	<b>(307)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (404,643)</b>	<b>\$ (404,643)</b>	<b>\$ (239,473)</b>	<b>\$ 165,170</b>



CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
TRAFFIC SAFETY FUND  
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 101,108	\$ 101,108	\$ 101,108	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	15,000	15,000	31,176	16,176
Fines and forfeitures	1,458,000	1,458,000	1,285,754	(172,246)
<b>Amounts Available for Appropriation</b>	<b>1,574,108</b>	<b>1,574,108</b>	<b>1,418,038</b>	<b>(156,070)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	1,473,000	1,573,000	1,402,594	170,406
<b>Total Charges to Appropriations</b>	<b>1,473,000</b>	<b>1,573,000</b>	<b>1,402,594</b>	<b>170,406</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 101,108</b>	<b>\$ 1,108</b>	<b>\$ 15,444</b>	<b>\$ 14,336</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
BUILDING FEES FUND  
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$2,798,058	\$ 2,798,058	\$ 2,798,058	\$ -
<b>Resources (Inflows):</b>				
<b>Amounts Available for Appropriation</b>	<b>2,798,058</b>	<b>2,798,058</b>	<b>2,798,058</b>	<b>-</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	169,043	-	169,043
Transfers out	-	-	2,798,058	(2,798,058)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>169,043</b>	<b>2,798,058</b>	<b>(2,629,015)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,798,058</b>	<b>\$ 2,629,015</b>	<b>\$ -</b>	<b>\$ (2,629,015)</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
ENGINEERING FEES FUND  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (582,800)	\$ (582,800)	\$ (582,800)	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	1,717,270	1,717,270	1,428,422	(288,848)
Use of money and property	-	-	12,293	12,293
Transfers in	-	1,135,916	3,100,211	1,964,295
<b>Amounts Available for Appropriation</b>	<b>1,134,470</b>	<b>2,270,386</b>	<b>3,958,126</b>	<b>1,687,740</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	124,460	124,460	39,940	84,520
Public works	2,637,240	2,808,964	2,455,211	353,753
Transfers out	1,506,825	1,506,825	1,506,825	-
<b>Total Charges to Appropriations</b>	<b>4,268,525</b>	<b>4,440,249</b>	<b>4,001,976</b>	<b>438,273</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (3,134,055)</b>	<b>\$ (2,169,863)</b>	<b>\$ (43,850)</b>	<b>\$ 2,126,013</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 LA COUNTY REIMBURSEMENT FUND  
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$(1,523,059)	\$ (1,523,059)	\$ (1,523,059)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	2,688,971	501,683	(2,187,288)
<b>Amounts Available for Appropriation</b>	<b>(1,523,059)</b>	<b>1,165,912</b>	<b>(1,021,376)</b>	<b>(2,187,288)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	-	1,732,633	767,747	964,886
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>1,732,633</b>	<b>767,747</b>	<b>964,886</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$(1,523,059)</b>	<b>\$ (566,721)</b>	<b>\$ (1,789,123)</b>	<b>\$ (1,222,402)</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
LANCASTER HOUSING FUND  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 200,184	\$ 200,184	\$ 200,184	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	1,657,954	1,657,954
<b>Amounts Available for Appropriation</b>	<b>200,184</b>	<b>200,184</b>	<b>1,858,138</b>	<b>1,657,954</b>
<b>Charges to Appropriation (Outflow):</b>				
Housing	1,990	1,990	957,644	(955,654)
Transfers out	-	-	598,108	(598,108)
<b>Total Charges to Appropriations</b>	<b>1,990</b>	<b>1,990</b>	<b>1,555,752</b>	<b>(1,553,762)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 198,194</b>	<b>\$ 198,194</b>	<b>\$ 302,386</b>	<b>\$ 104,192</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
 USP - OPERATIONS FUND  
 YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 226,052	\$ 226,052	\$ 226,052	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	20,000	-	67	67
Use of money and property	8,000	3,000	7,194	4,194
<b>Amounts Available for Appropriation</b>	<b>254,052</b>	<b>229,052</b>	<b>233,313</b>	<b>4,261</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	-	92,038	601	91,437
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>92,038</b>	<b>601</b>	<b>91,437</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 254,052</b>	<b>\$ 137,014</b>	<b>\$ 232,712</b>	<b>\$ 95,698</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
 USP - PARKS FUND  
 YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 10,395,575	\$ 10,395,575	\$ 10,395,575	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	1,000,000	400,000	431,850	31,850
Use of money and property	200,000	100,000	283,784	183,784
<b>Amounts Available for Appropriation</b>	<b>11,595,575</b>	<b>10,895,575</b>	<b>11,111,209</b>	<b>215,634</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	4,400,000	7,739,485	2,604,847	5,134,638
<b>Total Charges to Appropriations</b>	<b>4,400,000</b>	<b>7,739,485</b>	<b>2,604,847</b>	<b>5,134,638</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 7,195,575</b>	<b>\$ 3,156,090</b>	<b>\$ 8,506,362</b>	<b>\$ 5,350,272</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
 USP - ADMIN FUND  
 YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 661,270	\$ 661,270	\$ 661,270	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	20,000	15,000	16,880	1,880
Use of money and property	10,000	10,000	17,766	7,766
<b>Amounts Available for Appropriation</b>	<b>691,270</b>	<b>686,270</b>	<b>695,916</b>	<b>9,646</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	-	658,562	220,716	437,846
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>658,562</b>	<b>220,716</b>	<b>437,846</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 691,270</b>	<b>\$ 27,708</b>	<b>\$ 475,200</b>	<b>\$ 447,492</b>



CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
 USP - CORP YARD FUND  
 YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 425,924	\$ 425,924	\$ 425,924	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	20,000	12,000	15,020	3,020
Use of money and property	12,000	5,000	12,301	7,301
<b>Amounts Available for Appropriation</b>	<b>457,924</b>	<b>442,924</b>	<b>453,245</b>	<b>10,321</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	-	503,768	45,322	458,446
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>503,768</b>	<b>45,322</b>	<b>458,446</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 457,924</b>	<b>\$ (60,844)</b>	<b>\$ 407,923</b>	<b>\$ 468,767</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 MARIPOSA LILY FUND  
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 45,093	\$ 45,093	\$ 45,093	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	15,000	6,000	6,013	13
Use of money and property	-	-	1,781	1,781
<b>Amounts Available for Appropriation</b>	<b>60,093</b>	<b>51,093</b>	<b>52,887</b>	<b>1,794</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 60,093</b>	<b>\$ 51,093</b>	<b>\$ 52,887</b>	<b>\$ 1,794</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
SEWER MAINTENANCE DISTRICT  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 413,614	\$ 413,614	\$ 413,614	\$ -
<b>Resources (Inflows):</b>				
Taxes	2,900,000	2,900,000	2,773,791	(126,209)
Use of money and property	-	-	33,365	33,365
Miscellaneous	62,110	-	4	4
<b>Amounts Available for Appropriation</b>	<b>3,375,724</b>	<b>3,313,614</b>	<b>3,220,774</b>	<b>(92,840)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	130,000	130,000	-	130,000
Public works	1,554,105	1,936,856	1,632,290	304,566
Transfers out	89,035	214,309	68,661	145,648
<b>Total Charges to Appropriations</b>	<b>1,773,140</b>	<b>2,281,165</b>	<b>1,700,951</b>	<b>580,214</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,602,584</b>	<b>\$ 1,032,449</b>	<b>\$ 1,519,823</b>	<b>\$ 487,374</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
PROPOSITION 1B  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$2,312,633	\$ 2,312,633	\$ 2,312,633	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	2,138,048	2,138,048
Use of money and property	-	-	99,407	99,407
<b>Amounts Available for Appropriation</b>	<b>2,312,633</b>	<b>2,312,633</b>	<b>4,550,088</b>	<b>2,237,455</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	-	2,026,193	883,192	1,143,001
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>2,026,193</b>	<b>883,192</b>	<b>1,143,001</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,312,633</b>	<b>\$ 286,440</b>	<b>\$ 3,666,896</b>	<b>\$ 3,380,456</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
PROPOSITION 42  
YEAR ENDED JUNE 30, 2009**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	1,318,970	936,240	(382,730)
<b>Amounts Available for Appropriation</b>	<b>-</b>	<b>1,318,970</b>	<b>936,240</b>	<b>(382,730)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	800,000	1,318,970	256	1,318,714
<b>Total Charges to Appropriations</b>	<b>800,000</b>	<b>1,318,970</b>	<b>256</b>	<b>1,318,714</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (800,000)</b>	<b>\$ -</b>	<b>\$ 935,984</b>	<b>\$ 935,984</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS  
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 499,981	\$ 499,981	\$ 499,981	\$ -
<b>Resources (Inflows):</b>				
Transfers in	37,586,156	84,139,093	19,755,256	(64,383,837)
<b>Amounts Available for Appropriation</b>	<b>38,086,137</b>	<b>84,639,074</b>	<b>20,255,237</b>	<b>(64,383,837)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	900,000	3,301,054	2,165,956	1,135,098
Capital outlay	36,686,156	89,223,019	17,798,861	71,424,158
Transfers out	-	3,885,155	120,952	3,764,203
<b>Total Charges to Appropriations</b>	<b>37,586,156</b>	<b>96,409,228</b>	<b>20,085,769</b>	<b>76,323,459</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 499,981</b>	<b>\$ (11,770,154)</b>	<b>\$ 169,468</b>	<b>\$ 11,939,622</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
LANCASTER REDEVELOPMENT AGENCY CAPITAL PROJECTS  
YEAR ENDED JUNE 30, 2009**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 19,571,219	\$ 19,571,219	\$ 19,571,219	\$ -
<b>Resources (Inflows):</b>				
Charges for services	578,045	552,499	197,596	(354,903)
Use of money and property	2,361,605	2,290,700	4,143,590	1,852,890
Miscellaneous	25,000	25,000	241,565	216,565
Transfers in	16,600,000	16,884,140	16,853,721	(30,419)
<b>Amounts Available for Appropriation</b>	<b>39,135,869</b>	<b>39,323,558</b>	<b>41,007,691</b>	<b>1,684,133</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	4,282,035	4,002,199	4,656,660	(654,461)
Community development	12,596,996	27,970,129	30,436,273	(2,466,144)
Capital outlay	-	-	1,103,298	(1,103,298)
Debt service:				
Interest and fiscal charges	-	-	1,693,323	(1,693,323)
Transfers out	5,828,300	7,221,075	8,211,718	(990,643)
<b>Total Charges to Appropriations</b>	<b>22,707,331</b>	<b>39,193,403</b>	<b>46,101,272</b>	<b>(6,907,869)</b>
<b>Budgetary Fund Balance, June 30 (Budgetary Basis)</b>	<b>\$ 16,428,538</b>	<b>\$ 130,155</b>	<b>(5,093,581)</b>	<b>\$ (5,223,736)</b>
Land held for resale purchases			14,258,415	
<b>Budgetary Fund Balance, June 30 (GAAP Basis)</b>			<b>\$ 9,164,834</b>	

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
LANCASTER REDEVELOPMENT AGENCY DEBT SERVICE  
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 27,247,177	\$ 27,247,177	\$ 27,247,177	\$ -
<b>Resources (Inflows):</b>				
Taxes	25,600,000	26,292,755	26,314,135	21,380
Intergovernmental	4,525,195	4,525,195	5,432,998	907,803
Use of money and property	700,000	700,000	670,640	(29,360)
Transfers in	6,167,980	5,406,152	7,410,270	2,004,118
<b>Amounts Available for Appropriation</b>	<b>64,240,352</b>	<b>64,171,279</b>	<b>67,075,220</b>	<b>2,903,941</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	1,040,000	1,055,600	698,692	356,908
Debt service:				
Principal retirement	8,304,900	9,066,728	5,425,000	3,641,728
Interest and fiscal charges	5,828,300	7,221,075	11,672,291	(4,451,216)
Transfers out	-	-	16,853,721	(16,853,721)
<b>Total Charges to Appropriations</b>	<b>15,173,200</b>	<b>17,343,403</b>	<b>34,649,704</b>	<b>(17,306,301)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 49,067,152</b>	<b>\$ 46,827,876</b>	<b>\$ 32,425,516</b>	<b>\$ (14,402,360)</b>



CITY OF LANCASTER

COMBINING BALANCE SHEET  
ALL AGENCY FUNDS  
JUNE 30, 2009

	<u>Assessment Districts</u>	<u>Agency</u>	<u>AD 93-3</u>	<u>AD 92-101</u>	<u>IFD 92-1</u>
<b>Assets:</b>					
Pooled cash and investments	\$ 155,209	\$ 722,171	\$ 819,909	\$ 239,758	\$ 896
Receivables:					
Accounts	-	480	-	-	-
Accrued interest	-	-	-	1,239	4
Due from other governments	-	-	-	2,093	-
Restricted assets:					
Cash and investments with fiscal agents	-	-	452,687	157,500	-
<b>Total Assets</b>	<b><u>\$ 155,209</u></b>	<b><u>\$ 722,651</u></b>	<b><u>\$ 1,272,596</u></b>	<b><u>\$ 400,590</u></b>	<b><u>\$ 900</u></b>
Accounts payable	\$ -	\$ 2,745	\$ 71	\$ 1,351	\$ -
Deposits payable	-	719,906	-	-	874
Due to other governments	-	-	761	-	-
Due to bondholders	155,209	-	1,271,764	399,239	26
<b>Total Liabilities</b>	<b><u>\$ 155,209</u></b>	<b><u>\$ 722,651</u></b>	<b><u>\$ 1,272,596</u></b>	<b><u>\$ 400,590</u></b>	<b><u>\$ 900</u></b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
 ALL AGENCY FUNDS  
 JUNE 30, 2009

	<u>CFD 89-1</u>	<u>CFD 90-1</u>	<u>CFD 91-1</u>	<u>CFD 91-2</u>	<u>Totals</u>
<b>Assets:</b>					
Pooled cash and investments	\$ 731,349	\$ 1,003,058	\$ 371,310	\$ 633,108	\$ 4,676,768
Receivables:					
Accounts	-	-	-	-	480
Accrued interest	3,780	5,185	1,919	3,272	15,399
Due from other governments	2,234	8,524	3,683	-	16,534
Restricted assets:					
Cash and investments with fiscal agents	675,969	776,727	546,939	714,056	3,323,878
<b>Total Assets</b>	<b><u>\$ 1,413,332</u></b>	<b><u>\$ 1,793,494</u></b>	<b><u>\$ 923,851</u></b>	<b><u>\$ 1,350,436</u></b>	<b><u>\$ 8,033,059</u></b>
Accounts payable	\$ 3,720	\$ 3,137	\$ 3,272	\$ 2,232	\$ 16,528
Deposits payable	-	-	-	15,810	736,590
Due to other governments	-	-	-	-	761
Due to bondholders	1,409,612	1,790,357	920,579	1,332,394	7,279,180
<b>Total Liabilities</b>	<b><u>\$ 1,413,332</u></b>	<b><u>\$ 1,793,494</u></b>	<b><u>\$ 923,851</u></b>	<b><u>\$ 1,350,436</u></b>	<b><u>\$ 8,033,059</u></b>

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b><u>Assessment Districts</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 155,209	\$ -	\$ -	\$ 155,209
<b>Total Assets</b>	<b>\$ 155,209</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 155,209</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 155,209	\$ -	\$ -	\$ 155,209
<b>Total Liabilities</b>	<b>\$ 155,209</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 155,209</b>
<b><u>Agency</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 711,191	\$ 10,980	\$ -	\$ 722,171
Receivables:				
Accounts	1,500	-	1,020	480
<b>Total Assets</b>	<b>\$ 712,691</b>	<b>\$ 10,980</b>	<b>\$ 1,020</b>	<b>\$ 722,651</b>
<b>Liabilities:</b>				
Accounts payable	\$ 798	\$ 1,947	\$ -	\$ 2,745
Deposits payable	711,893	8,013	-	719,906
<b>Total Liabilities</b>	<b>\$ 712,691</b>	<b>\$ 9,960</b>	<b>\$ -</b>	<b>\$ 722,651</b>
<b><u>AD 93-3</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 530,757	\$ 289,152	\$ -	\$ 819,909
Restricted assets:				
Cash and investments with fiscal agents	726,183	-	273,496	452,687
<b>Total Assets</b>	<b>\$ 1,256,940</b>	<b>\$ 289,152</b>	<b>\$ 273,496</b>	<b>\$ 1,272,596</b>
<b>Liabilities:</b>				
Accounts payable	\$ 20,049	\$ -	\$ 19,978	\$ 71
Due to other governments	591	170	-	761
Due to bondholders	1,236,300	35,464	-	1,271,764
<b>Total Liabilities</b>	<b>\$ 1,256,940</b>	<b>\$ 35,634</b>	<b>\$ 19,978</b>	<b>\$ 1,272,596</b>
<b><u>AD 92-101</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 207,232	\$ 32,526	\$ -	\$ 239,758
Receivables:				
Accrued interest	642	597	-	1,239
Due from other governments	-	2,093	-	2,093
Restricted assets:				
Cash and investments with fiscal agents	159,533	-	2,033	157,500
<b>Total Assets</b>	<b>\$ 367,407</b>	<b>\$ 35,216</b>	<b>\$ 2,033</b>	<b>\$ 400,590</b>
<b>Liabilities:</b>				
Accounts payable	\$ 3,013	\$ -	\$ 1,662	\$ 1,351
Due to bondholders	364,394	34,845	-	399,239
<b>Total Liabilities</b>	<b>\$ 367,407</b>	<b>\$ 34,845</b>	<b>\$ 1,662</b>	<b>\$ 400,590</b>

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>IFD 92-1</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 871	\$ 25	\$ -	\$ 896
Receivables:				
Accrued interest	3	1	-	4
<b>Total Assets</b>	<b>\$ 874</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ 900</b>
<b>Liabilities:</b>				
Deposits payable	\$ 855	\$ 19	\$ -	\$ 874
Due to bondholders	19	7	-	26
<b>Total Liabilities</b>	<b>\$ 874</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ 900</b>
<b>CFD 89-1</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 807,715	\$ -	\$ 76,366	\$ 731,349
Receivables:				
Accrued interest	2,508	1,272	-	3,780
Due from other governments	-	2,234	-	2,234
Restricted assets:				
Cash and investments with fiscal agents	636,544	39,425	-	675,969
<b>Total Assets</b>	<b>\$ 1,446,767</b>	<b>\$ 42,931</b>	<b>\$ 76,366</b>	<b>\$ 1,413,332</b>
<b>Liabilities:</b>				
Accounts payable	\$ 8,588	\$ -	\$ 4,868	\$ 3,720
Due to bondholders	1,438,179	-	28,567	1,409,612
<b>Total Liabilities</b>	<b>\$ 1,446,767</b>	<b>\$ -</b>	<b>\$ 33,435</b>	<b>\$ 1,413,332</b>
<b>CFD 90-1</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 884,635	\$ 118,423	\$ -	\$ 1,003,058
Receivables:				
Accrued interest	2,742	2,443	-	5,185
Due from other governments	-	8,524	-	8,524
Restricted assets:				
Cash and investments with fiscal agents	776,625	102	-	776,727
<b>Total Assets</b>	<b>\$ 1,664,002</b>	<b>\$ 129,492</b>	<b>\$ -</b>	<b>\$ 1,793,494</b>
<b>Liabilities:</b>				
Accounts payable	\$ 302	\$ 2,835	\$ -	\$ 3,137
Due to bondholders	1,663,700	126,657	-	1,790,357
<b>Total Liabilities</b>	<b>\$ 1,664,002</b>	<b>\$ 129,492</b>	<b>\$ -</b>	<b>\$ 1,793,494</b>
<b>CFD 91-1</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 443,711	\$ -	\$ 72,401	\$ 371,310
Receivables:				
Accrued interest	-	1,919	-	1,919
Due from other governments	-	3,683	-	3,683
Restricted assets:				
Cash and investments with fiscal agents	555,114	-	8,175	546,939
<b>Total Assets</b>	<b>\$ 998,825</b>	<b>\$ 5,602</b>	<b>\$ 80,576</b>	<b>\$ 923,851</b>
<b>Liabilities:</b>				
Accounts payable	\$ 188	\$ 3,084	\$ -	\$ 3,272
Due to bondholders	998,637	-	78,058	920,579
<b>Total Liabilities</b>	<b>\$ 998,825</b>	<b>\$ 3,084</b>	<b>\$ 78,058</b>	<b>\$ 923,851</b>

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>CFD 91-2</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 1,412,960	\$ -	\$ 779,852	\$ 633,108
Receivables:				
Accrued interest	4,379	-	1,107	3,272
Restricted assets:				
Cash and investments with fiscal agents	833,800	-	119,744	714,056
<b>Total Assets</b>	<b>\$ 2,251,139</b>	<b>\$ -</b>	<b>\$ 900,703</b>	<b>\$ 1,350,436</b>
<b>Liabilities:</b>				
Accounts payable	\$ 42	\$ 2,190	\$ -	\$ 2,232
Deposits payable	15,810	-	-	15,810
Due to bondholders	2,235,287	-	902,893	1,332,394
<b>Total Liabilities</b>	<b>\$ 2,251,139</b>	<b>\$ 2,190</b>	<b>\$ 902,893</b>	<b>\$ 1,350,436</b>
<b>Totals - All Agency Funds</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 5,154,281	\$ 451,106	\$ 928,619	\$ 4,676,768
Receivables:				
Accounts	1,500	-	1,020	480
Accrued interest	10,274	6,232	1,107	15,399
Due from other governments	-	16,534	-	16,534
Restricted assets:				
Cash and investments with fiscal agents	3,687,799	39,527	403,448	3,323,878
<b>Total Assets</b>	<b>\$ 8,853,854</b>	<b>\$ 513,399</b>	<b>\$ 1,334,194</b>	<b>\$ 8,033,059</b>
<b>Liabilities:</b>				
Accounts payable	\$ 32,980	\$ 10,056	\$ 26,508	\$ 16,528
Deposits payable	728,558	8,032	-	736,590
Due to other governments	591	170	-	761
Due to bondholders	8,091,725	196,973	1,009,518	7,279,180
<b>Total Liabilities</b>	<b>\$ 8,853,854</b>	<b>\$ 215,231</b>	<b>\$ 1,036,026</b>	<b>\$ 8,033,059</b>

# City of Lancaster

## Statistical Section

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	<b>120-123</b>
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	<b>124-129</b>
<b>Debt Capacity</b> <i>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.</i>	<b>130-134</b>
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i>	<b>135-136</b>
<b>Operating Information</b> <i>These schedules contain information about the City's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</i>	<b>137-140</b>

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 for the fiscal year ended June 30, 2003; schedules presenting government-wide information include information beginning in that year.*

**CITY OF LANCASTER**

**Net Assets by Component,  
Last Four Fiscal Years  
(accrual basis of accounting)**

	<b>Fiscal Year</b>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 94,068,075	\$ 822,650,031	\$ 880,722,283	\$ 898,682,290
Restricted	87,569,015	120,838,558	115,527,885	107,858,231
Unrestricted	<u>(80,808,829)</u>	<u>(111,545,878)</u>	<u>(108,634,823)</u>	<u>(107,716,546)</u>
Total governmental activities net assets	<u>\$ 100,828,261</u>	<u>\$ 831,942,711</u>	<u>\$ 887,615,345</u>	<u>\$ 898,823,975</u>
Primary government				
Invested in capital assets, net of related debt	\$ 94,068,075	\$ 822,650,031	\$ 880,722,283	\$ 898,682,290
Restricted	87,569,015	120,838,558	115,527,885	107,858,231
Unrestricted	<u>(80,808,829)</u>	<u>(111,545,878)</u>	<u>(108,634,823)</u>	<u>(107,716,546)</u>
Total primary government net assets	<u>\$ 100,828,261</u>	<u>\$ 831,942,711</u>	<u>\$ 887,615,345</u>	<u>\$ 898,823,975</u>

Source: The information is derived from the Comprehensive Financial Reports for the relevant year. The City of Lancaster in GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Note: The City of Lancaster does not have any business-type activities to report.

**CITY OF LANCASTER**

**Changes in Net Assets  
Last Four Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>				
Governmental activities:				
General government	15,996,662	16,300,790	19,703,043	22,895,700
Public safety	15,057,609	17,142,744	22,155,873	24,365,048
Housing	1,232,174	5,361,600	6,650,286	959,974
Community development	19,043,934	13,669,830	14,734,792	20,533,196
Parks and recreation	14,715,042	13,423,273	60,663,940	13,053,273
Public works	22,087,634	59,019,071	1,786,468	59,454,167
Interest on long-term debt	14,921,363	16,351,722	16,512,637	14,194,203
Total primary governmental activities expenses	<u>\$ 103,054,418</u>	<u>\$ 141,269,030</u>	<u>\$ 142,207,039</u>	<u>\$ 155,455,561</u>
Business-type activities:				
(none)				
Total business-type activities expenses	-	-	-	-
Total primary government expenses	<u>\$ 103,054,418</u>	<u>\$ 141,269,030</u>	<u>\$ 142,207,039</u>	<u>\$ 155,455,561</u>
<b>Program Revenues (see Schedule 3)</b>				
Governmental activities:				
Charges for services:				
General government	\$ 3,403,979	\$ 406,451	\$ 1,647,842	\$ 3,690,259
Public safety	7,371,936	2,211,141	3,505,516	2,921,179
Housing	1,789,277	2,633,713	1,610,734	1,655,770
Community development	4,838,078	805,132	1,478,571	579,523
Parks and recreation	3,534,430	3,175,710	2,991,204	2,888,631
Public works	29,098,965	24,686,902	17,556,965	14,308,525
Operating grants and contributions	36,717,092	21,790,093	22,304,176	20,916,807
Capital grants and contributions			65,570,808	55,674,240
Total governmental activities program revenues	<u>\$ 86,753,757</u>	<u>\$ 55,709,142</u>	<u>\$ 116,665,816</u>	<u>\$ 102,634,934</u>
Total primary government program revenues	<u>\$ 86,753,757</u>	<u>\$ 55,709,142</u>	<u>\$ 116,665,816</u>	<u>\$ 102,634,934</u>
Governmental activities	\$ (16,300,661)	\$ (85,559,888)	\$ (25,541,223)	\$ (52,820,627)
Net Primary Government Revenue (Expense)	<u>\$ (16,300,661)</u>	<u>\$ (85,559,888)</u>	<u>\$ (25,541,223)</u>	<u>\$ (52,820,627)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 17,982,717	\$ 32,672,098	\$ 30,773,463	\$ 47,841,204
Transient Occupancy Taxes	\$ 1,300,448	\$ 1,257,943	\$ 1,452,827	\$ 1,327,022
Franchise taxes	2,430,956	2,844,195	2,754,230	2,902,408
Sales taxes	17,471,173	21,377,455	25,879,313	14,934,911
Other taxes	705,761	1,016,196	1,888,720	1,374,445
Intergovernmental Unrestricted	7,918,606	3,129,626	918,534	493,557
Use of Money and Property	25,347,471	16,088,474	22,647,525	10,270,036
Miscellaneous	1,530,139	83,925	557,331	619,185
Total governmental activities	<u>\$ 74,687,271</u>	<u>\$ 78,469,912</u>	<u>\$ 86,871,943</u>	<u>\$ 79,762,768</u>
Total Primary Government	<u>\$ 74,687,271</u>	<u>\$ 78,469,912</u>	<u>\$ 86,871,943</u>	<u>\$ 79,762,768</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 58,386,610	\$ (7,089,976)	\$ 61,330,720	\$ 26,942,141
Total Primary Government	<u>\$ 58,386,610</u>	<u>\$ (7,089,976)</u>	<u>\$ 61,330,720</u>	<u>\$ 26,942,141</u>

Source: The information is derived from the Comprehensive Financial Reports for the relevant year. The City of Lancaster implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Note: The City of Lancaster does not have any business-type activities to report.



**CITY OF LANCASTER**

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

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Reserved	\$ 59,733,381	\$ 64,019,546	\$ 54,513,982	\$ 52,461,253
Unreserved	<u>31,733,381</u>	<u>31,986,738</u>	<u>37,322,306</u>	<u>34,818,644</u>
Total general fund	<u>\$ 91,466,762</u>	<u>\$ 96,006,284</u>	<u>\$ 91,836,288</u>	<u>\$ 87,279,897</u>
All Other Governmental Funds				
Reserved	\$ 47,888,239	\$ 71,637,570	\$ 59,478,125	\$ 74,432,801
Unreserved, reported in:				
Special revenue funds	68,008,628	52,767,008	59,541,994	56,919,624
Capital projects funds	(49,662,040)	(30,507,293)	(34,197,147)	(62,191,991)
Debt service funds	<u>20,211,147</u>	<u>23,919,282</u>	<u>24,959,978</u>	<u>32,721,659</u>
Total all other governmental funds	<u>\$ 86,445,974</u>	<u>\$ 117,816,567</u>	<u>\$ 109,782,950</u>	<u>\$ 101,882,093</u>

Source: The information is derived from the Comprehensive Financial Reports for the relevant year. The City of Lancaster implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

**CITY OF LANCASTER**

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

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>				
Taxes (see Schedule 6)	\$ 58,059,847	\$ 65,926,362	\$ 70,162,583	\$ 69,730,798
Licenses, fees, and permits	39,580,124	18,406,355	8,360,699	4,376,841
Intergovernmental	22,928,483	27,189,039	25,236,245	22,924,589
Charges for services	14,083,950	8,901,806	9,319,279	9,647,677
Use of money and property	14,994,933	13,121,339	11,222,381	10,057,206
Fines and forfeitures	1,673,103	2,158,669	3,505,516	2,921,179
Other revenues	<u>1,647,768</u>	<u>1,893,388</u>	<u>2,841,166</u>	<u>4,338,209</u>
Total revenues	<u>\$ 152,968,208</u>	<u>\$ 137,596,958</u>	<u>\$ 130,647,869</u>	<u>\$ 123,996,499</u>
<b>Expenditures</b>				
General government	\$ 19,475,290	\$ 16,056,247	\$ 18,935,026	\$ 20,400,983
Public safety	15,019,081	17,107,689	21,945,315	24,303,445
Housing	1,232,174	5,361,600	1,781,432	959,974
Community development	18,412,648	13,609,531	6,258,047	20,383,837
Parks and recreation	11,837,309	11,696,144	11,878,211	11,853,863
Public Works	19,278,112	21,456,745	20,335,433	22,454,629
Capital outlay	22,048,652	37,806,315	36,955,971	19,004,734
Debt service				
Interest	14,753,943	16,541,783	16,518,213	13,873,812
Principal	5,466,252	5,240,000	6,128,000	5,745,000
Debt Issuance Costs				
Payment to escrow agent		853,689		
Total expenditures	<u>\$ 127,523,461</u>	<u>\$ 145,729,743</u>	<u>\$ 140,735,648</u>	<u>\$ 138,980,277</u>
Excess of revenues over (under) expenditures	<u>\$ 25,444,747</u>	<u>\$ (8,132,785)</u>	<u>\$ (10,087,779)</u>	<u>\$ (14,983,778)</u>
<b>Other Financing Sources (Uses)</b>				
Bonds, Notes and Loans Issued				
Refunding bonds issued		39,315,000	-	-
Payments to escrow agent		(5,180,403)	-	-
Bonds issuance premium		1,320,578	-	-
Sale of Real Estate		8,409,173	-	-
Transfers in	\$ 52,066,330	\$ 68,139,732	\$ 63,668,972	\$ 55,359,163
Transfers out	<u>(52,066,330)</u>	<u>(68,139,732)</u>	<u>(63,668,972)</u>	<u>(55,359,163)</u>
Total other financing sources (uses)	-	43,864,348	-	-
Net change in fund balances	<u>\$ 25,444,747</u>	<u>\$ 35,731,563</u>	<u>\$ (10,087,779)</u>	<u>\$ (14,983,778)</u>
Debt service as a percentage of noncapital expenditures	23.72%	25.54%	27.91%	19.55%

**CITY OF LANCASTER**

**Tax Revenues by Source, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

<u>Fiscal Year</u>	<u>Property</u>	<u>Property Tax Increment (1)</u>	<u>Sales &amp; Use (2)</u>	<u>Transient Occupancy</u>	<u>Franchise</u>	<u>Real Property Transfer (3)</u>	<u>Business Taxes</u>	<u>Rental Housing</u>	<u>Other</u>	<u>Total</u>
2000	2,354,859	7,381,846	12,557,173	1,022,630	2,483,480	211,593	234,855	-	76,358	26,332,794
2001	2,349,633	8,270,520	12,709,015	1,107,312	2,701,614	240,055	330,123	-	88,631	27,796,903
2002	2,376,368	9,214,969	12,905,456	1,025,256	3,112,759	325,603	318,956	-	82,906	29,362,273
2003	2,395,158	10,701,872	13,819,915	1,092,648	3,129,084	398,455	325,723	-	85,971	31,948,826
2004	2,473,957	12,148,860	16,157,657	1,214,219	3,324,743	751,838	385,141	223,300	113,592	36,793,306
2005	1,747,125	15,029,914	17,471,173	1,300,448	3,525,215	1,204,693	384,411	302,271	985	40,966,235
2006	2,198,749	18,744,058	19,591,165	1,257,809	4,045,444	1,675,956	480,859	320,123	1,825	58,357,149
2007	3,745,240	21,629,620	22,083,246	1,452,827	4,138,417	1,000,563	831,228	65,267	1,532	54,947,940
2008	4,507,321	24,526,457	19,054,171	1,202,616	3,925,366	453,934	766,851	94,858	9	54,531,583
2009	4,127,058	26,547,425	14,828,524	1,327,022	4,371,182	512,205	718,491	267,172	6,787	52,705,866
Change 2000-2009	75.3%	259.6%	18.1%	29.8%	76.0%	142.1%	205.9%	-91.1%		100.2%

Source: City of Lancaster Finance Department

Note 1: The City's property tax increment has increased by 122.7 percent in the last ten years due to the increase in the City's population and the housing boom.

Note 2: The City's sales and use tax has increased by 121.7 percent in the last ten years due to the increased population and related retail growth.

Note 3: Real property transfer tax has increased by 460.3 percent due to the recent housing boom.

Note 4: Lan-Cap is a rental housing business tax that was implemented in FY 2003-04 and reduced in FY 2006-07

**CITY OF LANCASTER**

**Assessed Value and Estimated Actual Value of Taxable Property (in thousands)**

**Last Ten Fiscal Years**

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value <sup>a</sup> as a Percentage of Actual Taxable Value
2000	2,776,451	550,442	138,319	(39,469)	4,224,995	0.59435	4,264,464	99.074%
2001	2,923,848	548,350	173,036	(40,149)	4,394,525	0.49972	4,434,674	99.095%
2002	3,143,908	562,683	180,292	(43,730)	4,688,974	0.61675	4,732,704	99.076%
2003	3,478,433	582,389	188,857	(40,205)	5,048,813	0.63911	5,089,018	99.210%
2004	3,863,600	629,063	206,041	(37,510)	5,564,640	0.66892	5,602,150	99.330%
2005	4,341,543	652,927	236,132	(47,337)	6,202,361	0.68648	6,249,698	99.243%
2006	5,303,606	724,251	272,579	(48,414)	7,494,593	0.69328	7,543,007	99.358%
2007	7,050,667	811,066	325,832	(48,518)	9,685,762	0.6970	9,734,280	99.502%
2008	8,747,825	939,776	348,343	(49,979)	11,727,911	0.6999	11,777,889	99.576%
2009	8,738,102	1,033,552	362,733	(53,844)	11,777,155	0.7015	11,830,999	99.545%

**Source:** City of Lancaster Finance Department.

<sup>a</sup> Includes tax-exempt property.

**CITY OF LANCASTER**

**Direct and Overlapping Property Tax Rates,  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)**

Fiscal Year	General	Los Angeles County	Antelope Valley Union High School District	Westside School District	Community College	Water	Total
2000	1.00000%	0.00142%	0.00000%	0.10041%	0.00000%	0.13161%	1.23344%
2001	1.00000%	0.00131%	0.00000%	0.08751%	0.00000%	0.12579%	1.21461%
2002	1.00000%	0.00113%	0.00000%	0.08321%	0.00000%	0.11904%	1.20338%
2003	1.00000%	0.00103%	0.02650%	0.13320%	0.00000%	0.11360%	1.27434%
2004	1.00000%	0.00099%	0.02428%	0.16267%	0.00000%	0.10099%	1.28893%
2005	1.00000%	0.00092%	0.02572%	0.12668%	0.00000%	0.09560%	1.24892%
2006	1.00000%	0.00080%	0.02266%	0.10365%	0.01630%	0.07050%	1.21391%
2007	1.00000%	0.00066%	0.01996%	0.08454%	0.02905%	0.07049%	1.20470%
2008	1.00000%	0.00000%	0.01908%	0.08488%	0.00983%	0.07049%	1.18428%
2009	1.00000%	0.00000%	0.02095%	0.09374%	0.01682%	0.07049%	1.20200%

**Source:** Los Angeles County Tax Collector

**In 1978, California voters passed Proposition 13 which set the property tax rate at 1.00% fixed amount. This 1.00% is shared by all taxing agencies in which the subject property resides. In addition, property owners are charged, as a percentage of assessed valuation, for the payment of any voter approved bonds.**

**CITY OF LANCASTER**

**Principal Property Tax Payers,  
Current Year and Ten Years Ago**

<u><b>Taxpayer</b></u>	<b>2009</b>		<b>Percentage of Total City Taxable Assessed Value</b>
	<b>Taxable Assessed Value</b>	<b>Rank</b>	
Wal Mart Real Estate Bus Trst	\$ 65,121,321	1	0.55%
Avenue K Investors	45,725,565	2	0.39%
Basrock Woodcreek Gardens CA	41,299,660	3	0.35%
Thrifty Payless Inc.	33,591,186	4	0.29%
Bank of America NA	32,146,284	5	0.27%
Federal National Mortgage Assoc	31,965,040	6	0.27%
Basrock Antelope Pines CA	29,944,100	7	0.25%
BPP Valley Central	27,815,680	8	0.24%
Basrock Villa Mirage CA LLC	26,966,498	9	0.23%
Lancaster Hospital Corporation	26,036,195	10	0.22%
Top Ten Total	<u>\$ 360,611,529</u>		<u>3.06%</u>
City Total	<u>11,777,155,746</u>		

**CITY OF LANCASTER**

**Principal Property Tax Payers,  
Current Year and Ten Years Ago**

<u><b>Taxpayer</b></u>	<b>2000</b>		<b>Percentage of Total City Taxable Assessed Value</b>
	<b>Taxable Assessed Value</b>	<b>Rank</b>	
BPP Valley Central	\$ 45,618,328	1	1.08%
Dept. of Housing and Urban Dev.	28,811,411	2	0.68%
Lancaster Commerce Center	28,404,498	3	0.67%
Merrill Lynch PSBP, Inc.	19,461,298	4	0.46%
American Stores Properties	13,860,321	5	0.33%
Lexington Lancaster LLC	13,240,890	6	0.31%
Toys R Us	12,946,660	7	0.31%
Kaiser Foundation Health Plan	12,586,467	8	0.30%
Chancellor Media Martin Corp	12,310,588	9	0.29%
Frank A. Visco	11,901,957	10	0.28%
Top Ten Total	<u>\$ 199,142,418</u>		<u>4.71%</u>
City Total	<u>4,224,994,724</u>		

**CITY OF LANCASTER**

**Property Tax Levies and Collections,  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
		Amount			Amount	

<sup>12</sup> The City of Lancaster neither levies nor collects ad valorem property taxes. The City was incorporated in 1977 as a no-property tax City. Due to special legislation approved in 1988, the City now receives a small percent of the 1% general tax levy. However, the major revenue source of the Lancaster Redevelopment Agency, a Component Unit of the City, is property tax increment revenues. Tax increments do not constitute a levy by the City or any other government agency.



**CITY OF LANCASTER**

**Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years  
(dollars in thousands, except per capita)**

<u>Fiscal Year</u>	<u>Tax Allocation Redevelopment Bonds</u>	<u>Revenue Bonds</u>	<u>Assessment District Bonds</u>	<u>Community Facilities Dist. Bonds</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income <sup>a</sup></u>	<u>Per Capita</u>
2000	155,140	19,370	10,215	28,028	212,753		2.25
2001	151,815	18,975	9,965	27,333	208,088		2.12
2002	149,215	18,560	9,695	26,523	203,993		2.05
2003	171,160	17,870	9,410	25,488	223,928		2.18
2004	190,435	17,425	7,840	24,368	240,068		2.15
2005	216,425	17,225	7,375	23,178	264,203		2.25
2006	211,740	16,750	7,245	21,928	257,663	10.65%	2.10
2007	240,720	16,245	5,775	17,965	280,705	10.27%	2.14
2008	235,660	15,720	5,455	17,758	274,593	9.23%	1.98
2009	230,465	15,170	5,070	16,077	266,782	8.96%	1.85

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

a) Personal income data not available for years prior to FY 2005-06

**CITY OF LANCASTER**

**Ratios of General Bonded Debt Outstanding,  
Last Ten Fiscal Years  
(dollars in thousands, except per capita)**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>	Population
	General Obligation Bonds	Tax Allocation Redevelopment Bonds	Total			
2000	-	155,140	155,140	3.6380%	1.58	98,102
2001	-	151,815	151,815	3.4234%	1.53	99,478
2002	-	149,215	149,215	3.1528%	1.45	102,794
2003	-	171,160	171,160	3.3633%	1.53	111,507
2004	-	190,435	190,435	3.3993%	1.62	117,292
2005	-	216,425	216,425	3.4630%	1.76	122,989
2006	-	211,740	211,740	2.8071%	1.61	131,246
2007	-	240,720	240,720	2.4853%	1.74	138,392
2008	-	235,660	235,660	2.0094%	1.64	143,818
2009	-	230,465	230,465	1.9569%	1.59	145,243

**Notes:** Details regarding the outstanding redevelopment debt can be found in the notes to the financial statements.

<sup>a</sup> See Schedule 6 (Exhibit C-1) for property value data.

<sup>b</sup> Population data can be found in Schedule 14 (Exhibit E-1).

**CITY OF LANCASTER**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2009  
(dollars in thousands)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Eastside Union DS 1998 Ser A	4,562,548	67.565%	3,082,686
Eastside Union SD DS Ser 2002	4,565,000	67.565%	3,084,342
Eastside Union SD DS Ser 2003	3,225,000	67.565%	2,178,971
Lancaster SD DS 1999 Ser 99 A	13,724,669	97.524%	13,384,846
Lancaster SD DS 1999 Ser 2001	10,870,260	97.524%	10,601,112
Westside Union SD DS Ser C	3,820,000	29.883%	1,141,531
Westside Union SD DS 1998 Ser A	6,038,069	29.883%	1,804,356
Westside Union SD DS 1998 S-2001A	3,625,718	29.883%	1,083,473
Westside Union SD DS 1998 S-2002A	3,301,250	29.883%	986,513
Antelope Valley Union HSD DS 2002 Series A	45,065,000	39.321%	17,720,009
Antelope Valley Union HSD DS 2002 Series B	31,911,694	39.321%	12,547,997
Antelope Valley Union HSD DS 2002 Series 2005	18,208,179	39.321%	7,159,638
Antelope Valley CC DS 2004 Series B	2,185,000	37.006%	808,581
Antelope Valley Community College District 2006, Series B	22,656,176	37.006%	8,384,144
Antelope Valley Community College District 2004, Series C	108,426,532	37.006%	40,124,322
Subtotal, overlapping debt			\$ 124,092,522
<b>City direct debt</b>			-

**CITY OF LANCASTER**

**Legal Debt Margin  
Last Ten Fiscal Years  
(dollars in thousands)**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed Valuation	\$ 4,224,995	\$ 4,394,525	\$ 4,688,974	\$ 5,048,813	\$ 5,564,640	\$ 6,202,361	\$ 7,494,593	\$ 9,685,762	\$ 11,727,911	\$ 11,777,155
Debt limit (3.75% of Gross AV)	\$ 158,437	\$ 164,795	\$ 175,837	\$ 189,330	\$ 208,674	\$ 232,589	\$ 281,047	\$ 363,216	\$ 439,797	\$ 441,643
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 158,437</u>	<u>\$ 164,795</u>	<u>\$ 175,837</u>	<u>\$ 189,330</u>	<u>\$ 208,674</u>	<u>\$ 232,589</u>	<u>\$ 281,047</u>	<u>\$ 363,216</u>	<u>\$ 439,797</u>	<u>\$ 441,643</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**CITY OF LANCASTER**

**Pledged-Revenue Coverage,  
Last Ten Fiscal Years  
(dollars in thousands)**

Fiscal Year	Redevelopment Tax Allocation Bonds			
	Property Tax Increment	Debt Service		Coverage
		Principal	Interest	
2000	22,845	4,940	9,565	1.57
2001	24,979	3,485	9,353	1.95
2002	27,977	4,367	9,178	2.07
2003	32,084	5,792	8,990	2.17
2004	37,374	2,125	7,177	4.02
2005	45,926	2,886	9,572	3.69
2006	58,787	4,910	10,604	3.79
2007	69,681	4,870	11,284	4.31
2008	78,378	5,060	11,537	4.72
2009	84,269	5,270	11,403	5.05

**Notes:** Details regarding the city's outstanding redevelopment debt can be found in the notes to the financial statement:

**CITY OF LANCASTER**

**Demographic and Economic Statistics,  
Last Ten Calendar Years**

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<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2000	98,102			
2001	99,478			
2002	102,794			
2003	111,507			
2004	117,292			
2005	122,989			
2006	131,246	\$ 2,418,995	\$ 18,431.00	4.2%
2007	138,392	\$ 2,731,957	\$ 19,740.72	5.9%
2008	143,818	\$ 2,975,908	\$ 20,692.18	8.6%
2009	145,243	\$ 3,123,674	\$ 21,506.54	13.9%

Source: State of California, Department of Finance  
excluding FY 2000-2001  
United States Census Bureau for fiscal year 2000-2001

Note: Personal Income, Per Capita Personal Income and Unemployment Rate not available prior to FY 2005-06  
Source - Greater Antelope Valley Economic Alliance

**CITY OF LANCASTER**

**Principal Employers,  
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2009</u>			<u>2000</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Valley Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Valley Employment</u>
Edwards Air Force Base	12,800	1	21.00%	11,091	1	17.62%
China Lake NWC	5,608	2	9.20%	4,600	2	7.31%
Lockheed Martin	3,700	3	6.07%	3,605	3	5.73%
County of Los Angeles	3,827	4	6.28%	2,729	4	4.34%
Wal-Mart (6 stores)	2,346	5	3.85%	2,177	5	3.46%
Antelope Valley Hospital	2,302	6	3.78%	1,875	6	2.98%
AV Union High School District	2,174	7	3.57%	1,800	7	2.86%
Northrup-Grumman	2,100	8	3.45%	1,600	8	2.54%
Tehachapi State Prison	2,040	9	3.35%	1,430	9	2.27%
AV Mall	1,800	10	2.95%	1,300	10	2.07%

**Source:** Greater Antelope Valley Economic Alliance Research

Note 1: Total employment as used above represents total employment located within the Greater Antelope Valley region. The Antelope Valley region is considered to be the City's economic region and covers 3,514.2 square miles of area and includes the City of Lancaster, Palmdale, Tehachapi and Ridgecrest. The principal employers represent all employers within the greater Antelope Valley region.

**CITY OF LANCASTER**

**Full-time-Equivalent City Government  
Employees by Function  
Last Ten Fiscal Years**

<b>Function</b>	<b>Full-time-Equivalent Employees as of June 30</b>									
	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
General government										
City Manager	3	3	3	3	2.5	3.625	3	4	3.9	4.65
City Clerk	3.8	3.8	3.72	3.6	3.8	4	5	5	5	4
Administrative Services	10	10	10	11	11	10	8.5	6.9	6.85	10.75
Finance	9	10	10	10	11	11	14.75	16.75	20.75	20.75
Human Resources	3	3	3	3	3	3	3	4	5	5
Community Development	14	14	13	15	15	17	14	16	16	14
Redevelopment	7.25	7	7	7	8	9	20.3	22.3	36.3	36.3
Community Safety							17	17.75	18.2	20.55
Parks and Recreation	56	59	60	60	61	61	65	67	65	60
Public Works	92.75	94	95	98	98	105	117	137	129	134
<b>Total</b>	<b><u>198.8</u></b>	<b><u>203.8</u></b>	<b><u>204.7</u></b>	<b><u>210.6</u></b>	<b><u>213.3</u></b>	<b><u>223.6</u></b>	<b><u>267.6</u></b>	<b><u>296.7</u></b>	<b><u>306</u></b>	<b><u>310</u></b>

**Source:** City Finance Department



**CITY OF LANCASTER**

**Operating Indicators by Function/Program,  
FY 2008-09**

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government				
Business licenses				
New business licenses issued	1,426	825	606	1272
Business licenses renewed	4,070	3,313	2,499	4103
Business improvement district				
BID licenes issued	21	10	4	23
BID licenes renewd	201	159	100	152
Taxi Business licenses				
New business licenses issued			24	31
Business licenses renewed			0	21
Tow Business licenses				
New business licenses issued			8	14
Business licenses renewed			2	24
Group Home Business licenses				
New business licenses issued			3	14
Business licenses renewed			0	3
LANCAP Business licenses				
New business licenses issued			79	848
Business licenses renewed			818	1137
Massage Business licenses				
New business licenses issued			56	79
Business licenses renewed			5	72
Human Resource Recruitments	33	44	30	23
Public Safety				
Physical arrests	12,064	11,042	17606	17867
Citations	18,555	24,216	23031	26407
Community Safety				
Parking violations	40,115	17,458	28,389	17616
Public Works				
Building permits issued	4,416	2,363	1400	907
Centerline miles maintained	1,208	590	627	621
No of Traffic Signals	129	130	139	145
No. of trees in right of way	43,615	53,176	44773	47022
Fleet Vehicles Maintained	296	272	307	320
Sponsored recycling event	1	4	12	30
Street sweeping - residential miles	14,880	18,000	14770	15678
Street sweeping - arterial miles	8,900	8,876	8960	9224
Street sweeping - alley miles	900	900	900	900
Street sweeping - raised median curb miles	1,800	1,794	2015	2106

**CITY OF LANCASTER**

**Operating Indicators by Function/Program,  
FY 2008-09**

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Parks and Recreation				
Maintenance Services				
No. of developed park sites	12	13	13	13
No. of acres maintained	430	362	365	438
Recreation				
Community Events Sponsored	7	12	10	10
Youth Sport Participants	300	289	315	295
Adult league basketball teams	69	61	67	74
Adult league softball teams	472	434	474	493
Softball tournaments- no. of teams	891	680	572	681
Soccer tournaments-no.of teams	2,240	2,222	2057	2130
Instructional class enrollments	2,900	14,580	10341	8901
Performing Arts Center				
Season Performances	108	95	94	94
Tickets Sold	45,789	51,694	34,850	45,360
Outreaches	22	28	32	35
Master Classes	2	2	2	2
Acting Workshops	-	-	4	4
Theater Rentals	140	118	85	126
Rental tickets sold	43,791	38,400	25,500	29,940

**Notes:** Operating indicators are available as of FY 2005-06, ten year history will be developed and presented beginning

**Sources:** Various city departments.

**CITY OF LANCASTER**

**Capital Asset Statistics by Function/Program,  
FY 2008-09**

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government				
City Hall	1	1	1	1
Annex/Record Center	1	1	1	1
Community Development				
Brierwood Mobile Home Park	1	1	1	1
Desert Sands Mobile Home Park	1	1	1	1
Public Works				
Maintenance Yard - Modular Office Bldg.	1	1	1	1
Maintenance Yard - Office/Warehouse	1	1	1	1
Maintenance Yard - Maintenance Garage	1	1	1	1
Maintenance Yard - Canopy	1	1	1	1
Maintenance Yard - Storage Bldg	1	1	1	1
Streets (miles)	591	591	627	621
Streetlights (owned by City)	1,000	1,405	1600	1141
Traffic signals	129	130	139	145
Street Signs	24,000	26,000	27000	28000
Fleet Vehicles	296	272	307	320
Ad Storm Drain Pipe (LF)				117142
Ad Storm Drain Box (LF)				20803
Ad Storm Drain Channel (LF)				48715
Ad Sewer Pipe (LF)				2055473
Ad Sewer Manholes				8000
Ad Sewer Lift Station				1
Parks and Recreation				
Acreage	362	362	365	524.6
Developed park sites	12	13	12	13
Pools	2	2	2	2
Big 8 Tournament Baseball complex	1	1	1	1
Batting Cage Facility	1	1	1	1
Soccer complex	1	1	1	1
Community/Activity Centers	7	7	7	7
Prime Desert Woodlands Preserve & Nature Center	1	1	1	1
Municipal Baseball Stadium	1	1	1	1
Performing Arts Center	1	1	1	1
Museum and Art Gallery	1	1	1	1
Western Hotel (historic site)	1	1	1	1
Metrolink Station	1	1	1	1
Park and Ride Lots	4	4	4	8

**Notes:** Capital asset statistics are available as of FY 2005-06, ten year history will be developed and presented beginning with FY 2005-06.

**Sources:** Various city departments.



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