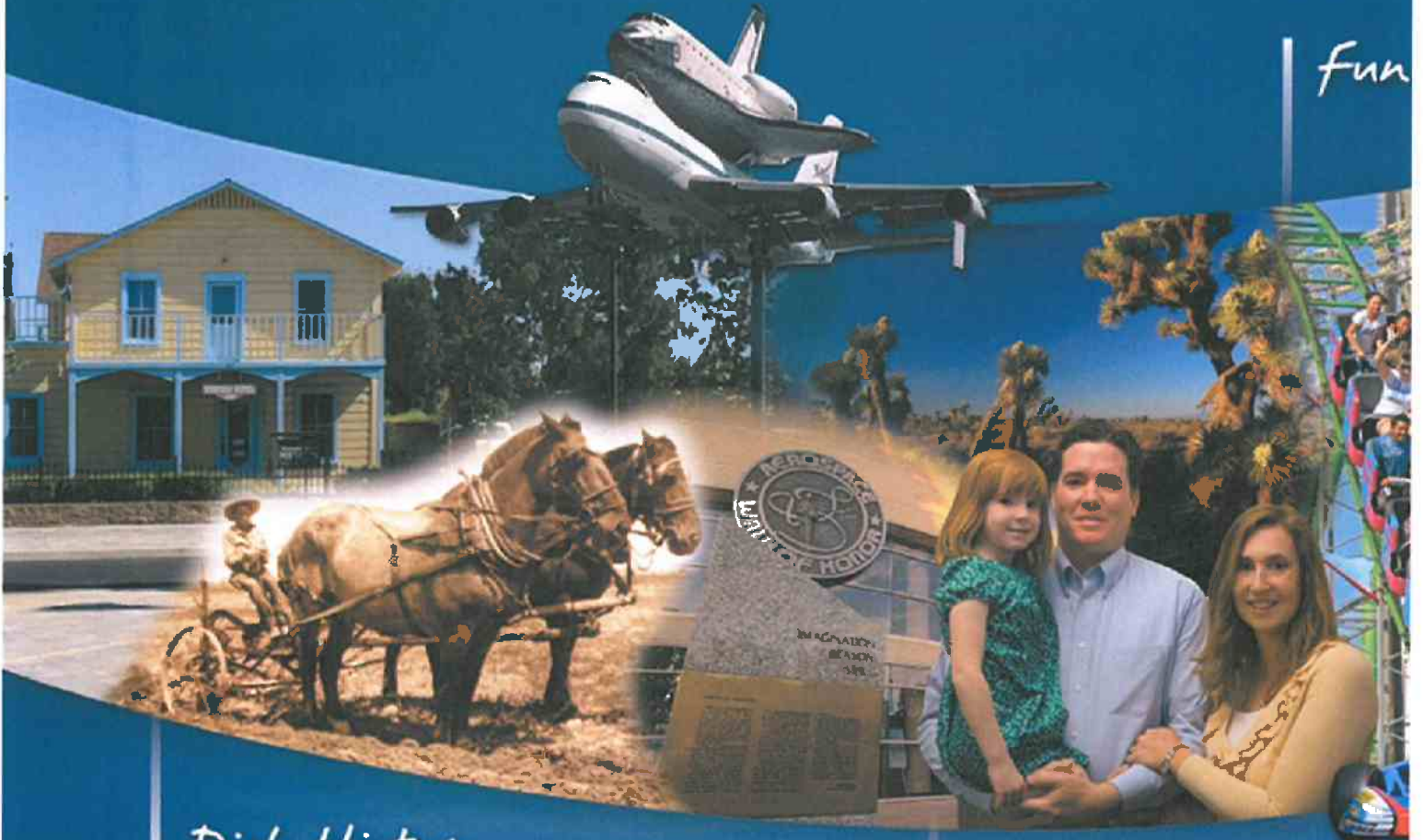


lanaster  ca  
*it's positively clear*



*Rich History*

*Family Friendly*

# Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2011

CITY OF LANCASTER, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011

Prepared By:

Finance Department

CITY OF LANCASTER  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED  
 JUNE 30, 2011

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

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**  
For the Year Ended June 30, 2011

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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December 31, 2011

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, 2011. 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. Management asserts 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 report 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 Power 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 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.

### **City of Lancaster Profile**

Lancaster is situated on the north side of Los Angeles County in the Antelope Valley, about 70 miles from downtown Los Angeles and separated from the Los Angeles Basin by the Angeles National Forest. The City is bordered by several unincorporated Los Angeles County communities and the city of Palmdale. Lancaster is served by state route 14 and by two major grade-separated east-west thoroughfares: Avenue H and Avenue L. With 94 square miles with residential communities, recreation and art venues, hi-tech industry, and retail businesses Lancaster is an exciting atmosphere for living and a place of limitless opportunity for business.

The City was incorporated on November 22, 1977, and on April 13, 2010, voters approved Measure C which grants the City its Charter City status. The mayor and city council are elected at large. Lancaster has grown significantly in size and diversity over the last thirty-four years. According to the 2010 Census, Lancaster's population is 156,633, an increase of nearly 32% over the 2000 Census total. With business-friendly policies, the City today attracts national and local companies in many businesses and industries as well as families pursuing the American Dream of homeownership in a close-knit community. Throughout its recent growth, Lancaster has retained a family-focused hometown spirit. Thousands of visitors come to Lancaster in the spring to enjoy our beautiful orange poppy fields among the world famous Joshua trees. The movie industry has captured the essence of the high desert in multitudes of movies shot here each year, bringing many additional visitors to patronize our hotels and retail establishments.

### **Significant Events and Accomplishments**

Public safety remains the major Council priority. Lancaster's crime rate has dropped dramatically over the last four years, approximately 40% as of December 2011. The ongoing commitment to public safety by the City of Lancaster, the Los Angeles County Sheriff's Department, and City residents and businesses has established an aggressive anti-crime partnership which continues to proactively attack crime and criminals while engaging the community.

Over the last few years, the City's Public Safety Office has done a remarkable job in growing the Neighborhood Watch and Business Watch programs from a handful to nearly 400 active groups, developing our data and crime analysis capabilities with LASD, deploying one of the largest Community Service Officer teams in Los Angeles County, conducting valuable community presentations and seminars, and generally providing exceptional service to citizens and businesses on a daily basis.

The initial and primary transformation of Lancaster's Downtown was completed in early 2011. These projects include construction of the new Lancaster Museum of Art and History at the

corner of Ehrlich Avenue and Lancaster Boulevard, completing American Heroes Park, and finishing street, pedestrian, and landscape improvements on Lancaster Boulevard that promote our downtown businesses and make downtown a primary destination in the Antelope Valley. In order to increase pedestrian and bicyclist safety downtown, vehicular traffic lanes were reduced to two from four and the speed limit reduced to 15 miles per hour. Construction of a traffic roundabout in 2012 at Lancaster Boulevard and 10<sup>th</sup> Street West will promote traffic safety and provide a dramatic entry to the new downtown.

In partnership with the community, we continue to conduct an appealing slate of events for the downtown. This includes the Streets of Lancaster Grand Prix, an event that attracts an estimated 30,000 spectators annually. Attendees enjoy professional go-kart racing, VIP races including local leaders and stakeholders, street vendors, live music, a cruise-in car show, children's activities, and special events at Downtown Lancaster businesses. The City also sponsors other popular downtown events such as Celebrate America, BooLVD, and Magical BLVD Christmas.

The City had several far-reaching accomplishments during the 2010-11 fiscal year. With the goal of generating new and sustainable revenue streams over the coming years, staff began to aggressively pursue partnerships with the private sector in order to attract retail, manufacturing and other activities to employ our residents close to home. We continued down the road of economic development activity with several City Council approved solar energy building projects that will save the City millions of dollars over the coming years among other revenue generation activities.

The City established the Lancaster Power Authority that aims to use green energy to provide electricity cost savings to all of the City's businesses and residents while also providing the city with a new source of revenue. The Authority's first project is a ground-breaking partnership with two school districts to provide solar energy at their school sites. The Authority will sell power to the schools which will save money for them and generate funds for the City.

In September 2010, the City Council voted in favor of leasing 25 acres of City-owned property adjacent to the Lancaster National Soccer Center to Morgan Solar Inc. The option-to-lease agreement between the City and Morgan Solar will allow the firm to build two to five megawatts of solar generation, with revenue sharing provided to Lancaster Municipal Utility. The amount of revenue shared will be based on rate negotiations between Morgan Solar and Southern California Edison (SCE), but is estimated to be \$50,000 annually.

The first site to be constructed by Morgan Solar will be a 200 kilowatt solar facility which will serve as a prototype to demonstrate the company's photovoltaic technology. The power generated from this facility is anticipated to reduce the City's meter charges by approximately \$60,000.

On the retail development front, Lancaster has three major greenfield sites approved and ready-to-go at three locations. Amargosa Creek is located near 10<sup>th</sup> Street West and Avenue K-8, Front Row Center at Avenue I and Double Play Way, and a regional shopping center site near 60<sup>th</sup> Street West and Avenue L. We look forward to major sales tax revenue generated from these retail uses, as well as additional shopping opportunity for Antelope Valley residents.

## **Finances in 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 a 14% Financial Stability Reserve.

The continued weakened economy results in a loss of revenue to the City of Lancaster. However, 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 selected projects and reducing administrative costs. The City is also aggressively pursuing new and innovative sources of revenue, as evidenced by the Lancaster Power Authority projects.

## **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, 2010. 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-five (25) 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.

## 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, Tammie Holladay, Accountant and Nicole Rizzo, Management Analyst, 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



Barbara Boswell  
Finance Director

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## CITY OF LANCASTER

### CITY COUNCIL MEMBERS

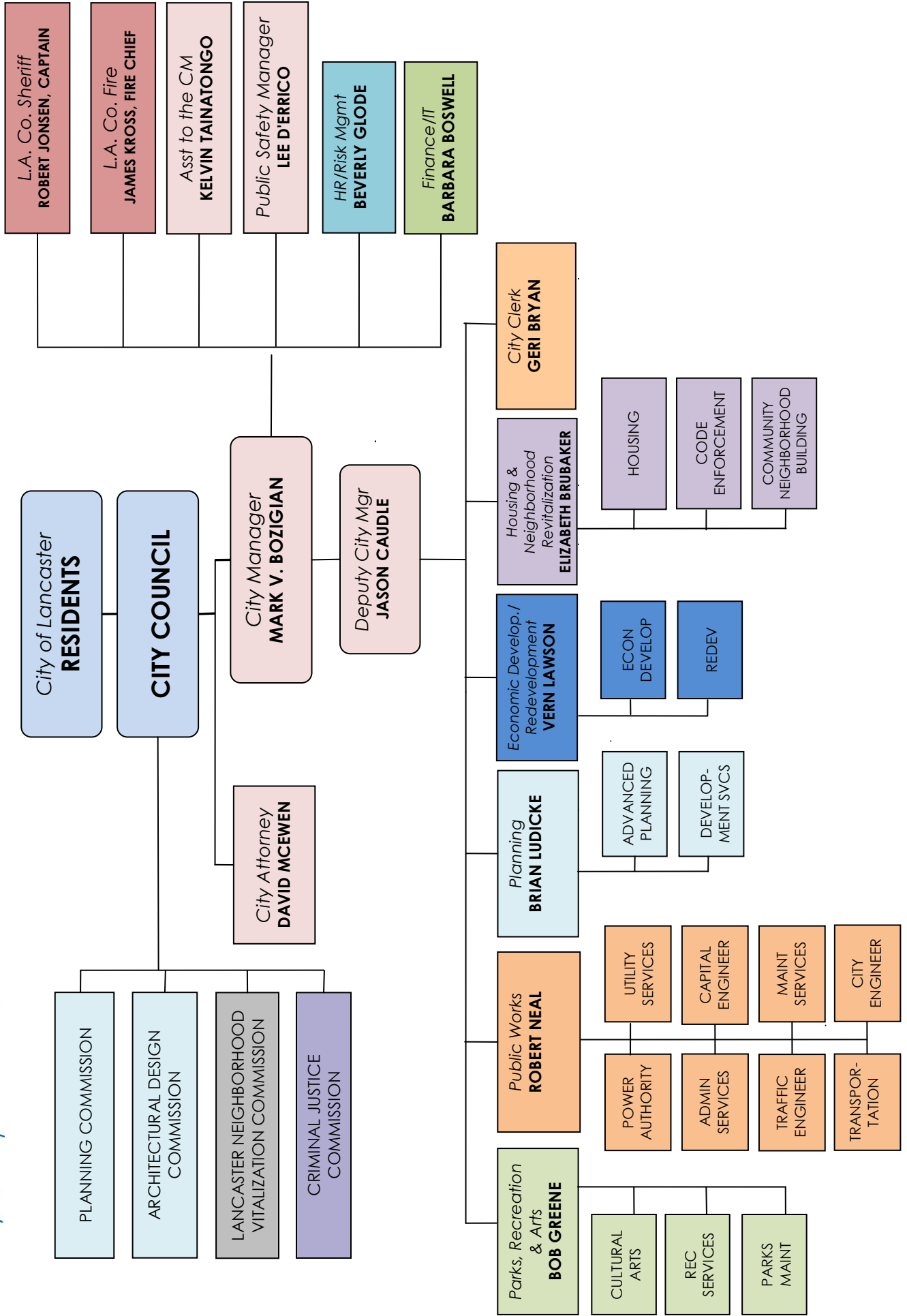
		<u>Term Expires</u>
R. Rex Parris	Mayor	2012
Ronald D. Smith	Vice Mayor	2014
Marvin E. Crist	Council Member	2014
Kenneth G. Mann	Council Member	2012
Sheryl A. Marquez	Council Member	2012

### 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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# 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, 2010

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.



*Linda C. Davidson*

President

*Jeffrey R. Enos*

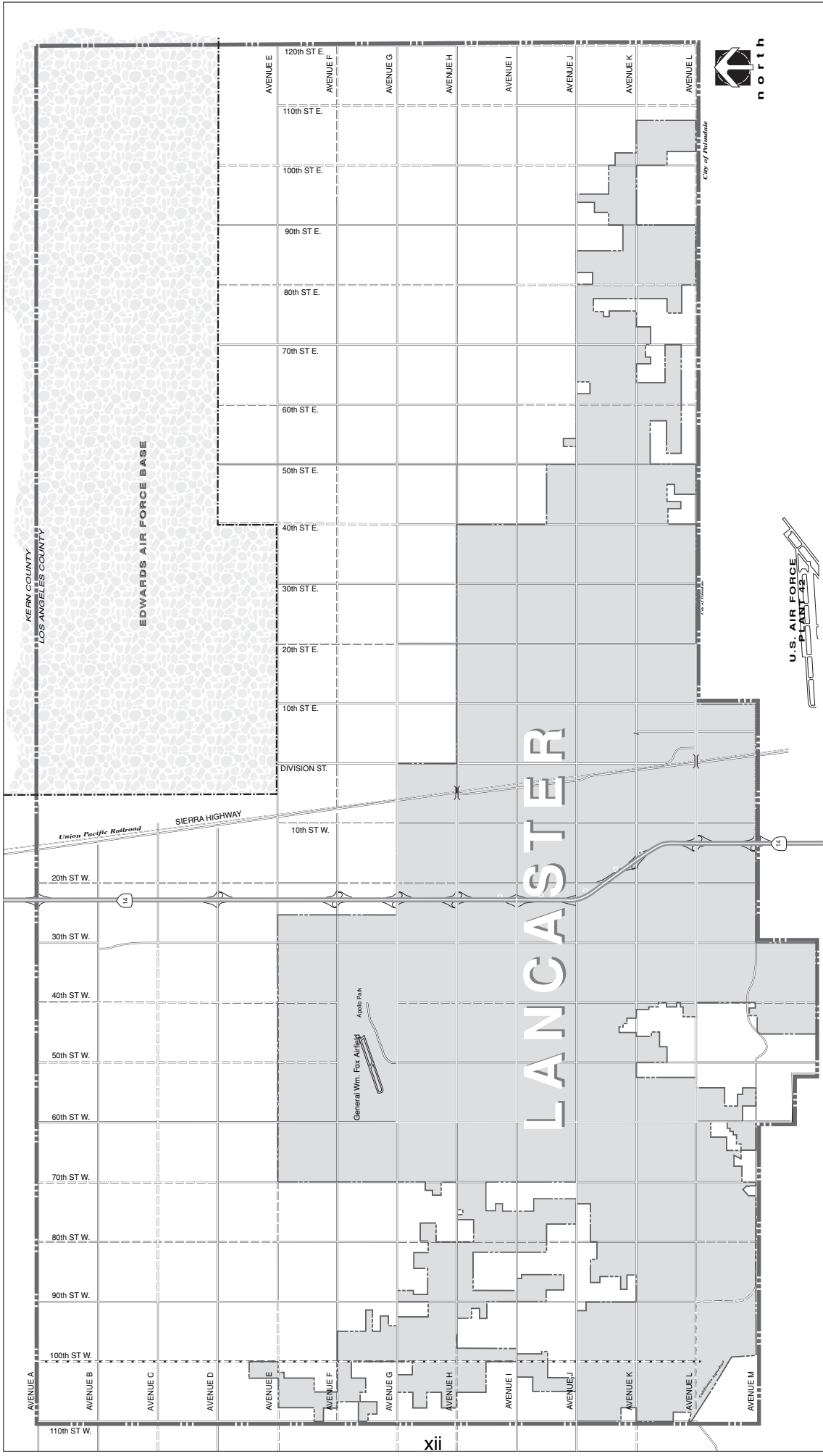
Executive Director

AV Economic Region



# CITY OF LANCASTER

TOTAL INCORPORATED AREA: 94 SQUARE MILES





CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, 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
- Bryan S. Gruber, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of 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 (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City'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 the 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 opinion.

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, as of June 30, 2011, 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.

We would like to draw the reader's attention to Note 20 - "Economic Condition". This note provides information on the decline in the financial condition of the Agency due to the decline of the economy. We would also like to draw the reader's attention to Note 21 - "California Redevelopment Agency Uncertainty". The note provides information on two bills passed, AB1X26 and 27 which dissolve redevelopment agencies effective October 1, 2011, and provide an option to avoid dissolution by making certain defined payments.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.



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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Lance, Soll & Lughard, LLP*

Brea, California  
December 20, 2011

## 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, 2011. 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 \$139,010,109
- The cost of governmental activities was \$151,508,764
- The General Fund reported expenditures and transfers out in excess of revenues and transfers in of \$12,928,415
- For the General Fund, actual resources available for appropriation (revenue inflows and fund balance) was less than final budget by \$4,017,621 while actual appropriations (outflows) were less than final budget by \$7,918,337

### 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, Community Development, 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	
	2011	2010
Current and other assets	\$ 256,295	\$ 261,065
Capital assets	945,684	947,792
Total Assets	1,201,979	1,208,857
Long-term liabilities outstanding	287,900	289,279
Other liabilities	22,260	22,203
Total Liabilities	310,160	311,482
 Net Assets		
Invested in capital assets, net of related debt	726,729	702,013
Restricted	93,278	102,128
Unrestricted	71,812	93,234
Total Net Assets	\$ 891,819	\$ 897,375

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

Land	\$ 13,567
Buildings and Improvements	37,125
Furniture and Equipment	3,905
Infrastructure	838,942
Construction in Progress	52,145
Net Capital Assets	\$ 945,684

- The City of Lancaster uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.
  
- Cash and Investments decreased \$26,924,538 as a result of the increase in expenditures for public safety and use of redevelopment bond proceeds in the construction of capital improvement projects.

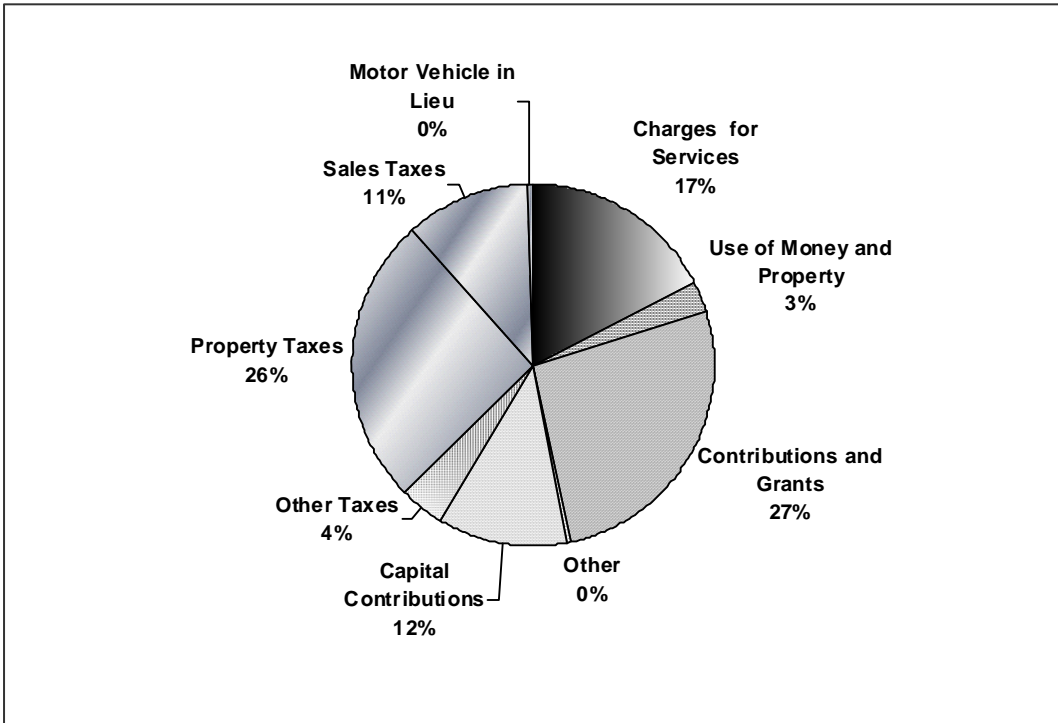
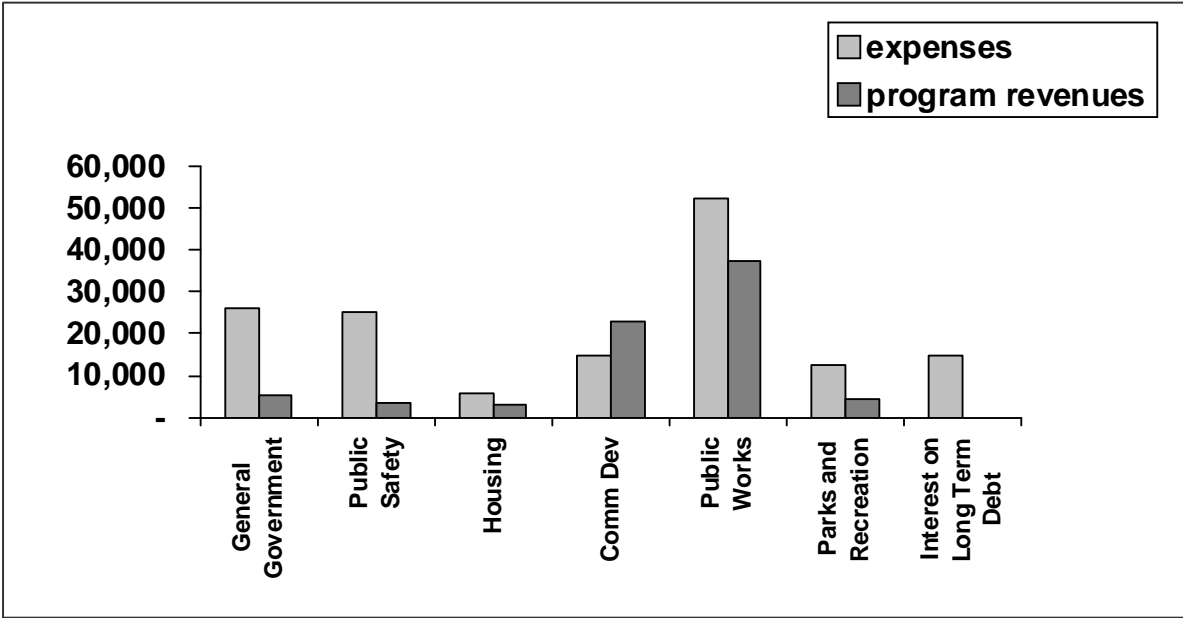
**Governmental Activities.** Governmental activities decreased the City of Lancaster's net assets by \$5,556,179. Net Asset restatements accounted for a net increase of \$6,942,476.

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

	Governmental Activities	
	2011	2010
Revenues		
Program revenues:		
Charges for services	\$ 24,213	\$ 26,746
Operating contributions and grants	36,720	26,035
Capital contributions and grants	16,289	43,299
General revenues:		
Taxes:		
Property taxes	35,895	41,226
Sales taxes	15,608	14,523
Franchise taxes	2,697	2,593
Other taxes	2,619	2,695
Motor vehicle in lieu	680	426
Investment income	3,952	4,276
Other	337	293
Total revenues	139,010	162,112
Expenses		
General government	25,976	37,871
Public safety	25,207	24,803
Public works	52,086	52,992
Parks and recreation	12,526	12,240
Housing	5,993	4,805
Community Development	14,848	16,188
Interest on long-term debt	14,873	15,150
Total expenses	151,509	164,049
Increase in net assets	\$ (12,499)	\$ (1,937)

The City's total revenues are \$139,010,109 while the costs of all programs and services are \$151,508,764.

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



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

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

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

	Total Cost of Services 2011	Net Cost of Services 2011
General Government	\$ 25,976	\$ (20,532)
Public Safety	25,207	(21,477)
Public Works	52,086	(14,537)
Parks and Recreation	12,526	(8,247)
Interest on Long-term Debt	14,873	(14,873)
Totals	\$ 130,668	\$ (79,666)

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 \$154.9 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 \$12,928,415. The decrease in fund balance reflects the impact of the local economy. Property assessed valuation has decreased 28% over the past several years, resulting in lost revenues to the City.

The change in fund balance for the Lancaster Redevelopment Agency Capital Projects Fund reflects the expenditures of the bond proceeds for redevelopment projects in progress.

**General Fund Budgetary Highlights**

The actual amounts of expenditures for the General Fund at year-end were \$74,045 less than the final budget before transfers. The budget to actual variance in appropriations was principally due to close control by management. Actual revenues were \$2,578,272 less than the final budget before transfers due to a decrease in property tax revenues.

**Capital Asset and Debt Administration**

**Capital Assets.** At the end of FY 2011, the City had \$945.7 million invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment. The total capital assets, net of related debt is \$726.7 million.

The City’s Capital Improvement Plan projects spending \$14.7 million through fiscal 2011-12. Funding will come from current fund balances and projected revenues. The most significant projects include the Downtown Roundabout, Lancaster Blvd. and Date Park ‘n Ride, pedestrian improvements, the Sewer Rehabilitation Program, and City-wide bridge analysis, inspection and repairs. 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, 2011, the Lancaster Redevelopment Agency had \$263,595,000 in Tax Allocation Bonds and Notes outstanding, of which County entities and local School Districts account for \$48,555,000, Mobile Home Parks account for \$2,550,000 and the Agency is responsible for \$212,490,000. As of June 30, 2011, the City of Lancaster had accrued employee benefits outstanding of \$2,000,897.

**Lancaster Redevelopment Agency  
Long-term Debt**

	Governmental Activities (in Thousands)	
	<u>2011</u>	<u>2010</u>
Tax Allocation Bonds	\$ 263,595	\$ 269,330
Accrued Employee Benefits	2,001	2,261
Totals	<u>\$ 265,596</u>	<u>\$ 271,591</u>

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

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

On June 28, 2011, the City Council adopted the 2011-12 Program and Financial Plan and 2011-12 Budget, with total appropriations of \$92.3 million. Adequate resources are available to fund the proposed expenditures. Consistent with the City's policy, General Fund operating revenues fully cover on-going operating expenses with Fund Balance funding one-time expenses. 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 maintain current levels of 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.

The largest single source of revenue for the City's General Fund is sales tax. Sales tax represents 32% of all General Fund revenues; for the upcoming fiscal year, no 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 staffing of 13 full time equivalent positions from the prior year. Budgeted expenditures overall have decreased 28% due to prudent fiscal practices.

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, 2011

	<u>Governmental Activities</u>
<b>Assets:</b>	
Cash and investments	\$ 87,252,514
Receivables:	
Accounts	2,393,824
Taxes	7,337,768
Notes and loans	20,328,385
Accrued interest	225,293
Prepaid costs	727,917
Deposits	4,130
Due from other governments	7,764,050
Inventories	50,428
Deferred charges	6,733,108
Land held for resale	89,555,363
Restricted assets:	
Cash and investments	992,992
Cash with fiscal agent	28,883,086
Net pension asset	4,046,152
Capital assets not being depreciated	65,712,414
Capital assets, net of depreciation	<u>879,971,852</u>
 <b>Total Assets</b>	 <b><u>1,201,979,276</u></b>
 <b>Liabilities:</b>	
Accounts payable	8,599,971
Accrued liabilities	1,134,623
Accrued interest	5,124,198
Unearned revenue	450,199
Deposits payable	1,917,129
Due to other governments	5,033,978
Noncurrent liabilities:	
Due within one year	7,968,279
Due in more than one year	<u>279,611,793</u>
 <b>Total Liabilities</b>	 <b><u>309,840,170</u></b>
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt	726,729,266
Restricted for:	
Community development projects	254,861
Public safety	80,342
Parks and recreation	3,483,403
Public works	47,023,949
Capital projects	34,553,426
Debt service	6,665,509
Housing	1,216,391
Unrestricted	<u>72,131,959</u>
 <b>Total Net Assets</b>	 <b><u>\$ 892,139,106</u></b>

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CITY OF LANCASTER

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Contributions and Grants	
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 25,975,571	\$ 1,436,838	\$ 4,007,208	\$ -
Public safety	25,206,610	2,729,238	1,000,211	-
Community development	14,847,798	738,985	22,198,135	-
Parks and recreation	12,526,273	3,527,840	751,625	-
Public works	52,085,914	14,103,957	7,156,561	16,288,773
Housing	5,993,185	1,676,262	1,606,236	-
Interest on long-term debt	14,873,413	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 151,508,764</b>	<b>\$ 24,213,120</b>	<b>\$ 36,719,976</b>	<b>\$ 16,288,773</b>
				<b>\$ (74,286,895)</b>
<b>General Revenues:</b>				
Taxes:				
Property taxes, levied for general purpose				35,895,395
Transient occupancy taxes				1,300,067
Sales taxes				15,607,533
Franchise taxes				2,697,165
Business licenses taxes				1,008,810
Other taxes				310,397
Motor vehicle in lieu - unrestricted				679,772
Use of money and property				3,952,452
Other				336,649
<b>Total General Revenues</b>				<b>61,788,240</b>
Change in Net Assets				(12,498,655)
Net Assets at Beginning of Year				897,375,524
Restatement of Net Assets				6,942,476
<b>Net Assets at End of Year</b>				<b>\$ 891,819,345</b>

CITY OF LANCASTER

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	Capital Projects Funds		
	General	Capital Projects	Lancaster Redevelopment Agency
<b>Assets:</b>			
Pooled cash and investments	\$ 12,048,435	\$ 1,256,509	\$ 20,427,945
Receivables:			
Accounts	1,270,753	-	333,921
Taxes	4,135,234	-	-
Notes and loans	312,313	-	5,136,083
Accrued interest	64,446	-	34,926
Prepaid costs	335,641	-	-
Deposits	-	-	-
Due from other governments	2,614,757	-	-
Due from other funds	7,347,613	-	389,196
Advances to other funds	75,253,491	-	15,778,715
Inventories	50,428	-	-
Land held for resale	14,482,945	-	70,476,955
Restricted assets:			
Cash and investments	-	-	-
Cash and investments with fiscal agents	8,266,993	-	-
<b>Total Assets</b>	<b>\$ 126,183,049</b>	<b>\$ 1,256,509</b>	<b>\$ 112,577,741</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 5,824,308	\$ 977,863	\$ 741,480
Accrued liabilities	1,134,623	-	-
Deferred revenues	54,008,711	-	923,937
Unearned revenues	56,543	-	-
Deposits payable	1,816,492	-	58,272
Due to other governments	-	-	-
Due to other funds	-	-	1,047,135
Advances from other funds	-	-	75,253,491
<b>Total Liabilities</b>	<b>62,840,677</b>	<b>977,863</b>	<b>78,024,315</b>
<b>Fund Balances:</b>			
Nonspendable:			
Inventory	50,428	-	-
Prepaid costs	335,641	-	-
Land held for resale	14,482,945	-	70,476,955
Notes and loans	-	-	4,212,146
Advances to other funds	25,306,232	-	15,778,715
Deposits	-	-	-
Restricted for:			
Community development projects	-	-	-
Public safety	-	-	-
Parks and recreation	-	-	-
Public works	-	-	-
Debt service	-	-	-
Housing	-	-	-
Assigned to:			
Employee benefits	2,353,894	-	-
Building replacement	661,109	-	-
Capital facilities	308,321	-	-
2020 Vision Plan implementaiton	400,000	-	-
Safer and stronger neighborhoods	486,350	-	-
Technology infrastructure	2,455,337	-	-
Capital projects	-	278,646	-
Unassigned	16,502,115	-	(55,914,390)
<b>Total Fund Balances</b>	<b>63,342,372</b>	<b>278,646</b>	<b>34,553,426</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 126,183,049</b>	<b>\$ 1,256,509</b>	<b>\$ 112,577,741</b>

CITY OF LANCASTER

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	<b>Debt Service Funds</b>		
	<b>Lancaster Redevelopment Agency</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Pooled cash and investments	\$ 3,189,268	\$ 50,330,357	\$ 87,252,514
Receivables:			
Accounts	-	789,150	2,393,824
Taxes	2,737,881	464,653	7,337,768
Notes and loans	-	14,879,989	20,328,385
Accrued interest	13,501	112,420	225,293
Prepaid costs	-	392,276	727,917
Deposits	-	4,130	4,130
Due from other governments	153,680	4,995,613	7,764,050
Due from other funds	1,047,135	-	8,783,944
Advances to other funds	-	-	91,032,206
Inventories	-	-	50,428
Land held for resale	-	4,595,463	89,555,363
Restricted assets:			
Cash and investments	120,840	872,152	992,992
Cash and investments with fiscal agents	19,926,322	689,771	28,883,086
<b>Total Assets</b>	<b>\$ 27,188,627</b>	<b>\$ 78,125,974</b>	<b>\$ 345,331,900</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 1,056,320	\$ 8,599,971
Accrued liabilities	-	-	1,134,623
Deferred revenues	-	18,520,694	73,453,342
Unearned revenues	-	393,656	450,199
Deposits payable	-	42,365	1,917,129
Due to other governments	5,033,978	-	5,033,978
Due to other funds	-	7,736,809	8,783,944
Advances from other funds	15,778,715	-	91,032,206
<b>Total Liabilities</b>	<b>20,812,693</b>	<b>27,749,844</b>	<b>190,405,392</b>
<b>Fund Balances:</b>			
Nonspendable:			
Inventory	-	-	50,428
Prepaid costs	-	392,276	727,917
Land held for resale	-	4,595,463	89,555,363
Notes and loans	-	590,061	4,802,207
Advances to other funds	-	-	41,084,947
Deposits	-	4,130	4,130
Restricted for:			
Community development projects	-	254,861	254,861
Public safety	-	80,342	80,342
Parks and recreation	-	3,483,403	3,483,403
Public works	-	47,023,949	47,023,949
Debt service	6,375,934	289,575	6,665,509
Housing	-	626,330	626,330
Assigned to:			
Employee benefits	-	-	2,353,894
Building replacement	-	-	661,109
Capital facilities	-	-	308,321
2020 Vision Plan implementaiton	-	-	400,000
Safer and stronger neighborhoods	-	-	486,350
Technology infrastructure	-	-	2,455,337
Capital projects	-	-	278,646
Unassigned	-	(6,964,260)	(46,376,535)
<b>Total Fund Balances</b>	<b>6,375,934</b>	<b>50,376,130</b>	<b>154,926,508</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 27,188,627</b>	<b>\$ 78,125,974</b>	<b>\$ 345,331,900</b>

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**CITY OF LANCASTER**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2011**

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Fund balances of governmental funds	\$ 154,926,508
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.	945,684,266
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets.	6,733,108
Long-term debt, claims and judgments and compensated absences that have not been included in the governmental fund activity:	
Long-term liabilities	(276,412,023)
Claims and judgments	(1,037,000)
Compensated absences	(2,000,897)
Governmental funds report all OPEB and pension contributions as expenditures, however in the statement of net assets any excesses or deficiencies in contributions in relation to the annual required contribution (ARC) are recorded as a asset or liability.	
Net pension asset	4,046,152
Net OPEB obligation	(8,449,913)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(5,124,198)
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.	<u>73,453,342</u>
<b>Net assets of governmental activities</b>	<b><u><u>\$ 891,819,345</u></u></b>

CITY OF LANCASTER

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

	<u>Capital Projects Funds</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Lancaster Redevelopment Agency</u>
<b>Revenues:</b>			
Taxes	\$ 35,566,208	\$ -	\$ -
Licenses and permits	546,088	-	-
Intergovernmental	1,475,613	-	-
Charges for services	3,253,896	-	232,409
Use of money and property	162,026	-	1,711,454
Fines and forfeitures	1,513,561	-	-
Miscellaneous	1,789,911	-	177,479
<b>Total Revenues</b>	<b>44,307,303</b>	<b>-</b>	<b>2,121,342</b>
<b>Expenditures:</b>			
Current:			
General government	10,876,799	-	3,844,514
Public safety	25,059,866	-	-
Community development	3,380,710	-	9,526,155
Parks and recreation	11,335,806	-	-
Public works	2,876,329	-	-
Housing	-	-	-
Capital outlay	1,102,400	19,744,733	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	125,224
<b>Total Expenditures</b>	<b>54,631,910</b>	<b>19,744,733</b>	<b>13,495,893</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,324,607)	(19,744,733)	(11,374,551)
<b>Other Financing Sources (Uses):</b>			
Transfers in	5,771,016	20,398,427	12,809,146
Transfers out	(8,374,824)	-	(11,535,196)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,603,808)</b>	<b>20,398,427</b>	<b>1,273,950</b>
Net Change in Fund Balances	(12,928,415)	653,694	(10,100,601)
Fund Balances, Beginning of Year, as previously reported	76,668,663	(256,631)	37,182,759
Restatements	(397,876)	(118,417)	7,471,268
Fund Balances, Beginning of Year, as restated	76,270,787	(375,048)	44,654,027
<b>Fund Balances, End of Year</b>	<b>\$ 63,342,372</b>	<b>\$ 278,646</b>	<b>\$ 34,553,426</b>

CITY OF LANCASTER

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

	<b>Debt Service Funds</b>		
	<b>Lancaster Redevelopment Agency</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Taxes	\$ 18,315,608	\$ 4,032,824	\$ 57,914,640
Licenses and permits	-	3,196,339	3,742,427
Intergovernmental	3,261,596	25,554,598	30,291,807
Charges for services	-	7,159,383	10,645,688
Use of money and property	679,233	2,198,052	4,750,765
Fines and forfeitures	-	1,215,677	2,729,238
Miscellaneous	-	181,493	2,148,883
<b>Total Revenues</b>	<b>22,256,437</b>	<b>43,538,366</b>	<b>112,223,448</b>
<b>Expenditures:</b>			
Current:			
General government	4,217,025	1,626,506	20,564,844
Public safety	-	129,061	25,188,927
Community development	-	1,830,541	14,737,406
Parks and recreation	-	-	11,335,806
Public works	-	14,490,778	17,367,107
Housing	-	5,993,185	5,993,185
Capital outlay	-	-	20,847,133
Debt service:			
Principal retirement	5,735,000	647,000	6,382,000
Interest and fiscal charges	13,628,390	562,210	14,315,824
<b>Total Expenditures</b>	<b>23,580,415</b>	<b>25,279,281</b>	<b>136,732,232</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,323,978)	18,259,085	(24,508,784)
<b>Other Financing Sources (Uses):</b>			
Transfers in	13,313,896	3,246,412	55,538,897
Transfers out	(19,354,581)	(16,274,296)	(55,538,897)
<b>Total Other Financing Sources (Uses)</b>	<b>(6,040,685)</b>	<b>(13,027,884)</b>	<b>-</b>
Net Change in Fund Balances	(7,364,663)	5,231,201	(24,508,784)
Fund Balances, Beginning of Year, as previously reported	13,740,597	45,157,428	172,492,816
Restatements	-	(12,499)	6,942,476
Fund Balances, Beginning of Year, as restated	13,740,597	45,144,929	179,435,292
<b>Fund Balances, End of Year</b>	<b>\$ 6,375,934</b>	<b>\$ 50,376,130</b>	<b>\$ 154,926,508</b>

CITY OF LANCASTER

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

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Net change in fund balances - total governmental funds \$ (24,508,784)

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. (2,108,083)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 5,769,656

Debt issuance costs are expenditures in governmental funds, but these costs are capitalized on the statement of net assets. (317,318)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 83,672

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. 260,408

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB and pension costs as expenditures, however in the statement of activities only the ARC is an expense.

Change in net pension asset (126,464)  
Change in net OPEB obligation (4,650,220)

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. 13,098,478

**Change in net assets of governmental activities** \$ (12,498,655)



CITY OF LANCASTER

BUDGETARY COMPARISON STATEMENT  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 76,270,787	\$ 76,270,787	\$ 76,270,787	\$ -
<b>Resources (Inflows):</b>				
Taxes	37,900,460	37,900,460	35,566,208	(2,334,252)
Licenses and permits	321,300	321,300	546,088	224,788
Intergovernmental	1,195,810	1,195,810	1,475,613	279,803
Charges for services	2,811,555	2,811,555	3,253,896	442,341
Use of money and property	890,000	890,000	162,026	(727,974)
Fines and forfeitures	1,948,100	1,948,100	1,513,561	(434,539)
Miscellaneous	1,818,350	1,818,350	1,789,911	(28,439)
Transfers in	7,210,365	7,210,365	5,771,016	(1,439,349)
<b>Amounts Available for Appropriation</b>	<b>130,366,727</b>	<b>130,366,727</b>	<b>126,349,106</b>	<b>(4,017,621)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	10,600,550	10,600,550	10,876,799	(276,249)
Public safety	25,875,815	25,875,815	25,059,866	815,949
Community development	3,122,410	3,122,410	3,380,710	(258,300)
Parks and recreation	11,439,530	11,439,530	11,335,806	103,724
Public works	3,519,560	3,519,560	2,876,329	643,231
Capital outlay	-	-	1,102,400	(1,102,400)
Transfers out	3,876,745	16,367,206	8,374,824	7,992,382
<b>Total Charges to Appropriations</b>	<b>58,434,610</b>	<b>70,925,071</b>	<b>63,006,734</b>	<b>7,918,337</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 71,932,117</b>	<b>\$ 59,441,656</b>	<b>\$ 63,342,372</b>	<b>\$ 3,900,716</b>

CITY OF LANCASTER

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

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	<u>Agency Funds</u>
<b>Assets:</b>	
Pooled cash and investments	\$ 5,032,756
Receivables:	
Accrued interest	9,807
Restricted assets:	
Cash and investments with fiscal agents	<u>3,398,321</u>
<b>Total Assets</b>	<b><u>\$ 8,440,884</u></b>
<b>Liabilities:</b>	
Accounts payable	\$ 18,058
Deposits payable	713,831
Due to bondholders	<u>7,708,995</u>
<b>Total Liabilities</b>	<b><u>\$ 8,440,884</u></b>

**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
- Lancaster Power 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 (the 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.

The Lancaster Power Authority (the Power Authority) was formed to own and operate a municipal gas and electric utility, for the benefit of the residents of the City, and customers, businesses and property owners in the City. Separate financial statements are not available for the Power Authority.

Although these component units are legally separate from the City, 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. 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, 2011

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**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

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.

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.

The liability is generally liquidated by the General Fund.

8. Long-Term Obligations

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

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

9. Fund Equity

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is resolution.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager and/or Finance Director is authorized to assign amounts to a specific purpose, which was established by the governing body in Resolution 10-11.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**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 \$276,412,023 long-term debt difference is as follows:



CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

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

Long-term debt:	
Tax allocation bonds payable	\$ 264,014,761
Revenue bonds payable	6,465,000
Loans payable	4,023,000
Unamortized bond premium	5,357,127
Unamortized bond defeasance loss	<u>(3,447,865)</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	<u>\$ 276,412,023</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 (\$2,108,083) difference are as follows:

Capital outlay	\$ 21,080,117
Capital contribution	13,688,183
Depreciation expense	(36,518,089)
Loss from disposition of capital assets	<u>(358,294)</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>\$ (2,108,083)</u>

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

Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$5,769,656 difference are as follows:

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

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

Change in claims and judgments	\$ (288,401)
Principal Repayments:	
Tax allocation bonds	5,735,000
Revenue bonds and notes	647,000
Bond premium/discount	(30,159)
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><u>\$ 5,769,656</u></u>

**II. STEWARDSHIP**

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

**a. Budgetary Data**

General Budget Policies

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

Budgets were not adopted for the Building Fees Special Revenue Fund, LA City Reimbursement Fund and ARRA Fund; therefore budgetary comparisons are not presented.

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. 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).

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

Fund	Expenditures	Appropriations	Excess
General Fund:			
General government	\$ 10,874,837	\$ 10,600,550	\$ 274,287
Community development	3,380,710	3,122,410	258,300

**CITY OF LANCASTER**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

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

c. The following fund contained deficit fund balances as of June 30, 2011:

	<u>Deficit Amount</u>
Nonmajor funds	
Gas Tax	\$ 14,358
Federal Grants	1,146,216
State Grants	2,712,535
County and Other	238,189
Recycle Water	370,774
Miscellaneous Grants Fund	352,453
Engineering Fees Fund	98,090
LA County Reimbursement Fund	153,610
HPRP	11,042
ARRA	108,777

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

**III. DETAILED NOTES ON ALL FUNDS**

**Note 4: Cash and Investments**

As of June 30, 2011, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	\$ 117,128,592
Fiduciary funds	<u>8,431,077</u>
Total Cash and Investments	<u>\$ 125,559,669</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, 2011, the carrying amount of the City's deposits was \$2,751,199 and the bank balance was \$5,795,616. The \$3,044,417 difference represents outstanding checks and other reconciling items.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

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

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

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

Investments Authorized by Debt Agreements

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

Investments in State Investment Pool

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

GASB Statement No. 31

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

Credit Risk

The City's investment policy limits investments in medium term notes (MTNs) to those rated AA- or better by a nationally recognized statistical rating organization. At June 30, 2011, the City invested in various MTNs which were rated AA- or better by Standard & Poors (S&P). At June 30, 2011 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

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

As of June 30, 2011, 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, 2011, 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, 2011, 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.

On Aug. 5, 2011, Standard & Poor's Ratings Services lowered its long-term sovereign credit rating on the United States of America to AA+ from AAA. As a result, on Aug. 8, 2011, Standard & Poor's Ratings Services lowered its issuer credit ratings and related issue ratings on various Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac to AA+ from AAA. In addition, the ratings on 126 Federal Deposit Insurance Corp.-guaranteed debt issues from 30 financial institutions under the Temporary Liquidity Guarantee Program (TLGP), and four National Credit Union Association-guaranteed debt issues from two corporate credit unions under the Temporary Corporate Credit Union Guarantee Program (TCCUGP) have also been downgraded to AA+ from AAA. The City also invests in LAIF which invests in various underlying securities, including the federal agency securities listed above. While LAIF is not rated, the federal agency securities are, and these have been affected by this rating change as well.

**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, 2011, 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, 2011, the City's investment in the following issuers exceeded 5%:

Federal National Mortgage Association	\$ 5,530,155
Federal Home Loan Bank	13,127,390
Federal Home Loan Mortgage Corporation	11,419,818
Federal Farm Credit Bank	8,140,680

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

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

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.

The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2011, 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	\$ 12,646,220	\$ -	\$ -	\$ -	\$ 12,646,220
U.S. treasury notes	3,510,850	-	-	-	3,510,850
Certificates of deposits	650,000	-	-	-	650,000
California Local Agency Investment Fund	33,477,605	-	-	-	33,477,605
Federal agency securities	11,607,670	20,899,292	5,711,081	-	38,218,043
Corporate obligations	1,014,410	1,011,410	-	-	2,025,820
Investments with fiscal agents					
Money market mutual funds	16,958,787	-	-	-	16,958,787
Investment agreements	956,937	-	3,635,663	10,728,545	15,321,145
	<u>\$ 80,822,479</u>	<u>\$ 21,910,702</u>	<u>\$ 9,346,744</u>	<u>\$ 10,728,545</u>	<u>\$ 122,808,470</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, 2011, \$5,080,743 of these loans had been made.

**CITY OF LANCASTER**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**Note 6: Capital Assets**

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 12,464,686	\$ -	\$ 1,102,400	\$ -	\$ 13,567,086
Construction-in-progress	56,680,399	(20,472,000)	16,282,750	345,821	52,145,328
<b>Total Capital Assets, Not Being Depreciated</b>	<b>69,145,085</b>	<b>(20,472,000)</b>	<b>17,385,150</b>	<b>345,821</b>	<b>65,712,414</b>
Capital assets, being depreciated:					
Structures and improvements	55,991,014	4,546,082	131,398	-	60,668,494
Furniture and equipment	10,603,261	-	321,504	576,449	10,348,316
Infrastructure	1,456,432,682	15,925,918	16,930,248	-	1,489,288,848
<b>Total Capital Assets, Being Depreciated</b>	<b>1,523,026,957</b>	<b>20,472,000</b>	<b>17,383,150</b>	<b>576,449</b>	<b>1,560,305,658</b>
Less accumulated depreciation:					
Structures and improvements	22,310,903	-	1,232,437	-	23,543,340
Furniture and equipment	6,054,097	-	953,342	563,976	6,443,463
Infrastructure	616,014,693	-	34,332,310	-	650,347,003
<b>Total Accumulated Depreciation</b>	<b>644,379,693</b>	<b>-</b>	<b>36,518,089</b>	<b>563,976</b>	<b>680,333,806</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>878,647,264</b>	<b>20,472,000</b>	<b>(19,134,939)</b>	<b>12,473</b>	<b>879,971,852</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 947,792,349</b>	<b>\$ -</b>	<b>\$ (1,749,789)</b>	<b>\$ 358,294</b>	<b>\$ 945,684,266</b>

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

Governmental activities:	
General government	\$ 390,588
Public safety	27,240
Public works	34,716,852
Community development	149,740
Parks and recreation	1,233,669
<b>Total Depreciation Expense</b>	<b>\$ 36,518,089</b>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

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

The composition of interfund balances as of June 30, 2011, is as follows:

**Due To/From Other Funds**

Funds	Due To Other Funds		Total
	Lancaster Redevelopment Agency Capital Projects	Nonmajor Governmental Funds	
Due From Other Funds:			
General Fund	\$ -	\$ 7,347,613	\$ 7,347,613
Lancaster Redevelopment Agency Capital Projects	-	389,196	389,196
Lancaster Redevelopment Agency Debt Service	1,047,135	-	1,047,135
Total	<u>\$ 1,047,135</u>	<u>\$ 7,736,809</u>	<u>\$ 8,783,944</u>

The due to General Fund of \$7,347,613 from various nonmajor funds and the due to Lancaster Redevelopment Agency Debt Service Fund of \$1,047,135 from the Lancaster Redevelopment Agency Capital Projects Fund was a result of temporary deficit cash balances in those funds. The due to Lancaster Redevelopment Agency Capital Projects of \$389,196 from nonmajor funds pertained to the Housing Authority.

**Advances To/From Other Funds**

Funds	Advances From Other Funds:		Total
	Lancaster Redevelopment Agency Capital Projects	Lancaster Redevelopment Agency Debt Service	
Advances to Other Funds:			
General Fund	\$ 75,253,491	\$ -	\$ 75,253,491
Lancaster Redevelopment Agency Capital Projects	-	15,778,715	15,778,715
Total	<u>\$ 75,253,491</u>	<u>\$ 15,778,715</u>	<u>\$ 91,032,206</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, 2011, loans and accrued unpaid interest owed on those loans were \$75,253,491. 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, 2011**

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

**Interfund Transfers**

Funds	Transfers Out:				Total
	General Fund	Lancaster Redevelopment Agency Capital Projects	Lancaster Redevelopment Agency Debt Service	Nonmajor Funds	
Transfer in:					
General Fund	\$ -	\$ -	\$ -	\$ 5,771,016	\$ 5,771,016
Capital Projects	6,806,774	4,766,735	-	8,824,918	20,398,427
Lancaster Redevelopment Agency Capital Projects	-	-	12,809,146	-	12,809,146
Lancaster Redevelopment Agency Debt Service	-	6,768,461	6,545,435	-	13,313,896
Nonmajor Funds	1,568,050	-	-	1,678,362	3,246,412
	<u>\$ 8,374,824</u>	<u>\$ 11,535,196</u>	<u>\$ 19,354,581</u>	<u>\$ 16,274,296</u>	<u>\$ 55,538,897</u>

The City uses the Capital Projects 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 \$20,398,427.

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 \$5,771,016.

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

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.

As of June 30, 2011, the following funds owed amounts to these entities:

Residential Project Tax Increment Fund	\$ 102,641
Central Business District Tax Increment	70,713
Fox Field Tax Increment Fund	31,015
Amargosa Tax Increment Fund	767,821
Area No. 5 Tax Increment Fund	1,660,907
Area No. 6 Tax Increment Fund	2,361,155
Area No. 7 Tax Increment Fund	39,726
Total	<u>\$ 5,033,978</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

**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, 2011, 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. On February 14, 2011, Standard and Poor's rating service downgraded its underlying rating on these bonds to "BBB+" from "A" due to an insufficient amount of revenue coverage pledged for this debt.
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>

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

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

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.

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.

**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. On February 14, 2011, Standard and Poor's rating service downgraded its underlying rating on the housing portion of these bonds to "BBB+" from "A" due to an insufficient amount of revenue coverage pledged for this debt.
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:

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

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

On February 14, 2011, Standard and Poor's rating service downgraded its underlying rating on the housing portion of these bonds to "BBB+" from "A" due to an insufficient amount of revenue coverage pledged for this debt.

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

- 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.
- 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

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

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

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.

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 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, 2011, including interest, are as follows:

<u>Lancaster Housing Authority - Bonds</u>		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2011-2012	\$ 365,000	\$ 320,950
2012-2013	385,000	303,430
2013-2014	400,000	284,950
2014-2015	420,000	265,750
2015-2016	445,000	244,750
2016-2021	2,575,000	867,500
2021-2028	1,875,000	190,500
Total	<u>\$ 6,465,000</u>	<u>\$ 2,477,830</u>

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2011, including interest, are as follows:

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

Note 9: Long-Term Debt (Continued)

Lancaster Redevelopment Agency Bonds and Notes		
Fiscal Year	Principal	Interest
2011-2012	\$ 6,650,000	\$ 13,346,198
2012-2013	6,910,000	13,058,329
2013-2014	7,205,000	12,754,953
2014-2015	7,640,000	12,427,739
2015-2016	7,990,000	12,058,137
2016-2021	45,615,000	53,849,383
2021-2026	51,965,000	41,480,589
2026-2031	54,680,000	28,558,967
2031-2036	54,710,000	13,899,619
2036-2041	20,230,000	2,600,219
Total	\$ 263,595,000	\$ 204,034,133

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 \$467,629,156 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 \$18,315,608 and the debt service obligation on the bonds was \$19,353,435.

**b. Section 108 Notes**

1. 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 from (a) 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 (b) program income.

The notes mature from 2000 to 2018 and bear varying rates of interest. The principal balance outstanding as of June 30, 2011, was \$1,690,000.

2. 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 from (a) 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 (b) program income.

The notes mature from 2000-2019 and bear varying rates of interest. The principal balance outstanding as of June 30, 2011, was \$200,000.

**CITY OF LANCASTER**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

3. 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. The City has pledged as security for repayment of the notes from (a) 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 (b) program income.

The notes mature from 2004-2023 and bear varying rates of interest. The principal balance outstanding as of June 30, 2011, was \$1,066,000.

4. 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 from (a) 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 (b) program income.

The notes mature from 2006-2024 and bear varying rates of interest. The principal balance outstanding as of June 30, 2011, was \$1,167,000.

At June 30, 2011, the annual requirements to repay the outstanding indebtedness were as follows:

U.S. Government Guaranteed Notes		
Fiscal Year	Principal	Interest
2011-2012	\$ 312,000	\$ 237,738
2012-2013	333,000	219,413
2013-2014	348,000	199,613
2014-2015	363,000	178,603
2015-2016	390,000	155,970
2016-2021	1,678,000	417,276
2021-2026	699,000	74,789
Total	\$ 4,123,000	\$ 1,483,402



**CITY OF LANCASTER**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

**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, 2011:

	Balance July 1, 2010	Additions	Repayments	Balance June 30, 2011	Due Within One Year
<b><u>Lancaster Housing Authority</u></b>					
Lease Revenue Refunding Bonds	\$ 6,815,000	\$ -	\$ 350,000	\$ 6,465,000	\$ 365,000
<b><u>Redevelopment Agency</u></b>					
<b><u>Residential Project Area</u></b>					
2003 Development	\$ 5,625,769	\$ -	\$ 85,776	\$ 5,539,993	\$ 88,734
2003B Development	1,448,032	-	61,584	1,386,448	63,219
2004B Development	1,018,823	-	18,075	1,000,748	20,517
2004 Sheriff's Facilities	2,005,556	-	104,559	1,900,997	109,730
2004 Fire Facilities	1,043,131	-	56,144	986,987	58,058
2004 Library	219,448	-	7,422	212,026	7,670
2006 Development	283,343	-	7,854	275,489	8,152
Total	11,644,102	-	341,414	11,302,688	356,080
<b><u>Central Business District Project Area</u></b>					
1994 Refunding	1,120,000	-	40,000	1,080,000	55,000
2004 Sheriff's Facilities	511,490	-	26,663	484,827	27,981
2004 Fire Facilities	218,272	-	11,748	206,524	12,149
2004 Library	42,505	-	1,438	41,067	1,486
2010 Lease Revenue	5,555,000	-	115,000	5,440,000	120,000
Total	7,447,267	-	194,849	7,252,418	216,616
<b><u>Fox Field Project Area</u></b>					
2004 Sheriff's Facilities	342,121	-	17,836	324,285	18,718
2004 Fire Facilities	210,915	-	11,352	199,563	11,739
2004 Library	37,927	-	1,282	36,645	1,325
2006 Development	2,327,368	-	64,416	2,262,952	66,856
Total	2,918,331	-	94,886	2,823,445	98,638
<b><u>Amargosa Project Area</u></b>					
1999 Refunding	2,565,000	-	75,000	2,490,000	75,000
2003 Development	4,666,333	-	71,149	4,595,184	73,602
2003B Development	8,267,013	-	351,590	7,915,423	360,924
2004B Development	2,312,172	-	41,125	2,271,047	46,683
2004 Sheriff's Facilities	3,351,326	-	174,720	3,176,606	183,360
2004 Fire Facilities	1,722,467	-	92,709	1,629,758	95,868
2004 Library	367,671	-	12,436	355,235	12,850
2006 Development	4,719,640	-	130,680	4,588,960	135,630
Total	27,971,622	-	949,409	27,022,213	983,917

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

Note 9: Long-Term Debt (Continued)

	Balance July 1, 2010	Additions	Repayments	Balance June 30, 2011	Due Within One Year
<u>Project Area 5</u>					
2003 Development	\$ 14,968,115	\$ -	\$ 228,218	\$ 14,739,897	\$ 236,088
2003B Development	1,303,650	-	55,442	1,248,208	56,914
2004B Development	3,691,565	-	65,453	3,626,112	74,298
2004 School Refunding	1,971,659	-	32,568	1,939,091	32,568
2004 Sheriff's Facilities	5,128,304	-	267,358	4,860,946	280,579
2004 Fire Facilities	2,514,635	-	135,343	2,379,292	139,958
2004 Library	574,492	-	19,430	555,062	20,078
2006 Development	4,013,512	-	111,144	3,902,368	115,354
2006 School	4,679,901	-	75,285	4,604,616	80,663
Total	<u>38,845,833</u>	<u>-</u>	<u>990,241</u>	<u>37,855,592</u>	<u>1,036,500</u>
<u>Project Area 6</u>					
1997 Mobile Home	2,630,000	-	80,000	2,550,000	85,000
2003 Development	12,779,783	-	194,857	12,584,926	201,576
2003B Development	2,266,305	-	96,384	2,169,921	98,943
2004B Development	3,407,440	-	60,347	3,347,093	68,502
2004 School Refunding	5,293,341	-	87,432	5,205,909	87,432
2004 Sheriff's Facilities	5,807,245	-	302,757	5,504,488	317,729
2004 Fire Facilities	2,465,580	-	132,704	2,332,876	137,228
2004 Library	3,064,266	-	103,640	2,960,626	107,094
2006 Development	12,496,137	-	345,906	12,150,231	359,008
2006 School	8,375,099	-	134,715	8,240,384	144,337
Total	<u>58,585,196</u>	<u>-</u>	<u>1,538,742</u>	<u>57,046,454</u>	<u>1,606,849</u>
<u>Project Area 7</u>					
2004 Sheriff's Facilities	308,958	-	16,107	292,851	16,903
2004 Library	128,691	-	4,352	124,339	4,497
Total	<u>437,649</u>	<u>-</u>	<u>20,459</u>	<u>417,190</u>	<u>21,400</u>
<u>Combined Low and Moderate Housing</u>					
2003 Housing	56,635,000	-	1,000,000	55,635,000	1,040,000
2003B Housing	15,110,000	-	380,000	14,730,000	385,000
2004 Housing	12,235,000	-	225,000	12,010,000	240,000
2009 Housing	37,500,000	-	-	37,500,000	665,000
Total	<u>121,480,000</u>	<u>-</u>	<u>1,605,000</u>	<u>119,875,000</u>	<u>2,330,000</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

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

<u>City</u>	Balance July 1, 2010	Additions	Repayments	Balance June 30, 2011	Due Within One Year
Section 108 Notes					
Series 1999-A	\$ 1,850,000	\$ -	\$ 160,000	\$ 1,690,000	\$ 170,000
Series 2000-A	215,000	-	15,000	200,000	15,000
Series 2003-A	1,127,000	-	61,000	1,066,000	64,000
Series 2004-A	1,228,000	-	61,000	1,167,000	63,000
Accrued employee benefits	2,261,305	208,200	468,608	2,000,897	414,644
Claims and judgments	748,599	452,006	163,605	1,037,000	226,635
Net OPEB obligation	3,799,693	4,650,220	-	8,449,913	-
<b>Total</b>	<b>\$ 287,374,597</b>	<b>\$ 5,310,426</b>	<b>\$ 7,014,213</b>	<b>285,670,810</b>	<b>\$ 7,968,279</b>

Unamortized original issue (discount) or premium	5,357,127
Unamortized bond defeasance loss	<u>(3,447,865)</u>
Net Long-Term Debt	<u>\$ 287,580,072</u>

**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, 2011, the following bond issues are considered defeased:

<u>Combined Redevelopment Project Areas:</u>	<u>Original Amount</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
Central Business District Project Area:	
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>Amarqosa 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

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011

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

	<u>Original Amount</u>
<u>Project Area Number 5:</u>	
Tax Allocation Notes	6,250,000
Subordinated Tax Allocation Refunding Notes, Issue of 1989	16,000,000
Subordinated Tax Allocation Refunding Notes, Issue of 1991	4,500,000
School District Tax Allocation Notes, Issue of 1991	4,250,000
Tax Allocation Refunding Bonds, Issue of 1991	13,755,000
Tax Allocation Refunding Bonds, Issue of 1996	10,750,000
Tax Allocation Refunding Bonds, Issue of 1997	6,480,000
<u>Project Area Number 6:</u>	
School District Tax Allocation Notes, Issue of 1991	3,250,000
Tax Allocation Refunding Bonds, Issue of 1993	14,100,000
School District Tax Allocation Refunding Bonds, Issue of 1996	3,650,000
Total	<u>\$ 273,085,000</u>

**d. Non-Commitment Debt**

The Agency has issued \$94,710,000 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 Agency, the State of California or any political subdivision thereof, is pledged for the payment of these bonds.

**Note 10: Fund Equity**

**Restatement of Net Assets and Fund Balances:**

Fund balances and net assets have been restated for:

Governmental fund balance:	
General Fund	
Correction of prior period accrued benefits.	\$ (397,876)
Capital Projects	
Correction of prior period construction in progress funding.	(118,417)
LRA Capital Projects Fund	
To correct land held for resale purchased in prior years.	7,471,268
Other governmental funds:	
Proposition A	
Correction of prior period accrued revenue allocation.	(132,028)
Proposition C	
Correction of prior period construction in progress funding.	<u>119,529</u>
Total other governmental funds	<u>(12,499)</u>
Total fund balance and net asset restatements	<u>\$ 6,942,476</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.

## Funding Policy

Participants are required to contribute 7.0% 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 Asset

The City of Lancaster annual pension cost and change in net pension asset for fiscal year ending June 30, 2011, were as follows:

Annual required contribution	\$ 3,232,622
Interest on net pension asset	(323,378)
Adjustment to annual required contribution	<u>449,841</u>
Annual pension cost	3,359,085
Contribution made	<u>3,232,622</u>
Increase (decrease) in net pension asset	126,463
Net pension asset - beginning of year	<u>(4,172,615)</u>
Net pension asset - end of year	<u><u>\$ (4,046,152)</u></u>

The required contributions were determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method.

Three-Year Trend Information for PERS			
Fiscal Year	Annual Pension Costs (APC)	Percentage of APC Contributed	Net Pension Obligation (asset)
6/30/2009	\$ 3,104,105	96%	\$ (4,289,983)
6/30/2010	3,118,435	96%	(4,172,616)
6/30/2011	3,359,085	89%	(4,046,152)

**CITY OF LANCASTER**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

Funded Status and Funding Progress

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.

Schedule of Funding Progress for PERS						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Liability (Excess Assets) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2008	\$ 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 %
6/30/2010	70,761,462	79,738,666	8,977,204	88.7 %	19,625,008	45.7 %

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

Valuation Date	June 30, 2010
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.

**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

**CITY OF LANCASTER**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

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 \$1,105,520 (6% of covered) and employees contributed \$92,785 (7.5% of current year covered payroll). The total covered payroll of employees participating in the plan for the year ended June 30, 2011, was \$19,662,455. The total payroll for the year was \$21,409,782.

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.

**Note 13: Other Post-Employment 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 \$319,761 was made during the 2010-2011 fiscal year. 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)	\$ 4,819,000
Interest on net OPEB obligation	388,137
Adjustment to ARC	<u>(237,156)</u>
Annual OPEB Cost	4,969,981
Contributions made	<u>(319,761)</u>
(Decrease) increase in Net OPEB obligation	4,650,220
Net OPEB obligation (asset) June 30, 2010	<u>3,799,693</u>
Net OPEB obligation (asset) June 30, 2011	<u><u>\$ 8,449,913</u></u>

The contribution rate of 12.4% is based on the ARC of \$4,819,000, 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

**CITY OF LANCASTER**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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

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 2010-2011, the City's annual OPEB cost (expense) was \$ 4,752,830. Since this is the third 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 three 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
6/30/2011	4,969,981	319,761	6%	8,449,913

**Funded Status and Funding Progress**

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

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 two years are presented as this is the second 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	6/30/2010	\$ -	\$ 16,178,000	0.0%	\$ 17,302,000	93.50%	4.50%	3.00%
Actual	6/30/2011	-	35,872,000	0.0%	18,983,000	188.97%	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, 2010, 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



CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

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, 2011, was twenty seven years. The number of active participants is 279.

**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: Antelope Valley Transit Authority Joint Ventures**

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

Description of Debt

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

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, 2010, (latest information available), Antelope Valley Transit Authority's financial position was as follows:

Assets	<u>\$ 46,419,323</u>
Liabilities	\$ 1,328,043
Fund Equity	<u>45,091,280</u>
Total Liabilities and Fund Equity	<u>\$ 46,419,323</u>
Revenues	\$ 24,808,936
Expenses	<u>21,586,371</u>
Changes in Fund Equity	<u>\$ 3,222,565</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.

**CITY OF LANCASTER**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2011**

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**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, 2011, \$1,037,000 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, 2011, is dependent on future developments, based upon information from the City Attorney, the City's claims administrators and others involved with the administration of the programs, City management believes the accrual is adequate to cover such losses.

Changes in the claims liability amount in fiscal years 2010 and 2011 were as follows:

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2009-2010	\$ 609,690	\$ 461,640	\$ (322,731)	\$ 748,599
2010-2011	748,599	452,006	(163,605)	1,037,000

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.

**CITY OF LANCASTER**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**Note 18: Construction Commitments:**

The following material construction commitments existed at June 30, 2011:

Project Name	Contract Amount	Expenditures to date as of June 30, 2011	Remaining Commitments
Downtown Infrastructure	\$ 19,504,655	\$ 11,547,785	\$ 7,956,870
American Heroes Park	11,897,292	1,737,316	10,159,976
Energy Services Upgrade	9,272,920	4,640,307	4,632,613
Street Overlay Program	24,549,796	8,163,794	16,386,002
Milling and Cedar Park and Ride	1,450,000	7,202	1,442,798
Ave I/20th St. E. Drainage Impact	1,500,000	136,552	1,363,448
Ave M Improvement 30th W - 40th W	4,258,700	524,360	3,734,340
2009 Pavement Management Program	12,543,675	487,267	12,056,408
2010 Pavement Management Program	10,607,960	556,447	10,051,513
2011 Pavement Management Program	700,000	61,728	638,272
Traffic Signal Upgrades	1,528,302	204,423	1,323,879
Amargosa Creek Habitat Mitigation	3,658,047	165,019	3,493,028
Lancaster Business Park Design	4,301,793	-	4,301,793
Ave I/Hwy 14 Intersection	36,812,404	745,894	36,066,510
10 St. W Gap Closure Ave L-Ave M	7,191,436	525,359	6,666,077
Recycled Water Conversions	2,606,175	575,010	2,031,165

**Note 19: 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 2010-11).

**b. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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**Note 19: Transactions with the State of California (Continued)**

The payment of the SERAF was due on May 10, 2011, for fiscal year 2010-2011 and it was made in the amount of \$3,598,804. 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 \$3,598,804 from its Combined Low and Moderate Income Housing Fund.

**Note 20: Economic Condition**

The Agency has experienced recurring reductions in tax increment revenue in nearly all project areas resulting in deficit fund balances and deficit cash in many of the individual project area capital project and tax increment funds. This has impacted the Agency's ability to repay debt service using available resources resulting in the Agency drawing upon the pooled cash of other funds to make these payments. In addition, on February 14, 2011, Standard and Poor's rating service downgraded its underlying rating on various housing bonds to "BBB+" from "A" due to an insufficient amount of tax increment revenue coverage pledged for this debt. Management has set aside \$1,730,088 to improve its coverage ratio, however there is an increasing possibility that other Agency bonds may be downgraded in the future, as well as an increased likelihood that the Agency will not have the cash to cover future debt service payments.

**Note 21: California Redevelopment Agency Uncertainty**

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB1X 26 and 27. AB1X 26 dissolves redevelopment agencies effective October 1, 2011. AB1X 27, give redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amount to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments total \$400 million, annually. Each city or county's share of these payments is determined based on its proportionate share of state-wide tax increment.

CRA and the League contend that AB1X 26 and 27 are unconstitutional because they violate Proposition 22 which was passed by the voters in November, 2010. The effect of the legislation is to achieve a possible unconstitutional result, the use of redevelopment agencies' tax increment funds to benefit the State and other units of local government, by way of threatening of the dissolution of redevelopment agencies.

Therefore, the CRA and the League have requested that the Court issue a stay, suspending the effectiveness of AB1X 26 and 27 until the Court can rule on its constitutionality. CRA and the League also asked the Court to expedite the briefing and hearing of the case so that a decision can be rendered by the Court before January 15, 2012, when the first payments are due. On August 11<sup>th</sup>, the California Supreme Court agreed to hear the case and granted a partial stay which was subsequently clarified.

**Note 21: California Redevelopment Agency Uncertainty (Continued)**

As of the time of the issuance of this report, the outcome of AB1X 26 and 27 upon the Agency is unknown and consequently the status and even future existence of the Agency is uncertain as such. In accordance with AB1X 27, the Agency has passed a resolution of intent to continue and will be required to make a payment to the State by January 15, 2012 to avoid dissolution. The Department of Finance issued their estimated payments amounts and the Agency filed an appeal regarding the calculation. The Department of Finance reviewed the Agency's appeal regarding the calculation and on October 15, 2011 determined the estimated payment stands without revision, resulting in a payment amount of \$14,254,892.

**Note 22: Subsequent Events**

Joint Powers Authority

On July 12, 2011, the City entered into a joint powers agreement with the City of Pittsburg, California, for the establishment of the High Desert Power Authority, a Joint Powers Authority (HDP). The agreement is to become effective on November 1, 2011. The purpose of the HDP is to promote the development of various transmission and distribution networks for electricity generated by renewable energy resources. The governing board consists of five members selected from the City Councils of the City of Lancaster and the City of Pittsburg. For fiscal years commencing on odd numbered years, the City of Lancaster will appoint three members to the Board of Directors and the City of Pittsburg will appoint two members. For fiscal years commencing on even numbered years, the City of Pittsburg will appoint three members to the Board of Directors and the City of Lancaster will appoint two members.

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CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

	Special Revenue Funds			
	Gas Tax	Community Services	Landscape Maintenance District	Housing and Community Development
<b>Assets:</b>				
Pooled cash and investments	\$ 75,315	\$ 250,361	\$ 2,102,086	\$ -
Receivables:				
Accounts	41,218	4,500	721	-
Taxes	-	-	54,441	-
Notes and loans	-	-	-	-
Accrued interest	176	-	4,933	-
Prepaid costs	-	-	-	392,276
Deposits	-	-	-	-
Due from other governments	-	-	-	2,278,591
Land held for resale	-	-	-	4,595,463
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 116,709</b>	<b>\$ 254,861</b>	<b>\$ 2,162,181</b>	<b>\$ 7,266,330</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 131,067	\$ -	\$ 107,948	\$ 36,220
Deferred revenues	-	-	-	1,561,614
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	100
Due to other funds	-	-	-	2,438,873
<b>Total Liabilities</b>	<b>131,067</b>	<b>-</b>	<b>107,948</b>	<b>4,036,807</b>
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid costs	-	-	-	392,276
Land held for resale	-	-	-	4,595,463
Notes and loans	-	-	-	-
Deposits	-	-	-	-
Restricted for:				
Community development projects	-	254,861	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	2,054,233	-
Debt service	-	-	-	-
Housing	-	-	-	-
Unassigned	(14,358)	-	-	(1,758,216)
<b>Total Fund Balances</b>	<b>(14,358)</b>	<b>254,861</b>	<b>2,054,233</b>	<b>3,229,523</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 116,709</b>	<b>\$ 254,861</b>	<b>\$ 2,162,181</b>	<b>\$ 7,266,330</b>



CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	Transportation Development Authority	Proposition A	Bikeway Improvement	Proposition C
<b>Assets:</b>				
Pooled cash and investments	\$ 6,018,992	\$ 2,778,582	\$ -	\$ 6,358,381
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	14,128	6,524	-	14,923
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Due from other governments	287,620	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	734,000	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 6,320,740</b>	<b>\$ 3,519,106</b>	<b>\$ -</b>	<b>\$ 6,373,304</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,130	\$ -	\$ -
Deferred revenues	-	-	-	-
Unearned revenues	1,260	-	-	-
Deposits payable	-	19,927	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>1,260</b>	<b>21,057</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid costs	-	-	-	-
Land held for resale	-	-	-	-
Notes and loans	-	-	-	-
Deposits	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	6,319,480	3,498,049	-	6,373,304
Debt service	-	-	-	-
Housing	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>6,319,480</b>	<b>3,498,049</b>	<b>-</b>	<b>6,373,304</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,320,740</b>	<b>\$ 3,519,106</b>	<b>\$ -</b>	<b>\$ 6,373,304</b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<u>Special Revenue Funds</u>			
	<u>Federal Grants</u>	<u>State Grants</u>	<u>Parks Development</u>	<u>County and Other</u>
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ -	\$ 755,496	\$ -
Receivables:				
Accounts	-	86,505	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	1,773	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Due from other governments	1,799,446	115,769	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 1,799,446</u></b>	<b><u>\$ 202,274</u></b>	<b><u>\$ 757,269</u></b>	<b><u>\$ -</u></b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 115,802	\$ 39,470	\$ -	\$ -
Deferred revenues	1,621,474	194,291	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	1,208,386	2,681,048	-	238,189
<b>Total Liabilities</b>	<b><u>2,945,662</u></b>	<b><u>2,914,809</u></b>	<b><u>-</u></b>	<b><u>238,189</u></b>
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid costs	-	-	-	-
Land held for resale	-	-	-	-
Notes and loans	-	-	-	-
Deposits	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	757,269	-
Debt service	-	-	-	-
Housing	-	-	-	-
Unassigned	(1,146,216)	(2,712,535)	-	(238,189)
<b>Total Fund Balances</b>	<b><u>(1,146,216)</u></b>	<b><u>(2,712,535)</u></b>	<b><u>757,269</u></b>	<b><u>(238,189)</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,799,446</u></b>	<b><u>\$ 202,274</u></b>	<b><u>\$ 757,269</u></b>	<b><u>\$ -</u></b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

(Continued)

	<b>Special Revenue Funds</b>			
	<b>Developer Fees Fund - Signals</b>	<b>Developer Fees Fund - Drainage</b>	<b>Recycle Water</b>	<b>Biological Impact Fee Fund</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 4,612,438	\$ 3,492,195	\$ -	\$ 304,266
Receivables:				
Accounts	98,058	234,028	-	1,979
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	10,828	8,199	-	714
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,721,324</b>	<b>\$ 3,734,422</b>	<b>\$ -</b>	<b>\$ 306,959</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 392	\$ -
Deferred revenues	98,058	234,028	-	-
Unearned revenues	-	-	186,013	-
Deposits payable	-	-	11,987	-
Due to other funds	-	-	172,382	-
<b>Total Liabilities</b>	<b>98,058</b>	<b>234,028</b>	<b>370,774</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid costs	-	-	-	-
Land held for resale	-	-	-	-
Notes and loans	-	-	-	-
Deposits	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	4,623,266	3,500,394	-	306,959
Debt service	-	-	-	-
Housing	-	-	-	-
Unassigned	-	-	(370,774)	-
<b>Total Fund Balances</b>	<b>4,623,266</b>	<b>3,500,394</b>	<b>(370,774)</b>	<b>306,959</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,721,324</b>	<b>\$ 3,734,422</b>	<b>\$ -</b>	<b>\$ 306,959</b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

	Special Revenue Funds			
	Traffic Impact Fees Fund	AQMD Fund	Lancaster Lighting District Fund	Lancaster Drainage Maintenance District
<b>Assets:</b>				
Pooled cash and investments	\$ 5,137,680	\$ 191,488	\$ 452,052	\$ 2,114,599
Receivables:				
Accounts	210,494	-	-	1,999
Taxes	-	-	163,482	82,742
Notes and loans	-	-	-	-
Accrued interest	12,062	449	1,059	4,967
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 5,360,236</b>	<b>\$ 191,937</b>	<b>\$ 616,593</b>	<b>\$ 2,204,307</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 580,960	\$ 16,231
Deferred revenues	210,494	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>210,494</b>	<b>-</b>	<b>580,960</b>	<b>16,231</b>
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid costs	-	-	-	-
Land held for resale	-	-	-	-
Notes and loans	-	-	-	-
Deposits	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	5,149,742	191,937	35,633	2,188,076
Debt service	-	-	-	-
Housing	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>5,149,742</b>	<b>191,937</b>	<b>35,633</b>	<b>2,188,076</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,360,236</b>	<b>\$ 191,937</b>	<b>\$ 616,593</b>	<b>\$ 2,204,307</b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

(Continued)

	<u>Special Revenue Funds</u>			
	<u>HOME Program Fund</u>	<u>Miscellaneous Grants Fund</u>	<u>Traffic Safety Fund</u>	<u>Building Fees Fund</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 183,693	\$ -	\$ -	\$ -
Receivables:				
Accounts	11,341	-	-	-
Taxes	-	-	-	-
Notes and loans	14,879,989	-	-	-
Accrued interest	315	-	3	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Due from other governments	25,000	-	80,410	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 15,100,338</b>	<b>\$ -</b>	<b>\$ 80,413</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenues	14,314,928	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	352,453	71	-
<b>Total Liabilities</b>	<b>14,314,928</b>	<b>352,453</b>	<b>71</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid costs	-	-	-	-
Land held for resale	-	-	-	-
Notes and loans	590,061	-	-	-
Deposits	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	80,342	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
Housing	195,349	-	-	-
Unassigned	-	(352,453)	-	-
<b>Total Fund Balances</b>	<b>785,410</b>	<b>(352,453)</b>	<b>80,342</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,100,338</b>	<b>\$ -</b>	<b>\$ 80,413</b>	<b>\$ -</b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<b>Special Revenue Funds</b>			
	<b>Engineering Fees Fund</b>	<b>LA County Reimbursement Fund</b>	<b>Lancaster Housing Fund</b>	<b>USP - Operations Fund</b>
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 52,773	\$ 248,455	\$ 142,759
Receivables:				
Accounts	18,744	-	54,138	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	587	336
Prepaid costs	-	-	-	-
Deposits	-	-	4,130	-
Due from other governments	-	152,755	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	138,152	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 18,744</b>	<b>\$ 205,528</b>	<b>\$ 445,462</b>	<b>\$ 143,095</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,489	\$ -	\$ -	\$ -
Deferred revenues	-	152,755	-	-
Unearned revenues	-	206,383	-	-
Deposits payable	-	-	10,351	-
Due to other funds	115,345	-	-	-
<b>Total Liabilities</b>	<b>116,834</b>	<b>359,138</b>	<b>10,351</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid costs	-	-	-	-
Land held for resale	-	-	-	-
Notes and loans	-	-	-	-
Deposits	-	-	4,130	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	143,095
Debt service	-	-	-	-
Housing	-	-	430,981	-
Unassigned	(98,090)	(153,610)	-	-
<b>Total Fund Balances</b>	<b>(98,090)</b>	<b>(153,610)</b>	<b>435,111</b>	<b>143,095</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 18,744</b>	<b>\$ 205,528</b>	<b>\$ 445,462</b>	<b>\$ 143,095</b>

## CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

(Continued)

	Special Revenue Funds			
	USP - Parks Fund	USP - Admin Fund	USP - Corp Yard Fund	Mariposa Lily Fund
<b>Assets:</b>				
Pooled cash and investments	\$ 3,475,241	\$ 117,036	\$ 231,287	\$ 53,653
Receivables:				
Accounts	24,275	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	8,162	275	543	126
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,507,678</b>	<b>\$ 117,311</b>	<b>\$ 231,830</b>	<b>\$ 53,779</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenues	24,275	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>24,275</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid costs	-	-	-	-
Land held for resale	-	-	-	-
Notes and loans	-	-	-	-
Deposits	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	3,483,403	-	-	-
Public works	-	117,311	231,830	53,779
Debt service	-	-	-	-
Housing	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>3,483,403</b>	<b>117,311</b>	<b>231,830</b>	<b>53,779</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,507,678</b>	<b>\$ 117,311</b>	<b>\$ 231,830</b>	<b>\$ 53,779</b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<u>Special Revenue Funds</u>			
	<u>Sewer Maintenance District</u>	<u>Proposition 1B</u>	<u>Proposition 42</u>	<u>HPRP</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 4,586,125	\$ 2,610,915	\$ 2,088,191	\$ -
Receivables:				
Accounts	1,150	-	-	-
Taxes	163,988	-	-	-
Notes and loans	-	-	-	-
Accrued interest	10,759	6,130	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Due from other governments	-	-	-	26,832
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 4,762,022</u></b>	<b><u>\$ 2,617,045</u></b>	<b><u>\$ 2,088,191</u></b>	<b><u>\$ 26,832</u></b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 8,826	\$ -	\$ -	\$ 16,785
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	21,089
<b>Total Liabilities</b>	<b><u>8,826</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>37,874</u></b>
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid costs	-	-	-	-
Land held for resale	-	-	-	-
Notes and loans	-	-	-	-
Deposits	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	4,753,196	2,617,045	2,088,191	-
Debt service	-	-	-	-
Housing	-	-	-	-
Unassigned	-	-	-	(11,042)
<b>Total Fund Balances</b>	<b><u>4,753,196</u></b>	<b><u>2,617,045</u></b>	<b><u>2,088,191</u></b>	<b><u>(11,042)</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 4,762,022</u></b>	<b><u>\$ 2,617,045</u></b>	<b><u>\$ 2,088,191</u></b>	<b><u>\$ 26,832</u></b>



CITY OF LANCASTER

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

	Special Revenue Funds		Debt Service Funds	
	ARRA	Measure R	Lancaster Housing Authority	Total Governmental Funds
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 1,896,298	\$ -	\$ 50,047,875
Receivables:				
Accounts	-	-	-	789,150
Taxes	-	-	-	464,653
Notes and loans	-	-	-	14,879,989
Accrued interest	-	4,449	-	112,420
Prepaid costs	-	-	-	392,276
Deposits	-	-	-	4,130
Due from other governments	108,777	120,413	-	4,995,613
Land held for resale	-	-	-	4,595,463
Restricted assets:				
Cash and investments	-	-	-	872,152
Cash and investments with fiscal agents	-	-	689,771	689,771
<b>Total Assets</b>	<b>\$ 108,777</b>	<b>\$ 2,021,160</b>	<b>\$ 689,771</b>	<b>\$ 77,843,492</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,056,320
Deferred revenues	108,777	-	-	18,520,694
Unearned revenues	-	-	-	393,656
Deposits payable	-	-	-	42,365
Due to other funds	108,777	-	400,196	7,454,327
<b>Total Liabilities</b>	<b>217,554</b>	<b>-</b>	<b>400,196</b>	<b>27,467,362</b>
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid costs	-	-	-	392,276
Land held for resale	-	-	-	4,595,463
Notes and loans	-	-	-	590,061
Deposits	-	-	-	4,130
Restricted for:				
Community development projects	-	-	-	254,861
Public safety	-	-	-	80,342
Parks and recreation	-	-	-	3,483,403
Public works	-	2,021,160	-	47,023,949
Debt service	-	-	289,575	289,575
Housing	-	-	-	626,330
Unassigned	(108,777)	-	-	(6,964,260)
<b>Total Fund Balances</b>	<b>(108,777)</b>	<b>2,021,160</b>	<b>289,575</b>	<b>50,376,130</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 108,777</b>	<b>\$ 2,021,160</b>	<b>\$ 689,771</b>	<b>\$ 77,843,492</b>

CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

	<b>Special Revenue Funds</b>			
	<b>Gas Tax</b>	<b>Community Services</b>	<b>Landscape Maintenance District</b>	<b>Housing and Community Development</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	3,435,588	-	-	6,410,394
Charges for services	9,282	-	1,667,278	-
Use of money and property	318	-	17,081	71,289
Fines and forfeitures	-	-	-	-
Miscellaneous	28,582	25,759	-	-
<b>Total Revenues</b>	<b>3,473,770</b>	<b>25,759</b>	<b>1,684,359</b>	<b>6,481,683</b>
<b>Expenditures:</b>				
Current:				
General government	892	972	-	154,841
Public safety	-	-	-	-
Community development	-	15,909	-	1,411,532
Public works	3,714,030	-	1,181,874	-
Housing	-	-	-	3,093,863
Debt service:				
Principal retirement	-	-	-	297,000
Interest and fiscal charges	-	-	-	222,113
<b>Total Expenditures</b>	<b>3,714,922</b>	<b>16,881</b>	<b>1,181,874</b>	<b>5,179,349</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(241,152)	8,878	502,485	1,302,334
<b>Other Financing Sources (Uses):</b>				
Transfers in	251,500	-	-	-
Transfers out	-	-	(215,480)	(142,574)
<b>Total Other Financing Sources (Uses)</b>	<b>251,500</b>	<b>-</b>	<b>(215,480)</b>	<b>(142,574)</b>
Net Change in Fund Balances	10,348	8,878	287,005	1,159,760
Fund Balances, Beginning of Year	(24,706)	245,983	1,767,228	2,069,763
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	(24,706)	245,983	1,767,228	2,069,763
<b>Fund Balances, End of Year</b>	<b>\$ (14,358)</b>	<b>\$ 254,861</b>	<b>\$ 2,054,233</b>	<b>\$ 3,229,523</b>

## CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2011**

(Continued)

	<b>Special Revenue Funds</b>			
	<b>Transportation Development Authority</b>	<b>Proposition A</b>	<b>Bikeway Improvement</b>	<b>Proposition C</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	3,451,447	1,962,088	116,885	1,617,175
Charges for services	-	-	-	-
Use of money and property	57,465	26,207	-	54,372
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>3,508,912</b>	<b>1,988,295</b>	<b>116,885</b>	<b>1,671,547</b>
<b>Expenditures:</b>				
Current:				
General government	-	1,384,495	-	-
Public safety	-	-	-	2,087
Community development	-	-	-	-
Public works	-	-	-	503
Housing	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>1,384,495</b>	<b>-</b>	<b>2,590</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,508,912	603,800	116,885	1,668,957
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(3,590,709)	(127,073)	-	(161,944)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,590,709)</b>	<b>(127,073)</b>	<b>-</b>	<b>(161,944)</b>
Net Change in Fund Balances	(81,797)	476,727	116,885	1,507,013
Fund Balances, Beginning of Year	6,401,277	3,153,350	(116,885)	4,746,762
Restatements	-	(132,028)	-	119,529
Fund Balances, Beginning of Year, as Restated	6,401,277	3,021,322	(116,885)	4,866,291
<b>Fund Balances, End of Year</b>	<b>\$ 6,319,480</b>	<b>\$ 3,498,049</b>	<b>\$ -</b>	<b>\$ 6,373,304</b>

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

	<u>Special Revenue Funds</u>			
	<u>Federal Grants</u>	<u>State Grants</u>	<u>Parks Development</u>	<u>County and Other</u>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	166,000	-
Intergovernmental	491,455	1,776,900	-	-
Charges for services	-	-	-	-
Use of money and property	-	-	6,717	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>491,455</b>	<b>1,776,900</b>	<b>172,717</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government	-	28,188	-	-
Public safety	-	126,974	-	-
Community development	253,553	149,547	-	-
Public works	-	-	-	-
Housing	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>253,553</b>	<b>304,709</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	237,902	1,472,191	172,717	-
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	43,464	-	-
Transfers out	(246,157)	(1,190,871)	(58,763)	(403)
<b>Total Other Financing Sources (Uses)</b>	<b>(246,157)</b>	<b>(1,147,407)</b>	<b>(58,763)</b>	<b>(403)</b>
Net Change in Fund Balances	(8,255)	324,784	113,954	(403)
Fund Balances, Beginning of Year	(1,137,961)	(3,037,319)	643,315	(237,786)
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	(1,137,961)	(3,037,319)	643,315	(237,786)
<b>Fund Balances, End of Year</b>	<b>\$ (1,146,216)</b>	<b>\$ (2,712,535)</b>	<b>\$ 757,269</b>	<b>\$ (238,189)</b>

## CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

(Continued)

	<b>Special Revenue Funds</b>			
	<b>Developer Fees Fund - Signals</b>	<b>Developer Fees Fund - Drainage</b>	<b>Recycle Water</b>	<b>Biological Impact Fee Fund</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	409,551	414,820	-	95,797
Intergovernmental	-	-	-	-
Charges for services	-	-	830	-
Use of money and property	40,212	30,042	(33)	2,508
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>449,763</b>	<b>444,862</b>	<b>797</b>	<b>98,305</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	108,240	139,726	-
Housing	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>108,240</b>	<b>139,726</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	449,763	336,622	(138,929)	98,305
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	110,000	-
Transfers out	(359,951)	(730,595)	(396,339)	(111,067)
<b>Total Other Financing Sources (Uses)</b>	<b>(359,951)</b>	<b>(730,595)</b>	<b>(286,339)</b>	<b>(111,067)</b>
Net Change in Fund Balances	89,812	(393,973)	(425,268)	(12,762)
Fund Balances, Beginning of Year	4,533,454	3,894,367	54,494	319,721
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	4,533,454	3,894,367	54,494	319,721
<b>Fund Balances, End of Year</b>	<b>\$ 4,623,266</b>	<b>\$ 3,500,394</b>	<b>\$ (370,774)</b>	<b>\$ 306,959</b>

## CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

	<b>Special Revenue Funds</b>			
	<b>Traffic Impact Fees Fund</b>	<b>AQMD Fund</b>	<b>Lancaster Lighting District Fund</b>	<b>Lancaster Drainage Maintenance District</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	427,937	-	-	-
Intergovernmental	-	75,000	-	-
Charges for services	-	-	3,949,125	1,532,868
Use of money and property	45,721	1,344	2,671	17,764
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	64,696	2,867
<b>Total Revenues</b>	<b>473,658</b>	<b>76,344</b>	<b>4,016,492</b>	<b>1,553,499</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	4,480,972	1,318,683
Housing	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>4,480,972</b>	<b>1,318,683</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	473,658	76,344	(464,480)	234,816
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	715,000	-
Transfers out	(228,298)	-	(398,130)	(405,601)
<b>Total Other Financing Sources (Uses)</b>	<b>(228,298)</b>	<b>-</b>	<b>316,870</b>	<b>(405,601)</b>
Net Change in Fund Balances	245,360	76,344	(147,610)	(170,785)
Fund Balances, Beginning of Year	4,904,382	115,593	183,243	2,358,861
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	4,904,382	115,593	183,243	2,358,861
<b>Fund Balances, End of Year</b>	<b>\$ 5,149,742</b>	<b>\$ 191,937</b>	<b>\$ 35,633</b>	<b>\$ 2,188,076</b>

## CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

(Continued)

	<b>Special Revenue Funds</b>			
	<b>HOME Program Fund</b>	<b>Miscellaneous Grants Fund</b>	<b>Traffic Safety Fund</b>	<b>Building Fees Fund</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,606,236	-	-	-
Charges for services	-	-	-	-
Use of money and property	507	-	(2,361)	-
Fines and forfeitures	-	-	1,215,677	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>1,606,743</b>	<b>-</b>	<b>1,213,316</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government	39,043	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Housing	1,551,840	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>1,590,883</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,860	-	1,213,316	-
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	19,283
Transfers out	-	-	(1,247,471)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(1,247,471)</b>	<b>19,283</b>
Net Change in Fund Balances	15,860	-	(34,155)	19,283
Fund Balances, Beginning of Year	769,550	(352,453)	114,497	(19,283)
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	769,550	(352,453)	114,497	(19,283)
<b>Fund Balances, End of Year</b>	<b>\$ 785,410</b>	<b>\$ (352,453)</b>	<b>\$ 80,342</b>	<b>\$ -</b>

## CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

	<b>Special Revenue Funds</b>			
	<b>Engineering Fees Fund</b>	<b>LA County Reimbursement Fund</b>	<b>Lancaster Housing Fund</b>	<b>USP - Operations Fund</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,269,403	-	-	-
Intergovernmental	-	25,353	-	-
Charges for services	-	-	-	-
Use of money and property	-	-	1,679,152	1,235
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>1,269,403</b>	<b>25,353</b>	<b>1,679,152</b>	<b>1,235</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	1,442,113	-	-	-
Housing	-	-	969,735	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	2,347	-
<b>Total Expenditures</b>	<b>1,442,113</b>	<b>-</b>	<b>972,082</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(172,710)	25,353	707,070	1,235
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,454,475	-	-	-
Transfers out	(1,301,048)	(128,187)	(652,690)	(27,025)
<b>Total Other Financing Sources (Uses)</b>	<b>153,427</b>	<b>(128,187)</b>	<b>(652,690)</b>	<b>(27,025)</b>
Net Change in Fund Balances	(19,283)	(102,834)	54,380	(25,790)
Fund Balances, Beginning of Year	(78,807)	(50,776)	380,731	168,885
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	(78,807)	(50,776)	380,731	168,885
<b>Fund Balances, End of Year</b>	<b>\$ (98,090)</b>	<b>\$ (153,610)</b>	<b>\$ 435,111</b>	<b>\$ 143,095</b>



## CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

(Continued)

	<b>Special Revenue Funds</b>			
	<b>USP - Parks Fund</b>	<b>USP - Admin Fund</b>	<b>USP - Corp Yard Fund</b>	<b>Mariposa Lily Fund</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	390,648	11,455	10,728	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	30,063	946	1,988	476
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>420,711</b>	<b>12,401</b>	<b>12,716</b>	<b>476</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	-
Housing	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	420,711	12,401	12,716	476
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(2,074,227)	-	(49,890)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,074,227)</b>	<b>-</b>	<b>(49,890)</b>	<b>-</b>
Net Change in Fund Balances	(1,653,516)	12,401	(37,174)	476
Fund Balances, Beginning of Year	5,136,919	104,910	269,004	53,303
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	5,136,919	104,910	269,004	53,303
<b>Fund Balances, End of Year</b>	<b>\$ 3,483,403</b>	<b>\$ 117,311</b>	<b>\$ 231,830</b>	<b>\$ 53,779</b>

## CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

	<b>Special Revenue Funds</b>			
	<b>Sewer Maintenance District</b>	<b>Proposition 1B</b>	<b>Proposition 42</b>	<b>HPRP</b>
<b>Revenues:</b>				
Taxes	\$ 4,032,824	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	365,316	403,660
Charges for services	-	-	-	-
Use of money and property	37,431	23,243	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	59,589	-	-	-
<b>Total Revenues</b>	<b>4,129,844</b>	<b>23,243</b>	<b>365,316</b>	<b>403,660</b>
<b>Expenditures:</b>				
Current:				
General government	750	-	-	17,325
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	2,104,637	-	-	-
Housing	-	-	-	377,747
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>2,105,387</b>	<b>-</b>	<b>-</b>	<b>395,072</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,024,457	23,243	365,316	8,588
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(395,450)	(15,358)	(139,069)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(395,450)</b>	<b>(15,358)</b>	<b>(139,069)</b>	<b>-</b>
Net Change in Fund Balances	1,629,007	7,885	226,247	8,588
Fund Balances, Beginning of Year	3,124,189	2,609,160	1,861,944	(19,630)
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	3,124,189	2,609,160	1,861,944	(19,630)
<b>Fund Balances, End of Year</b>	<b>\$ 4,753,196</b>	<b>\$ 2,617,045</b>	<b>\$ 2,088,191</b>	<b>\$ (11,042)</b>

CITY OF LANCASTER

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011**

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	<u>Total Governmental Funds</u>
	<u>ARRA</u>	<u>Measure R</u>	<u>Lancaster Housing Authority</u>	
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 4,032,824
Licenses and permits	-	-	-	3,196,339
Intergovernmental	2,600,590	1,216,511	-	25,554,598
Charges for services	-	-	-	7,159,383
Use of money and property	-	16,629	35,065	2,198,052
Fines and forfeitures	-	-	-	1,215,677
Miscellaneous	-	-	-	181,493
<b>Total Revenues</b>	<b>2,600,590</b>	<b>1,233,140</b>	<b>35,065</b>	<b>43,538,366</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	1,626,506
Public safety	-	-	-	129,061
Community development	-	-	-	1,830,541
Public works	-	-	-	14,490,778
Housing	-	-	-	5,993,185
Debt service:				
Principal retirement	-	-	350,000	647,000
Interest and fiscal charges	-	-	337,750	562,210
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>687,750</b>	<b>25,279,281</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,600,590	1,233,140	(652,685)	18,259,085
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	652,690	3,246,412
Transfers out	(1,737,011)	(142,915)	-	(16,274,296)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,737,011)</b>	<b>(142,915)</b>	<b>652,690</b>	<b>(13,027,884)</b>
Net Change in Fund Balances	863,579	1,090,225	5	5,231,201
Fund Balances, Beginning of Year	(972,356)	930,935	289,570	45,157,428
Restatements	-	-	-	(12,499)
Fund Balances, Beginning of Year, as Restated	(972,356)	930,935	289,570	45,144,929
<b>Fund Balances, End of Year</b>	<b>\$ (108,777)</b>	<b>\$ 2,021,160</b>	<b>\$ 289,575</b>	<b>\$ 50,376,130</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
GAS TAX  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (24,706)	\$ (24,706)	\$ (24,706)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	3,707,975	3,707,975	3,435,588	(272,387)
Charges for services	10,000	10,000	9,282	(718)
Use of money and property	-	-	318	318
Miscellaneous	10,000	10,000	28,582	18,582
Transfers in	180,000	180,000	251,500	71,500
<b>Amounts Available for Appropriation</b>	<b>3,883,269</b>	<b>3,883,269</b>	<b>3,700,564</b>	<b>(182,705)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	900	900	892	8
Public works	3,859,670	3,859,670	3,714,030	145,640
<b>Total Charges to Appropriations</b>	<b>3,860,570</b>	<b>3,860,570</b>	<b>3,714,922</b>	<b>145,648</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 22,699</b>	<b>\$ 22,699</b>	<b>\$ (14,358)</b>	<b>\$ (37,057)</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
COMMUNITY SERVICES  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 245,983	\$ 245,983	\$ 245,983	\$ -
<b>Resources (Inflows):</b>				
Miscellaneous	13,500	13,500	25,759	12,259
<b>Amounts Available for Appropriation</b>	<b>259,483</b>	<b>259,483</b>	<b>271,742</b>	<b>12,259</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	972	(972)
Community development	78,250	78,250	15,909	62,341
<b>Total Charges to Appropriations</b>	<b>78,250</b>	<b>78,250</b>	<b>16,881</b>	<b>61,369</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 181,233</b>	<b>\$ 181,233</b>	<b>\$ 254,861</b>	<b>\$ 73,628</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
LANDSCAPE MAINTENANCE DISTRICT  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 1,767,228	\$ 1,767,228	\$ 1,767,228	\$ -
<b>Resources (Inflows):</b>				
Charges for services	1,600,000	1,600,000	1,667,278	67,278
Use of money and property	32,000	32,000	17,081	(14,919)
<b>Amounts Available for Appropriation</b>	<b>3,399,228</b>	<b>3,399,228</b>	<b>3,451,587</b>	<b>52,359</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	1,241,065	1,241,065	1,181,874	59,191
Transfers out	215,480	215,480	215,480	-
<b>Total Charges to Appropriations</b>	<b>1,456,545</b>	<b>1,456,545</b>	<b>1,397,354</b>	<b>59,191</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,942,683</b>	<b>\$ 1,942,683</b>	<b>\$ 2,054,233</b>	<b>\$ 111,550</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
HOUSING AND COMMUNITY DEVELOPMENT  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 2,069,763	\$ 2,069,763	\$ 2,069,763	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	7,800,000	7,800,000	6,410,394	(1,389,606)
Use of money and property	-	-	71,289	71,289
<b>Amounts Available for Appropriation</b>	<b>9,869,763</b>	<b>9,869,763</b>	<b>8,551,446</b>	<b>(1,318,317)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	36,925	36,925	154,841	(117,916)
Community development	1,251,681	1,251,681	1,411,532	(159,851)
Housing	6,400,000	6,400,000	3,093,863	3,306,137
Debt service:				
Principal retirement	558,465	558,465	297,000	261,465
Interest and fiscal charges	-	-	222,113	(222,113)
Transfers out	-	-	142,574	(142,574)
<b>Total Charges to Appropriations</b>	<b>8,247,071</b>	<b>8,247,071</b>	<b>5,321,923</b>	<b>2,925,148</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,622,692</b>	<b>\$ 1,622,692</b>	<b>\$ 3,229,523</b>	<b>\$ 1,606,831</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
 TRANSPORTATION DEVELOPMENT AUTHORITY  
 YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 6,401,277	\$ 6,401,277	\$ 6,401,277	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	3,777,515	3,777,515	3,451,447	(326,068)
Use of money and property	72,000	72,000	57,465	(14,535)
<b>Amounts Available for Appropriation</b>	<b>10,250,792</b>	<b>10,250,792</b>	<b>9,910,189</b>	<b>(340,603)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	3,801,740	3,801,740	3,590,709	211,031
<b>Total Charges to Appropriations</b>	<b>3,801,740</b>	<b>3,801,740</b>	<b>3,590,709</b>	<b>211,031</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 6,449,052</b>	<b>\$ 6,449,052</b>	<b>\$ 6,319,480</b>	<b>\$ (129,572)</b>



CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
PROPOSITION A  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ 3,021,322	\$ 3,021,322	\$ 3,021,322	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,955,290	1,955,290	1,962,088	6,798
Use of money and property	29,000	29,000	26,207	(2,793)
<b>Amounts Available for Appropriation</b>	<b>5,005,612</b>	<b>5,005,612</b>	<b>5,009,617</b>	<b>4,005</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	2,001,200	2,001,200	1,384,495	616,705
Transfers out	1,547,485	1,547,485	127,073	1,420,412
<b>Total Charges to Appropriations</b>	<b>3,548,685</b>	<b>3,548,685</b>	<b>1,511,568</b>	<b>2,037,117</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,456,927</b>	<b>\$ 1,456,927</b>	<b>\$ 3,498,049</b>	<b>\$ 2,041,122</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
BIKEWAY IMPROVEMENT  
YEAR ENDED JUNE 30, 2011**

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	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (116,885)	\$ (116,885)	\$ (116,885)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	85,000	-	116,885	116,885
<b>Amounts Available for Appropriation</b>	<b>(31,885)</b>	<b>(116,885)</b>	<b>-</b>	<b>116,885</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (31,885)</b>	<b>\$ (116,885)</b>	<b>\$ -</b>	<b>\$ 116,885</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
PROPOSITION C  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ 4,866,291	\$ 4,866,291	\$ 4,866,291	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,621,860	1,621,860	1,617,175	(4,685)
Use of money and property	10,000	10,000	54,372	44,372
<b>Amounts Available for Appropriation</b>	<b>6,498,151</b>	<b>6,498,151</b>	<b>6,537,838</b>	<b>39,687</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	2,200	2,200	2,087	113
Public works	58,000	58,000	503	57,497
Transfers out	350,000	350,000	161,944	188,056
<b>Total Charges to Appropriations</b>	<b>410,200</b>	<b>410,200</b>	<b>164,534</b>	<b>245,666</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 6,087,951</b>	<b>\$ 6,087,951</b>	<b>\$ 6,373,304</b>	<b>\$ 285,353</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
FEDERAL GRANTS  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (1,137,961)	\$ (1,137,961)	\$ (1,137,961)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	783,000	783,000	491,455	(291,545)
<b>Amounts Available for Appropriation</b>	<b>(354,961)</b>	<b>(354,961)</b>	<b>(646,506)</b>	<b>(291,545)</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	-	-	253,553	(253,553)
Transfers out	783,000	783,000	246,157	536,843
<b>Total Charges to Appropriations</b>	<b>783,000</b>	<b>783,000</b>	<b>499,710</b>	<b>283,290</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (1,137,961)</b>	<b>\$ (1,137,961)</b>	<b>\$ (1,146,216)</b>	<b>\$ (8,255)</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
STATE GRANTS  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (3,037,319)	\$ (3,037,319)	\$ (3,037,319)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	200,525	200,525	1,776,900	1,576,375
Transfers in	-	-	43,464	43,464
<b>Amounts Available for Appropriation</b>	<b>(2,836,794)</b>	<b>(2,836,794)</b>	<b>(1,216,955)</b>	<b>1,619,839</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	100,525	100,525	28,188	72,337
Public safety	-	-	126,974	(126,974)
Community development	145,525	145,525	149,547	(4,022)
Transfers out	1,544,360	1,736,971	1,190,871	546,100
<b>Total Charges to Appropriations</b>	<b>1,790,410</b>	<b>1,983,021</b>	<b>1,495,580</b>	<b>487,441</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (4,627,204)</b>	<b>\$ (4,819,815)</b>	<b>\$ (2,712,535)</b>	<b>\$ 2,107,280</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
PARKS AND DEVELOPMENT  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 643,315	\$ 643,315	\$ 643,315	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	180,000	180,000	166,000	(14,000)
Use of money and property	6,000	6,000	6,717	717
<b>Amounts Available for Appropriation</b>	<b>829,315</b>	<b>829,315</b>	<b>816,032</b>	<b>(13,283)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	-	-	58,763	(58,763)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>-</b>	<b>58,763</b>	<b>(58,763)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 829,315</b>	<b>\$ 829,315</b>	<b>\$ 757,269</b>	<b>\$ (72,046)</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 COUNTY AND OTHER  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (237,786)	\$ (237,786)	\$ (237,786)	\$ -
<b>Resources (Inflows):</b>				
Charges for services	2,390,000	-	-	-
<b>Amounts Available for Appropriation</b>	<b>2,152,214</b>	<b>(237,786)</b>	<b>(237,786)</b>	<b>-</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	2,390,000	-	403	(403)
<b>Total Charges to Appropriations</b>	<b>2,390,000</b>	<b>-</b>	<b>403</b>	<b>(403)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (237,786)</b>	<b>\$ (237,786)</b>	<b>\$ (238,189)</b>	<b>\$ (403)</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
DEVELOPER FEES FUND - SIGNALS  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 4,533,454	\$ 4,533,454	\$ 4,533,454	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	240,000	240,000	409,551	169,551
Use of money and property	40,000	40,000	40,212	212
<b>Amounts Available for Appropriation</b>	<b>4,813,454</b>	<b>4,813,454</b>	<b>4,983,217</b>	<b>169,763</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	2,019,000	2,019,000	359,951	1,659,049
<b>Total Charges to Appropriations</b>	<b>2,019,000</b>	<b>2,019,000</b>	<b>359,951</b>	<b>1,659,049</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,794,454</b>	<b>\$ 2,794,454</b>	<b>\$ 4,623,266</b>	<b>\$ 1,828,812</b>



CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
DEVELOPER FEES FUND - DRAINAGE  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 3,894,367	\$ 3,894,367	\$ 3,894,367	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	325,000	325,000	414,820	89,820
Use of money and property	10,000	10,000	30,042	20,042
<b>Amounts Available for Appropriation</b>	<b>4,229,367</b>	<b>4,229,367</b>	<b>4,339,229</b>	<b>109,862</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	-	108,240	(108,240)
Transfers out	50,000	2,147,386	730,595	1,416,791
<b>Total Charges to Appropriations</b>	<b>50,000</b>	<b>2,147,386</b>	<b>838,835</b>	<b>1,308,551</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 4,179,367</b>	<b>\$ 2,081,981</b>	<b>\$ 3,500,394</b>	<b>\$ 1,418,413</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
RECYCLE WATER  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 54,494	\$ 54,494	\$ 54,494	\$ -
<b>Resources (Inflows):</b>				
Charges for services	9,000	9,000	830	(8,170)
Use of money and property	-	-	(33)	(33)
Transfers in	110,000	110,000	110,000	-
<b>Amounts Available for Appropriation</b>	<b>173,494</b>	<b>173,494</b>	<b>165,291</b>	<b>(8,203)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	152,625	152,625	139,726	12,899
Transfers out	62,470	62,470	396,339	(333,869)
<b>Total Charges to Appropriations</b>	<b>215,095</b>	<b>215,095</b>	<b>536,065</b>	<b>(320,970)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (41,601)</b>	<b>\$ (41,601)</b>	<b>\$ (370,774)</b>	<b>\$ (329,173)</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
 BIOLOGICAL IMPACT FEES FUND  
 YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 319,721	\$ 319,721	\$ 319,721	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	8,000	8,000	95,797	87,797
Use of money and property	500	500	2,508	2,008
<b>Amounts Available for Appropriation</b>	<b>328,221</b>	<b>328,221</b>	<b>418,026</b>	<b>89,805</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	-	296,047	111,067	184,980
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>296,047</b>	<b>111,067</b>	<b>184,980</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 328,221</b>	<b>\$ 32,174</b>	<b>\$ 306,959</b>	<b>\$ 274,785</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
TRAFFIC IMPACT FEES FUND  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 4,904,382	\$ 4,904,382	\$ 4,904,382	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	300,000	300,000	427,937	127,937
Use of money and property	30,000	30,000	45,721	15,721
Miscellaneous	8,000	8,000	-	(8,000)
<b>Amounts Available for Appropriation</b>	<b>5,242,382</b>	<b>5,242,382</b>	<b>5,378,040</b>	<b>135,658</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	723,600	723,600	228,298	495,302
<b>Total Charges to Appropriations</b>	<b>723,600</b>	<b>723,600</b>	<b>228,298</b>	<b>495,302</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 4,518,782</b>	<b>\$ 4,518,782</b>	<b>\$ 5,149,742</b>	<b>\$ 630,960</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 AQMD FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 115,593	\$ 115,593	\$ 115,593	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	75,000	75,000	75,000	-
Use of money and property	2,000	2,000	1,344	(656)
<b>Amounts Available for Appropriation</b>	<b>192,593</b>	<b>192,593</b>	<b>191,937</b>	<b>(656)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 192,593</b>	<b>\$ 192,593</b>	<b>\$ 191,937</b>	<b>\$ (656)</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
LANCASTER LIGHTING DISTRICT FUND  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 183,243	\$ 183,243	\$ 183,243	\$ -
<b>Resources (Inflows):</b>				
Charges for services	3,800,000	3,800,000	3,949,125	149,125
Use of money and property	25,000	25,000	2,671	(22,329)
Miscellaneous	55,000	55,000	64,696	9,696
Transfers in	-	-	715,000	715,000
<b>Amounts Available for Appropriation</b>	<b>4,063,243</b>	<b>4,063,243</b>	<b>4,914,735</b>	<b>851,492</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	4,055,915	4,055,915	4,480,972	(425,057)
Transfers out	398,130	398,130	398,130	-
<b>Total Charges to Appropriations</b>	<b>4,454,045</b>	<b>4,454,045</b>	<b>4,879,102</b>	<b>(425,057)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (390,802)</b>	<b>\$ (390,802)</b>	<b>\$ 35,633</b>	<b>\$ 426,435</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
LANCASTER DRAINAGE MAINTENANCE DISTRICT  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 2,358,861	\$ 2,358,861	\$ 2,358,861	\$ -
<b>Resources (Inflows):</b>				
Charges for services	1,974,425	1,974,425	1,532,868	(441,557)
Use of money and property	2,000	2,000	17,764	15,764
Miscellaneous	-	-	2,867	2,867
<b>Amounts Available for Appropriation</b>	<b>4,335,286</b>	<b>4,335,286</b>	<b>3,912,360</b>	<b>(422,926)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	1,020	1,020	-	1,020
Public works	1,288,560	1,288,560	1,318,683	(30,123)
Transfers out	391,405	391,405	405,601	(14,196)
<b>Total Charges to Appropriations</b>	<b>1,680,985</b>	<b>1,680,985</b>	<b>1,724,284</b>	<b>(43,299)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,654,301</b>	<b>\$ 2,654,301</b>	<b>\$ 2,188,076</b>	<b>\$ (466,225)</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 HOME PROGRAM FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 769,550	\$ 769,550	\$ 769,550	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,085,926	1,085,926	1,606,236	520,310
Use of money and property	-	-	507	507
<b>Amounts Available for Appropriation</b>	<b>1,855,476</b>	<b>1,855,476</b>	<b>2,376,293</b>	<b>520,817</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	1,787,845	1,787,845	39,043	1,748,802
Housing	-	-	1,551,840	(1,551,840)
<b>Total Charges to Appropriations</b>	<b>1,787,845</b>	<b>1,787,845</b>	<b>1,590,883</b>	<b>196,962</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 67,631</b>	<b>\$ 67,631</b>	<b>\$ 785,410</b>	<b>\$ 717,779</b>



CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
TRAFFIC SAFETY FUND  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 114,497	\$ 114,497	\$ 114,497	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	10,000	10,000	(2,361)	(12,361)
Fines and forfeitures	1,315,000	1,315,000	1,215,677	(99,323)
<b>Amounts Available for Appropriation</b>	<b>1,439,497</b>	<b>1,439,497</b>	<b>1,327,813</b>	<b>(111,684)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	1,325,000	1,325,000	1,247,471	77,529
<b>Total Charges to Appropriations</b>	<b>1,325,000</b>	<b>1,325,000</b>	<b>1,247,471</b>	<b>77,529</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 114,497</b>	<b>\$ 114,497</b>	<b>\$ 80,342</b>	<b>\$ (34,155)</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
ENGINEERING FEES FUND  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (78,807)	\$ (78,807)	\$ (78,807)	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	1,030,000	1,030,000	1,269,403	239,403
Use of money and property	-	-	-	-
Transfers in	1,847,465	1,847,465	1,454,475	(392,990)
<b>Amounts Available for Appropriation</b>	<b>2,798,658</b>	<b>2,798,658</b>	<b>2,645,071</b>	<b>(153,587)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	1,595,700	1,595,700	1,442,113	153,587
Transfers out	1,281,765	1,281,765	1,301,048	(19,283)
<b>Total Charges to Appropriations</b>	<b>2,877,465</b>	<b>2,877,465</b>	<b>2,743,161</b>	<b>134,304</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (78,807)</b>	<b>\$ (78,807)</b>	<b>\$ (98,090)</b>	<b>\$ (19,283)</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
LANCASTER HOUSING FUND  
YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 380,731	\$ 380,731	\$ 380,731	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	690,100	690,100	1,679,152	989,052
<b>Amounts Available for Appropriation</b>	<b>1,070,831</b>	<b>1,070,831</b>	<b>2,059,883</b>	<b>989,052</b>
<b>Charges to Appropriation (Outflow):</b>				
Housing	1,000	1,000	969,735	(968,735)
Debt service:				
Interest and fiscal charges	1,900	1,900	2,347	(447)
Transfers out	687,750	687,750	652,690	35,060
<b>Total Charges to Appropriations</b>	<b>690,650</b>	<b>690,650</b>	<b>1,624,772</b>	<b>(934,122)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 380,181</b>	<b>\$ 380,181</b>	<b>\$ 435,111</b>	<b>\$ 54,930</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 USP - OPERATIONS FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 168,885	\$ 168,885	\$ 168,885	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	3,500	3,500	1,235	(2,265)
<b>Amounts Available for Appropriation</b>	<b>172,385</b>	<b>172,385</b>	<b>170,120</b>	<b>(2,265)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	145,000	145,000	27,025	117,975
<b>Total Charges to Appropriations</b>	<b>145,000</b>	<b>145,000</b>	<b>27,025</b>	<b>117,975</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 27,385</b>	<b>\$ 27,385</b>	<b>\$ 143,095</b>	<b>\$ 115,710</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 USP - PARKS FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,136,919	\$ 5,136,919	\$ 5,136,919	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	400,000	400,000	390,648	(9,352)
Use of money and property	20,000	20,000	30,063	10,063
<b>Amounts Available for Appropriation</b>	<b>5,556,919</b>	<b>5,556,919</b>	<b>5,557,630</b>	<b>711</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	600,000	4,455,525	2,074,227	2,381,298
<b>Total Charges to Appropriations</b>	<b>600,000</b>	<b>4,455,525</b>	<b>2,074,227</b>	<b>2,381,298</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 4,956,919</b>	<b>\$ 1,101,394</b>	<b>\$ 3,483,403</b>	<b>\$ 2,382,009</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
 USP - ADMIN FUND  
 YEAR ENDED JUNE 30, 2011**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 104,910	\$ 104,910	\$ 104,910	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	9,000	9,000	11,455	2,455
Use of money and property	-	-	946	946
<b>Amounts Available for Appropriation</b>	<b>113,910</b>	<b>113,910</b>	<b>117,311</b>	<b>3,401</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 113,910</b>	<b>\$ 113,910</b>	<b>\$ 117,311</b>	<b>\$ 3,401</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 USP - CORP YARD FUND  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 269,004	\$ 269,004	\$ 269,004	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	8,000	8,000	10,728	2,728
Use of money and property	-	-	1,988	1,988
<b>Amounts Available for Appropriation</b>	<b>277,004</b>	<b>277,004</b>	<b>281,720</b>	<b>4,716</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	-	-	49,890	(49,890)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>-</b>	<b>49,890</b>	<b>(49,890)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 277,004</b>	<b>\$ 277,004</b>	<b>\$ 231,830</b>	<b>\$ (45,174)</b>

CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
MARIPOSA LILY FUND  
YEAR ENDED JUNE 30, 2011**

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	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 53,303	\$ 53,303	\$ 53,303	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	1,500	1,500	476	(1,024)
<b>Amounts Available for Appropriation</b>	<b>54,803</b>	<b>54,803</b>	<b>53,779</b>	<b>(1,024)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 54,803</b>	<b>\$ 54,803</b>	<b>\$ 53,779</b>	<b>\$ (1,024)</b>



CITY OF LANCASTER

**BUDGETARY COMPARISON SCHEDULE  
SEWER MAINTENANCE DISTRICT  
YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,124,189	\$ 3,124,189	\$ 3,124,189	\$ -
<b>Resources (Inflows):</b>				
Taxes	3,900,000	3,900,000	4,032,824	132,824
Use of money and property	105,000	105,000	37,431	(67,569)
Miscellaneous	-	-	59,589	59,589
Transfers in	618,000	618,000	-	(618,000)
<b>Amounts Available for Appropriation</b>	<b>7,747,189</b>	<b>7,747,189</b>	<b>7,254,033</b>	<b>(493,156)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	750	750	750	-
Public works	2,101,360	2,101,360	2,104,637	(3,277)
Transfers out	380,450	380,450	395,450	(15,000)
<b>Total Charges to Appropriations</b>	<b>2,482,560</b>	<b>2,482,560</b>	<b>2,500,837</b>	<b>(18,277)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 5,264,629</b>	<b>\$ 5,264,629</b>	<b>\$ 4,753,196</b>	<b>\$ (511,433)</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION 1B  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,609,160	\$ 2,609,160	\$ 2,609,160	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	2,000	2,000	23,243	21,243
<b>Amounts Available for Appropriation</b>	<b>2,611,160</b>	<b>2,611,160</b>	<b>2,632,403</b>	<b>21,243</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	100,000	100,000	15,358	84,642
<b>Total Charges to Appropriations</b>	<b>100,000</b>	<b>100,000</b>	<b>15,358</b>	<b>84,642</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,511,160</b>	<b>\$ 2,511,160</b>	<b>\$ 2,617,045</b>	<b>\$ 105,885</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION 42  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,861,944	\$ 1,861,944	\$ 1,861,944	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	365,316	365,316
<b>Amounts Available for Appropriation</b>	<b>1,861,944</b>	<b>1,861,944</b>	<b>2,227,260</b>	<b>365,316</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	480,000	480,000	139,069	340,931
<b>Total Charges to Appropriations</b>	<b>480,000</b>	<b>480,000</b>	<b>139,069</b>	<b>340,931</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,381,944</b>	<b>\$ 1,381,944</b>	<b>\$ 2,088,191</b>	<b>\$ 706,247</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
HPRP  
YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (19,630)	\$ (19,630)	\$ (19,630)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	510,643	510,643	403,660	(106,983)
<b>Amounts Available for Appropriation</b>	<b>491,013</b>	<b>491,013</b>	<b>384,030</b>	<b>(106,983)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	17,325	(17,325)
Housing	510,643	510,643	377,747	132,896
<b>Total Charges to Appropriations</b>	<b>510,643</b>	<b>510,643</b>	<b>395,072</b>	<b>115,571</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (19,630)</b>	<b>\$ (19,630)</b>	<b>\$ (11,042)</b>	<b>\$ 8,588</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 MEASURE R  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 930,935	\$ 930,935	\$ 930,935	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,216,400	1,216,400	1,216,511	111
Use of money and property	3,000	3,000	16,629	13,629
<b>Amounts Available for Appropriation</b>	<b>2,150,335</b>	<b>2,150,335</b>	<b>2,164,075</b>	<b>13,740</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	1,600,000	1,600,000	142,915	1,457,085
<b>Total Charges to Appropriations</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>142,915</b>	<b>1,457,085</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 550,335</b>	<b>\$ 550,335</b>	<b>\$ 2,021,160</b>	<b>\$ 1,470,825</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS  
 YEAR ENDED JUNE 30, 2011

	<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	\$ (375,048)	\$ (375,048)	\$ (375,048)	\$ -
<b>Resources (Inflows):</b>				
Transfers in	10,440,600	10,440,600	20,398,427	9,957,827
<b>Amounts Available for Appropriation</b>	<b>10,065,552</b>	<b>10,065,552</b>	<b>20,023,379</b>	<b>9,957,827</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	10,440,600	10,440,600	19,744,733	(9,304,133)
Transfers out	9,655,525	-	-	-
<b>Total Charges to Appropriations</b>	<b>20,096,125</b>	<b>10,440,600</b>	<b>19,744,733</b>	<b>(9,304,133)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (10,030,573)</b>	<b>\$ (375,048)</b>	<b>\$ 278,646</b>	<b>\$ 653,694</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 LANCASTER REDEVELOPMENT AGENCY - CAPITAL PROJECTS  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 44,654,027	\$ 44,654,027	\$ 44,654,027	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,690,168	1,690,168	-	(1,690,168)
Charges for services	-	-	232,409	232,409
Use of money and property	890,890	890,890	1,711,454	820,564
Miscellaneous	-	-	177,479	177,479
Transfers in	-	-	12,809,146	12,809,146
<b>Amounts Available for Appropriation</b>	<b>47,235,085</b>	<b>47,235,085</b>	<b>59,584,515</b>	<b>12,349,430</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	2,619,431	2,619,431	3,844,514	(1,225,083)
Community development	95,225	95,225	9,526,155	(9,430,930)
Debt service:				
Principal retirement	10,000	10,000	-	10,000
Interest and fiscal charges	-	-	125,224	(125,224)
Transfers out	37,180,490	37,180,490	11,535,196	25,645,294
<b>Total Charges to Appropriations</b>	<b>39,905,146</b>	<b>39,905,146</b>	<b>25,031,089</b>	<b>14,874,057</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 7,329,939</b>	<b>\$ 7,329,939</b>	<b>\$ 34,553,426</b>	<b>\$ 27,223,487</b>

CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 LANCASTER HOUSING AUTHORITY  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 289,570	\$ 289,570	\$ 289,570	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	35,065	35,065
Transfers in	687,750	687,750	652,690	(35,060)
<b>Amounts Available for Appropriation</b>	<b>977,320</b>	<b>977,320</b>	<b>977,325</b>	<b>5</b>
<b>Charges to Appropriation (Outflow):</b>				
Debt service:				
Principal retirement	350,000	350,000	350,000	-
Interest and fiscal charges	337,750	337,750	337,750	-
<b>Total Charges to Appropriations</b>	<b>687,750</b>	<b>687,750</b>	<b>687,750</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 289,570</b>	<b>\$ 289,570</b>	<b>\$ 289,575</b>	<b>\$ 5</b>



CITY OF LANCASTER

BUDGETARY COMPARISON SCHEDULE  
 LANCASTER REDEVELOPMENT AGENCY - DEBT SERVICE  
 YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 13,740,597	\$ 13,740,597	\$ 13,740,597	\$ -
<b>Resources (Inflows):</b>				
Taxes	-	-	18,315,608	18,315,608
Intergovernmental	2,555,290	2,555,290	3,261,596	706,306
Use of money and property	540,000	540,000	679,233	139,233
Transfers in	14,477,845	14,477,845	13,313,896	(1,163,949)
<b>Amounts Available for Appropriation</b>	<b>31,313,732</b>	<b>31,313,732</b>	<b>49,310,930</b>	<b>17,997,198</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	4,217,025	(4,217,025)
Debt service:				
Principal retirement	-	-	5,735,000	(5,735,000)
Interest and fiscal charges	-	-	13,628,390	(13,628,390)
Transfers out	21,001,703	21,001,703	19,354,581	1,647,122
<b>Total Charges to Appropriations</b>	<b>21,001,703</b>	<b>21,001,703</b>	<b>42,934,996</b>	<b>(21,933,293)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 10,312,029</b>	<b>\$ 10,312,029</b>	<b>\$ 6,375,934</b>	<b>\$ (3,936,095)</b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
 ALL AGENCY FUNDS  
 JUNE 30, 2011

	<u>Assessment Districts</u>	<u>Agency</u>	<u>AD 93-3</u>	<u>AD 92-101</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 154,596	\$ 698,757	\$ 791,171	\$ 286,525
Receivables:				
Accrued interest	-	-	1,859	672
Restricted assets:				
Cash and investments with fiscal agents	-	-	454,594	157,696
<b>Total Assets</b>	<b><u>\$ 154,596</u></b>	<b><u>\$ 698,757</u></b>	<b><u>\$ 1,247,624</u></b>	<b><u>\$ 444,893</u></b>
Accounts payable	\$ -	\$ 738	\$ 31	\$ 5,213
Deposits payable	-	698,019	-	-
Due to bondholders	154,596	-	1,247,593	439,680
<b>Total Liabilities</b>	<b><u>\$ 154,596</u></b>	<b><u>\$ 698,757</u></b>	<b><u>\$ 1,247,624</u></b>	<b><u>\$ 444,893</u></b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
ALL AGENCY FUNDS  
JUNE 30, 2011

(Continued)

	<u>IFD 92-1</u>	<u>CFD 89-1</u>	<u>CFD 90-1</u>	<u>CFD 91-1</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 2	\$ 656,691	\$ 1,272,243	\$ 649,031
Receivables:				
Accrued interest	-	1,540	2,984	1,524
Restricted assets:				
Cash and investments with fiscal agents	-	748,840	777,227	546,312
<b>Total Assets</b>	<b><u>\$ 2</u></b>	<b><u>\$ 1,407,071</u></b>	<b><u>\$ 2,052,454</u></b>	<b><u>\$ 1,196,867</u></b>
Accounts payable	\$ -	\$ 2,530	\$ 2,332	\$ 4,036
Deposits payable	2	-	-	-
Due to bondholders	-	1,404,541	2,050,122	1,192,831
<b>Total Liabilities</b>	<b><u>\$ 2</u></b>	<b><u>\$ 1,407,071</u></b>	<b><u>\$ 2,052,454</u></b>	<b><u>\$ 1,196,867</u></b>

CITY OF LANCASTER

COMBINING BALANCE SHEET  
 ALL AGENCY FUNDS  
 JUNE 30, 2011

	<u>CFD 91-2</u>	<u>Still Meadow Lane Sewer Assessment</u>	<u>Totals</u>
<b>Assets:</b>			
Pooled cash and investments	\$ 523,709	\$ 31	\$ 5,032,756
Receivables:			
Accrued interest	1,228	-	9,807
Restricted assets:			
Cash and investments with fiscal agents	713,652	-	3,398,321
<b>Total Assets</b>	<b><u>\$ 1,238,589</u></b>	<b><u>\$ 31</u></b>	<b><u>\$ 8,440,884</u></b>
Accounts payable	\$ 3,178	\$ -	\$ 18,058
Deposits payable	15,810	-	713,831
Due to bondholders	1,219,601	31	7,708,995
<b>Total Liabilities</b>	<b><u>\$ 1,238,589</u></b>	<b><u>\$ 31</u></b>	<b><u>\$ 8,440,884</u></b>

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## CITY OF LANCASTER

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2011**

	<u>Balance 7/1/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2011</u>
<b><u>Assessment Districts</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 154,596	\$ -	\$ -	\$ 154,596
<b>Total Assets</b>	<b>\$ 154,596</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 154,596</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 154,596	\$ -	\$ -	\$ 154,596
<b>Total Liabilities</b>	<b>\$ 154,596</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 154,596</b>
<b><u>Agency</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 711,258	\$ 51,603	\$ 64,104	\$ 698,757
Receivables:				
Accounts	1,080	-	1,080	-
<b>Total Assets</b>	<b>\$ 712,338</b>	<b>\$ 51,603</b>	<b>\$ 65,184</b>	<b>\$ 698,757</b>
<b>Liabilities:</b>				
Accounts payable	\$ 12,195	\$ 76,813	\$ 88,270	\$ 738
Deposits payable	700,143	25,063	27,187	698,019
<b>Total Liabilities</b>	<b>\$ 712,338</b>	<b>\$ 101,876</b>	<b>\$ 115,457</b>	<b>\$ 698,757</b>
<b><u>AD 93-3</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 777,062	\$ 562,315	\$ 548,206	\$ 791,171
Receivables:				
Accrued interest	-	1,859	-	1,859
Due from other governments	1,803	-	1,803	-
Restricted assets:				
Cash and investments with fiscal agents	452,890	2,180	476	454,594
<b>Total Assets</b>	<b>\$ 1,231,755</b>	<b>\$ 566,354</b>	<b>\$ 550,485</b>	<b>\$ 1,247,624</b>
<b>Liabilities:</b>				
Accounts payable	\$ 2,308	\$ 542,571	\$ 544,848	\$ 31
Due to bondholders	1,229,447	18,146	-	1,247,593
<b>Total Liabilities</b>	<b>\$ 1,231,755</b>	<b>\$ 560,717</b>	<b>\$ 544,848</b>	<b>\$ 1,247,624</b>
<b><u>AD 92-101</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 237,970	\$ 280,623	\$ 232,068	\$ 286,525
Receivables:				
Accrued interest	707	672	707	672
Due from other governments	14,451	-	14,451	-
Restricted assets:				
Cash and investments with fiscal agents	157,615	81	-	157,696
<b>Total Assets</b>	<b>\$ 410,743</b>	<b>\$ 281,376</b>	<b>\$ 247,226</b>	<b>\$ 444,893</b>
<b>Liabilities:</b>				
Accounts payable	\$ 892	\$ 233,484	\$ 229,163	\$ 5,213
Due to bondholders	409,851	29,829	-	439,680
<b>Total Liabilities</b>	<b>\$ 410,743</b>	<b>\$ 263,313</b>	<b>\$ 229,163</b>	<b>\$ 444,893</b>

## CITY OF LANCASTER

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2011**

(Continued)

	<u>Balance 7/1/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2011</u>
<b><u>IFD 92-1</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 2	\$ -	\$ -	\$ 2
<b>Total Assets</b>	<b><u>\$ 2</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2</u></b>
<b>Liabilities:</b>				
Deposits payable	\$ -	\$ 2	\$ -	\$ 2
Due to bondholders	2	-	2	-
<b>Total Liabilities</b>	<b><u>\$ 2</u></b>	<b><u>\$ 2</u></b>	<b><u>\$ 2</u></b>	<b><u>\$ 2</u></b>
<b><u>CFD 89-1</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 715,529	\$ 410,592	\$ 469,430	\$ 656,691
Receivables:				
Accrued interest	2,125	3,655	4,240	1,540
Due from other governments	16,918	-	16,918	-
Restricted assets:				
Cash and investments with fiscal agents	711,871	36,969	-	748,840
<b>Total Assets</b>	<b><u>\$ 1,446,443</u></b>	<b><u>\$ 451,216</u></b>	<b><u>\$ 490,588</u></b>	<b><u>\$ 1,407,071</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 2,038	\$ 463,602	\$ 463,110	\$ 2,530
Due to bondholders	1,444,405	-	39,864	1,404,541
<b>Total Liabilities</b>	<b><u>\$ 1,446,443</u></b>	<b><u>\$ 463,602</u></b>	<b><u>\$ 502,974</u></b>	<b><u>\$ 1,407,071</u></b>
<b><u>CFD 90-1</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 1,256,955	\$ 799,074	\$ 783,786	\$ 1,272,243
Receivables:				
Accrued interest	3,730	4,064	4,810	2,984
Due from other governments	55,656	-	55,656	-
Restricted assets:				
Cash and investments with fiscal agents	777,150	77	-	777,227
<b>Total Assets</b>	<b><u>\$ 2,093,491</u></b>	<b><u>\$ 803,215</u></b>	<b><u>\$ 844,252</u></b>	<b><u>\$ 2,052,454</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 2,327	\$ 776,031	\$ 776,026	\$ 2,332
Due to bondholders	2,091,164	-	41,042	2,050,122
<b>Total Liabilities</b>	<b><u>\$ 2,093,491</u></b>	<b><u>\$ 776,031</u></b>	<b><u>\$ 817,068</u></b>	<b><u>\$ 2,052,454</u></b>

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2011

	<u>Balance 7/1/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2011</u>
<b><u>CFD 91-1</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 329,545	\$ 1,013,359	\$ 693,873	\$ 649,031
Receivables:				
Accrued interest	977	2,394	1,847	1,524
Due from other governments	345,952	-	345,952	-
Restricted assets:				
Cash and investments with fiscal agents	546,433	-	121	546,312
<b>Total Assets</b>	<b><u>\$ 1,222,907</u></b>	<b><u>\$ 1,015,753</u></b>	<b><u>\$ 1,041,793</u></b>	<b><u>\$ 1,196,867</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,128	\$ 568,063	\$ 565,155	\$ 4,036
Due to bondholders	1,221,779	-	28,948	1,192,831
<b>Total Liabilities</b>	<b><u>\$ 1,222,907</u></b>	<b><u>\$ 568,063</u></b>	<b><u>\$ 594,103</u></b>	<b><u>\$ 1,196,867</u></b>
<b><u>CFD 91-2</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 626,611	\$ 677,172	\$ 780,074	\$ 523,709
Receivables:				
Accrued interest	1,859	1,455	2,086	1,228
Due from other governments	8,354	-	8,354	-
Restricted assets:				
Cash and investments with fiscal agents	713,676	-	24	713,652
<b>Total Assets</b>	<b><u>\$ 1,350,500</u></b>	<b><u>\$ 678,627</u></b>	<b><u>\$ 790,538</u></b>	<b><u>\$ 1,238,589</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,041	\$ 752,258	\$ 750,121	\$ 3,178
Deposits payable	15,810	-	-	15,810
Due to bondholders	1,333,649	-	114,048	1,219,601
<b>Total Liabilities</b>	<b><u>\$ 1,350,500</u></b>	<b><u>\$ 752,258</u></b>	<b><u>\$ 864,169</u></b>	<b><u>\$ 1,238,589</u></b>
<b><u>Still Meadow Lane Sewer Assessment District</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 8,977	\$ 11,753	\$ 20,699	\$ 31
<b>Total Assets</b>	<b><u>\$ 8,977</u></b>	<b><u>\$ 11,753</u></b>	<b><u>\$ 20,699</u></b>	<b><u>\$ 31</u></b>
<b>Liabilities:</b>				
Due to bondholders	\$ 8,977	\$ -	\$ 8,946	\$ 31
<b>Total Liabilities</b>	<b><u>\$ 8,977</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,946</u></b>	<b><u>\$ 31</u></b>



## CITY OF LANCASTER

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2011**

(Continued)

	<u>Balance 7/1/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2011</u>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 4,818,505	\$ 3,806,491	\$ 3,592,240	\$ 5,032,756
Receivables:				
Accounts	1,080	-	1,080	-
Accrued interest	9,398	14,099	13,690	9,807
Due from other governments	443,134	-	443,134	-
Restricted assets:				
Cash and investments with fiscal agents	3,359,635	39,307	621	3,398,321
<b>Total Assets</b>	<b><u>\$ 8,631,752</u></b>	<b><u>\$ 3,859,897</u></b>	<b><u>\$ 4,050,765</u></b>	<b><u>\$ 8,440,884</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 21,929	\$ 3,412,822	\$ 3,416,693	\$ 18,058
Deposits payable	715,953	25,065	27,187	713,831
Due to bondholders	7,893,870	47,975	232,850	7,708,995
<b>Total Liabilities</b>	<b><u>\$ 8,631,752</u></b>	<b><u>\$ 3,485,862</u></b>	<b><u>\$ 3,676,730</u></b>	<b><u>\$ 8,440,884</u></b>

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# City of Lancaster

## Statistical Section

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	<b>128-131</b>
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	<b>132-136</b>
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the city's ability to issue additional debt in the future.</i>	<b>137-141</b>
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i>	<b>142-143</b>
<b>Operating Information</b> <i>These schedules contain information about the City's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</i>	<b>144-148</b>

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

**CITY OF LANCASTER**

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 726,729,266
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	93,277,881
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	71,812,198
Total governmental activities net assets	\$ (27,920,971)	\$ (7,759,203)	\$ 42,902,921	\$ 100,828,261	\$ 831,942,711	\$ 887,615,345	\$ 898,823,975	\$ 897,375,524	\$ 891,819,345
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	\$ 726,729,266
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	93,277,881
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	71,812,198
Total primary government net assets	\$ (27,920,971)	\$ (7,759,203)	\$ 42,902,921	\$ 100,828,261	\$ 831,942,711	\$ 887,615,345	\$ 898,823,975	\$ 897,375,524	\$ 891,819,345

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 Nine Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
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	25,975,571
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	25,206,610
Housing	929,192	2,629,627	3,116,089	1,232,174	5,361,600	6,650,286	959,974	4,805,507	5,993,185
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	14,847,798
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	12,526,273
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	52,085,914
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	14,873,413
Total primary governmental activities expenses	<u>\$ 58,740,100</u>	<u>\$ 87,819,563</u>	<u>\$ 100,393,169</u>	<u>\$ 103,054,418</u>	<u>\$ 141,269,030</u>	<u>\$ 142,207,039</u>	<u>\$ 155,455,561</u>	<u>\$ 164,049,285</u>	<u>\$ 151,508,764</u>
Total primary government expenses	<u>\$ 58,740,100</u>	<u>\$ 87,819,563</u>	<u>\$ 100,393,169</u>	<u>\$ 103,054,418</u>	<u>\$ 141,269,030</u>	<u>\$ 142,207,039</u>	<u>\$ 155,455,561</u>	<u>\$ 164,049,285</u>	<u>\$ 151,508,764</u>
<b>Program Revenues (see Schedule 3)</b>									
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	\$ 1,436,838
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	2,729,238
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	1,676,262
Community development	1,174,477	2,119,278	3,968,166	4,838,078	805,132	1,478,571	579,523	1,045,149	738,985
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	3,527,840
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	14,103,957
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	36,719,976
Capital grants and contributions	11,530,290	839,643	1,170,980	-	-	65,570,808	55,674,240	43,298,860	16,288,773
Total governmental activities program revenues	<u>\$ 51,379,656</u>	<u>\$ 54,223,931</u>	<u>\$ 73,446,334</u>	<u>\$ 86,753,757</u>	<u>\$ 55,709,142</u>	<u>\$ 116,665,816</u>	<u>\$ 102,634,934</u>	<u>\$ 96,079,827</u>	<u>\$ 77,221,869</u>
Total primary government program revenues	<u>\$ 51,379,656</u>	<u>\$ 54,223,931</u>	<u>\$ 73,446,334</u>	<u>\$ 86,753,757</u>	<u>\$ 55,709,142</u>	<u>\$ 116,665,816</u>	<u>\$ 102,634,934</u>	<u>\$ 96,079,827</u>	<u>\$ 77,221,869</u>
Governmental activities	\$ (7,360,444)	\$ (33,595,632)	\$ (26,946,836)	\$ (16,300,661)	\$ (85,559,888)	\$ (25,541,223)	\$ (52,820,627)	\$ (67,969,458)	\$ (74,286,895)
Net Primary Government Revenue (Expense)	<u>\$ (7,360,444)</u>	<u>\$ (33,595,632)</u>	<u>\$ (26,946,836)</u>	<u>\$ (16,300,661)</u>	<u>\$ (85,559,888)</u>	<u>\$ (25,541,223)</u>	<u>\$ (52,820,627)</u>	<u>\$ (67,969,458)</u>	<u>\$ (74,286,895)</u>
<b>General Revenues and Other Changes in Net Assets</b>									
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	\$ 35,895,395
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	1,300,067
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	2,697,165
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	15,607,533
Other taxes	364,765	905,040	705,761	1,016,196	1,016,196	1,888,720	1,374,445	1,313,843	1,319,207
Intergovernmental Unrestricted	7,475,065	5,945,527	7,918,606	3,129,626	3,129,626	918,534	493,557	426,464	679,772
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	3,952,452
Miscellaneous	153,013	158,803	1,530,139	83,925	83,925	557,331	619,185	293,490	336,649
Total governmental activities	<u>\$ 45,741,870</u>	<u>\$ 54,953,797</u>	<u>\$ 74,687,271</u>	<u>\$ 78,469,912</u>	<u>\$ 78,469,912</u>	<u>\$ 86,871,943</u>	<u>\$ 79,762,768</u>	<u>\$ 66,033,000</u>	<u>\$ 61,788,240</u>
Total Primary Government	<u>\$ 45,741,870</u>	<u>\$ 54,953,797</u>	<u>\$ 74,687,271</u>	<u>\$ 78,469,912</u>	<u>\$ 78,469,912</u>	<u>\$ 86,871,943</u>	<u>\$ 79,762,768</u>	<u>\$ 66,033,000</u>	<u>\$ 61,788,240</u>
<b>Change in Net Assets</b>									
Governmental activities	\$ 38,381,426	\$ 21,358,165	\$ 47,740,435	\$ 62,169,251	\$ (7,089,976)	\$ 61,330,720	\$ 26,942,141	\$ (1,936,458)	\$ (12,498,655)
Total Primary Government	<u>\$ 38,381,426</u>	<u>\$ 21,358,165</u>	<u>\$ 47,740,435</u>	<u>\$ 62,169,251</u>	<u>\$ (7,089,976)</u>	<u>\$ 61,330,720</u>	<u>\$ 26,942,141</u>	<u>\$ (1,936,458)</u>	<u>\$ (12,498,655)</u>

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

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

CITY OF LANCASTER

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	15,727,851	20,391,125	29,082,237	31,733,381	31,986,738	37,322,306	34,818,644	25,945,055	-
Nonspendable	-	-	-	-	-	-	-	-	40,175,246
Assigned	-	-	-	-	-	-	-	-	6,665,011
Unassigned	-	-	-	-	-	-	-	-	16,502,115
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>	<u>\$ 63,342,372</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	40,794,756	-
Capital projects funds	(76,222,161)	(39,855,804)	(19,195,383)	(49,662,040)	(30,507,293)	(34,197,147)	(62,191,991)	(64,562,712)	-
Debt service funds	10,682,909	14,170,942	18,337,445	20,211,147	23,919,282	24,959,978	32,721,659	14,030,167	-
Nonspendable	-	-	-	-	-	-	-	-	96,049,746
Restricted	-	-	-	-	-	-	-	-	58,134,394
Assigned	-	-	-	-	-	-	-	-	278,646
Unassigned	-	-	-	-	-	-	-	-	(62,878,650)
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>	<u>\$ 91,584,136</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. The City also implemented GASB 54 in the fiscal year ended June 30, 2011 which changed the fund balance classifications.

CITY OF LANCASTER

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>									
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	\$ 57,914,640
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	3,742,427
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	30,291,807
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	10,645,688
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	4,750,765
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	2,729,238
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	2,148,883
<b>Total revenues</b>	<b>\$ 92,045,241</b>	<b>\$ 110,029,575</b>	<b>\$ 148,812,092</b>	<b>\$ 152,968,208</b>	<b>\$ 137,596,958</b>	<b>\$ 130,647,869</b>	<b>\$ 123,996,499</b>	<b>\$ 115,563,547</b>	<b>\$ 112,223,448</b>
<b>Expenditures</b>									
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	\$ 20,564,844
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	25,188,927
Housing	929,192	2,629,627	3,116,089	1,232,174	5,361,600	1,781,432	959,974	4,805,507	5,993,185
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	14,737,406
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	11,335,806
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	17,367,107
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	20,847,133
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	14,315,824
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	6,382,000
Debt Issuance Costs	3,773,805	960,257	2,784,440	-	-	-	-	-	-
Payment to escrow agent	-	239,901	-	-	853,689	-	-	-	-
<b>Total expenditures</b>	<b>\$ 91,657,837</b>	<b>\$ 97,897,161</b>	<b>\$ 123,088,086</b>	<b>\$ 127,523,461</b>	<b>\$ 145,729,743</b>	<b>\$ 140,735,648</b>	<b>\$ 138,980,277</b>	<b>\$ 174,733,808</b>	<b>\$ 136,732,232</b>
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)	\$ (24,508,784)
<b>Other Financing Sources (Uses)</b>									
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	48,993,462
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)	(48,993,462)
Total other financing sources (uses)	28,544,951	23,735,863	27,065,546	-	43,864,348	-	-	42,160,938	-
<b>Net change in fund balances</b>	<b>\$ 28,932,355</b>	<b>\$ 35,868,277</b>	<b>\$ 52,789,552</b>	<b>\$ 25,444,747</b>	<b>\$ 35,731,563</b>	<b>\$ (10,087,779)</b>	<b>\$ (14,983,778)</b>	<b>\$ (17,009,323)</b>	<b>\$ (24,508,784)</b>
Debt service as a percentage of noncapital expenditures	39.45%	26.43%	18.82%	23.72%	25.54%	27.91%	19.55%	24.76%	21.74%

CITY OF LANCASTER

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

Fiscal Year	Property	Property Tax Increment (1)	Sales & Use	Transient Occupancy	Franchise	Real Property Transfer	Business Taxes	Rental Housing (2)	Other	Total
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	36,793,307
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	48,315,988
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
2011	2,947,289	18,315,608	15,196,499	1,300,067	4,222,337	309,028	800,189	582,096	1,369	43,674,482
Change 2002-2011	24.0%	98.8%	17.8%	26.8%	35.6%	-5.1%	150.9%	0.0%	-98.3%	48.7%

Source: City of Lancaster Finance Department

Note 1: The City's property tax increment has decreased 14.6% in the last year due to the recession.

Note 2: The City's rental housing taxes have increased in the last year due to a large number of residents losing their homes during the recent recession.



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 (1)	Estimated Actual Taxable Value (2)	Taxable Assessed Value <sup>a</sup> as a Percentage of Actual Taxable Value (2)	
2002	\$ 3,143,908	\$ 562,683	\$ 180,292	\$ -	\$ (43,730)	\$ 4,688,974	0.6168	\$ 4,732,704	99.076%	
2003	3,478,433	582,389	188,857	-	(40,205)	5,048,813	0.6391	5,089,018	99.210%	
2004	3,863,600	629,063	206,041	-	(37,510)	5,564,640	0.6689	5,602,150	99.330%	
2005	4,341,543	652,927	236,132	-	(47,337)	6,202,361	0.6865	6,249,698	99.243%	
2006	5,303,606	724,251	272,579	-	(48,414)	7,494,593	0.6933	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	0.0676	9,935,751	101.096%	
2011	5,752,260	1,119,257	405,506	1,217,476	(428,418)	8,397,567	0.0676	8,249,711	98.239%	

Source: Los Angeles County Assessor data, MuniServices, LLC

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

Note 1: Total direct tax rate is the City share of the 1% ad valorem tax for TRA 005-438 for 2010-11.

Note 2: Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

CITY OF LANCASTER

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

Fiscal Year	General	Los Angeles County	Antelope Valley			Westside School District	Community College	Water	Total (1)
			Union High School District	Union High School District	Union High School District				
2002	1.00000%	0.00113%	0.00000%	0.00000%	0.08321%	0.00000%	0.11904%	1.20338%	
2003	1.00000%	0.00103%	0.02650%	0.13320%	0.13320%	0.00000%	0.11360%	1.27434%	
2004	1.00000%	0.00099%	0.02428%	0.16267%	0.16267%	0.00000%	0.10099%	1.28893%	
2005	1.00000%	0.00092%	0.02572%	0.12668%	0.12668%	0.00000%	0.09560%	1.24892%	
2006	1.00000%	0.00080%	0.02266%	0.10365%	0.10365%	0.01630%	0.07050%	1.21391%	
2007	1.00000%	0.00066%	0.01996%	0.08454%	0.08454%	0.02905%	0.07049%	1.20470%	
2008	1.00000%	0.00000%	0.01908%	0.08488%	0.08488%	0.00983%	0.07049%	1.18428%	
2009	1.00000%	0.00000%	0.02095%	0.09374%	0.09374%	0.01682%	0.07049%	1.20200%	
2010	1.00000%	0.00000%	0.02421%	0.02282%	0.02282%	0.02460%	0.07049%	1.14212%	
2011	1.00000%	0.00000%	0.02902%	0.03061%	0.03061%	0.02539%	0.07049%	1.15551%	

Source: Los Angeles County Assessor data, MuniServices, LLC

Note 1: Total direct tax rate is the City share of the 1% ad valorem tax for TRA 005-438 for 2010-11.

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**

	2011			2001			
	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank
Basrock	\$105,309,643	1	1.25%	BPP Valley Central	\$ 46,530,685	1	1.10%
Walmart	62,376,796	2	0.74%	Lancaster Commerce Center	28,783,835	2	0.68%
Avenue K Lancaster UCM Cadenc	46,529,500	3	0.55%	Thrifty Payless	28,574,840	3	0.68%
US Industrial Reit II	45,284,000	4	0.54%	Lancaster Redevelopment Agency	22,555,322	4	0.53%
Thrifty Payless Inc	34,181,804	5	0.41%	Jones Communications of California Inc	15,485,273	5	0.37%
Bank of America	31,847,611	6	0.38%	Lexington Lancaster	13,505,707	6	0.32%
BPP Valley Central	28,304,740	7	0.34%	Toys R Us	13,205,591	7	0.31%
Kaiser Foundation	27,906,232	8	0.33%	Paracelsus Real Estate Corporation	13,175,022	8	0.31%
Syigma Network Inc	25,164,700	9	0.30%	Frank A. Visco	12,968,014	9	0.31%
K Partners Lancaster II LP	23,251,094	10	0.28%	Caritas Affiliated Corporation No 1	12,861,582	10	0.30%
Top Ten Total	\$430,156,120		5.12%	Top Ten Total	\$ 207,645,871		4.91%
City Total	8,397,567,034		100.00%	City Total	4,224,994,724		

**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)**

<b>Fiscal Year</b>	<b>Tax Allocation Redevelopment Bonds</b>	<b>Revenue Bonds</b>	<b>Assessment District Bonds</b>	<b>Community Facilities Dist. Bonds</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income <sup>a</sup></b>	<b>Per Capita</b>
2002	\$ 149,215	\$ 18,560	\$ 9,695	\$ 26,523	\$ 203,993	N/A	1.98
2003	171,160	17,870	9,410	25,488	223,928	N/A	2.01
2004	190,435	17,425	7,840	24,368	240,068	N/A	2.05
2005	216,425	17,225	7,375	23,178	264,203	N/A	2.15
2006	211,740	16,750	7,245	21,928	257,663	10.65%	1.96
2007	240,720	16,245	5,775	17,965	280,705	10.27%	2.03
2008	235,660	15,720	5,455	17,758	274,593	9.23%	1.91
2009	230,465	15,170	5,070	17,598	268,303	8.59%	1.85
2010	261,145	15,000	4,680	17,439	298,264	9.13%	2.06
2011	255,605	14,455	4,265	15,644	289,969	8.97%	1.85

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

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

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Tax Allocation Redevelopment Bonds	Total		
2002	\$ -	\$ 149,215	\$ 149,215	3.1528%	1.45
2003	-	171,160	171,160	3.3633%	1.53
2004	-	190,435	190,435	3.3993%	1.62
2005	-	216,425	216,425	3.4630%	1.76
2006	-	211,740	211,740	2.8071%	1.61
2007	-	240,720	240,720	2.4853%	1.74
2008	-	235,660	235,660	2.0094%	1.64
2009	-	230,465	230,465	1.9569%	1.59
2010	-	261,145	261,145	2.6571%	1.80
2011	-	255,605	255,605	3.9879%	1.63

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

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

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

CITY OF LANCASTER

Direct and Overlapping Governmental Activities Debt  
As of June 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Antelope Valley Joint Communit College District	\$ 131,058,826	20.687%	\$ 27,112,139
Antelope Valley Union High School District	90,814,873	24.789%	22,512,099
Eastside Union High School District	11,107,547	20.914%	2,323,032
Lancaster School District	22,465,398	91.444%	20,543,259
Westside Union School District	59,217,872	29.440%	17,433,742
Westside Union School District Community Facilites Districts	21,060,000	100.000%	21,060,000
Quartz Hill Water District Community Facilities District No. 1	660,000	76.986%	508,108
City of Lancaster Community Facilities Districts	14,223,890	100.000%	14,223,890
City of Lancaster 1915 Act Bonds	4,265,000	100.000%	4,265,000
LA County Regional Park and Open Space Assessment District	<u>197,285,000</u>	0.382%	<u>753,629</u>
Total Overlapping Tax and Assessment Debt	\$ 552,158,406		\$130,734,898
LA County General Fund Obligations	\$1,496,977,755	0.382%	\$ 5,718,455
LA County Pension Obligations	12,204,890	0.382%	46,623
LA County Superintendent of Scholls Certificates of Participation	9,680,000	20.687%	2,002,502
Eastside Union Scholl District Certificates of Participation	7,000,000	20.914%	1,463,980
Lancaster School District Certificates of Participation	15,082,425	91.444%	13,791,973
LA County Sanitation District No. 14 Certificates of Participation	4,519,446	65.971%	2,981,524
City of Lancaster General Fund Obligations	<u>11,905,000</u>	100.000%	<u>11,905,000</u>
Total Direct and Overlapping General Fund Debt	\$1,557,369,516		\$ 37,910,057

**CITY OF LANCASTER**

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

	Fiscal Year									
	<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>	<u>2011</u>
Assessed Valuation	\$ 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	\$8,397,567
Debt limit (3.75% of Gross AV)	\$ 175,837	\$ 189,330	\$ 208,674	\$ 232,589	\$ 281,047	\$ 363,216	\$ 439,797	\$ 441,643	\$ 368,551	\$ 314,909
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 175,837	\$ 189,330	\$ 208,674	\$ 232,589	\$ 281,047	\$ 363,216	\$ 439,797	\$ 441,643	\$ 368,551	\$ 314,909
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%

Source: Los Angeles County Assessor data, MuniServices, LLC



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		
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	
2011	55,395	5,620	13,299	2.93	

**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**

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<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b> <i>(thousands of dollars)</i>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2002	\$ 102,794	\$ -	\$ -	
2003	111,507	-	-	
2004	117,292	-	-	
2005	122,989	-	-	
2006	131,246	2,418,995	18,431	4.20%
2007	138,392	2,731,957	19,741	5.90%
2008	143,818	2,975,908	20,692	8.60%
2009	145,243	3,123,674	21,507	13.87%
2010	145,074	3,267,564	22,523	17.10%
2011	156,633	3,231,182	20,629	17.08%

- Sources:
- Population statistics gathered from State of California, Department of Finance, except during decennial census years, FY 2000-2001 and 2010-2011, U.S. Census Bureau.
  - Unemployment Rate gathered from State of California Employment Development Department <http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/areaselection.asp?tablename=labforce>
  - Personal Income gathered from Greater Antelope Valley Economic Alliance, except during decennial census years, 2010-2011, U.S. Census Bureau, American Community Survey 2010

Note: Personal Income, Per Capita Personal Income and Unemployment Rate not available prior to FY 2005-06

**CITY OF LANCASTER**

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

<u>Employer</u>	2011			2000		
	<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	10,610	1	17.13%	6,950	1	
China Lake Navel Weapons	6,734	2	10.87%	4,600	2	
County of Los Angeles	3,953	3	6.38%	4,008	3	
Lockheed Martin	3,100	4	5.01%	3,200	4	
Palmdale School District	2,739	5	4.42%	1,800	5	
Antelope Valley Hospital	2,722	6	4.40%	1,450	6	
Northrop Grumman	2,611	7	4.22%	1,300	7	
AV Union High School District	2,054	8	3.32%	1,292	8	
California Correctional	1,911	9	3.09%	1,200	9	
Bank of America	1,846	10	2.98%	880	10	
<b>TOTAL</b>	<b>61,923</b>		<b>61.82%</b>			

**Source:** Greater Antelope Valley Economic Alliance Research; 2011 Economic Roundtable Report

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.

\*Information not available.

CITY OF LANCASTER

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

<b>Function</b>	<b>Full-time-Equivalent Employees as of June 30</b>									
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
General government										
City Manager	3	3	2.5	3.625	3	4	5	5	7.63	7.63
City Clerk	3.72	3.6	3.8	4	5	5	5	5	3.62	3.62
Administrative Services	10	11	11	10	8.5	6.9	4	4	4	4
Finance	10	10	11	11	14.75	16.75	21	21	21	21
Human Resources	3	3	3	3	3	4	10	10	10	11
Planning	13	15	15	17	14	16	16	16	12	12
Redevelopment	7	7	8	9	20.3	22.3	37	37	38	38
Community Safety					17	17.75	21	21	16	20
Parks and Recreation	60	60	61	61	65	67	66	66	59	59
Public Works	95	98	98	105	117	137	144	144	125	124
<b>Total</b>	<b>204.72</b>	<b>210.6</b>	<b>213.3</b>	<b>223.625</b>	<b>267.55</b>	<b>296.7</b>	<b>329</b>	<b>329</b>	<b>296.25</b>	<b>300.25</b>

Source: City Finance Department

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**CITY OF LANCASTER**

**Operating Indicators by Function/Program**

<u>Function/Program</u>	<u>Fiscal Year</u>					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government						
Business licenses						
New business licenses issued	1,426	825	606	1,272	1,326	1,238
Business licenses renewed	4,070	3,313	2,499	4,103	3,904	4,101
Business improvement district						
BID licenses issued	21	10	4	23	23	38
BID licenses renewed	201	159	100	152	144	151
Taxi Business licenses						
New business licenses issued			24	31	21	39
Business licenses renewed			0	21	27	40
Tow Business licenses						
New business licenses issued			8	14	12	23
Business licenses renewed			2	24	41	44
Group Home Business licenses						
New business licenses issued			3	14	16	6
Business licenses renewed			0	3	17	25
LANCAP Business licenses						
New business licenses issued			79	848	844	1,168
Business licenses renewed			818	1,137	1,864	2,693
Massage Business licenses						
New business licenses issued			56	79	103	63
Business licenses renewed			5	72	66	69
Newsrack Permits						
New permits issued					4	1
Permits renewed					0	4
Human Resource Recruitments	33	44	30	23	22	4
Public Safety						
Physical arrests	12,064	11,042	17,606	17,867	27,854	12,778
Citations	18,555	24,216	23,031	26,407	25,386	22,025
Community Safety						
Parking violations	40,115	17,458	28,389	17,616	41,505	31,089
Public Works						
Building permits issued	4,416	2,363	1,400	907	1,444	2,228
Centerline miles maintained	1,208	590	627	621	630	630
No of Traffic Signals	129	130	139	145	141	138
No. of trees in right of way	43,615	53,176	44,773	47,022	58,987	61,225
Fleet Vehicles Maintained	296	272	307	320	295	292
Sponsored recycling event	1	4	12	30	0	0
Street sweeping - residential miles	14,880	18,000	14,770	15,678	15,678	16,274
Street sweeping - arterial miles	8,900	8,876	8,960	9,224	2,220	2,234
Street sweeping - alley miles	900	900	900	900	0	0
Street sweeping - raised median curb miles	1,800	1,794	2,015	2,106	0	0
Parks and Recreation						
Maintenance Services						

No. of developed park sites	12	13	13	13	13	14
No. of acres maintained	430	362	365	438	449	463
Recreation						
Community Events Sponsored	7	12	10	10	16	21
Youth Sport Participants	300	289	315	295	315	315
Adult league basketball teams	69	61	67	74	67	65
Adult league softball teams	472	434	474	493	545	542
Softball tournaments- no. of teams	891	680	572	681	582	624
Soccer tournaments-no.of teams	2,240	2,222	2,057	2,130	2,530	1,959
Instructional class enrollments	2,900	19,103	27,608	25,435	31,436	39,250
Performing Arts Center						
Season Performances	108	95	94	94	97	68
Tickets Sold	45,789	51,694	34,850	45,360	39,376	33,590
Outreaches	22	28	32	35	32	33
Master Classes	2	2	2	2	1	3
Acting Workshops	0	0	4	4	0	0
Theater Rentals	140	118	85	126	92	51
Rental tickets sold	43,791	38,400	25,500	29,940	29,940	21,009

**Notes:** Operating indicators are available as of FY 2005-06, ten year history will be developed and presented beginning with FY 200

**Sources:** Various city departments.

**CITY OF LANCASTER**

**Capital Asset Statistics by Function/Program**

<u>Function/Program</u>	<u>Fiscal Year</u>					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government						
City Hall	1	1	1	1	1	1
Annex/Record Center	1	1	1	1	1	1
Community Development						
Brierwood Mobile Home Park	1	1	1	1	1	1
Desert Sands Mobile Home Park	1	1	1	1	1	1
Public Works						
Maintenance Yard - Modular Office Bldg.	1	1	1	1	1	1
Maintenance Yard - Office/Warehouse	1	1	1	1	1	1
Maintenance Yard - Maintenance Garage	1	1	1	1	1	1
Maintenance Yard - Canopy	1	1	1	1	1	1
Maintenance Yard - Storage Bldg	3	3	3	3	4	4
Maintenance Yard - Wash Bay	1	1	1	1	1	1
Maintenance Yard - HazMat Storage Bldg	1	1	1	1	1	1
Streets (miles)	591	591	627	621	630	630
Streetlights (owned by City)	1,000	1,405	1,600	1,141	1,112	1,149
Traffic signals	129	130	139	145	141	138
Street Signs	24,000	26,000	27,000	28,000	28,533	29,058
Fleet Vehicles	296	272	307	320	295	292
Storm Drain Pipe (LF)				117,142	381,110	381,821
Storm Drain Box (LF)				20,803	31,570	31,570
Storm Drain Channel (LF)				48,715	48,715	48,715
Sewer Pipe (LF)				2055473*	2244000*	2,077,192
Sewer Manholes				8000*	9083*	8,089
Sewer Lift Station				1	1	1
Parks and Recreation						
Acreage	362	362	365	525	525	538
Developed park sites	12	13	12	13	13	14
Pools	2	2	2	2	2	2
Big 8 Tournament Baseball complex	1	1	1	1	1	1
Batting Cage Facility	1	1	1	1	1	1
Soccer complex	1	1	1	1	1	1
Community/Activity Centers	7	7	7	7	7	7
Cedar Center					1	1
Prime Desert Woodlands Preserve & Nature Center	1	1	1	1	1	1
Municipal Baseball Stadium	1	1	1	1	1	1
Performing Arts Center	1	1	1	1	1	1
Museum and Art Gallery	1	1	1	1	1	1
Western Hotel (historic site)	1	1	1	1	1	1
Metrolink Station	1	1	1	1	1	1
Park and Ride Lots	4	4	4	8	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.

\*Estimated figures

**Sources:** Various city departments.

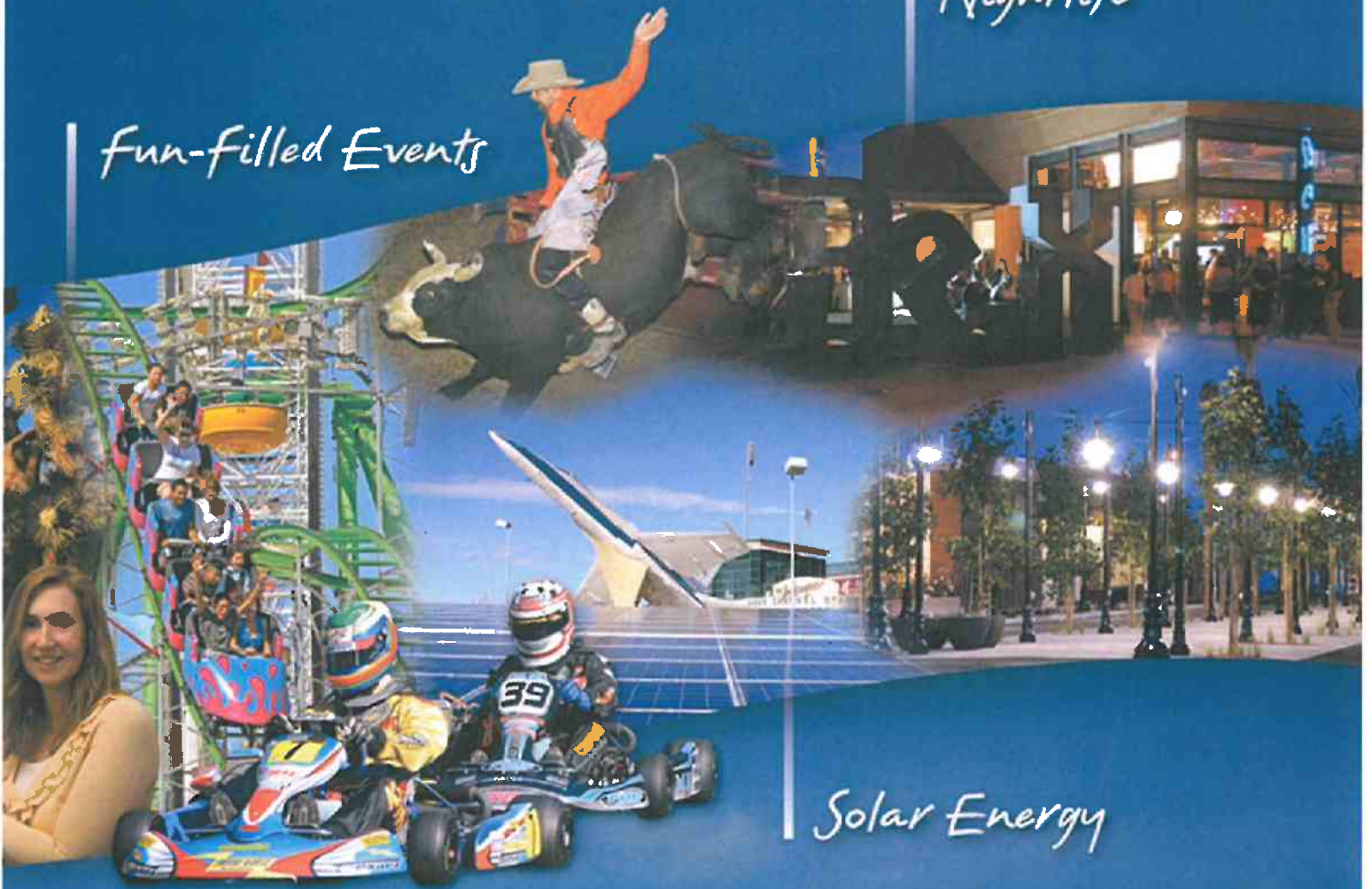


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