



DREAM ROAD

Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2013

lancaster
it's positively clear





About the Cover:

BYD and the City of Lancaster joined together to announce the arrival of two BYD manufacturing facilities in Lancaster. BYD, a leading international firm specializing in rechargeable batteries, vehicle manufacturing and green energy technologies, will begin operating an electric bus manufacturing facility and an Iron-Phosphate energy module (large-scale battery) manufacturing facility in the coming months. These mark the first manufacturing facilities in the United States for BYD Motors, a Los Angeles-based subsidiary of the Chinese firm BYD Ltd Company (1211.HKE).

The City of Lancaster is honored to play host to BYD, a first-rate firm known around the globe as a leader in battery and sustainable energy technologies. Lancaster looks forward to working hand-in-hand with BYD as they develop and perfect their e-bus and energy storage technology right here in Lancaster. The opening of not one, but two manufacturing facilities will provide local workers with hundreds of jobs as BYD expands its operations here in the United States, and also represents a significant investment into the local economy and in California.

China-based BYD, short for "Build Your Dreams," boasts more than 150,000 employees around the world, with operations in China, the US, Europe, Japan, South Korea, India, Taiwan, Hong Kong and other regions. BYD's US corporate headquarters are located in Los Angeles, while the Lancaster facilities mark the firm's first manufacturing facilities in North America.

BYD has purchased the former Rexhall Industries recreational vehicle manufacturing facility in Lancaster at 46147 BYD Boulevard (previously 7th Street West) to house its electric bus manufacturing operations, as a decrease in demand for RVs has led to excess capacity at the plant. Rexhall Industries will combine its manufacturing operations with its sales facility on 23rd Street West, while President and Chief Executive Officer of Rexhall Industries, William Rex, will stay on as General Manager for BYD Coach & Bus LLC. A number of current Rexhall employees will also stay on as the plant transitions to BYD ownership.



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

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**
For the Year Ended June 30, 2013

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.

CITY OF LANCASTER
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INTRODUCTORY SECTION



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

January 22, 2014

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, 2013. 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 White Nelson Diehl Evans LLP. 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 Successor 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. Law enforcement, fire protection, and animal control services are provided under contract with Los Angeles County, whereas 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-six years. According to the 2010 Census, Lancaster's population is 156,633, an increase of nearly 32% over the 2000 Census total. The California Department of Finance estimates the City's 2013 population to be 158,630.

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 poppy and wildflower 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

Sustainable economic development is a major Council priority. The City, along with the Lancaster Power Authority and the California Clean Energy Authority, foster partnerships and pursue new and innovative projects to bring new revenue streams that are not dependent on traditional economic cycles.

Fiscal year 2012-2013 saw a tremendous amount of economic activity that promises great things for the City of Lancaster well into the future. A new Starbucks and Chipotle Mexican Grill permitted in FY 2013 opened in October at 10th Street West and Avenue K. Morton Manufacturing completed construction of their new building in the Lancaster Business Park. Kaiser Permanente, one of three major medical complexes to be built in Lancaster, began construction of the largest medical office facility to date in the City of Lancaster.

Once completed, the 136,000-square-foot Kaiser Permanente facility will house 66

provider offices, three major procedure rooms, chemotherapy and non-chemotherapy infusion center, imaging, lab draw, and an outpatient pharmacy. The building, located at Avenue L and 5th Street West, is currently scheduled to open in late 2014.

In addition to Kaiser new medical offices, in the spring, Los Angeles County broke ground on the High Desert Multi-Service Ambulatory Care Center (MACC). The \$141 million, 142,000 square-foot complex will include a two-story facility, two separate one-story service buildings and surface parking at a 15-acre site on Avenue I near 3rd Street East in Lancaster.

The MACC will also provide a comprehensive range of outpatient medical services, including outpatient surgery and an urgent care clinic. The urgent care clinic will provide walk-in and same-day service, as well as diagnostic and treatment services, including chemotherapy, occupational speech therapy, respiratory therapy and laboratory testing. According to Los Angeles County, the new facility will have the capacity to provide up to 125,000 patient visits each year.

The last major medical facility to break ground in fiscal year 2012-2013 is the City of Hope Antelope Valley Cancer and Community Education Center, which offers a full range of diagnostic and treatment services plus space for conferences and events and provides Antelope Valley residents with convenient access to City of Hope's renowned level of care.

The 56,195-square-foot, two-story facility was designed to offer patients a complete range of cancer services, with spaces for diagnostic and treatment procedures, including surgery, radiation and chemotherapy. The building also houses office space for physicians and support staff, a conference center and a 172-seat auditorium.

The November 2013 opening of City of Hope Antelope Valley provides patients not only with a state-of-the-art hospital building, but also innovative treatment options, including the ability to enroll in City of Hope clinical trials, as well as the medical expertise from one of "America's Best Hospitals" in cancer care. Lancaster is proud to be the home of the Kaiser, Los Angeles County, and City of Hope healthcare facilities.

In order to provide more lodging options to our many visitors, a TownePlace Suites by Marriott hotel is now under construction at Avenue J-8 and 20th Street West. This location is adjacent to the 14 freeway for easy access. This four-story, 93 room hotel is slated for completion in early 2014.

In another exciting development for the Antelope Valley, the Long Beach Transit Board of Directors voted in March to award a \$12.1 million contract to purchase 10 all-electric buses and charging equipment to BYD Motors, Inc. The contract is one of the largest ever awarded for the deployment of electric buses and sets the stage nationally for the next step in bus technology and transit service.

In a major move to boost the City's manufacturing sector, BYD established an assembly plant in Lancaster to make electric buses for US and Latin American public-transportation markets. The

facility will be one of only a few making electric buses in the US. Most buses in the country use diesel fuel or compressed natural gas. BYD also established a battery manufacturing plant in Lancaster to serve the North and South American markets.

Michael Austin, vice president of BYD America, said Lancaster's aggressive embrace of solar energy programs was a deciding factor in deciding to open the plant [here]. "They've been very green," he said. "They've been the solar capital of the United States for a while because they have such great solar resources." The assembly operation will be located in an existing manufacturing plant on a 13-acre site. The company aims to produce 50 to 100 buses in the first year of operation with a capacity to produce up to 1,000 buses per year.

In order to reduce energy costs, in a bold initiative the City is working with Southern California Edison to cost effectively acquire Edison-owned street lights within Lancaster's jurisdiction. Lancaster is one of the first California municipalities to begin this process and hopes to be the first to complete it, paving the way for other cities looking for fixed cost savings. Lancaster has approximately 17,000 streetlights that we can purchase and maintain for a lower price than what Edison is currently charging. The cost for power will also be lower; we estimate an annual savings of \$400,000. We are also exploring the possibility of converting lights from inefficient high pressure sodium to "green" LED lights with a solar power system.

Excellent customer service is another Council priority. The City, looking for new and effective ways to connect with our residents, businesses, and visitors who are increasingly mobile, is implementing a Customer Relationship Management (CRM) system. CRM will enhance the ways our community is serviced by expanding ways people can communicate with the City, and offer mobile solutions to better serve our customers.

Some of the new projects coming down the pipeline are the creation of a work order system for Public Works, development and deployment of a mobile application which is customizable to report any items the City elects, and the integration of our GIS server to create maps that identify requests (to display on mobile devices) which will allow staff to respond promptly to requests for service.

We'll also distribute mobile devices to our Code Enforcement and various other field staff to allow for quicker communication with our customers, integrate with social media to allow customers to communicate with the City via Comcate through social media sites and implement a Quick Tally feature to allow staff to tally types of calls/correspondence received.

These projects will dramatically improve communications and cost efficiency with our community. As other cities seek savings by reducing service, Lancaster does the opposite. CRM will allow residents to communicate with City personnel in even more ways than other cities do not and have never offered.

Finally, the City Council has long placed a high priority on the promotion of pedestrian and bicycle safety especially near our local schools through the construction of traffic calming measures. This vision helps drive our capital project selection process. The City has had overwhelming success in competitive grant applications for these types of projects.

We started to see the fruits of that vision in 2010 when we began the construction of wide sidewalks, reducing traffic lanes from four to two, and other related improvements on the BLVD. In 2012, a “simple” restriping project transformed Valley Central Way and 25th Street West between Avenue J and Lancaster Boulevard, two of our busiest and highest collision travel corridors from speedy roads dominated by vehicles to calmer ones hospitable to bicycles with their own brightly colored travel lane.

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 the City's general fund unallocated 10% operating reserve and unallocated financial stability reserve of approximately 10%, for a total reserve of approximately 20%.

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 projects and reducing administrative costs. As mentioned, the City is also pursuing new and innovative sources of revenue, as evidenced by the Lancaster Power Authority and California Clean Energy 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 White Nelson Diehl Evans LLP. 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, 2012. 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 27 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 and Tammie Holladay, Accountant II 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 this municipality.

Respectfully submitted,



Mark V. Bozigian
City Manager



Barbara Boswell
Finance Director

CITY OF LANCASTER

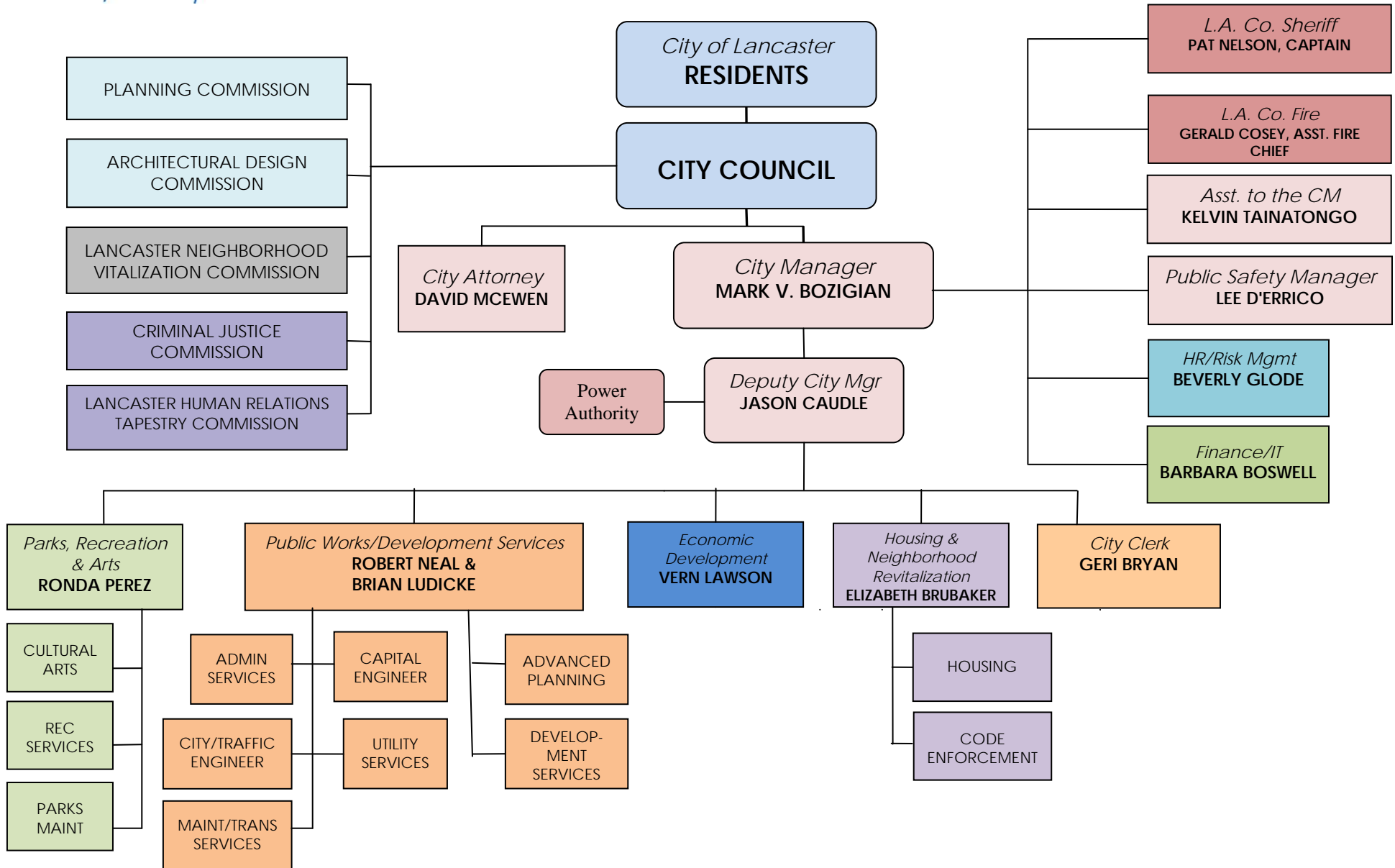
CITY COUNCIL MEMBERS

		<u>Term Expires</u>
R. Rex Parris	Mayor	2016
Marvin E. Crist	Vice Mayor	2014
Ronald D. Smith	Council Member	2014
Kenneth G. Mann	Council Member	2016
Sandra Johnson	Council Member	2016

CITY OFFICIALS

Mark V. Bozigian	City Manager
David R. McEwen	City Attorney
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 Director
Brian S. Ludicke	Planning Director
Ronda Perez	Parks, Recreation and Arts Director
Robert C. Neal	Public Works Director

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2012



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Certificate of Achievement
for Excellence
in Financial Reporting

Presented to

City of Lancaster
California

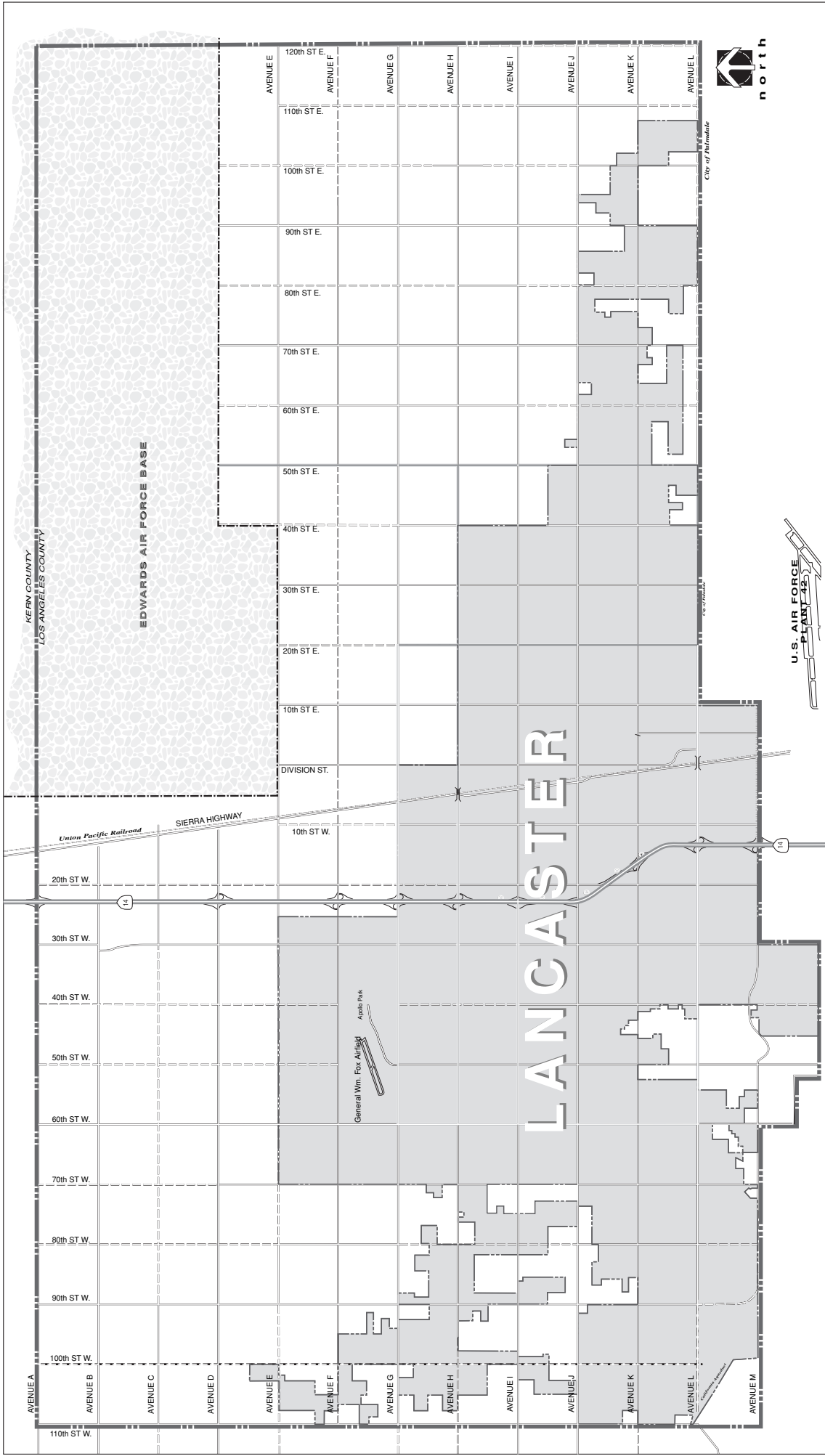
Executive Director / CEO

AV Economic Region



CITY OF LANCASTER

TOTAL INCORPORATED AREA: 94 SQUARE MILES



-  CITY BOUNDARY
-  SPHERE OF INFLUENCE

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Lancaster (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Lancaster, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General Fund, the HOME Program Special Revenue Fund, the Lancaster Housing Authority Special Revenue Fund and the State Grants Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1d to the basic financial statements, the City incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure of net position due to the adoption of Governmental Accounting Standards Board's Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". The adoption of this standard also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Our opinion is not modified with respect to this matter.

As discussed in Notes 1d and 18 to the basic financial statements, the City has changed its method for accounting and reporting certain items previously reported as assets or liabilities during fiscal year 2012-2013 due to the early adoption of Governmental Accounting Standards Board's Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". The adoption of this standard required retrospective application resulting in \$536,708 and \$6,415,790 reductions of previously reported net position of the business-type activity and the Successor Agency Private-Purpose Trust Fund, respectively. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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 management's discussion and analysis 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 the 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 on it.

Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2014, 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* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
January 22, 2014

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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, 2013. 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 \$97,377,655
- The cost of governmental activities was \$119,783,519
- The General Fund reported expenditures, transfers out, and extraordinary item in excess of revenues and transfers in of \$12,329,651
- For the General Fund, actual resources available for appropriation (revenue inflows and fund balance) was more than final budget by \$3,221,219; while the loss on transfers of assets to the successor agency caused actual appropriations (outflows) to exceed the final budget by \$13,377,172.

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 position presents information on all of the City of Lancaster's assets, deferred outflows, liabilities, and deferred inflow of resources with the net difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, Parks and Recreation, Public Works, and Housing. The business-type activities include the Lancaster Power Authority.

The government-wide financial statements include the blending of a separate legal entity--the Lancaster Housing Authority. Although legally separate, this "component unit" is important because the City of Lancaster is financially accountable for it. Separate statements are provided for business activities of the Lancaster Power Authority and the fiduciary activities of the Agency Funds and Private Purpose Funds of the Lancaster Successor Agency.

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 three categories: Governmental Funds, Proprietary 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 inflows 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 thirty-eight 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, one capital project fund, and three special revenue funds, all of which are considered to be major funds. Data from the other thirty-three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other 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.

Proprietary Funds. A Proprietary or Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Lancaster uses an enterprise fund to account for the activities of the Lancaster Power Authority.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Lancaster Power Authority.

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 position and changes in net position of the City's governmental activities.

City of Lancaster Net Position (in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 197,610	\$ 299,709	\$ 3,238	\$ 3,265	\$ 200,848	\$ 302,974
Capital Assets	940,305	860,111	22,077	23,017	962,382	883,128
Total Assets	1,137,915	1,159,820	25,315	26,282	1,163,230	1,186,102
Long Term Liabilities Outstanding	25,891	29,650	26,336	26,312	52,227	55,962
Other Liabilities	8,410	9,554	377	223	8,787	9,777
Total Liabilities	34,301	39,204	26,713	26,535	61,014	65,739
Net Position						
Net Investment in Capital Assets	937,437	924,786	-	-	937,437	924,786
Restricted	161,082	172,782	-	-	161,082	172,782
Unrestricted	5,095	23,048	(1,397)	(253)	3,698	22,795
Total Net Assets	\$ 1,103,614	\$ 1,120,616	\$ (1,397)	\$ (253)	\$ 1,102,217	\$ 1,120,363

Governmental Activities. Governmental activities decreased the City of Lancaster's net position by \$39,271,716.

- Property taxes decreased by \$11,228,186 primarily due to the dissolution of the Redevelopment Agency.
- Sales tax decreased \$1,005,040 or 5.8% from the prior year.
- Extraordinary loss of \$14,482,945 for transfer of assets to the Successor Agency.

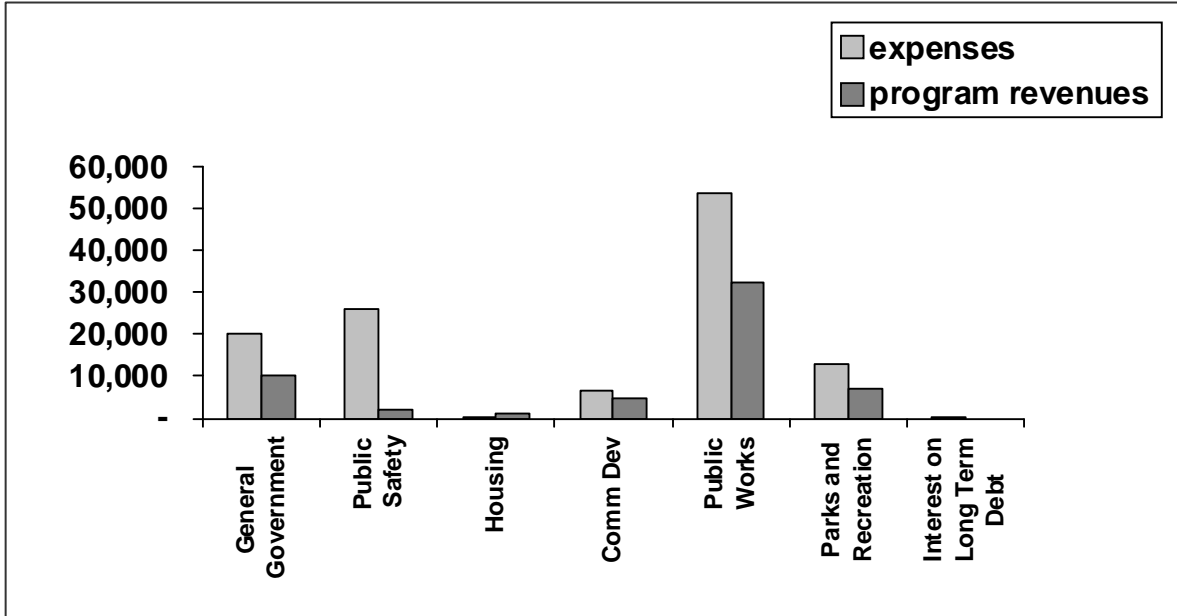
Business-Type Activities. Business-type activities decreased the City of Lancaster's net position by \$1,397,269 due to debt service obligations and slower than expected revenue generation.

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

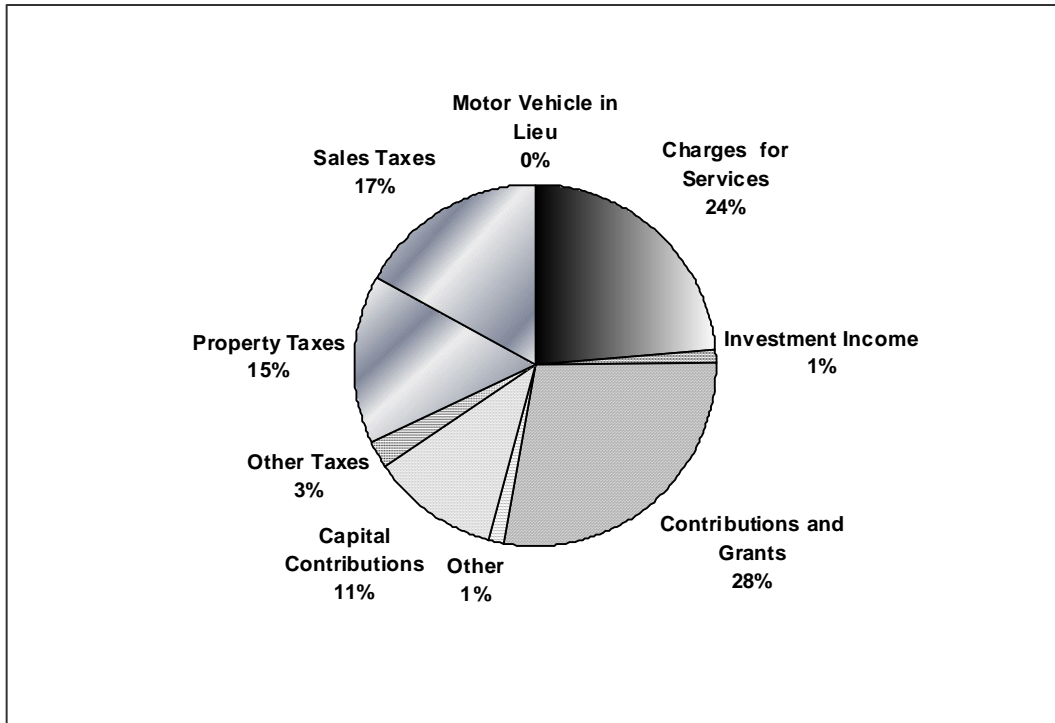
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 19,605	\$ 28,793	\$ 2,938	\$ 1,479	\$ 22,543	\$ 30,272
Operating contributions and grants	27,016	22,222			27,016	22,222
Capital contributions and grants	10,894	6,133			10,894	6,133
						\$ -
General revenues:						
Taxes:						
Property taxes	14,143	25,371			14,143	25,371
Sales taxes	16,254	17,260			16,254	17,260
Franchise taxes	2,618	2,656			2,618	2,656
Other taxes	2,628	2,578			2,628	2,578
Motor vehicle in lieu	81	78			81	78
Investment income	38	2,102		7	38	2,109
Other	1,117	8,991	45		1,162	8,991
Transfers	600	600	(600)	(600)	-	-
Extraordinary Gain on dissolution of redevelopment agency	-	236,810			-	236,810
						-
Total revenues	<u>94,994</u>	<u>353,594</u>	<u>2,383</u>	<u>886</u>	<u>97,377</u>	<u>354,480</u>
Expenses						
General government	20,108	24,809			20,108	24,809
Public safety	25,619	23,493			25,619	23,493
Public works	53,655	52,221			53,655	52,221
Parks and recreation	13,050	12,797			13,050	12,797
Housing	421	1,722			421	1,722
Community Development	6,554	10,355			6,554	10,355
Interest on long-term debt	376	2,317			376	2,317
Lancaster Power Authority	-	-	2,991	1,139	2,991	1,139
Extraordinary Loss	14,483					
Total expenses	<u>134,266</u>	<u>127,714</u>	<u>2,991</u>	<u>1,139</u>	<u>122,774</u>	<u>128,853</u>
Increase (decrease) in net position	(39,272)	225,880	(608)	(253)	(25,397)	225,627
Beginning net position	1,120,616	892,139	(253)	-	1,120,363	892,139
Prior period adjustment	<u>22,270</u>	<u>2,597</u>	<u>(536)</u>	<u>-</u>	<u>21,734</u>	<u>2,597</u>
Ending net position	<u>\$ 1,103,614</u>	<u>\$ 1,120,616</u>	<u>\$ (1,397)</u>	<u>\$ (253)</u>	<u>\$ 1,116,700</u>	<u>\$ 1,120,363</u>

The City's total revenues are \$97,377,655 while the costs of all programs and services are \$137,257,234.

**City of Lancaster Government Activities
Revenue by Source
(in Thousands)**



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



**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, community development, parks and recreation, and public works—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.

	Total Cost of Services	Net Cost of Services
	2013	2013
General Government	\$ 20,109	\$ (9,838)
Public Safety	25,619	(23,544)
Community Development	6,554	(1,597)
Parks and Recreation	13,050	(6,161)
Public Works	53,655	(21,439)
Totals	\$ 118,987	\$ (62,579)

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 \$164.7 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, transfers out, and extraordinary item in excess of revenues and transfers in of \$12,329,651. The decrease in fund balance reflects the impact of the local economy as well as the loss on the transfer of assets to the Successor Agency. The General Fund realized an extraordinary loss of \$14,482,945 as a result of the transfer of assets. In addition, property assessed valuation has decreased 29% over the past several years, resulting in lost revenues to the City.

The HOME Program Fund is a special revenue fund used to capture activities performed under the U.S. Department of Housing and Urban Development (HUD)'s HOME Investment Partnerships Program. At the end of the fiscal year, the HOME Program Fund reported revenues in excess of expenditures in the amount of \$67,110.

The Lancaster Housing Authority Fund is a special revenue fund used to capture activities performed by the Lancaster Housing Authority. At the end of the current fiscal year, the Lancaster Housing Authority Fund reported expenditures and transfers out in excess of revenues and transfers in of \$3,097,591.

The State Grant Fund is a special revenue fund used to capture all state-funded grant activities. At the end of fiscal year 12/13, this fund reported expenditures and transfers out in excess of revenues in the amount of \$1,109,489.

The Capital Projects Fund is a governmental fund used to record capital improvement project activities. Expenditures of this fund are funded by transfers in from other funds. In fiscal year 12/13, the Capital Projects Fund reported expenditures and matching transfers in totaling \$14,541,700.

Proprietary Funds. The City of Lancaster’s proprietary fund provides the same type of information found in the government-wide financial statement, but in more detail. The City of Lancaster has only one fund of this type.

This is the second year for Proprietary reporting of the Lancaster Power Authority. Net position of the Lancaster Power Authority at the end of the year were (\$1,397,269) due to debt service obligations and slower than expected revenue generation.

General Fund Budgetary Highlights

The actual amounts of expenditures for the General Fund at year-end were \$14,561,291 more than the final budget before transfers. The budget to actual variance in appropriations was due to the loss on transfer of assets to the Successor Agency in the amount of \$14,482,945. Actual revenues were \$3,457,716 more than the final budget before transfers, due to an increase in miscellaneous revenues.

Capital Asset and Debt Administration

Capital Assets. At the end of FY 2013, the City had \$940.3 million invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment.

The City’s Capital Improvement Plan projects spending \$22.1 million through fiscal 2013-14. Funding will come from current fund balances and projected revenues. The most significant projects include the roundabouts at Lancaster Blvd and 15th Streets East and West, the rehabilitation of Avenue H from 20th St. W. to Sierra Highway, Pavement Management Program, Pavement Maintenance Program, and the gap closure on 10th Street West between Avenues L and M, as well as other citywide gap closures.

Land	\$	17,238
Buildings and Improvements		41,341
Furniture and Equipment		4,733
Infrastructure		840,239
Construction in Progress		<u>36,754</u>
Net Capital Assets	\$	<u>940,305</u>

Note 4 provides a detailed analysis of the Capital Assets.

Long-term Debt. At the end of the current fiscal year, the City of Lancaster’s total long term debt decreased by \$3,759,773 or 12.7% from the prior year. As of June 30, 2013, the City of Lancaster had accrued employee benefits outstanding of \$2,806,104.

Revenue Bonds of the Lancaster Power Authority will be paid out of solar utility revenues.

**City of Lancaster
Long-term Debt
(in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Notes Payable	\$ 3,478	\$ 3,811	\$ -	\$ -	\$ 3,478	\$ 3,811
Accrued Employee Benefits	2,806	2,293	-	-	2,806	2,293
Claims and Judgements	899	1,126	-	-	899	1,126
Net OPEB Obligation	15,840	13,329	-	-	15,840	13,329
Lease Revenue Bonds	-	6,100	-	-	-	6,100
Renew able Energy Bonds	-	-	26,895	26,895	26,895	26,895
Loans	1,426	1,469			1,426	1,469
Capital Lease	1,441	1,522			1,441	1,522
Total	<u>\$ 25,890</u>	<u>\$ 29,650</u>	<u>\$ 26,895</u>	<u>\$ 26,895</u>	<u>\$ 52,785</u>	<u>\$ 56,545</u>

Note 6 provides a detailed analysis of the Long Term Debt.

Economic Factors and Next Year's Budgets and Rates

On June 25, 2013, the City Council adopted the 2013-14 Program and Financial Plan and 2013-14 Budget, with total appropriations of \$106.4 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, which represents 36% of all General Fund revenues for the upcoming fiscal year. 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 9 full time equivalent positions from the prior year.

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.

BASIC FINANCIAL STATEMENTS

CITY OF LANCASTER

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities	Business-Type Activity	Total
ASSETS:			
Cash and investments	\$ 64,439,675	\$ 750,918	\$ 65,190,593
Receivables:			
Accounts	2,455,551	248,139	2,703,690
Taxes	6,037,883	-	6,037,883
Notes and loans	25,163,302	-	25,163,302
Accrued interest	163,532	-	163,532
Prepaid costs	436,202	412	436,614
Due from other governments	8,648,843	-	8,648,843
Inventories	41,362	-	41,362
Land held for resale	60,196,607	-	60,196,607
Advances to Successor Agency	25,310,093	-	25,310,093
Restricted assets:			
Cash and investments	18,362	2,238,437	2,256,799
Cash with fiscal agent	935,740	-	935,740
Prepaid pension asset	3,763,064	-	3,763,064
Capital assets:			
Non-depreciable	53,991,488	-	53,991,488
Depreciable	886,313,356	22,077,568	908,390,924
TOTAL ASSETS	1,137,915,060	25,315,474	1,163,230,534
LIABILITIES:			
Accounts payable	5,015,455	112,855	5,128,310
Accrued liabilities	1,254,858	20,335	1,275,193
Accrued interest	86,963	168,082	255,045
Unearned revenues	374,661	75,461	450,122
Deposits payable	1,678,688	-	1,678,688
Noncurrent liabilities:			
Due within one year	2,534,440	1,000,000	3,534,440
Due in more than one year	23,356,239	25,336,010	48,692,249
TOTAL LIABILITIES	34,301,304	26,712,743	61,014,047
NET POSITION:			
Net investment in capital assets	937,437,269	-	937,437,269
Restricted for:			
Community development projects	3,655,279	-	3,655,279
Public safety	25,347	-	25,347
Parks and recreation	2,208,338	-	2,208,338
Public works	47,241,589	-	47,241,589
Debt service	145,277	-	145,277
Housing	107,805,711	-	107,805,711
Unrestricted	5,094,946	(1,397,269)	3,697,677
TOTAL NET POSITION	\$ 1,103,613,756	\$ (1,397,269)	\$ 1,102,216,487

See independent auditors' report and notes to financial statements.

CITY OF LANCASER

STATEMENT OF ACTIVITIES

For the year ended June 30, 2013

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 20,108,707	\$ 284,461	\$ 9,986,072	\$ -
Public safety	25,618,865	1,070,125	1,004,461	-
Community development	6,554,237	428,817	648,057	3,880,063
Parks and recreation	13,049,889	3,560,430	508,703	2,819,786
Public works	53,654,875	13,352,265	14,669,620	4,193,972
Housing	421,279	908,953	199,200	-
Interest and other charges	375,667	-	-	-
Total governmental activities	119,783,519	19,605,051	27,016,113	10,893,821
Business-Type Activity:				
Lancaster Power Authority	2,990,770	2,937,736	-	-
Total primary government	\$ 122,774,289	\$ 22,542,787	\$ 27,016,113	\$ 10,893,821

General revenues:

Taxes:

Property taxes, levied for general purposes

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Motor vehicle in lieu - unrestricted

Investment income

Miscellaneous

Gain on sale of property

Transfers

Total general revenues and transfers

Change in net position before extraordinary item

Extraordinary Item:

Loss on transfer of assets to Successor Agency

Change in net position

Net Position - Beginning of Year, as Restated

Net Position - End of Year

See independent auditors' report and notes to financial statements.

Net (Expenses) Revenue and Changes in Net Position
Primary Government

Governmental Activities	Business-Type Activity	Total
\$ (9,838,174)	\$ -	\$ (9,838,174)
(23,544,279)	-	(23,544,279)
(1,597,300)	-	(1,597,300)
(6,160,970)	-	(6,160,970)
(21,439,018)	-	(21,439,018)
686,874	-	686,874
(375,667)	-	(375,667)
<u>(62,268,534)</u>	<u>-</u>	<u>(62,268,534)</u>
-	(53,034)	(53,034)
<u>(62,268,534)</u>	<u>(53,034)</u>	<u>(62,321,568)</u>
14,142,727	-	14,142,727
1,314,747	-	1,314,747
16,254,549	-	16,254,549
2,617,877	-	2,617,877
906,896	-	906,896
406,441	-	406,441
80,905	-	80,905
38,131	2,421	40,552
1,008,418	42,750	1,051,168
109,072	-	109,072
600,000	(600,000)	-
<u>37,479,763</u>	<u>(554,829)</u>	<u>36,924,934</u>
(24,788,771)	(607,863)	(25,396,634)
<u>(14,482,945)</u>	<u>-</u>	<u>(14,482,945)</u>
(39,271,716)	(607,863)	(39,879,579)
<u>1,142,885,472</u>	<u>(789,406)</u>	<u>1,142,096,066</u>
<u>\$ 1,103,613,756</u>	<u>\$ (1,397,269)</u>	<u>\$ 1,102,216,487</u>

CITY OF LANCASTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

	Special Revenue Fund			
	General	HOME Program	Lancaster Housing Authority	State Grants
ASSETS:				
Pooled cash and investments	\$ 10,575,053	\$ 379,341	\$ 6,937,800	\$ 24,250
Receivables:				
Accounts	1,560,392	3,155	96,881	-
Taxes	5,764,767	-	-	-
Notes and loans	8,475,466	13,671,798	3,016,038	-
Accrued interest	43,766	943	17,228	-
Prepaid costs	436,202	-	-	-
Due from other governments	314,444	-	-	3,228,254
Due from other funds	6,101,147	-	-	-
Advances to Successor Agency	1,006,978	-	24,303,115	-
Inventories	41,362	-	-	-
Land held for resale	-	-	59,477,626	-
Restricted assets:				
Cash and investments	-	-	18,362	-
Cash and investments with fiscal agents	935,740	-	-	-
TOTAL ASSETS	<u>\$ 35,255,317</u>	<u>\$ 14,055,237</u>	<u>\$ 93,867,050</u>	<u>\$ 3,252,504</u>
LIABILITIES:				
Accounts payable	\$ 3,528,432	\$ -	\$ 7,472	\$ 43,232
Accrued liabilities	891,141	-	34,197	16,893
Unearned revenues	146,041	-	-	37,552
Deposits payable	1,567,054	-	74,907	-
Due to other funds	-	-	-	3,839,756
TOTAL LIABILITIES	<u>6,132,668</u>	<u>-</u>	<u>116,576</u>	<u>3,937,433</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	2,542,074	13,081,737	802,759	3,157,741
FUND BALANCES (DEFICIT):				
Nonspendable:				
Notes and loans	7,368,200	590,061	2,213,279	-
Prepaid costs	436,202	-	-	-
Advances to Successor Agency	1,006,978	-	24,303,115	-
Inventories	41,362	-	-	-
Land held for resale	-	-	59,477,626	-
Restricted:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
Housing	-	383,439	6,953,695	-
Assigned:				
Employee benefits	1,192,203	-	-	-
Building replacement	248,031	-	-	-
Capital facilities	87,750	-	-	-
Technology infrastructure	2,214,241	-	-	-
Legal claims	1,057,993	-	-	-
Capital projects	-	-	-	-
Unassigned	12,927,615	-	-	(3,842,670)
TOTAL FUND BALANCES (DEFICIT)	<u>26,580,575</u>	<u>973,500</u>	<u>92,947,715</u>	<u>(3,842,670)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 35,255,317</u>	<u>\$ 14,055,237</u>	<u>\$ 93,867,050</u>	<u>\$ 3,252,504</u>

See independent auditors' report and notes to financial statements.

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 739,705	\$ 45,783,526	\$ 64,439,675
-	795,123	2,455,551
-	273,116	6,037,883
-	-	25,163,302
-	101,595	163,532
-	-	436,202
-	5,106,145	8,648,843
-	-	6,101,147
-	-	25,310,093
-	-	41,362
-	718,981	60,196,607
-	-	18,362
-	-	935,740
<u>\$ 739,705</u>	<u>\$ 52,778,486</u>	<u>\$ 199,948,299</u>
\$ 739,196	\$ 697,123	\$ 5,015,455
-	312,627	1,254,858
-	191,068	374,661
-	36,727	1,678,688
-	2,261,391	6,101,147
<u>739,196</u>	<u>3,498,936</u>	<u>14,424,809</u>
-	1,266,971	20,851,282
-	-	10,171,540
-	-	436,202
-	-	25,310,093
-	-	41,362
-	718,981	60,196,607
-	3,454,199	3,454,199
-	25,347	25,347
-	2,208,338	2,208,338
-	43,014,957	43,014,957
-	145,277	145,277
-	-	7,337,134
-	-	1,192,203
-	-	248,031
-	-	87,750
-	-	2,214,241
-	-	1,057,993
509	-	509
-	(1,554,520)	7,530,425
<u>509</u>	<u>48,012,579</u>	<u>164,672,208</u>
<u>\$ 739,705</u>	<u>\$ 52,778,486</u>	<u>\$ 199,948,299</u>

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CITY OF LANCASTER

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2013

Fund balances - total governmental funds		\$ 164,672,208
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet:		
Capital assets	\$ 1,688,794,585	
Accumulated depreciation	<u>(748,489,741)</u>	940,304,844
Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported. Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditures when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances as of June 30, 2013 are:		
Bonds, notes loans and capital leases payable	(6,345,575)	
Claims and judgments	(899,000)	
Compensated absences	<u>(2,806,104)</u>	(10,050,679)
Governmental funds report all Other Post-Employment Benefit (OPEB) and pension contributions as expenditures, however, in the Statement of Net Position, any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability:		
Net pension asset	3,763,064	
Net OPEB obligation	<u>(15,840,000)</u>	(12,076,936)
Accrued interest payable for the current portion of interest due on bonds are not reported in the governmental funds		(86,963)
Long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the fund financial statements:		
Unavailable revenues		<u>20,851,282</u>
Net position of governmental activities		<u><u>\$ 1,103,613,756</u></u>

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2013

	Special Revenue Fund			
	General	HOME Program	Lancaster Housing Authority	State Grants
REVENUES:				
Taxes	\$ 45,654,563	\$ -	\$ -	\$ -
Licenses and permits	1,416,096	-	-	-
Intergovernmental	944,710	104,691	-	741,579
Charges for services	3,238,838	-	-	-
Use of money and property	193,270	332	751,518	-
Fines and forfeitures	844,527	-	-	-
Contributions	-	-	30,800	-
Miscellaneous	4,440,607	-	129,200	-
TOTAL REVENUES	56,732,611	105,023	911,518	741,579
EXPENDITURES:				
Current:				
General government	11,037,822	37,913	2,977,758	27,687
Public safety	25,166,155	-	-	154,106
Community development	4,250,193	-	-	373,300
Parks and recreation	11,617,816	-	-	-
Public works	3,465,096	-	-	232,585
Housing	-	-	295,697	-
Capital outlay	2,819,786	-	-	-
Debt service:				
Principal retirement	123,996	-	-	-
Interest and fiscal charges	160,032	-	1,700	-
TOTAL EXPENDITURES	58,640,896	37,913	3,275,155	787,678
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,908,285)	67,110	(2,363,637)	(46,099)
OTHER FINANCING SOURCES (USES):				
Transfers in	7,390,868	-	40,506	-
Transfers out	(3,329,289)	-	(774,460)	(1,063,390)
TOTAL OTHER FINANCING SOURCES (USES)	4,061,579	-	(733,954)	(1,063,390)
NET CHANGE IN FUND BALANCES, BEFORE EXTRAORDINARY ITEM	2,153,294	67,110	(3,097,591)	(1,109,489)
EXTRAORDINARY ITEM:				
Loss on transfer of assets to Successor Agency	(14,482,945)	-	-	-
NET CHANGE IN FUND BALANCES	(12,329,651)	67,110	(3,097,591)	(1,109,489)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	38,910,226	906,390	96,045,306	(2,733,181)
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 26,580,575	\$ 973,500	\$ 92,947,715	\$ (3,842,670)

See independent auditors' report and notes to financial statements.

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 4,161,632	\$ 49,816,195
-	3,342,391	4,758,487
-	18,686,393	20,477,373
-	7,534,556	10,773,394
-	1,570,450	2,515,570
-	409,395	1,253,922
-	5,000	35,800
-	88,080	4,657,887
-	35,797,897	94,288,628
-	2,647,857	16,729,037
-	29,605	25,349,866
-	2,547,612	7,171,105
-	21,248	11,639,064
-	14,685,520	18,383,201
-	156,382	452,079
14,541,700	401,253	17,762,739
-	6,433,000	6,556,996
-	301,313	463,045
14,541,700	27,223,790	104,507,132
(14,541,700)	8,574,107	(10,218,504)
14,541,700	2,397,334	24,370,408
-	(18,603,269)	(23,770,408)
14,541,700	(16,205,935)	600,000
-	(7,631,828)	(9,618,504)
-	-	(14,482,945)
-	(7,631,828)	(24,101,449)
509	55,644,407	188,773,657
\$ 509	\$ 48,012,579	\$ 164,672,208

CITY OF LANCASTER

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2013

Net change in fund balances - total governmental funds \$ (24,101,449)

Amounts reported for governmental activities in the Statement of Activities
are different because:

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

Capital outlays	\$ 18,378,577	
Contributed capital assets	3,880,063	
Depreciation expense	<u>(38,101,021)</u>	(15,842,381)

The issuance of long term debt provides current financial resources to
governmental funds, while the repayment of the principal of long term-debt
consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net position.

Principal payments	<u>6,556,996</u>	6,556,996
--------------------	------------------	-----------

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

Change in compensated absences payable	(512,823)	
Change in claims payable	<u>227,000</u>	(285,823)

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

87,379

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

Change in net OPEB obligation	(2,511,400)	
Change in net pension asset	<u>(146,823)</u>	(2,658,223)

Revenues reported previously in the Statement of Activities were reported
as revenues in the governmental funds as they were received in the
current fiscal year.

(3,028,215)

Change in net position of governmental activities

\$ (39,271,716)

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER
 BUDGETARY COMPARISON STATEMENT
 GENERAL FUND

For year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 38,910,226	\$ 38,910,226	\$ 38,910,226	\$ -
Resources (Inflows):				
Taxes	39,672,690	45,742,690	45,654,563	(88,127)
Licenses and permits	1,295,900	1,295,900	1,416,096	120,196
Intergovernmental	856,000	856,000	944,710	88,710
Charges for services	3,086,100	3,086,100	3,238,838	152,738
Use of money and property	260,000	260,000	193,270	(66,730)
Fines and forfeitures	1,218,045	1,218,045	844,527	(373,518)
Miscellaneous	811,160	811,160	4,440,607	3,629,447
Transfers in	7,596,365	7,627,365	7,390,868	(236,497)
Gain on sale of land held for resale	5,000	5,000	-	(5,000)
	<u>93,711,486</u>	<u>99,812,486</u>	<u>103,033,705</u>	<u>3,221,219</u>
Amounts Available for Appropriations				
Charges to Appropriations (Outflows):				
General government	11,974,183	12,633,713	11,037,822	1,595,891
Public safety	26,085,380	26,066,663	25,166,155	900,508
Community development	2,928,005	4,158,475	4,250,193	(91,718)
Parks and recreation	11,405,296	11,724,292	11,617,816	106,476
Public works	3,862,191	3,960,690	3,465,096	495,594
Capital outlay	-	18,717	2,819,786	(2,801,069)
Debt service:				
Principal retirement	-	-	123,996	(123,996)
Interest and fiscal charges	-	-	160,032	(160,032)
Transfers out	4,513,408	4,513,408	3,329,289	1,184,119
Loss on transfer of assets to Successor Agency	-	-	14,482,945	(14,482,945)
	<u>60,768,463</u>	<u>63,075,958</u>	<u>76,453,130</u>	<u>(13,377,172)</u>
Total Charges to Appropriations				
Budgetary Fund Balance, June 30	<u>\$ 32,943,023</u>	<u>\$ 36,736,528</u>	<u>\$ 26,580,575</u>	<u>\$(10,155,953)</u>

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

BUDGETARY COMPARISON STATEMENT
HOME PROGRAM SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 906,390	\$ 906,390	\$ 906,390	\$ -
Resources (Inflows):				
Intergovernmental	120,000	120,000	104,691	(15,309)
Use of money and property	-	-	332	332
Amounts Available for Appropriations	<u>1,026,390</u>	<u>1,026,390</u>	<u>1,011,413</u>	<u>(14,977)</u>
Charges to Appropriations (Outflows):				
General government	<u>1,718,365</u>	<u>1,718,365</u>	<u>37,913</u>	<u>1,680,452</u>
Total Charges to Appropriations	<u>1,718,365</u>	<u>1,718,365</u>	<u>37,913</u>	<u>1,680,452</u>
Budgetary Fund Balance, June 30	<u>\$ (691,975)</u>	<u>\$ (691,975)</u>	<u>\$ 973,500</u>	<u>\$ 1,665,475</u>

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

BUDGETARY COMPARISON STATEMENT
LANCASTER HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 96,045,306	\$ 96,045,306	\$ 96,045,306	\$ -
Resources (Inflows):				
Use of money and property	2,388,150	2,388,150	751,518	(1,636,632)
Contributions	-	-	30,800	30,800
Miscellaneous	(900)	(900)	129,200	130,100
Transfers in	-	40,500	40,506	6
Amounts Available for Appropriations	<u>98,432,556</u>	<u>98,473,056</u>	<u>96,997,330</u>	<u>(1,475,726)</u>
Charges to Appropriations (Outflows):				
General government	1,770,671	1,770,671	2,977,758	(1,207,087)
Housing	5,000	5,000	295,697	(290,697)
Debt service:				
Interest and fiscal charges	-	-	1,700	(1,700)
Transfers out	<u>7,123,085</u>	<u>7,123,085</u>	<u>774,460</u>	<u>6,348,625</u>
Total Charges to Appropriations	<u>8,898,756</u>	<u>8,898,756</u>	<u>4,049,615</u>	<u>4,849,141</u>
Budgetary Fund Balance, June 30	<u>\$ 89,533,800</u>	<u>\$ 89,574,300</u>	<u>\$ 92,947,715</u>	<u>\$ 3,373,415</u>

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

BUDGETARY COMPARISON STATEMENT
STATE GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (2,733,181)	\$ (2,733,181)	\$ (2,733,181)	\$ -
Resources (Inflows):				
Intergovernmental	2,632,265	2,632,265	741,579	(1,890,686)
Transfers in	-	378,664	-	(378,664)
Amounts Available for Appropriations	<u>(100,916)</u>	<u>277,748</u>	<u>(1,991,602)</u>	<u>(2,269,350)</u>
Charges to Appropriations (Outflows):				
General government	25,700	25,700	27,687	(1,987)
Public safety	69,292	182,954	154,106	28,848
Community development	223,237	803,237	373,300	429,937
Public works	435,920	435,920	232,585	203,335
Transfers out	<u>1,568,735</u>	<u>2,468,735</u>	<u>1,063,390</u>	<u>1,405,345</u>
Total Charges to Appropriations	<u>2,322,884</u>	<u>3,916,546</u>	<u>1,851,068</u>	<u>2,065,478</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (2,423,800)</u>	<u>\$ (3,638,798)</u>	<u>\$ (3,842,670)</u>	<u>\$ (203,872)</u>

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER
STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2013

	<u>Business-Type Activity - Enterprise Fund</u> <u>Lancaster Power Authority</u>
ASSETS:	
Cash and investments	\$ 750,918
Receivables:	
Accounts	248,139
Prepaid costs	412
Restricted assets:	
Cash and investments	2,238,437
Capital assets - net of accumulated depreciation	<u>22,077,568</u>
TOTAL ASSETS	<u>25,315,474</u>
LIABILITIES:	
Accounts payable	112,855
Accrued liabilities	20,335
Interest payable	168,082
Unearned revenues	75,461
Long-term liabilities:	
Due within one year	1,000,000
Due in more than one year	<u>25,336,010</u>
TOTAL LIABILITIES	<u>26,712,743</u>
NET POSITION:	
Unrestricted	<u>(1,397,269)</u>
TOTAL NET POSITION	<u><u>\$ (1,397,269)</u></u>

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND

June 30, 2013

	Business-Type Activity - Enterprise Fund <u>Lancaster Power Authority</u>
OPERATING REVENUES:	
Sales and service charges	\$ <u>2,937,736</u>
TOTAL OPERATING REVENUES	<u>2,937,736</u>
OPERATING EXPENSES:	
Administration and general	1,096,965
Depreciation expense	<u>939,471</u>
TOTAL OPERATING EXPENSES	<u>2,036,436</u>
OPERATING INCOME	<u>901,300</u>
NONOPERATING REVENUES (EXPENSES):	
Interest revenue	2,421
Other nonoperating income	42,750
Interest expense	<u>(954,334)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(909,163)</u>
LOSS BEFORE TRANSFERS	(7,863)
TRANSFERS OUT	<u>(600,000)</u>
CHANGE IN NET POSITION	(607,863)
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>(789,406)</u>
NET POSITION - END OF YEAR	<u><u>\$ (1,397,269)</u></u>

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

June 30, 2013

	Business-Type Activity - Enterprise Fund <u>Lancaster Power Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 3,420,194
Cash paid to suppliers for goods and services	<u>(890,585)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,529,609</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash transfers out	(600,000)
Cash paid to other funds	<u>(284,052)</u>
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(884,052)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest paid on capital debt	<u>(903,799)</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(903,799)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>2,421</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,421</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	744,179
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,245,176</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,989,355</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 901,300
Other income	42,750
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	939,471
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	443,937
(Increase) decrease in prepaid costs	74,938
Increase (decrease) in accounts payable	111,107
Increase (decrease) in accrued liabilities	20,335
Increase (decrease) in unearned revenues	<u>(4,229)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,529,609</u>

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2013

	Private-Purpose Trust Fund <u>Successor</u> Agency of the Former RDA	<u>Agency Funds</u>
ASSETS:		
Pooled cash and investments	\$ 22,560,352	\$ 5,256,193
Receivable:		
Accounts	374,424	-
Taxes	-	100,705
Notes and loans	6,321,442	-
Less allowance for loan forgiveness	(3,747,101)	-
Accrued interest	-	10,943
Land held for resale	14,482,946	-
Restricted assets:		
Cash and investments with fiscal agents	<u>19,923,624</u>	<u>3,320,081</u>
TOTAL ASSETS	<u>59,915,687</u>	<u>\$ 8,687,922</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred charges on bond refunding	<u>2,860,297</u>	
LIABILITIES:		
Accounts payable	29,083	\$ 23,299
Accrued liabilities	9,456	-
Interest payable	4,744,233	-
Deposit payable	15,099	696,198
Due to other governments	388	-
Due to bondholders	-	7,968,425
Advances from City of Lancaster	25,309,555	-
Long-term liabilities:		
Due in one year	7,205,000	-
Due in more than one year	247,607,923	-
TOTAL LIABILITIES	<u>284,920,737</u>	<u>\$ 8,687,922</u>
NET POSITION:		
Held in trust for other purposes	<u>\$ (222,144,753)</u>	

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND

For the year ended June 30, 2013

	Private-Purpose Trust Fund Successor Agency of the Former RDA
ADDITIONS:	
Taxes	\$ 19,564,566
Intergovernmental	3,012,563
Interest and change in fair value of investments	515,283
Contributions from City	965,855
Miscellaneous	<u>479,005</u>
TOTAL ADDITIONS	<u>24,537,272</u>
DEDUCTIONS:	
Administrative expenses	1,680,380
Interest expense	18,353,076
Contributions to other governments	<u>261,752</u>
TOTAL DEDUCTIONS	<u>20,295,208</u>
CHANGE IN NET POSITION, BEFORE EXTRAORDINARY ITEM	4,242,064
EXTRAORDINARY ITEM:	
Gain on transfer of assets from City	<u>14,482,945</u>
CHANGE IN NET POSITION	18,725,009
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>(240,869,762)</u>
NET POSITION - END OF YEAR	<u><u>\$ (222,144,753)</u></u>

See independent auditors' report and notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the City of Lancaster, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

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. The City is a charter city administered under a council/manager form of government. The accompanying financial statements present the City of Lancaster and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Because each component unit meets the above-mentioned criteria, included within the financial reporting entity of the City of Lancaster are the Lancaster Housing Authority, the Lancaster Community Services Foundation, the Lancaster Public Financing Authority and the Lancaster Power Authority.

A brief description of each component unit follows:

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 a certain mobile home park within the City and assumed responsibilities for the prior low/moderate Housing Fund. 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.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

a. Description of the Reporting Entity (Continued):

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 Financing 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.

b. Basis of Accounting and Measurement Focus:

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City. Interfund services provided and used are not eliminated in the process of consolidation.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Basis of Accounting and Measurement Focus (Continued):

Government-wide Financial Statements (Continued)

Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transaction are recognized in accordance with the requirements of GASB Statement No. 33.

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 that are restricted to meeting the operational or capital requirements of a particular function. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about the major funds individually and other governmental funds in the aggregate for governmental funds. Fiduciary statements even though excluded from the government-wide financial statements represents private purpose trust funds and agency funds.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Basis of Accounting and Measurement Focus (Continued):

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period.

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. Significant revenues subject to the criteria include taxes, licenses and permits, and intergovernmental revenues. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources”, since they do not represent net current assets.

See independent auditors’ report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Basis of Accounting and Measurement Focus (Continued):

Governmental Funds (Continued)

Revenues, expenses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 which requires that local governments defer grant revenue that does not meet the “available” criteria of revenue recognition. Therefore recognition of governmental fund type revenue represented by non-current receivables are deferred until they meet the “availability” criteria.

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 to the extent normally collected within the availability 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 where cash is received by the government. The availability period for these revenues is 60 days.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Proprietary and Fiduciary Funds

The City’s enterprise fund is a proprietary fund. In the fund financial statements, the proprietary fund and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds and fiduciary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Basis of Accounting and Measurement Focus (Continued):

Proprietary and Fiduciary Funds (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expenditure.

The City's Fiduciary private purpose trust fund is accounted for using the economic resources measurement focus and accrual basis of accounting. The private purpose trust fund accounts for the assets held by the City for the Successor Agency of the Former Redevelopment Agency (Former RDA). The City's Fiduciary agency funds have no measurement focus but utilize the accrual basis for reporting its assets and liabilities. Because these funds are not available for use by the City, fiduciary funds are not included in the governmental-wide statements.

c. Fund Classifications:

The City reports the following major governmental funds:

General Fund - This is the primary operating fund of the City. It accounts for all unrestricted resources, except those required to be accounted for in another fund.

HOME Program Special Revenue Fund - This fund accounts for the grant program administered by the State of California Department of Housing and Community Development and implemented by the City to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.

Lancaster Housing Authority Special Revenue Fund - This fund is used to account for the purpose of providing affordable, decent housing for lower income residents of the City. Also, to account for the housing assets and functions previously performed by the former redevelopment agency.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Fund Classifications (Continued):

Major Governmental Funds (Continued):

State Grants Special Revenue Fund - This fund is used to account for state grants awarded to the City.

Capital Projects Fund - This fund is used to account for the capital improvement projects of the City.

The City reports the following major proprietary fund:

Lancaster Power Authority - This fund is used to account for the ownership and operation of a municipal gas and electric utility, for the benefit of the residents of the City, and customers, businesses and property owners in the City.

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds - are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Debt Service Funds - are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs other than those being financed by proprietary funds.

Fiduciary Fund Types

Private Purpose Trust Fund - This fund is used to account for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

Agency Funds - These funds are 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. They are accounted for on the accrual basis.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Fund Classifications (Continued):

Fiduciary Fund Types (Continued)

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.

d. New Accounting Pronouncements:

Implemented

In fiscal year 2012-2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, "*Elements of Financial Statements*" into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new Statement of Net Position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

In fiscal year 2012-2013, the City early implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". This statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Due to the early implementation of this statement, bond issue costs, which should be recognized as an expense in the period incurred, were eliminated. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this standard decreased the net position at July 1, 2012 of the business-type activity and the Successor Agency Private-Purpose Trust Fund by \$536,708 and \$6,415,790, respectively.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. New Accounting Pronouncements (Continued):

Pending Accounting Standards

GASB has issued the following statements which may impact the City's financial reporting requirements in the future:

- GASB 66 - *“Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62”*, effective for periods beginning after December 15, 2012.
- GASB 67 - *“Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25”*, effective for the fiscal years beginning after June 15, 2013.
- GASB 68 - *“Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27”*, effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - *“Government Combinations and Disposals of Government Operations”*, effective for periods beginning after December 15, 2013.
- GASB 70 - *“Accounting and Financial Reporting for Nonexchange Financial Guarantees”*, effective for the periods beginning after June 15, 2013.

e. 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.

f. 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”.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

f. Receivables and Payables (Continued):

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance 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.

g. 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.

h. 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 assigned for future capital improvements by City resolution.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

i. Capital Assets:

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Building and structures	40 years
Machinery and equipment	7 years
Public domain infrastructure	50 years

j. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is the deferred charges on bond refunding reported in the fiduciary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

j. Deferred Outflows/Inflows of Resources (Continued):

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenues*, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from three sources: long-term notes receivable, taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

k. Net Position Flow Assumptions:

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

l. Land Held for Resale:

The former Lancaster Redevelopment Agency acquired parcels of land as part of its primary purpose to develop or redevelop blighted properties and creating affordable housing. The City records these parcels as land held for resale in its financial records.

The Lancaster Housing Authority acquired property via the Neighborhood Stabilization Program to reduce blight and provide affordable housing to our citizens. These parcels are shown in the Lancaster Housing Authority Special Revenue Fund and the Housing and Community Development Special Revenue Fund.

All property is recorded at lower of cost or fair market value.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

m. 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, depending on years of service.

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.

n. 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

o. Fund Balance Classification:

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.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

o. Fund Balance Classification (Continued):

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.

p. Reclassifications:

Certain prior year amounts have been reclassified to conform with the current year presentation.

q. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

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 County and Other Fund and 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).

Excess of Expenditures over Appropriations

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2013.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Funds:			
General Fund:			
Community development	\$ 4,158,475	\$ 4,250,193	\$ (91,718)
Lancaster Housing Authority			
Special Revenue Fund:			
General government	1,770,671	2,977,758	(1,207,087)
Housing	5,000	295,697	(290,697)

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED):

Excess of Expenditures over Appropriations (Continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
State Grants Special Revenue Fund:			
General government	\$ 25,700	\$ 27,687	\$ (1,987)
Other Governmental Special Revenue Funds:			
Gas Tax:			
General government	220	225	\$ (5)
Community Services:			
General government	-	13,863	(13,863)
Landscape Maintenance District:			
General government	-	28	(28)
Housing and Community Development:			
Community development	557,725	1,785,307	(1,227,582)
Housing	148,433	156,382	(7,949)
Proposition A:			
General government	2,077,630	2,354,114	(276,484)
LA County Reimbursement:			
Community development	150,804	154,906	(4,102)
Other Governmental Debt Service Fund:			
Lancaster Financing Authority:			
Community development	-	583,611	(583,611)

Deficit Fund Balances

The following funds contained deficit fund balances as of June 30, 2013:

	<u>Deficit Amount</u>
Major Fund:	
State Grants	\$ 3,842,670
Other Governmental Special Revenue Funds:	
County and Other	233,234
Recycle Water	411,364
Miscellaneous Grants	350,963
Engineering Fees	85,301
LA County Reimbursement	163,289
MTA Grant	307,847
HPRP	2,522

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

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

3. CASH AND INVESTMENTS:

Cash and Investments

Cash and investments held by the City at June 30, 2013 are reported in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 65,190,593
Restricted:	
Cash and investments	2,256,799
Cash with fiscal agent	935,740
Statement of Net Position - Fiduciary Funds:	
Pooled cash and investments	27,816,545
Restricted:	
Cash and investments with fiscal agents	<u>23,243,705</u>
Total cash and investments	<u>\$ 119,443,382</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 pooled cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

Deposits

At June 30, 2013, the carrying amount of the City's deposits was \$14,682,904 and the bank balance was \$15,053,324. The \$370,420 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 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.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

3. CASH AND INVESTMENTS (CONTINUED):

Deposits (Continued)

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

- United States Treasury Securities
- United States Government Sponsored Agency Securities
- Certificates of Deposit
- Medium-Term Notes
- Prime Commercial Paper
- Banker's Acceptances
- Repurchase Agreements
- Local Agency Investment Fund (State Pool)
- Money Market Mutual Funds

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.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

3. CASH AND INVESTMENTS (CONTINUED):

Credit Risk

The City's investment policy limits investments in medium term notes (MTNs) to those rated AA- or better by a nationally recognized statistical rating organization. At June 30, 2013, the City invested in various MTNs which were rated AA- or better by Standard & Poors (S&P). At June 30, 2013 the City's investments with federal agency securities were rated AA+ and money market mutual funds were rated AAA by S&P. Investments in U.S. government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed.

As of June 30, 2013, 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, 2013, 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.

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, 2013, 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 anyone issuer, 25% of the City's invested funds for commercial paper with no more than 10% in anyone 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 anyone issuer. In accordance with GASB Statement No. 40, if the City has invested more than 5% of its total investments in anyone issuer then it is exposed to credit risk.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

3. CASH AND INVESTMENTS (CONTINUED):

Concentration of Credit Risk (Continued)

As of June 30, 2013, the City's investment in the following issuers exceeded 5%:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	U.S. Government Sponsored Agency Securities	\$ 6,890,970
Federal Home Loan Bank	U.S. Government Sponsored Agency Securities	\$ 7,004,718
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Agency Securities	\$ 9,311,606

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, 2013, the City had the following investments and original maturities:

Investment Type	Remaining Maturity (in Years)				Total
	1 year or Less	1 Year to 3 Years	3 Years to 5 Years	5 Years and More	
United States Treasury Securities	\$ -	\$ 1,028,125	\$ 1,023,516	\$ -	\$ 2,051,641
United States Government Sponsored Agency Securities	1,251,824	11,246,566	13,119,344	-	25,617,734
Medium-Term Corporate Notes	2,213,396	1,035,302	1,010,345	-	4,259,043
Certificates of Deposit	650,000	-	-	-	650,000
California Local Agency Investment Fund (LAIF)	34,778,200	-	-	-	34,778,200
Money Market Mutual Funds	10,985,979	-	-	-	10,985,979
Held by Fiscal Agent:					
United States Treasury Securities	-	149,951	-	-	149,951
Money Market Mutual Funds	13,814,040	-	-	-	13,814,040
Certificates of Deposit	240,653	-	-	-	240,653
Investment Agreements	-	3,571,700	564,611	8,076,926	12,213,237
	<u>\$ 63,934,092</u>	<u>\$ 17,031,644</u>	<u>\$ 15,717,816</u>	<u>\$ 8,076,926</u>	<u>\$ 104,760,478</u>

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

4. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2013 was as follows:

Governmental Activities

	Balance at July 1, 2012 (As Restated) (See Note 18)	Construction In Progress Transfers	Additions	Deletions	Balance at Balance at June 30, 2013
Capital assets, not being depreciated:					
Land	\$ 17,168,424	\$ -	\$ 69,194	\$ -	\$ 17,237,618
Construction in progress	<u>56,598,110</u>	<u>(28,902,333)</u>	<u>9,170,858</u>	<u>(112,765)</u>	<u>36,753,870</u>
Total capital assets, not being depreciated	<u>73,766,534</u>	<u>(28,902,333)</u>	<u>9,240,052</u>	<u>(112,765)</u>	<u>53,991,488</u>
Capital assets, being depreciated:					
Structures and improvements	63,027,122	34,338	2,901,244	-	65,962,704
Furniture and equipment	12,022,102	-	1,360,830	(246,390)	13,136,542
Infrastructure	<u>1,517,966,577</u>	<u>28,867,995</u>	<u>8,869,279</u>	<u>-</u>	<u>1,555,703,851</u>
Total capital assets, being depreciated	<u>1,593,015,801</u>	<u>28,902,333</u>	<u>13,131,353</u>	<u>(246,390)</u>	<u>1,634,803,097</u>
Less accumulated depreciation for:					
Structures and improvements	(23,092,338)	-	(1,529,262)	-	(24,621,600)
Furniture and equipment	(7,423,667)	-	(1,226,062)	246,390	(8,403,339)
Infrastructure	<u>(680,119,105)</u>	<u>-</u>	<u>(35,345,697)</u>	<u>-</u>	<u>(715,464,802)</u>
Total accumulated depreciation	<u>(710,635,110)</u>	<u>-</u>	<u>(38,101,021)</u>	<u>246,390</u>	<u>(748,489,741)</u>
Total capital assets, being depreciated, net	<u>882,380,691</u>	<u>28,902,333</u>	<u>(24,969,668)</u>	<u>-</u>	<u>886,313,356</u>
Total governmental activities capital assets, net	<u>\$ 956,147,225</u>	<u>\$ -</u>	<u>\$ (15,729,616)</u>	<u>\$ (112,765)</u>	<u>\$ 940,304,844</u>

Depreciation expense was charged in the following functions in the Statement of Activities for the year ended June 30, 2013 as follows:

General government	\$ 487,347
Public safety	283,994
Public works	35,783,313
Community development	128,860
Parks and recreation	<u>1,417,507</u>
	<u>\$ 38,101,021</u>

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

4. CAPITAL ASSETS (CONTINUED):

Capital asset activity for the year ended June 30, 2013 was as follows:

Business-type Activities

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Capital assets, being depreciated:				
Intangible assets	\$ 23,486,774	\$ -	\$ -	\$ 23,486,774
Less accumulated depreciation for:				
Intangible assets	<u>(469,735)</u>	<u>(939,471)</u>	<u>-</u>	<u>(1,409,206)</u>
 Total business-type activities capital assets, net	 <u>\$ 23,017,039</u>	 <u>\$ (939,471)</u>	 <u>\$ -</u>	 <u>\$ 22,077,568</u>

The depreciation expense of \$939,471 was charged to the Lancaster Power Authority program for the year ended June 30, 2013.

5. INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS:

Due To/From Other Funds

Interfund receivable and payable balances at June 30, 2013 are as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	State Grants Special Revenue Fund	\$ 3,839,756
	Other Governmental Funds	<u>2,261,391</u>
		<u>\$ 6,101,147</u>

The due to General Fund of \$3,839,756 from the State Grants Special Revenue Fund and \$2,261,391 from various other governmental funds were a result of temporary deficit cash balances in those funds.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

5. INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS (CONTINUED):

Transfers

The following schedule summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Lancaster Housing Authority Special Revenue Fund	\$ 774,460
	State Grants Special Revenue Fund	145,198
	Other Governmental Funds	5,871,210
	Lancaster Power Authority Enterprise Fund	600,000
Lancaster Housing Authority Special Revenue Fund	Other Governmental Funds	40,506
Capital Projects	General Fund	2,654,289
	State Grants Special Revenue Fund	918,192
	Other Governmental Funds	10,969,219
Other Governmental Funds	General Fund	675,000
	Other Governmental Funds	<u>1,722,334</u>
		<u>\$ 24,370,408</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 \$14,541,700.

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 \$5,284,130.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

6. LONG-TERM LIABILITIES:

Governmental Activities

Changes in long-term liabilities for the governmental activities for the year ended June 30, 2013 are as follows:

	Balance			Balance			Due	Due in
	June 30, 2012	Additions	Deletions	June 30, 2013	Within	One Year	More Than	One Year
Lancaster Housing Authority:								
Lease Revenue								
Refunding Bonds	\$ 6,100,000	\$ -	\$ (6,100,000)	\$ -	\$ -	\$ -	\$ -	\$ -
City:								
Section 108 Notes:								
Series 2003-A	1,002,000	-	(67,000)	935,000	69,000	-	866,000	-
Series 2004-A	1,104,000	-	(66,000)	1,038,000	69,000	-	969,000	-
Series 2010-A	1,705,000	-	(200,000)	1,505,000	210,000	-	1,295,000	-
Capital lease	1,522,425	-	(80,987)	1,441,438	84,548	-	1,356,890	-
Loans	1,469,146	-	(43,009)	1,426,137	95,603	-	1,330,534	-
Accrued employee benefits	2,293,281	2,007,066	(1,494,243)	2,806,104	1,494,243	-	1,311,861	-
Claims and judgments								
(Note 12)	1,126,000	(50,230)	(176,770)	899,000	512,046	-	386,954	-
Net OPEB obligation								
(Note 9)	<u>13,328,600</u>	<u>3,249,000</u>	<u>(737,600)</u>	<u>15,840,000</u>	<u>-</u>	<u>-</u>	<u>15,840,000</u>	<u>-</u>
Total long-term liabilities								
Governmental activities	<u>\$ 29,650,452</u>	<u>\$ 5,205,836</u>	<u>\$ (8,965,609)</u>	<u>\$ 25,890,679</u>	<u>\$ 2,534,440</u>	<u>\$ -</u>	<u>\$ 23,356,239</u>	<u>\$ -</u>

Business-type Activity

Changes in long-term liabilities for the business-type activity for the year ended June 30, 2013 are as follows:

	Balance			Balance			Due	Due in
	June 30, 2012	Additions	Deletions	June 30, 2013	Within	One Year	More Than	One Year
2012A Solar Renewable								
Energy Revenue Bonds	\$ 26,895,000	\$ -	\$ -	\$ 26,895,000	\$ 1,000,000	\$ -	\$ 25,895,000	\$ -
Unamortized bond discount	(582,445)	-	23,455	(558,990)	-	-	(558,990)	-
Total long-term liabilities								
Business-type activities	<u>\$ 26,312,555</u>	<u>\$ -</u>	<u>\$ 23,455</u>	<u>\$ 26,336,010</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 25,336,010</u>	<u>\$ -</u>

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued)

Bonds and Notes

A description of individual issues of bonds and notes (excluding defeased issues) outstanding as of June 30, 2013, follows:

Lancaster Housing Authority - Lease Revenue Refunding Bonds

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. The bonds were paid off during the fiscal year.

Section 108 Notes

Series 2003-A

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, 2013, was \$935,000.

Series 2004-A

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, 2013, was \$1,038,000.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued)

Section 108 Notes (Continued)

Series 2010-A

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 were consolidated into the series 2010-A note. The consolidated notes mature from 2011 to 2018 and bear varying rates of interest. The principal balance outstanding as of June 30, 2013, was \$1,340,000.

On June 14, 2000, the City issued \$320,000 of U.S. Government Guaranteed Notes, Series 2000-A, guaranteed by the Secretary of Housing and Urban Development. The City has pledged as security for repayment of the notes 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 were consolidated into the series 2010-A note. The consolidated notes mature from 2011-2019 and bear varying rates of interest. The principal balance outstanding as of June 30, 2013, was \$165,000.

The annual requirements to amortize the outstanding indebtedness as of June 30, 2013, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 348,000	\$ 140,716	\$ 488,716
2015	363,000	130,291	493,291
2016	390,000	118,143	508,143
2017	410,000	104,066	514,066
2018	427,000	88,279	515,279
2019 - 2023	1,229,000	232,047	1,461,047
2024 - 2025	311,000	15,532	326,532
Totals	<u>\$ 3,478,000</u>	<u>\$ 829,074</u>	<u>\$ 4,307,074</u>

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued)

Capital Lease

On March 1, 2011, the City entered into an equipment lease/purchase agreement for various capital improvements including lighting upgrades, athletic field lighting upgrades, HVAC system replacement, plumbing fixture upgrades, irrigation weather stations, and solar hot water heating. This lease agreement qualifies as a capital lease for accounting purpose (title transfers at end of lease) and, therefore has been recorded at the present value of future minimum lease payments as of the date of inception. The total cost of the equipment acquired under the lease agreement was \$1,600,000. The financing was obtained from Municipal Finance Corporation on March 1, 2011, for \$1,600,000 with an interest rate of 4.35% per annum and annual payments of \$146,341 through the end of the lease (March 2026). The outstanding balance at June 30, 2013, is \$1,441,438.

The calculation of present value of the future lease payments is as follows:

Year Ending June 30,		
2014	\$	146,341
2015		146,341
2016		146,341
2017		146,341
2018		146,341
2019 - 2023		731,705
2024 - 2026		<u>439,023</u>
Subtotal		1,902,433
Less: amount representing interest		<u>(460,995)</u>
Total	\$	<u>1,441,438</u>

Loans

In January 2011, the City entered into a loan agreement with the State of California Energy Resources Conservation and Development Commission for loan of \$1,469,146 to be used for energy savings projects consisting of athletic field lighting upgrades, HVAC retrofit, weather station installation, and solar hot water. The loan is at an interest rate of 3%. Principal, together with interest thereon, is due and payable in semiannual installments beginning on December 22, 2012 through December 22, 2025. The outstanding balance at June 30, 2013, is \$1,426,137.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued)

Loans (Continued)

The annual requirements to amortize the outstanding indebtedness as of June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 95,603	\$ 42,075	\$ 137,678
2015	98,493	39,185	137,678
2016	101,373	36,305	137,678
2017	104,534	33,144	137,678
2018	107,693	29,985	137,678
2019 - 2023	589,237	99,155	688,392
2024 - 2026	<u>329,204</u>	<u>14,992</u>	<u>344,196</u>
Totals	<u>\$ 1,426,137</u>	<u>\$ 294,841</u>	<u>\$ 1,720,978</u>

Business-type Activities

2012A Solar Renewable Energy Revenue Bonds

On May 17, 2012, the Lancaster Power Authority issued \$26,895,000 of 2012A Solar Renewable Energy Revenue Bonds. These bonds were used to finance the prepayment for specified supply of electricity from a 7,319.98 DC kW capacity system. Interest on these bonds is due semi-annually on May 1 and November 1 of each year commencing November 1, 2012. Interest rates vary from 2.000% to 4.375%. The principal portion of these bonds is payable from November 1, 2013 to November 1, 2036. The outstanding balance at June 30, 2013, is \$26,895,000.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

6. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activities (Continued)

2012A Solar Renewable Energy Revenue Bonds (Continued)

The annual requirements to amortize the outstanding indebtedness as of June 30, 2013, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,000,000	\$ 998,494	\$ 1,998,494
2015	1,045,000	972,819	2,017,819
2016	1,105,000	951,619	2,056,619
2017	1,140,000	928,994	2,068,994
2018	410,000	905,744	1,315,744
2019 - 2023	2,855,000	4,299,294	7,154,294
2024 - 2028	4,575,000	3,633,469	8,208,469
2029 - 2033	6,950,000	2,471,419	9,421,419
2034 - 2037	<u>7,815,000</u>	<u>715,422</u>	<u>8,530,422</u>
Totals	<u>\$ 26,895,000</u>	<u>\$ 15,877,274</u>	<u>\$ 42,772,274</u>

7. 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.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

7. PUBLIC EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN)
(CONTINUED):

Funding Policy

Participants are required to contribute 7% (for the period July 1, 2012 to December 31, 2012) and 8.0% (for the period January 1, 2013 to June 30, 2013) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account until December 31, 2012. Effective January 1, 2013, employees began sharing the cost of the employer rate. Employees currently contribute 2.5% of salary. The City is required to contribute at an actuarially determined rate; the current rate is 10.811% (for the period July 1, 2012 to December 31, 2012) and 17.498% (for the period January 1, 2013 to June 30, 2013) 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 ended June 30, 2013, were as follows:

Annual required contribution	\$ 4,020,890
Interest on net pension asset	(303,018)
Adjustment to annual required contribution	<u>449,841</u>
Annual pension cost	4,167,713
Contributions made	<u>(4,020,890)</u>
Increase in net pension asset	146,823
Net pension asset - beginning of year	<u>(3,909,887)</u>
 Net pension asset - end of year	 <u>\$ (3,763,064)</u>

Three-Year Trend Information for PERS

The required contributions were determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method.

Fiscal Year	Annual Pension Cost (APC)	Percentage APC Contributed	Net Pension Obligation (Asset)
6/30/11	\$ 3,359,085	96%	\$ (4,046,152)
6/30/12	3,388,184	96%	(3,909,887)
6/30/13	4,167,713	96%	(3,763,064)

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

7. PUBLIC EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN)
(CONTINUED):

Funded Status and Funding Progress

The schedule of funding progress below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Liability (Excess Assets) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2010	\$ 70,761,462	\$ 79,738,666	\$ 8,977,024	88.7 %	\$ 19,625,008	45.7 %
6/30/2011	76,449,622	98,568,012	22,118,390	77.6 %	19,662,333	112.5 %
6/30/2012	81,445,409	104,536,742	23,091,333	77.9 %	18,560,272	124.4 %

Principle Assumptions and Methods Used

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	26 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	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% 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.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

8. PUBLIC EMPLOYEES RETIREMENT SYSTEM (DEFINED CONTRIBUTION RETIREMENT PLAN):

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

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

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

Effective January 1, 2013, eligible active employees were transferred to the City's defined benefit pension plan with PERS. This plan is closed to new members.

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 \$1,041,420 (11.7% of covered payroll) and employees contributed \$0 (0% of current year covered payroll). The total covered payroll of employees participating in the plan for the year ended June 30, 2013, was \$8,901,029. The total payroll for the year was \$20,319,279. The plan held no securities of the City or other related parties during or at the close of the fiscal year.

9. OTHER POST-EMPLOYMENT BENEFITS PLAN:

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.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

9. OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED):

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 \$737,600 was made during the 2012-2013 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)	\$ 3,658,000
Interest on net OPEB obligation	600,000
Adjustment to ARC	<u>(1,009,000)</u>
Annual OPEB cost	3,249,000
Contributions made	<u>(737,600)</u>
Increase in net OPEB obligation	2,511,400
Net OPEB Obligation - beginning of year	<u>13,328,600</u>
 Net OPEB Obligation - end of year	 <u>\$ 15,840,000</u>

The contribution rate of 20% is based on the ARC of \$3,658,000, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over a thirty year period.

Annual OPEB Costs and Net OPEB Obligation

For the fiscal year 2012-2013, the City's annual OPEB cost (expense) was \$3,249,000. The City's annual OPEB cost, the actual contributions, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three years ended June 30, 2013, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/11	\$ 4,969,981	\$ 319,761	6.0 %	\$ 8,449,913
06/30/12	5,458,501	579,814	11.0 %	13,328,600
06/30/13	3,249,000	737,600	22.7 %	15,840,000

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

9. OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED):

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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Liability (Excess Assets) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2010	\$ -	\$ 16,178,000	\$ 16,178,000	0.0 %	\$ 17,302,000	93.50 %
6/30/2011	-	35,872,000	35,872,000	0.0 %	18,983,000	188.97 %
6/30/2013	-	36,371,000	36,371,000	0.0 %	17,391,000	209.14 %

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, 2011, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.50% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 10.9% beginning January 1, 2010, and reduced by decrements to an ultimate rate of 4.5% after seven years. A general inflation rate was assumed to increase at a rate of 3% per annum. 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 6 years. The number of active participants is 263.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

10. STADIUM OPERATING LEASE:

The City of Lancaster leases the Lancaster Municipal Stadium to Hawks Nest 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.

11. 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, 2013, (latest information available), Antelope Valley Transit Authority's financial position was as follows:

Assets	<u>\$ 71,668,640</u>
Liabilities	\$ 4,829,260
Net Position	<u>66,839,380</u>
Total Liabilities and Net Position	<u>\$ 71,668,640</u>
Revenues	\$ 43,183,671
Expenses	<u>24,979,802</u>
Changes in Net Position	<u>\$ 18,203,869</u>

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

11. ANTELOPE VALLEY TRANSIT AUTHORITY JOINT VENTURES (CONTINUED):

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. The City does not have a financial responsibility because the Authority do not depend on revenue from the City to continue existence.

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

12. 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, 2013, \$899,000 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, 2013, 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 2012 and 2013 were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2011 - 2012	\$ 1,037,000	\$ 579,593	\$ (490,593)	\$ 1,126,000
2012 - 2013	1,126,000	(50,230)	(176,770)	899,000

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.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

13. 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.

14. CONSTRUCTION COMMITMENTS:

The following material construction commitments existed at June 30, 2013:

Project Name:	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2013</u>	<u>Remaining Commitments</u>
Downtown Infrastructure	\$ 21,345,334	\$ 11,342,250	\$ 8,878
2009 Pavement Management Program	5,491,154	1,437,791	17,145
2012 Pavement Management Program	735,972	56,360	679,612
Avenue M widening 30 th - 40 th West	1,674,560	1,342,392	18,337
Ave I/Hwy 14 Intersection	22,508,549	7,733,041	1,970,694
K-15 Business Park Imp	1,302,415	43,748	1,180,938

15. TRANSACTIONS WITH THE STATE OF CALIFORNIA:

Proposition 1 A 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. The City received the payment plus interest on July 22, 2013.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

On June 29, 2011, Assembly Bills 1x 26 (the “Dissolution Act”) and 1x 27 were enacted as part of the fiscal year 2011-12 state budget package.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each “Dissolved RDA”) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On January 10, 2012, the City elected to serve as the Successor Agency of the Redevelopment Agency of the City of Lancaster.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA’s housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. On January 24, 2012, the City of Lancaster Housing Authority elected to serve as the Housing Successor Agency.

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Housing Authority Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller, the California Department of Finance (the "DOF") and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency the amounts due on the Successor Agency's enforceable obligations for the upcoming six-month period.

The Successor Agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

As part of the dissolution process AB1484 required the Successor Agency to have due diligence reviews of both the low and moderate income housing funds and all other funds to be completed by October 15, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. The Successor Agency remitted a total of \$118,244 to the CAC on March 12, 2013.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The DOF issued a Finding of Completion on August 7, 2013, in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews.

On January 17, 2011, the Board of Directors of the Redevelopment Agency approved the transfer of land amounting to \$ 14,482,945 to the City as a repayment of advances with City. The Department of Finance disallowed the transfer. During the fiscal year the City transferred the land back to the Successor Agency and reported transfer as an extraordinary loss.

The Finding of Completion allowed the placement of loan agreements between the former redevelopment agency and the City on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes. Loan repayments could begin in the 2013-14 fiscal year as governed by the criteria in the health and code safety section. The oversight board adopted Resolution Nos. OB 23-13 through OB 46-13 which amended and restated the agreements between the City and the former RDA was for legitimate redevelopment purposes and therefore, should be recognized as enforceable obligations. The DOF will consider the enforceability of these loan agreements once repayments requests are placed on the ROPS. When the repayments begin, 20% of the repayments of the loan agreement amounts are to be allocated to the Low and Moderate Housing Asset Special Revenue Fund maintained by the Lancaster Housing Authority Fund.

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

17. SUCCESSOR AGENCY DISCLOSURES:

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency of the City of Lancaster Redevelopment Agency on February 1, 2012 as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosures related to Private-Purpose Trust Fund are as follows:

LONG-TERM LIABILITIES:

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Balance			Balance			Due	Due in
	July 1, 2012	Additions	Deletions	June 30, 2013	Within	One Year	More Than	One Year
Residential Project Area								
2003 Development	\$ 5,451,259	\$ -	\$ (93,171)	\$ 5,358,088	\$ 96,129	\$	\$ 5,261,959	
2003B Development	1,323,229	-	(65,944)	1,257,285	68,668		1,188,617	
2004B Development	980,231	-	(20,517)	959,714	21,494		938,220	
2004 Sheriff's Facilities	1,791,267	-	(114,900)	1,676,367	118,346		1,558,021	
2004 Fire Facilities	928,929	-	(59,972)	868,957	61,886		807,071	
2004 Library	204,356	-	(7,917)	196,439	8,165		188,274	
2006 Development	<u>267,337</u>	<u>-</u>	<u>(8,271)</u>	<u>259,066</u>	<u>8,628</u>		<u>250,438</u>	
Total	<u>10,946,608</u>	<u>-</u>	<u>(370,692)</u>	<u>10,575,916</u>	<u>383,316</u>		<u>10,192,600</u>	
Central Business District								
Project Area								
1994 Refunding	1,025,000	-	(60,000)	965,000	65,000		900,000	
2004 Sheriff's Facilities	456,845	-	(29,300)	427,545	30,179		397,366	
2004 Fire Facilities	194,375	-	(12,549)	181,826	12,950		168,876	
2004 Library	39,581	-	(1,534)	38,047	1,582		36,465	
2010 Lease Revenue	<u>5,320,000</u>	<u>-</u>	<u>(120,000)</u>	<u>5,200,000</u>	<u>125,000</u>		<u>5,075,000</u>	
Total	<u>7,035,801</u>	<u>-</u>	<u>(223,383)</u>	<u>6,812,418</u>	<u>234,711</u>		<u>6,577,707</u>	
Fox Field Project Area								
2004 Sheriff's Facilities	305,567	-	(19,600)	285,967	20,188		265,779	
2004 Fire Facilities	187,824	-	(12,126)	175,698	12,513		163,185	
2004 Library	35,320	-	(1,368)	33,952	1,411		32,541	
2006 Development	<u>2,196,096</u>	<u>-</u>	<u>(67,832)</u>	<u>2,128,264</u>	<u>70,760</u>		<u>2,057,504</u>	
Total	<u>2,724,807</u>	<u>-</u>	<u>(100,926)</u>	<u>2,623,881</u>	<u>104,872</u>		<u>2,519,009</u>	

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

	Balance			Balance			Due	Due in
	July 1, 2012	Additions	Deletions	June 30, 2013	Within	One Year	More Than	One Year
<u>Amargosa Project Area</u>								
1999 Refunding	\$ 2,415,000	\$ -	\$ (80,000)	\$ 2,335,000	\$ 90,000	\$	2,245,000	
2003 Development	4,521,582	-	(77,282)	4,444,300	79,735		4,364,565	
2003B Development	7,554,499	-	(376,481)	7,178,018	392,038		6,785,980	
2004B Development	2,224,364	-	(46,683)	2,177,681	48,906		2,128,775	
2004 Sheriff's Facilities	2,993,246	-	(192,000)	2,801,246	197,760		2,603,486	
2004 Fire Facilities	1,533,888	-	(99,030)	1,434,858	102,191		1,332,667	
2004 Library	342,385	-	(13,264)	329,121	13,679		315,442	
2006 Development	<u>4,453,330</u>	<u>-</u>	<u>(137,610)</u>	<u>4,315,720</u>	<u>143,550</u>		<u>4,172,170</u>	
Total	<u>26,038,294</u>	<u>-</u>	<u>(1,022,350)</u>	<u>25,015,944</u>	<u>1,067,859</u>		<u>23,948,085</u>	
<u>Project Area 5</u>								
2003 Development	14,503,809	-	(247,892)	14,255,917	255,762		14,000,155	
2003B Development	1,191,294	-	(59,367)	1,131,927	61,821		1,070,106	
2004B Development	3,551,814	-	(74,298)	3,477,516	77,835		3,399,681	
2004 School Refunding	1,906,523	-	(33,925)	1,872,598	35,282		1,837,316	
2004 Sheriff's Facilities	4,580,367	-	(293,800)	4,286,567	302,614		3,983,953	
2004 Fire Facilities	2,239,335	-	(144,571)	2,094,764	149,185		1,945,579	
2004 Library	534,984	-	(20,725)	514,259	21,373		492,886	
2006 Development	3,787,014	-	(117,038)	3,669,976	122,090		3,547,886	
2006 School	<u>4,523,953</u>	<u>-</u>	<u>(82,455)</u>	<u>4,441,498</u>	<u>89,625</u>		<u>4,351,873</u>	
Total	<u>36,819,093</u>	<u>-</u>	<u>(1,074,071)</u>	<u>35,745,022</u>	<u>1,115,587</u>		<u>34,629,435</u>	
<u>Project Area 6</u>								
2003 Development	12,383,350	-	(211,655)	12,171,695	218,374		11,953,321	
2003B Development	2,070,978	-	(103,208)	1,967,770	107,472		1,860,298	
2004B Development	3,278,591	-	(68,502)	3,210,089	71,764		3,138,325	
2004 School Refunding	5,118,477	-	(91,075)	5,027,402	94,718		4,932,684	
2004 Sheriff's Facilities	5,186,759	-	(332,700)	4,854,059	342,681		4,511,378	
2004 Fire Facilities	2,195,648	-	(141,752)	2,053,896	146,276		1,907,620	
2004 Library	2,853,532	-	(110,549)	2,742,983	114,004		2,628,979	
2006 Development	11,791,222	-	(364,250)	11,426,972	379,973		11,046,999	
2006 School	<u>8,096,047</u>	<u>-</u>	<u>(147,545)</u>	<u>7,948,502</u>	<u>160,375</u>		<u>7,788,127</u>	
Total	<u>52,974,604</u>	<u>-</u>	<u>(1,571,236)</u>	<u>51,403,368</u>	<u>1,635,637</u>		<u>49,767,731</u>	

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CITY OF LANCASTER

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(CONTINUED)

June 30, 2013

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

	Balance			Balance			Due	Due in
	July 1, 2012	Additions	Deletions	June 30, 2013	Within	One Year	More Than	One Year
<u>Project Area 7</u>								
2004 Sheriff's Facilities	\$ 275,950	\$ -	\$ (17,700)	\$ 258,250	\$ 18,231		\$ 240,019	
2004 Library	<u>119,843</u>	<u>-</u>	<u>(4,642)</u>	<u>115,201</u>	<u>4,787</u>		<u>110,414</u>	
Total	<u>395,793</u>	<u>-</u>	<u>(22,342)</u>	<u>373,451</u>	<u>23,018</u>		<u>350,433</u>	
<u>Combined Low and Moderate Housing</u>								
1997 Mobile Home	2,465,000	-	(95,000)	2,370,000	100,000		2,270,000	
2003 Housing	54,595,000	-	(1,090,000)	53,505,000	1,145,000		52,360,000	
2003B Housing	14,345,000	-	(400,000)	13,945,000	415,000		13,530,000	
2004 Housing	11,770,000	-	(250,000)	11,520,000	265,000		11,255,000	
2009 Housing	<u>36,835,000</u>	<u>-</u>	<u>(690,000)</u>	<u>36,145,000</u>	<u>715,000</u>		<u>35,430,000</u>	
Total	<u>120,010,000</u>	<u>-</u>	<u>(2,525,000)</u>	<u>117,485,000</u>	<u>2,640,000</u>		<u>114,845,000</u>	
Total Successor Agency	256,945,000	-	(6,910,000)	250,035,000	7,205,000		242,830,000	
Unamortized original issue (discount) or premium	<u>5,067,525</u>	<u>-</u>	<u>(289,602)</u>	<u>4,777,923</u>	<u>-</u>		<u>4,777,923</u>	
Net Long-Term Debt	<u>\$ 262,012,525</u>	<u>\$ -</u>	<u>\$ (7,199,602)</u>	<u>\$ 254,812,923</u>	<u>\$ 7,205,000</u>		<u>\$ 247,607,923</u>	

Combined Tax Allocation Notes and Bonds

- 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.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Combined Tax Allocation Notes and Bonds (Continued)

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		13,450,000
Total	\$	<u>25,660,000</u>

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

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Combined Tax Allocation Notes and Bonds (Continued)

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.
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.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Combined Tax Allocation Notes and Bonds (Continued)

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

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Combined Tax Allocation Notes and Bonds (Continued)

11. (Continued):

The principal portion of these bonds has been allocated to the following project areas:

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

13. 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.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Central Business District Project Area

1. On January 1, 1994, the Agency issued \$3,065,000 of Lancaster Central Business District Redevelopment Project Area, Tax Allocation Refunding Bonds, Issue of 1994. The principal portion of these bonds is payable from August 1, 1994 to August 1, 2023. Interest is payable semi-annually on February 1 and August 1 each year commencing August 1, 1994, at rates of 3.00% to 6.125% per annum. The proceeds of these bonds was utilized to defease \$1,055,000 of the Tax Allocation Refunding Bonds, Issue of 1986, and \$1,900,000 of Subordinated Tax Allocation Refunding Notes, Issue of 1988.
2. On April 22, 2010, the Agency issue \$5,555,000 of Lancaster Redevelopment Agency, Lease Revenue Refunding Bonds (Lancaster Public Capital Improvement Projects), Issue of 2010. The purpose of these bonds was to (i) refund on a current basis the Lancaster Redevelopment Agency Lease Revenue Refunding Bonds (Lancaster Public Capital Improvement Projects) Issue of 1999, (ii) fund the Reserve Account, and (iii) pay costs of issuance of the Bonds. The principal portion of these bonds is payable from December 1, 2010 to December 1, 2035. Interest is payable semi-annually at rates of 2.0% to 5.9% per annum, commencing December 1, 2010. The Bonds are payable from Lease Payments to be made by the City of Lancaster to the Agency or its assignee. The property covered by the Lease consists of the Lancaster Performing Arts Center. Neither the Bonds nor the obligation of the City to make Lease Payments under the Lease Agreement constitutes an indebtedness of the City, the Agency, the State of California or any political subdivision thereof, within the meaning of the Constitution of the State of California or otherwise.

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.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Amargosa Redevelopment Project (Continued)

1. (Continued):

The annual requirements to amortize the outstanding bond indebtedness for the Lancaster Redevelopment Agency Bonds and Notes, as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 7,205,000	\$ 12,754,957	\$ 19,959,957
2015	7,640,000	12,427,743	20,067,743
2016	7,990,000	12,058,140	20,048,140
2017	8,375,000	11,661,540	20,036,540
2018	8,775,000	11,237,190	20,012,190
2019 - 2023	49,750,000	49,116,306	98,866,306
2024 - 2028	51,590,000	36,380,878	87,970,878
2029 - 2033	57,135,000	22,918,732	80,053,732
2034 - 2038	42,185,000	8,456,171	50,641,171
2039 - 2042	9,390,000	617,969	10,007,969
Totals	<u>\$ 250,035,000</u>	<u>\$ 177,629,626</u>	<u>\$ 427,664,626</u>

On June 14, 2012, Moody's Investors Service ("Moody's") downgraded all California tax allocation bonds rated 'Baa3' and above. As such, the Bonds' insured rating was downgraded from 'A3' to 'Ba1' and underlying rating was downgraded from 'A3' to 'Ba1'. According to Moody's, all California tax allocation bond ratings remain on review for possible withdrawal.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

ADVANCES FROM CITY OF LANCASTER

1. SERAF Advance:

Advances were made in previous years in the amount of \$24,303,115 to assist in accomplishing payment to the Educational Revenue Augmentation Fund from the former redevelopment agency low and moderate income housing fund. The advances are now payable to the Lancaster Housing Authority as a result of the dissolution of redevelopment.

2. Administrative Loans:

During the fiscal year, the City made several administrative loans to the Successor agency totaling \$1,006,978. The loans bear interest rate equal to LAIF rates. Outstanding balance at June 30, 2013 was \$1,006,978.

PLEGGED REVENUE

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1 X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$427,664,626 with annual debt service requirements as indicated below. For the current year, the total property tax revenue recognized by the City and Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$22,982,806 and the debt service obligation on the bonds was \$18,353,076.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

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, 2013, the following bond issues are considered defeased:

	<u>Original Amount</u>
Combined Redevelopment Project Areas:	
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
Residential Project Area:	
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 Refund Bonds, Issue of 1986	1,800,000
Fox Project Area:	
Tax Allocation Refunding Bonds, Issue of 1984	3,050,000
Amargosa Redevelopment Project Area:	
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

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

DEFEASANCE OF DEBT (CONTINUED)

	<u>Original Amount</u>
Project Area Number 5:	
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
 Project Area Number 6:	
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	<u>3,650,000</u>
 Total	 <u>\$ 273,085,000</u>

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.

INSURANCE

The Successor Agency is covered under the City's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 12.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

18. RESTATEMENTS OF NET POSITION:

Note 1d describes the GASB pronouncements the City is adopting for this fiscal year. There is a financial impact for the adoption of GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". Implementation of GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", reclassifies certain assets and liabilities to deferred inflows and outflows.

The implementation of GASB Statement No. 65 requires the recognition of costs of issuance when incurred and is applied retroactively by restating financial statements, if practical for all periods presented. The implementation of GASB No. 65 resulted in reducing net position of the business-type activity and the Successor Agency Private-Purpose Trust Fund in the amount of \$536,708 and \$6,415,790, respectively, as of July 1, 2012, to remove unamortized bond issue costs previously reported as deferred costs.

In addition, the net position of the governmental activities was increased by \$22,269,665 to correct balances of capital assets and the net position of the Successor Agency Private-Purpose Trust Fund was increased by \$450,858 to remove a liability that should have been recognized as revenue in the prior year.

19. SUBSEQUENT EVENTS:

Events occurring after June 30, 2013 have been evaluated for possible adjustments to the financial statements or disclosure as of January 22, 2014, which is the date these financial statements were available to be issued.

See independent auditors' report.

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SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF LANCASTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2013

	Special Revenue Funds			
	Gas Tax	Community Services	Landscape Maintenance District	Housing and Community Development
ASSETS:				
Pooled cash and investments	\$ 226,094	\$ 90,611	\$ 2,598,498	\$ 3,322,877
Receivables:				
Accounts	7,935	-	721	-
Taxes	-	-	18,634	-
Accrued interest	-	-	6,456	-
Due from other governments	859	-	-	895,164
Land held for resale	-	-	-	718,981
TOTAL ASSETS	\$ 234,888	\$ 90,611	\$ 2,624,309	\$ 4,937,022
LIABILITIES:				
Accounts payable	\$ 163,026	\$ 9,406	\$ 105,366	\$ 33,448
Accrued liabilities	71,305	-	11,094	12,475
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	598,044
TOTAL LIABILITIES	234,331	9,406	116,460	643,967
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	-	-	-	201,080
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	201,080
FUND BALANCES (DEFICITS):				
Nonspendable:				
Land held for resale	-	-	-	718,981
Restricted:				
Community development projects	-	81,205	-	3,372,994
Public safety	557	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	2,507,849	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	557	81,205	2,507,849	4,091,975
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 234,888	\$ 90,611	\$ 2,624,309	\$ 4,937,022

See independent auditors' report.

Special Revenue Funds (Continued)

Transportation Development Authority	Proposition A	Bikeway Improvement	Proposition C	Federal Grants	Parks Development	County and Other
\$ 826,241	\$ 2,143,879	\$ 228,560	\$ 5,838,079	\$ 464,676	\$ 1,006,996	\$ 6,041
-	-	-	-	190,977	-	-
-	-	-	-	-	-	-
823	4,953	568	14,067	-	2,502	-
3,689,316	-	5,634	-	165,606	-	-
-	-	-	-	-	-	-
<u>\$ 4,516,380</u>	<u>\$ 2,148,832</u>	<u>\$ 234,762</u>	<u>\$ 5,852,146</u>	<u>\$ 821,259</u>	<u>\$ 1,009,498</u>	<u>\$ 6,041</u>
\$ -	\$ 2,175	\$ -	\$ -	\$ 3,351	\$ -	\$ -
-	1,419	-	-	5,421	-	-
1,260	-	-	-	-	-	-
-	19,927	-	-	-	-	-
-	-	-	-	343,401	-	239,275
<u>1,260</u>	<u>23,521</u>	<u>-</u>	<u>-</u>	<u>352,173</u>	<u>-</u>	<u>239,275</u>
-	-	-	-	181,510	-	-
-	-	-	-	181,510	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,515,120	2,125,311	234,762	5,852,146	287,576	1,009,498	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(233,234)
<u>4,515,120</u>	<u>2,125,311</u>	<u>234,762</u>	<u>5,852,146</u>	<u>287,576</u>	<u>1,009,498</u>	<u>(233,234)</u>
<u>\$ 4,516,380</u>	<u>\$ 2,148,832</u>	<u>\$ 234,762</u>	<u>\$ 5,852,146</u>	<u>\$ 821,259</u>	<u>\$ 1,009,498</u>	<u>\$ 6,041</u>

(Continued)

CITY OF LANCASTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2013

	Special Revenue Funds (Continued)			
	Developer Fees - Signals	Developer Fees - Drainage	Recycled Water	Biological Impact Fees
ASSETS:				
Pooled cash and investments	\$ 5,046,387	\$ 4,158,756	\$ -	\$ 604,948
Receivables:				
Accounts	98,058	234,028	-	1,979
Taxes	-	-	-	-
Accrued interest	12,541	10,334	-	1,503
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
TOTAL ASSETS	\$ 5,156,986	\$ 4,403,118	\$ -	\$ 608,430
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 415	\$ -
Accrued liabilities	-	-	2,203	-
Unearned revenues	-	-	186,013	-
Deposits payable	-	-	11,987	-
Due to other funds	-	-	210,746	-
TOTAL LIABILITIES	-	-	411,364	-
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	98,058	234,028	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	98,058	234,028	-	-
FUND BALANCES (DEFICITS):				
Nonspendable:				
Land held for resale	-	-	-	-
Restricted:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	5,058,928	4,169,090	-	608,430
Debt service	-	-	-	-
Unassigned	-	-	(411,364)	-
TOTAL FUND BALANCES (DEFICITS)	5,058,928	4,169,090	(411,364)	608,430
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,156,986	\$ 4,403,118	\$ -	\$ 608,430

See independent auditors' report.

Special Revenue Funds (Continued)

Traffic Impact Fees	AB2766 AQMD	Lancaster Lighting District	Lancaster Drainage Maintenance District	Miscellaneous Grants	Traffic Safety	Engineering Fees	LA County Reimbursement
\$ 4,845,650	\$ 139,202	\$ 313,619	\$ 828,190	\$ 26,967	\$ -	\$ -	\$ -
210,494	-	-	1,999	-	-	24,007	-
-	-	122,980	58,287	-	-	-	-
12,042	346	-	2,058	29	-	10	-
-	-	-	-	-	24,790	-	16,929
-	-	-	-	-	-	-	-
<u>\$ 5,068,186</u>	<u>\$ 139,548</u>	<u>\$ 436,599</u>	<u>\$ 890,534</u>	<u>\$ 26,996</u>	<u>\$ 24,790</u>	<u>\$ 24,017</u>	<u>\$ 16,929</u>
\$ -	\$ -	\$ 270,841	\$ 51,134	\$ -	\$ -	\$ 13	\$ 4,561
-	-	41,701	38,714	-	-	49,933	-
-	-	-	-	-	-	3,795	-
-	-	-	-	-	-	4,813	-
-	-	-	-	377,959	-	50,764	165,978
-	-	312,542	89,848	377,959	-	109,318	170,539
210,494	-	-	-	-	-	-	9,679
210,494	-	-	-	-	-	-	9,679
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	24,790	-	-
-	-	-	-	-	-	-	-
4,857,692	139,548	124,057	800,686	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(350,963)	-	(85,301)	(163,289)
4,857,692	139,548	124,057	800,686	(350,963)	24,790	(85,301)	(163,289)
<u>\$ 5,068,186</u>	<u>\$ 139,548</u>	<u>\$ 436,599</u>	<u>\$ 890,534</u>	<u>\$ 26,996</u>	<u>\$ 24,790</u>	<u>\$ 24,017</u>	<u>\$ 16,929</u>

(Continued)

CITY OF LANCASTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2013

	Special Revenue Funds (Continued)			
	MTA Grant	Urban Structure Program	Mariposa Lily	Sewer Maintenance District
ASSETS:				
Pooled cash and investments	\$ -	\$ 2,436,624	\$ 53,939	\$ 5,642,414
Receivables:				
Accounts	-	24,275	-	650
Taxes	-	-	-	73,215
Accrued interest	-	6,053	133	15,248
Due from other governments	307,847	-	-	-
Land held for resale	-	-	-	-
TOTAL ASSETS	\$ 307,847	\$ 2,466,952	\$ 54,072	\$ 5,731,527
LIABILITIES:				
Accounts payable	\$ 35,145	\$ -	\$ -	\$ 18,242
Accrued liabilities	-	-	-	78,362
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	272,702	-	-	-
TOTAL LIABILITIES	307,847	-	-	96,604
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	307,847	24,275	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	307,847	24,275	-	-
FUND BALANCES (DEFICITS):				
Nonspendable:				
Land held for resale	-	-	-	-
Restricted:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	2,208,338	-	-
Public works	-	234,339	54,072	5,634,923
Debt service	-	-	-	-
Unassigned	(307,847)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	(307,847)	2,442,677	54,072	5,634,923
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 307,847	\$ 2,466,952	\$ 54,072	\$ 5,731,527

See independent auditors' report.

Special Revenue Funds (Continued)				Debt Service Funds		Total
Proposition 1B	Proposition 42	HPRP	Measure R	Lancaster Housing Authority	Lancaster Financing Authority	Other Governmental Funds
\$ 469,542	\$ 966,743	\$ -	\$ 3,353,076	\$ -	\$ 144,917	\$ 45,783,526
-	-	-	-	-	-	795,123
-	-	-	-	-	-	273,116
1,167	2,403	-	7,999	-	360	101,595
-	-	-	-	-	-	5,106,145
-	-	-	-	-	-	718,981
<u>\$ 470,709</u>	<u>\$ 969,146</u>	<u>\$ -</u>	<u>\$ 3,361,075</u>	<u>\$ -</u>	<u>\$ 145,277</u>	<u>\$ 52,778,486</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 697,123
-	-	-	-	-	-	312,627
-	-	-	-	-	-	191,068
-	-	-	-	-	-	36,727
-	-	2,522	-	-	-	2,261,391
-	-	2,522	-	-	-	3,498,936
-	-	-	-	-	-	1,266,971
-	-	-	-	-	-	1,266,971
-	-	-	-	-	-	718,981
-	-	-	-	-	-	3,454,199
-	-	-	-	-	-	25,347
-	-	-	-	-	-	2,208,338
470,709	969,146	-	3,361,075	-	-	43,014,957
-	-	-	-	-	145,277	145,277
-	-	(2,522)	-	-	-	(1,554,520)
<u>470,709</u>	<u>969,146</u>	<u>(2,522)</u>	<u>3,361,075</u>	<u>-</u>	<u>145,277</u>	<u>48,012,579</u>
<u>\$ 470,709</u>	<u>\$ 969,146</u>	<u>\$ -</u>	<u>\$ 3,361,075</u>	<u>\$ -</u>	<u>\$ 145,277</u>	<u>\$ 52,778,486</u>

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2013

	Special Revenue Funds			
	Gas Tax	Community Services	Landscape Maintenance District	Housing and Community Development
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	3,663,547	-	-	2,896,256
Charges for services	8,113	-	1,654,525	-
Use of money and property	(203)	-	(215)	1,514,252
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	15,490	-	-
TOTAL REVENUES	<u>3,671,457</u>	<u>15,490</u>	<u>1,654,310</u>	<u>4,410,508</u>
EXPENDITURES:				
Current:				
General government	225	13,863	28	131,327
Public safety	-	-	-	-
Community development	-	23,788	-	1,785,307
Parks and recreation	-	-	-	-
Public works	3,415,821	-	1,202,938	-
Housing	-	-	-	156,382
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	333,000
Interest and fiscal charges	-	-	-	149,598
TOTAL EXPENDITURES	<u>3,416,046</u>	<u>37,651</u>	<u>1,202,966</u>	<u>2,555,614</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>255,411</u>	<u>(22,161)</u>	<u>451,344</u>	<u>1,854,894</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	913,000	-	-	-
Transfers out	<u>(1,168,505)</u>	<u>(31,000)</u>	<u>(225,756)</u>	<u>(172,389)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(255,505)</u>	<u>(31,000)</u>	<u>(225,756)</u>	<u>(172,389)</u>
NET CHANGE IN FUND BALANCES	(94)	(53,161)	225,588	1,682,505
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>651</u>	<u>134,366</u>	<u>2,282,261</u>	<u>2,409,470</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 557</u>	<u>\$ 81,205</u>	<u>\$ 2,507,849</u>	<u>\$ 4,091,975</u>

See independent auditors' report.

Special Revenue Funds (Continued)

Transportation Development Authority	Proposition A	Bikeway Improvement	Proposition C	Federal Grants	Parks Development	County and Other
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	119,268	-
3,689,316	2,254,127	238,000	1,857,135	533,008	-	-
-	-	-	-	-	-	-
14,987	271	(619)	1,710	-	499	-
-	-	-	-	-	-	-
-	-	-	-	-	-	5,000
-	-	-	-	-	-	-
<u>3,704,303</u>	<u>2,254,398</u>	<u>237,381</u>	<u>1,858,845</u>	<u>533,008</u>	<u>119,767</u>	<u>5,000</u>
-	2,403,536	-	-	-	-	-
-	-	-	-	29,605	-	-
-	-	-	-	-	-	-
-	-	-	-	20,880	-	368
-	-	-	11,165	6,748	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>2,403,536</u>	<u>-</u>	<u>11,165</u>	<u>57,233</u>	<u>-</u>	<u>368</u>
<u>3,704,303</u>	<u>(149,138)</u>	<u>237,381</u>	<u>1,847,680</u>	<u>475,775</u>	<u>119,767</u>	<u>4,632</u>
-	-	-	-	-	-	-
<u>(4,920,772)</u>	<u>(140,043)</u>	<u>(2,602)</u>	<u>(2,370,571)</u>	<u>(660,320)</u>	<u>-</u>	<u>-</u>
<u>(4,920,772)</u>	<u>(140,043)</u>	<u>(2,602)</u>	<u>(2,370,571)</u>	<u>(660,320)</u>	<u>-</u>	<u>-</u>
(1,216,469)	(289,181)	234,779	(522,891)	(184,545)	119,767	4,632
<u>5,731,589</u>	<u>2,414,492</u>	<u>(17)</u>	<u>6,375,037</u>	<u>472,121</u>	<u>889,731</u>	<u>(237,866)</u>
<u>\$ 4,515,120</u>	<u>\$ 2,125,311</u>	<u>\$ 234,762</u>	<u>\$ 5,852,146</u>	<u>\$ 287,576</u>	<u>\$ 1,009,498</u>	<u>\$ (233,234)</u>

(Continued)

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

For the year ended June 30, 2013

	Special Revenue Funds (Continued)			
	Developer Fees - Signals	Developer Fees - Drainage	Recycled Water	Biological Impact Fees
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	284,565	505,133	-	292,337
Intergovernmental	-	-	-	-
Charges for services	-	-	949	-
Use of money and property	2,919	3,168	-	760
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>287,484</u>	<u>508,301</u>	<u>949</u>	<u>293,097</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	67,627	-
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>67,627</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>287,484</u>	<u>508,301</u>	<u>(66,678)</u>	<u>293,097</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	206,383	-	217,000	-
Transfers out	<u>(31,191)</u>	<u>(165,535)</u>	<u>(50,201)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>175,192</u>	<u>(165,535)</u>	<u>166,799</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	462,676	342,766	100,121	293,097
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>4,596,252</u>	<u>3,826,324</u>	<u>(511,485)</u>	<u>315,333</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 5,058,928</u>	<u>\$ 4,169,090</u>	<u>\$ (411,364)</u>	<u>\$ 608,430</u>

See independent auditors' report.

Special Revenue Funds (Continued)

Traffic Impact Fees	AB2766 AQMD	Lancaster Lighting District	Lancaster Drainage Maintenance District	Miscellaneous Grants	Traffic Safety	Engineering Fees	LA County Reimbursement
\$ -	\$ -	\$ -	\$ -	\$ 11,505	\$ -	\$ -	\$ -
455,856	-	-	-	-	-	1,438,803	-
-	75,000	-	-	-	-	-	360,686
-	-	4,229,080	1,641,889	-	-	-	-
5,759	251	487	(465)	(15)	1,311	3	-
-	-	-	-	-	409,395	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>461,615</u>	<u>75,251</u>	<u>4,229,567</u>	<u>1,641,424</u>	<u>11,490</u>	<u>410,706</u>	<u>1,438,806</u>	<u>360,686</u>
-	-	-	-	-	-	27,062	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	154,906
-	-	-	-	-	-	-	-
-	-	4,190,014	1,254,228	-	-	1,320,331	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>4,190,014</u>	<u>1,254,228</u>	<u>-</u>	<u>-</u>	<u>1,347,393</u>	<u>154,906</u>
<u>461,615</u>	<u>75,251</u>	<u>39,553</u>	<u>387,196</u>	<u>11,490</u>	<u>410,706</u>	<u>91,413</u>	<u>205,780</u>
-	-	440,000	-	-	-	620,000	-
<u>(939,916)</u>	<u>(130,569)</u>	<u>(354,010)</u>	<u>(803,296)</u>	<u>(10,000)</u>	<u>(419,936)</u>	<u>(700,910)</u>	<u>(206,383)</u>
<u>(939,916)</u>	<u>(130,569)</u>	<u>85,990</u>	<u>(803,296)</u>	<u>(10,000)</u>	<u>(419,936)</u>	<u>(80,910)</u>	<u>(206,383)</u>
<u>(478,301)</u>	<u>(55,318)</u>	<u>125,543</u>	<u>(416,100)</u>	<u>1,490</u>	<u>(9,230)</u>	<u>10,503</u>	<u>(603)</u>
<u>5,335,993</u>	<u>194,866</u>	<u>(1,486)</u>	<u>1,216,786</u>	<u>(352,453)</u>	<u>34,020</u>	<u>(95,804)</u>	<u>(162,686)</u>
<u>\$ 4,857,692</u>	<u>\$ 139,548</u>	<u>\$ 124,057</u>	<u>\$ 800,686</u>	<u>\$ (350,963)</u>	<u>\$ 24,790</u>	<u>\$ (85,301)</u>	<u>\$ (163,289)</u>

(Continued)

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

For the year ended June 30, 2013

	Special Revenue Funds (Continued)			
	MTA Grant	Urban Structure Program	Mariposa Lily	Sewer Maintenance District
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 4,150,127
Licenses and permits	-	246,429	-	-
Intergovernmental	1,718,406	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	1,394	35	(735)
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	59,838
TOTAL REVENUES	<u>1,718,406</u>	<u>247,823</u>	<u>35</u>	<u>4,209,230</u>
EXPENDITURES:				
Current:				
General government	69,312	-	-	2,504
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	3,216,648
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	<u>69,312</u>	<u>-</u>	<u>-</u>	<u>3,219,152</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,649,094</u>	<u>247,823</u>	<u>35</u>	<u>990,078</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>(1,788,821)</u>	<u>(176,811)</u>	<u>-</u>	<u>(1,347,520)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,788,821)</u>	<u>(176,811)</u>	<u>-</u>	<u>(1,347,520)</u>
NET CHANGE IN FUND BALANCES	(139,727)	71,012	35	(357,442)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>(168,120)</u>	<u>2,371,665</u>	<u>54,037</u>	<u>5,992,365</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (307,847)</u>	<u>\$ 2,442,677</u>	<u>\$ 54,072</u>	<u>\$ 5,634,923</u>

See independent auditors' report.

Special Revenue Funds (Continued)				Debt Service Funds		Total Other Governmental Funds
Proposition 1B	Proposition 42	HPRP	Measure R	Lancaster Housing Authority	Lancaster Financing Authority	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,161,632
-	-	-	-	-	-	3,342,391
-	-	289	1,400,623	-	-	18,686,393
-	-	-	-	-	-	7,534,556
308	756	-	2,799	20,667	366	1,570,450
-	-	-	-	-	-	409,395
-	-	-	-	-	-	5,000
-	-	-	-	-	12,752	88,080
<u>308</u>	<u>756</u>	<u>289</u>	<u>1,403,422</u>	<u>20,667</u>	<u>13,118</u>	<u>35,797,897</u>
-	-	-	-	-	-	2,647,857
-	-	-	-	-	-	29,605
-	-	-	-	-	583,611	2,547,612
-	-	-	-	-	-	21,248
-	-	-	-	-	-	14,685,520
-	-	-	-	-	-	156,382
-	-	-	401,253	-	-	401,253
-	-	-	-	6,100,000	-	6,433,000
-	-	-	-	151,715	-	301,313
<u>-</u>	<u>-</u>	<u>-</u>	<u>401,253</u>	<u>6,251,715</u>	<u>583,611</u>	<u>27,223,790</u>
<u>308</u>	<u>756</u>	<u>289</u>	<u>1,002,169</u>	<u>(6,231,048)</u>	<u>(570,493)</u>	<u>8,574,107</u>
-	951	-	-	-	-	2,397,334
<u>-</u>	<u>(895,595)</u>	<u>-</u>	<u>(850,111)</u>	<u>(40,506)</u>	<u>-</u>	<u>(18,603,269)</u>
-	(894,644)	-	(850,111)	(40,506)	-	(16,205,935)
<u>308</u>	<u>(893,888)</u>	<u>289</u>	<u>152,058</u>	<u>(6,271,554)</u>	<u>(570,493)</u>	<u>(7,631,828)</u>
<u>470,401</u>	<u>1,863,034</u>	<u>(2,811)</u>	<u>3,209,017</u>	<u>6,271,554</u>	<u>715,770</u>	<u>55,644,407</u>
<u>\$ 470,709</u>	<u>\$ 969,146</u>	<u>\$ (2,522)</u>	<u>\$ 3,361,075</u>	<u>\$ -</u>	<u>\$ 145,277</u>	<u>\$ 48,012,579</u>

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 651	\$ 651	\$ 651	\$ -
Resources (Inflows):				
Intergovernmental	3,786,780	3,786,780	3,663,547	(123,233)
Charges for services	10,000	10,000	8,113	(1,887)
Use of money and property	-	-	(203)	(203)
Miscellaneous	5,000	5,000	-	(5,000)
Transfers in	910,600	1,200,000	913,000	(287,000)
Amounts Available for Appropriations	4,713,031	5,002,431	4,585,108	(417,323)
Charges to Appropriations (Outflows):				
General government	220	220	225	(5)
Public works	3,611,124	3,611,124	3,415,821	195,303
Transfers out	1,168,505	1,168,505	1,168,505	-
Total Charges to Appropriations	4,779,849	4,779,849	4,584,551	195,298
Budgetary Fund Balance, June 30	\$ (66,818)	\$ 222,582	\$ 557	\$ (222,025)

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COMMUNITY SERVICES SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 134,366	\$ 134,366	\$ 134,366	\$ -
Resources (Inflows):				
Miscellaneous	-	-	15,490	15,490
Amounts Available for Appropriations	134,366	134,366	149,856	15,490
Charges to Appropriations (Outflows):				
General government	-	-	13,863	(13,863)
Community development	78,250	78,250	23,788	54,462
Transfers out	-	31,000	31,000	-
Total Charges to Appropriations	78,250	109,250	68,651	40,599
Budgetary Fund Balance, June 30	\$ 56,116	\$ 25,116	\$ 81,205	\$ 56,089

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LANDSCAPE MAINTENANCE DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,282,261	\$ 2,282,261	\$ 2,282,261	\$ -
Resources (Inflows):				
Charges for services	1,703,000	1,703,000	1,654,525	(48,475)
Use of money and property	19,310	19,310	(215)	(19,525)
Amounts Available for Appropriations	<u>4,004,571</u>	<u>4,004,571</u>	<u>3,936,571</u>	<u>(68,000)</u>
Charges to Appropriations (Outflows):				
General government	-	-	28	(28)
Public works	1,304,730	1,305,450	1,202,938	102,512
Transfers out	-	452,100	225,756	226,344
Total Charges to Appropriations	<u>1,304,730</u>	<u>1,757,550</u>	<u>1,428,722</u>	<u>328,828</u>
Budgetary Fund Balance, June 30	<u>\$ 2,699,841</u>	<u>\$ 2,247,021</u>	<u>\$ 2,507,849</u>	<u>\$ 260,828</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOUSING AND COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,409,470	\$ 2,409,470	\$ 2,409,470	\$ -
Resources (Inflows):				
Intergovernmental	2,201,519	2,201,519	2,896,256	694,737
Use of money and property	-	-	1,514,252	1,514,252
Amounts Available for Appropriations	<u>4,610,989</u>	<u>4,610,989</u>	<u>6,819,978</u>	<u>2,208,989</u>
Charges to Appropriations (Outflows):				
General government	10,175	136,575	131,327	5,248
Community development	557,725	557,725	1,785,307	(1,227,582)
Housing	20,133	148,433	156,382	(7,949)
Debt service:				
Principal retirement	333,000	333,000	333,000	-
Interest and fiscal charges	160,700	160,700	149,598	11,102
Transfers out	<u>482,152</u>	<u>482,152</u>	<u>172,389</u>	<u>309,763</u>
Total Charges to Appropriations	<u>1,563,885</u>	<u>1,818,585</u>	<u>2,728,003</u>	<u>(909,418)</u>
Budgetary Fund Balance, June 30	<u>\$ 3,047,104</u>	<u>\$ 2,792,404</u>	<u>\$ 4,091,975</u>	<u>\$ 1,299,571</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRANSPORTATION DEVELOPMENT AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,731,589	\$ 5,731,589	\$ 5,731,589	\$ -
Resources (Inflows):				
Intergovernmental	3,975,000	3,975,000	3,689,316	(285,684)
Use of money and property	25,000	25,000	14,987	(10,013)
Amounts Available for Appropriations	9,731,589	9,731,589	9,435,892	(295,697)
Charges to Appropriations (Outflows):				
Transfers out	8,509,181	8,798,581	4,920,772	3,877,809
Total Charges to Appropriations	8,509,181	8,798,581	4,920,772	3,877,809
Budgetary Fund Balance, June 30	\$ 1,222,408	\$ 933,008	\$ 4,515,120	\$ 3,582,112

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION A SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,414,492	\$ 2,414,492	\$ 2,414,492	\$ -
Resources (Inflows):				
Intergovernmental	1,904,250	1,904,250	2,254,127	349,877
Use of money and property	-	-	271	271
Amounts Available for Appropriations	<u>4,318,742</u>	<u>4,318,742</u>	<u>4,668,890</u>	<u>350,148</u>
Charges to Appropriations (Outflows):				
General government	2,119,925	2,134,925	2,403,536	(268,611)
Transfers out	<u>903,682</u>	<u>903,682</u>	<u>140,043</u>	<u>763,639</u>
Total Charges to Appropriations	<u>3,023,607</u>	<u>3,038,607</u>	<u>2,543,579</u>	<u>495,028</u>
Budgetary Fund Balance, June 30	<u>\$ 1,295,135</u>	<u>\$ 1,280,135</u>	<u>\$ 2,125,311</u>	<u>\$ 845,176</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BIKEWAY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (17)	\$ (17)	\$ (17)	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	238,000	138,000
Use of money and property	-	-	(619)	(619)
Amounts Available for Appropriations	<u>99,983</u>	<u>99,983</u>	<u>237,364</u>	<u>137,381</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>137,983</u>	<u>237,983</u>	<u>2,602</u>	<u>235,381</u>
Total Charges to Appropriations	<u>137,983</u>	<u>237,983</u>	<u>2,602</u>	<u>235,381</u>
Budgetary Fund Balance, June 30	<u>\$ (38,000)</u>	<u>\$ (138,000)</u>	<u>\$ 234,762</u>	<u>\$ 372,762</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION C SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,375,037	\$ 6,375,037	\$ 6,375,037	\$ -
Resources (Inflows):				
Intergovernmental	1,615,000	1,615,000	1,857,135	242,135
Use of money and property	-	-	1,710	1,710
Amounts Available for Appropriations	<u>7,990,037</u>	<u>7,990,037</u>	<u>8,233,882</u>	<u>243,845</u>
Charges to Appropriations (Outflows):				
Public works	60,700	60,700	11,165	49,535
Transfers out	<u>7,047,838</u>	<u>7,047,838</u>	<u>2,370,571</u>	<u>4,677,267</u>
Total Charges to Appropriations	<u>7,108,538</u>	<u>7,108,538</u>	<u>2,381,736</u>	<u>4,726,802</u>
Budgetary Fund Balance, June 30	<u>\$ 881,499</u>	<u>\$ 881,499</u>	<u>\$ 5,852,146</u>	<u>\$ 4,970,647</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FEDERAL GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 472,121	\$ 472,121	\$ 472,121	\$ -
Resources (Inflows):				
Intergovernmental	3,593,661	3,593,661	533,008	(3,060,653)
Amounts Available for Appropriations	4,065,782	4,065,782	1,005,129	(3,060,653)
Charges to Appropriations (Outflows):				
Public safety	-	78,392	29,605	48,787
Community development	-	475,000	-	475,000
Parks and recreation	-	27,000	20,880	6,120
Public works	-	10,422	6,748	3,674
Transfers out	3,593,661	4,463,271	660,320	3,802,951
Total Charges to Appropriations	3,593,661	5,054,085	717,553	4,336,532
Budgetary Fund Balance, June 30	\$ 472,121	\$ (988,303)	\$ 287,576	\$ 1,275,879

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARKS DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 889,731	\$ 889,731	\$ 889,731	\$ -
Resources (Inflows):				
Licenses and permits	100,000	100,000	119,268	19,268
Use of money and property	2,000	2,000	499	(1,501)
Amounts Available for Appropriations	991,731	991,731	1,009,498	17,767
Budgetary Fund Balance, June 30	\$ 991,731	\$ 991,731	\$ 1,009,498	\$ 17,767

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COUNTY AND OTHER SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (237,866)	\$ (237,866)	\$ (237,866)	\$ -
Resources (Inflows):				
Contributions	-	-	5,000	5,000
Amounts Available for Appropriations	(237,866)	(237,866)	(232,866)	5,000
Charges to Appropriations (Outflows):				
Parks and recreation	-	368	368	-
Total Charges to Appropriations	-	368	368	-
Budgetary Fund Balance (Deficit), June 30	\$ (237,866)	\$ (238,234)	\$ (233,234)	\$ 5,000

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEVELOPER FEES - SIGNALS SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,596,252	\$ 4,596,252	\$ 4,596,252	\$ -
Resources (Inflows):				
Licenses and permits	200,000	200,000	284,565	84,565
Use of money and property	20,000	20,000	2,919	(17,081)
Transfers in	-	206,383	206,383	-
Amounts Available for Appropriations	<u>4,816,252</u>	<u>5,022,635</u>	<u>5,090,119</u>	<u>67,484</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>2,591,932</u>	<u>2,596,581</u>	<u>31,191</u>	<u>2,565,390</u>
Total Charges to Appropriations	<u>2,591,932</u>	<u>2,596,581</u>	<u>31,191</u>	<u>2,565,390</u>
Budgetary Fund Balance, June 30	<u>\$ 2,224,320</u>	<u>\$ 2,426,054</u>	<u>\$ 5,058,928</u>	<u>\$ 2,632,874</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEVELOPER FEES - DRAINAGE SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,826,324	\$ 3,826,324	\$ 3,826,324	\$ -
Resources (Inflows):				
Licenses and permits	450,000	450,000	505,133	55,133
Use of money and property	10,000	10,000	3,168	(6,832)
Amounts Available for Appropriations	4,286,324	4,286,324	4,334,625	48,301
Charges to Appropriations (Outflows):				
Transfers out	3,251,659	3,251,659	165,535	3,086,124
Total Charges to Appropriations	3,251,659	3,251,659	165,535	3,086,124
Budgetary Fund Balance, June 30	\$ 1,034,665	\$ 1,034,665	\$ 4,169,090	\$ 3,134,425

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

RECYCLE WATER SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (511,485)	\$ (511,485)	\$ (511,485)	\$ -
Resources (Inflows):				
Charges for services	1,100	1,100	949	(151)
Transfers in	217,000	217,000	217,000	-
Amounts Available for Appropriations	<u>(293,385)</u>	<u>(293,385)</u>	<u>(293,536)</u>	<u>(151)</u>
Charges to Appropriations (Outflows):				
Public works	95,090	99,090	67,627	31,463
Transfers out	50,201	51,201	50,201	1,000
Total Charges to Appropriations	<u>145,291</u>	<u>150,291</u>	<u>117,828</u>	<u>32,463</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (438,676)</u>	<u>\$ (443,676)</u>	<u>\$ (411,364)</u>	<u>\$ 32,312</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BIOLOGICAL IMPACT FEES SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 315,333	\$ 315,333	\$ 315,333	\$ -
Resources (Inflows):				
Licenses and permits	2,500	262,500	292,337	29,837
Use of money and property	-	250,000	760	(249,240)
Amounts Available for Appropriations	<u>317,833</u>	<u>827,833</u>	<u>608,430</u>	<u>(219,403)</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>173,002</u>	<u>173,002</u>	-	173,002
Total Charges to Appropriations	<u>173,002</u>	<u>173,002</u>	-	173,002
Budgetary Fund Balance, June 30	<u>\$ 144,831</u>	<u>\$ 654,831</u>	<u>\$ 608,430</u>	<u>\$ (46,401)</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRAFFIC IMPACT FEES SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,335,993	\$ 5,335,993	\$ 5,335,993	\$ -
Resources (Inflows):				
Licenses and permits	300,000	440,000	455,856	15,856
Use of money and property	50,000	50,000	5,759	(44,241)
Amounts Available for Appropriations	5,685,993	5,825,993	5,797,608	(28,385)
Charges to Appropriations (Outflows):				
Transfers out	4,458,626	4,458,626	939,916	3,518,710
Total Charges to Appropriations	4,458,626	4,458,626	939,916	3,518,710
Budgetary Fund Balance, June 30	\$ 1,227,367	\$ 1,367,367	\$ 4,857,692	\$ 3,490,325

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AQMD SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 194,866	\$ 194,866	\$ 194,866	\$ -
Resources (Inflows):				
Intergovernmental	75,000	75,000	75,000	-
Use of money and property	1,000	1,000	251	(749)
Amounts Available for Appropriations	270,866	270,866	270,117	(749)
Charges to Appropriations (Outflows):				
Transfers out	270,000	270,000	130,569	139,431
Total Charges to Appropriations	270,000	270,000	130,569	139,431
Budgetary Fund Balance, June 30	\$ 866	\$ 866	\$ 139,548	\$ 138,682

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LANCASTER LIGHTING DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (1,486)	\$ (1,486)	\$ (1,486)	\$ -
Resources (Inflows):				
Charges for services	4,002,000	4,002,000	4,229,080	227,080
Use of money and property	-	-	487	487
Transfers in	790,000	790,000	440,000	(350,000)
Amounts Available for Appropriations	<u>4,790,514</u>	<u>4,790,514</u>	<u>4,668,081</u>	<u>(122,433)</u>
Charges to Appropriations (Outflows):				
Public works	4,553,135	4,553,135	4,190,014	363,121
Transfers out	354,010	354,010	354,010	-
Total Charges to Appropriations	<u>4,907,145</u>	<u>4,907,145</u>	<u>4,544,024</u>	<u>363,121</u>
Budgetary Fund Balance, June 30	<u>\$ (116,631)</u>	<u>\$ (116,631)</u>	<u>\$ 124,057</u>	<u>\$ 240,688</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LANCASTER DRAINAGE MAINTENANCE SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,216,786	\$ 1,216,786	\$ 1,216,786	\$ -
Resources (Inflows):				
Charges for services	1,603,000	1,604,867	1,641,889	37,022
Use of money and property	14,525	14,525	(465)	(14,990)
Amounts Available for Appropriations	<u>2,834,311</u>	<u>2,836,178</u>	<u>2,858,210</u>	<u>22,032</u>
Charges to Appropriations (Outflows):				
General government	1,020	1,020	-	1,020
Public works	1,363,727	1,415,594	1,254,228	161,366
Transfers out	1,229,657	1,229,657	803,296	426,361
Total Charges to Appropriations	<u>2,594,404</u>	<u>2,646,271</u>	<u>2,057,524</u>	<u>588,747</u>
Budgetary Fund Balance, June 30	<u>\$ 239,907</u>	<u>\$ 189,907</u>	<u>\$ 800,686</u>	<u>\$ 610,779</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MISCELLANEOUS GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (352,453)	\$ (352,453)	\$ (352,453)	\$ -
Resources (Inflows):				
Taxes	10,000	10,000	11,505	1,505
Use of money and property	-	-	(15)	(15)
Amounts Available for Appropriations	<u>(342,453)</u>	<u>(342,453)</u>	<u>(340,963)</u>	<u>1,490</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Charges to Appropriations	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (352,453)</u>	<u>\$ (352,453)</u>	<u>\$ (350,963)</u>	<u>\$ 1,490</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRAFFIC SAFETY SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 34,020	\$ 34,020	\$ 34,020	\$ -
Resources (Inflows):				
Use of money and property	5,000	5,000	1,311	(3,689)
Fines and forfeitures	795,000	445,000	409,395	(35,605)
Amounts Available for Appropriations	834,020	484,020	444,726	(39,294)
Charges to Appropriations (Outflows):				
Transfers out	800,000	800,000	419,936	380,064
Total Charges to Appropriations	800,000	800,000	419,936	380,064
Budgetary Fund Balance, June 30	\$ 34,020	\$ (315,980)	\$ 24,790	\$ 340,770

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ENGINEERING FEES SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (95,804)	\$ (95,804)	\$ (95,804)	\$ -
Resources (Inflows):				
Licenses and permits	1,207,000	1,317,000	1,438,803	121,803
Use of money and property	-	-	3	3
Transfers in	798,045	798,045	620,000	(178,045)
Amounts Available for Appropriations	<u>1,909,241</u>	<u>2,019,241</u>	<u>1,963,002</u>	<u>(56,239)</u>
Charges to Appropriations (Outflows):				
General government	44,875	44,875	27,062	17,813
Public works	1,259,260	1,342,260	1,320,331	21,929
Transfers out	700,910	700,910	700,910	-
Total Charges to Appropriations	<u>2,005,045</u>	<u>2,088,045</u>	<u>2,048,303</u>	<u>39,742</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (95,804)</u>	<u>\$ (68,804)</u>	<u>\$ (85,301)</u>	<u>\$ (16,497)</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LA COUNTY REIMBURSEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (162,686)	\$ (162,686)	\$ (162,686)	\$ -
Resources (Inflows):				
Intergovernmental	1,192,980	1,380,284	360,686	(1,019,598)
Amounts Available for Appropriations	1,030,294	1,217,598	198,000	(1,019,598)
Charges to Appropriations (Outflows):				
Community development	-	150,804	154,906	(4,102)
Transfers out	1,043,000	1,249,383	206,383	1,043,000
Total Charges to Appropriations	1,043,000	1,400,187	361,289	1,038,898
Budgetary Fund Balance (Deficit), June 30	\$ (12,706)	\$ (182,589)	\$ (163,289)	\$ 19,300

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MTA GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (168,120)	\$ (168,120)	\$ (168,120)	\$ -
Resources (Inflows):				
Intergovernmental	<u>4,062,563</u>	<u>5,898,563</u>	<u>1,718,406</u>	<u>(4,180,157)</u>
Amounts Available for Appropriations	<u>3,894,443</u>	<u>5,730,443</u>	<u>1,550,286</u>	<u>(4,180,157)</u>
Charges to Appropriations (Outflows):				
General government	-	136,000	69,312	66,688
Transfers out	<u>5,789,510</u>	<u>5,789,510</u>	<u>1,788,821</u>	<u>4,000,689</u>
Total Charges to Appropriations	<u>5,789,510</u>	<u>5,925,510</u>	<u>1,858,133</u>	<u>4,067,377</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (1,895,067)</u>	<u>\$ (195,067)</u>	<u>\$ (307,847)</u>	<u>\$ (112,780)</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

URBAN STRUCTURE PROGRAM SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,371,665	\$ 2,371,665	\$ 2,371,665	\$ -
Resources (Inflows):				
Licenses and permits	317,500	217,500	246,429	28,929
Use of money and property	11,500	11,500	1,394	(10,106)
Amounts Available for Appropriations	<u>2,700,665</u>	<u>2,600,665</u>	<u>2,619,488</u>	<u>18,823</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>1,499,327</u>	<u>2,031,351</u>	<u>176,811</u>	<u>1,854,540</u>
Total Charges to Appropriations	<u>1,499,327</u>	<u>2,031,351</u>	<u>176,811</u>	<u>1,854,540</u>
Budgetary Fund Balance, June 30	<u>\$ 1,201,338</u>	<u>\$ 569,314</u>	<u>\$ 2,442,677</u>	<u>\$ 1,873,363</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MARIPOSA LILY SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 54,037	\$ 54,037	\$ 54,037	\$ -
Resources (Inflows):				
Use of money and property	-	-	35	35
Amounts Available for Appropriations	54,037	54,037	54,072	35
Budgetary Fund Balance, June 30	\$ 54,037	\$ 54,037	\$ 54,072	\$ 35

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SEWER MAINTENANCE DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,992,365	\$ 5,992,365	\$ 5,992,365	\$ -
Resources (Inflows):				
Taxes	4,000,000	4,000,000	4,150,127	150,127
Use of money and property	38,470	38,470	(735)	(39,205)
Miscellaneous	226,800	226,800	59,838	(166,962)
Amounts Available for Appropriations	<u>10,257,635</u>	<u>10,257,635</u>	<u>10,201,595</u>	<u>(56,040)</u>
Charges to Appropriations (Outflows):				
General government	2,504	2,504	2,504	-
Public works	3,251,629	3,337,939	3,216,648	121,291
Transfers out	2,547,520	2,547,520	1,347,520	1,200,000
Total Charges to Appropriations	<u>5,801,653</u>	<u>5,887,963</u>	<u>4,566,672</u>	<u>1,321,291</u>
Budgetary Fund Balance, June 30	<u>\$ 4,455,982</u>	<u>\$ 4,369,672</u>	<u>\$ 5,634,923</u>	<u>\$ 1,265,251</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION 1B SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 470,401	\$ 470,401	\$ 470,401	\$ -
Resources (Inflows):				
Use of money and property	-	-	308	308
Amounts Available for Appropriations	470,401	470,401	470,709	308
Budgetary Fund Balance, June 30	\$ 470,401	\$ 470,401	\$ 470,709	\$ 308

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION 42 SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,863,034	\$ 1,863,034	\$ 1,863,034	\$ -
Resources (Inflows):				
Use of money and property	-	-	756	756
Transfers in	-	-	951	951
Amounts Available for Appropriations	<u>1,863,034</u>	<u>1,863,034</u>	<u>1,864,741</u>	<u>1,707</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>1,497,946</u>	<u>1,572,946</u>	<u>895,595</u>	<u>677,351</u>
Total Charges to Appropriations	<u>1,497,946</u>	<u>1,572,946</u>	<u>895,595</u>	<u>677,351</u>
Budgetary Fund Balance, June 30	<u>\$ 365,088</u>	<u>\$ 290,088</u>	<u>\$ 969,146</u>	<u>\$ 679,058</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HPRP SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (2,811)	\$ (2,811)	\$ (2,811)	\$ -
Resources (Inflows):				
Intergovernmental	-	-	289	289
Amounts Available for Appropriations	(2,811)	(2,811)	(2,522)	289
Budgetary Fund Balance (Deficit), June 30	<u>\$ (2,811)</u>	<u>\$ (2,811)</u>	<u>\$ (2,522)</u>	<u>\$ 289</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,209,017	\$ 3,209,017	\$ 3,209,017	\$ -
Resources (Inflows):				
Intergovernmental	1,200,000	1,385,000	1,400,623	15,623
Use of money and property	-	-	2,799	2,799
Amounts Available for Appropriations	<u>4,409,017</u>	<u>4,594,017</u>	<u>4,612,439</u>	<u>18,422</u>
Charges to Appropriations (Outflows):				
Capital outlay	-	403,026	401,253	1,773
Transfers out	<u>3,922,388</u>	<u>3,519,362</u>	<u>850,111</u>	<u>2,669,251</u>
Total Charges to Appropriations	<u>3,922,388</u>	<u>3,922,388</u>	<u>1,251,364</u>	<u>2,671,024</u>
Budgetary Fund Balance, June 30	<u>\$ 486,629</u>	<u>\$ 671,629</u>	<u>\$ 3,361,075</u>	<u>\$ 2,689,446</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LANCASTER HOUSING AUTHORITY DEBT SERVICE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,271,554	\$ 6,271,554	\$ 6,271,554	\$ -
Resources (Inflows):				
Use of money and property	-	25,000	20,667	(4,333)
Transfers in	6,251,715	6,251,715	-	(6,251,715)
Amounts Available for Appropriations	12,523,269	12,548,269	6,292,221	(6,256,048)
Charges to Appropriations (Outflows):				
Debt service:				
Principal retirement	6,100,000	6,100,000	6,100,000	-
Interest and fiscal charges	151,715	151,715	151,715	-
Transfers out	-	40,506	40,506	-
Total Charges to Appropriations	6,251,715	6,292,221	6,292,221	-
Budgetary Fund Balance, June 30	\$ 6,271,554	\$ 6,256,048	\$ -	\$ (6,256,048)

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LANCASTER FINANCING AUTHORITY DEBT SERVICE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 715,770	\$ 715,770	\$ 715,770	\$ -
Resources (Inflows):				
Use of money and property	-	-	366	366
Miscellaneous	-	-	12,752	12,752
Amounts Available for Appropriations	<u>715,770</u>	<u>715,770</u>	<u>728,888</u>	<u>13,118</u>
Charges to Appropriations (Outflows):				
Community development	-	-	583,611	(583,611)
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>583,611</u>	<u>(583,611)</u>
Budgetary Fund Balance, June 30	<u>\$ 715,770</u>	<u>\$ 715,770</u>	<u>\$ 145,277</u>	<u>\$ (570,493)</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAPITAL PROJECTS FUND - MAJOR FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 509	\$ 509	\$ 509	\$ -
Resources (Inflows):				
Transfers in	<u>50,103,418</u>	<u>51,633,629</u>	<u>14,541,700</u>	<u>(37,091,929)</u>
Amounts Available for Appropriations	<u>50,103,927</u>	<u>51,634,138</u>	<u>14,542,209</u>	<u>(37,091,929)</u>
Charges to Appropriations (Outflows):				
Capital outlay	<u>50,103,418</u>	<u>50,103,418</u>	<u>14,541,700</u>	<u>35,561,718</u>
Total Charges to Appropriations	<u>50,103,418</u>	<u>50,103,418</u>	<u>14,541,700</u>	<u>35,561,718</u>
Budgetary Fund Balance, June 30	<u>\$ 509</u>	<u>\$ 1,530,720</u>	<u>\$ 509</u>	<u>\$ (1,530,211)</u>

See independent auditors' report.

CITY OF LANCASTER

COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS

June 30, 2013

	Assessment District	Agency	AD 93-3	AD 92-101
ASSETS				
Pooled cash and investments	\$ 154,596	\$ 697,761	\$ 662,710	\$ 374,172
Receivable:				
Taxes	-	-	10,350	1,879
Accrued interest	-	-	1,647	930
Restricted:				
Cash and investments with fiscal agents	-	-	452,868	157,606
TOTAL ASSETS	\$ 154,596	\$ 697,761	\$ 1,127,575	\$ 534,587
LIABILITIES				
Accounts payable	\$ -	\$ 17,373	\$ 344	\$ 177
Deposits payable	-	680,388	-	-
Due to bondholders	154,596	-	1,127,231	534,410
TOTAL LIABILITIES	\$ 154,596	\$ 697,761	\$ 1,127,575	\$ 534,587

See independent auditors' report.

<u>IFD 92-1</u>	<u>CFD 89-1</u>	<u>CFD 90-1</u>	<u>CFD 91-1</u>	<u>CFD 91-2</u>	<u>Totals</u>
\$ 2	\$ 616,939	\$ 1,191,184	\$ 1,019,095	\$ 539,734	\$ 5,256,193
-	2,280	7,445	74,365	4,386	100,705
-	1,533	2,960	2,532	1,341	10,943
-	<u>829,917</u>	<u>779,121</u>	<u>535,596</u>	<u>564,973</u>	<u>3,320,081</u>
<u>\$ 2</u>	<u>\$ 1,450,669</u>	<u>\$ 1,980,710</u>	<u>\$ 1,631,588</u>	<u>\$ 1,110,434</u>	<u>\$ 8,687,922</u>
\$ -	\$ 731	\$ 448	\$ 561	\$ 3,665	\$ 23,299
-	-	-	-	15,810	696,198
<u>2</u>	<u>1,449,938</u>	<u>1,980,262</u>	<u>1,631,027</u>	<u>1,090,959</u>	<u>7,968,425</u>
<u>\$ 2</u>	<u>\$ 1,450,669</u>	<u>\$ 1,980,710</u>	<u>\$ 1,631,588</u>	<u>\$ 1,110,434</u>	<u>\$ 8,687,922</u>

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

For the year ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
ASSESSMENT DISTRICTS				
ASSETS:				
Pooled cash and investments	\$ 154,596	\$ -	\$ -	\$ 154,596
TOTAL ASSETS	\$ 154,596	\$ -	\$ -	\$ 154,596
LIABILITIES:				
Due to bondholders	\$ 154,596	\$ -	\$ -	\$ 154,596
TOTAL LIABILITIES	\$ 154,596	\$ -	\$ -	\$ 154,596
AGENCY				
ASSETS:				
Pooled cash and investments	\$ 700,361	\$ 30,107	\$ (32,707)	\$ 697,761
TOTAL ASSETS	\$ 700,361	\$ 30,107	\$ (32,707)	\$ 697,761
LIABILITIES:				
Accounts payable	\$ 738	\$ 47,790	\$ (31,155)	\$ 17,373
Deposits payable	699,623	30,107	(49,342)	680,388
TOTAL LIABILITIES	\$ 700,361	\$ 77,897	\$ (80,497)	\$ 697,761
AD 93-3				
ASSETS:				
Pooled cash and investments	\$ 695,035	\$ 508,789	\$ (541,114)	\$ 662,710
Receivable:				
Taxes	13,188	10,350	(13,188)	10,350
Accrued interest	1,087	1,647	(1,087)	1,647
Restricted:				
Cash and investments with fiscal agents	452,776	488	(396)	452,868
TOTAL ASSETS	\$ 1,162,086	\$ 521,274	\$ (555,785)	\$ 1,127,575
LIABILITIES:				
Accounts payable	\$ 3,415	\$ 533,474	\$ (536,545)	\$ 344
Due to bondholders	1,158,671	522,569	(554,009)	1,127,231
TOTAL LIABILITIES	\$ 1,162,086	\$ 1,056,043	\$ (1,090,554)	\$ 1,127,575

See independent auditors' report.

(Continued)

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
(CONTINUED)

For the year ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
AD 92-101				
ASSETS:				
Pooled cash and investments	\$ 313,265	\$ 273,430	\$ (212,523)	\$ 374,172
Receivable:				
Taxes	6,062	1,879	(6,062)	1,879
Accrued interest	490	930	(490)	930
Restricted:				
Cash and investments with fiscal agents	157,688	289	(371)	157,606
TOTAL ASSETS	<u>\$ 477,505</u>	<u>\$ 276,528</u>	<u>\$ (219,446)</u>	<u>\$ 534,587</u>
LIABILITIES:				
Accounts payable	\$ 1,155	\$ 210,912	\$ (211,890)	\$ 177
Due to bondholders	476,350	277,682	(219,622)	534,410
TOTAL LIABILITIES	<u>\$ 477,505</u>	<u>\$ 488,594</u>	<u>\$ (431,512)</u>	<u>\$ 534,587</u>
IFD 92-1				
ASSETS:				
Pooled cash and investments	\$ 2	\$ -	\$ -	\$ 2
TOTAL ASSETS	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>
LIABILITIES:				
Deposits payable	\$ 2	\$ -	\$ (2)	\$ -
Due to bondholders	-	2	-	2
TOTAL LIABILITIES	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ (2)</u>	<u>\$ 2</u>
CFD 89-1				
ASSETS:				
Pooled cash and investments	\$ 647,073	\$ 442,609	\$ (472,743)	\$ 616,939
Receivable:				
Taxes	21,812	2,280	(21,812)	2,280
Accrued interest	1,012	1,533	(1,012)	1,533
Restricted:				
Cash and investments with fiscal agents	789,637	68,593	(28,313)	829,917
TOTAL ASSETS	<u>\$ 1,459,534</u>	<u>\$ 515,015</u>	<u>\$ (523,880)</u>	<u>\$ 1,450,669</u>
LIABILITIES:				
Accounts payable	\$ 3,791	\$ 463,974	\$ (467,034)	\$ 731
Due to bondholders	1,455,743	515,015	(520,820)	1,449,938
TOTAL LIABILITIES	<u>\$ 1,459,534</u>	<u>\$ 978,989</u>	<u>\$ (987,854)</u>	<u>\$ 1,450,669</u>

See independent auditors' report.

(Continued)

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
(CONTINUED)

For the year ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
CFD 90-1				
ASSETS:				
Pooled cash and investments	\$ 1,229,117	\$ 749,108	\$ (787,041)	\$ 1,191,184
Receivable:				
Taxes	14,808	7,445	(14,808)	7,445
Accrued interest	1,922	2,960	(1,922)	2,960
Restricted:				
Cash and investments with fiscal agents	779,503	511	(893)	779,121
TOTAL ASSETS	<u>\$ 2,025,350</u>	<u>\$ 760,024</u>	<u>\$ (804,664)</u>	<u>\$ 1,980,710</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 777,006	\$ (776,558)	\$ 448
Due to bondholders	2,025,350	760,024	(805,112)	1,980,262
TOTAL LIABILITIES	<u>\$ 2,025,350</u>	<u>\$ 1,537,030</u>	<u>\$ (1,581,670)</u>	<u>\$ 1,980,710</u>
CFD 91-1				
ASSETS:				
Pooled cash and investments	\$ 697,349	\$ 861,907	\$ (540,161)	\$ 1,019,095
Receivable:				
Taxes	211,249	74,365	(211,249)	74,365
Accrued interest	1,091	2,532	(1,091)	2,532
Restricted:				
Cash and investments with fiscal agents	536,337	89,105	(89,846)	535,596
TOTAL ASSETS	<u>\$ 1,446,026</u>	<u>\$ 1,027,909</u>	<u>\$ (842,347)</u>	<u>\$ 1,631,588</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 532,746	\$ (532,185)	\$ 561
Due to bondholders	1,446,026	1,027,909	(842,908)	1,631,027
TOTAL LIABILITIES	<u>\$ 1,446,026</u>	<u>\$ 1,560,655</u>	<u>\$ (1,375,093)</u>	<u>\$ 1,631,588</u>

See independent auditors' report.

(Continued)

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
(CONTINUED)

For the year ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
CFD 91-2				
ASSETS:				
Pooled cash and investments	\$ 393,851	\$ 801,822	\$ (655,939)	\$ 539,734
Receivable:				
Taxes	53,918	4,386	(53,918)	4,386
Accrued interest	616	1,341	(616)	1,341
Restricted:				
Cash and investments with fiscal agents	714,073	1,140,026	(1,289,126)	564,973
TOTAL ASSETS	<u>\$ 1,162,458</u>	<u>\$ 1,947,575</u>	<u>\$ (1,999,599)</u>	<u>\$ 1,110,434</u>
LIABILITIES:				
Accounts payable	\$ 1,600	\$ 544,360	\$ (542,295)	\$ 3,665
Deposits payable	15,810	-	-	15,810
Due to bondholders	1,145,048	1,946,249	(2,000,338)	1,090,959
TOTAL LIABILITIES	<u>\$ 1,162,458</u>	<u>\$ 2,490,609</u>	<u>\$ (2,542,633)</u>	<u>\$ 1,110,434</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS:				
Pooled cash and investments	\$ 4,830,649	\$ 3,667,772	\$ (3,242,228)	\$ 5,256,193
Receivable:				
Taxes	321,037	100,705	(321,037)	100,705
Accrued interest	6,218	10,943	(6,218)	10,943
Restricted:				
Cash and investments with fiscal agents	3,430,014	1,299,012	(1,408,945)	3,320,081
TOTAL ASSETS	<u>\$ 8,587,918</u>	<u>\$ 5,078,432</u>	<u>\$ (4,978,428)</u>	<u>\$ 8,687,922</u>
LIABILITIES:				
Accounts payable	\$ 10,699	\$ 3,110,262	\$ (3,097,662)	\$ 23,299
Deposits payable	715,435	30,107	(49,344)	696,198
Due to bondholders	7,861,784	5,049,450	(4,942,809)	7,968,425
TOTAL LIABILITIES	<u>\$ 8,587,918</u>	<u>\$ 8,189,819</u>	<u>\$ (8,089,815)</u>	<u>\$ 8,687,922</u>

See independent auditors' report.

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STATISTICAL SECTION

City of Lancaster

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	143-147
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	148-152
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the city's ability to issue additional debt in the future.</i>	153-157
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i>	158-159
Operating Information <i>These schedules contain information about the City's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</i>	161-164

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.*

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CITY OF LANCASTER

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net invested in capital assets	\$ 58,411,108	\$ 78,497,929	\$ 94,068,075	\$ 822,650,031	\$ 880,722,283	\$ 898,682,290	\$ 702,012,782	\$ 726,729,266	\$ 924,786,002	\$ 937,437,269
Restricted	35,639,475	49,398,517	87,569,015	120,838,558	115,527,885	107,858,231	102,128,746	93,277,881	172,781,575	161,081,541
Unrestricted	(101,809,786)	(84,993,525)	(80,808,829)	(111,545,878)	(108,634,823)	(107,716,546)	93,233,996	71,812,198	23,048,243	5,094,946
Total governmental activities net position	\$ (7,759,203)	\$ 42,902,921	\$ 100,828,261	\$ 831,942,711	\$ 887,615,345	\$ 898,823,975	\$ 897,375,524	\$ 891,819,345	\$ 1,120,615,820	\$ 1,103,613,756
Business-type activities										
Net invested in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	-	-	-	-	-	(252,698)	(1,397,269)
Total business-type activities net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (252,698)	\$ (1,397,269)
Primary government										
Net invested in capital assets	\$ 58,411,108	\$ 78,497,929	\$ 94,068,075	\$ 822,650,031	\$ 880,722,283	\$ 898,682,290	\$ 702,012,782	\$ 726,729,266	\$ 924,786,002	\$ 937,437,269
Restricted	35,639,475	49,398,517	87,569,015	120,838,558	115,527,885	107,858,231	102,128,746	93,277,881	172,781,575	161,081,541
Unrestricted	(101,809,786)	(84,993,525)	(80,808,829)	(111,545,878)	(108,634,823)	(107,716,546)	93,233,996	71,812,198	22,795,545	3,697,677
Total primary government net position	\$ (7,759,203)	\$ 42,902,921	\$ 100,828,261	\$ 831,942,711	\$ 887,615,345	\$ 898,823,975	\$ 897,375,524	\$ 891,819,345	\$ 1,120,363,122	\$ 1,102,216,487

CITY OF LANCASTER

**Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 12,874,422	\$ 13,422,227	\$ 15,996,662	\$ 16,300,790	\$ 19,703,043	\$ 22,895,700	\$ 37,870,880	\$ 25,975,571	\$ 24,809,328	\$ 20,108,707
Public safety	24,248,401	13,624,832	15,057,609	17,142,744	22,155,873	24,365,048	24,802,866	25,206,610	23,493,486	25,618,865
Community development	2,041,174	29,372,001	19,043,934	13,669,830	14,734,792	20,533,196	16,187,846	14,847,798	12,796,592	6,554,237
Parks and recreation	10,604,442	11,285,183	14,715,042	13,423,273	60,663,940	13,063,273	12,239,846	12,526,273	52,220,277	13,049,889
Public works	22,670,877	16,503,565	22,087,634	59,019,071	1,786,468	59,454,167	52,992,594	52,085,914	1,722,135	53,654,875
Housing	2,629,627	3,116,089	1,232,174	5,361,600	6,650,286	959,974	4,805,507	5,993,185	10,355,215	421,279
Interest on long-term debt	12,750,620	13,069,272	14,921,363	16,351,722	16,512,637	14,194,203	15,149,746	14,873,413	2,316,858	375,667
Total primary governmental activities expenses	\$ 87,819,563	\$ 100,393,169	\$ 103,054,418	\$ 141,269,030	\$ 142,207,039	\$ 155,455,561	\$ 164,049,285	\$ 151,508,764	\$ 127,713,891	\$ 119,783,519
Business-type activities:										
Lancaster Power Authority	-	-	-	-	-	-	-	-	\$ 1,138,830	\$ 2,990,770
Total business-type activities expenses	\$ 87,819,563	\$ 100,393,169	\$ 103,054,418	\$ 141,269,030	\$ 142,207,039	\$ 155,455,561	\$ 164,049,285	\$ 151,508,764	\$ 128,852,721	\$ 122,774,289
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
General government	\$ 309,217	\$ 3,901,133	\$ 3,403,979	\$ 406,451	\$ 1,647,842	\$ 3,690,259	\$ 3,976,962	\$ 1,436,838	\$ 935,460	\$ 284,461
Public safety	3,211,550	6,162,797	7,371,936	2,211,141	3,505,516	2,921,179	3,091,957	2,729,238	1,935,658	1,070,125
Community development	2,119,278	3,968,166	4,838,078	805,132	1,478,571	579,523	1,045,149	738,985	3,156,519	428,817
Parks and recreation	3,468,815	3,377,830	3,534,430	3,175,710	2,991,204	2,888,631	2,814,076	3,527,840	21,175,600	3,560,430
Public works	18,114,960	24,022,612	29,098,965	24,686,902	17,556,965	14,308,525	14,165,751	14,103,957	1,306,309	13,352,265
Housing	1,619,870	1,708,513	1,789,277	2,633,713	1,610,734	1,655,770	1,652,359	1,676,282	283,252	908,953
Operating grants and contributions	24,540,598	29,134,303	36,717,092	21,790,093	22,304,176	20,916,807	26,034,713	36,719,976	22,221,889	27,016,113
Capital grants and contributions	839,643	1,170,980	-	-	65,570,808	55,674,240	43,298,860	16,288,773	6,133,131	10,893,821
Total governmental activities program revenue:	\$ 54,223,931	\$ 73,446,334	\$ 86,753,757	\$ 55,709,142	\$ 116,665,816	\$ 102,634,934	\$ 96,079,827	\$ 77,221,869	\$ 57,147,818	\$ 57,514,985
Business-type activities:										
Charges for services:										
Lancaster Power Authority	-	-	-	-	-	-	-	-	\$ 1,479,116	\$ 2,937,736
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	-	-	-	-	-	-	-	-	\$ 1,479,116	\$ 2,937,736
Total primary government program revenues	\$ 54,223,931	\$ 73,446,334	\$ 86,753,757	\$ 55,709,142	\$ 116,665,816	\$ 102,634,934	\$ 96,079,827	\$ 77,221,869	\$ 58,626,934	\$ 60,452,721
Governmental activities	\$ (33,595,632)	\$ (26,946,836)	\$ (16,300,661)	\$ (85,559,888)	\$ (25,541,223)	\$ (52,820,627)	\$ (67,969,458)	\$ (74,286,895)	\$ (70,566,073)	\$ (62,268,534)
Business-type activities	-	-	-	-	-	-	-	-	\$ 340,286	\$ (53,034)
Net Primary Government Revenue (Expense)	\$ (33,595,632)	\$ (26,946,836)	\$ (16,300,661)	\$ (85,559,888)	\$ (25,541,223)	\$ (52,820,627)	\$ (67,969,458)	\$ (74,286,895)	\$ (70,225,787)	\$ (62,321,568)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 15,488,247	\$ 17,982,717	\$ 32,672,098	\$ 30,773,463	\$ 44,679,962	\$ 47,841,204	\$ 41,226,311	\$ 35,895,395	\$ 25,370,913	\$ 14,142,727
Transient occupancy taxes	1,214,219	1,300,448	1,257,943	1,452,827	1,211,514	1,327,022	1,380,790	1,300,067	1,338,016	1,314,747
Sales taxes	16,157,657	17,471,173	21,377,455	25,879,313	19,449,760	14,934,911	14,523,154	15,607,533	17,259,589	16,254,549
Franchise taxes	2,366,104	2,430,956	2,844,195	2,754,230	2,484,807	2,902,408	2,593,418	2,697,165	2,655,535	2,617,877
Business licenses taxes	385,141	686,682	493,197	886,625	846,911	855,453	883,017	1,008,810	955,466	906,896
Other taxes	519,899	19,079	522,999	1,002,095	453,943	518,992	430,826	310,397	284,519	406,441
Intergovernmental unrestricted	5,945,527	7,918,606	3,129,626	3,129,626	918,584	493,557	426,464	679,772	2,102,265	80,905
Use of money and property	12,718,200	25,347,471	16,088,474	16,088,474	22,647,524	10,270,036	4,275,530	3,952,452	7,065,529	38,131
Miscellaneous	158,803	1,530,139	83,925	83,925	557,331	619,185	293,490	336,649	3,913,577	1,008,418

CITY OF LANCASTER

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 57,604,538	\$ 59,892,933	\$ 59,733,381	\$ 64,019,546	\$ 54,513,982	\$ 52,461,253	\$ 50,723,608			
Unreserved	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	22,319,854	8,852,742
Assigned								6,665,011	4,889,386	4,800,218
Unassigned								16,502,115	11,700,986	12,927,615
Total general fund	\$ 77,995,663	\$ 88,975,170	\$ 91,466,762	\$ 96,006,284	\$ 91,836,288	\$ 87,279,897	\$ 76,668,663	\$ 63,342,372	\$ 38,910,226	\$ 26,580,575
All Other Governmental Funds										
Reserved	\$ 34,463,559	\$ 30,210,474	\$ 47,888,239	\$ 71,637,570	\$ 59,478,125	\$ 74,432,801	\$ 105,561,942	\$ 96,050,746	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	17,008,082	37,928,560	68,008,628	52,767,008	59,541,994	56,919,624	40,794,756	44,504,625	-	-
Capital projects funds	(39,855,804)	(19,195,383)	(49,662,040)	(30,507,293)	(34,197,147)	(62,191,991)	(64,562,712)	(55,635,744)	-	-
Debt service funds	14,170,942	18,337,445	20,211,147	23,919,282	24,959,978	32,721,659	14,030,167	6,665,509	-	-
Nonspendable									94,373,593	87,303,062
Restricted									60,392,063	56,185,252
Assigned									509	509
Unassigned									(4,902,734)	(5,397,190)
Total all other governmental funds	\$ 25,786,779	\$ 67,281,096	\$ 86,445,974	\$ 117,816,567	\$ 109,782,950	\$ 101,882,093	\$ 95,824,153	\$ 91,585,136	\$ 149,863,431	\$ 138,091,633

CITY OF LANCASTER

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes (see Schedule 6)	\$ 39,375,924	\$ 40,966,235	\$ 58,059,847	\$ 65,926,362	\$ 70,162,583	\$ 69,730,798	\$ 59,689,451	\$ 57,914,640	\$ 48,495,344	\$ 49,816,195
Licenses, fees, and permits	19,819,171	30,541,425	39,580,124	18,406,355	8,360,699	4,376,841	3,593,907	3,742,427	10,644,481	4,758,487
Intergovernmental	31,112,509	33,466,522	22,928,483	27,189,039	25,236,245	22,924,589	28,496,569	30,291,907	23,563,011	20,477,373
Charges for services	4,669,751	9,421,165	14,083,950	8,901,806	9,319,279	9,647,677	13,069,923	10,645,688	10,166,791	10,773,394
Use of money and property	2,929,109	24,358,065	14,994,933	13,121,339	11,222,381	10,057,206	5,087,601	4,750,765	3,491,243	2,515,570
Fines and forfeitures	1,060,855	1,334,858	1,673,103	2,158,669	3,505,516	2,921,179	3,091,957	2,729,238	1,935,658	1,253,922
Other revenues	11,062,256	8,723,822	1,647,768	1,893,388	2,841,166	4,338,209	2,534,139	2,148,883	8,697,718	4,693,687
Total revenues	\$ 110,029,575	\$ 148,812,092	\$ 152,968,208	\$ 137,596,958	\$ 130,647,869	\$ 123,996,499	\$ 115,563,547	\$ 112,223,448	\$ 106,994,246	\$ 94,288,628
Expenditures										
General government	\$ 12,347,142	\$ 13,081,822	\$ 19,475,290	\$ 16,056,247	\$ 18,935,026	\$ 20,400,983	\$ 35,400,480	\$ 20,564,844	\$ 19,429,696	\$ 16,729,037
Public safety	12,085,647	13,595,775	15,019,081	17,107,689	21,945,315	24,303,445	24,764,758	25,188,927	23,456,553	25,349,866
Community development	1,981,836	29,315,974	18,412,648	13,609,531	6,258,047	20,383,837	16,000,405	14,737,406	11,423,703	7,171,105
Parks and recreation	9,813,484	10,324,903	11,837,309	11,696,144	11,878,211	11,853,863	10,961,119	11,335,806	16,530,854	11,639,064
Public Works	12,396,385	15,412,990	19,278,112	21,456,745	20,335,433	22,454,629	17,517,257	17,367,107	1,722,135	18,383,201
Housing	2,629,627	3,116,089	1,232,174	5,361,600	1,781,432	959,974	4,805,507	5,993,185	10,207,101	452,079
Capital outlay	31,895,374	19,486,835	22,048,652	37,806,315	36,955,971	19,004,734	38,183,765	20,847,133	22,019,463	17,762,739
Debt service										
Principal	2,617,958	3,184,000	5,466,252	5,240,000	6,128,000	5,745,000	14,262,517	6,382,000	4,832,000	6,556,995
Interest	10,929,550	12,785,258	14,753,943	16,541,783	16,518,213	13,873,812	12,838,000	14,315,824	7,195,509	463,046
Debt Insurance Costs	960,257	2,784,440	-	-	-	-	-	-	-	-
Payment to escrow agent	239,901	-	-	853,689	-	-	-	-	-	-
Total expenditures	\$ 97,897,161	\$ 123,088,086	\$ 127,523,461	\$ 145,729,743	\$ 140,735,648	\$ 138,980,277	\$ 174,733,808	\$ 136,732,232	\$ 116,817,014	\$ 104,507,132
Excess of revenues over (under) expenditures	\$ 12,132,414	\$ 25,724,006	\$ 25,444,747	\$ (8,132,785)	\$ (10,087,779)	\$ (14,983,778)	\$ (59,170,261)	\$ (24,508,784)	\$ (9,822,768)	\$ (10,218,504)
Other Financing Sources (Uses)										
Bonds, Notes and Loans Issued	\$ 2,950,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,160,938	\$ -	\$ -	\$ -
Refunding bonds issued	34,640,000	69,285,000	-	39,315,000	-	-	-	-	-	-
Payments to escrow agent	(13,854,137)	(42,219,454)	-	(5,180,403)	-	-	-	-	-	-
Bonds issuance premium	-	-	-	1,320,578	-	-	-	-	-	-
Gain/(Loss) on sale of land	-	-	-	8,409,173	-	-	-	-	5,078,193	-
Transfers in	43,979,190	83,787,767	52,066,330	68,139,732	63,668,972	55,359,163	82,081,243	48,993,462	49,040,910	24,370,408
Transfers out	(43,979,190)	(83,787,767)	(52,066,330)	(68,139,732)	(63,668,972)	(55,359,163)	(82,081,243)	(48,993,462)	(48,440,910)	(23,770,408)
Total other financing sources (uses)	23,735,863	27,065,546	-	43,864,348	-	-	42,160,938	-	5,678,193	600,000
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note	-	-	-	-	-	-	-	-	32,325,866	(14,842,945)
Net change in fund balances	\$ 35,868,277	\$ 52,789,552	\$ 25,444,747	\$ 35,731,563	\$ (10,087,779)	\$ (14,983,778)	\$ (17,009,323)	\$ (24,508,784)	\$ 28,181,291	\$ (24,461,449)
Debt service as a percentage of noncapital expenditures	20.53%	15.41%	19.17%	20.18%	21.82%	16.35%	19.85%	17.86%	14.91%	8.87%

CITY OF LANCASTER

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property Taxes	Transient Occupancy	Sales Taxes	Franchise Taxes	Licenses Taxes	Business Taxes	Other Taxes	Total
2004	\$ 15,488,247	\$ 1,214,219	\$ 16,157,657	\$ 2,366,104	\$ 385,141	\$ 519,899	\$ 36,131,267	
2005	17,982,717	1,300,448	17,471,173	2,430,956	686,682	19,079	39,891,055	
2006	32,672,098	1,257,943	21,377,455	2,844,195	493,197	522,999	59,167,887	
2007	30,773,463	1,452,827	25,879,313	2,754,230	886,625	1,002,095	62,748,553	
2008	44,679,962	1,211,514	19,449,760	2,484,807	846,911	453,943	69,126,897	
2009	47,841,204	1,327,022	14,934,911	2,902,408	855,453	518,992	68,379,990	
2010	41,226,311	1,380,790	14,523,154	2,593,418	883,017	430,826	61,037,516	
2011	35,895,395	1,300,067	15,607,533	2,697,165	1,008,810	310,397	56,819,367	
2012	25,370,913	1,338,016	16,435,979	2,655,535	1,001,935	304,942	47,107,320	
2013*	14,142,727	1,314,747	16,254,549	2,617,877	906,896	406,441	35,643,237	

Change

2004-2013 -8.7% 8.3% 0.6% 10.6% 135.5% -21.8% -1.4%

*Substantially less due to dissolution of Lancaster Redevelopment Agency

Source: City of Lancaster Finance Department

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*	Unsecured Property*	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Taxable Assessed Value ^a as a Percentage of Actual Taxable Value (
2004	3,863,600	629,063	206,041	903,446	-	(37,510)	5,564,640	0.0669	5,527,381	99.330%
2005	4,223,643	649,833	233,527	752,034	219,664	-	6,078,701	0.0686	6,032,659	99.243%
2006	5,180,079	717,158	269,923	958,725	245,265	-	7,371,150	0.0693	7,323,839	99.358%
2007	6,926,915	803,807	323,171	1,218,049	291,323	-	9,563,265	0.0697	9,563,265	100.000%
2008	8,706,013	1,078,852	459,229	1,031,785	322,058	-	11,597,937	0.0700	11,597,937	100.000%
2009	8,698,733	1,164,920	459,459	998,914	318,702	-	11,640,728	0.0702	11,640,728	100.000%
2010	6,922,218	1,120,681	421,199	1,403,444	353,362	(392,871)	9,828,033	0.0676	9,935,752	101.096%
2011	5,752,260	1,119,257	405,506	1,217,476	331,486	(428,418)	8,397,567	0.0676	8,249,711	98.239%
2012	5,881,635	1,099,774	410,978	1,108,713	316,057	(457,271)	8,359,886	0.0676	8,100,717	96.900%
2013	5,775,643	1,109,273	417,524	1,093,610	309,749	(447,236)	8,258,563	0.0676	8,491,853	102.825%

Source: Los Angeles County Assessor data, MuniServices, LLC

Source: 2008-09 and prior, values were reported incorrectly and have been restated to reflect the correct assessment values.

*For 2008-09 and prior, net values are reported.

^a Includes tax-exempt property.

Notes: 1) Total direct tax rate is the City share of the 1% ad valorem tax for TRA 005-438 for 2012-13

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

Fiscal Year	Los Angeles County		Antelope Valley Union High School District		Westside School District		Community College		Water		Total Direct & Overlapping		Total Direct (1)	
	General		School District	Union High School District	School District	Westside School District	College	College	Water	Water	Direct & Overlapping	Direct & Overlapping	Direct (1)	Direct (1)
2004	1.00000%	0.00099%	0.02428%	0.16267%	0.00000%	0.10099%	0.00000%	0.10099%	0.10099%	1.28893%	0.06689	0.06689	0.06689	0.06689
2005	1.00000%	0.00092%	0.02572%	0.12668%	0.00000%	0.09560%	0.00000%	0.09560%	0.09560%	1.24892%	0.06865	0.06865	0.06865	0.06865
2006	1.00000%	0.00080%	0.02266%	0.10365%	0.01630%	0.07050%	0.01630%	0.07050%	0.07050%	1.21391%	0.06933	0.06933	0.06933	0.06933
2007	1.00000%	0.00066%	0.01996%	0.08454%	0.02905%	0.07049%	0.02905%	0.07049%	0.07049%	1.20470%	0.06970	0.06970	0.06970	0.06970
2008	1.00000%	0.00000%	0.01908%	0.08488%	0.00983%	0.07049%	0.00983%	0.07049%	0.07049%	1.18428%	0.06999	0.06999	0.06999	0.06999
2009	1.00000%	0.00000%	0.02095%	0.09374%	0.01682%	0.07049%	0.01682%	0.07049%	0.07049%	1.20200%	0.07015	0.07015	0.07015	0.07015
2010	1.00000%	0.00000%	0.02421%	0.02282%	0.02460%	0.07049%	0.02460%	0.07049%	0.07049%	1.14212%	0.06759	0.06759	0.06759	0.06759
2011	1.00000%	0.00000%	0.02902%	0.03061%	0.02539%	0.07049%	0.02539%	0.07049%	0.07049%	1.15551%	0.06759	0.06759	0.06759	0.06759
2012	1.00000%	0.00000%	0.02913%	0.03074%	0.02599%	0.07049%	0.02599%	0.07049%	0.07049%	1.15635%	0.06759	0.06759	0.06759	0.06759
2013	1.00000%	0.00000%	0.03075%	0.03380%	0.02949%	0.07049%	0.02949%	0.07049%	0.07049%	1.16453%	0.06759	0.06759	0.06759	0.06759

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 2012-13

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
Last Fiscal Year and Nine Years Prior**

	2012-2013			2003-2004			
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Basrock	89,623,375	1	1.09%	BPP Valley Central	45,468,119	1	0.82%
Avenue K Lancaster UCM Cadence	47,817,420	2	0.58%	Provident Affordable Housing	40,326,770	2	0.72%
US Industrial Reit II	45,284,000	3	0.55%	Passco Lancaster LLC Et Al	36,015,180	3	0.65%
Walmart	43,402,734	4	0.53%	Thrifty Payless Inc	30,464,300	4	0.55%
Bank of America	38,500,910	5	0.47%	Woodcreek Garden Apartments	22,685,600	5	0.41%
Thrifty Payless Inc	35,127,975	6	0.43%	Lexington Lancaster LLC	19,865,362	6	0.36%
Kaiser	30,496,437	7	0.37%	Costco Wholesale Corp	19,118,651	7	0.34%
MGP IX Reit LLC	27,693,000	8	0.34%	Antelope Pines Estates	16,036,690	8	0.29%
Sygma Network Inc	26,971,067	9	0.33%	Toys R Us Inc	14,470,710	9	0.26%
Wood Lancaster	22,867,139	10	0.28%	Wood Lancaster	14,290,791	10	0.26%
Top Ten Total	\$ 407,784,057		4.94%	Top Ten Total	\$ 258,742,173		4.65%
City Total	8,258,562,998		100.00%	City Total	5,564,640,000		

Source: 2012-13 Los Angeles County Assessor data, MuniServices, LLC

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	
	Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy
2004	2,473,957	2,473,957	100%	-	2,473,957	100%
2005	1,747,125	1,747,125	100%	-	1,747,125	100%
2006	2,198,749	2,198,749	100%	-	2,198,749	100%
2007	3,745,240	3,745,240	100%	-	3,745,240	100%
2008	4,507,321	4,507,321	100%	-	4,507,321	100%
2009	4,127,058	4,127,058	100%	-	4,127,058	100%
2010	1,590,352	1,590,352	100%	-	1,590,352	100%
2011	2,947,289	2,947,289	100%	-	2,947,289	100%
2012	3,188,619	3,188,619	100%	-	3,188,619	100%
2013*	5,545,157	5,545,157	100%	-	5,545,157	100%

*Large increase due to state repayment of Prop 1A

Source: City of Lancaster Finance Department

CITY OF LANCASTER

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

Fiscal Year	Tax Allocation		Revenue Bonds	Assessment District Bonds		Community Facilities Dist. Bonds	Total Primary Government	Percentage of Personal Income ^a	Per Capita
	Bonds	Bonds		Bonds	Bonds				
2004	190,435	17,425	7,840	24,368	240,068		2.05		
2005	216,425	17,225	7,375	23,178	264,203		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	15,579	289,904	8.97%	1.85		
2012	249,160	40,780	3,760	13,694	307,394	10.14%	1.95		
2013	242,465	34,465	3,295	9,476	289,701	8.81%	1.83		

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

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

CITY OF LANCASTER

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable	
	General	Tax Allocation	Total	Value ^a of Property	Per Capita ^b
	Obligation	Redevelopment			
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	1.9798%	1.59
2010	-	261,145	261,145	2.6571%	1.80
2011	-	255,605	255,605	3.0438%	1.63
2012	-	249,160	249,160	2.9804%	1.58
2013	-	242,465	242,465	2.9359%	1.53

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

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

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

CITY OF LANCASTER

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2013**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Antelope Valley Joint Community College District	\$ 128,416,808	33.593%	\$ 43,139,058
Antelope Valley Union High School District	80,994,873	37.618%	30,468,651
Eastside Union School District	9,657,547	57.535%	5,556,470
Lancaster School District	49,415,328	96.741%	47,804,882
Westside Union School District	55,110,377	28.880%	15,915,877
Westside Union School District Community Facilities Districts	20,445,000	100.000%	20,445,000
Quartz Hill Water District Community Facilities District No. 1	230,000	79.986%	183,968
City of Lancaster Community Facilities Districts	10,683,890	100.000%	10,683,890
City of Lancaster 1915 Act Bonds	3,295,000	100.000%	3,295,000
Los Angeles County Regional Park and Open Space Assessment District	142,870,000	0.771%	1,101,528
Total Overlapping Tax And Assessment Debt			<u>\$ 178,594,324</u>
Direct And Overlapping General Fund Debt:			
Los Angeles County General Fund Obligations	\$ 1,729,437,327	0.771%	\$13,333,962
Los Angeles County Superintendent of Schools Certificates of Participation	10,377,239	0.771%	80,009
Antelope Valley Joint Community College District Certificates of Participation	8,780,000	33.593%	2,949,465
Eastside Union School District Certificates of Participation	7,000,000	57.535%	4,027,450
Lancaster School District Certificates of Participation	8,245,000	96.741%	7,976,295
Los Angeles County Sanitation District No. 14 Certificates of Participation	3,907,915	76.054%	2,972,126
City of Lancaster General Fund Obligations	32,095,000	100.000%	32,095,000
Total Gross Direct And Overlapping General Fund Debt			<u>\$ 63,434,307</u>
Less: Los Angeles County General Fund Obligations supported by landfill revenues			42,342
Lancaster Power Authority Revenue Bonds supported by solar utility revenues			26,895,000
Total Net Direct And Overlapping General Fund Debt			<u>\$ 36,496,965</u>
OVERLAPPING TAX INCREMENT DEBT:	\$242,465,000	100.00%	\$242,465,000
TOTAL GROSS DIRECT DEBT			\$32,095,000
TOTAL NET DIRECT DEBT			\$5,200,000
TOTAL GROSS OVERLAPPING DEBT			\$452,398,631
TOTAL NET OVERLAPPING DEBT			\$452,356,289
GROSS COMBINED TOTAL DEBT			\$484,493,631
NET COMBINED TOTAL DEBT			\$457,556,289

Notes:

CITY OF LANCASTER

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed Valuation	\$ 5,564,640	\$ 6,202,361	\$ 7,494,593	\$ 9,685,762	\$ 11,727,911	\$ 11,777,155	\$ 9,828,032	\$ 8,397,567	\$ 8,359,886	\$ 8,258,563
Debt limit (3.75% of Gross AV)	\$ 208,674	\$ 232,589	\$ 281,047	\$ 363,216	\$ 439,797	\$ 441,643	\$ 368,551	\$ 314,909	\$ 313,496	\$ 309,696
Total net debt applicable to limi	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 208,674	\$ 232,589	\$ 281,047	\$ 363,216	\$ 439,797	\$ 441,643	\$ 368,551	\$ 314,909	\$ 313,496	\$ 309,696
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	Principal	Debt Service Interest	Coverage
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
2012: 7/1/11-1/31/12*	24,020	4,155	6,717	2.21
2012: 1/31/12-6/30/12*	9,288	2,495	6,629	1.02
2012	33,308	6,650	13,346	1.67
2013	19,564	6,695	12,618	1.01

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

*Fiscal year 2012 is split because the Redevelopment Agency officially dissolved on

2/1/2012 and started receiving property taxes from the County of Los Angeles instead of

"Property Tax Increment."

CITY OF LANCASTER

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

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2004	117,292			
2005	122,989			
2006	131,246	\$ 2,418,995	\$ 18,431.00	4.20%
2007	138,392	\$ 2,731,957	\$ 19,740.72	5.90%
2008	143,818	\$ 2,975,908	\$ 20,692.18	8.60%
2009	145,243	\$ 3,123,674	\$ 21,506.54	13.87%
2010	145,074	\$ 3,267,564	\$ 22,523.43	17.10%
2011	156,633	\$ 3,231,182	\$ 20,629.00	17.20%
2012	157,902	\$ 3,030,085	\$ 19,189.66	15.40%
2013	158,630	\$ 3,289,828	\$ 20,739.00	15.20%

Sources: - Population statistics gathered from State of California, Department of Finance, Employment and Housing Estimates for Cities, Counties, and the State, , 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. In 2013 census data was used.

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

CITY OF LANCASTER

**Principal Employers
Current Calendar Year and Ten Years Prior**

<u>Employer</u>	2013			2003		
	<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	10,647	1	15.75%	5,750	1	9.90%
China Lake Naval Weapons	6,316	2	9.34%	4,224	2	7.27%
County of Los Angeles	3,743	3	5.54%	3,317	3	5.71%
Northrop Grumman	3,000	4	4.44%	3,200	4	5.51%
Lockheed Martin	2,800	5	4.14%	2,500	5	4.31%
Palmdale School District	2,693	6	3.98%	2,000	6	3.44%
AV Union High School District	2,689	7	3.98%	1,970	7	3.39%
Antelope Valley Hospital	2,409	8	3.56%	1,600	8	2.76%
California Correctional Institute	1,617	9	2.39%	1,600	9	2.76%
Antelope Valley Mall	1,800	10	2.66%	1,420	10	2.45%
TOTAL AV Employment	67,601		55.79%	58,068		47.50%

Source: 2012 City of Lancaster Economic Development; CA EDD; GAVEA. 2002: Greater Antelope Valley Economic Alliance 2004 Economic Roundtable Report

Notes: 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.

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CITY OF LANCASTER

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

Full-time-Equivalent Employees as of June 30th 2012										
<u>Function</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>	<u>2012</u>	<u>2013</u>
General government										
City Manager	2.5	3.625	3	4	5	5	7.63	7.63	8.25	8.25
City Clerk	3.8	4	5	5	5	5	3.62	3.62	4	4
Administrative Services	11	10	8.5	6.9	4	4	4	4	2	4
Finance	11	11	14.75	16.75	21	21	21	21	22	21
Human Resources	3	3	3	4	10	10	10	11	5	5
Planning	15	17	14	16	16	16	12	12	12	
Redevelopment	8	9	20.3	22.3	37	37	38	38		
Housing & Neighborhood Revitalization									30	22
Economic Development									4	2
Community Safety			17	17.75	21	21	16	20	16	15
Parks and Recreation	61	61	65	67	66	66	59	59	56	54
Public Works	98	105	117	137	144	144	125	124	128	
Public Works/ Development Services										124
Total	213.3	223.625	267.55	296.7	329	329	296.25	300.25	287.25	259.25

Source: City Finance Department

Note: The Lancaster Redevelopment Agency was dissolved according to ABx1 26 which was signed into law June 29, 2011.

CITY OF LANCASTER

Operating Indicators by Function/Program

Function/Program	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
General government								
Business licenses								
New business licenses issued	1,426	825	606	1,272	1,326	1,238	1,201	1,169
Business licenses renewed	4,070	3,313	2,499	4,103	3,904	4,101	3,972	3,989
Business improvement district								
BID licenses issued	21	10	4	23	23	38	73	42
BID licenses renewed	201	159	100	152	144	151	149	161
Taxi Business licenses								
New business licenses issued			24	31	21	39	38	29
Business licenses renewed			-	21	27	40	45	46
Tow Business licenses								
New business licenses issued			8	14	12	23	20	25
Business licenses renewed			2	24	41	44	44	37
Group Home Business licenses								
New business licenses issued			3	14	16	6	1	2
Business licenses renewed			-	3	17	25	33	33
LANCAP Business licenses								
New business licenses issued			79	848	844	1,168	781	579
Business licenses renewed			818	1,137	1,864	2,693	3,228	3,522
Massage Business licenses								
New business licenses issued			56	79	103	63	43	29
Business licenses renewed			5	72	66	69	63	48
News rack Permits								
New permits issued					4	1	-	-
Permits renewed					-	4	3	4
Human Resource Recruitments	33	44	30	23	22	4	2	12
Public Safety								
Physical arrests	12,064	11,042	17,606	17,867	27,854	12,778	11,371	11,929
Citations	18,555	24,216	23,031	26,407	25,386	22,025	15,401	3,265
Community Safety								
Parking violations	40,115	17,458	28,389	17,616	41,505	31,089	26,601	
Public Works								
Building permits issued	4,416	2,363	1,400	907	1,444	2,228	2,600	3,192
Centerline miles maintained	1,208	590	627	621	630	630	633	640
No of Traffic Signals	129	130	139	145	141	138	138	137
No. of trees in right of way	43,615	53,176	44,773	47,022	58,987	61,225	61,324	61,462
Fleet Vehicles Maintained	296	272	307	320	295	292	301	301
Sponsored recycling event	1	4	12	30	-	-	5	7
Street sweeping - residential miles	14,880	18,000	14,770	15,678	15,678	16,274	16,375	16,522
Street sweeping - arterial miles	8,900	8,876	8,960	9,224	2,220	2,234	2,245	2,267
Street sweeping - alley miles	900	900	900	900	-	-	-	-
Street sweeping - raised median curb miles	1,800	1,794	2,015	2,106	-	-	10	-
Parks and Recreation								
Maintenance Services								
No. of developed park sites	12	13	13	13	13	14	14	14
No. of acres maintained	430	362	365	438	449	463	463	463
Recreation								
Community Events Sponsored	7	12	10	10	16	21	21	21
Youth Sport Participants	300	289	315	295	315	315	323	329
Adult league basketball teams	69	61	67	74	67	65	58	63
Adult league softball teams	472	434	474	493	545	542	474	511
Softball tournaments- no. of teams	891	680	572	681	582	624	500	533
Soccer tournaments-no. of teams	2,240	2,222	2,057	2,130	2,530	1,959	2,100	2,203
Instructional class enrollments*	2,900	19,103	7,499	7,425	6,839	6,814	6,115	7,468
Performing Arts Center								
Season Performances	108	95	94	94	97	68	55	74
Tickets Sold	45,789	51,694	34,850	45,360	39,376	33,590	27,913	31,525
Outreaches	22	28	32	35	32	33	23	20
Master Classes	2	2	2	2	1	3	-	9

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>	<u>2012</u>	<u>2013</u>
Acting Workshops	-	-	4	4	-	-	-	1
Theater Rentals	140	118	85	126	92	51	55	75
Rental tickets sold	43,791	38,400	25,500	29,940	29,940	21,009	16,705	17,770

Sources: Various city departments.

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

CITY OF LANCASTER

Capital Asset Statistics by Function/Program

Function/Program	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	
General government									
City Hall	1	1	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	1	1	
Public Works									
Maintenance Yard - Modular Office Bldg.	1	1	1	1	1	1	1	1	
Maintenance Yard - Office/Warehouse	1	1	1	1	1	1	1	1	
Maintenance Yard - Maintenance Garage	1	1	1	1	1	1	1	1	
Maintenance Yard - Canopy	1	1	1	1	1	1	1	1	
Maintenance Yard - Storage Bldg	3	3	3	3	4	4	4	4	
Maintenance Yard - Wash Bay	1	1	1	1	1	1	1	1	
Maintenance Yard - HazMat Storage Bldg	1	1	1	1	1	1	1	1	
Streets (miles)	591	591	627	621	630	630	633	640	
Streetlights (owned by City)	1,000	1,405	1,600	1,141	1,112	1,149	1,157	1,875	
Traffic signals	129	130	139	145	141	138	138	137	
Street Signs	24,000	26,000	27,000	28,000	28,533	29,058	26,334	26,378	
Fleet Vehicles	296	272	307	320	295	292	301	301	
Storm Drain Pipe (LF)				117,142	381,110	381,821	434,005	485,113	
Storm Drain Box (LF)				20,803	31,570	31,570	26,169	27,993	
Storm Drain Channel (LF)				48,715	48,715	48,715	44,883	44,883	
Sewer Pipe (LF)				2055473*	2244000*	2,077,192	2,265,580	2,261,609	
Sewer Manholes				8000*	9083*	8,089	9,005	9,035	
Sewer Lift Station				1	1	1	1	1	
Parks and Recreation									
Acreage	362	362	365	525	525	538	538	538	
Developed park sites	12	13	12	13	13	14	14	14	
Pools	2	2	2	2	2	2	2	2	
Big 8 Tournament Baseball complex	1	1	1	1	1	1	1	1	
Batting Cage Facility	1	1	1	1	1	1	1	1	
Soccer complex	1	1	1	1	1	1	1	1	
Community/Activity Centers	7	7	7	7	7	7	7	8	
Cedar Center					1	1	1	1	
Prime Desert Woodlands Preserve & Nature Center	1	1	1	1	1	1	1	1	
Municipal Baseball Stadium	1	1	1	1	1	1	1	1	
Performing Arts Center	1	1	1	1	1	1	1	1	
Museum and Art Gallery	1	1	1	1	1	1	1	1	
Western Hotel (historic site)	1	1	1	1	1	1	1	1	
Metrolink Station	1	1	1	1	1	1	1	1	
Park and Ride Lots	4	4	4	8	8	8	8	8	

Sources: Various city departments.

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

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