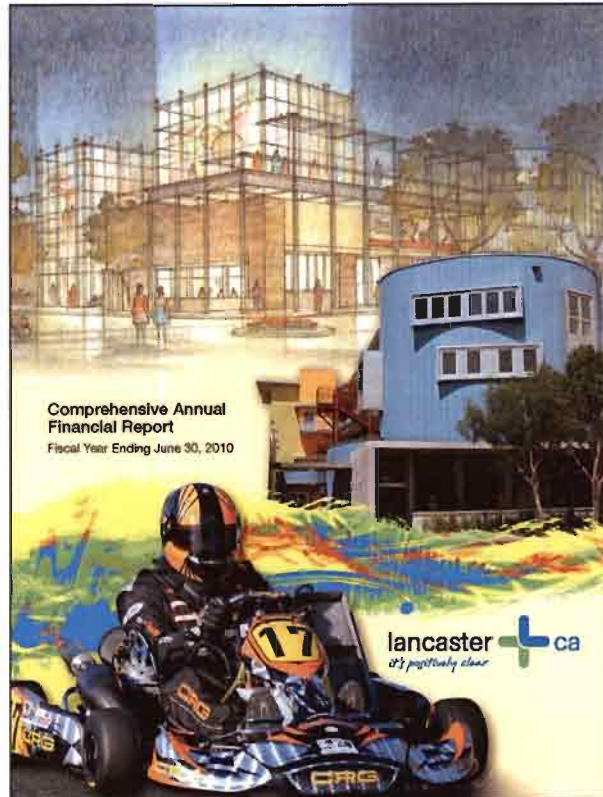


Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2010

lancaster  ca
it's positively clear



About the Cover:

The City of Lancaster's downtown is going through a transformation, lead by the renovation and revitalization of Lancaster Boulevard. This year's cover depicts that renovation and revitalization with an artist's rendering of the new Lancaster Museum and Art Gallery, which is currently under construction; the artist lofts, which were recently completed; and, a go-kart from the "Streets of Lancaster Grand Prix", held in downtown Lancaster in October.

CITY OF LANCASTER, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

CITY OF LANCASTER
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED
 JUNE 30, 2010

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CITY OF LANCASTER, CALIFORNIA
44933 Fern Avenue
Lancaster, California 93534

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**
For the Year Ended June 30, 2010

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	2012
Ronald D. Smith	Vice Mayor	2014
Marvin E. Crist	Council Member	2014
Kenneth G. Mann	Council Member	2012
Sheryl A. Marquez	Council Member	2012

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
Robert C. Neal	Public Works Director
David R. McEwen	City Attorney

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

December 31, 2010

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, 2010. 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 combined 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 the 1890's 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 1970's Carter era reductions 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.

II. Major Accomplishments

The City achieved several major accomplishments during the 2009-10 fiscal year. Significant progress was made in addressing the City's number one priority, public safety in Lancaster. The City's crime rate has dropped again by 6% over the last twelve months and by 33% since 2007. The sustained decrease is the result of a true commitment to public safety being the community's top priority, as evidenced by a strong and aggressive anti-crime partnership between the Los Angeles County Sheriff's Department, the City of Lancaster, and active and engaged citizens and businesses.

The City recently established a Building Incentive Stimulus Program (BISP) which has already generated more than \$500,000 in revenue for the City since its enactment at the February 9, 2010 City Council meeting. This figure translates to 164 new single-family residential building permits issued since the start of the program. The intent of the incentive program is to stimulate building and growth, which simultaneously generates jobs for workers in Lancaster as well as additional revenue for the City in the form of permit fees. The incentive is valid through June 30, 2011.

In March 2010, Lancaster executed an agreement with SolarCity Corporation authorizing the installation, maintenance, and operation of photovoltaic electric generators in the parking lots (i.e., solar shade structures) at City Hall, Big 8 Softball Complex, Lancaster Performing Arts Center, Clear Channel Stadium, Maintenance Yard, and the Lancaster Sheriff's Station. In addition, the City entered into a 15-year Power Purchase Agreement for the electrical energy produced by the solar system. The estimated savings is approximately \$150,000 in electrical costs associated with the five City facilities after the first year, with a cumulative savings conservatively totaling over \$5 million during the 15-year term of the Agreement.

In addition to our building and energy initiatives, the City received confirmation of its ingenuity by taking home the Silver Circle Award at this year's City-County Communications & Marketing Association (3CMA) Savvy Awards Competition. In the category of "Marketing and Tools – Economic Development", the City won second place in the 16,000-265,000 population group for the "Shop Lancaster, It Just Makes Cents!" program. This comprehensive program contained several components aimed at restoring consumer confidence, as well as bringing residents and businesses together to support one another.

An amazing transformation is still underway in Downtown Lancaster. A concerted effort to revitalize Downtown began in 2008. 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 is now a destination people flock to for art, entertainment and dining. 2010-2011 will continue to bring positive change and new additions to Downtown Lancaster and The BLVD.

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 20% - 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 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. The City is also pursuing other sources of revenue, as evidenced by the SolarCity agreement and significant community sponsorship and partnership opportunities.

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, 2009. 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-four (24) 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 2009-10. 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

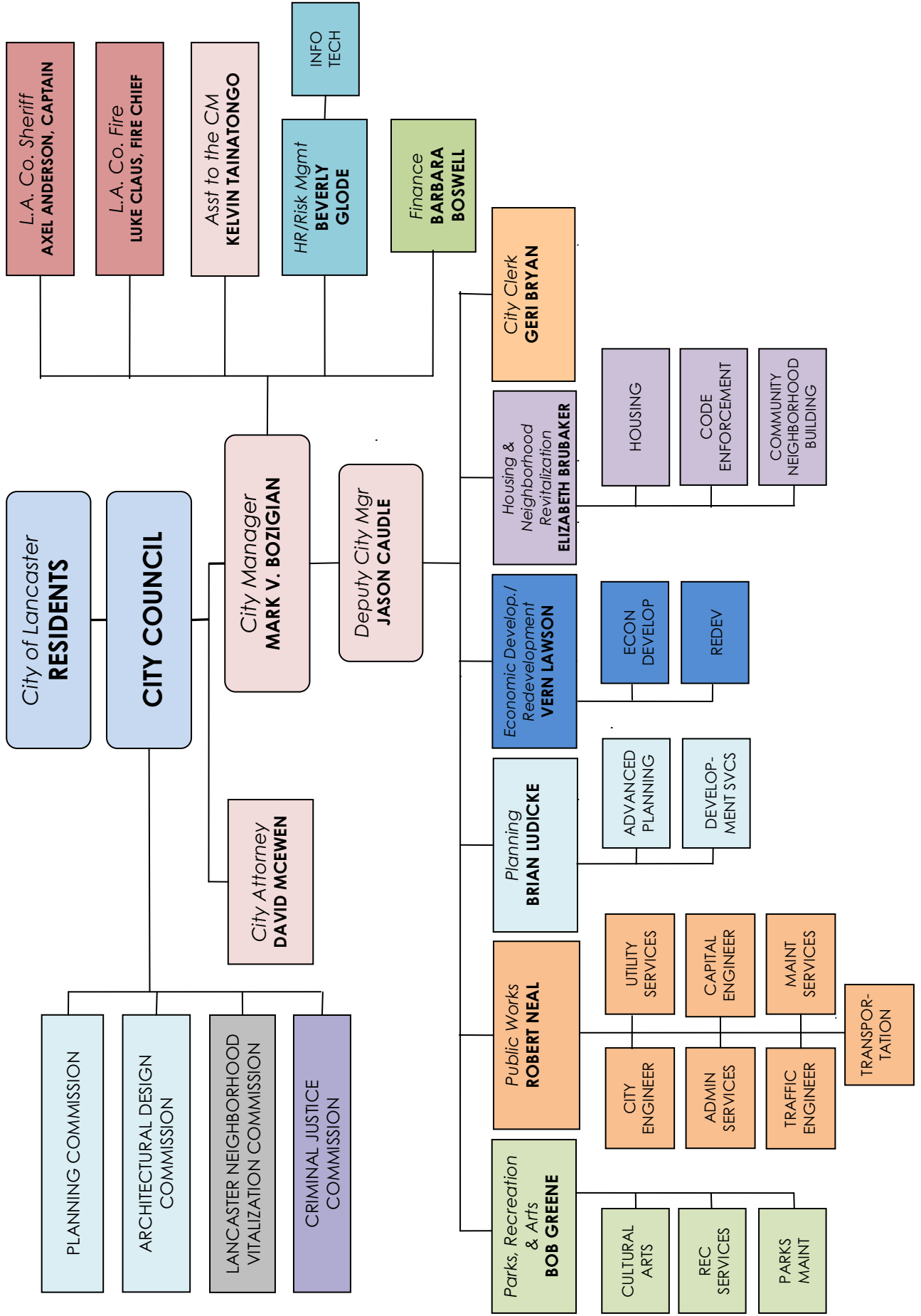
The preparation of this document is the result of the hard work of the entire Finance Department staff. Special recognition goes to Pam Statsmann, Assistant Finance Director and Tammie Holladay, Accountant for their dedication, and whose efforts, coupled with the assistance of our auditors, have culminated 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 engagement 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


for Barbara Boswell
Finance Director

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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, 2009

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



President

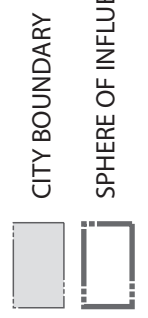
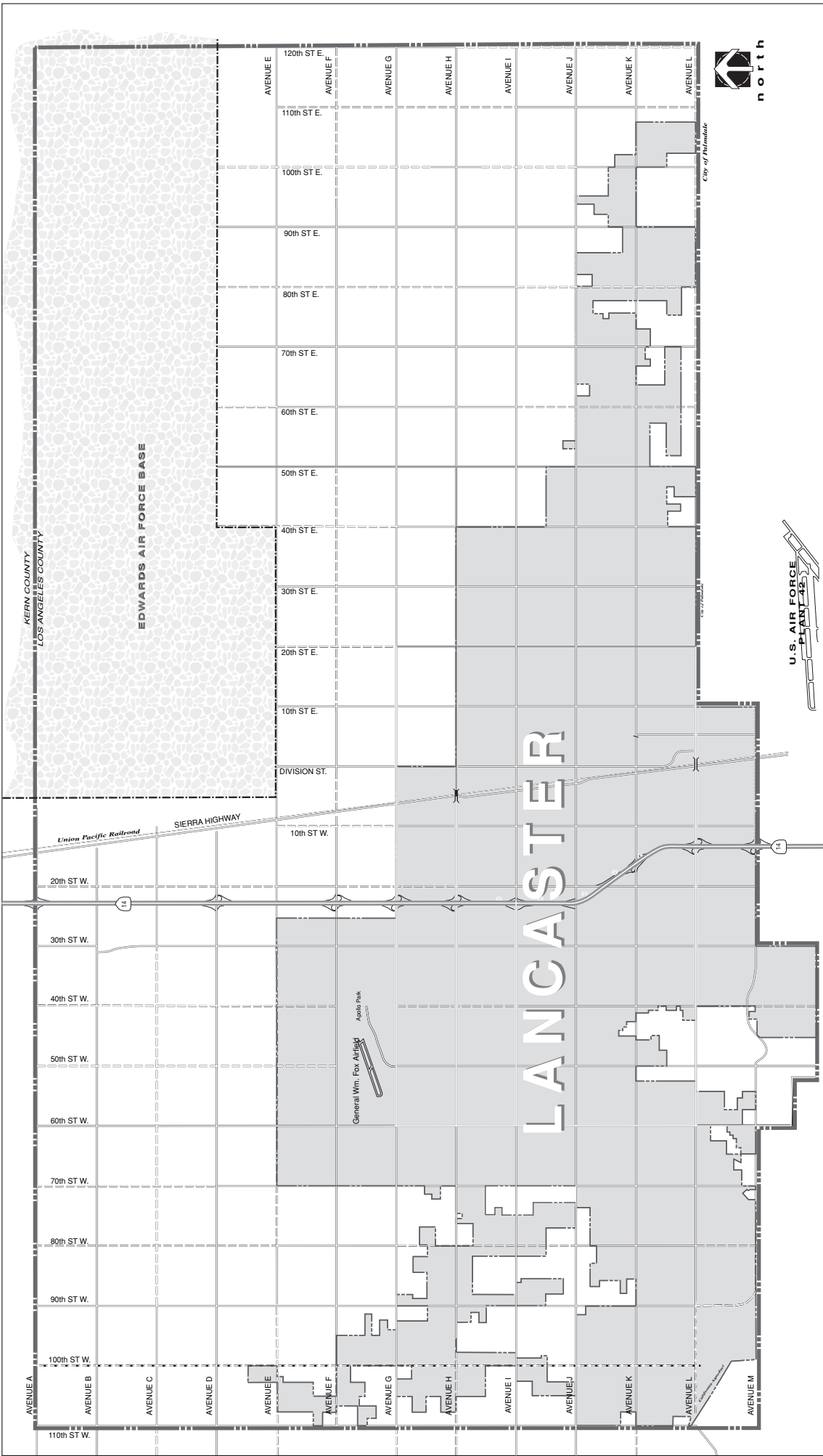
Executive Director

AV Economic Region



CITY OF LANCASTER

TOTAL INCORPORATED AREA: 94 SQUARE MILES





CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City 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, 2010, 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 28, 2010, 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 28, 2010

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, 2010. 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 \$162,112,827
- The cost of governmental activities was \$164,049,285
- The General Fund reported expenditures and transfers out in excess of revenues and transfers in of \$9,515,380
- For the General Fund, actual resources available for appropriation (revenue inflows and fund balance) was less than final budget by \$2,016,324 while actual appropriations (outflows) were less than final budget by \$9,294,796

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-three 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-nine 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	
	2010	2009
Current and other assets	\$ 261,066	\$ 271,809
Capital Assets	947,792	905,832
Total Assets	1,208,858	1,177,641
Long Term Liabilities Outstanding	289,279	257,766
Other Liabilities	22,203	21,051
Total Liabilities	311,482	278,817
Net Assets		
Invested in capital assets, net of related debt	702,013	898,682
Restricted	102,129	107,859
Unrestricted	93,234	(107,717)
Total Net Assets	\$ 897,376	\$ 898,824

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

Land	\$ 12,465
Buildings and Improvements	33,680
Furniture and Equipment	4,549
Infrastructure	840,418
Construction in Progress	56,680
Net Capital Assets	\$ 947,792

- 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 increased \$31,513,942 due to the issuance of new Housing Tax Allocation Bonds, refunding Lease Revenue Bonds and the repayment of existing debt.
- Cash and Investments decreased \$11,848,752 as a result of the increase in expenditures for public safety and use of redevelopment bond proceeds.

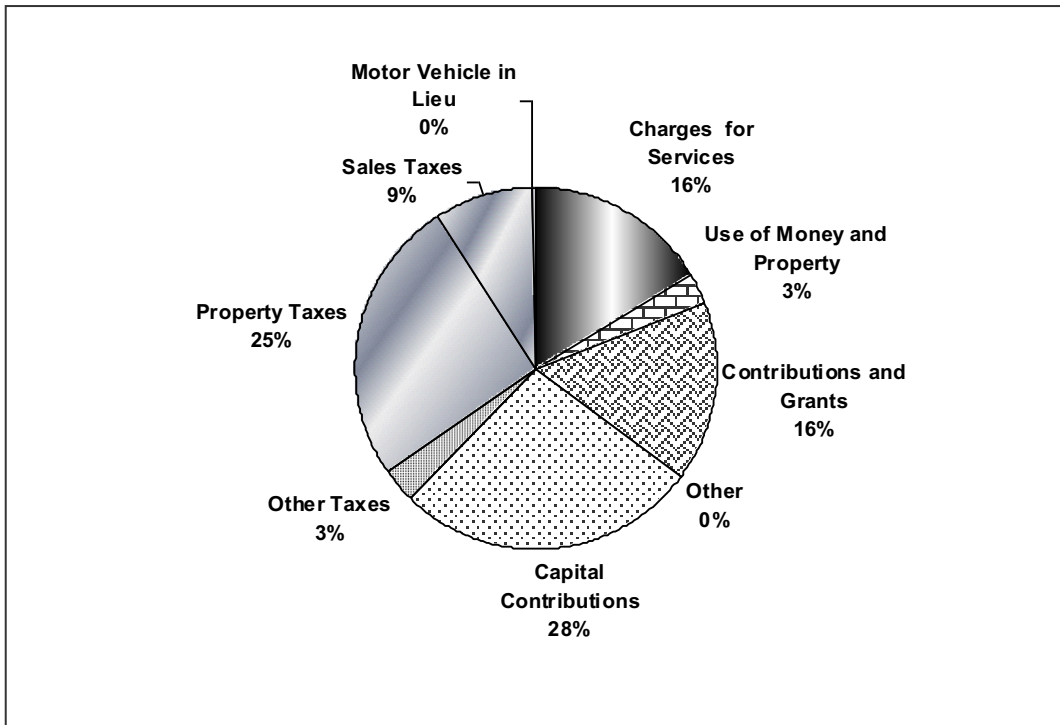
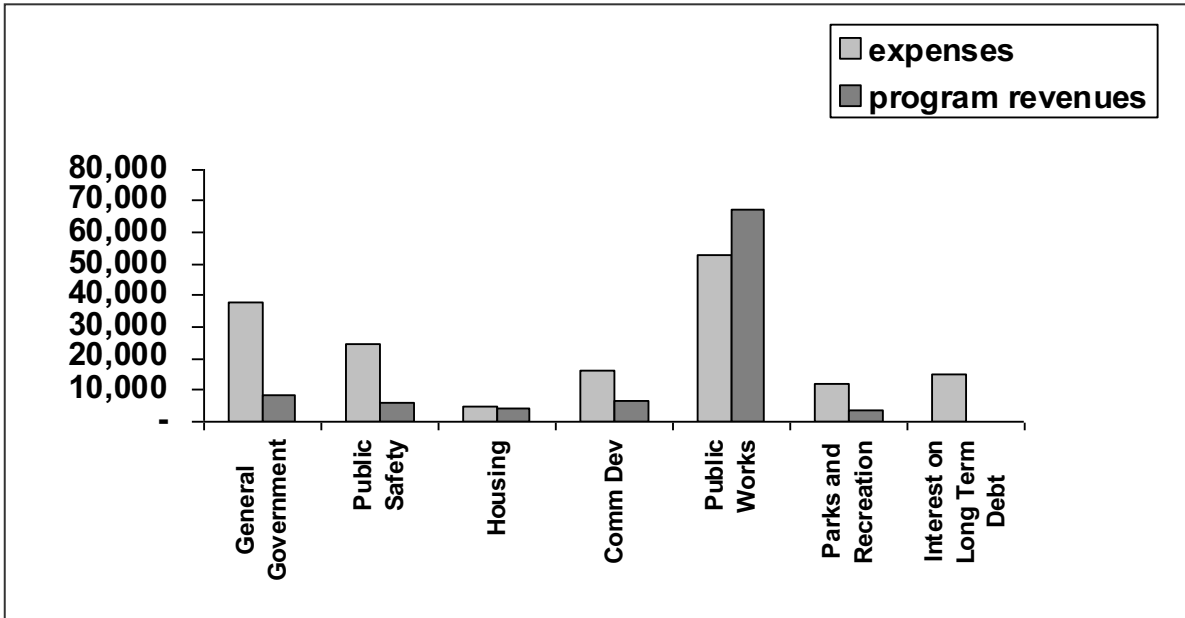
Governmental Activities. Governmental activities decreased the City of Lancaster's net assets by \$1,448,451. Net Asset restatements accounted for a net increase of \$488,077.

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

	Governmental Activities	
	2010	2009
Revenues		
Program revenues:		
Charges for services	\$ 26,746	\$ 26,044
Operating contributions and grants	26,035	20,917
Capital contributions and grants	43,299	55,674
General revenues:		
Taxes:		
Property taxes	41,226	47,841
Sales taxes	14,523	14,935
Franchise taxes	2,593	2,902
Other taxes	2,695	2,700
Motor vehicle in lieu	426	494
Investment income	4,276	10,270
Other	293	619
Total revenues	162,112	182,396
Expenses		
General government	37,871	22,896
Public safety	24,803	24,365
Public works	52,992	59,454
Parks and recreation	12,240	13,053
Housing	4,805	960
Community Development	16,188	20,533
Interest on long-term debt	15,150	14,194
Total expenses	164,049	155,455
Increase in net assets	\$ (1,937)	\$ 26,941

The City's total revenues are \$162,112,827 while the costs of all programs and services are \$164,049,285.

**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, community development 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 2010	Net Cost of Services 2010
General Government	\$ 37,871	\$ (29,289)
Public Safety	24,803	(19,113)
Public Works	52,993	14,120
Community Development	16,188	(9,499)
Interest on Long-term Debt	15,150	(15,150)
Totals	\$ 147,005	\$ (58,931)

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 \$172.5 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 \$9,515,380. 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 \$3,558,588 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 \$377,527 less than the final budget before transfers.

Capital Asset and Debt Administration

Capital Assets. At the end of FY 2010, the City had \$947.8 million invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment.

The City’s Capital Improvement Plan projects spending \$10.4 million through fiscal 2010-11. Funding will come from current fund balances and projected revenues. The most significant projects include the completion of Lancaster Boulevard and Beech Avenue in the Downtown area, Milling and Cedar Park ‘n Ride Improvements, multiple street overlay and pavement projects, and various recreation facilities and economic development projects including a new museum 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, 2010, the Lancaster Redevelopment Agency had \$269,330,000 in Tax Allocation Bonds and Notes outstanding, of which County entities and local School Districts account for \$48,400,062, Mobile Home Parks account for \$2,630,000 and the Agency is responsible for \$218,299,938. As of June 30, 2010, the City of Lancaster had accrued employee benefits outstanding of \$2,261,305.

	Governmental Activities (in Thousands)	
	2010	2009
Tax Allocation Bonds	\$ 269,330	\$ 238,485
Accrued Employee Benefits	2,261	2,012
Totals	\$ 271,591	\$ 240,497

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

Economic Factors and Next Year's Budgets and Rates

On June 08, 2010, the City Council adopted the 2010-11 Program and Financial Plan and 2010-11 Budget, with total appropriations of \$95.4 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 2010-11 budget.

The largest single source of revenue for the City's General Fund is sales tax. Sales tax represents 27% of all General Fund revenues; for the upcoming fiscal year, a 14.4% increase in sales tax revenue has been projected. 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 a decrease in overall staffing of 44 full time equivalent positions. Budgeted expenditures relating to Operating Maintenance/Supplies have decreased 8.3% due to prudent fiscal practices. Community Safety is a top priority of the city and as such the budget for 2010-11 reflects a 4.5% 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, 2010

	Governmental Activities
Assets:	
Cash and investments	\$ 111,151,339
Receivables:	
Accounts	1,612,943
Taxes	9,140,369
Notes and loans	9,965,521
Accrued interest	393,368
Prepaid costs	51,277
Deposits	4,130
Due from other governments	10,514,367
Inventories	29,200
Deferred charges	7,050,426
Land held for resale	73,785,301
Restricted assets:	
Cash and investments	924,215
Cash with fiscal agent	32,270,513
Prepaid pension obligation	4,172,616
Capital assets not being depreciated	69,145,085
Capital assets, net of depreciation	<u>878,647,264</u>
Total Assets	<u>1,208,857,934</u>
Liabilities:	
Accounts payable	8,060,808
Accrued liabilities	655,753
Accrued interest	5,207,870
Unearned revenue	534,527
Deposits payable	3,027,317
Due to other governments	4,716,458
Noncurrent liabilities:	
Due within one year	7,282,281
Due in more than one year	<u>281,997,396</u>
Total Liabilities	<u>311,482,410</u>
Net Assets:	
Invested in capital assets, net of related debt	702,012,782
Restricted for:	
Community development projects	60,027,076
Capital projects	28,071,503
Debt service	14,030,167
Unrestricted	<u>93,233,996</u>
Total Net Assets	<u><u>\$ 897,375,524</u></u>

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CITY OF LANCASTER

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	(Expenses) Revenues and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
General government	\$ 37,870,880	\$ 3,976,962	\$ 4,604,758	\$ -	\$ (29,289,160)
Public safety	24,802,866	3,091,957	2,598,315	-	(19,112,594)
Community development	16,187,846	1,045,149	5,535,478	108,241	(9,498,978)
Parks and recreation	12,239,846	2,814,076	790,596	-	(8,635,174)
Public works	52,992,594	14,165,751	9,755,797	43,190,619	14,119,573
Housing	4,805,507	1,652,359	2,749,769	-	(403,379)
Interest on long-term debt	15,149,746	-	-	-	(15,149,746)
Total Governmental Activities	\$164,049,285	\$26,746,254	\$ 26,034,713	\$ 43,298,860	(67,969,458)
General Revenues:					
Taxes:					
					41,226,311
Property taxes, levied for general purpose					1,380,790
Transient occupancy taxes					14,523,154
Sales taxes					2,593,418
Franchise taxes					883,017
Business licenses taxes					430,826
Other taxes					426,464
Motor vehicle in lieu - unrestricted					4,275,530
Use of money and property					293,490
Other					
					<u>66,033,000</u>
Total General Revenues, Contributions, Special Items and Transfers					66,033,000
Change in Net Assets					(1,936,458)
Net Assets at Beginning of Year					898,823,975
Restatement of Net Assets					488,007
Net Assets at End of Year					<u>\$897,375,524</u>

CITY OF LANCASTER

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	Capital Projects		
	General	Capital Projects	Lancaster Redevelopment Agency
Assets:			
Pooled cash and investments	\$ 22,646,803	\$ 1,932,354	\$ 37,066,799
Receivables:			
Accounts	610,096	-	263,740
Taxes	4,184,388	-	-
Notes and loans	-	-	6,258,034
Accrued interest	96,225	-	160,534
Prepaid costs	51,277	-	-
Deposits	-	-	-
Due from other governments	2,240,528	-	-
Due from other funds	7,970,342	-	389,196
Advances to other funds	100,051,474	-	12,179,911
Inventories	29,200	-	-
Land held for resale	-	-	71,181,677
Restricted assets:			
Cash and investments	-	-	-
Cash and investments with fiscal agents	-	-	10,294,622
Total Assets	\$ 137,880,333	\$ 1,932,354	\$ 137,794,513
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 4,347,227	\$ 2,188,985	\$ 335,803
Accrued liabilities	655,753	-	-
Deferred revenues	53,160,140	-	171,212
Unearned revenues	115,518	-	-
Deposits payable	2,933,032	-	53,265
Due to other governments	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	100,051,474
Total Liabilities	61,211,670	2,188,985	100,611,754
Fund Balances:			
Reserved:			
Reserved for encumbrances	413,690	11,780,392	137,661
Reserved for prepaid costs	51,277	-	-
Reserved for land held for resale	-	-	71,181,677
Reserved for notes and loans	-	-	6,086,822
Reserved for advances to other funds	50,229,441	-	12,179,911
Reserved for inventories	29,200	-	-
Reserved for deposits	-	-	-
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Debt service funds	-	-	-
Designated for debt service	-	-	-
Designated for legal claims	1,184,922	-	-
Designated for employee benefits	2,353,894	-	-
Designated for emergency repairs	108,081	-	-
Designated for building replacement	553,028	-	-
Designated for capital facilities	308,321	-	-
Designated for vision 2020	400,000	-	-
Designated for strong neighborhoods	2,941,688	-	-
Undesignated	18,095,121	(12,037,023)	(52,403,312)
Total Fund Balances	76,668,663	(256,631)	37,182,759
Total Liabilities and Fund Balances	\$ 137,880,333	\$ 1,932,354	\$ 137,794,513

CITY OF LANCASTER

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>Debt Service</u>		
	<u>Lancaster</u>	<u>Other</u>	<u>Total</u>
	<u>Redevelopment</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Agency</u>	<u>Funds</u>	<u>Funds</u>
Assets:			
Pooled cash and investments	\$ 4,199,076	\$ 45,306,307	\$ 111,151,339
Receivables:			
Accounts	-	739,107	1,612,943
Taxes	4,909,290	46,691	9,140,369
Notes and loans	-	3,707,487	9,965,521
Accrued interest	528	136,081	393,368
Prepaid costs	-	-	51,277
Deposits	-	4,130	4,130
Due from other governments	-	8,273,839	10,514,367
Due from other funds	-	-	8,359,538
Advances to other funds	-	-	112,231,385
Inventories	-	-	29,200
Land held for resale	-	2,603,624	73,785,301
Restricted assets:			
Cash and investments	241,947	682,268	924,215
Cash and investments with fiscal agents	21,286,125	689,766	32,270,513
Total Assets	<u>\$ 30,636,966</u>	<u>\$ 62,189,300</u>	<u>\$ 370,433,466</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 1,188,793	\$ 8,060,808
Accrued liabilities	-	-	655,753
Deferred revenues	-	7,023,512	60,354,864
Unearned revenues	-	419,009	534,527
Deposits payable	-	41,020	3,027,317
Due to other governments	4,716,458	-	4,716,458
Due to other funds	-	8,359,538	8,359,538
Advances from other funds	12,179,911	-	112,231,385
Total Liabilities	<u>16,896,369</u>	<u>17,031,872</u>	<u>197,940,650</u>
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	997,664	13,329,407
Reserved for prepaid costs	-	-	51,277
Reserved for land held for resale	-	2,603,624	73,785,301
Reserved for notes and loans	-	590,061	6,676,883
Reserved for advances to other funds	-	-	62,409,352
Reserved for inventories	-	-	29,200
Reserved for deposits	-	4,130	4,130
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	40,672,379	40,672,379
Debt service funds	-	289,570	289,570
Designated for debt service	13,740,597	-	13,740,597
Designated for legal claims	-	-	1,184,922
Designated for employee benefits	-	-	2,353,894
Designated for emergency repairs	-	-	108,081
Designated for building replacement	-	-	553,028
Designated for capital facilities	-	-	308,321
Designated for vision 2020	-	-	400,000
Designated for strong neighborhoods	-	-	2,941,688
Undesignated	-	-	(46,345,214)
Total Fund Balances	<u>13,740,597</u>	<u>45,157,428</u>	<u>172,492,816</u>
Total Liabilities and Fund Balances	<u>\$ 30,636,966</u>	<u>\$ 62,189,300</u>	<u>\$ 370,433,466</u>

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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, 2010**

Fund balances of governmental funds	\$ 172,492,816
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.	947,792,349
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets.	7,050,426
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Long-term liabilities	(282,470,080)
Claims and judgments	(748,599)
Compensated Absences	(2,261,305)
Net OPEB liability	(3,799,693)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(5,207,870)
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.	60,354,864
The prepaid pension obligation is an asset in the Statement of Net Assets but is an expenditure in the governmental funds.	<u>4,172,616</u>
Net assets of governmental activities	<u><u>\$ 897,375,524</u></u>

CITY OF LANCASTER

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	General	Capital Projects	
		Capital Projects	Lancaster Redevelopment Agency
Revenues:			
Taxes	\$ 34,250,302	\$ -	\$ -
Licenses and permits	247,325	-	-
Intergovernmental	1,752,580	-	-
Charges for services	2,991,482	-	427,687
Use of money and property	223,315	-	2,186,214
Fines and forfeitures	1,732,201	-	-
Miscellaneous	1,771,878	108,241	442,193
Total Revenues	42,969,083	108,241	3,056,094
Expenditures:			
Current:			
General government	11,193,090	-	4,447,479
Public safety	24,517,930	-	-
Community development	3,710,607	-	10,975,445
Parks and recreation	10,955,976	-	-
Public works	3,103,777	640,723	-
Housing	-	-	-
Capital outlay	-	38,117,079	1,733
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	1,049,215
Total Expenditures	53,481,380	38,757,802	16,473,872
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,512,297)	(38,649,561)	(13,417,778)
Other Financing Sources (Uses):			
Transfers in	5,078,543	38,696,250	19,647,476
Transfers out	(4,081,626)	(472,788)	(16,952,554)
Long-term debt issued	-	-	37,500,000
Bond discount	-	-	(764,979)
Total Other Financing Sources (Uses)	996,917	38,223,462	39,429,943
Net Change in Fund Balances	(9,515,380)	(426,099)	26,012,165
Fund Balances, Beginning of Year, as previously reported	87,279,897	169,468	9,164,834
Restatements	(1,095,854)	-	2,005,760
Fund Balances, Beginning of Year, as restated	86,184,043	169,468	11,170,594
Fund Balances, End of Year	\$ 76,668,663	\$ (256,631)	\$ 37,182,759

CITY OF LANCASTER

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	<u>Debt Service</u>		
	<u>Lancaster</u>	<u>Other</u>	<u>Total</u>
	<u>Redevelopment</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Agency</u>	<u>Funds</u>	<u>Funds</u>
Revenues:			
Taxes	\$ 21,461,799	\$ 3,977,350	\$ 59,689,451
Licenses and permits	-	3,346,582	3,593,907
Intergovernmental	3,559,599	23,184,390	28,496,569
Charges for services	-	9,650,754	13,069,923
Use of money and property	603,345	2,074,727	5,087,601
Fines and forfeitures	-	1,359,756	3,091,957
Miscellaneous	-	211,827	2,534,139
	<u>25,624,743</u>	<u>43,805,386</u>	<u>115,563,547</u>
Total Revenues			
Expenditures:			
Current:			
General government	18,162,581	1,597,330	35,400,480
Public safety	-	246,828	24,764,758
Community development	-	1,314,353	16,000,405
Parks and recreation	-	5,143	10,961,119
Public works	-	13,772,757	17,517,257
Housing	-	4,805,507	4,805,507
Capital outlay	-	64,953	38,183,765
Debt service:			
Principal retirement	12,210,000	628,000	12,838,000
Interest and fiscal charges	12,589,165	624,137	14,262,517
	<u>42,961,746</u>	<u>23,059,008</u>	<u>174,733,808</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(17,337,003)</u>	<u>20,746,378</u>	<u>(59,170,261)</u>
Other Financing Sources (Uses):			
Transfers in	12,873,643	5,907,708	82,203,620
Transfers out	(19,647,476)	(41,049,176)	(82,203,620)
Long-term debt issued	5,555,000	-	43,055,000
Bond discount	(129,083)	-	(894,062)
	<u>(1,347,916)</u>	<u>(35,141,468)</u>	<u>42,160,938</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	<u>(18,684,919)</u>	<u>(14,395,090)</u>	<u>(17,009,323)</u>
Fund Balances, Beginning of Year, as previously reported	32,425,516	60,122,275	189,161,990
Restatements	-	(569,757)	340,149
Fund Balances, Beginning of Year, as restated	<u>32,425,516</u>	<u>59,552,518</u>	<u>189,502,139</u>
Fund Balances, End of Year	<u>\$ 13,740,597</u>	<u>\$ 45,157,428</u>	<u>\$ 172,492,816</u>

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, 2010**

Net change in fund balances - total governmental funds	\$ (17,009,323)
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.	41,812,201
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	(29,461,645)
Debt issuance costs are expenditures in governmental funds, but these costs are capitalized on the statement of net assets.	(1,410)
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.	(886,021)
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.	(249,508)
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.	5,779,404
Governmental funds report all contributions in relation to the Annual OPEB Cost for OPEB as expenditures, however in the statement of activities the entire annual OPEB cost is an expense.	(1,802,789)
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>(117,367)</u>
Change in net assets of governmental activities	<u><u>\$ (1,936,458)</u></u>

CITY OF LANCASTER

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2010**

	<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, as restated	\$ 86,184,043	\$ 86,184,043	\$ 86,184,043	\$ -
Resources (Inflows):				
Taxes	42,098,545	33,599,680	34,250,302	650,622
Licenses and permits	338,715	331,715	247,325	(84,390)
Intergovernmental	1,199,350	1,075,445	1,752,580	677,135
Charges for services	2,955,620	2,866,570	2,991,482	124,912
Use of money and property	678,935	678,935	223,315	(455,620)
Fines and forfeitures	1,772,390	1,444,090	1,732,201	288,111
Miscellaneous	3,339,450	3,350,175	1,771,878	(1,578,297)
Transfers in	6,717,340	6,717,340	5,078,543	(1,638,797)
Amounts Available for Appropriation	<u>145,284,388</u>	<u>136,247,993</u>	<u>134,231,669</u>	<u>(2,016,324)</u>
Charges to Appropriation (Outflow):				
General government	11,761,060	12,448,390	11,193,090	1,255,300
Public safety	25,623,350	25,818,442	24,517,930	1,300,512
Community development	3,174,815	3,498,068	3,710,607	(212,539)
Parks and recreation	11,785,475	11,520,719	10,955,976	564,743
Public works	3,727,060	3,754,349	3,103,777	650,572
Transfers out	5,142,465	9,817,834	4,081,626	5,736,208
Total Charges to Appropriations	<u>61,214,225</u>	<u>66,857,802</u>	<u>57,563,006</u>	<u>9,294,796</u>
Budgetary Fund Balance, June 30	<u>\$ 84,070,163</u>	<u>\$ 69,390,191</u>	<u>\$ 76,668,663</u>	<u>\$ 7,278,472</u>

CITY OF LANCASTER

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Agency Funds</u>
Assets:	
Pooled cash and investments	\$ 4,818,505
Receivables:	
Accounts	1,080
Accrued interest	9,398
Due from other governments	443,134
Restricted assets:	
Cash and investments with fiscal agents	<u>3,359,635</u>
Total Assets	<u>\$ 8,631,752</u>
Liabilities:	
Accounts payable	\$ 21,929
Deposits payable	715,953
Due to bondholders	<u>7,893,870</u>
Total Liabilities	<u>\$ 8,631,752</u>

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.

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 310 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.

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

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.
- 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.

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

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."

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

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

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.

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:

Assets	Years
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, 2010, net realizable value for land held for resale totaled \$2,603,624 in the Housing and Community Development Fund and \$71,181,677 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

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

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.

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 \$282,470,080 long-term debt difference is as follows:

Long-term debt:	
Tax allocation bonds payable	\$ 269,330,000
Revenue bonds payable	6,815,000
Loans payable	4,420,000
Unamortized bond premium	5,646,729
Unamortized bond defeasance loss	<u>(3,741,649)</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	<u><u>\$ 282,470,080</u></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 \$41,812,201 difference are as follows:

Capital outlay	\$ 37,639,275
Capital contribution	40,769,876
Depreciation expense	(35,432,087)
Loss from Disposition of Capital Assets	<u>(1,164,863)</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><u>\$ 41,812,201</u></u>

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

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."

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 (\$29,461,645) difference are as follows:

Change in claims and judgments	\$ (138,909)
Long-term debt issued	(43,055,000)
Principal Repayments:	
Tax Allocation bonds	12,210,000
Revenue bonds and notes	628,000
Bond premium/discount	1,188,048
Bond defeasance loss	<u>(293,784)</u>
Net adjustment to decrease net change in fund balance of total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ (29,461,645)</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).

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

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, 2010, the General Funds only excess of expenditures over appropriation by function was community development by \$212,539.

c. The following fund contained deficit fund balances as of June 30, 2010:

	<u>Deficit Amount</u>
Major funds	
Capital Projects	\$ (256,631)
Nonmajor funds	
Gas Tax	(24,706)
Bikeway Improvement	(116,885)
Federal Grants	(1,137,961)
State Grants	(3,037,319)
County and Other	(237,786)
Miscellaneous Grants Fund	(352,453)
Building Fees Fund	(19,283)
Engineering Fees Fund	(78,807)
LA County Reimbursement Fund	(50,776)
HPRP	(19,630)
ARRA	(972,356)

These fund balance deficits will be eliminated as grant reimbursements become available or transfers are made.

III. DETAILED NOTES ON ALL FUNDS

Note 4: Deposits and Investments

As of June 30, 2010, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	\$ 144,346,067
Fiduciary funds	<u>8,178,140</u>
Total Cash and Investments	<u><u>\$ 152,524,207</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, 2010, the carrying amount of the City's deposits was \$12,311,793 and the bank balance was \$15,913,375. The \$3,601,582 difference represents outstanding checks and other reconciling items.

Note 4: Deposits and Investments (Continued)

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 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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 4: Deposits and Investments (Continued)

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, 2010, the City invested in various MTNs which were rated AA- or better by Standard & Poors (S&P). At June 30, 2010 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, 2010, 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.

As of June 30, 2010, 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, 2010, 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, 2010, 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, 2010, the City's investment in the following issuers exceeded 5%:

Federal National Mortgage Association	\$12,407,633
Federal Home Loan Bank	23,226,793
Federal Home Loan Mortgage Corporation	15,504,185
Federal Farm Credit Bank	8,670,738

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)
JUNE 30, 2010

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, 2010, 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	\$ 16,762,100	\$ -	\$ -	\$ -	\$ 16,762,100
Certificates of deposits	800,000	-	-	-	800,000
California Local Agency Investment Fund	17,545,331	-	-	-	17,545,331
Federal government agency	20,076,990	42,742,765	1,998,500	-	64,818,255
Corporate obligations	3,603,170	1,053,410	-	-	4,656,580
Investments with fiscal agents					
Money market mutual funds	11,393,616	-	-	-	11,393,616
Investment agreements	8,908,330	956,937	4,332,564	10,038,701	24,236,532
	<u>\$ 79,089,537</u>	<u>\$ 44,753,112</u>	<u>\$ 6,331,064</u>	<u>\$ 10,038,701</u>	<u>\$ 140,212,414</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, 2010, \$6,258,034 of these loans had been made.

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Adjustments	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 12,464,686	\$ -	\$ 12,464,686	\$ -	\$ -	\$ 12,464,686
Construction-in-progress	32,042,231	-	32,042,231	33,106,180	8,468,012	56,680,399
Total Capital Assets, Not Being Depreciated	<u>44,506,917</u>	<u>-</u>	<u>44,506,917</u>	<u>33,106,180</u>	<u>8,468,012</u>	<u>69,145,085</u>
Capital assets, being depreciated:						
Structures and improvements	53,333,013	-	53,333,013	2,658,001	-	55,991,014
Furniture and equipment	10,449,413	-	10,449,413	561,368	407,520	10,603,261
Infrastructure	1,407,045,931	-	1,407,045,931	49,386,751	-	1,456,432,682
Total Capital Assets, Being Depreciated	<u>1,470,828,357</u>	<u>-</u>	<u>1,470,828,357</u>	<u>52,606,120</u>	<u>407,520</u>	<u>1,523,026,957</u>
Less accumulated depreciation:						
Structures and improvements	21,138,790	-	21,138,790	1,172,113	-	22,310,903
Furniture and equipment	5,498,478	(147,858)	5,350,620	1,110,997	407,520	6,054,097
Infrastructure	582,865,716	-	582,865,716	33,148,977	-	616,014,693
Total Accumulated Depreciation	<u>609,502,984</u>	<u>(147,858)</u>	<u>609,355,126</u>	<u>35,432,087</u>	<u>407,520</u>	<u>644,379,693</u>
Total Capital Assets, Being Depreciated, Net	<u>861,325,373</u>	<u>147,858</u>	<u>861,473,231</u>	<u>17,174,033</u>	<u>-</u>	<u>878,647,264</u>
Governmental Activities Capital Assets, Net	<u>\$ 905,832,290</u>	<u>\$ 147,858</u>	<u>\$ 905,980,148</u>	<u>\$ 50,280,213</u>	<u>\$ 8,468,012</u>	<u>\$ 947,792,349</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 6: Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 368,270
Public safety	28,951
Public works	33,647,792
Community development	149,740
Parks and recreation	<u>1,237,334</u>
Total Depreciation Expense	<u>\$ 35,432,087</u>

Note 7: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due To/From Other Funds

	<u>Due To Other Funds</u>
	Nonmajor Governmental Funds
<u>Funds</u>	
Due From Other Funds:	
General Fund	\$ 7,970,342
LRA Capital Projects	<u>389,196</u>
Total	<u>\$ 8,359,538</u>

The due to General Fund of \$7,970,342 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	LRA	
	Capital Projects	Debt Service	Total
<u>Funds</u>			
Advances to Other Funds:			
General Fund	\$ 100,051,474	\$ -	\$ 100,051,474
LRA Capital Projects Fund	-	12,179,911	12,179,911
Total	<u>\$ 100,051,474</u>	<u>\$ 12,179,911</u>	<u>\$ 112,231,385</u>

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, 2010, loans and accrued unpaid interest owed on those loans were \$100,051,474. In addition advances were made between the agency from low and moderate housing funds to assist in accomplishing the Educational Revenue Augmentation Fund.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

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	\$ -	\$ 100,000	\$ -	\$ -	\$ 4,978,543	\$ 5,078,543
Capital projects	601,596	-	4,078,911	-	34,015,743	38,696,250
LRA Capital Projects	-	-	-	19,647,476	-	19,647,476
LRA Debt service	-	-	12,873,643	-	-	12,873,643
Nonmajor Funds	3,480,030	372,788	-	-	2,054,890	5,907,708
	<u>\$ 4,081,626</u>	<u>\$ 472,788</u>	<u>\$ 16,952,554</u>	<u>\$ 19,647,476</u>	<u>\$ 41,049,176</u>	<u>\$ 82,203,620</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 \$38,696,250.

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 \$5,078,543.

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	\$ 221,875
Central Business District Tax Increment	14,382
Fox Field Tax Increment Fund	56,816
Amargosa Tax Increment Fund	526,914
Area No. 5 Tax Increment Fund	1,565,004
Area No. 6 Tax Increment Fund	2,247,462
Area No. 7 Tax Increment Fund	84,005
Total	<u>\$ 4,716,458</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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

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, 2010, 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 August 19, 2009, the Agency issued \$37,500,000 of Combined Redevelopment Project Areas (Housing Programs), Tax Allocation Bonds, issue of 2009. This financing was undertaken to (i) fund certain low and moderate income housing projects of the agency, (ii) fund capitalized interest on the bonds through September 1, 2010, (iii) fund a reserve account for the 2009 Bonds; and (iv) pay the costs of issuing the 2009 bonds. The principal portion of these bonds is payable from August 1, 2011 to 2039. Interest is payable semi-annually at rates of 4.0% to 6.875% per annum, on February 1 and August 1 of each year commencing on February 1, 2010.
2. 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><u>\$ 25,660,000</u></u>

3. 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.

Note 9: Long-Term Debt (Continued)

4. 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.
5. 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.
6. 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.
7. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 9: Long-Term Debt (Continued)

8. 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.
9. 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.
10. 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.
11. 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:

	Economic Development	Housing
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> </u>	<u> </u>
Total	<u><u>\$ 16,560,000</u></u>	<u><u>\$ 18,080,000</u></u>

Note 9: Long-Term Debt (Continued)

12. 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.
2. On April 22, 2010, the Agency issue \$5,555,000 of Lancaster Redevelopment Agency, Lease Revenue Refunding Bonds (Lancaster Public Capital Improvement Projects), Issue of 2010. The purpose of these bonds was to (i) refund on a current basis the Lancaster Redevelopment Agency Lease Revenue Refunding Bonds (Lancaster Public Capital Improvement Projects) Issue of 1999, (ii) fund the Reserve Account, and (iii) pay costs of issuance of the Bonds. The principal portion of these bonds is payable from December 1, 2010 to December 1, 2035. Interest is payable semi-annually at rates of 2.0% to 5.9% per annum, commencing December 1, 2010. The Bonds are payable 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. 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.

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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 9: Long-Term Debt (Continued)

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.

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, 2010, including interest, are as follows:

Lancaster Housing Authority - Bonds		
Fiscal Year	Principal	Interest
2010-2011	\$ 350,000	\$ 337,750
2011-2012	365,000	320,950
2012-2013	385,000	303,430
2013-2014	400,000	284,950
2014-2015	420,000	265,750
2015-2020	2,455,000	990,250
2020-2025	2,440,000	312,500
Total	<u>\$ 6,815,000</u>	<u>\$ 2,815,580</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 9: Long-Term Debt (Continued)

Lancaster Redevelopment Agency Bonds and Notes		
Fiscal Year	Principal	Interest
2010-2011	\$ 5,735,000	\$ 13,618,435
2011-2012	6,650,000	13,346,202
2012-2013	6,910,000	13,058,333
2013-2014	7,205,000	12,754,957
2014-2015	7,640,000	12,427,743
2015-2020	43,745,000	56,071,166
2020-2025	52,120,000	44,030,971
2025-2030	53,200,000	31,258,453
2030-2035	58,095,000	16,928,873
2035-2040	28,030,000	4,157,457
Total	<u>\$ 269,330,000</u>	<u>\$ 217,652,590</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 \$486,982,590 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 \$21,461,801 and the debt service obligation on the bonds was \$19,071,137.

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, 2010, was \$1,850,000.

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)
 JUNE 30, 2010

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, 2010, was \$215,000.

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, 2010, was \$1,127,000.

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, 2010, was \$1,228,000.

At June 30, 2010, the annual requirements to repay the outstanding indebtedness were as follows:

U.S. Government Guaranteed Notes		
Fiscal Year	Principal	Interest
2010-2011	\$ 297,000	\$ 254,531
2011-2012	312,000	237,738
2012-2013	333,000	219,413
2013-2014	348,000	199,613
2014-2015	363,000	178,603
2015-2020	1,886,000	527,430
2020-2025	881,000	120,604
Total	<u>\$ 4,420,000</u>	<u>\$ 1,737,932</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

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, 2010:

	Balance July 1, 2009	Additions	Repayments	Balance June 30, 2010	Due Within One Year
<u>Lancaster Housing Authority</u>					
Lease Revenue Refunding Bonds	\$ 7,150,000	\$ -	\$ 335,000	\$ 6,815,000	\$ 350,000
<u>Redevelopment Agency</u>					
<u>Residential Project Area</u>					
2003 Development	\$ 5,706,369	\$ -	\$ 80,600	\$ 5,625,769	\$ 85,777
2003B Development	1,507,977	-	59,945	1,448,032	61,584
2004B Development	1,038,363	-	19,540	1,018,823	18,072
2004 Sheriff's Facilities	2,105,519	-	99,963	2,005,556	104,559
2004 Fire Facilities	1,097,360	-	54,229	1,043,131	56,144
2004 Library	226,623	-	7,175	219,448	7,422
2006 Development	290,780	-	7,437	283,343	7,845
Total	<u>\$ 11,972,991</u>	<u>\$ -</u>	<u>\$ 328,889</u>	<u>\$ 11,644,102</u>	<u>\$ 341,403</u>
<u>Central Business District Project Area</u>					
1994 Refunding	\$ 1,470,000	\$ -	\$ 350,000	\$ 1,120,000	\$ 40,000
2004 Sheriff's Facilities	536,981	-	25,491	511,490	26,666
2004 Fire Facilities	229,620	-	11,348	218,272	11,748
2004 Library	43,895	-	1,390	42,505	1,438
2010 Lease Revenue	-	5,555,000	-	5,555,000	115,000
Total	<u>\$ 2,280,496</u>	<u>\$ 5,555,000</u>	<u>\$ 388,229</u>	<u>\$ 7,447,267</u>	<u>\$ 194,852</u>
<u>Fox Field Project Area</u>					
2004 Sheriff's Facilities	\$ 359,173	\$ -	\$ 17,052	\$ 342,121	\$ 17,836
2004 Fire Facilities	221,880	-	10,965	210,915	11,352
2004 Library	39,167	-	1,240	37,927	1,283
2006 Development	2,388,368	-	61,000	2,327,368	64,432
Total	<u>\$ 3,008,588</u>	<u>\$ -</u>	<u>\$ 90,257</u>	<u>\$ 2,918,331</u>	<u>\$ 94,903</u>
<u>Amargosa Project Area</u>					
1999 Refunding	\$ 3,795,000	\$ -	\$ 1,230,000	\$ 2,565,000	\$ 75,000
1999 Lease Revenue	5,315,000	-	5,315,000	-	-
2003 Development	4,733,188	-	66,855	4,666,333	71,148
2003B Development	8,609,268	-	342,255	8,267,013	351,589
2004B Development	2,356,637	-	44,465	2,312,172	41,012
2004 Sheriff's Facilities	3,518,366	-	167,040	3,351,326	174,718
2004 Fire Facilities	1,812,016	-	89,549	1,722,467	92,708
2004 Library	379,692	-	12,021	367,671	12,435
2006 Development	4,843,390	-	123,750	4,719,640	130,660
Total	<u>\$ 35,362,557</u>	<u>\$ -</u>	<u>\$ 7,390,935</u>	<u>\$ 27,971,622</u>	<u>\$ 949,270</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 9: Long-Term Debt (Continued)

	Balance July 1, 2009	Additions	Repayments	Balance June 30, 2010	Due Within One Year
<u>Project Area 5</u>					
2003 Development	\$ 15,182,562	\$ -	\$ 214,447	\$ 14,968,115	\$ 228,220
2003B Development	1,357,620	-	53,970	1,303,650	55,443
2004B Development	3,762,325	-	70,760	3,691,565	65,478
2004 School Refunding	2,001,513	-	29,854	1,971,659	32,567
2004 Sheriff's Facilities	5,383,910	-	255,606	5,128,304	267,359
2004 Fire Facilities	2,645,364	-	130,729	2,514,635	135,344
2004 Library	593,274	-	18,782	574,492	19,430
2006 Development	4,118,762	-	105,250	4,013,512	111,112
2006 School	4,755,186	-	75,285	4,679,901	75,280
Total	<u>\$ 39,800,516</u>	<u>\$ -</u>	<u>\$ 954,683</u>	<u>\$ 38,845,833</u>	<u>\$ 990,233</u>
<u>Project Area 6</u>					
1997 Mobile Home	\$ 2,705,000	\$ -	\$ 75,000	\$ 2,630,000	\$ 80,000
2003 Development	12,962,881	-	183,098	12,779,783	194,855
2003B Development	2,360,130	-	93,825	2,266,305	96,384
2004B Development	3,472,680	-	65,240	3,407,440	60,439
2004 School Refunding	5,373,487	-	80,146	5,293,341	87,433
2004 Sheriff's Facilities	6,096,694	-	289,449	5,807,245	302,755
2004 Fire Facilities	2,593,760	-	128,180	2,465,580	132,704
2004 Library	3,164,451	-	100,185	3,064,266	103,639
2006 Development	12,823,700	-	327,563	12,496,137	345,950
2006 School	8,509,814	-	134,715	8,375,099	134,720
Total	<u>\$ 60,062,597</u>	<u>\$ -</u>	<u>\$ 1,477,401</u>	<u>\$ 58,585,196</u>	<u>\$ 1,538,879</u>
<u>Project Area 7</u>					
2004 Sheriff's Facilities	\$ 324,357	\$ -	\$ 15,399	\$ 308,958	\$ 16,107
2004 Library	132,898	-	4,207	128,691	4,353
Total	<u>\$ 457,255</u>	<u>\$ -</u>	<u>\$ 19,606</u>	<u>\$ 437,649</u>	<u>\$ 20,460</u>
<u>Combined Low and Moderate Housing</u>					
2003 Housing	\$ 57,615,000	\$ -	\$ 980,000	\$ 56,635,000	\$ 1,000,000
2003B Housing	15,475,000	-	365,000	15,110,000	380,000
2004 Housing	12,450,000	-	215,000	12,235,000	225,000
2009 Housing	-	37,500,000	-	37,500,000	-
Total	<u>\$ 85,540,000</u>	<u>\$ 37,500,000</u>	<u>\$ 1,560,000</u>	<u>\$ 121,480,000</u>	<u>\$ 1,605,000</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 9: Long-Term Debt (Continued)

	Balance July 1, 2009	Additions	Repayments	Balance June 30, 2010	Due Within One Year
City					
Notes					
Series 1999-A	\$ 2,010,000	\$ -	\$ 160,000	\$ 1,850,000	\$ 160,000
Series 2000-A	230,000	-	15,000	215,000	15,000
Series 2003-A	1,186,000	-	59,000	1,127,000	61,000
Series 2004-A	1,287,000	-	59,000	1,228,000	61,000
Accrued Employee Benefits	2,011,797	697,915	448,407	2,261,305	504,020
Claims and Judgments	609,690	461,640	322,731	748,599	396,261
Net OPEB Obligation	1,996,904	1,802,789	-	3,799,693	-
Total	\$ 254,966,391	\$ 46,017,344	\$ 13,609,138	287,374,597	\$ 7,282,281
Unamortized original issue (discount) or premium				5,646,729	
Unamortized bond defeasance loss				(3,741,649)	
Net Long-Term Debt				\$ 289,279,677	

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, 2010, the following bond issues are considered defeased:

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010

Note 9: Long-Term Debt (Continued)

	Original Amount
<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
	<hr/>
Total	\$ 273,085,000
	<hr/> <hr/>

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)
 JUNE 30, 2010

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	\$ 413,690
Reserved for advances to other funds	50,229,441
Reserved for inventories	29,200
Reserved for prepaid costs	51,277
Total	<u>\$ 50,723,608</u>
Capital Projects Fund:	
Reserved for encumbrances	\$ 11,780,392
Lancaster Redevelopment Agency	
Capital Projects Fund:	
Reserved for encumbrances	137,661
Reserved for notes and loans	6,086,822
Reserved for land held for resale	71,181,677
Reserved for advances to other funds	12,179,911
Total	<u>\$ 89,586,071</u>
Other Governmental Funds:	
Reserved for encumbrances	\$ 997,664
Reserved for land held for resale	2,603,624
Reserved for notes and loans	590,061
Reserved for deposits	4,130
Total	<u>\$ 4,195,479</u>

Reserved for advances to other funds in the General Fund above consisted of \$100,051,474 of interfund receivable less \$49,822,033 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)
JUNE 30, 2010

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 accounts receivable	\$ (1,095,854)
------------------------------------------------	----------------

LRA Capital Projects Fund

Rehabilitation loan transactions coded to revenue and expenditures in prior years	2,009,887
-----------------------------------------------------------------------------------	-----------

Other correction of prior year revenue and expenditures	<u>(4,127)</u>
---------------------------------------------------------	----------------

Total LRA Capital Projects Fund	<u>2,005,760</u>
---------------------------------	------------------

Other Governmental Funds

Housing and Community Development	
Correction of prior period land held for resale	(568,500)

State Grants	
Correction of prior period miscellaneous items	<u>(1,257)</u>

Total Other Governmental Funds	<u>(569,757)</u>
--------------------------------	------------------

To Governmental Fund Balance restatements	<u>\$ 340,149</u>
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Government-wide Net Assets

Governmental Fund Balance restatements (above)	\$ 340,149
------------------------------------------------	------------

Correction of prior period accumulated depreciation on capital assets	<u>147,858</u>
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Total Government-wide Net Asset restatements	<u>\$ 488,007</u>
----------------------------------------------	-------------------

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)
JUNE 30, 2010

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 9.008% 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, 2010, were as follows.

Annual required contribution	\$ 3,001,068
Interest on net pension obligation	(332,474)
Adjustment to annual required contribution	<u>449,841</u>
Annual pension cost	3,118,435
Contribution made	<u>3,001,068</u>
Increase (decrease) in net pension obligation	117,367
Net pension obligation (asset) beginning of year	<u>(4,289,983)</u>
Net pension obligation (asset) end of year	<u>\$ (4,172,616)</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, 2009
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	29 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	3.55% 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)
 JUNE 30, 2010

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

Three-Year Trend Information for PERS			
Fiscal Year	Annual Pension	Percentage of	Net Pension
	Costs (APC)	APC Contributed	Obligation (asset)
6/30/2008	\$ 2,707,503	96%	\$ (4,398,909)
6/30/2009	3,104,105	96%	(4,289,983)
6/30/2010	3,118,435	96%	(4,172,616)

Schedule of Funding Progress for PERS						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded Liability (Excess Assets) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
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 %
6/30/2009	65,412,183	71,471,094	6,058,911	91.5 %	19,214,409	31.5 %

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 \$1,083,186 (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, 2010, was \$18,053,101. The total payroll for the year was \$21,044,110.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

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 \$ 303,479 was made during the 2009-2010 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
Interest on net OPEB obligation	89,861
Adjustment to ARC	<u>(122,593)</u>
Annual OPEB Cost	2,106,268
Contributions made	<u>(303,479)</u>
(Decrease) increase in Net OPEB obligation	1,802,789
Net OPEB obligation (asset) June 30, 2009	<u>1,996,904</u>
Net OPEB obligation (asset) June 30, 2010	<u><u>\$ 3,799,693</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 2009-2010, the City's annual OPEB cost (expense) of \$ 2,106,268. Since this is the second year after the transition year, information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB Obligation is only available for the two most current fiscal years, as presented below:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2009	\$ 2,139,000	\$ 142,096	7%	\$ 1,996,904
6/30/2010	2,106,268	303,479	14%	3,799,693

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

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

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

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.

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 valuation 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, 2010, 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, 2010, was twenty-eight 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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 15: Joint Ventures (Continued)

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.

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, 2009, (latest information available), Antelope Valley Transit Authority's financial position was as follows:

Assets	<u>\$ 43,032,173</u>
Liabilities	\$ 1,879,623
Fund Equity	<u>41,152,550</u>
Total Liabilities and Fund Equity	<u>\$ 43,032,173</u>
Revenues	\$ 23,658,195
Expenses	<u>20,672,033</u>
Changes in Fund Equity	<u>\$ 2,986,162</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, 2010, \$748,599 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, 2010, 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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 16: Risk Management (Continued)

Changes in the claims liability amount in fiscal years 2009 and 2010 were as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
2008-2009	\$ 605,917	\$ 485,271	\$ (481,498)	\$ 609,690
2009-2010	609,690	461,640	(322,731)	748,599

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: Transactions with the State of California

a. Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City of Lancaster was \$1,820,900.

This borrowing by the State of California was recognized as a receivable in the accompanying financial statements. Under the modified accrual basis of accounting, the borrowed tax revenues are not permitted to be recognized as revenue in the governmental fund financial statements until the tax revenues are received from the State of California (expected to be fiscal year 2012-13). In the government-wide financial statements, the tax revenues were recognized in the fiscal year for which they were levied (fiscal year 2009-10).

b. Delay of State Gas Tax Payments

In March 2010, the State Legislature passed legislation delaying a variety of State payments to local agencies in response to anticipated State cash flow problems in fiscal year 2010-2011. AB5 8x contains provisions to delay a portion (approximately 60%) of the payments of State Gas Tax monies for the first nine months of 2010-2011 (July 2010 through March 2011) to be paid no later than April 28, 2011.

Note 18: Transactions with the State of California (Continued)

c. ERAF Shift for fiscal year 2009-2010 and 2010-2011

On July 23, 2009, the State adopted legislation, requiring a shift of monies during fiscal years 2009-2010 and 2010-2011 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Prop 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010 the Sacramento Superior Court upheld the legislation. This decision is in the process of being appealed by CRA and its member agencies.

The payment of the SERAF was due on May 10, 2010, for fiscal year 2009-2010 and it was made in the amount of \$17,479,910. The legislation allowed this payment to be made from any available monies present in any project areas. Subsequent legislation was passed which even allowed the funding for this payment to be borrowed from the Low and Moderate Income Housing Fund with appropriate findings from its legislative body. Any amounts borrowed from Low and Moderate Income Housing (including any suspended set-aside amounts) are to be repaid by June 30, 2015. If those amounts are not repaid, by that date, then the set-aside percentage to Low and Moderate Income Housing will increase from 20% to 25% for the remainder of the life of the Agency.

To accomplish the payment, the Agency borrowed \$12,179,911 from its Combined Low and Moderate Income Housing Fund.

It is estimated that the Agency's share of the SERAF shift for fiscal year 2010-2011 will amount to approximately \$3,595,595 and this amount will be payable in May 2011, if the appeal is not successful.

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CITY OF LANCASTER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds			
	Gas Tax	Community Services	Landscape Maintenance District	Housing and Community Development
Assets:				
Pooled cash and investments	\$ 123,928	\$ 242,923	\$ 1,733,268	\$ -
Receivables:				
Accounts	25,067	3,060	1,596	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	5,171	-
Deposits	-	-	-	-
Due from other governments	-	-	119,983	1,621,074
Land held for resale	-	-	-	2,603,624
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 148,995	\$ 245,983	\$ 1,860,018	\$ 4,224,698
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 173,701	\$ -	\$ 92,790	\$ 302,337
Deferred revenues	-	-	-	311,253
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	1,541,345
Total Liabilities	173,701	-	92,790	2,154,935
Fund Balances:				
Reserved:				
Reserved for encumbrances	36,916	-	8,863	377,433
Reserved for land held for resale	-	-	-	2,603,624
Reserved for notes and loans	-	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	-
Undesignated	(61,622)	245,983	1,758,365	(911,294)
Total Fund Balances	(24,706)	245,983	1,767,228	2,069,763
Total Liabilities and Fund Balances	\$ 148,995	\$ 245,983	\$ 1,860,018	\$ 4,224,698

CITY OF LANCASTER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	Transportation Development Authority	Proposition A	Bikeway Improvement	Proposition C
Assets:				
Pooled cash and investments	\$ 4,532,391	\$ 2,484,723	\$ -	\$ 4,600,248
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	18,422	7,223	-	14,365
Deposits	-	-	-	-
Due from other governments	1,851,724	132,028	66,536	132,149
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	550,500	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 6,402,537	\$ 3,174,474	\$ 66,536	\$ 4,746,762
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 1,197	\$ -	\$ -
Deferred revenues	-	-	-	-
Unearned revenues	1,260	-	-	-
Deposits payable	-	19,927	-	-
Due to other funds	-	-	183,421	-
Total Liabilities	1,260	21,124	183,421	-
Fund Balances:				
Reserved:				
Reserved for encumbrances	108,674	-	-	503
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	-	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	557,554	-	-
Undesignated	6,292,603	2,595,796	(116,885)	4,746,259
Total Fund Balances	6,401,277	3,153,350	(116,885)	4,746,762
Total Liabilities and Fund Balances	\$ 6,402,537	\$ 3,174,474	\$ 66,536	\$ 4,746,762

CITY OF LANCASTER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds			
	Federal Grants	State Grants	Parks Development	County and Other
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 641,415	\$ -
Receivables:				
Accounts	-	32,518	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	1,900	-
Deposits	-	-	-	-
Due from other governments	1,570,389	985,561	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,570,389	\$ 1,018,079	\$ 643,315	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 152,295	\$ 41,990	\$ -	\$ -
Deferred revenues	1,418,094	617,898	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	1,137,961	3,395,510	-	237,786
Total Liabilities	2,708,350	4,055,398	-	237,786
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	56,728	5,890	-
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	-	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	-
Undesignated	(1,137,961)	(3,094,047)	637,425	(237,786)
Total Fund Balances	(1,137,961)	(3,037,319)	643,315	(237,786)
Total Liabilities and Fund Balances	\$ 1,570,389	\$ 1,018,079	\$ 643,315	\$ -

CITY OF LANCASTER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	Developer Fees Fund - Signals	Developer Fees Fund - Drainage	Recycle Water	Biological Impact Fee Fund
Assets:				
Pooled cash and investments	\$ 4,519,931	\$ 3,934,812	\$ 252,910	\$ 316,782
Receivables:				
Accounts	98,058	234,028	-	1,979
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	13,523	11,736	434	960
Deposits	-	-	-	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 4,631,512	\$ 4,180,576	\$ 253,344	\$ 319,721
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 52,181	\$ 850	\$ -
Deferred revenues	98,058	234,028	-	-
Unearned revenues	-	-	186,013	-
Deposits payable	-	-	11,987	-
Due to other funds	-	-	-	-
Total Liabilities	98,058	286,209	198,850	-
Fund Balances:				
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	4,533,454	3,894,367	54,494	319,721
Total Fund Balances	4,533,454	3,894,367	54,494	319,721
Total Liabilities and Fund Balances	\$ 4,631,512	\$ 4,180,576	\$ 253,344	\$ 319,721

CITY OF LANCASTER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds			
	Traffic Impact Fees Fund	AQMD Fund	Lancaster Lighting District Fund	Lancaster Drainage Maintenance District
Assets:				
Pooled cash and investments	\$ 4,889,860	\$ 116,277	\$ 225,141	\$ 2,275,715
Receivables:				
Accounts	210,494	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	14,522	345	-	6,839
Deposits	-	-	-	-
Due from other governments	-	-	264,348	98,966
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 5,114,876	\$ 116,622	\$ 489,489	\$ 2,381,520
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 1,029	\$ 306,246	\$ 22,659
Deferred revenues	210,494	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	210,494	1,029	306,246	22,659
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	122,947
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	-	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	-
Undesignated	4,904,382	115,593	183,243	2,235,914
Total Fund Balances	4,904,382	115,593	183,243	2,358,861
Total Liabilities and Fund Balances	\$ 5,114,876	\$ 116,622	\$ 489,489	\$ 2,381,520

CITY OF LANCASTER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	HOME Program Fund	Miscellaneous Grants Fund	Traffic Safety Fund	Building Fees Fund
Assets:				
Pooled cash and investments	\$ 167,034	\$ -	\$ 4,273	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	11,960	-	-	-
Notes and loans	3,707,487	-	-	-
Accrued interest	495	-	3,756	-
Deposits	-	-	-	-
Due from other governments	-	-	106,468	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 3,886,976	\$ -	\$ 114,497	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 202
Deferred revenues	3,117,426	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	352,453	-	19,081
Total Liabilities	3,117,426	352,453	-	19,283
Fund Balances:				
Reserved:				
Reserved for encumbrances	17,934	-	-	-
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	590,061	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	-
Undesignated	161,555	(352,453)	114,497	(19,283)
Total Fund Balances	769,550	(352,453)	114,497	(19,283)
Total Liabilities and Fund Balances	\$ 3,886,976	\$ -	\$ 114,497	\$ -

CITY OF LANCASTER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds			
	Engineering Fees Fund	LA County Reimbursement Fund	Lancaster Housing Fund	USP - Operations Fund
Assets:				
Pooled cash and investments	\$ -	\$ 180,960	\$ 208,548	\$ 168,375
Receivables:				
Accounts	36,066	-	44,772	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	619	510
Deposits	-	-	4,130	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	131,768	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 36,066	\$ 180,960	\$ 389,837	\$ 168,885
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,248	\$ -	\$ -	\$ -
Deferred revenues	-	-	-	-
Unearned revenues	-	231,736	-	-
Deposits payable	-	-	9,106	-
Due to other funds	112,625	-	-	-
Total Liabilities	114,873	231,736	9,106	-
Fund Balances:				
Reserved:				
Reserved for encumbrances	21,962	-	-	-
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	-	-	-	-
Reserved for deposits	-	-	4,130	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	-
Undesignated	(100,769)	(50,776)	376,601	168,885
Total Fund Balances	(78,807)	(50,776)	380,731	168,885
Total Liabilities and Fund Balances	\$ 36,066	\$ 180,960	\$ 389,837	\$ 168,885

CITY OF LANCASTER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	USP - Parks Fund	USP - Admin Fund	USP - Corp Yard Fund	Mariposa Lily Fund
Assets:				
Pooled cash and investments	\$ 5,096,791	\$ 104,572	\$ 268,205	\$ 53,145
Receivables:				
Accounts	49,266	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	15,137	338	799	158
Deposits	-	-	-	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 5,161,194	\$ 104,910	\$ 269,004	\$ 53,303
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenues	24,275	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	24,275	-	-	-
Fund Balances:				
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	5,136,919	104,910	269,004	53,303
Total Fund Balances	5,136,919	104,910	269,004	53,303
Total Liabilities and Fund Balances	\$ 5,161,194	\$ 104,910	\$ 269,004	\$ 53,303

CITY OF LANCASTER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds			
	Sewer Maintenance District	Proposition 1B	Proposition 42	HPRP
Assets:				
Pooled cash and investments	\$ 2,882,868	\$ 2,601,448	\$ 1,861,944	\$ -
Receivables:				
Accounts	2,203	-	-	-
Taxes	34,731	-	-	-
Notes and loans	-	-	-	-
Accrued interest	8,688	7,712	-	-
Deposits	-	-	-	-
Due from other governments	221,941	-	-	19,630
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 3,150,431	\$ 2,609,160	\$ 1,861,944	\$ 19,630
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 26,242	\$ -	\$ -	\$ 12,826
Deferred revenues	-	-	-	19,630
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	6,804
Total Liabilities	26,242	-	-	39,260
Fund Balances:				
Reserved:				
Reserved for encumbrances	206,034	-	-	33,780
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	-	-	-	-
Reserved for deposits	-	-	-	-
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	-
Undesignated	2,918,155	2,609,160	1,861,944	(53,410)
Total Fund Balances	3,124,189	2,609,160	1,861,944	(19,630)
Total Liabilities and Fund Balances	\$ 3,150,431	\$ 2,609,160	\$ 1,861,944	\$ 19,630

CITY OF LANCASTER

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds		Debt Service Fund	Total Governmental Funds
	ARRA	Measure R	Lancaster Housing Authority	
Assets:				
Pooled cash and investments	\$ -	\$ 817,820	\$ -	\$ 45,306,307
Receivables:				
Accounts	-	-	-	739,107
Taxes	-	-	-	46,691
Notes and loans	-	-	-	3,707,487
Accrued interest	-	2,429	-	136,081
Deposits	-	-	-	4,130
Due from other governments	972,356	110,686	-	8,273,839
Land held for resale	-	-	-	2,603,624
Restricted assets:				
Cash and investments	-	-	-	682,268
Cash and investments with fiscal agents	-	-	689,766	689,766
Total Assets	\$ 972,356	\$ 930,935	\$ 689,766	\$ 62,189,300
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,188,793
Deferred revenues	972,356	-	-	7,023,512
Unearned revenues	-	-	-	419,009
Deposits payable	-	-	-	41,020
Due to other funds	972,356	-	400,196	8,359,538
Total Liabilities	1,944,712	-	400,196	17,031,872
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	997,664
Reserved for land held for resale	-	-	-	2,603,624
Reserved for notes and loans	-	-	-	590,061
Reserved for deposits	-	-	-	4,130
Unreserved:				
Designated for Antelope Valley Transit Authority	-	-	-	557,554
Undesignated	(972,356)	930,935	289,570	40,404,395
Total Fund Balances	(972,356)	930,935	289,570	45,157,428
Total Liabilities and Fund Balances	\$ 972,356	\$ 930,935	\$ 689,766	\$ 62,189,300

CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds			
	Gas Tax	Community Services	Landscape Maintenance District	Housing and Community Development
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,295,238	-	-	2,020,759
Charges for services	8,298	-	1,651,320	2,491,307
Use of money and property	-	-	15,595	-
Fines and forfeitures	-	-	-	-
Miscellaneous	15,083	69,467	-	-
Total Revenues	2,318,619	69,467	1,666,915	4,512,066
Expenditures:				
Current:				
General government	623	51,300	-	50,564
Public safety	-	-	-	-
Community development	-	28,880	-	1,206,839
Parks and recreation	-	-	-	-
Public works	3,547,925	871	1,120,131	-
Housing	-	-	-	899,617
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	293,000
Interest and fiscal charges	-	-	-	270,307
Total Expenditures	3,548,548	81,051	1,120,131	2,720,327
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,229,929)	(11,584)	546,784	1,791,739
Other Financing Sources (Uses):				
Transfers in	1,175,000	-	-	174,770
Transfers out	-	-	(215,480)	(676,071)
Total Other Financing Sources (Uses)	1,175,000	-	(215,480)	(501,301)
Net Change in Fund Balances	(54,929)	(11,584)	331,304	1,290,438
Fund Balances, Beginning of Year	30,223	257,567	1,435,924	1,347,825
Restatements	-	-	-	(568,500)
Fund Balances, Beginning of Year, as Restated	30,223	257,567	1,435,924	779,325
Fund Balances, End of Year	\$ (24,706)	\$ 245,983	\$ 1,767,228	\$ 2,069,763

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	Transportation Development Authority	Proposition A	Bikeway Improvement	Proposition C
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	3,703,447	1,979,911	66,536	1,532,899
Charges for services	-	-	-	-
Use of money and property	36,571	30,911	(8,799)	55,392
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	275	-
Total Revenues	3,740,018	2,010,822	58,012	1,588,291
Expenditures:				
Current:				
General government	-	1,379,727	-	-
Public safety	-	-	-	28,420
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	54,286
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	1,379,727	-	82,706
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,740,018	631,095	58,012	1,505,585
Other Financing Sources (Uses):				
Transfers in	935	128,639	123,776	-
Transfers out	(7,177,891)	(154,880)	(323,392)	(1,690,149)
Total Other Financing Sources (Uses)	(7,176,956)	(26,241)	(199,616)	(1,690,149)
Net Change in Fund Balances	(3,436,938)	604,854	(141,604)	(184,564)
Fund Balances, Beginning of Year	9,838,215	2,548,496	24,719	4,931,326
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	9,838,215	2,548,496	24,719	4,931,326
Fund Balances, End of Year	\$ 6,401,277	\$ 3,153,350	\$ (116,885)	\$ 4,746,762

CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds			
	Federal Grants	State Grants	Parks Development	County and Other
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	209,851	-
Intergovernmental	99,000	1,802,133	-	-
Charges for services	-	-	-	50,000
Use of money and property	-	-	784	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	99,000	1,802,133	210,635	50,000
Expenditures:				
Current:				
General government	-	50,978	-	-
Public safety	-	218,408	-	-
Community development	-	78,634	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Housing	-	-	-	-
Capital outlay	-	-	25,000	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	348,020	25,000	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	99,000	1,454,113	185,635	50,000
Other Financing Sources (Uses):				
Transfers in	752,833	53,329	24,295	-
Transfers out	(12,007)	(2,783,809)	(202,625)	(168,781)
Total Other Financing Sources (Uses)	740,826	(2,730,480)	(178,330)	(168,781)
Net Change in Fund Balances	839,826	(1,276,367)	7,305	(118,781)
Fund Balances, Beginning of Year	(1,977,787)	(1,759,695)	636,010	(119,005)
Restatements	-	(1,257)	-	-
Fund Balances, Beginning of Year, as Restated	(1,977,787)	(1,760,952)	636,010	(119,005)
Fund Balances, End of Year	\$ (1,137,961)	\$ (3,037,319)	\$ 643,315	\$ (237,786)

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	Developer Fees Fund - Signals	Developer Fees Fund - Drainage	Recycle Water	Biological Impact Fee Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	299,449	346,851	-	8,894
Intergovernmental	-	-	-	-
Charges for services	-	-	2,990	-
Use of money and property	44,797	20,113	1,608	3,396
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	344,246	366,964	4,598	12,290
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	138,114	-
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	138,114	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	344,246	366,964	(133,516)	12,290
Other Financing Sources (Uses):				
Transfers in	-	23,006	110,000	-
Transfers out	(1,128,981)	(10,092,472)	(281,016)	(53,953)
Total Other Financing Sources (Uses)	(1,128,981)	(10,069,466)	(171,016)	(53,953)
Net Change in Fund Balances	(784,735)	(9,702,502)	(304,532)	(41,663)
Fund Balances, Beginning of Year	5,318,189	13,596,869	359,026	361,384
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	5,318,189	13,596,869	359,026	361,384
Fund Balances, End of Year	\$ 4,533,454	\$ 3,894,367	\$ 54,494	\$ 319,721

CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds			
	Traffic Impact Fees Fund	AQMD Fund	Lancaster Lighting District Fund	Lancaster Drainage Maintenance District
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	430,549	-	-	-
Intergovernmental	-	105,000	-	-
Charges for services	-	-	3,964,426	1,482,413
Use of money and property	47,016	917	22	21,674
Fines and forfeitures	-	-	-	-
Miscellaneous	8,740	-	27,084	-
Total Revenues	486,305	105,917	3,991,532	1,504,087
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	22,617	4,135,449	1,037,362
Housing	-	-	-	-
Capital outlay	-	39,953	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	62,570	4,135,449	1,037,362
Excess (Deficiency) of Revenues Over (Under) Expenditures	486,305	43,347	(143,917)	466,725
Other Financing Sources (Uses):				
Transfers in	-	-	772,495	-
Transfers out	(1,262,786)	(11,590)	(398,130)	(415,406)
Total Other Financing Sources (Uses)	(1,262,786)	(11,590)	374,365	(415,406)
Net Change in Fund Balances	(776,481)	31,757	230,448	51,319
Fund Balances, Beginning of Year	5,680,863	83,836	(47,205)	2,307,542
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	5,680,863	83,836	(47,205)	2,307,542
Fund Balances, End of Year	\$ 4,904,382	\$ 115,593	\$ 183,243	\$ 2,358,861

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	HOME Program Fund	Miscellaneous Grants Fund	Traffic Safety Fund	Building Fees Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	2,749,769	-	-	-
Charges for services	-	-	-	-
Use of money and property	(305)	-	1,360	-
Fines and forfeitures	-	-	1,359,756	-
Miscellaneous	-	8,000	-	-
Total Revenues	2,749,464	8,000	1,361,116	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	5,143	-	-
Public works	-	-	-	19,283
Housing	2,908,553	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	2,908,553	5,143	-	19,283
Excess (Deficiency) of Revenues Over (Under) Expenditures	(159,089)	2,857	1,361,116	(19,283)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(115,837)	(1,262,063)	-
Total Other Financing Sources (Uses)	-	(115,837)	(1,262,063)	-
Net Change in Fund Balances	(159,089)	(112,980)	99,053	(19,283)
Fund Balances, Beginning of Year	928,639	(239,473)	15,444	-
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	928,639	(239,473)	15,444	-
Fund Balances, End of Year	\$ 769,550	\$ (352,453)	\$ 114,497	\$ (19,283)

CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds			
	Engineering Fees Fund	LA County Reimbursement Fund	Lancaster Housing Fund	USP - Operations Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,349,193	-	-	-
Intergovernmental	-	2,185,170	-	-
Charges for services	-	-	-	-
Use of money and property	-	-	1,654,863	1,300
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	1,349,193	2,185,170	1,654,863	1,300
Expenditures:				
Current:				
General government	57,821	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	1,795,564	-	-	-
Housing	-	-	922,729	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,853,385	-	922,729	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(504,192)	2,185,170	732,134	1,300
Other Financing Sources (Uses):				
Transfers in	1,751,000	56,426	-	-
Transfers out	(1,281,765)	(503,249)	(653,789)	(65,127)
Total Other Financing Sources (Uses)	469,235	(446,823)	(653,789)	(65,127)
Net Change in Fund Balances	(34,957)	1,738,347	78,345	(63,827)
Fund Balances, Beginning of Year	(43,850)	(1,789,123)	302,386	232,712
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	(43,850)	(1,789,123)	302,386	232,712
Fund Balances, End of Year	\$ (78,807)	\$ (50,776)	\$ 380,731	\$ 168,885

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

(Continued)

	Special Revenue Funds			
	USP - Parks Fund	USP - Admin Fund	USP - Corp Yard Fund	Mariposa Lily Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	672,428	15,105	14,262	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	59,340	583	2,831	416
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	731,768	15,688	17,093	416
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	731,768	15,688	17,093	416
Other Financing Sources (Uses):				
Transfers in	107,415	-	-	-
Transfers out	(4,208,626)	(385,978)	(156,012)	-
Total Other Financing Sources (Uses)	(4,101,211)	(385,978)	(156,012)	-
Net Change in Fund Balances	(3,369,443)	(370,290)	(138,919)	416
Fund Balances, Beginning of Year	8,506,362	475,200	407,923	52,887
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	8,506,362	475,200	407,923	52,887
Fund Balances, End of Year	\$ 5,136,919	\$ 104,910	\$ 269,004	\$ 53,303

CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds			
	Sewer Maintenance District	Proposition 1B	Proposition 42	HPRP
Revenues:				
Taxes	\$ 3,977,350	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	1,240,960	60,516
Charges for services	-	-	-	-
Use of money and property	27,518	19,730	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	83,178	-	-	-
Total Revenues	4,088,046	19,730	1,240,960	60,516
Expenditures:				
Current:				
General government	779	-	-	5,538
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	1,901,155	-	-	-
Housing	-	-	-	74,608
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,901,934	-	-	80,146
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,186,112	19,730	1,240,960	(19,630)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(581,746)	(1,077,466)	(315,000)	-
Total Other Financing Sources (Uses)	(581,746)	(1,077,466)	(315,000)	-
Net Change in Fund Balances	1,604,366	(1,057,736)	925,960	(19,630)
Fund Balances, Beginning of Year	1,519,823	3,666,896	935,984	-
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	1,519,823	3,666,896	935,984	-
Fund Balances, End of Year	\$ 3,124,189	\$ 2,609,160	\$ 1,861,944	\$ (19,630)

CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds		Debt Service Fund	Total Governmental Funds
	ARRA	Measure R	Lancaster Housing Authority	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 3,977,350
Licenses and permits	-	-	-	3,346,582
Intergovernmental	2,420,743	922,309	-	23,184,390
Charges for services	-	-	-	9,650,754
Use of money and property	-	8,626	28,468	2,074,727
Fines and forfeitures	-	-	-	1,359,756
Miscellaneous	-	-	-	211,827
Total Revenues	2,420,743	930,935	28,468	43,805,386
Expenditures:				
Current:				
General government	-	-	-	1,597,330
Public safety	-	-	-	246,828
Community development	-	-	-	1,314,353
Parks and recreation	-	-	-	5,143
Public works	-	-	-	13,772,757
Housing	-	-	-	4,805,507
Capital outlay	-	-	-	64,953
Debt service:				
Principal retirement	-	-	335,000	628,000
Interest and fiscal charges	-	-	353,830	624,137
Total Expenditures	-	-	688,830	23,059,008
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,420,743	930,935	(660,362)	20,746,378
Other Financing Sources (Uses):				
Transfers in	-	-	653,789	5,907,708
Transfers out	(3,393,099)	-	-	(41,049,176)
Total Other Financing Sources (Uses)	(3,393,099)	-	653,789	(35,141,468)
Net Change in Fund Balances	(972,356)	930,935	(6,573)	(14,395,090)
Fund Balances, Beginning of Year	-	-	296,143	60,122,275
Restatements	-	-	-	(569,757)
Fund Balances, Beginning of Year, as Restated	-	-	296,143	59,552,518
Fund Balances, End of Year	\$ (972,356)	\$ 930,935	\$ 289,570	\$ 45,157,428

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 30,223	\$ 30,223	\$ 30,223	\$ -
Resources (Inflows):				
Intergovernmental	2,488,725	2,271,710	2,295,238	23,528
Charges for services	10,000	10,000	8,298	(1,702)
Miscellaneous	-	-	15,083	15,083
Transfers in	1,427,460	1,597,460	1,175,000	(422,460)
Amounts Available for Appropriation	3,956,408	3,909,393	3,523,842	(385,551)
Charges to Appropriation (Outflow):				
General government	900	900	623	277
Public works	3,974,600	3,667,697	3,547,925	119,772
Total Charges to Appropriations	3,975,500	3,668,597	3,548,548	120,049
Budgetary Fund Balance, June 30	\$ (19,092)	\$ 240,796	\$ (24,706)	\$ (265,502)

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY SERVICES
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 257,567	\$ 257,567	\$ 257,567	\$ -
Resources (Inflows):				
Miscellaneous	34,250	34,250	69,467	35,217
Amounts Available for Appropriation	291,817	291,817	327,034	35,217
Charges to Appropriation (Outflow):				
General government	77,350	77,350	51,300	26,050
Community development	46,328	46,328	28,880	17,448
Public works	-	-	871	(871)
Total Charges to Appropriations	123,678	123,678	81,051	42,627
Budgetary Fund Balance, June 30	\$ 168,139	\$ 168,139	\$ 245,983	\$ 77,844

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 LANDSCAPE MAINTENANCE DISTRICT
 YEAR ENDED JUNE 30, 2010

	<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	\$1,435,924	\$ 1,435,924	\$ 1,435,924	\$ -
Resources (Inflows):				
Charges for services	1,564,310	1,564,310	1,651,320	87,010
Use of money and property	32,500	32,500	15,595	(16,905)
Amounts Available for Appropriation	3,032,734	3,032,734	3,102,839	70,105
Charges to Appropriation (Outflow):				
Public works	1,189,070	1,203,806	1,120,131	83,675
Transfers out	215,480	215,480	215,480	-
Total Charges to Appropriations	1,404,550	1,419,286	1,335,611	83,675
Budgetary Fund Balance, June 30	\$1,628,184	\$ 1,613,448	\$ 1,767,228	\$ 153,780

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE
HOUSING AND COMMUNITY DEVELOPMENT
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 779,325	\$ 779,325	\$ 779,325	\$ -
Resources (Inflows):				
Intergovernmental	1,983,040	1,983,040	2,020,759	37,719
Charges for services	4,983,535	6,983,535	2,491,307	(4,492,228)
Transfers in	-	-	174,770	174,770
Amounts Available for Appropriation	7,745,900	9,745,900	5,466,161	(4,279,739)
Charges to Appropriation (Outflow):				
General government	369,250	369,250	50,564	318,686
Community development	878,420	1,258,182	1,206,839	51,343
Housing	-	7,769,973	899,617	6,870,356
Debt service:				
Principal retirement	551,000	551,000	293,000	258,000
Interest and fiscal charges	-	-	270,307	(270,307)
Transfers out	159,300	764,881	676,071	88,810
Total Charges to Appropriations	1,957,970	10,713,286	3,396,398	7,316,888
Budgetary Fund Balance, June 30	\$ 5,787,930	\$ (967,386)	\$ 2,069,763	\$ 3,037,149

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 TRANSPORTATION DEVELOPMENT AUTHORITY
 YEAR ENDED JUNE 30, 2010

	<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	\$9,838,215	\$ 9,838,215	\$ 9,838,215	\$ -
Resources (Inflows):				
Intergovernmental	4,567,250	4,567,250	3,703,447	(863,803)
Use of money and property	72,000	72,000	36,571	(35,429)
Transfers in	-	-	935	935
Amounts Available for Appropriation	<u>14,477,465</u>	<u>14,477,465</u>	<u>13,579,168</u>	<u>(898,297)</u>
Charges to Appropriation (Outflow):				
Transfers out	5,048,280	14,291,677	7,177,891	7,113,786
Total Charges to Appropriations	<u>5,048,280</u>	<u>14,291,677</u>	<u>7,177,891</u>	<u>7,113,786</u>
Budgetary Fund Balance, June 30	<u>\$9,429,185</u>	<u>\$ 185,788</u>	<u>\$ 6,401,277</u>	<u>\$ 6,215,489</u>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION A
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$2,548,496	\$ 2,548,496	\$ 2,548,496	\$ -
Resources (Inflows):				
Intergovernmental	2,362,760	2,362,760	1,979,911	(382,849)
Use of money and property	29,000	29,000	30,911	1,911
Transfers in	-	-	128,639	128,639
Amounts Available for Appropriation	4,940,256	4,940,256	4,687,957	(252,299)
Charges to Appropriation (Outflow):				
General government	1,998,445	2,000,915	1,379,727	621,188
Transfers out	421,485	1,197,945	154,880	1,043,065
Total Charges to Appropriations	2,419,930	3,198,860	1,534,607	1,664,253
Budgetary Fund Balance, June 30	\$2,520,326	\$ 1,741,396	\$ 3,153,350	\$ 1,411,954

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 BIKEWAY IMPROVEMENT
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 24,719	\$ 24,719	\$ 24,719	\$ -
Resources (Inflows):				
Intergovernmental	85,000	380,000	66,536	(313,464)
Use of money and property	-	-	(8,799)	(8,799)
Miscellaneous	-	-	275	275
Transfers in	-	-	123,776	123,776
Amounts Available for Appropriation	109,719	404,719	206,507	(198,212)
Charges to Appropriation (Outflow):				
Transfers out	-	404,572	323,392	81,180
Total Charges to Appropriations	-	404,572	323,392	81,180
Budgetary Fund Balance, June 30	\$ 109,719	\$ 147	\$ (116,885)	\$ (117,032)

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION C
 YEAR ENDED JUNE 30, 2010

	<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	\$4,931,326	\$ 4,931,326	\$ 4,931,326	\$ -
Resources (Inflows):				
Intergovernmental	1,928,225	1,928,225	1,532,899	(395,326)
Use of money and property	10,000	10,000	55,392	45,392
Amounts Available for Appropriation	6,869,551	6,869,551	6,519,617	(349,934)
Charges to Appropriation (Outflow):				
Public safety	2,200	32,238	28,420	3,818
Public works	58,000	58,877	54,286	4,591
Transfers out	2,000,000	6,733,531	1,690,149	5,043,382
Total Charges to Appropriations	2,060,200	6,824,646	1,772,855	5,051,791
Budgetary Fund Balance, June 30	\$4,809,351	\$ 44,905	\$ 4,746,762	\$ 4,701,857

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 FEDERAL GRANTS
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,977,787)	\$ (1,977,787)	\$ (1,977,787)	\$ -
Resources (Inflows):				
Intergovernmental	-	190,760	99,000	(91,760)
Transfers in	-	-	752,833	752,833
Amounts Available for Appropriation	(1,977,787)	(1,787,027)	(1,125,954)	661,073
Charges to Appropriation (Outflow):				
Transfers out	-	1,394,343	12,007	1,382,336
Total Charges to Appropriations	-	1,394,343	12,007	1,382,336
Budgetary Fund Balance, June 30	\$ (1,977,787)	\$ (3,181,370)	\$ (1,137,961)	\$ 2,043,409

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 STATE GRANTS
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ (1,760,952)	\$ (1,760,952)	\$ (1,760,952)	\$ -
Resources (Inflows):				
Intergovernmental	74,955	2,378,783	1,802,133	(576,650)
Transfers in	-	-	53,329	53,329
Amounts Available for Appropriation	(1,685,997)	617,831	94,510	(523,321)
Charges to Appropriation (Outflow):				
General government	130,480	157,480	50,978	106,502
Public safety	-	336,972	218,408	118,564
Community development	-	-	78,634	(78,634)
Transfers out	-	4,374,884	2,783,809	1,591,075
Total Charges to Appropriations	130,480	4,869,336	3,131,829	1,737,507
Budgetary Fund Balance, June 30	\$ (1,816,477)	\$ (4,251,505)	\$ (3,037,319)	\$ 1,214,186

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 PARKS DEVELOPMENT
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 636,010	\$ 636,010	\$ 636,010	\$ -
Resources (Inflows):				
Licenses and permits	200,000	200,000	209,851	9,851
Use of money and property	10,000	10,000	784	(9,216)
Transfers in	-	-	24,295	24,295
Amounts Available for Appropriation	846,010	846,010	870,940	24,930
Charges to Appropriation (Outflow):				
Capital outlay	-	25,000	25,000	-
Transfers out	-	485,593	202,625	282,968
Total Charges to Appropriations	-	510,593	227,625	282,968
Budgetary Fund Balance, June 30	\$ 846,010	\$ 335,417	\$ 643,315	\$ 307,898

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 COUNTY AND OTHER
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (119,005)	\$ (119,005)	\$ (119,005)	\$ -
Resources (Inflows):				
Charges for services	2,390,000	2,440,000	50,000	(2,390,000)
Amounts Available for Appropriation	2,270,995	2,320,995	(69,005)	(2,390,000)
Charges to Appropriation (Outflow):				
Transfers out	2,390,000	2,475,951	168,781	2,307,170
Total Charges to Appropriations	2,390,000	2,475,951	168,781	2,307,170
Budgetary Fund Balance, June 30	\$ (119,005)	\$ (154,956)	\$ (237,786)	\$ (82,830)

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 DEVELOPER FEES FUND - SIGNAL
 YEAR ENDED JUNE 30, 2010

	<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	\$5,318,189	\$ 5,318,189	\$ 5,318,189	\$ -
Resources (Inflows):				
Licenses and permits	409,980	409,980	299,449	(110,531)
Use of money and property	30,000	30,000	44,797	14,797
Amounts Available for Appropriation	5,758,169	5,758,169	5,662,435	(95,734)
Charges to Appropriation (Outflow):				
Transfers out	-	3,270,676	1,128,981	2,141,695
Total Charges to Appropriations	-	3,270,676	1,128,981	2,141,695
Budgetary Fund Balance, June 30	\$5,758,169	\$ 2,487,493	\$ 4,533,454	\$ 2,045,961

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 DEVELOPER FEES FUND - DRAINAGE
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 13,596,869	\$ 13,596,869	\$ 13,596,869	\$ -
Resources (Inflows):				
Licenses and permits	1,148,780	1,148,780	346,851	(801,929)
Use of money and property	12,500	12,500	20,113	7,613
Transfers in	-	-	23,006	23,006
Amounts Available for Appropriation	14,758,149	14,758,149	13,986,839	(771,310)
Charges to Appropriation (Outflow):				
Transfers out	1,482,000	13,667,097	10,092,472	3,574,625
Total Charges to Appropriations	1,482,000	13,667,097	10,092,472	3,574,625
Budgetary Fund Balance, June 30	\$ 13,276,149	\$ 1,091,052	\$ 3,894,367	\$ 2,803,315

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 RECYCLE WATER
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 359,026	\$ 359,026	\$ 359,026	\$ -
Resources (Inflows):				
Charges for services	75,000	75,000	2,990	(72,010)
Use of money and property	-	-	1,608	1,608
Miscellaneous	-	186,013	-	(186,013)
Transfers in	110,000	110,000	110,000	-
Amounts Available for Appropriation	544,026	730,039	473,624	(256,415)
Charges to Appropriation (Outflow):				
Public works	147,180	248,355	138,114	110,241
Transfers out	337,470	838,946	281,016	557,930
Total Charges to Appropriations	484,650	1,087,301	419,130	668,171
Budgetary Fund Balance, June 30	\$ 59,376	\$ (357,262)	\$ 54,494	\$ 411,756

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 BIOLOGICAL IMPACT FEES FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 361,384	\$ 361,384	\$ 361,384	\$ -
Resources (Inflows):				
Licenses and permits	30,000	30,000	8,894	(21,106)
Use of money and property	3,000	3,000	3,396	396
Amounts Available for Appropriation	394,384	394,384	373,674	(20,710)
Charges to Appropriation (Outflow):				
Transfers out	-	350,000	53,953	296,047
Total Charges to Appropriations	-	350,000	53,953	296,047
Budgetary Fund Balance, June 30	\$ 394,384	\$ 44,384	\$ 319,721	\$ 275,337

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC IMPACT FEES FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$5,680,863	\$ 5,680,863	\$ 5,680,863	\$ -
Resources (Inflows):				
Licenses and permits	407,500	407,500	430,549	23,049
Use of money and property	20,000	20,000	47,016	27,016
Miscellaneous	16,000	16,000	8,740	(7,260)
Amounts Available for Appropriation	6,124,363	6,124,363	6,167,168	42,805
Charges to Appropriation (Outflow):				
Transfers out	903,000	4,328,908	1,262,786	3,066,122
Total Charges to Appropriations	903,000	4,328,908	1,262,786	3,066,122
Budgetary Fund Balance, June 30	\$ 5,221,363	\$ 1,795,455	\$ 4,904,382	\$ 3,108,927

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 AQMD FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 83,836	\$ 83,836	\$ 83,836	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	105,000	5,000
Use of money and property	4,000	4,000	917	(3,083)
Amounts Available for Appropriation	187,836	187,836	189,753	1,917
Charges to Appropriation (Outflow):				
Public works	-	23,000	22,617	383
Capital outlay	40,000	40,378	39,953	425
Transfers out	-	67,631	11,590	56,041
Total Charges to Appropriations	40,000	131,009	74,160	56,849
Budgetary Fund Balance, June 30	\$ 147,836	\$ 56,827	\$ 115,593	\$ 58,766

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 LANCASTER LIGHTING DISTRICT FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (47,205)	\$ (47,205)	\$ (47,205)	\$ -
Resources (Inflows):				
Charges for services	3,800,520	3,800,520	3,964,426	163,906
Use of money and property	-	-	22	22
Miscellaneous	-	-	27,084	27,084
Transfers in	-	-	772,495	772,495
Amounts Available for Appropriation	3,753,315	3,753,315	4,716,822	963,507
Charges to Appropriation (Outflow):				
Public works	4,174,785	4,167,574	4,135,449	32,125
Transfers out	398,130	398,130	398,130	-
Total Charges to Appropriations	4,572,915	4,565,704	4,533,579	32,125
Budgetary Fund Balance, June 30	\$ (819,600)	\$ (812,389)	\$ 183,243	\$ 995,632

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 LANCASTER DRAINAGE MAINTENANCE DISTRICT
 YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$2,307,542	\$ 2,307,542	\$ 2,307,542	\$ -
Resources (Inflows):				
Charges for services	1,809,695	1,809,695	1,482,413	(327,282)
Use of money and property	23,275	23,275	21,674	(1,601)
Amounts Available for Appropriation	4,140,512	4,140,512	3,811,629	(328,883)
Charges to Appropriation (Outflow):				
General government	1,020	1,020	-	1,020
Public works	1,026,485	1,298,532	1,037,362	261,170
Transfers out	349,565	1,083,169	415,406	667,763
Total Charges to Appropriations	1,377,070	2,382,721	1,452,768	929,953
Budgetary Fund Balance, June 30	\$2,763,442	\$ 1,757,791	\$ 2,358,861	\$ 601,070

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 HOME PROGRAM FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 928,639	\$ 928,639	\$ 928,639	\$ -
Resources (Inflows):				
Intergovernmental	2,140,000	2,140,000	2,749,769	609,769
Use of money and property	-	-	(305)	(305)
Amounts Available for Appropriation	3,068,639	3,068,639	3,678,103	609,464
Charges to Appropriation (Outflow):				
General government	-	50,000	-	50,000
Housing	1,108,150	2,140,000	2,908,553	(768,553)
Total Charges to Appropriations	1,108,150	2,190,000	2,908,553	(718,553)
Budgetary Fund Balance, June 30	\$ 1,960,489	\$ 878,639	\$ 769,550	\$ (109,089)

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 MISCELLANEOUS GRANTS FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (239,473)	\$ (239,473)	\$ (239,473)	\$ -
Resources (Inflows):				
Miscellaneous	8,000	8,000	8,000	-
Amounts Available for Appropriation	(231,473)	(231,473)	(231,473)	-
Charges to Appropriation (Outflow):				
Parks and recreation	7,000	7,000	5,143	1,857
Transfers out	-	-	115,837	(115,837)
Total Charges to Appropriations	7,000	7,000	120,980	(113,980)
Budgetary Fund Balance, June 30	\$ (238,473)	\$ (238,473)	\$ (352,453)	\$ (113,980)

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC SAFETY FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 15,444	\$ 15,444	\$ 15,444	\$ -
Resources (Inflows):				
Use of money and property	10,000	10,000	1,360	(8,640)
Fines and forfeitures	1,400,000	1,400,000	1,359,756	(40,244)
Amounts Available for Appropriation	1,425,444	1,425,444	1,376,560	(48,884)
Charges to Appropriation (Outflow):				
Transfers out	1,410,000	1,410,000	1,262,063	147,937
Total Charges to Appropriations	1,410,000	1,410,000	1,262,063	147,937
Budgetary Fund Balance, June 30	\$ 15,444	\$ 15,444	\$ 114,497	\$ 99,053

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 BUILDING FEES FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Charges to Appropriation (Outflow):				
Public works	-	131,439	19,283	112,156
Total Charges to Appropriations	-	131,439	19,283	112,156
Budgetary Fund Balance, June 30	\$ -	\$ (131,439)	\$ (19,283)	\$ 112,156

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 ENGINEERING FEES FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (43,850)	\$ (43,850)	\$ (43,850)	\$ -
Resources (Inflows):				
Licenses and permits	1,736,350	926,000	1,349,193	423,193
Transfers in	2,405,115	2,405,115	1,751,000	(654,115)
Amounts Available for Appropriation	4,097,615	3,287,265	3,056,343	(230,922)
Charges to Appropriation (Outflow):				
General government	126,760	126,760	57,821	68,939
Public works	2,732,940	1,872,433	1,795,564	76,869
Transfers out	1,281,765	1,281,765	1,281,765	-
Total Charges to Appropriations	4,141,465	3,280,958	3,135,150	145,808
Budgetary Fund Balance, June 30	\$ (43,850)	\$ 6,307	\$ (78,807)	\$ (85,114)

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 LA COUNTY REIMBURSEMENT FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	<u>\$(1,789,123)</u>	<u>\$ (1,789,123)</u>	<u>\$ (1,789,123)</u>	<u>\$ -</u>
Resources (Inflows):				
Intergovernmental	-	2,416,907	2,185,170	(231,737)
Transfers in	-	-	56,426	56,426
Amounts Available for Appropriation	<u>(1,789,123)</u>	<u>627,784</u>	<u>452,473</u>	<u>(175,311)</u>
Charges to Appropriation (Outflow):				
Transfers out	-	840,492	503,249	337,243
Total Charges to Appropriations	<u>-</u>	<u>840,492</u>	<u>503,249</u>	<u>337,243</u>
Budgetary Fund Balance, June 30	<u>\$(1,789,123)</u>	<u>\$ (212,708)</u>	<u>\$ (50,776)</u>	<u>\$ 161,932</u>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 LANCASTER HOUSING FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 302,386	\$ 302,386	\$ 302,386	\$ -
Resources (Inflows):				
Use of money and property	690,100	690,100	1,654,863	964,763
Amounts Available for Appropriation	992,486	992,486	1,957,249	964,763
Charges to Appropriation (Outflow):				
Housing	1,990	1,990	922,729	(920,739)
Transfers out	-	-	653,789	(653,789)
Total Charges to Appropriations	1,990	1,990	1,576,518	(1,574,528)
Budgetary Fund Balance, June 30	\$ 990,496	\$ 990,496	\$ 380,731	\$ (609,765)

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 USP - OPERATIONS FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 232,712	\$ 232,712	\$ 232,712	\$ -
Resources (Inflows):				
Use of money and property	3,500	3,500	1,300	(2,200)
Amounts Available for Appropriation	236,212	236,212	234,012	(2,200)
Charges to Appropriation (Outflow):				
Transfers out	44,240	91,439	65,127	26,312
Total Charges to Appropriations	44,240	91,439	65,127	26,312
Budgetary Fund Balance, June 30	\$ 191,972	\$ 144,773	\$ 168,885	\$ 24,112

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 USP - PARKS FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,506,362	\$ 8,506,362	\$ 8,506,362	\$ -
Resources (Inflows):				
Licenses and permits	400,000	400,000	672,428	272,428
Use of money and property	77,500	77,500	59,340	(18,160)
Transfers in	-	-	107,415	107,415
Amounts Available for Appropriation	8,983,862	8,983,862	9,345,545	361,683
Charges to Appropriation (Outflow):				
Transfers out	3,336,000	8,174,109	4,208,626	3,965,483
Total Charges to Appropriations	3,336,000	8,174,109	4,208,626	3,965,483
Budgetary Fund Balance, June 30	\$ 5,647,862	\$ 809,753	\$ 5,136,919	\$ 4,327,166

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 USP - ADMIN FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 475,200	\$ 475,200	\$ 475,200	\$ -
Resources (Inflows):				
Licenses and permits	9,000	9,000	15,105	6,105
Use of money and property	-	-	583	583
Amounts Available for Appropriation	484,200	484,200	490,888	6,688
Charges to Appropriation (Outflow):				
Transfers out	-	437,846	385,978	51,868
Total Charges to Appropriations	-	437,846	385,978	51,868
Budgetary Fund Balance, June 30	\$ 484,200	\$ 46,354	\$ 104,910	\$ 58,556

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 USP - CORP YARD FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 407,923	\$ 407,923	\$ 407,923	\$ -
Resources (Inflows):				
Licenses and permits	7,000	7,000	14,262	7,262
Use of money and property	-	-	2,831	2,831
Amounts Available for Appropriation	414,923	414,923	425,016	10,093
Charges to Appropriation (Outflow):				
Transfers out	-	456,128	156,012	300,116
Total Charges to Appropriations	-	456,128	156,012	300,116
Budgetary Fund Balance, June 30	\$ 414,923	\$ (41,205)	\$ 269,004	\$ 310,209

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 MARIPOSA LILY FUND
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 52,887	\$ 52,887	\$ 52,887	\$ -
Resources (Inflows):				
Licenses and permits	10,000	10,000	-	(10,000)
Use of money and property	1,000	1,000	416	(584)
Amounts Available for Appropriation	63,887	63,887	53,303	(10,584)
Budgetary Fund Balance, June 30	\$ 63,887	\$ 63,887	\$ 53,303	\$ (10,584)

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE
SEWER MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$1,519,823	\$ 1,519,823	\$ 1,519,823	\$ -
Resources (Inflows):				
Taxes	2,900,000	2,900,000	3,977,350	1,077,350
Use of money and property	103,870	103,870	27,518	(76,352)
Miscellaneous	-	-	83,178	83,178
Transfers in	772,395	772,395	-	(772,395)
Amounts Available for Appropriation	5,296,088	5,296,088	5,607,869	311,781
Charges to Appropriation (Outflow):				
General government	750	750	779	(29)
Public works	1,967,660	2,250,862	1,901,155	349,707
Transfers out	380,450	640,340	581,746	58,594
Total Charges to Appropriations	2,348,860	2,891,952	2,483,680	408,272
Budgetary Fund Balance, June 30	\$2,947,228	\$ 2,404,136	\$ 3,124,189	\$ 720,053

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION 1B
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$3,666,896	\$ 3,666,896	\$ 3,666,896	\$ -
Resources (Inflows):				
Use of money and property	35,000	35,000	19,730	(15,270)
Amounts Available for Appropriation	3,701,896	3,701,896	3,686,626	(15,270)
Charges to Appropriation (Outflow):				
Transfers out	2,458,050	3,601,051	1,077,466	2,523,585
Total Charges to Appropriations	2,458,050	3,601,051	1,077,466	2,523,585
Budgetary Fund Balance, June 30	\$ 1,243,846	\$ 100,845	\$ 2,609,160	\$ 2,508,315

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION 42
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 935,984	\$ 935,984	\$ 935,984	\$ -
Resources (Inflows):				
Intergovernmental	1,373,825	1,373,825	1,240,960	(132,865)
Amounts Available for Appropriation	2,309,809	2,309,809	2,176,944	(132,865)
Charges to Appropriation (Outflow):				
Transfers out	506,395	1,825,109	315,000	1,510,109
Total Charges to Appropriations	506,395	1,825,109	315,000	1,510,109
Budgetary Fund Balance, June 30	\$ 1,803,414	\$ 484,700	\$ 1,861,944	\$ 1,377,244

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
HPRP
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	564,645	564,645	60,516	(504,129)
Amounts Available for Appropriation	564,645	564,645	60,516	(504,129)
Charges to Appropriation (Outflow):				
General government	28,230	38,230	5,538	32,692
Other 1	-	526,415	74,608	451,807
Total Charges to Appropriations	28,230	564,645	80,146	484,499
Budgetary Fund Balance, June 30	\$ 536,415	\$ -	\$ (19,630)	\$ (19,630)

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE

ARRA

YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	1,339,980	2,420,743	1,080,763
Amounts Available for Appropriation	-	1,339,980	2,420,743	1,080,763
Charges to Appropriation (Outflow):				
Transfers out	-	3,989,895	3,393,099	596,796
Total Charges to Appropriations	-	3,989,895	3,393,099	596,796
Budgetary Fund Balance, June 30	\$ -	\$ (2,649,915)	\$ (972,356)	\$ 1,677,559

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 MEASURE R
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	748,010	748,010	922,309	174,299
Use of money and property	-	-	8,626	8,626
Amounts Available for Appropriation	748,010	748,010	930,935	182,925
Charges to Appropriation (Outflow):				
Transfers out	365,505	365,505	-	365,505
Total Charges to Appropriations	365,505	365,505	-	365,505
Budgetary Fund Balance, June 30	\$ 382,505	\$ 382,505	\$ 930,935	\$ 548,430

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 169,468	\$ 169,468	\$ 169,468	\$ -
Resources (Inflows):				
Miscellaneous	130,000	130,000	108,241	(21,759)
Transfers in	26,869,795	108,664,724	38,696,250	(69,968,474)
Amounts Available for Appropriation	27,169,263	108,964,192	38,973,959	(69,990,233)
Charges to Appropriation (Outflow):				
Public works	900,000	2,035,098	640,723	1,394,375
Capital outlay	27,099,795	94,329,172	38,117,079	56,212,093
Transfers out	9,655,525	12,161,176	472,788	11,688,388
Total Charges to Appropriations	37,655,320	108,525,446	39,230,590	69,294,856
Budgetary Fund Balance, June 30	<u>\$(10,486,057)</u>	<u>\$ 438,746</u>	<u>\$ (256,631)</u>	<u>\$ (695,377)</u>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE
LANCASTER REDEVELOPMENT AGENCY CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2010**

	<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, as restated	\$ 11,170,594	\$ 11,170,594	\$ 11,170,594	\$ -
Resources (Inflows):				
Charges for services	604,115	155,815	427,687	271,872
Use of money and property	1,372,475	2,110,075	2,186,214	76,139
Miscellaneous	40,000	55,000	442,193	387,193
Transfers in	15,845,330	13,253,000	19,647,476	6,394,476
Long-term debt issued	-	37,600,000	37,500,000	(100,000)
Amounts Available for Appropriation	29,032,514	64,344,484	71,374,164	7,029,680
Charges to Appropriation (Outflow):				
General government	3,974,030	4,528,737	4,447,479	81,258
Community development	13,894,983	14,827,998	10,975,445	3,852,553
Capital outlay	-	-	1,733	(1,733)
Debt service:				
Interest and fiscal charges	-	964,700	1,049,215	(84,515)
Transfers out	20,265,232	22,380,003	16,952,554	5,427,449
Bond discount	-	-	764,979	(764,979)
Total Charges to Appropriations	38,134,245	42,701,438	34,191,405	8,510,033
Budgetary Fund Balance, June 30	\$ (9,101,731)	\$ 21,643,046	\$ 37,182,759	\$ 15,539,713

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE
 LANCASTER HOUSING AUTHORITY
 YEAR ENDED JUNE 30, 2010

	<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	\$ 296,143	\$ 296,143	\$ 296,143	\$ -
Resources (Inflows):				
Use of money and property	-	-	28,468	28,468
Transfers in	690,000	690,000	653,789	(36,211)
Amounts Available for Appropriation	986,143	986,143	978,400	(7,743)
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	-	-	335,000	(335,000)
Interest and fiscal charges	-	-	353,830	(353,830)
Total Charges to Appropriations	-	-	688,830	(688,830)
Budgetary Fund Balance, June 30	\$ 986,143	\$ 986,143	\$ 289,570	\$ (696,573)

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE
LANCASTER REDEVELOPMENT AGENCY DEBT SERVICE
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 32,425,515	\$32,425,515	\$ 32,425,515	\$ -
Resources (Inflows):				
Taxes	25,204,418	20,552,998	21,461,799	908,801
Intergovernmental	2,586,440	2,586,440	3,559,599	973,159
Use of money and property	700,000	700,000	603,346	(96,654)
Transfers in	15,265,350	15,265,350	12,873,643	(2,391,707)
Long-term debt issued	-	-	5,555,000	5,555,000
Amounts Available for Appropriation	76,181,723	71,530,303	76,478,902	4,948,599
Charges to Appropriation (Outflow):				
General government	1,124,000	18,604,000	18,162,581	441,419
Debt service:				
Principal retirement	4,455,000	4,455,000	12,210,000	(7,755,000)
Interest and fiscal charges	10,467,769	10,246,769	12,589,165	(2,342,396)
Transfers out	29,136,835	26,323,504	19,647,476	6,676,028
Bond discount	-	-	129,083	(129,083)
Total Charges to Appropriations	45,183,604	59,629,273	62,738,305	(3,109,032)
Budgetary Fund Balance, June 30	\$ 30,998,119	\$11,901,030	\$ 13,740,597	\$ 1,839,567

CITY OF LANCASTER

COMBINING BALANCE SHEET
 ALL AGENCY FUNDS
 JUNE 30, 2010

	<u>Assessment Districts</u>	<u>Agency</u>	<u>AD 93-3</u>	<u>AD 92-101</u>
Assets:				
Pooled cash and investments	\$ 154,596	\$ 711,258	\$ 777,062	\$ 237,970
Receivables:				
Accounts	-	1,080	-	-
Accrued interest	-	-	-	707
Due from other governments	-	-	1,803	14,451
Restricted assets:				
Cash and investments with fiscal agents	-	-	452,890	157,615
Total Assets	<u>\$ 154,596</u>	<u>\$ 712,338</u>	<u>\$ 1,231,755</u>	<u>\$ 410,743</u>
Accounts payable	\$ -	\$ 12,195	\$ 2,308	\$ 892
Deposits payable	-	700,143	-	-
Due to bondholders	154,596	-	1,229,447	409,851
Total Liabilities	<u>\$ 154,596</u>	<u>\$ 712,338</u>	<u>\$ 1,231,755</u>	<u>\$ 410,743</u>

CITY OF LANCASTER

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2010

(Continued)

	<u>IFD 92-1</u>	<u>CFD 89-1</u>	<u>CFD 90-1</u>	<u>CFD 91-1</u>
Assets:				
Pooled cash and investments	\$ 2	\$ 715,529	\$ 1,256,955	\$ 329,545
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	2,125	3,730	977
Due from other governments	-	16,918	55,656	345,952
Restricted assets:				
Cash and investments with fiscal agents	-	711,871	777,150	546,433
Total Assets	<u>\$ 2</u>	<u>\$ 1,446,443</u>	<u>\$ 2,093,491</u>	<u>\$ 1,222,907</u>
Accounts payable	\$ -	\$ 2,038	\$ 2,327	\$ 1,128
Deposits payable	-	-	-	-
Due to bondholders	2	1,444,405	2,091,164	1,221,779
Total Liabilities	<u>\$ 2</u>	<u>\$ 1,446,443</u>	<u>\$ 2,093,491</u>	<u>\$ 1,222,907</u>

CITY OF LANCASTER

COMBINING BALANCE SHEET
 ALL AGENCY FUNDS
 JUNE 30, 2010

	<u>CFD 91-2</u>	<u>Still Meadow Lane Sewer Assessment District</u>	<u>Totals</u>
Assets:			
Pooled cash and investments	\$ 626,611	\$ 8,977	\$ 4,818,505
Receivables:			
Accounts	-	-	1,080
Accrued interest	1,859	-	9,398
Due from other governments	8,354	-	443,134
Restricted assets:			
Cash and investments with fiscal agents	713,676	-	3,359,635
Total Assets	\$ 1,350,500	\$ 8,977	\$ 8,631,752
Accounts payable	\$ 1,041	\$ -	\$ 21,929
Deposits payable	15,810	-	715,953
Due to bondholders	1,333,649	8,977	7,893,870
Total Liabilities	\$ 1,350,500	\$ 8,977	\$ 8,631,752

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CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2010

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<u>Assessment Districts</u>				
Assets:				
Pooled cash and investments	\$ 155,209	\$ -	\$ 613	\$ 154,596
Total Assets	<u>\$ 155,209</u>	<u>\$ -</u>	<u>\$ 613</u>	<u>\$ 154,596</u>
Liabilities:				
Due to bondholders	\$ 155,209	\$ -	\$ 613	\$ 154,596
Total Liabilities	<u>\$ 155,209</u>	<u>\$ -</u>	<u>\$ 613</u>	<u>\$ 154,596</u>
<u>Agency</u>				
Assets:				
Pooled cash and investments	\$ 722,171	\$ 34,404	\$ 45,317	\$ 711,258
Receivables:				
Accounts	480	4,320	3,720	1,080
Total Assets	<u>\$ 722,651</u>	<u>\$ 38,724</u>	<u>\$ 49,037</u>	<u>\$ 712,338</u>
Liabilities:				
Accounts payable	\$ 2,745	\$ 58,580	\$ 49,130	\$ 12,195
Deposits payable	719,906	35,885	55,648	700,143
Total Liabilities	<u>\$ 722,651</u>	<u>\$ 94,465</u>	<u>\$ 104,778</u>	<u>\$ 712,338</u>
<u>AD 93-3</u>				
Assets:				
Pooled cash and investments	\$ 819,909	\$ 510,659	\$ 553,506	\$ 777,062
Due from other governments	-	1,803		1,803
Restricted assets:				
Cash and investments with fiscal agents	452,687	203	-	452,890
Total Assets	<u>\$ 1,272,596</u>	<u>\$ 512,665</u>	<u>\$ 553,506</u>	<u>\$ 1,231,755</u>
Liabilities:				
Accounts payable	\$ 71	\$ 554,950	\$ 552,713	\$ 2,308
Due to other governments	761	-	761	-
Due to bondholders	1,271,764	512,690	555,007	1,229,447
Total Liabilities	<u>\$ 1,272,596</u>	<u>\$ 1,067,640</u>	<u>\$ 1,108,481</u>	<u>\$ 1,231,755</u>
<u>AD 92-101</u>				
Assets:				
Pooled cash and investments	\$ 239,758	\$ 233,240	\$ 235,028	\$ 237,970
Receivables:				
Accrued interest	1,239	707	1,239	707
Due from other governments	2,093	14,451	2,093	14,451
Restricted assets:				
Cash and investments with fiscal agents	157,500	115	-	157,615
Total Assets	<u>\$ 400,590</u>	<u>\$ 248,513</u>	<u>\$ 238,360</u>	<u>\$ 410,743</u>
Liabilities:				
Accounts payable	\$ 1,351	\$ 231,839	\$ 232,298	\$ 892
Due to bondholders	399,239	245,686	235,074	409,851
Total Liabilities	<u>\$ 400,590</u>	<u>\$ 477,525</u>	<u>\$ 467,372</u>	<u>\$ 410,743</u>

CITY OF LANCASTER

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2010**

(Continued)

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<u>IFD 92-1</u>				
Assets:				
Pooled cash and investments	\$ 896	\$ 16	\$ 910	\$ 2
Receivables:				
Accrued interest	4	-	4	-
Total Assets	<u>\$ 900</u>	<u>\$ 16</u>	<u>\$ 914</u>	<u>\$ 2</u>
Liabilities:				
Deposits payable	\$ 874	\$ -	\$ 874	\$ -
Due to bondholders	26	-	24	2
Total Liabilities	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ 898</u>	<u>\$ 2</u>
<u>CFD 89-1</u>				
Assets:				
Pooled cash and investments	\$ 731,349	\$ 498,868	\$ 514,688	\$ 715,529
Receivables:				
Accrued interest	3,780	2,125	3,780	2,125
Due from other governments	2,234	16,918	2,234	16,918
Restricted assets:				
Cash and investments with fiscal agents	675,969	35,902	-	711,871
Total Assets	<u>\$ 1,413,332</u>	<u>\$ 553,813</u>	<u>\$ 520,702</u>	<u>\$ 1,446,443</u>
Liabilities:				
Accounts payable	\$ 3,720	\$ 505,094	\$ 506,776	\$ 2,038
Due to bondholders	1,409,612	544,623	509,830	1,444,405
Total Liabilities	<u>\$ 1,413,332</u>	<u>\$ 1,049,717</u>	<u>\$ 1,016,606</u>	<u>\$ 1,446,443</u>
<u>CFD 90-1</u>				
Assets:				
Pooled cash and investments	\$ 1,003,058	\$ 1,074,508	\$ 820,611	\$ 1,256,955
Receivables:				
Accrued interest	5,185	3,730	5,185	3,730
Due from other governments	8,524	55,656	8,524	55,656
Restricted assets:				
Cash and investments with fiscal agents	776,727	423	-	777,150
Total Assets	<u>\$ 1,793,494</u>	<u>\$ 1,134,317</u>	<u>\$ 834,320</u>	<u>\$ 2,093,491</u>
Liabilities:				
Accounts payable	\$ 3,137	\$ 805,300	\$ 806,110	\$ 2,327
Due to bondholders	1,790,357	1,127,821	827,014	2,091,164
Total Liabilities	<u>\$ 1,793,494</u>	<u>\$ 1,933,121</u>	<u>\$ 1,633,124</u>	<u>\$ 2,093,491</u>
<u>CFD 91-1</u>				
Assets:				
Pooled cash and investments	\$ 371,310	\$ 892,443	\$ 934,208	\$ 329,545
Receivables:				
Accrued interest	1,919	977	1,919	977
Due from other governments	3,683	345,952	3,683	345,952
Restricted assets:				
Cash and investments with fiscal agents	546,939	-	506	546,433
Total Assets	<u>\$ 923,851</u>	<u>\$ 1,239,372</u>	<u>\$ 940,316</u>	<u>\$ 1,222,907</u>
Liabilities:				
Accounts payable	\$ 3,272	\$ 551,713	\$ 553,857	\$ 1,128
Due to bondholders	920,579	1,235,697	934,497	1,221,779
Total Liabilities	<u>\$ 923,851</u>	<u>\$ 1,787,410</u>	<u>\$ 1,488,354</u>	<u>\$ 1,222,907</u>

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2010

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<u>CFD 91-2</u>				
Assets:				
Pooled cash and investments	\$ 633,108	\$ 606,039	\$ 612,536	\$ 626,611
Receivables:				
Accrued interest	3,272	1,859	3,272	1,859
Due from other governments	-	8,354	-	8,354
Restricted assets:				
Cash and investments with fiscal agents	714,056	-	380	713,676
Total Assets	<u>\$ 1,350,436</u>	<u>\$ 616,252</u>	<u>\$ 616,188</u>	<u>\$ 1,350,500</u>
Liabilities:				
Accounts payable	\$ 2,232	\$ 556,263	\$ 557,454	\$ 1,041
Deposits payable	15,810	-	-	15,810
Due to bondholders	1,332,394	613,414	612,159	1,333,649
Total Liabilities	<u>\$ 1,350,436</u>	<u>\$ 1,169,677</u>	<u>\$ 1,169,613</u>	<u>\$ 1,350,500</u>
<u>Still Meadow Lane Sewer Assessment District</u>				
Assets:				
Pooled cash and investments	\$ -	\$ 8,977	\$ -	\$ 8,977
Total Assets	<u>\$ -</u>	<u>\$ 8,977</u>	<u>\$ -</u>	<u>\$ 8,977</u>
Liabilities:				
Due to bondholders	\$ -	\$ 8,977	\$ -	\$ 8,977
Total Liabilities	<u>\$ -</u>	<u>\$ 8,977</u>	<u>\$ -</u>	<u>\$ 8,977</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 4,676,768	\$3,859,154	\$3,717,417	\$ 4,818,505
Receivables:				
Accounts	480	4,320	3,720	1,080
Accrued interest	15,399	9,398	15,399	9,398
Due from other governments	16,534	443,134	16,534	443,134
Restricted assets:				
Cash and investments with fiscal agents	3,323,878	36,643	886	3,359,635
Total Assets	<u>\$ 8,033,059</u>	<u>\$ 4,352,649</u>	<u>\$ 3,753,956</u>	<u>\$ 8,631,752</u>
Liabilities:				
Accounts payable	\$ 16,528	\$ 3,263,739	\$ 3,258,338	\$ 21,929
Deposits payable	736,590	35,885	56,522	715,953
Due to other governments	761	-	761	-
Due to bondholders	7,279,180	4,288,908	3,674,218	7,893,870
Total Liabilities	<u>\$ 8,033,059</u>	<u>\$ 7,588,532</u>	<u>\$ 6,989,839</u>	<u>\$ 8,631,752</u>

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.

<u>Contents</u>	<u>Page</u>
Financial Trends <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>	128-131
Revenue Capacity <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>	132-136
Debt Capacity <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>	137-141
Demographic and Economic Information <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>	142-143
Operating Information <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>	144-148

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 Eight Fiscal Years
(accrual basis of accounting)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 58,869,862	\$ 58,411,108	\$ 78,497,929	\$ 94,068,075	\$ 822,650,031	\$ 880,722,283	\$ 898,682,290	\$ 702,012,782
Restricted	17,828,128	35,639,475	49,398,517	87,569,015	120,838,558	115,527,885	107,858,231	102,128,746
Unrestricted	(104,618,961)	(101,809,786)	(84,993,525)	(80,808,829)	(111,545,878)	(108,634,823)	(107,716,546)	93,233,996
Total governmental activities net assets	<u>\$ (27,920,971)</u>	<u>\$ (7,759,203)</u>	<u>\$ 42,902,921</u>	<u>\$ 100,828,261</u>	<u>\$ 831,942,711</u>	<u>\$ 887,615,345</u>	<u>\$ 898,823,975</u>	<u>\$ 897,375,524</u>
Primary government								
Invested in capital assets, net of related debt	\$ 58,869,862	\$ 58,411,108	\$ 78,497,929	\$ 94,068,075	\$ 822,650,031	\$ 880,722,283	\$ 898,682,290	\$ 702,012,782
Restricted	17,828,128	35,639,475	49,398,517	87,569,015	120,838,558	115,527,885	107,858,231	102,128,746
Unrestricted	(104,618,961)	(101,809,786)	(84,993,525)	(80,808,829)	(111,545,878)	(108,634,823)	(107,716,546)	93,233,996
Total primary government net assets	<u>\$ (27,920,971)</u>	<u>\$ (7,759,203)</u>	<u>\$ 42,902,921</u>	<u>\$ 100,828,261</u>	<u>\$ 831,942,711</u>	<u>\$ 887,615,345</u>	<u>\$ 898,823,975</u>	<u>\$ 897,375,524</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

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	\$ 10,822,535	\$ 12,874,422	\$ 13,422,227	\$ 15,996,662	\$ 16,300,790	\$ 19,703,043	\$ 22,895,700	\$ 37,870,880
Public safety	13,223,818	24,248,401	13,624,832	15,057,609	17,142,744	22,155,873	24,365,048	24,802,866
Housing	929,192	2,629,627	3,116,089	1,232,174	5,361,600	6,650,286	959,974	4,805,507
Community development	2,074,306	2,041,174	29,372,001	19,043,934	13,669,830	14,734,792	20,533,196	16,187,846
Parks and recreation	8,943,756	10,604,442	11,285,183	14,715,042	13,423,273	60,663,940	13,053,273	12,239,846
Public works	11,868,217	22,670,877	16,503,565	22,087,634	59,019,071	1,786,468	59,454,167	52,992,594
Interest on long-term debt	10,878,276	12,750,620	13,069,272	14,921,363	16,351,722	16,512,637	14,194,203	15,149,746
Total primary governmental activities expenses	\$ 58,740,100	\$ 87,819,563	\$ 100,393,169	\$ 103,054,418	\$ 141,269,030	\$ 142,207,039	\$ 155,455,561	\$ 164,049,285
Business-type activities:								
(none)								
Total business-type activities expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government expenses	\$ 58,740,100	\$ 87,819,563	\$ 100,393,169	\$ 103,054,418	\$ 141,269,030	\$ 142,207,039	\$ 155,455,561	\$ 164,049,285
Program Revenues (see Schedule 3)								
Governmental activities:								
Charges for services:								
General government	\$ 729,714	\$ 309,217	\$ 3,901,133	\$ 3,403,979	\$ 406,451	\$ 1,647,842	\$ 3,690,259	\$ 3,976,962
Public safety	1,716,185	3,211,550	6,162,797	7,371,936	2,211,141	3,505,516	2,921,179	3,091,957
Housing	1,596,605	1,619,870	1,708,513	1,789,277	2,633,713	1,610,734	1,655,770	1,652,359
Community development	1,174,477	2,119,278	3,968,166	4,838,078	805,132	1,478,571	579,523	1,045,149
Parks and recreation	2,502,180	3,468,815	3,377,830	3,534,430	3,175,710	2,991,204	2,888,631	2,814,076
Public works	10,056,549	18,114,960	24,022,612	29,098,965	24,686,902	17,556,965	14,308,525	14,165,751
Operating grants and contributions	22,073,656	24,540,598	29,134,303	36,717,092	21,790,093	22,304,176	20,916,807	26,034,713
Capital grants and contributions	11,530,290	839,643	1,170,980	-	-	65,570,808	55,674,240	43,298,860
Total governmental activities program revenues	\$ 51,379,656	\$ 54,223,931	\$ 73,446,334	\$ 86,753,757	\$ 55,709,142	\$ 116,665,816	\$ 102,634,934	\$ 96,079,827
Business-type activities:								
Charges for services:								
(none)								
Operating grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital grants and contributions	-	-	-	-	-	-	-	-
Total business-type activities program revenues	-	-	-	-	-	-	-	-
Total primary government program revenues	\$ 51,379,656	\$ 54,223,931	\$ 73,446,334	\$ 86,753,757	\$ 55,709,142	\$ 116,665,816	\$ 102,634,934	\$ 96,079,827
Governmental activities	\$ (7,360,444)	\$ (33,595,632)	\$ (26,946,835)	\$ (16,300,661)	\$ (85,559,888)	\$ (25,541,223)	\$ (52,820,627)	\$ (67,969,458)
Net Primary Government Revenue (Expense)	\$ (7,360,444)	\$ (33,595,632)	\$ (26,946,835)	\$ (16,300,661)	\$ (85,559,888)	\$ (25,541,223)	\$ (52,820,627)	\$ (67,969,458)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	\$ 13,581,456	\$ 15,488,247	\$ 17,982,717	\$ 32,672,098	\$ 32,672,098	\$ 30,773,463	\$ 47,841,204	\$ 41,226,311
Transient Occupancy Taxes	1,092,648	1,214,219	1,300,448	1,257,943	1,257,943	1,452,827	1,327,022	1,380,790
Franchise taxes	2,115,310	2,366,104	2,430,956	2,844,195	2,844,195	2,754,230	2,902,408	2,593,418
Sales taxes	13,819,915	16,157,657	17,471,173	21,377,455	21,377,455	25,879,313	14,934,911	14,523,154
Other taxes	364,765	905,040	705,761	1,016,196	1,016,196	1,888,720	1,374,445	1,313,843
Intergovernmental Unrestricted	7,475,065	5,945,527	7,918,606	3,129,626	3,129,626	918,534	493,557	426,464
Use of Money and Property	7,139,698	12,718,200	25,347,471	16,088,474	16,088,474	22,647,525	10,270,036	4,275,530
Miscellaneous	153,013	158,803	1,530,139	83,925	83,925	557,331	619,185	293,490
Total governmental activities	\$ 45,741,870	\$ 54,953,797	\$ 74,687,271	\$ 78,469,912	\$ 78,469,912	\$ 86,871,943	\$ 79,762,768	\$ 66,033,000
Total Primary Government	\$ 45,741,870	\$ 54,953,797	\$ 74,687,271	\$ 78,469,912	\$ 78,469,912	\$ 86,871,943	\$ 79,762,768	\$ 66,033,000
Change in Net Assets								
Governmental activities	\$ 38,381,426	\$ 21,358,165	\$ 47,740,436	\$ 62,169,251	\$ (7,089,976)	\$ 61,330,720	\$ 26,942,141	\$ (1,936,458)
Total Primary Government	\$ 38,381,426	\$ 21,358,165	\$ 47,740,436	\$ 62,169,251	\$ (7,089,976)	\$ 61,330,720	\$ 26,942,141	\$ (1,936,458)

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 Eight Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund								
Reserved	\$ 56,882,151	\$ 57,604,538	\$ 59,892,933	\$ 59,733,381	\$ 64,019,546	\$ 54,513,982	\$ 52,461,253	\$ 50,723,608
Unreserved	<u>15,727,851</u>	<u>20,391,125</u>	<u>29,082,237</u>	<u>31,733,381</u>	<u>31,986,738</u>	<u>37,322,306</u>	<u>34,818,644</u>	<u>25,945,055</u>
Total general fund	<u>\$ 72,610,002</u>	<u>\$ 77,995,663</u>	<u>\$ 88,975,170</u>	<u>\$ 91,466,762</u>	<u>\$ 96,006,284</u>	<u>\$ 91,836,288</u>	<u>\$ 87,279,897</u>	<u>\$ 76,668,663</u>
All Other Governmental Funds								
Reserved	\$ 57,632,550	\$ 34,463,559	\$ 30,210,474	\$ 47,888,239	\$ 71,637,570	\$ 59,478,125	\$ 74,432,801	\$ 105,561,942
Unreserved, reported in:								
Special revenue funds	4,407,262	17,008,082	37,928,560	68,008,628	52,767,008	59,541,994	56,919,624	40,672,379
Capital projects funds	(76,222,161)	(39,855,804)	(19,195,383)	(49,662,040)	(30,507,293)	(34,197,147)	(62,191,991)	(64,440,335)
Debt service funds	<u>10,682,909</u>	<u>14,170,942</u>	<u>18,337,445</u>	<u>20,211,147</u>	<u>23,919,282</u>	<u>24,959,978</u>	<u>32,721,659</u>	<u>14,030,167</u>
Total all other governmental funds	<u>\$ (3,499,440)</u>	<u>\$ 25,786,779</u>	<u>\$ 67,281,096</u>	<u>\$ 86,445,974</u>	<u>\$ 117,816,567</u>	<u>\$ 109,782,950</u>	<u>\$ 101,882,093</u>	<u>\$ 95,824,153</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 Eight Fiscal Years
(modified accrual basis of accounting)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Taxes (see Schedule 6)	\$ 31,948,826	\$ 39,375,924	\$ 40,966,235	\$ 58,059,847	\$ 65,926,362	\$ 70,162,583	\$ 69,730,798	\$ 59,689,451
Licenses, Fees, and Permits	8,938,538	19,819,171	30,541,425	39,580,124	18,406,355	8,360,699	4,376,841	3,593,907
Intergovernmental	36,674,061	31,112,509	33,466,522	22,928,483	27,189,039	25,236,245	22,924,589	28,496,569
Charges for Services	4,634,100	4,669,751	9,421,165	14,083,950	8,901,806	9,319,279	9,647,677	13,069,923
Use of Money and Property	5,928,661	2,929,109	24,358,065	14,994,933	13,121,339	11,222,381	10,057,206	5,087,601
Fines and Forfeitures	1,476,522	1,060,855	1,334,858	1,673,103	2,158,669	3,505,516	2,921,179	3,091,957
Other Revenues	2,444,533	11,062,256	8,723,822	1,647,768	1,893,388	2,841,166	4,338,209	2,534,139
Total Revenues	\$ 92,045,241	\$ 110,029,575	\$ 148,812,092	\$ 152,968,208	\$ 137,596,958	\$ 130,647,869	\$ 123,996,499	\$ 115,563,547
Expenditures								
General Government	\$ 10,607,635	\$ 12,347,142	\$ 13,081,822	\$ 19,475,290	\$ 16,056,247	\$ 18,935,026	\$ 20,400,983	\$ 35,400,480
Public Safety	13,203,948	12,085,647	13,595,775	15,019,081	17,107,689	21,945,315	24,303,445	24,764,758
Housing	929,192	2,629,627	3,116,089	1,232,174	5,361,600	1,781,432	959,974	4,805,507
Community Development	2,025,672	1,981,836	29,315,974	18,412,648	13,609,531	6,258,047	20,383,837	16,000,405
Parks and Recreation	8,178,638	9,813,484	10,324,903	11,837,309	11,696,144	11,878,211	11,853,863	10,961,119
Public Works	11,193,468	12,396,385	15,412,990	19,278,112	21,456,745	20,335,433	22,454,629	17,517,257
Capital Outlay	23,544,723	31,895,374	19,486,835	22,048,652	37,806,315	36,955,971	19,004,734	38,183,765
Debt Service								
Interest	12,297,744	10,929,550	12,785,258	14,753,943	16,541,783	16,518,213	13,873,812	12,838,000
Principal	5,903,012	2,617,958	3,184,000	5,466,252	5,240,000	6,128,000	5,745,000	14,262,517
Debt Issuance Costs	3,773,805	960,257	2,784,440	-	-	-	-	-
Payment to Escrow Agent	-	239,901	-	-	853,689	-	-	-
Total Expenditures	\$ 91,657,837	\$ 97,897,161	\$ 123,088,086	\$ 127,523,461	\$ 145,729,743	\$ 140,735,648	\$ 138,980,277	\$ 174,733,808
Excess of Revenues Over (Under) Expenditures	\$ 387,404	\$ 12,132,414	\$ 25,724,006	\$ 25,444,747	\$ (8,132,785)	\$ (10,087,779)	\$ (14,983,778)	\$ (59,170,261)
Other Financing Sources (Uses)								
Bonds, Notes and Loans Issued	\$ -	\$ 2,950,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,160,938
Refunding Bonds Issued	101,575,000	34,640,000	69,285,000	-	39,315,000	-	-	-
Payments to Escrow Agent	(78,410,575)	(13,854,137)	(42,219,454)	-	(5,180,403)	-	-	-
Bonds Issuance Premium	5,380,526	-	-	-	1,320,578	-	-	-
Sale of Real Estate	-	-	-	-	8,409,173	-	-	-
Transfers In	112,055,019	43,979,190	83,787,767	52,066,330	68,139,732	63,668,972	55,359,163	82,081,243
Transfers Out	(112,055,019)	(43,979,190)	(83,787,767)	(52,066,330)	(68,139,732)	(63,668,972)	(55,359,163)	(82,081,243)
Total Other Financing Sources (Uses)	28,544,951	23,735,863	27,065,546	-	43,864,348	-	-	42,160,938
Net Change in Fund Balances	\$ 28,932,355	\$ 35,868,277	\$ 52,789,552	\$ 25,444,747	\$ 35,731,563	\$ (10,087,779)	\$ (14,983,778)	\$ (17,009,323)
Debt Service as a Percentage of Noncapital Expenditures	39.45%	26.43%	18.82%	23.72%	25.54%	27.91%	16.32%	19.77%

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 & Use (2)</u>	<u>Transient Occupancy</u>	<u>Franchise</u>	<u>Real Property Transfer</u>	<u>Business Taxes</u>	<u>Rental Housing</u>	<u>Other</u>	<u>Total</u>
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
2010	1,590,352	21,461,801	13,341,916	1,380,603	4,093,860	424,063	731,097	331,624	6,763	43,362,079
Change 2001-2010	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 decreased 19.2% in the last year due to the recent recession.

Note 2: The City's sales and use tax has also decreased by 10%, remaining only 4.9% higher than 10 years ago.

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	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value ^a as a Percentage of Actual Taxable Value
2001	\$ 2,923,848	\$ 548,350	\$ 173,036	\$ -	\$ (40,149)	\$ 4,394,525	\$ 0	\$ 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%
2010	6,770,835	1,249,510	497,261	1,310,426	(392,871)	9,828,032	0.06759	9,935,751	98.916%

Source: City of Lancaster Finance Department.

^a 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	Los Angeles County		Antelope Valley Union High School District		Westside School District		Community College		Water	Total
	General		School District	High	School District	District	College			
2001	1.00000%	0.00131%	0.00000%	0.00000%	0.08751%	0.00000%	0.00000%	0.12579%	1.21461%	
2002	1.00000%	0.00113%	0.00000%	0.00000%	0.08321%	0.00000%	0.00000%	0.11904%	1.20338%	
2003	1.00000%	0.00103%	0.02650%	0.02650%	0.13320%	0.00000%	0.00000%	0.11360%	1.27434%	
2004	1.00000%	0.00099%	0.02428%	0.02428%	0.16267%	0.00000%	0.00000%	0.10099%	1.28893%	
2005	1.00000%	0.00092%	0.02572%	0.02572%	0.12668%	0.00000%	0.00000%	0.09560%	1.24892%	
2006	1.00000%	0.00080%	0.02266%	0.02266%	0.10365%	0.01630%	0.01630%	0.07050%	1.21391%	
2007	1.00000%	0.00066%	0.01996%	0.01996%	0.08454%	0.02905%	0.02905%	0.07049%	1.20470%	
2008	1.00000%	0.00000%	0.01908%	0.01908%	0.08488%	0.00983%	0.00983%	0.07049%	1.18428%	
2009	1.00000%	0.00000%	0.02095%	0.02095%	0.09374%	0.01682%	0.01682%	0.07049%	1.20200%	
2010	1.00000%	0.00000%	0.02421%	0.02421%	0.02282%	0.02460%	0.02460%	0.07049%	1.14212%	

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**

	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Basrock	\$ 113,155,178	1	1.15%	\$ 46,530,685	1	1.10%
US Industrial Reit II	83,607,360	2	0.85%	28,783,835	2	0.68%
Walmart	65,729,750	3	0.67%	28,574,840	3	0.68%
Avenue K Lancaster UCM Cadenc	46,640,059	4	0.47%	22,555,322	4	0.53%
Bank of America N A	44,114,023	5	0.45%	15,485,273	5	0.37%
Deutsche Bank Natl Trust	37,118,785	6	0.38%	13,505,707	6	0.32%
Thrifty Payless Inc	34,263,008	7	0.35%	13,205,591	7	0.31%
BPP Valley Central	28,371,988	8	0.29%	13,175,022	8	0.31%
US Bank National Assoc T	25,865,677	9	0.26%	12,968,014	9	0.31%
HSBC Bank USA	25,494,930	10	0.26%	12,861,582	10	0.30%
Top Ten Total	\$ 504,360,758		5.13%	\$ 207,645,871		4.91%
City Total	\$ 9,828,032,163		100.00%	4,224,994,724		100.00%

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 Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy

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)**

Fiscal Year	Tax Allocation Redevelopment Bonds	Revenue Bonds	Assessment District Bonds	Community Facilities Dist. Bonds	Total Primary Government	Percentage of Personal Income ^a	Per Capita
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
2010	261,145	15,000	4,680	14,571	295,396	9.93%	2.02

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

**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 ^a of Property	Per Capita ^b	Population
	General Obligation	Tax Allocation Redevelopment	Total			
	Bonds	Bonds				
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
2010	-	261,145	261,145	2.6571%	1.79	145,875

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

^a See Schedule 6 (Exhibit C-1) for property value data.

^b Population data can be found in Schedule 14 (Exhibit E-1).

CITY OF LANCASTER

Direct and Overlapping Governmental Activities Debt
 As of June 30, 2010
 (dollars in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Antelope Valley Joint Communit College District	\$ 132,211,888	20.012%	\$ 26,458,243
Antelope Valley Union High School District	93,134,873	23.848%	22,210,805
Eastside Union High School District	11,742,547	20.599%	2,418,847
Lancaster School District	23,797,692	91.269%	21,719,916
Westside Union School District	25,864,973	29.830%	7,715,521
Westside Union School District Community Facilites Districts	21,275,000	100.000%	21,275,000
Quartz Hill Water District Community Facilities District No. 1	865,000	76.986%	665,929
City of Lancaster Community Facilities Districts	16,528,890	100.000%	16,528,890
City of Lancaster 1915 Act Bonds	4,690,000	100.000%	4,690,000
LA County Regional Park and Open Space Assessment District	222,660,000	0.405%	901,773
Total Overlapping Tax and Assessment Debt			<u>\$ 124,584,924</u>
LA County General Fund Obligations	855,695,839	0.405%	3,465,568
LA County Pension Obligations	118,486,192	0.405%	479,869
LA County Superintendent of Scholls Certificates of Participation	13,185,458	0.405%	53,401
Eastside Union Scholl District Certificates of Participation	7,000,000	20.599%	1,441,930
Lancaster School District Certificates of Participation	15,542,425	91.269%	14,185,416
LA County Sanitation District No. 14 Certificates of Participation	4,762,418	64.406%	3,067,283
City of Lancaster General Fund Obligations	12,370,000	100.000%	12,370,000
Total Direct and Overlapping General Fund Debt			<u>\$ 35,063,467</u>

CITY OF LANCASTER

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assessed Valuation	\$ 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	\$9,828,032,163
Debt limit (3.75% of Gross AV)	164,795	175,837	189,330	208,674	232,589	281,047	363,216	439,797	441,643	368,551,206
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 164,795	\$ 175,837	\$ 189,330	\$ 208,674	\$ 232,589	\$ 281,047	\$ 363,216	\$ 439,797	\$ 441,643	\$ 368,551,206
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
2010	66,205	6,895	12,144	3.48

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

CITY OF LANCASTER

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

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
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%
2010	145,074	\$ 3,267,564	\$ 22,523.43	17.1%

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

<http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/labForceReport.asp?menuchoice=LABFORCE>

CITY OF LANCASTER

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

<u>Employer</u>	<u>2010</u>			<u>2001</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	12,515	1	20.16%	6,950	1	11.04%
China Lake Naval Weapons	6,080	2	9.79%	4,600	2	7.31%
County of Los Angeles	3,757	3	6.05%	4,008	3	6.37%
Lockheed Martin	3,320	4	5.35%	3,200	4	5.09%
Palmdale School District	2,728	5	4.39%	1,800	5	2.86%
Antelope Valley Hospital	2,561	6	4.12%	1,450	6	2.30%
Northrop Grumman	2,300	7	3.70%	1,300	7	2.07%
Wal-Mart (5)	2,150	8	3.46%	1,292	8	2.05%
AV Union High School District	2,106	9	3.39%	1,200	9	1.91%
California Correctional	1,957	10	3.15%	880	10	1.40%
TOTAL	62,087		63.58%	62,929		42.40%

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**

<u>Function</u>	<u>Full-time-Equivalent Employees as of June 30</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>	<u>2010</u>
General government										
City Manager	3	3	3	2.5	3.625	3	4	5	5	7
City Clerk	3.8	3.72	3.6	3.8	4	5	5	5	5	4
Administrative Services	10	10	11	11	10	8.5	6.9	4	4	4
Finance	10	10	10	11	11	14.75	16.75	21	21	21
Human Resources	3	3	3	3	3	3	4	10	10	10
Planning	14	13	15	15	17	14	16	16	16	12
Redevelopment	7	7	7	8	9	20.3	22.3	37	37	38
Community Safety						17	17.75	21	21	16
Parks and Recreation	59	60	60	61	61	65	67	66	66	59
Public Works	94	95	98	98	105	117	137	144	144	125
Total	<u>203.8</u>	<u>204.7</u>	<u>210.6</u>	<u>213.3</u>	<u>223.6</u>	<u>267.6</u>	<u>296.7</u>	<u>329</u>	<u>329</u>	<u>296</u>

Source: City Finance Department

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CITY OF LANCASTER

**Operating Indicators by Function/Program,
FY 2009-10**

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2005 - 2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government					
Business licenses					
New business licenses issued	1,426	825	606	1,272	1,326
Business licenses renewed	4,070	3,313	2,499	4,103	3,904
Business improvement district					
BID licenses issued	21	10	4	23	23
BID licenses renewed	201	159	100	152	144
Taxi Business licenses					
New business licenses issued			24	31	21
Business licenses renewed			0	21	27
Tow Business licenses					
New business licenses issued			8	14	12
Business licenses renewed			2	24	41
Group Home Business licenses					
New business licenses issued			3	14	16
Business licenses renewed			0	3	17
LANCAP Business licenses					
New business licenses issued			79	848	844
Business licenses renewed			818	1,137	1,864
Massage Business licenses					
New business licenses issued			56	79	103
Business licenses renewed			5	72	66
Newsrack Permits					
New permits issued					4
Permits renewed					0
Human Resource Recruitments	33	44	30	23	22
Public Safety					
Physical arrests	12,064	11,042	17,606	17,867	27,854
Citations	18,555	24,216	23,031	26,407	25,386
Community Safety					
Parking violations	40,115	17,458	28,389	17,616	41,505
Public Works					
Building permits issued	4,416	2,363	1,400	907	1,444
Centerline miles maintained	1,208	590	627	621	630
No of Traffic Signals	129	130	139	145	141
No. of trees in right of way	43,615	53,176	44,773	47,022	58,987
Fleet Vehicles Maintained	296	272	307	320	295
Sponsored recycling event	1	4	12	30	0

CITY OF LANCASTER

**Operating Indicators by Function/Program,
FY 2009-10**

Street sweeping - residential miles	14,880	18,000	14,770	15,678	15,678
Street sweeping - arterial miles	8,900	8,876	8,960	9,224	2,220
Street sweeping - alley miles	900	900	900	900	0
Street sweeping - raised median curb miles	1,800	1,794	2,015	2,106	0
Parks and Recreation					
Maintenance Services					
No. of developed park sites	12	13	13	13	13
No. of acres maintained	430	362	365	438	449
Recreation					
Community Events Sponsored	7	12	10	10	16
Youth Sport Participants	300	289	315	295	315
Adult league basketball teams	69	61	67	74	67
Adult league softball teams	472	434	474	493	545
Softball tournaments- no. of teams	891	680	572	681	582
Soccer tournaments-no.of teams	2,240	2,222	2,057	2,130	2,530
Instructional class enrollments	2,900	19,103	27,608	25,435	31,436
Performing Arts Center					
Season Performances	108	95	94	94	97
Tickets Sold	45,789	51,694	34,850	45,360	39,376
Outreaches	22	28	32	35	32
Master Classes	2	2	2	2	1
Acting Workshops	0	0	4	4	0
Theater Rentals	140	118	85	126	92
Rental tickets sold	43,791	38,400	25,500	29,940	29,940

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

Sources: Various city departments.

CITY OF LANCASTER

**Capital Asset Statistics by Function/Program,
FY 2009-10**

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2005 - 2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government					
City Hall	1	1	1	1	1
Annex/Record Center	1	1	1	1	1
Community Development					
Brierwood Mobile Home Park	1	1	1	1	1
Desert Sands Mobile Home Park	1	1	1	1	1
Public Works					
Maintenance Yard - Modular Office Bldg.	1	1	1	1	1
Maintenance Yard - Office/Warehouse	1	1	1	1	1
Maintenance Yard - Maintenance Garage	1	1	1	1	1
Maintenance Yard - Canopy	1	1	1	1	1
Maintenance Yard - Storage Bldg	1	1	1	1	1
Streets (miles)	591	591	627	621	630
Streetlights (owned by City)	1,000	1,405	1600	1141	1112
Traffic signals	129	130	139	145	141
Street Signs	24,000	26,000	27000	28000	28533
Fleet Vehicles	296	272	307	320	295
Ad Storm Drain Pipe (LF)				117142	381,110
Ad Storm Drain Box (LF)				20803	31570
Ad Storm Drain Channel (LF)				48715	48715
Ad Sewer Pipe (LF)				2055473	2244000
Ad Sewer Manholes				8000	9083
Ad Sewer Lift Station				1	1
Parks and Recreation					
Acreage	362	362	365	524.6	524.6
Developed park sites	12	13	12	13	13
Pools	2	2	2	2	2
Big 8 Tournament Baseball complex	1	1	1	1	1
Batting Cage Facility	1	1	1	1	1
Soccer complex	1	1	1	1	1
Community/Activity Centers	7	7	7	7	7
Cedar center					1
Prime Desert Woodlands Preserve & Nature Center	1	1	1	1	1
Municipal Baseball Stadium	1	1	1	1	1
Performing Arts Center	1	1	1	1	1
Museum and Art Gallery	1	1	1	1	1
Western Hotel (historic site)	1	1	1	1	1
Metrolink Station	1	1	1	1	1
Park and Ride Lots	4	4	4	8	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.

