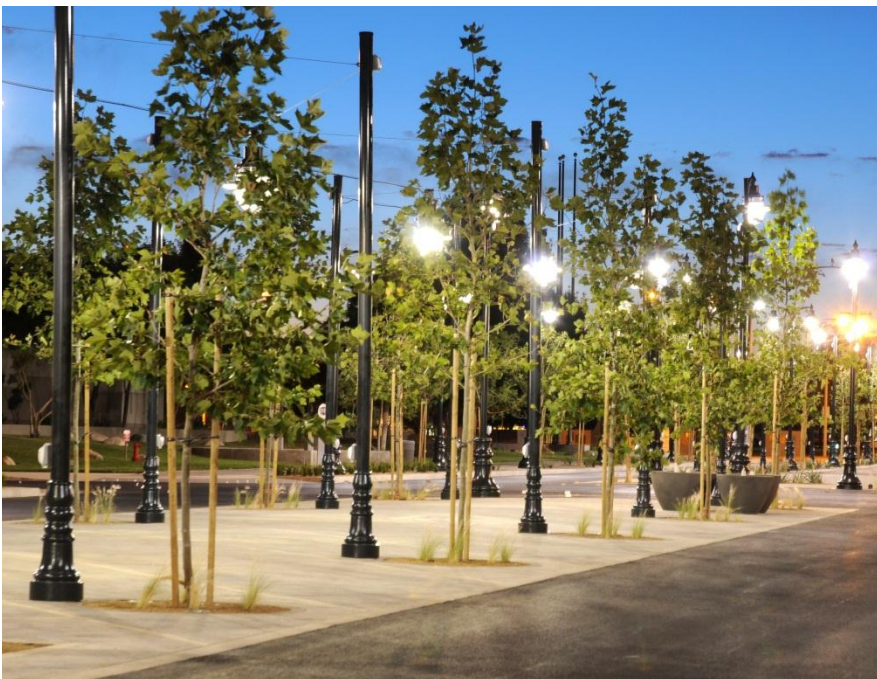




COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ending June 30, 2015





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

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**
For the Year Ended June 30, 2015

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

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

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CITY OF LANCASTER
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

For the year ended June 30, 2015

	<u>Page Number</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i
Principal City Officials	vi
Organization Chart	viii
Certificate of Achievement for Excellence in Financial Reporting	ix
City Boundary Maps	x
FINANCIAL SECTION:	
Independent Auditors' Report	1
Managements' Discussion and Analysis (Required Supplementary Information)	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
Budgetary Comparison Statements:	
General Fund	23
HOME Program Special Revenue Fund	24
Lancaster Housing Authority Special Revenue Fund	25
Proprietary Funds:	
Statement of Net Position	26
Statement of Revenues, Expenses and Changes in Net Position	27
Statement of Cash Flows	28
Fiduciary Funds:	
Statement of Net Position	29
Statement of Changes in Net Position	30
Notes to Financial Statements	31

CITY OF LANCASTER
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 (CONTINUED)

For the year ended June 30, 2015

	<u>Page Number</u>
REQUIRED SUPPLEMENTARY INFORMATION:	
CalPERS Pension Plans:	
Schedule of Changes in the Net Pension Liability and Related Ratios	97
Schedule of Contributions	98
PARS Pension Plan:	
Schedule of Changes in the Net Pension Liability and Related Ratios	99
Schedule of Contributions	100
Other Post-Employment Benefits Plan:	
Schedule of Funding Progress	101
 SUPPLEMENTARY INFORMATION:	
Combining and Individual Fund Statements and Schedules:	103
Other Governmental Funds:	
Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	110
Other Special Revenue Funds:	
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Gas Tax	116
Community Services	117
Landscape Maintenance District	118
Housing and Community Development	119
Transportation Development Authority	120
Proposition A	121
Bikeway Improvement	122
Proposition C	123
Federal Grants	124
State Grants	125
Parks Development	126
County and Other	127
Developer Fees - Signals	128
Developer Fees - Drainage	129
Recycled Water	130
Biological Impact Fees	131

CITY OF LANCASTER
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 (CONTINUED)

For the year ended June 30, 2015

	<u>Page Number</u>
SUPPLEMENTARY INFORMATION (CONTINUED):	
Combining and Individual Fund Statements and Schedules (Continued):	
Other Special Revenue Funds (Continued):	
Schedules of Revenues, Expenditures and Changes in	
Fund Balance - Budget and Actual (Continued):	
Traffic Impact Fees	132
AQMD	133
Lancaster Lighting District	134
Lancaster Drainage Maintenance District	135
Miscellaneous Grants	136
Traffic Safety	137
Engineering Fees	138
LA County Reimbursement	139
MTA Grant	140
Urban Structure Program	141
Sewer Maintenance District	142
Proposition 1B	143
Proposition 42	144
Measure R	145
Agency Funds:	
Combining Statement of Assets and Liabilities	146
Combining Statement of Changes in Assets and Liabilities	148
STATISTICAL SECTION:	
Description of Statistical Section Contents	153
Financial Trends:	
Net Position by Component	155
Changes in Net Position	156
Fund Balances of Governmental Funds	158
Changes in Fund Balances of Governmental Funds	159

CITY OF LANCASTER
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
(CONTINUED)

For the year ended June 30, 2015

Page
Number

STATISTICAL SECTION (CONTINUED):

Revenue Capacity:

Tax Revenues by Source - Governmental Funds	160
Assessed Value and Estimated Actual Value of Taxable Property	161
Direct and Overlapping Property Tax Rates	162
Principal Property Tax Payers	163
Property Tax Levies and Collections	164

Debt Capacity:

Ratios of Outstanding Debt by Type	165
Ratios of General Bonded Debt Outstanding	166
Direct and Overlapping Governmental Activities Debt	167
Legal Debt Margin Information	168
Pledged Revenue Coverage	169

Demographic and Economic Information:

Demographic and Economic Statistics	170
Principal Employers	171

Operating Information:

Full-Time Equivalent City Government Employees by Function	173
Operating Indicators by Function/Program	174
Capital Asset Statistics by Function/Program	176

INTRODUCTORY SECTION



R. Rex Parris Mayor
Marvin E. Crist Vice Mayor
Ken Mann Council Member
Angela E. Underwood-Jacobs Council Member
Raj Malhi Council Member
Mark V. Bozigian City Manager

December 31, 2015

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, 2015. This report was prepared by the City's Finance department; 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, City of Lancaster management 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 internal controls have 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 LLC. 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 five sections: Introductory section, Financial section, Basic Financial section, Notes to Financial Statements, and Supplemental Schedules. The Introductory section includes a table of contents, this transmittal letter, principal city officials, the City's organizational chart, GFOA award, and city boundary maps. The Financial section includes the report of the independent auditor and is immediately followed by management's discussion and analysis (MD&A). The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements; it also complements this letter of transmittal and should be read in conjunction with it. The Basic Financial section contains the government-wide basic financial statements, governmental funds financial statements, proprietary funds statements, and fiduciary funds statements. The Notes to Financial Statements section provides the reader additional information integral to the financial statements. The Supplemental Schedules provide statistical information regarding operational, economic, and historical data.

This CAFR includes all City funds, including the separate entities under the direction of the City Council. These separate entities include the Lancaster Successor Agency, 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. Additionally contained in the governmental funds section are the component units of the Lancaster Housing Authority, Lancaster Community Services Foundation, Lancaster Public Financing Authority, and Lancaster Power Authority.

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

City of Lancaster Profile

Lancaster is located in north Los Angeles County in the Antelope Valley about seventy miles from downtown Los Angeles. The Antelope Valley is 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 of residential communities, recreation and art venues, hi-tech industry, retail businesses, and open, natural space Lancaster fosters an exciting atmosphere for living and a place of limitless opportunity for business.

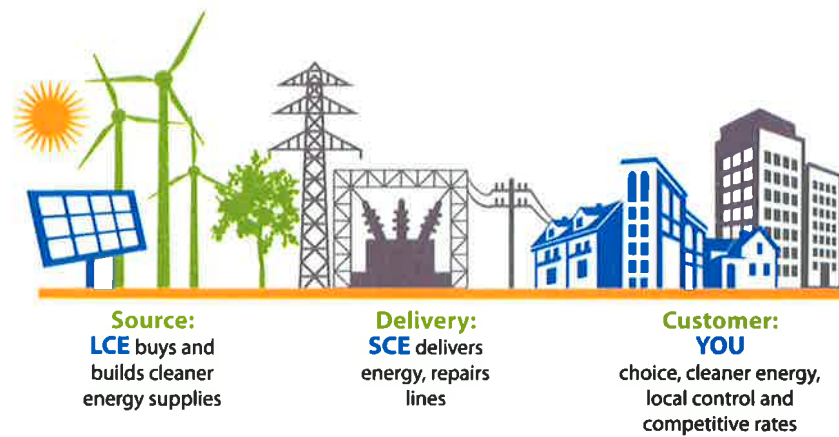
The City was incorporated on November 22, 1977, and on April 13, 2010, voters approved Measure C which granted the City its Charter City status. The Mayor and City Council are elected at large. Lancaster has grown significantly in size and diversity over the last 37 years. According to the 2010 Census, Lancaster's population was 156,633, an increase of nearly thirty-two percent over the 2000 Census total. The California Department of Finance estimates the City's 2015 population at 160,784.

As the twice-recognized "Most Business Friendly City" by the Los Angeles County Economic Development Corporation, Lancaster understands that communities and families thrive when good jobs are created, and because many businesses can choose to locate those jobs anywhere, job creation depends on business-friendly practices. The City today attracts national and local companies from a diverse field of industries. Affordable housing prices attract families to our close-knit community. Even as Lancaster grows, we have 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 film industry has captured the essence of the Antelope Valley in multitudes of movies, television shows, and music videos shot here each year, bringing many additional visitors to patronize our hotels and retail establishments.

Economic Development Successes

Sustainable economic development is a top Council priority. With optimism and a bright vision of the City's future, Lancaster has recently launched a brand new electric utility service for residents and businesses: Lancaster Choice Energy (LCE). Southern California Edison (SCE) continues to provide the City's customers with electric delivery services, maintain power lines,

and bill customers; however, LCE provides the electricity itself. LCE offers affordable rates and increased renewable energy availability, making it a truly significant step toward Lancaster's ambitious goal to become the country's first net-zero City.



Moving energy in-house gives the community a twofold opportunity: to orient electricity provision to meet the needs of our residents and businesses while simultaneously meeting our goals to increase local energy efficiency. LCE offers customers the ability to choose between two products with varying levels of renewable energy content. Clear Choice—the option in which all customers are automatically enrolled—includes a 35% renewable energy content, the Smart Choice option includes 100% renewable energy at a slightly higher price.

LCE creates another long-term, sustainable revenue source to benefit LCE customers and Lancaster citizens. LCE enables the City to create an energy generation portfolio, giving Lancaster the ability to determine the amount of renewable energy sources that will be used in its service area. This will offer the potential to harness local sustainable resources, such as solar and wind power. As a result, not only will we meet the state of California's requirement of using 33% of renewable energy by 2020, we surpass this goal and take a significant step toward becoming the nation's first net-zero city. These achievements have been quickly noticed; in April 2015, Lancaster was awarded the Green California Leadership Award in the category of "Renewable Energy" in recognition of Lancaster Choice Energy.

Job creation is another benefit that the implementation of LCE brings to the City. Lancaster now has the ability to build its own energy generation facilities or contract directly with such facilities to provide power. As such, power provided through LCE can potentially be local power, providing local construction jobs devoted to building and running facilities that will provide this energy.

Finally, through LCE we are able to personalize customer service and enhance the City's relationship with its residents and businesses. Because Lancaster's City Council sets the energy rates, LCE customers have more influence over their own electrical rates than with Southern California Edison. This allows residents concerned about these and other related issues to interact with our City Council rather than travel to San Francisco to interact with the California Public Utilities Commission.

LCE service for municipal accounts and service for customers requesting early enrollment began on May 1, 2015. LCE service for all other commercial, industrial, and residential accounts began on October 1 of this year.

TractionSeal™

Lancaster has partnered with Ecostar Science and Technology to produce Ecostar's innovative new road surfacing product, TractionSeal™. TractionSeal™ exhibits superior toughness, durability, and skid resistance, while utilizing sustainable and cost effective application methods. The City manufactures TractionSeal™ products and holds the exclusive rights to distribute the products throughout parts of the southwestern United States. Manufacturing and utilizing these superior road surfacing materials gives City road crews the ability to make significant progress in the maintenance of Lancaster streets, while also sharing the technology with other agencies.

Ecostar and Lancaster share the same goal of being a leader in advancing businesses in an environmentally conscious manner. This partnership will go far beyond revolutionizing the way the City maintains its streets, as these road surfacing products will one day be utilized by governments throughout the United States.

The first sale of TractionSeal™ was to the Antelope Valley Fairgrounds which had approximately 13,000 gallons of TractionSeal™ applied on its main parking lot. The first stretch of road paved in Lancaster was on Avenue L-8 and 35th Street West in the vicinity of Valley View School.

Streetlight Acquisition

Furthering the pursuit of energy efficiency and cost savings, the City has been working diligently with SCE to acquire Edison-owned streetlights. Lancaster can maintain them for a significantly lower price than what Edison currently charges. In fiscal year 2014-15, the City signed an agreement with SCE to purchase a total of 18,000 streetlights. The California Public Utilities Commission (PUC) is currently reviewing the agreement and we anticipate the City will receive final approval for the purchase in early 2016.

Upon PUC approval City staff and SCE will collaboratively inventory, tag, and transfer all 18,000 lights to be purchased—a process expected to take up to 18 months to complete. Owning our streetlights will be immensely beneficial. As new technological advancements become available, Lancaster will be free to incorporate them into our streetlights to increase energy efficiency and decrease maintenance costs.

We anticipate owning all of our streetlights by September 2017, which will save the City approximately \$600,000 annually. These savings would grow progressively as we begin converting lights from inefficient high pressure sodium to “green” LED lights with a solar power system.

Finances in the Future

Groundbreaking initiatives, such as those detailed above have positioned Lancaster favorably as the economy continues to recover from the 2008 Great Recession. Yet even as our major revenues gradually increase and new revenue sources are generated, we continue to manage our finances conservatively. We make every effort to seek alternative funding sources, such as grants, and manage department budgets at a level needed to provide quality services. The City has made a commitment to excellent customer service, public safety and long-term financial stability.

In order to ensure long-term financial stability, the City continues 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%. Also in a safe and closely monitored condition is the City's status relative to Proposition 4, commonly known as the Gann initiative, which limits appropriations by a formula tied to the Consumer Price Index, population growth, and assessed value changes.

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 LLC. 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, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City of Lancaster has received a Certificate of Achievement for the last twenty-nine consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we plan to submit the CAFR 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, Treasury Manager for their dedication. Their 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 of the City's financial activities. The financial success of the City of Lancaster is directly attributable to the City Council's progressive and responsible manner of addressing the business of this municipality.

Respectfully,



Mark V. Bozigian
City Manager



Barbara Boswell
Finance Director

CITY OF LANCASTER

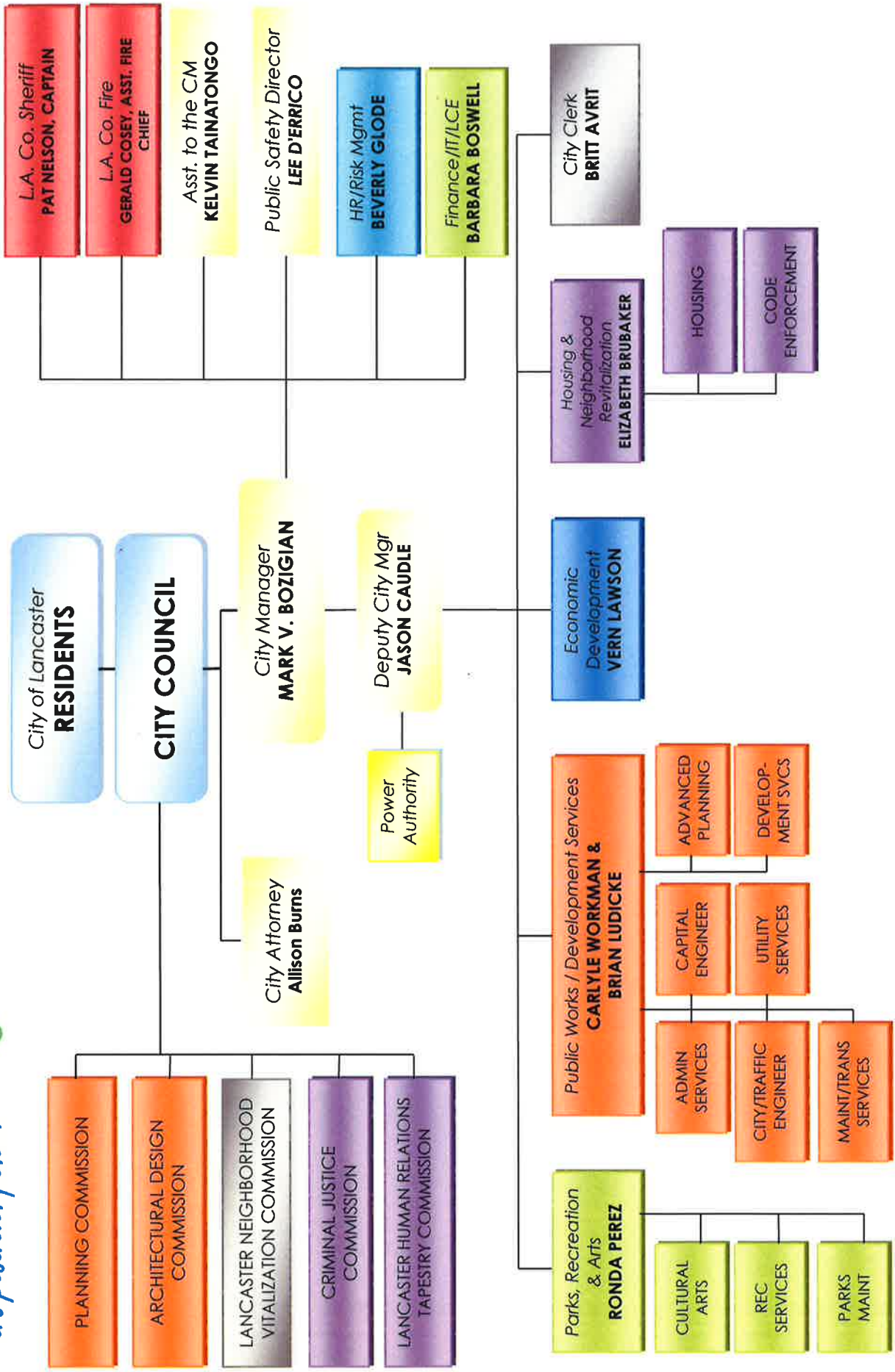
CITY COUNCIL MEMBERS

		<u>Term Expires</u>
R. Rex Parris	Mayor	2016
Marvin E. Crist	Vice Mayor	2018
Ronald D. Smith	Council Member	2018
Kenneth G. Mann	Council Member	2016
Angela Underwood-Jacobs	Council Member	2016

CITY OFFICIALS

Mark V. Bozigian	City Manager
Allison E. Burns	City Attorney
Jason D. Caudle	Deputy City Manager
Kelvin Tainatongo	Assistant to the City Manager
Barbara Boswell	Finance/Lancaster Choice Energy Director
Elizabeth A. Brubaker	Housing & Neighborhood Revitalization Director
Britt Avrit	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
vacant	Development Services Director
Lee D'Errico	Public Safety Director

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Government Finance Officers Association

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

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**City of Lancaster
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

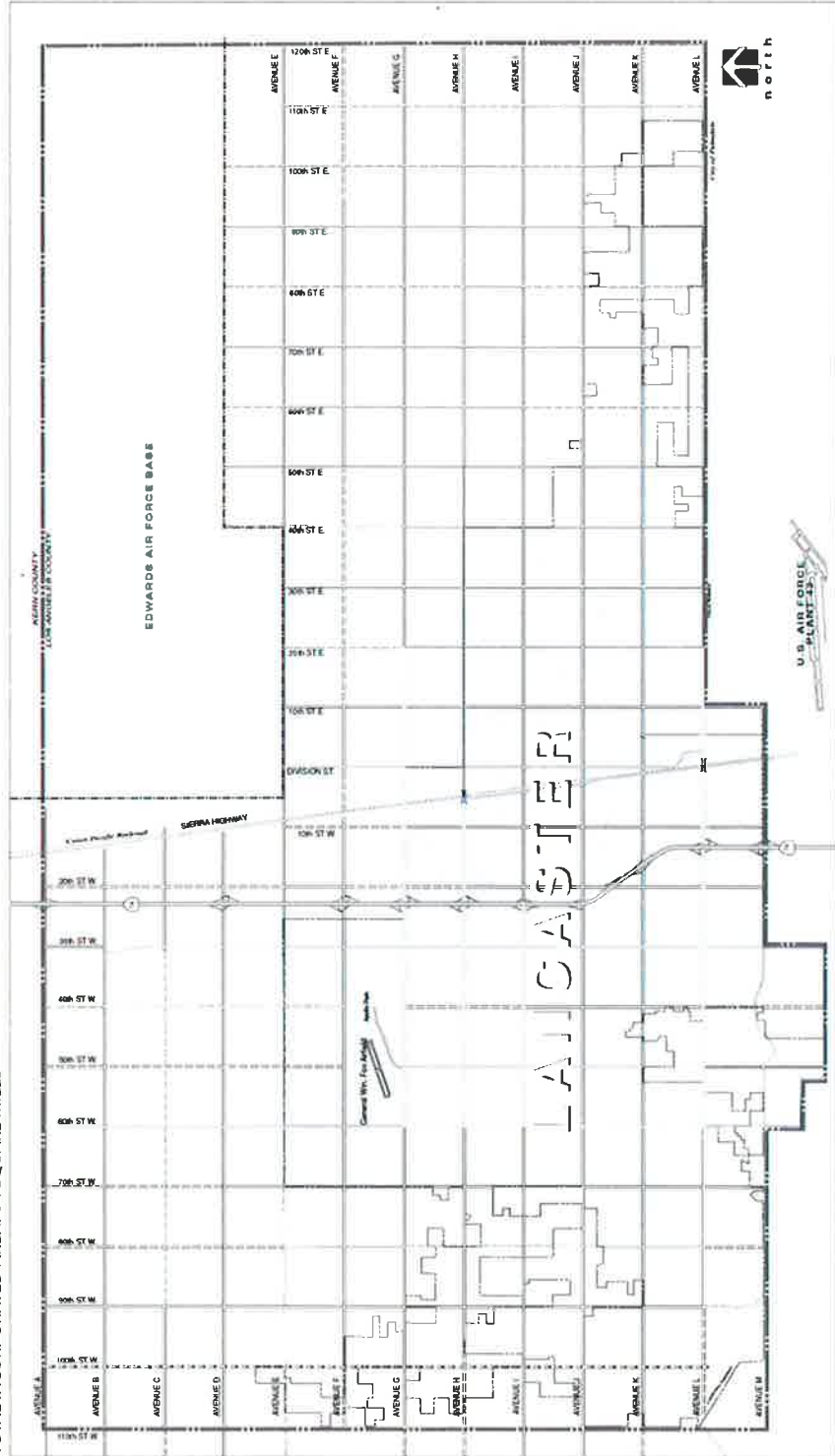
Executive Director/CEO

AV Economic Region



CITY OF LANCASTER

TOTAL INCORPORATED AREA: 94 SQUARE MILES



-  CITY BOUNDARY
-  SPHERE OF INFLUENCE

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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 activities, 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, 2015, 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 activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, the HOME Program Special Revenue Fund and the Lancaster Housing Authority 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 Notes 1d and 17 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*". The adoption of these standards required retrospective application resulting in a reduction of previously reported net position in the governmental activities. In addition, as discussed in Note 17, governmental activities net position and fund balances of the other governmental funds have been increased to correct the recognition of gas tax revenues. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in the net pension liability and related ratios and the schedules of contributions for the CalPERS and PARS pensions plans, and the schedule of funding progress - other post-employment benefits plan, identified as Required Supplementary Information (RSI) in the accompanying 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 RSI 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 RSI 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 December 28, 2015, 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 Diehl Evans LLP

Irvine, California
December 28, 2015

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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, 2015. 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 \$110,610,730
- The cost of governmental activities was \$121,487,255
- The General Fund reported revenues and transfers-in in excess of expenditures and transfers-out of \$793,807
- For the General Fund, actual resources available for appropriation (revenue inflows and fund balance) was less than final budget by \$932,343; while actual appropriations (outflows) were less than the final budget by \$2,141,201.

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 assets may serve as a useful indicator of whether the financial position of the City of Lancaster is improving or deteriorating.

The statement of activities presents information showing how the government's net 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 and the newly formed Lancaster Choice Energy.

The government-wide financial statements include the blending of separate legal entities: Lancaster Housing Authority, Lancaster Community Services Foundation, Lancaster Public Financing Authority, and Lancaster Power Authority. Although legally separate, these "component units" are important because the City of Lancaster is financially accountable for them. Separate statements are provided for the fiduciary activities of the Agency Funds and Private Purpose Fund 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 resources, 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-seven 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 two special revenue funds, both 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 and Lancaster Choice Energy.

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 and Lancaster Choice Energy.

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	
	2015	2014*	2015	2014*	2015	2014*
Current and other assets	\$ 236,060	\$ 236,096	\$ 2,113	\$ 2,728	\$ 238,173	\$ 238,824
Capital Assets	910,095	926,113	20,199	21,138	930,294	947,251
Total Assets	1,146,155	1,162,209	22,312	23,866	1,168,467	1,186,075
Total Deferred Outflows of Resources	3,799	-	-	-	3,799	-
Long Term Liabilities Outstanding	64,254	29,131	24,338	25,359	88,592	54,490
Other Liabilities	25,244	24,555	526	259	25,770	24,814
Total Liabilities	89,498	53,686	24,864	25,618	114,362	79,304
Total Deferred Inflows of Resources	6,757	-	-	-	6,757	-
Net Position						
Net Investment in Capital Assets	907,594	923,426	(1,318)	(4,221)	906,276	919,205
Restricted	156,832	154,577		-	156,832	154,577
Unrestricted	(10,727)	30,520	(1,234)	2,469	(11,961)	32,989
Total Net Position	\$1,053,699	\$1,108,523	\$ (2,552)	\$ (1,752)	\$1,051,147	\$1,106,771

*Not adjusted for GASB 68.

Governmental Activities. Governmental activities decreased the City of Lancaster's net position by \$13,678,296.

- Sales tax increased \$496,444 or 2.8% from the prior year.
- Property taxes increased \$2,483,854 or 17.3% from the prior year.
- Decrease in Net Position is primarily attributed to implementation of GASB 68

Business-Type Activities. Business-type activities decreased the City of Lancaster's net position by \$799,353 due to debt service obligations and slower than expected revenue generation.

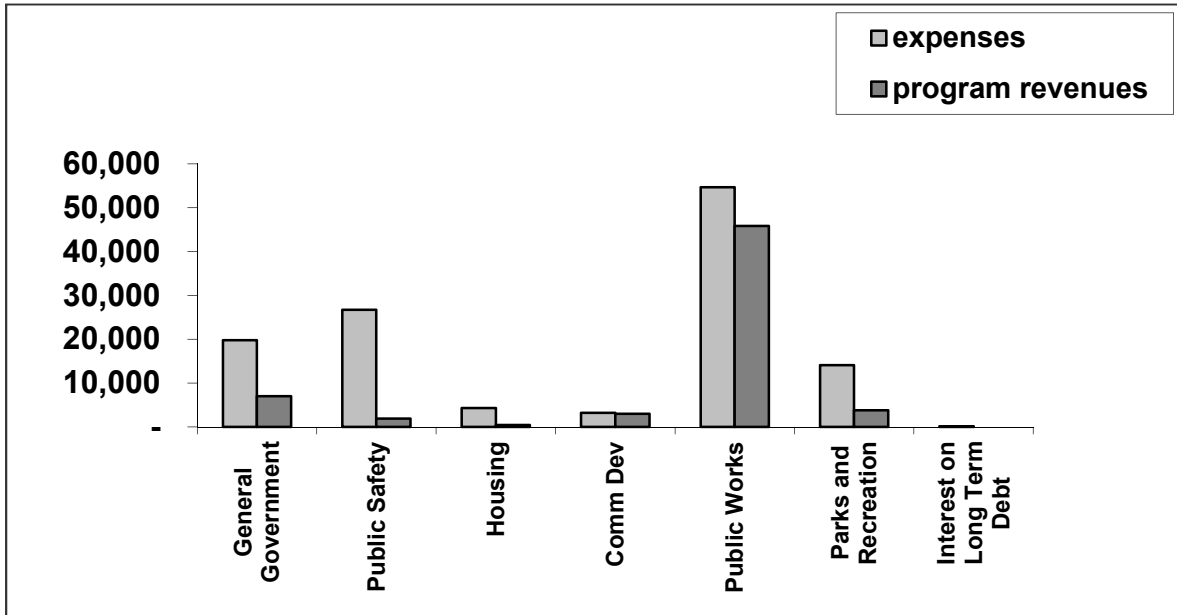
**City of Lancaster Changes in Net Position
(in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Revenues						
Program revenues:						
Charges for services	\$ 19,779	\$ 19,724	\$ 3,548	\$ 3,403	\$ 23,327	\$ 23,127
Operating contributions and grants	22,199	22,339	-	-	22,199	22,339
Capital contributions and grants	20,173	13,157	-	-	20,173	13,157
General revenues:						
Taxes:						
Property taxes	16,855	14,371	-	-	16,855	14,371
Sales taxes	18,540	18,044	-	-	18,540	18,044
Franchise taxes	2,776	2,669	-	-	2,776	2,669
Other taxes	3,017	2,657	-	-	3,017	2,657
Motor vehicle in lieu	66	67	-	-	66	67
Investment income	332	253	2	9	334	262
Other	3,272	4,492	51	48	3,323	4,540
Total revenues	107,009	97,773	3,601	3,460	110,610	101,233
Expenses						
General government	18,151	20,827	-	-	18,151	20,827
Public safety	26,777	24,042	-	-	26,777	24,042
Public works	54,735	54,079	-	-	54,735	54,079
Parks and recreation	14,096	13,556	-	-	14,096	13,556
Housing	4,342	3,072	-	-	4,342	3,072
Community Development	3,206	4,383	-	-	3,206	4,383
Interest on long-term debt	181	234	-	-	181	234
Lancaster Power Authority	-	-	2,170	3,215	2,170	3,215
Lancaster Choice Energy	-	-	1,431	-	1,431	-
Total expenses	121,488	120,193	3,601	3,215	125,089	123,408
Increase (decrease) in net position	\$ (14,479)	\$ (22,420)	\$ -	\$ 245	\$ (14,479)	\$ (22,175)
Beginning Net Position	1,108,523	1,103,614	(1,752)	(1,397)	1,106,771	1,102,217
Transfers	800	600	(800)	(600)	-	-
Special Items	-	41,469	-	-	-	41,469
Prior Period Adjustment	(41,145)	(14,740)	-	-	(41,145)	(14,740)
Ending Net Position	\$ 1,053,699	\$ 1,108,523	\$ (2,552)	\$ (1,752)	\$ 1,051,147	\$ 1,106,771

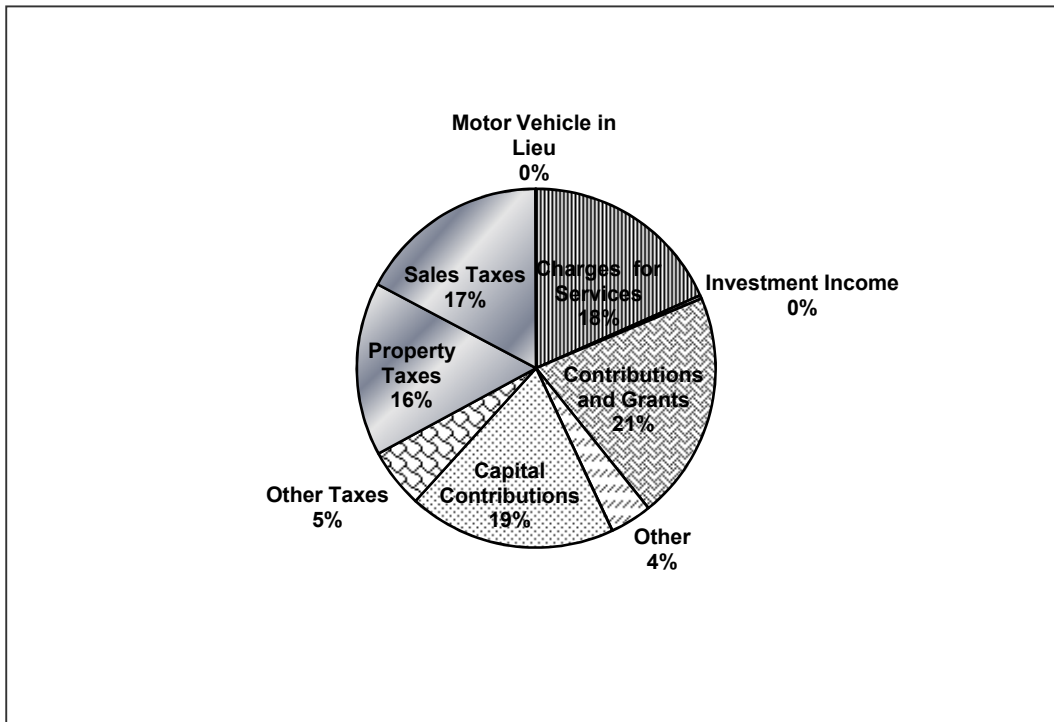
*Not adjusted for GASB 68.

The City's total revenues are \$110,610,730 while the costs of all programs and services are \$125,088,379.

**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, parks and recreation, public works, and housing - 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
	2015	2015
General Government	\$ 18,151	\$ (11,148)
Public Safety	26,777	(24,845)
Parks and Recreation	14,096	(10,267)
Public Works	54,735	(8,838)
Housing	4,342	(3,876)
Totals	\$ 118,101	\$ (58,974)

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 \$193.3 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 revenues and transfers-in in excess of expenditures and transfers-out of \$793,807. This increase is due to rebounding revenues and diligent cost containment.

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 \$77,449.

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 transfer-in of \$1,757,072.

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 14/15, the Capital Projects Fund reported expenditures of \$14,589,191 and transfers in totaling \$14,605,737.

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 two funds of this type, Lancaster Power Authority and Lancaster Choice Energy.

The net position of the Lancaster Power Authority and Lancaster Choice Energy at the end of the year was (\$2,551,661), mainly due to debt service obligations and start-up costs.

General Fund Budgetary Highlights

The actual amounts of expenditures for the General Fund at year-end were \$2,024,192 less than the final budget before transfers. The budget to actual variance in appropriations was due to management's effort to control expenditures and expenditures occurring at a slower rate than anticipated. Managers citywide diligently tracked division and department budgets to ensure overruns did not occur. Additionally, computer software and support expenditures were approximately \$730,000 under the approved appropriation due to the Accela building permit software implementation being delayed until mid-FY 15/16. These funds were encumbered and should be expended during the third quarter of FY 15/16. Actual revenues were \$1,056,225 less than the final budget before transfers. This is mainly attributed to charges for services (theater season ticket sales, TractionSeal™, and concessions/lease fees) and taxes (in-lieu sales tax) being much lower than anticipated.

Capital Asset and Debt Administration

Capital Assets. At the end of FY 2015, the City had \$910.1 million invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment.

The City’s Capital Improvement Plan projects spending \$16.3 million through fiscal 2015-15 on new projects. Funding will come from current fund balances and projected revenues. The most significant projects include: 2015/16 Pavement Management Program, Revive 25; Avenue M and SR 14 Interchange; Avenue G and SR 14 Interchange; Avenue J and SR 14 Interchange; Avenue I Street Improvements, Challenger to Price.

Land	\$	21,226
Buildings and Improvements		47,519
Furniture and Equipment		4,299
Infrastructure		814,705
Construction in Progress		<u>22,346</u>
Net Capital Assets	\$	<u>910,095</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 \$826,577 or (1.5%) from the prior year. As of June 30, 2015, the City of Lancaster had accrued employee benefits outstanding of \$3,399,708.

Energy 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	
	2015	2014	2015	2014	2015	2014
Notes Payable	\$ 2,767	\$ 3,130	\$ -	\$ -	\$ 2,767	\$ 3,130
Accrued Employee Benefits	3,400	3,126	-	-	3,400	3,126
Claims and Judgments	1,346	1,228	-	-	1,346	1,228
Net OPEB Obligation	19,313	18,960	-	-	19,313	18,960
Renewable Energy Bonds Unamortized Bond Discount	-	-	24,850	25,895	24,850	25,895
	-	-	(512)	(536)	(512)	(536)
Loans	1,232	1,330	-	-	1,232	1,330
Capital Lease	1,268	1,357	-	-	1,268	1,357
Total	<u>\$29,326</u>	<u>\$29,131</u>	<u>\$24,338</u>	<u>\$25,359</u>	<u>\$53,664</u>	<u>\$54,490</u>

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

Economic Factors and Next Year's Budgets and Rates

On June 23, 2015, the City Council adopted the 2015-16 Program and Financial Plan and 2015-16 Budget, with total appropriations of \$131.2 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 33.8% 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.

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, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and investments	\$ 78,319,924	\$ 1,185,860	\$ 79,505,784
Receivables:			
Accounts	3,018,712	520,595	3,539,307
Taxes	4,557,410	-	4,557,410
Notes and loans	25,442,563	-	25,442,563
Accrued interest	138,926	-	138,926
Deposits	-	100,000	100,000
Prepaid items	520,584	950	521,534
Due from other governments	2,261,237	-	2,261,237
Internal balances	1,939,100	(1,939,100)	-
Inventories	80,409	-	80,409
Land held for resale	55,531,168	-	55,531,168
Advances to Successor Agency	64,250,242	-	64,250,242
Restricted assets:			
Cash and investments	-	2,245,232	2,245,232
Capital assets:			
Non-depreciable	43,571,530	-	43,571,530
Depreciable	866,523,345	20,198,626	886,721,971
TOTAL ASSETS	1,146,155,150	22,312,163	1,168,467,313
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts on pension plan	3,799,019	-	3,799,019
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,799,019	-	3,799,019
LIABILITIES:			
Accounts payable	6,093,472	285,566	6,379,038
Accrued liabilities	2,051,263	9,591	2,060,854
Accrued interest	35,190	159,524	194,714
Unearned revenues	15,698,813	71,225	15,770,038
Deposits payable	1,365,907	-	1,365,907
Noncurrent liabilities:			
Net pension liability	34,927,459	-	34,927,459
Due within one year	2,788,537	1,105,000	3,893,537
Due in more than one year	26,537,885	23,232,918	49,770,803
TOTAL LIABILITIES	89,498,526	24,863,824	114,362,350
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts on pension plan	6,757,046	-	6,757,046
TOTAL DEFERRED INFLOWS OF RESOURCES	6,757,046	-	6,757,046
NET POSITION:			
Net investment in capital assets	907,594,209	(1,317,420)	906,276,789
Restricted for:			
Community development projects	3,583,473	-	3,583,473
Public safety	24,164	-	24,164
Parks and recreation	2,081,231	-	2,081,231
Public works	48,300,997	-	48,300,997
Debt service	3,898,783	-	3,898,783
Housing	98,943,158	-	98,943,158
Unrestricted	(10,727,418)	(1,234,241)	(11,961,659)
TOTAL NET POSITION	\$ 1,053,698,597	\$ (2,551,661)	\$ 1,051,146,936

See accompanying notes to financial statements.

CITY OF LANCASER

STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 18,151,158	\$ 432,988	\$ 6,569,829	\$ -
Public safety	26,777,341	818,277	1,113,814	-
Community development	3,205,562	550,551	2,474,919	-
Parks and recreation	14,096,265	3,652,517	175,652	-
Public works	54,734,695	14,021,480	11,702,424	20,173,224
Housing	4,341,667	303,541	162,167	-
Interest and other charges	180,567	-	-	-
Total governmental activities	121,487,255	19,779,354	22,198,805	20,173,224
Business-Type Activities:				
Lancaster Power Authority	2,170,134	3,273,181	-	-
Lancaster Choice Energy	1,430,990	275,128	-	-
Total business-type activities	3,601,124	3,548,309	-	-
Total primary government	\$ 125,088,379	\$ 23,327,663	\$ 22,198,805	\$ 20,173,224

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

Net Position - Beginning of Year, as Restated

Net Position - End of Year

See accompanying notes to financial statements.

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

Governmental Activities	Business-Type Activities	Total
\$ (11,148,341)	\$ -	\$ (11,148,341)
(24,845,250)	-	(24,845,250)
(180,092)	-	(180,092)
(10,268,096)	-	(10,268,096)
(8,837,567)	-	(8,837,567)
(3,875,959)	-	(3,875,959)
(180,567)	-	(180,567)
<u>(59,335,872)</u>	<u>-</u>	<u>(59,335,872)</u>
-	1,103,047	1,103,047
<u>-</u>	<u>(1,155,862)</u>	<u>(1,155,862)</u>
-	(52,815)	(52,815)
<u>(59,335,872)</u>	<u>(52,815)</u>	<u>(59,388,687)</u>
16,854,719	-	16,854,719
1,614,404	-	1,614,404
18,540,150	-	18,540,150
2,776,634	-	2,776,634
983,968	-	983,968
419,034	-	419,034
65,519	-	65,519
331,645	1,762	333,407
1,141,731	51,700	1,193,431
2,129,772	-	2,129,772
800,000	(800,000)	-
<u>45,657,576</u>	<u>(746,538)</u>	<u>44,911,038</u>
(13,678,296)	(799,353)	(14,477,649)
<u>1,067,376,893</u>	<u>(1,752,308)</u>	<u>1,065,624,585</u>
<u>\$ 1,053,698,597</u>	<u>\$ (2,551,661)</u>	<u>\$ 1,051,146,936</u>

CITY OF LANCASTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

	General	Special Revenue Funds	
		HOME Program	Lancaster Housing Authority
ASSETS:			
Pooled cash and investments	\$ 9,891,439	\$ 523,939	\$ 10,547,494
Receivables:			
Accounts	1,669,503	2,682	842
Taxes	4,364,610	-	-
Notes and loans	9,018,874	13,471,942	2,951,747
Accrued interest	112,541	-	2
Prepaid items	472,945	-	-
Due from other governments	310,701	-	-
Due from other funds	3,862,620	-	-
Inventories	80,409	-	-
Land held for resale	-	-	53,365,252
Advances to Successor Agency	32,406,072	-	31,844,170
Advances to other funds	1,820,000	-	-
TOTAL ASSETS	\$ 64,009,714	\$ 13,998,563	\$ 98,709,507
LIABILITIES:			
Accounts payable	\$ 3,203,129	\$ -	\$ 23,070
Accrued liabilities	1,705,414	-	8,314
Unearned revenues	1,341,975	12,881,881	851,647
Deposits payable	1,365,907	-	-
Due to other funds	-	-	-
TOTAL LIABILITIES	7,616,425	12,881,881	883,031
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues	13,955,568	-	2,973,695
FUND BALANCES:			
Nonspendable:			
Notes and loans	7,368,200	-	-
Prepaid items	472,945	-	-
Inventories	80,409	-	-
Advances to Successor Agency	20,404,824	-	-
Advances to other funds	1,820,000	-	-
Restricted:			
Community development projects	-	-	-
Public safety	-	-	-
Parks and recreation	-	-	-
Public works	-	-	-
Debt service	-	-	-
Housing	-	1,116,682	94,852,781
Assigned:			
Employee benefits	1,255,828	-	-
Building replacement	248,031	-	-
Capital facilities	87,750	-	-
Technology infrastructure	2,205,228	-	-
Legal claims	1,131,222	-	-
Capital projects	-	-	-
Unassigned	7,363,284	-	-
TOTAL FUND BALANCES	42,437,721	1,116,682	94,852,781
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 64,009,714	\$ 13,998,563	\$ 98,709,507

See accompanying notes to financial statements.

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 2,163,644	\$ 55,193,408	\$ 78,319,924
-	1,345,685	3,018,712
-	192,800	4,557,410
-	-	25,442,563
-	26,383	138,926
-	47,639	520,584
-	1,950,536	2,261,237
-	-	3,862,620
-	-	80,409
-	2,165,916	55,531,168
-	-	64,250,242
-	-	1,820,000
<u>\$ 2,163,644</u>	<u>\$ 60,922,367</u>	<u>\$ 239,803,795</u>
\$ 2,146,589	\$ 720,684	\$ 6,093,472
-	337,535	2,051,263
-	623,310	15,698,813
-	-	1,365,907
-	3,743,520	3,743,520
<u>2,146,589</u>	<u>5,425,049</u>	<u>28,952,975</u>
-	624,248	17,553,511
-	-	7,368,200
-	47,639	520,584
-	-	80,409
-	-	20,404,824
-	-	1,820,000
-	3,557,597	3,557,597
-	24,164	24,164
-	2,081,231	2,081,231
-	47,767,117	47,767,117
-	3,898,783	3,898,783
-	-	95,969,463
-	-	1,255,828
-	-	248,031
-	-	87,750
-	-	2,205,228
-	-	1,131,222
17,055	-	17,055
-	(2,503,461)	4,859,823
<u>17,055</u>	<u>54,873,070</u>	<u>193,297,309</u>
<u>\$ 2,163,644</u>	<u>\$ 60,922,367</u>	<u>\$ 239,803,795</u>

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CITY OF LANCASTER

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

June 30, 2015

Fund balances - total governmental funds \$ 193,297,309

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	\$ 1,736,069,793	
Accumulated depreciation	<u>(825,974,918)</u>	910,094,875

Long-term liabilities applicable to the City's 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, 2015 are:

Bonds, notes, loans and capital leases payable	(5,267,666)	
Claims and judgments	(1,346,000)	
Compensated absences	<u>(3,399,708)</u>	(10,013,374)

Pension-related debt applicable to the City's governmental activities is not due and payable in the current period and accordingly is not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts affects only the government-wide statements for governmental activities:

Deferred outflows of resources	3,799,019	
Deferred inflows of resources	(6,757,046)	
Pension liability	<u>(34,927,459)</u>	(37,885,486)

OPEB obligation and supplemental pension benefit are not accrued in governmental funds, but rather are recognized as expenditures when paid. (19,313,048)

Accrued interest payable for the current portion of interest due on bonds are not reported in the governmental funds (35,190)

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>17,553,511</u>
----------------------	--	-------------------

Net position of governmental activities \$ 1,053,698,597

See accompanying notes to financial statements.

CITY OF LANCASTER

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

For the year ended June 30, 2015

	Special Revenue Funds		
	General	HOME Program	Lancaster Housing Authority
REVENUES:			
Taxes	\$ 41,642,753	\$ -	\$ -
Licenses and permits	1,396,763	-	-
Intergovernmental	2,143,252	84,507	-
Charges for services	3,615,310	-	-
Use of money and property	605,429	1,050	245,777
Fines and forfeitures	715,761	-	-
Contributions	-	-	-
Miscellaneous	1,704,623	-	205,282
TOTAL REVENUES	<u>51,823,891</u>	<u>85,557</u>	<u>451,059</u>
EXPENDITURES:			
Current:			
General government	13,448,881	8,108	-
Public safety	24,842,402	-	-
Community development	1,555,561	-	-
Parks and recreation	12,814,569	-	-
Public works	4,330,798	-	-
Housing	-	-	1,422,400
Capital outlay	-	-	-
Debt service:			
Principal retirement	186,758	-	-
Interest and fiscal charges	91,381	-	-
TOTAL EXPENDITURES	<u>57,270,350</u>	<u>8,108</u>	<u>1,422,400</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,446,459)</u>	<u>77,449</u>	<u>(971,341)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	7,366,420	-	-
Transfers out	<u>(1,126,154)</u>	<u>-</u>	<u>(785,731)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,240,266</u>	<u>-</u>	<u>(785,731)</u>
NET CHANGE IN FUND BALANCES	793,807	77,449	(1,757,072)
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	<u>41,643,914</u>	<u>1,039,233</u>	<u>96,609,853</u>
FUND BALANCES - END OF YEAR	<u>\$ 42,437,721</u>	<u>\$ 1,116,682</u>	<u>\$ 94,852,781</u>

See accompanying notes to financial statements.

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 4,312,816	\$ 45,955,569
-	2,816,456	4,213,219
-	27,586,442	29,814,201
-	7,964,648	11,579,958
-	2,175,383	3,027,639
-	316,226	1,031,987
-	5,748	5,748
-	257,361	2,167,266
-	45,435,080	97,795,587
-	2,537,471	15,994,460
-	176,942	25,019,344
-	1,176,861	2,732,422
-	4,835	12,819,404
-	15,347,605	19,678,403
-	2,919,267	4,341,667
14,589,191	263,387	14,852,578
-	363,000	549,758
-	130,291	221,672
14,589,191	22,919,659	96,209,708
(14,589,191)	22,515,421	1,585,879
14,605,737	2,703,318	24,675,475
-	(21,963,590)	(23,875,475)
14,605,737	(19,260,272)	800,000
16,546	3,255,149	2,385,879
509	51,617,921	190,911,430
\$ 17,055	\$ 54,873,070	\$ 193,297,309

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, 2015

Net change in fund balances - total governmental funds \$ 2,385,879

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	\$ 13,920,514	
Contributed capital assets	9,232,886	
Depreciation expense	<u>(39,171,598)</u>	(16,018,198)

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>549,758</u>	549,758
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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 accrued employee benefits	(274,119)	
Change in claims payable	<u>(118,000)</u>	(392,119)

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

41,105

To record as an expense the City's other post-employment benefit obligation
in the Statement of Activities.

(352,608)

Pension expense reported in the governmental funds includes the annual
required contributions. In the Statement of Activities, pension expense
included the change in the net pension liability, and related change in
pension amounts for deferred outflows of resources and deferred inflows
of resources.

127,401

Revenues are deferred in the governmental funds when they are not received
soon after year-end to be considered to be available. The availability criteria
does not apply to the Statement of Net Position and therefore, the revenue
is recognized.

(19,514)

Change in net position of governmental activities \$ (13,678,296)

See accompanying notes to financial statements.

CITY OF LANCASTER

BUDGETARY COMPARISON STATEMENT
GENERAL FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 41,643,914	\$ 41,643,914	\$ 41,643,914	\$ -
Resources (Inflows):				
Taxes	40,584,085	42,084,765	41,642,753	(442,012)
Licenses and permits	1,118,625	1,360,220	1,396,763	36,543
Intergovernmental	1,126,410	1,881,270	2,143,252	261,982
Charges for services	3,393,600	4,166,035	3,615,310	(550,725)
Use of money and property	865,750	925,790	605,429	(320,361)
Fines and forfeitures	760,500	825,305	715,761	(109,544)
Miscellaneous	598,305	1,636,731	1,704,623	67,892
Transfers in	7,132,350	7,242,538	7,366,420	123,882
Amounts Available for Appropriations	<u>97,223,539</u>	<u>101,766,568</u>	<u>100,834,225</u>	<u>(932,343)</u>
Charges to Appropriations (Outflows):				
General government	12,544,327	14,573,367	13,448,881	1,124,486
Public safety	25,493,200	25,472,385	24,842,402	629,983
Community development	1,717,273	1,668,555	1,555,561	112,994
Parks and recreation	12,137,427	13,096,563	12,814,569	281,994
Public works	4,642,741	4,483,672	4,330,798	152,874
Debt service:				
Principal retirement	-	-	186,758	(186,758)
Interest and fiscal charges	-	-	91,381	(91,381)
Transfers out	1,215,463	1,243,163	1,126,154	117,009
Total Charges to Appropriations	<u>57,750,431</u>	<u>60,537,705</u>	<u>58,396,504</u>	<u>2,141,201</u>
Budgetary Fund Balance, June 30	<u>\$ 39,473,108</u>	<u>\$ 41,228,863</u>	<u>\$ 42,437,721</u>	<u>\$ 1,208,858</u>

See accompanying notes to financial statements.

CITY OF LANCASTER

BUDGETARY COMPARISON STATEMENT
HOME PROGRAM SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,039,233	\$ 1,039,233	\$ 1,039,233	\$ -
Resources (Inflows):				
Intergovernmental	48,000	78,975	84,507	5,532
Use of money and property	-	-	1,050	1,050
Amounts Available for Appropriations	<u>1,087,233</u>	<u>1,118,208</u>	<u>1,124,790</u>	<u>6,582</u>
Charges to Appropriations (Outflows):				
General government	<u>40,512</u>	<u>40,512</u>	<u>8,108</u>	<u>32,404</u>
Total Charges to Appropriations	<u>40,512</u>	<u>40,512</u>	<u>8,108</u>	<u>32,404</u>
Budgetary Fund Balance, June 30	<u><u>\$ 1,046,721</u></u>	<u><u>\$ 1,077,696</u></u>	<u><u>\$ 1,116,682</u></u>	<u><u>\$ 38,986</u></u>

See accompanying notes to financial statements.

CITY OF LANCASTER

BUDGETARY COMPARISON STATEMENT
LANCASTER HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 96,609,853	\$ 96,609,853	\$ 96,609,853	\$ -
Resources (Inflows):				
Use of money and property	776,500	364,080	245,777	(118,303)
Miscellaneous	93,642	196,977	205,282	8,305
Amounts Available for Appropriations	97,479,995	97,170,910	97,060,912	(109,998)
Charges to Appropriations (Outflows):				
Housing	1,858,819	1,858,819	1,422,400	436,419
Transfers out	986,370	865,770	785,731	80,039
Total Charges to Appropriations	2,845,189	2,724,589	2,208,131	516,458
Budgetary Fund Balance, June 30	\$ 94,634,806	\$ 94,446,321	\$ 94,852,781	\$ 406,460

See accompanying notes to financial statements.

CITY OF LANCASTER

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

June 30, 2015

	Business-Type Activities		
	Enterprise Funds		
	Major Lancaster Power Authority	Non-major Lancaster Choice Energy	Total
ASSETS:			
CURRENT ASSETS:			
Cash and investments	\$ 1,185,860	\$ -	\$ 1,185,860
Receivables:			
Accounts	321,808	198,787	520,595
Deposits	-	100,000	100,000
Prepaid items	-	950	950
Restricted assets:			
Cash and investments	2,245,232	-	2,245,232
TOTAL CURRENT ASSETS	<u>3,752,900</u>	<u>299,737</u>	<u>4,052,637</u>
NONCURRENT ASSETS:			
Capital assets:			
Depreciable	20,198,626	-	20,198,626
TOTAL ASSETS	<u>23,951,526</u>	<u>299,737</u>	<u>24,251,263</u>
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	-	285,566	285,566
Accrued liabilities	2,793	6,798	9,591
Interest payable	159,524	-	159,524
Unearned revenues	71,225	-	71,225
Due to other funds	-	119,100	119,100
Current portion of long-term liabilities	1,105,000	-	1,105,000
TOTAL CURRENT LIABILITIES	<u>1,338,542</u>	<u>411,464</u>	<u>1,750,006</u>
LONG-TERM LIABILITIES:			
Advances from other funds	-	1,820,000	1,820,000
Noncurrent portion of long-term liabilities	23,232,918	-	23,232,918
TOTAL LONG-TERM LIABILITIES	<u>23,232,918</u>	<u>1,820,000</u>	<u>25,052,918</u>
TOTAL LIABILITIES	<u>24,571,460</u>	<u>2,231,464</u>	<u>26,802,924</u>
NET POSITION:			
Net investment in capital assets	(1,317,420)	-	(1,317,420)
Unrestricted	697,486	(1,931,727)	(1,234,241)
TOTAL NET POSITION	<u>\$ (619,934)</u>	<u>\$ (1,931,727)</u>	<u>\$ (2,551,661)</u>

See accompanying notes to financial statements.

CITY OF LANCASTER

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

For the year ended June 30, 2015

	Business-Type Activities		Total
	Enterprise Funds		
	Major Lancaster Power Authority	Non-major Lancaster Choice Energy	
OPERATING REVENUES:			
Sales and service charges	\$ 3,273,181	\$ 275,128	\$ 3,548,309
TOTAL OPERATING REVENUES	<u>3,273,181</u>	<u>275,128</u>	<u>3,548,309</u>
OPERATING EXPENSES:			
Administration and general	239,615	1,430,990	1,670,605
Depreciation expense	<u>939,471</u>	<u>-</u>	<u>939,471</u>
TOTAL OPERATING EXPENSES	<u>1,179,086</u>	<u>1,430,990</u>	<u>2,610,076</u>
OPERATING INCOME (LOSS)	<u>2,094,095</u>	<u>(1,155,862)</u>	<u>938,233</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	1,762	-	1,762
Other nonoperating income	51,700	-	51,700
Interest expense	<u>(991,048)</u>	<u>-</u>	<u>(991,048)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(937,586)</u>	<u>-</u>	<u>(937,586)</u>
INCOME BEFORE TRANSFERS	<u>1,156,509</u>	<u>(1,155,862)</u>	<u>647</u>
TRANSFERS:			
Transfers in	575,865	-	575,865
Transfers out	<u>(600,000)</u>	<u>(775,865)</u>	<u>(1,375,865)</u>
TOTAL TRANSFERS	<u>(24,135)</u>	<u>(775,865)</u>	<u>(800,000)</u>
CHANGE IN NET POSITION	1,132,374	(1,931,727)	(799,353)
NET POSITION - BEGINNING OF YEAR	<u>(1,752,308)</u>	<u>-</u>	<u>(1,752,308)</u>
NET POSITION - END OF YEAR	<u>\$ (619,934)</u>	<u>\$ (1,931,727)</u>	<u>\$ (2,551,661)</u>

See accompanying notes to financial statements.

CITY OF LANCASTER

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the year ended June 30, 2015

	Business-Type Activities Enterprise Funds		
	Major Lancaster Power Authority	Non-major Lancaster Choice Energy	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	\$ 3,507,113	\$ 76,341	\$ 3,583,454
Cash paid to suppliers for goods and services	(259,516)	(1,239,576)	(1,499,092)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,247,597</u>	<u>(1,163,235)</u>	<u>2,084,362</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash transfers in	575,865	-	575,865
Cash transfers out	(600,000)	(775,865)	(1,375,865)
Advance received from other funds	-	1,820,000	1,820,000
Cash received from other funds	-	119,100	119,100
Cash paid to other funds	(19,786)	-	(19,786)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(43,921)</u>	<u>1,163,235</u>	<u>1,119,314</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest paid on capital debt	(2,017,819)	-	(2,017,819)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,017,819)</u>	<u>-</u>	<u>(2,017,819)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	1,762	-	1,762
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,762</u>	<u>-</u>	<u>1,762</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,187,619	-	1,187,619
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,243,473</u>	<u>-</u>	<u>2,243,473</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,431,092</u>	<u>\$ -</u>	<u>\$ 3,431,092</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 2,094,095	\$ (1,155,862)	\$ 938,233
Other income	51,700	-	51,700
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	939,471	-	939,471
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	182,232	(198,787)	(16,555)
(Increase) decrease in deposits	-	(100,000)	(100,000)
(Increase) decrease in prepaid items	-	(950)	(950)
Increase (decrease) in accounts payable	(22,013)	285,566	263,553
Increase (decrease) in accrued liabilities	2,112	6,798	8,910
Increase (decrease) in unearned revenues	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,247,597</u>	<u>\$ (1,163,235)</u>	<u>\$ 2,084,362</u>

See accompanying notes to financial statements.

CITY OF LANCASTER

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2015

	Private-Purpose Trust Fund		
	Successor Agency of the Former RDA	PARS Pension Trust Fund	Agency Funds
ASSETS:			
Pooled cash and investments	\$ 12,821,888	\$ -	\$ 4,747,083
Receivable:			
Accounts	272,453	-	13,593
Notes and loans	5,401,384	-	-
Less allowance for loan forgiveness	(3,219,229)	-	-
Land held for resale	12,271,663	-	-
Deferred charges	968,918	-	-
Restricted assets:			
Cash and investments with fiscal agents	19,366,539	9,715,743	3,449,257
TOTAL ASSETS	47,883,616	9,715,743	\$ 8,209,933
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charges on bond refunding	3,703,920	-	
LIABILITIES:			
Accounts payable	2,045	-	\$ 10,228
Accrued liabilities	2,711	-	-
Interest payable	3,973,338	-	-
Deposits payable	15,099	-	727,910
Due to other governments	388	-	-
Due to bondholders	-	-	7,471,795
Advances from City of Lancaster	32,406,072	-	-
Advances from Lancaster Housing Authority	31,844,170	-	-
Long-term liabilities:			
Due in one year	7,935,000	-	-
Due in more than one year	219,646,603	-	-
TOTAL LIABILITIES	295,825,426	-	\$ 8,209,933
NET POSITION:			
Held in trust for other purposes	\$ (244,237,890)	\$ 9,715,743	

See accompanying notes to financial statements.

CITY OF LANCASTER

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND

For the year ended June 30, 2015

	Private-Purpose Trust Fund		PARS Pension Trust Fund
	Successor Agency of the Former RDA		
ADDITIONS:			
Taxes	\$ 21,057,803	\$	-
Intergovernmental - Other	3,453,414	-	-
Interest and change in fair value of investments	454,499	236,007	-
Miscellaneous	491,779	-	-
	<u>25,457,495</u>	<u>236,007</u>	
TOTAL ADDITIONS			
DEDUCTIONS:			
Administrative expenses	806,360	26,087	-
Developer disposition agreements	977,653	-	-
Distributions	-	639,795	-
Interest expense	12,941,168	-	-
Payment to Lancaster Financing Authority	1,853,302	-	-
	<u>16,578,483</u>	<u>665,882</u>	
TOTAL DEDUCTIONS			
CHANGE IN NET POSITION	8,879,012	(429,875)	
NET POSITION - BEGINNING OF YEAR	<u>(253,116,902)</u>	<u>10,145,618</u>	
NET POSITION - END OF YEAR	<u>\$ (244,237,890)</u>	<u>\$ 9,715,743</u>	

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the City of Lancaster, California (City) have been prepared in accordance 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 has the same governing board as the City, the management of the primary government has operational responsibility for each of the component units, and/or receives financial benefits from each component unit, 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 Lancaster Housing Authority (the Housing Authority) was formed for the purpose of providing affordable, decent housing for lower income residents of the City of Lancaster. The Housing Authority assumed responsibilities for the prior low/moderate Housing Fund. Separate financial statements are not available for the Housing 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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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.

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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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, deferred outflows of resources, liabilities and deferred inflows of resources 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 a private purpose trust fund and agency funds.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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, deferred outflows of resources, current liabilities, and deferred inflows of resources 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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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 revenue that does not meet the “available” criteria of revenue recognition. Therefore recognition of governmental fund type revenue represented by non-current receivables are reported as deferred inflows of resources 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 funds are proprietary funds. In the fund financial statements, the proprietary funds 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, deferred outflows of resources, all liabilities, and deferred inflows of resources (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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Proprietary and Fiduciary Funds (Continued)

Proprietary funds operating revenue, such as charges for services, result from exchange transactions associated with the principal activities of the funds. 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 funds 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 funds are accounted for using the economic resources measurement focus and accrual basis of accounting. 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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Fund Classifications (Continued):

Major Governmental Funds (Continued):

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 Fund - is 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 the proprietary fund.

Proprietary Fund Type

Non-Major Enterprise Fund - is used to account for the operations of the new not-for-profit power provider, Lancaster Choice Energy (LCE). Beginning in October 2015, LCE will be available citywide to residences and business within the City.

Fiduciary Fund Types

Private Purpose Trust Fund - This fund is used to account for the assets and liabilities of the former redevelopment agency. The City, in its capacity as the Successor Agency, receives 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.

PARS Trust Fund - This fund is used to account for the assets placed in trust for future benefit payments to former employees covered by the employee pension administered by Public Agency Retirement Services (PARS).

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Fund Classifications (Continued):

Fiduciary Fund Types (Continued)

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.

The City reports the following Agency Funds:

- Assessment Districts - 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:

Current Year Standards

In fiscal year 2014-2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *“Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27”* and GASB Statement No. 71, *“Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68”*. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards decreased the governmental activities net position at July 1, 2014 by \$41,608,340.

GASB Statement No. 69 - *“Government Combinations and Disposals of Government Operations”* was required to be implemented in the current fiscal year and did not impact the City.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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 72 - "*Fair Value Measurement and Application*", effective for periods beginning after June 15, 2015.
- GASB 73 - "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", effective for periods beginning after June 15, 2015 - except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016.
- GASB 74 - "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", effective for periods beginning after June 15, 2016.
- GASB 75 - "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", effective for periods beginning after June 15, 2017.
- GASB 76 - "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", effective for periods beginning after June 15, 2015.

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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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”.

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 in the financial statements because their use is limited by applicable bond covenants. In addition, funds have been assigned for future capital improvements by City resolution.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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.

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	7-10 years
Public domain infrastructure	50 years

j. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and the governmental funds balance sheet 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two items that qualify for reporting in this category. The first item 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 life of the refunding debt. The second item is the deferred outflow related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

In addition to liabilities, the statement of net position and the governmental funds balance sheet 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 future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first item, which arises only under a modified accrual basis of accounting is, *unavailable revenues*, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from three sources: investment, income taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.

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 Successor Agency to the Lancaster Redevelopment Agency and the Housing Successor Agency 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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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. Additionally, employees may elect to cash in accrued vacation in excess of 80 hours once per fiscal year up to a maximum of 40 hours. Vacation accruals are based on years of service, with the maximum balance of unused accruals set at 362 hours after 10 years of service.

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. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts. It also includes the long-term portion of notes and loan's receivable with no constraints on how the eventual proceeds can be spent.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

o. Fund Balance Classification (Continued):

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

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

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

q. Use of Estimates:

The preparation of financial statements in accordance 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, deferred inflows of resources, liabilities, and deferred outflows of resources 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.

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 or designee. Expenditures may not exceed appropriations at the function level. At fiscal year end, all unencumbered operating budget appropriations lapse. During the year, several supplementary appropriations were necessary.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. 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 all governmental funds, except for the Mariposa Lily Special Revenue Fund, the HPRP Special Revenue Fund, the Lancaster Financing Authority Debt Service Fund and the Capital Projects Fund which is budgeted on a project basis, are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

Excess of Expenditures over Appropriations

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2015.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Funds:			
General Fund:			
Debt service -principal retirement	\$ -	\$ 186,758	\$ (186,758)
Debt service - interest and fiscal charges	-	91,381	(91,381)
Other Governmental Special Revenue Funds:			
Gas Tax:			
General government	220	223	(3)
LA County Reimbursement:			
Community development	162,884	166,975	(4,091)
Sewer Maintenance District:			
General government	107,105	112,229	(5,124)

Deficit Net Position and Fund Balances

The following funds contained deficit net position as of June 30, 2015:

	<u>Deficit Amount</u>
Major Enterprise Fund:	
Lancaster Power Authority	\$ 619,934
Other Enterprise Fund:	
Lancaster Choice Energy	1,931,727

Theses net position deficits will be eliminated by increasing revenues.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

Deficit Net Position and Fund Balances (Continued)

The following funds contained deficit fund balances as of June 30, 2015:

	<u>Deficit Amount</u>
Other Governmental Special Revenue Funds:	
Bikeway Improvement	\$ 44,362 (2)
Federal Grants	20,130 (1)
State Grants	1,372,104 (1)
County and Other	233,069 (2)
Recycled Water	239,368 (2)
Miscellaneous Grants	350,685 (2)
Engineering Fees	86,010 (1)
LA County Reimbursement	155,211 (2)
HPRP	2,522 (2)

These fund balance deficits will be eliminated as (1) grant reimbursements become available, or (2) when transfers are made.

3. CASH AND INVESTMENTS:

Cash and Investments

Cash and investments held by the City at June 30, 2015 are reported in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 79,505,784
Restricted:	
Cash and investments	2,245,232
Statement of Net Position - Fiduciary Funds:	
Pooled cash and investments	17,568,971
Restricted:	
Cash and investments with fiscal agents	<u>32,531,539</u>
Total cash and investments	<u>\$ 131,851,526</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

3. CASH AND INVESTMENTS (CONTINUED):

Cash and Investments (Continued)

Cash and investments consisted of the following:

Cash on hand	\$ 18,190
Deposits with financial institutions	11,655,498
Investments	<u>120,177,838</u>
Total cash and investments	<u>\$ 131,851,526</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 in the financial statements as pooled cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

Deposits

At June 30, 2015, the carrying amount of the City's deposits was \$11,673,689 and the bank balance was \$11,915,890. The \$242,201 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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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
- Municipal Bonds

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.

Investments - Public Agency Retirement Services (PARS) Trust:

The District established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the City's supplemental employee pension plan. The PARS Trust's specific cash and investments are managed by a third-party portfolio manager and invested under a pool arrangement using certain investment guidelines offered by PARS and approved by the City.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

3. CASH AND INVESTMENTS (CONTINUED):

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 financial statements. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

The City's investment policy limits investments in medium term notes (MTNs) to those rated AA- or better by a nationally recognized statistical rating organization. At June 30, 2015, the City invested in various MTNs which were rated AA- or better by Standard & Poors (S&P). At June 30, 2015 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 in not disclosed.

As of June 30, 2015, the City's investment in LAIF is unrated. The City has amounts invested in investment agreements held with fiscal agents and invested under the direction of the City which are unrated.

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, 2015, none of the City's deposits or investments were exposed to custodial credit risk.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

3. CASH AND INVESTMENTS (CONTINUED):

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 5% in anyone issuer, 20% of the City's invested funds for medium term notes with no more than 5% in anyone issuer, 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.

As of June 30, 2015, the City's investment in the following issuers exceeded 5%:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal National Mortgage Association	U.S. Government Sponsored Agency Securities	\$ 5,946,737
Federal Home Loan Bank	U.S. Government Sponsored Agency Securities	\$ 5,510,979

Interest Rate Risk

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

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

3. CASH AND INVESTMENTS (CONTINUED):

Interest Rate Risk (Continued)

The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2015, 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	\$ 1,001,406	\$ 3,641,829	\$ 1,767,500	\$ -	\$ 6,410,735
United States Government Sponsored					
Agency Securities	5,660,011	12,561,357	1,000,561	-	19,221,929
Medium-Term Corporate Notes	1,013,532	5,191,903	-	-	6,205,435
Certificates of Deposit	650,000	-	-	-	650,000
California Local Agency Investment					
Fund (LAIF)	52,897,099	-	-	-	52,897,099
Money Market Mutual Funds	15,869	-	-	-	15,869
Held by Fiscal Agent:					
Money Market Mutual Funds	16,360,725	-	-	-	16,360,725
Investment Agreements	-	623,378	-	8,076,925	8,700,303
PARS Trust Investments	9,715,743	-	-	-	9,715,743
	<u>\$ 87,314,385</u>	<u>\$ 22,018,467</u>	<u>\$ 2,768,061</u>	<u>\$ 8,076,925</u>	<u>\$ 120,177,838</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

4. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2015 was as follows:

Governmental Activities

	Balance at July 1, 2014	Construction In Progress Transfers	Additions	Deletions	Balance at June 30, 2015
Capital assets, not being depreciated:					
Land	\$ 22,256,592	\$ -	\$ 71,536	\$ (1,102,400)	\$ 21,225,728
Construction in progress	<u>29,888,294</u>	<u>(21,876,630)</u>	<u>14,395,296</u>	<u>(61,158)</u>	<u>22,345,802</u>
Total capital assets, not being depreciated	<u>52,144,886</u>	<u>(21,876,630)</u>	<u>14,466,832</u>	<u>(1,163,558)</u>	<u>43,571,530</u>
Capital assets, being depreciated:					
Structures and improvements	66,776,512	8,354,090	-	-	75,130,602
Furniture and equipment	13,678,682	-	627,079	(291,321)	14,014,440
Infrastructure	<u>1,580,607,634</u>	<u>13,522,540</u>	<u>9,223,047</u>	<u>-</u>	<u>1,603,353,221</u>
Total capital assets, being depreciated	<u>1,661,062,828</u>	<u>21,876,630</u>	<u>9,850,126</u>	<u>(291,321)</u>	<u>1,692,498,263</u>
Less accumulated depreciation for:					
Structures and improvements	(26,093,800)	-	(1,517,899)	-	(27,611,699)
Furniture and equipment	(9,247,961)	-	(758,652)	291,321	(9,715,292)
Infrastructure	<u>(751,752,880)</u>	<u>-</u>	<u>(36,895,047)</u>	<u>-</u>	<u>(788,647,927)</u>
Total accumulated depreciation	<u>(787,094,641)</u>	<u>-</u>	<u>(39,171,598)</u>	<u>291,321</u>	<u>(825,974,918)</u>
Total capital assets, being depreciated, net	<u>873,968,187</u>	<u>21,876,630</u>	<u>(29,321,472)</u>	<u>-</u>	<u>866,523,345</u>
Total governmental activities capital assets, net	<u>\$ 926,113,073</u>	<u>\$ -</u>	<u>\$ (14,854,640)</u>	<u>\$ (1,163,558)</u>	<u>\$ 910,094,875</u>

Depreciation expense was charged in the following functions in the Statement of Activities for the year ended June 30, 2015 as follows:

General government	\$ 476,357
Public safety	4,840
Public works	36,865,924
Community development	399,764
Parks and recreation	<u>1,424,713</u>
	<u>\$ 39,171,598</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

4. CAPITAL ASSETS (CONTINUED):

Capital asset activity for the year ended June 30, 2015 was as follows:

Business-type Activities

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Capital assets, being depreciated:				
Intangible assets	\$ 23,486,774	\$ -	\$ -	\$ 23,486,774
Less accumulated depreciation for:				
Intangible assets	<u>(2,348,677)</u>	<u>(939,471)</u>	<u>-</u>	<u>(3,288,148)</u>
 Total business-type activities capital assets, net	 <u>\$ 21,138,097</u>	 <u>\$ (939,471)</u>	 <u>\$ -</u>	 <u>\$ 20,198,626</u>

The depreciation expense of \$939,471 was charged to the Lancaster Power Authority program for the year ended June 30, 2015.

5. INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS:

Due To/From Other Funds

Interfund receivable and payable balances at June 30, 2015 are as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 3,743,520
	Other Enterprise Fund	<u>119,100</u>
		<u>\$ 3,862,620</u>

The due to General Fund of \$3,862,620 from the various other governmental and the other enterprise fund was a result of temporary deficit cash balances in those funds.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

Advances To/From Other Funds

Advances receivable and payable balances at June 30, 2015 are as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Other Enterprise Fund	<u>\$ 1,820,000</u>

The advance was made to provide start-up capital for the Lancaster Choice Energy Program.

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	\$ 771,975
	Other Governmental Funds	5,794,445
	Lancaster Power Authority Enterprise Fund	600,000
	Other Enterprise Fund	200,000
Capital Projects	General Fund	26,480
	Other Governmental Funds	14,579,257
Other Governmental Funds	General Fund	1,099,674
	Lancaster Housing Authority Special Revenue Fund	13,756
	Other Governmental Funds	1,589,888
Lancaster Power Authority Enterprise Fund	Other Enterprise Fund	<u>575,865</u>
		<u>\$ 25,251,340</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 \$14,605,737.

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 \$7,366,420.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

6. LONG-TERM LIABILITIES:

Governmental Activities

Changes in long-term liabilities for the governmental activities for the year ended June 30, 2015 are as follows:

	Balance			Balance			Due	Due in
	June 30, 2014	Additions	Deletions	June 30, 2015	Within	One Year	More Than	One Year
City of Lancaster:								
Section 108 Notes:								
Series 2003-A	\$ 866,000	\$ -	\$ (72,000)	\$ 794,000	\$ 75,000		\$ 719,000	
Series 2004-A	969,000	-	(71,000)	898,000	75,000		823,000	
Series 2010-A	1,295,000	-	(220,000)	1,075,000	240,000		835,000	
Capital lease	1,356,890	-	(88,266)	1,268,624	92,147		1,176,477	
Loans	1,330,534	-	(98,492)	1,232,042	101,373		1,130,669	
Accrued employee benefits	3,125,589	1,904,414	(1,630,295)	3,399,708	1,630,295		1,769,413	
Claims and judgments								
(Note 11)	1,228,000	955,403	(837,403)	1,346,000	574,722		771,278	
Net OPEB obligation								
(Note 8)	<u>18,960,440</u>	<u>2,073,560</u>	<u>(1,720,952)</u>	<u>19,313,048</u>	-		<u>19,313,048</u>	
Total long-term liabilities								
Governmental activities	<u>\$ 29,131,453</u>	<u>\$ 4,933,377</u>	<u>\$ (4,738,408)</u>	<u>\$ 29,326,422</u>	<u>\$ 2,788,537</u>		<u>\$ 26,537,885</u>	

The liability for accrued employee benefits is fully liquidated by the general fund. The liability for pension-related debt is fully liquidated by the general fund. For pension-related debt, the general fund normally liquidates 48 percent, and 52 percent is liquidated by the other governmental funds..

Business-type Activities

Changes in long-term liabilities for the business-type activities for the year ended June 30, 2015 are as follows:

	Balance			Balance			Due	Due in
	June 30, 2014	Additions	Deletions	June 30, 2015	Within	One Year	More Than	One Year
2012A Solar Renewable								
Energy Revenue Bonds	\$ 25,895,000	\$ -	\$ (1,045,000)	\$ 24,850,000	\$ 1,105,000		\$ 23,745,000	
Unamortized bond discount	<u>(535,536)</u>	<u>-</u>	<u>23,454</u>	<u>(512,082)</u>	<u>-</u>		<u>(512,082)</u>	
Total long-term liabilities								
Business-type activities	<u>\$ 25,359,464</u>	<u>\$ -</u>	<u>\$ (1,021,546)</u>	<u>\$ 24,337,918</u>	<u>\$ 1,105,000</u>		<u>\$ 23,232,918</u>	

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued)

Notes

A description of individual issues of notes (excluding defeased issues) outstanding as of June 30, 2015, follows:

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, 2015, was \$794,000.

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, 2015, was \$898,000.

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, 2015, was \$950,000.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued)

Section 108 Notes (Continued)

Series 2010-A (Continued)

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, 2015, was \$125,000.

The annual requirements to amortize the outstanding indebtedness as of June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 390,000	\$ 118,143	\$ 508,143
2017	410,000	104,066	514,066
2018	427,000	88,279	515,279
2019	429,000	65,462	494,462
2020	175,000	55,883	230,883
2021 - 2025	936,000	126,234	1,062,234
Totals	<u>\$ 2,767,000</u>	<u>\$ 558,067</u>	<u>\$ 3,325,067</u>

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, 2015, is \$1,268,624.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued)

Capital Lease (Continued)

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

Year Ending June 30,		
2016	\$	146,341
2017		146,341
2018		146,341
2019		146,341
2020		146,341
2021 - 2025		731,705
2026		<u>146,341</u>
Subtotal		1,609,751
Less: amount representing interest		<u>(341,127)</u>
Total	\$	<u><u>1,268,624</u></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, 2015, is \$1,232,042.

The annual requirements to amortize the outstanding indebtedness as of June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 101,373	\$ 36,305	\$ 137,678
2017	104,534	33,144	137,678
2018	107,693	29,985	137,678
2019	110,948	26,730	137,678
2020	114,240	23,438	137,678
2021 - 2025	625,434	62,959	688,393
2026	<u>67,820</u>	<u>1,019</u>	<u>68,839</u>
Totals	<u>\$ 1,232,042</u>	<u>\$ 213,580</u>	<u>\$ 1,445,622</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

6. LONG-TERM LIABILITIES (CONTINUED):

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, 2015, is \$24,850,000.

The annual requirements to amortize the outstanding indebtedness as of June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	460,000	892,694	1,352,694
2020	510,000	878,144	1,388,144
2021 - 2025	3,470,000	4,089,744	7,559,744
2026 - 2030	5,445,000	3,230,266	8,675,266
2031 - 2035	8,115,000	1,841,834	9,956,834
2036 - 2037	<u>4,195,000</u>	<u>186,922</u>	<u>4,381,922</u>
Totals	<u>\$ 24,850,000</u>	<u>\$ 13,905,961</u>	<u>\$ 38,755,961</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. DEFINED BENEFIT PENSION PLANS:

Public Employees Retirement System (CalPERS)

a. General Information about the Pension Plan:

Plan Description

The City of Lancaster contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS 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 CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814 or on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age fifty (50) with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Classic Members Hired Prior to <u>January 1, 2013</u>	Classic Members Hired on or after <u>January 1, 2013</u>	New Members Hired on or after <u>January 1, 2013</u>
Hire date			
Benefit formula	2.7% @ 55	2.0% @ 60	2.0% @ 62
Benefit Vesting Schedule	5 yrs. of service	5 yrs. of service	5 yrs. of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-55+	50-63+	52-67+
Monthly benefits, as a % of compensation	2% to 2.7%	1.092% to 2.418%	1% to 2.5%
Required employee contribution rates	8%	7-8%	6.25%
Required employer contribution rates	19.575%	19.575%	19.575%
	(including 4% paid by employees)		

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. DEFINED BENEFIT PENSION PLANS (CONTINUED):

Public Employees Retirement System (CalPERS) (Continued)

a. General Information about the Pension Plan (Continued):

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries	
currently receiving benefits	187
Inactive employees entitled to but	
not yet receiving benefits	483
Active employees	338
Total	<u>1,008</u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

b. Net Pension Liability:

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. DEFINED BENEFIT PENSION PLANS (CONTINUED):

Public Employees Retirement System (CalPERS) (Continued)

b. Net Pension Liability (Continued):

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

(1) Depending on age, service and type of employment.

(2) Net of pension plan investment expenses, including inflation

(3) The probabilities of mortality are derived using CalPERS' membership data for all funds.

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. DEFINED BENEFIT PENSION PLANS (CONTINUED):

Public Employees Retirement System (CalPERS) (Continued)

b. Net Pension Liability (Continued):

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as a change in methodology occurs .

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. DEFINED BENEFIT PENSION PLANS (CONTINUED):

Public Employees Retirement System (CalPERS) (Continued)

b. Net Pension Liability (Continued):

Discount Rate (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short term and long term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.0 %	5.25 %	5.71 %
Global Fixed Income	19.0 %	0.99 %	2.43 %
Inflation Sensitive	6.0 %	0.45 %	3.36 %
Private Equity	12.0 %	6.83 %	6.95 %
Real Estate	11.0 %	4.50 %	5.13 %
Infrastructure and Forestland	3.0 %	4.50 %	5.09 %
Liquidity	2.0 %	(0.55)%	(1.05)%
Total	100.0 %		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. DEFINED BENEFIT PENSION PLANS (CONTINUED):

Public Agency Retirement Services (PARS)

c. General Information about the Pension Plan:

Plan Description and Benefits

Until December 29, 2012, the City, pursuant to sections 401(a) and 501(a) of the Internal Revenue Code, the City adopted a tax-qualified single-employer governmental defined benefit plan that is to be administered for the City by Public Agency Retirement Service (PARS), a third-party administrator. The plan was established to provide eligible employees, supplemental retirement benefits in addition to the benefits employees will receive from the California Public Employees Retirement System (CalPERS). The plan is closed.

Employees Covered

At June 30, 2015, there were 71 inactive employees or beneficiaries receiving benefits.

Contributions

The actuarial contribution is determined on the funding policy and most recent measurement available when the contribution for the reporting period was adopted. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. As of the most recent actuarial valuation the Plan was fully funded and no contributions were due.

d. Net Pension Asset:

The City's net pension asset for the Plan is measured as the pension plan's fiduciary net position less the total pension liability. The net pension asset of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension asset is shown on the following page.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. DEFINED BENEFIT PENSION PLANS (CONTINUED):

Public Agency Retirement Services (PARS) (Continued)

d. Net Pension Asset (Continued):

Actuarial Assumptions

The total pension asset in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	3.0%
Payroll growth	N/A
Salary increases	N/A
Investment Rate of Return	6.50%, net of investment expenses only
Mortality	Males: 2010 GAM Males (as prescribed By PARS) Females: 2010 GAM Females (as prescribed by PARS)
Form of Payment	Monthly as determined by plan document

Discount Rate

The discount rate used to measure the total pension liability was 6.5% applied to all years. In a crossover test fiduciary net position always exceeded benefits payments, therefore municipal bond rates are not applicable.

Significant assumptions in arriving at the long term expected rate of return are as follows:

	<u>Expected Rate of Return</u>
Expected Long Term Real Rate of Return	3.80 %
Assumed Inflation	<u>3.00 %</u>
Total Inflation Adjusted Expected Return	6.80 %
Expected Investment Expenses	<u>0.30 %</u>
Net Expected Return after Expenses	<u><u>6.50 %</u></u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. DEFINED BENEFIT PENSION PLANS (CONTINUED):

Public Agency Retirement Services (PARS) (Continued)

d. Net Pension Asset (Continued):

Discount Rate (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	6/30/13 Allocation	Real Return Target Allocation	Expected Real Rate of Return
Total Fixed (fixed + inflation linked)	48.7 %	45.0 %	1.55 %
Cash	3.8 %	5.0 %	0.45 %
Global Equities	45.7 %	48.5 %	5.35 %
Real Estate Investment Trust	1.7 %	1.5 %	4.03 %
Total	100.0 %	100.0 %	

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. DEFINED BENEFIT PENSION PLANS (CONTINUED):

Public Employees Retirement System (CalPERS) and Public Agency Retirement Services (PARS)

e. Changes in the Net Pension Liability:

The changes in the net pension liability for the Plans are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance at June 30, 2014	<u>\$ 129,804,035</u>	<u>\$ 88,242,029</u>	<u>\$ 41,562,006</u>
Changes in the Year:			
Service cost	3,783,673	-	3,783,673
Interest on the total pension liability	9,622,665	-	9,622,665
Changes in benefit terms	-	-	-
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Contribution - employer	-	3,549,119	(3,549,119)
Contribution - employee	-	1,556,684	(1,556,684)
Net investment income	-	14,956,082	(14,956,082)
Administrative expenses	-	(20,000)	20,000
Benefit payments, including refunds of employee contributions	<u>(4,293,298)</u>	<u>(4,293,298)</u>	-
Net Changes	<u>9,114,040</u>	<u>15,748,587</u>	<u>(6,634,547)</u>
Balance at June 30, 2015	<u>\$ 138,918,075</u>	<u>\$ 103,990,616</u>	<u>\$ 34,927,459</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. DEFINED BENEFIT PENSION PLANS (CONTINUED):

Public Employees Retirement System (CalPERS) and Public Agency Retirement Services (PARS) (Continued)

e. Changes in the Net Pension Liability (Continued):

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>CalPERS</u>	<u>PARS</u>
1% Decrease	6.50%	5.50%
Net Pension Liability (Asset)	\$ 53,855,604	\$ 591,000
Current Discount Rate	7.50%	6.50%
Net Pension Liability (Asset)	\$ 35,438,337	\$ (510,878)
1% Increase	8.50%	7.50%
Net Pension Liability (Asset)	\$ 20,228,546	\$ (1,435,000)

Pension Plans Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and PARS financial reports.

f. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

For the year ended June 30, 2015, the City recognized pension expense of \$3,671,618. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,799,019	\$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	(6,757,046)
Total	<u>\$ 3,799,019</u>	<u>\$ (6,757,046)</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. DEFINED BENEFIT PENSION PLANS (CONTINUED):

Public Employees Retirement System (CalPERS) and Public Agency Retirement Services (PARS) (Continued)

f. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions
(Continued):

\$3,799,019 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2016	\$ (1,689,262)
2017	(1,689,261)
2018	(1,689,262)
2019	(1,689,261)
2020	-
Thereafter	-

g. Payable to the Pension Plans:

At June 30, 2015, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2015.

8. 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 medical, dental, vision and long-term care benefits are provided per contract between the City and union employee associations and unrepresented employees. A separate financial report is not available for the plan. This plan has been closed to new employees and the future benefit levels are frozen as of January 1, 2016.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

8. 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. During the 2014-2015 fiscal year, the City opened a California Employers' Retiree Benefit Trust (CERBT) with CalPERS. This trust is independent of the public employees requirement system detailed in Note 7. Contributions to this irrevocable trust are appropriated by the City Council.

A contribution of \$1,720,952 was made during the 2014-2015 fiscal year. The purpose of the contribution was to pay current year premiums for retirees and \$1.2 million toward the future OPEB obligation. As a result, the City calculated and recorded a Net OPEB Liability, representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented below:

Annual required contribution (ARC)	\$ 2,602,000
Interest on net OPEB obligation	869,000
Adjustment to ARC	<u>(972,000)</u>
Annual OPEB cost	2,499,000
Contributions made	<u>(1,720,952)</u>
Increase in net OPEB obligation	778,048
Net OPEB Obligation - beginning of year	<u>18,535,000</u>
Net OPEB Obligation - end of year	<u>\$ 19,313,048</u>

The contribution rate is based on the ARC of \$2,602,000, 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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

Annual OPEB Costs and Net OPEB Obligation

For the fiscal year 2014-2015, the City's annual OPEB cost (expense) was \$2,499,000. 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, 2015, were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/13	\$ 3,249,000	\$ 472,819	14.55 %	\$ 15,840,000
06/30/14 (1)	3,210,056	515,056	16.05 %	18,535,000
06/30/15	2,499,000	1,720,952	68.87 %	19,313,048

(1) Restated

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$25,081,000 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$25,081,000. The covered payroll (annual payroll of active employees covered by the plan) was \$17,391,000, and the ratio of the UAAL to the covered payroll was 144.2%.

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, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

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, 2013, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.00% 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. The annual healthcare cost trend rate is 8.0% for non-medicare participants and 8.3% for medicare participants beginning in 2015, and reduced by decrements to an ultimate rate of 5.0% after six years. The trend rates for dental, vision and long-term care benefits is 3.0%. 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 of the initial unfunded actuarial accrued liability at June 30, 2013, was 25 years. The number of active participants is 248.

OPEB Trust

During the current year, the City established a California Employers' Retiree Benefit Trust Fund (CERBT) with CalPERS to prefund its OPEB obligation. Payments made to the CERBT are held in trust and are used by the City to pay its annual contribution. Activity within the CERBT for the year ended June 30, 2015 is as follows:

Balance - June 30, 2014	\$ -
Contributions	1,547,000
Distributions	(323,046)
Investment earnings	61,894
Admin expense	<u>(1,082)</u>
Balance - June 30, 2015	<u>\$ 1,284,766</u>

Throughout the year the City makes monthly retiree premium payments and records a receivable from the CERBT from which the City makes withdrawals on a quarterly basis. At June 30, 2015 the City has a \$369,020 receivable from the CERBT for unreimbursed premium payments.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

9. STADIUM OPERATING LEASE:

The City leases the Lancaster Municipal Stadium to Jethawks Baseball, LP, which operates the Jethawks, a California "A" League professional baseball team franchise. The term of this lease is January 9, 2015 through January 9, 2025 during which time the City shall receive annual rent of \$55,750 subject to CPI increases after the forth year of the term.

10. ANTELOPE VALLEY TRANSIT AUTHORITY JOINT VENTURE:

The City is a member of the Antelope Valley Transit Authority (the Transit Authority), a joint powers authority of the County of Los Angeles and the cities of Palmdale and Lancaster. The Transit 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 Transit Authority to provide financing of \$7,690,000 for the purchase of transportation equipment.

Subsequent to the Certificate of Participation issue, the Transit 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, 2015, (latest information available), Antelope Valley Transit Authority's financial position was as follows:

Assets	<u>\$ 76,779,196</u>
Liabilities	\$ 4,053,491
Net Position	<u>72,725,705</u>
Total Liabilities and Net Position	<u>\$ 76,779,196</u>
Revenues	\$ 29,621,269
Expenses	<u>26,887,196</u>
Changes in Net Position	<u>\$ 2,734,073</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

10. ANTELOPE VALLEY TRANSIT AUTHORITY JOINT VENTURE (CONTINUED):

The Transit Authority is funded, in part, by revenues allocated to the City and redirected to the Transit 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 Transit Authority. The City does not have a financial responsibility because the Transit Authority does not depend on revenue from the City to continue existence.

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

11. 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 \$250,000 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, 2015, \$1,346,000 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, 2015, 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 2014 and 2015 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>
2013 - 2014	\$ 899,000	\$ 712,399	\$ (383,399)	\$ 1,228,000
2014 - 2015	1,228,000	955,403	(837,403)	1,346,000

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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

12. 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.

13. CONSTRUCTION COMMITMENTS:

The following material construction commitments existed at June 30, 2015:

Project Name:	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2015</u>	<u>Remaining Commitments</u>
2012 Pavement Management Program	\$ 1,042,634	\$ 431,286	\$ 611,348
2014 Pavement Management Program	4,435,168	3,823,437	611,731
2015 Pavement Management Program	598,242	284,923	313,319
City Wide Bridge Rehabilitation	696,130	689,043	7,087
Avenue K / State Road 14 Interchange	470,660	413,427	57,233
Avenue M / State Road 14 Interchange	653,455	383,035	270,420
Avenue G / State Road 14 Interchange	610,585	251,984	358,601
Avenue K-8 Bike Facility Improvements	83,627	76,285	7,342
10 th Street W Gap Closer Ave – Ave M	121,600	2,600	119,000
Downtown Gateway	2,429,222	397,597	2,031,625
Phase I Bus Stop Improvements	849,170	93,400	755,770
Avenue I Streetscape Enhancements	68,247	37,224	31,023
37 th E Improvements J-4 to J-8	176,583	174,983	1,600
Avenue J-11 Improvement at Division	529,897	490,657	39,240
Genoa Street Improvements at Oilfield	5,600	1,280	4,320
Valley View Pedestrian Improvements	1,323,958	1,323,008	950
24 th E Roadway Alignment	355,570	342,830	12,740
Avenue L & Challenger Roundabout	114,233	96,009	18,224
15 th Street West and Lancaster Blvd Roundabout	337,179	283,870	53,309
Intersection Improvement 10 W & 30 W at Ave I	40,223	22,432	17,791
Traffic Signal – Avenue I & 25 th Street E	36,668	32,493	4,175
20 th Street E Line B	1,373,484	65,357	1,308,127

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

14. LANCASTER CHOICE ENERGY:

During the year the City registered as a Community Choice Aggregator (CCA) and established Lancaster Choice Energy (LCE) for the purpose of delivering electric services to certain customers located within the City of Lancaster. The City entered into 21 "Take or Pay" contracts to provide for future electric capacity for LCE customers. These contracts constitute an obligation of the City to purchase a set volume of electricity at a set price throughout the terms of the contracts. The City's obligation is not recorded on the accompanying basic financial statements; however, it is included as a component of its power supply expenses.

During the fiscal year ended June 30, 2015, the City made payments totaling \$159,592 for take or pay contracts. At June 30, 2015 the City has \$122,778,066 remaining on its take or pay contracts which have terms of 3 months, 4 months, 1 year, 3 years, 5 years, and 20 years expiring at various dates through August 2035.

15. 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 the Sponsoring Community elected not to serve as the Successor Agency. On January 10, 2012, the City elected to serve as the Successor Agency to the Lancaster Redevelopment Agency.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards are 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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

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's 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 Lancaster 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.

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 deposits in the RPTTF fund are 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") which is then 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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

As part of the dissolution process AB1484 required the Successor Agency to have Due Diligence Reviews of both the Low and Moderate Income Housing Fund and all other funds. These reviews were required 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.

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.

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

On January 17, 2011, the Board of Directors of the Lancaster Redevelopment Agency approved a transfer of land amounting to \$14,482,945 to the City as a repayment of advances made by the City to the Lancaster Redevelopment Agency. The Department of Finance disallowed the transfer. The City transferred the land back to the Successor Agency during the year ended June 30, 2013.

On June 23, 2015 the State Controller issued its Lancaster Redevelopment Agency Asset Transfer Review Report. In the report the State Controller made a finding that \$10,309,060 in unallowable transfers were made and ordered the assets be turn over to the successor agency. These transfers were:

- March 22, 2011 transfer of bond proceeds of \$9,206,660.
- September 14, 2011 transfer of an auto mall parking lot with a book value of \$1,102,400.

Included in the State Controller report was the City's response disputing the finding on the basis that the transfers were made consistent with applicable dissolution law at the time the transfers took place.

On September 22, 2015 the City issued a letter to the State Controller's Office further disputing the findings. To date no response has been received from the State Controller's Office.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

The Finding of Completion allowed two subsequent actions by the Successor Agency:

- The Successor Agency was permitted to complete its Long Range Property Management Plan (LRPMP). The LRPMP specifies the disposition and use of the real properties of the former Lancaster Redevelopment Agency. Pursuant to Health and Safety Code (HSC) Section 34191.5, the Successor Agency submitted the LRPMP to DOF on August 14, 2013. On February 21, 2014, DOF completed its review of the LRPMP and approved the use or disposition of all properties listed on the LRPMP, subject to the provisions of OB Resolution 02-14 and OB Resolution 04-14.
 - As required by HSC Section 34191.4, the Successor Agency transferred all real property and interests in real property to the Community Redevelopment Property Trust Fund of the Successor Agency.
 - Pursuant to HSC Section 34181(a), the Successor Agency then transferred properties constructed and used for a governmental purpose to the City of Lancaster.
- The Successor Agency was allowed to recognize loan agreements between the former Lancaster Redevelopment Agency and the City on the ROPS, as enforceable obligations, provided the Oversight Board made a finding that the loans were for legitimate redevelopment purposes.
 - 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 and made the finding that the loans were for legitimate redevelopment purposes and therefore, should be recognized as enforceable obligations.
 - DOF disallowed 9 of the 24 OB Resolutions. The Successor Agency is pursuing legal action regarding these loans.
 - Approval of the remaining 15 Resolutions enabled reinstatement of the majority of the loan obligations. The loans are reflected in these financial statements as liabilities due to the City (80%) and Lancaster Housing Authority (20%). When repayments begin, 20% of the repayments amounts are required to be allocated to the Low and Moderate Income Housing Asset Fund maintained by the Lancaster Housing Authority.

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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. 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, 2015 was as follows:

	Balance			Balance			Due	Due in
	July 1, 2014	Additions	Deletions	June 30, 2015	Within	One Year	More Than	One Year
Residential Project Area								
2003 Development	\$ 5,261,926	\$ -	\$ (170,074)	\$ 5,091,852	\$ 179,688	\$ 4,912,164		
2003B Development	1,188,645	-	(31,065)	1,157,580	31,611	1,125,969		
2004B Development	938,409	-	(21,006)	917,403	22,472	894,931		
2004 Sheriff's Facilities	1,558,044	-	(123,518)	1,434,526	129,839	1,304,687		
2004 Fire Facilities	807,070	-	(64,438)	742,632	66,990	675,642		
2004 Library	188,279	-	(8,412)	179,867	8,906	170,961		
2006 Development	<u>250,792</u>	<u>-</u>	<u>(7,675)</u>	<u>243,117</u>	<u>7,913</u>	<u>235,204</u>		
Total	<u>10,193,165</u>	<u>-</u>	<u>(426,188)</u>	<u>9,766,977</u>	<u>447,419</u>	<u>9,319,558</u>		
Central Business District								
Project Area								
1994 Refunding	900,000	-	(70,000)	830,000	70,000	760,000		
2004 Sheriff's Facilities	397,308	-	(31,498)	365,810	33,109	332,701		
2004 Fire Facilities	168,878	-	(13,484)	155,394	14,018	141,376		
2004 Library	36,471	-	(1,629)	34,842	1,725	33,117		
2010 Lease Revenue	<u>5,075,000</u>	<u>-</u>	<u>(130,000)</u>	<u>4,945,000</u>	<u>135,000</u>	<u>4,810,000</u>		
Total	<u>6,577,657</u>	<u>-</u>	<u>(246,611)</u>	<u>6,331,046</u>	<u>253,852</u>	<u>6,077,194</u>		
Fox Field Project Area								
2004 Sheriff's Facilities	265,776	-	(21,070)	244,706	22,148	222,558		
2004 Fire Facilities	163,185	-	(13,029)	150,156	13,545	136,611		
2004 Library	32,529	-	(1,453)	31,076	1,539	29,537		
2006 Development	<u>2,056,920</u>	<u>-</u>	<u>(62,952)</u>	<u>1,993,968</u>	<u>64,904</u>	<u>1,929,064</u>		
Total	<u>2,518,410</u>	<u>-</u>	<u>(98,504)</u>	<u>2,419,906</u>	<u>102,136</u>	<u>2,317,770</u>		

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

	Balance			Balance			Due	Due in
	July 1, 2014	Additions	Deletions	June 30, 2015	Within	One Year	More Than	One Year
<u>Amargosa Project Area</u>								
1999 Refunding	\$ 2,245,000	\$ -	\$ (250,000)	\$ 1,995,000	\$ 260,000	\$	1,735,000	
2003 Development	4,364,599	-	(141,070)	4,223,529	149,043		4,074,486	
2003B Development	6,786,182	-	(177,356)	6,608,826	180,467		6,428,359	
2004B Development	2,135,192	-	(47,795)	2,087,397	51,129		2,036,268	
2004 Sheriff's Facilities	2,603,520	-	(206,400)	2,397,120	216,960		2,180,160	
2004 Fire Facilities	1,332,678	-	(106,405)	1,226,273	110,619		1,115,654	
2004 Library	315,442	-	(14,093)	301,349	14,922		286,427	
2006 Development	<u>4,172,850</u>	<u>-</u>	<u>(127,710)</u>	<u>4,045,140</u>	<u>131,670</u>		<u>3,913,470</u>	
Total	<u>23,955,463</u>	<u>-</u>	<u>(1,070,829)</u>	<u>22,884,634</u>	<u>1,114,810</u>		<u>21,769,824</u>	
<u>Project Area 5</u>								
2003 Development	14,000,018	-	(452,502)	13,547,516	478,078		13,069,438	
2003B Development	1,069,781	-	(27,958)	1,041,823	29,448		1,012,375	
2004B Development	3,398,249	-	(76,066)	3,322,183	81,373		3,240,810	
2004 School Refunding	1,837,378	-	(36,639)	1,800,739	37,996		1,762,743	
2004 Sheriff's Facilities	3,983,928	-	(315,835)	3,668,093	331,994		3,336,099	
2004 Fire Facilities	1,945,569	-	(155,337)	1,790,232	161,489		1,628,743	
2004 Library	492,877	-	(22,021)	470,856	22,316		448,540	
2006 Development	3,549,030	-	(108,618)	3,440,412	111,986		3,328,426	
2006 School	<u>4,352,190</u>	<u>-</u>	<u>(91,418)</u>	<u>4,260,772</u>	<u>96,796</u>		<u>4,163,976</u>	
Total	<u>34,629,020</u>	<u>-</u>	<u>(1,286,394)</u>	<u>33,342,626</u>	<u>1,351,476</u>		<u>31,991,150</u>	
<u>Project Area 6</u>								
2003 Development	11,953,457	-	(386,354)	11,567,103	408,191		11,158,912	
2003B Development	1,860,392	-	(48,621)	1,811,771	49,474		1,762,297	
2004B Development	3,133,150	-	(70,133)	3,063,017	75,026		2,987,991	
2004 School Refunding	4,932,622	-	(98,361)	4,834,261	102,004		4,732,257	
2004 Sheriff's Facilities	4,511,412	-	(357,653)	4,153,759	375,951		3,777,808	
2004 Fire Facilities	1,907,620	-	(152,307)	1,755,313	158,339		1,596,974	
2004 Library	2,628,996	-	(117,458)	2,511,538	124,368		2,387,170	
2006 Development	11,045,408	-	(338,045)	10,707,363	348,527		10,358,836	
2006 School	<u>7,787,810</u>	<u>-</u>	<u>(163,582)</u>	<u>7,624,228</u>	<u>173,204</u>		<u>7,451,024</u>	
Total	<u>49,760,867</u>	<u>-</u>	<u>(1,732,514)</u>	<u>48,028,353</u>	<u>1,815,084</u>		<u>46,213,269</u>	

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

	Balance			Balance			Due	Due in
	July 1, 2014	Additions	Deletions	June 30, 2015	Within	One Year	More Than	One Year
<u>Project Area 7</u>								
2004 Sheriff's Facilities	\$ 240,012	\$ -	\$ (19,026)	\$ 220,986	\$ 19,999		\$ 200,987	
2004 Library	<u>110,406</u>	<u>-</u>	<u>(4,934)</u>	<u>105,472</u>	<u>5,224</u>		<u>100,248</u>	
Total	<u>350,418</u>	<u>-</u>	<u>(23,960)</u>	<u>326,458</u>	<u>25,223</u>		<u>301,235</u>	
<u>Combined Low and Moderate Housing</u>								
1997 Mobile Home	2,270,000	-	(2,270,000)	-	-		-	
2003 Housing	52,360,000	-	(1,190,000)	51,170,000	1,665,000		49,505,000	
2003B Housing	13,530,000	-	(13,530,000)	-	-		-	
2004 Housing	11,255,000	-	(11,255,000)	-	-		-	
2009 Housing	26,630,000	-	(750,000)	25,880,000	585,000		25,295,000	
2015A Housing	-	12,560,000	-	12,560,000	285,000		12,275,000	
2015B Housing	<u>-</u>	<u>10,950,000</u>	<u>-</u>	<u>10,950,000</u>	<u>290,000</u>		<u>10,660,000</u>	
Total	<u>106,045,000</u>	<u>23,510,000</u>	<u>(28,995,000)</u>	<u>100,560,000</u>	<u>2,825,000</u>		<u>97,735,000</u>	
Total Successor Agency	234,030,000	23,510,000	(33,880,000)	223,660,000	7,935,000		215,725,000	
Unamortized original issue								
(discount) or premium	<u>4,488,321</u>	<u>248,810</u>	<u>(815,528)</u>	<u>3,921,603</u>	<u>-</u>		<u>3,921,603</u>	
Net Long-Term Debt	<u>\$ 238,518,321</u>	<u>\$ 23,758,810</u>	<u>\$ (34,695,528)</u>	<u>\$ 227,581,603</u>	<u>\$ 7,935,000</u>		<u>\$ 219,646,603</u>	

Combined Tax Allocation Notes and Bonds

1. On March 10, 2015 the Agency issued \$12,560,000 of Combined Redevelopment Project Areas (Housing Programs) Tax Allocation Refunding Bonds, issue of 2015A. This financing was undertaken to refund \$12,560,000 in outstanding Agency debt. The principal portion of these bonds is payable from August 1, 2015 to 2026. Interest is payable semi-annually on February 1 and August 1 of each year commencing on August 1, 2015.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Combined Tax Allocation Notes and Bonds (Continued)

2. On March 10, 2015 the Agency issued \$10,950,000 of Combined Redevelopment Project Areas (Housing Programs) Tax Allocation Refunding Bonds, issue of 2015B. This financing was undertaken to refund \$12,560,000 in outstanding Agency debt. The principal portion of these bonds is payable from August 1, 2015 to 2026. Interest is payable semi-annually on February 1 and August 1 of each year commencing on August 1, 2015.
3. 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.
4. 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>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Combined Tax Allocation Notes and Bonds (Continued)

5. 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.
6. 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.
7. 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.
8. 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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Combined Tax Allocation Notes and Bonds (Continued)

9. 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.
10. 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. These bonds were refinanced in fiscal year 2014-2015 with the Combined Redevelopment Project Areas (Housing Programs) Tax Allocation Refunding Bonds, issue of 2015A.
11. 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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Combined Tax Allocation Notes and Bonds (Continued)

12. 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.
13. On December 12, 2003, the Agency issued \$34,640,000 of Series 2003 B Bonds (\$18,080,000 Combined Housing Financing and \$16,560,000 of Subordinate Tax Allocation Revenue Bonds). This financing was undertaken to refund \$13,375,000 in outstanding Agency debt and to provide the Agency with additional funds for projects. The principal portion of these bonds is payable from August 1, 2004 to 2034, on the Subordinate Tax Allocation Revenue Bonds and February 1, 2004 to 2034, on the Housing Financing (Combined Housing Bonds). Interest is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 2004. The Housing Financing bonds were refinanced in fiscal year 2014-2015 with the Combined Redevelopment Project Areas (Housing Programs) Tax Allocation Refunding Bonds, issue of 2015B.

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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Combined Tax Allocation Notes and Bonds (Continued)

14. 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.

15. 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.

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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Central Business District Project Area (Continued)

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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

The annual requirements to amortize the outstanding bond indebtedness for the Lancaster Redevelopment Agency Bonds and Notes, as of June 30, 2015, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 7,935,000	\$ 10,844,504	\$ 18,779,504
2017	8,325,000	10,608,611	18,933,611
2018	8,705,000	10,205,905	18,910,905
2019	9,135,000	9,782,873	18,917,873
2020	9,270,000	9,329,478	18,599,478
2021 - 2025	51,290,000	39,349,538	90,639,538
2026 - 2030	52,320,000	27,127,954	79,447,954
2031 - 2035	57,520,000	13,264,291	70,784,291
2036 - 2039	19,160,000	2,411,346	21,571,346
Totals	<u>\$ 223,660,000</u>	<u>\$ 132,924,500</u>	<u>\$ 356,584,500</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.

DUE TO THE CITY OF LANCASTER AND LANCASTER HOUSING AUTHORITY

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:

The City has made several administrative loans to the Successor Agency. The loans bear interest at a rate equal to LAIF rates. Outstanding balances on these administrative loans at June 30, 2015 total \$2,144,669.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**DUE TO THE CITY OF LANCASTER AND LANCASTER HOUSING AUTHORITY
(CONTINUED)**

3. Prior Advances:

In previous fiscal years the City made multiple loans to the former Lancaster Redevelopment Agency. During the 2013-2014 fiscal year, many of those loans were reinstated as enforceable obligations of the Successor Agency: The outstanding principal totals \$22,836,799; the interest at June 30, 2015 totals \$14,965,659. The total amount due to the City from the Successor Agency on these prior advances is \$37,802,458.

PLEDGED 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 \$356,584,500 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 \$23,941,980 and the debt service obligation on the bonds was \$21,558,733, broken down as follows:

	<u>Received in FY 14/15</u>
Scope of Fund Recognized by Successor Agency for Enforceable Obligations:	
Redevelopment Property Tax Trust Funds (RPTTF)	\$ 20,027,325
Pass Through Funds remitted by Los Angeles County Library	1,030,478
Pass Through Funds remitted by Los Angeles County Fire and Sheriff	2,477,664
Lease Revenue Funds remitted by the City of Lancaster	<u>406,513</u>
Total funds recognized by the Successor Agency available for the payment of debt services	<u>\$ 23,941,980</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

PLEGGED REVENUE (CONTINUED)

<u>Debt Service Obligations due in FY 14/15</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
Non-Housing, Housing and School Bonds (RPTTF)	\$ 7,925,000	\$ 10,340,796	\$ 18,265,796
County Library Bonds (paid from Library pass through funds)	170,000	168,119	338,119
County Fire & Sheriff Bonds (paid from Fire & Sherriff pass through funds)	1,580,000	968,300	2,548,300
Lease Revenue Bonds (paid from lease payments from City of Lancaster)	<u>130,000</u>	<u>276,518</u>	<u>406,518</u>
 Total Successor Agency Debt Service Obligations, FY 14/15	 <u>\$ 9,805,000</u>	 <u>\$ 11,753,733</u>	 <u>\$ 21,558,733</u>

DEFEASANCE OF DEBT

In prior years, the Agency defeased certain tax allocation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Agency's financial statements. At June 30, 2015, 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
Housing Programs, Tax Allocation Bonds, Issue 2003 B	18,080,000
Housing Programs, Tax Allocation Bonds, Issue 2004	13,575,000

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

DEFEASANCE OF DEBT (CONTINUED)

	<u>Original Amount</u>
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
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	3,650,000
Desert Sands Mobile Home Park Revenue Bonds, Issue of 1997	<u>3,165,000</u>
Total	<u>\$ 307,905,000</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

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 11.

17. RESTATEMENT OF NET POSITION/FUND BALANCES:

Beginning net position for the government-wide financial statements was restated as follows:

	<u>Governmental Activities</u>
Net position as previously reported as of June 30, 2014	\$1,108,522,717
Increase in net position to correct the recognition of gas tax revenues	462,516
Implementation of GASB Statements 68 and 71 to record net pension liability at beginning of year	<u>(41,608,340)</u>
Net position as restated July 1, 2014	<u>\$1,067,376,893</u>

Beginning fund balances for the governmental fund financial statements were restated as follows:

	<u>Other Governmental</u>
Fund balances as previously reported as of June 30, 2014	\$ 51,155,405
Increase in net position to correct the recognition of gas tax revenues	<u>462,516</u>
Fund balances as restated July 1, 2014	<u>\$ 51,617,921</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

18. SUBSEQUENT EVENTS:

Events occurring after June 30, 2015 have been evaluated for possible adjustments to the financial statements or disclosure as of December 28, 2015, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LANCASTER

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
CalPERS PENSION PLANS

Last Ten Fiscal Years*

	<u>2015</u>
Total Pension Liability:	
Service cost	\$ 3,783,673
Interest on total pension liability	9,015,665
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefits	-
Benefit payments, including refunds of employee contributions	<u>(3,666,038)</u>
Net Change in Total Pension Liability	9,133,300
Total Pension Liability - Beginning of Year	<u>120,150,035</u>
Total Pension Liability - End of Year (a)	<u><u>\$ 129,283,335</u></u>
Plan Fiduciary Net Position:	
Contributions - employer	\$ 3,549,119
Contributions - employee	1,556,684
Net investment income	13,752,204
Benefit payments	<u>(3,666,038)</u>
Net Change in Plan Fiduciary Net Position	15,191,969
Plan Fiduciary Net Position - Beginning of Year	<u>78,653,029</u>
Plan Fiduciary Net Position - End of Year (b)	<u><u>\$ 93,844,998</u></u>
Net Pension Liability - Ending (a)-(b)	<u><u>\$ 35,438,337</u></u>
Plan fiduciary net position as a percentage of the total pension liability	72.59%
Covered - employee payroll	\$ 19,312,337
Net pension liability as percentage of covered- employee payroll	183.50%

Notes to Schedule:

Benefit Changes:

There were not changes in benefits.

Changes in Assumptions:

There were not changes in assumptions

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF LANCASTER
 SCHEDULE OF CONTRIBUTIONS
 CalPERS PENSION PLAN

Last Ten Fiscal Years*

	2015
Actuarially determined contribution	\$ 3,799,019
Contributions in relation to the actuarially determined contributions	(3,799,019)
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 19,312,337
Contributions as a percentage of covered - employee payroll	19.67%

Notes to Schedule:

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	23 years
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service and type of employment
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	50 years for 2.7%@55, 2%@60 and 52 years for 2%@62
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF LANCASTER

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
 PARS PENSION PLAN

Last Ten Fiscal Years*

	<u>2015</u>
Total Pension Liability:	
Service cost	\$ 1,000
Interest on total pension liability	607,000
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefits	-
Benefit payments, including refunds of employee contributions	<u>(627,260)</u>
Net Change in Total Pension Liability	(19,260)
Total Pension Liability - Beginning of Year	<u>9,654,000</u>
Total Pension Liability - End of Year (a)	<u><u>\$ 9,634,740</u></u>
Plan Fiduciary Net Position:	
Contributions - employer	\$ -
Contributions - employee	-
Net investment income	1,203,878
Administrative expense	(20,000)
Benefit payments	<u>(627,260)</u>
Net Change in Plan Fiduciary Net Position	556,618
Plan Fiduciary Net Position - Beginning of Year	<u>9,589,000</u>
Plan Fiduciary Net Position - End of Year (b)	<u><u>\$ 10,145,618</u></u>
Net Pension Asset - Ending (a)-(b)	<u><u>\$ (510,878)</u></u>
Plan fiduciary net position as a percentage of the total pension asset	105.30%
Covered - employee payroll	N/A
Net pension liability as percentage of covered- employee payroll	N/A

Notes to Schedule:

Benefit Changes:

There were not changes in benefits.

Changes in Assumptions:

There were not changes in assumptions

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF LANCASTER

SCHEDULE OF CONTRIBUTIONS
PARS PENSION PLAN

Last Ten Fiscal Years*

	<u>2015</u>
Actuarially determined contribution	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered - employee payroll	N/A
Contributions as a percentage of covered - employee payroll	N/A

Notes to Schedule:

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level dollar
Remaining amortization period	10 years
Asset valuation method	None
Inflation	3.00%
Salary increases	N/A
Investment rate of return	6.25%
Mortality	Males: 2010 GAM Males Females: 2010 GAM Females (as prescribed by PARS)

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF LANCASTER

SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFIT PLAN

For the year ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Payroll [(b)-(a)]/c]
06/30/09	\$ -	\$ 32,340,000	\$ 32,340,000	0.00%	\$ 18,385,000	175.90%
06/30/11	-	28,794,000	28,794,000	0.00%	18,429,000	156.24%
06/30/13	-	36,371,000	25,081,000	0.00%	17,391,000	144.22%

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SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF LANCASTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2015

	Special Revenue Funds			
	Gas Tax	Community Services	Landscape Maintenance District	Housing and Community Development
ASSETS:				
Pooled cash and investments	\$ 4,882,106	\$ 105,658	\$ 2,761,860	\$ 1,452,794
Receivables:				
Accounts	74,725	5,000	5,583	-
Taxes	-	-	20,569	-
Accrued interest	-	-	-	-
Prepaid items	120	-	-	47,519
Due from other governments	436,749	-	-	231,198
Land held for resale	-	-	-	2,165,916
TOTAL ASSETS	<u>\$ 5,393,700</u>	<u>\$ 110,658</u>	<u>\$ 2,788,012</u>	<u>\$ 3,897,427</u>
LIABILITIES:				
Accounts payable	\$ 139,515	\$ 400	\$ 118,294	\$ 104,832
Accrued liabilities	20,686	-	26,106	4,061
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	293,676
TOTAL LIABILITIES	<u>160,201</u>	<u>400</u>	<u>144,400</u>	<u>402,569</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	43,000	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>43,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):				
Nonspendable:				
Prepaid items	120	-	-	47,519
Restricted:				
Community development projects	-	110,258	-	3,447,339
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	5,190,379	-	2,643,612	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>5,190,499</u>	<u>110,258</u>	<u>2,643,612</u>	<u>3,494,858</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,393,700</u>	<u>\$ 110,658</u>	<u>\$ 2,788,012</u>	<u>\$ 3,897,427</u>

Special Revenue Funds (Continued)

Transportation Development Authority	Proposition A	Bikeway Improvement	Proposition C	Federal Grants	State Grants	Parks Development
\$ 4,080,604	\$ 3,145,968	\$ -	\$ 5,708,515	\$ 435,413	\$ 26,121	\$ 904,235
-	-	-	-	243,807	-	-
-	-	-	-	-	-	-
5,566	4,271	-	7,750	-	110	-
-	-	-	-	-	-	-
-	-	-	-	683,359	91,859	-
-	-	-	-	-	-	-
<u>\$ 4,086,170</u>	<u>\$ 3,150,239</u>	<u>\$ -</u>	<u>\$ 5,716,265</u>	<u>\$ 1,362,579</u>	<u>\$ 118,090</u>	<u>\$ 904,235</u>
\$ -	\$ 1,602	\$ -	\$ 3,209	\$ 10,764	\$ 4,561	\$ -
-	316	-	-	1,123	530	-
-	-	-	-	-	80,730	-
-	-	44,362	-	880,053	1,339,770	-
-	1,918	44,362	3,209	891,940	1,425,591	-
-	-	-	-	490,769	64,603	-
-	-	-	-	490,769	64,603	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,086,170	3,148,321	-	5,713,056	-	-	904,235
-	-	-	-	-	-	-
-	-	(44,362)	-	(20,130)	(1,372,104)	-
<u>4,086,170</u>	<u>3,148,321</u>	<u>(44,362)</u>	<u>5,713,056</u>	<u>(20,130)</u>	<u>(1,372,104)</u>	<u>904,235</u>
<u>\$ 4,086,170</u>	<u>\$ 3,150,239</u>	<u>\$ -</u>	<u>\$ 5,716,265</u>	<u>\$ 1,362,579</u>	<u>\$ 118,090</u>	<u>\$ 904,235</u>

(Continued)

CITY OF LANCASTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2015

	Special Revenue Funds (Continued)			
	County and Other	Developer Fees - Signals	Developer Fees - Drainage	Recycled Water
ASSETS:				
Pooled cash and investments	\$ 6,206	\$ 4,596,233	\$ 4,384,359	\$ -
Receivables:				
Accounts	-	98,058	234,028	149
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Prepaid items	-	-	-	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
TOTAL ASSETS	\$ 6,206	\$ 4,694,291	\$ 4,618,387	\$ 149
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ 4,482
Accrued liabilities	-	-	-	480
Unearned revenues	-	98,058	234,028	-
Due to other funds	239,275	-	-	234,555
TOTAL LIABILITIES	239,275	98,058	234,028	239,517
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCES (DEFICITS):				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	4,596,233	4,384,359	-
Debt service	-	-	-	-
Unassigned	(233,069)	-	-	(239,368)
TOTAL FUND BALANCES (DEFICITS)	(233,069)	4,596,233	4,384,359	(239,368)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,206	\$ 4,694,291	\$ 4,618,387	\$ 149

Special Revenue Funds (Continued)

Biological Impact Fees	Traffic Impact Fees	AQMD	Lancaster Lighting District	Lancaster Drainage Maintenance District	Miscellaneous Grants	Traffic Safety	Engineering Fees
\$ 465,972	\$ 3,707,150	\$ 174,456	\$ 421,148	\$ 1,224,899	\$ 27,274	\$ 893	\$ -
1,979	211,803	-	628	1,999	-	-	71,303
-	-	-	84,374	17,766	-	-	-
-	-	-	-	-	-	-	-
-	45,260	-	-	-	-	23,271	-
-	-	-	-	-	-	-	-
<u>\$ 467,951</u>	<u>\$ 3,964,213</u>	<u>\$ 174,456</u>	<u>\$ 506,150</u>	<u>\$ 1,244,664</u>	<u>\$ 27,274</u>	<u>\$ 24,164</u>	<u>\$ 71,303</u>
\$ -	\$ -	\$ -	\$ 303,608	\$ 18,454	\$ -	\$ -	\$ 851
-	-	-	114,654	34,522	-	-	13,932
-	210,494	-	-	-	-	-	-
-	-	-	-	-	377,959	-	142,530
-	210,494	-	418,262	52,976	377,959	-	157,313
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	24,164	-
-	-	-	-	-	-	-	-
467,951	3,753,719	174,456	87,888	1,191,688	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(350,685)	-	(86,010)
<u>467,951</u>	<u>3,753,719</u>	<u>174,456</u>	<u>87,888</u>	<u>1,191,688</u>	<u>(350,685)</u>	<u>24,164</u>	<u>(86,010)</u>
<u>\$ 467,951</u>	<u>\$ 3,964,213</u>	<u>\$ 174,456</u>	<u>\$ 506,150</u>	<u>\$ 1,244,664</u>	<u>\$ 27,274</u>	<u>\$ 24,164</u>	<u>\$ 71,303</u>

(Continued)

CITY OF LANCASTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2015

	Special Revenue Funds (Continued)			
	LA County Reimbursement	MTA Grant	Urban Structure Program	Mariposa Lily
ASSETS:				
Pooled cash and investments	\$ -	\$ 146,477	\$ 955,316	\$ 62,733
Receivables:				
Accounts	-	-	24,275	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Prepaid items	-	-	-	-
Due from other governments	30,161	-	408,679	-
Land held for resale	-	-	-	-
TOTAL ASSETS	\$ 30,161	\$ 146,477	\$ 1,388,270	\$ 62,733
LIABILITIES:				
Accounts payable	\$ 1,601	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	182,170	6,648	-	-
TOTAL LIABILITIES	183,771	6,648	-	-
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	1,601	-	24,275	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,601	-	24,275	-
FUND BALANCES (DEFICITS):				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	1,176,996	-
Public works	-	139,829	186,999	62,733
Debt service	-	-	-	-
Unassigned	(155,211)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	(155,211)	139,829	1,363,995	62,733
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 30,161	\$ 146,477	\$ 1,388,270	\$ 62,733

Special Revenue Funds (Continued)					Debt Service Fund	Total Other Governmental Funds
Sewer Maintenance District	Proposition 1B	Proposition 42	HPRP	Measure R	Lancaster Financing Authority	
\$ 6,288,087	\$ 107,971	\$ 962,546	\$ -	\$ 4,262,383	\$ 3,896,031	\$ 55,193,408
100	138,021	-	-	234,227	-	1,345,685
70,091	-	-	-	-	-	192,800
-	147	-	-	5,787	2,752	26,383
-	-	-	-	-	-	47,639
-	-	-	-	-	-	1,950,536
-	-	-	-	-	-	2,165,916
<u>\$ 6,358,278</u>	<u>\$ 246,139</u>	<u>\$ 962,546</u>	<u>\$ -</u>	<u>\$ 4,502,397</u>	<u>\$ 3,898,783</u>	<u>\$ 60,922,367</u>
\$ 8,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 720,684
121,125	-	-	-	-	-	337,535
-	-	-	-	-	-	623,310
-	-	-	2,522	-	-	3,743,520
<u>129,636</u>	<u>-</u>	<u>-</u>	<u>2,522</u>	<u>-</u>	<u>-</u>	<u>5,425,049</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>624,248</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>624,248</u>
-	-	-	-	-	-	47,639
-	-	-	-	-	-	3,557,597
-	-	-	-	-	-	24,164
-	-	-	-	-	-	2,081,231
6,228,642	246,139	962,546	-	4,502,397	-	47,767,117
-	-	-	-	-	3,898,783	3,898,783
-	-	-	(2,522)	-	-	(2,503,461)
<u>6,228,642</u>	<u>246,139</u>	<u>962,546</u>	<u>(2,522)</u>	<u>4,502,397</u>	<u>3,898,783</u>	<u>54,873,070</u>
<u>\$ 6,358,278</u>	<u>\$ 246,139</u>	<u>\$ 962,546</u>	<u>\$ -</u>	<u>\$ 4,502,397</u>	<u>\$ 3,898,783</u>	<u>\$ 60,922,367</u>

CITY OF LANCASTER

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

For the year ended June 30, 2015

	Special Revenue Funds			
	Gas Tax	Community Services	Landscape Maintenance District	Housing and Community Development
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	4,390,550	-	-	1,622,724
Charges for services	9,159	45,000	1,762,654	-
Use of money and property	-	-	6,191	2,018,708
Fines and forfeitures	-	-	-	-
Contributions	-	-	748	-
Miscellaneous	92,773	73,673	-	-
TOTAL REVENUES	<u>4,492,482</u>	<u>118,673</u>	<u>1,769,593</u>	<u>3,641,432</u>
EXPENDITURES:				
Current:				
General government	223	7,294	-	52,127
Public safety	-	-	-	-
Community development	-	97,215	-	772,559
Parks and recreation	-	-	-	-
Public works	4,079,072	-	1,408,881	-
Housing	-	-	-	2,919,267
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	363,000
Interest and fiscal charges	-	-	-	130,291
TOTAL EXPENDITURES	<u>4,079,295</u>	<u>104,509</u>	<u>1,408,881</u>	<u>4,237,244</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>413,187</u>	<u>14,164</u>	<u>360,712</u>	<u>(595,812)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,129,385	27,700	-	-
Transfers out	<u>(1,675,985)</u>	<u>-</u>	<u>(279,034)</u>	<u>(356,874)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(546,600)</u>	<u>27,700</u>	<u>(279,034)</u>	<u>(356,874)</u>
NET CHANGE IN FUND BALANCES	(133,413)	41,864	81,678	(952,686)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	<u>5,323,912</u>	<u>68,394</u>	<u>2,561,934</u>	<u>4,447,544</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 5,190,499</u>	<u>\$ 110,258</u>	<u>\$ 2,643,612</u>	<u>\$ 3,494,858</u>

Special Revenue Funds (Continued)

Transportation Development Authority	Proposition A	Bikeway Improvement	Proposition C	Federal Grants	State Grants	Parks Development
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	82,500
9,114,887	2,805,417	5,805	2,295,578	1,598,099	1,052,178	-
-	-	-	-	-	-	-
7,392	16,617	527	36,953	-	90	2,322
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>9,122,279</u>	<u>2,822,034</u>	<u>6,332</u>	<u>2,332,531</u>	<u>1,598,099</u>	<u>1,052,268</u>	<u>84,822</u>
-	2,338,550	-	-	-	-	-
-	-	-	-	176,942	-	-
-	-	-	-	20,910	119,202	-
-	-	-	-	-	-	-
-	-	-	45,078	112,302	202,565	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>2,338,550</u>	<u>-</u>	<u>45,078</u>	<u>310,154</u>	<u>321,767</u>	<u>-</u>
<u>9,122,279</u>	<u>483,484</u>	<u>6,332</u>	<u>2,287,453</u>	<u>1,287,945</u>	<u>730,501</u>	<u>84,822</u>
70,512	-	-	-	18,236	915	-
<u>(5,275,775)</u>	<u>(385,738)</u>	<u>(184,953)</u>	<u>(3,732,968)</u>	<u>(1,449,773)</u>	<u>(578,975)</u>	<u>(198,946)</u>
<u>(5,205,263)</u>	<u>(385,738)</u>	<u>(184,953)</u>	<u>(3,732,968)</u>	<u>(1,431,537)</u>	<u>(578,060)</u>	<u>(198,946)</u>
3,917,016	97,746	(178,621)	(1,445,515)	(143,592)	152,441	(114,124)
169,154	3,050,575	134,259	7,158,571	123,462	(1,524,545)	1,018,359
<u>\$ 4,086,170</u>	<u>\$ 3,148,321</u>	<u>\$ (44,362)</u>	<u>\$ 5,713,056</u>	<u>\$ (20,130)</u>	<u>\$ (1,372,104)</u>	<u>\$ 904,235</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, 2015

	Special Revenue Funds (Continued)			
	County and Other	Developer Fees - Signals	Developer Fees - Drainage	Recycled Water
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	153,496	341,821	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	52,905
Use of money and property	-	10,637	9,457	-
Fines and forfeitures	-	-	-	-
Contributions	5,000	-	-	-
Miscellaneous	-	-	-	20,000
TOTAL REVENUES	<u>5,000</u>	<u>164,133</u>	<u>351,278</u>	<u>72,905</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks and recreation	4,835	-	-	-
Public works	-	-	-	94,653
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	<u>4,835</u>	<u>-</u>	<u>-</u>	<u>94,653</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>165</u>	<u>164,133</u>	<u>351,278</u>	<u>(21,748)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	110,000
Transfers out	-	(230,878)	(112,493)	(55,160)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(230,878)</u>	<u>(112,493)</u>	<u>54,840</u>
NET CHANGE IN FUND BALANCES	165	(66,745)	238,785	33,092
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	<u>(233,234)</u>	<u>4,662,978</u>	<u>4,145,574</u>	<u>(272,460)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (233,069)</u>	<u>\$ 4,596,233</u>	<u>\$ 4,384,359</u>	<u>\$ (239,368)</u>

Special Revenue Funds (Continued)

Biological Impact Fees	Traffic Impact Fees	AQMD	Lancaster Lighting District	Lancaster Drainage Maintenance District	Miscellaneous Grants	Traffic Safety	Engineering Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,505	\$ -	\$ -
66,988	260,362	-	-	-	-	-	1,259,989
-	-	-	-	-	-	-	-
-	-	-	4,452,720	1,642,210	-	-	-
914	10,968	407	332	2,027	30	963	-
-	-	-	-	-	-	316,226	-
-	-	-	-	-	-	-	-
-	-	-	48,105	22,810	-	-	-
<u>67,902</u>	<u>271,330</u>	<u>407</u>	<u>4,501,157</u>	<u>1,667,047</u>	<u>11,535</u>	<u>317,189</u>	<u>1,259,989</u>
-	-	-	-	-	-	-	27,048
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	4,386,402	864,543	-	-	1,436,041
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,386,402</u>	<u>864,543</u>	<u>-</u>	<u>-</u>	<u>1,463,089</u>
<u>67,902</u>	<u>271,330</u>	<u>407</u>	<u>114,755</u>	<u>802,504</u>	<u>11,535</u>	<u>317,189</u>	<u>(203,100)</u>
-	45,247	-	261,450	-	-	-	1,012,653
<u>(3,000)</u>	<u>(1,253,816)</u>	<u>(4,178)</u>	<u>(412,375)</u>	<u>(512,605)</u>	<u>(12,800)</u>	<u>(345,000)</u>	<u>(810,263)</u>
<u>(3,000)</u>	<u>(1,208,569)</u>	<u>(4,178)</u>	<u>(150,925)</u>	<u>(512,605)</u>	<u>(12,800)</u>	<u>(345,000)</u>	<u>202,390</u>
64,902	(937,239)	(3,771)	(36,170)	289,899	(1,265)	(27,811)	(710)
<u>403,049</u>	<u>4,690,958</u>	<u>178,227</u>	<u>124,058</u>	<u>901,789</u>	<u>(349,420)</u>	<u>51,975</u>	<u>(85,300)</u>
<u>\$ 467,951</u>	<u>\$ 3,753,719</u>	<u>\$ 174,456</u>	<u>\$ 87,888</u>	<u>\$ 1,191,688</u>	<u>\$ (350,685)</u>	<u>\$ 24,164</u>	<u>\$ (86,010)</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, 2015

	Special Revenue Funds (Continued)			
	LA County Reimbursement	MTA Grant	Urban Structure Program	Mariposa Lily
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	631,846	-
Intergovernmental	167,950	6,982	-	-
Charges for services	-	-	-	-
Use of money and property	-	-	3,225	143
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>167,950</u>	<u>6,982</u>	<u>635,071</u>	<u>143</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	166,975	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	<u>166,975</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>975</u>	<u>6,982</u>	<u>635,071</u>	<u>143</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	13,756	-	-	-
Transfers out	-	-	(684,806)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>13,756</u>	<u>-</u>	<u>(684,806)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	14,731	6,982	(49,735)	143
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	<u>(169,942)</u>	<u>132,847</u>	<u>1,413,730</u>	<u>62,590</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (155,211)</u>	<u>\$ 139,829</u>	<u>\$ 1,363,995</u>	<u>\$ 62,733</u>

Special Revenue Funds (Continued)					Debt Service Fund	Total Other Governmental Funds
Sewer Maintenance District	Proposition 1B	Proposition 42	HPRP	Measure R	Lancaster Financing Authority	
\$ 4,301,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,312,816
19,454	-	-	-	-	-	2,816,456
-	138,023	-	-	2,534,947	1,853,302	27,586,442
-	-	-	-	-	-	7,964,648
14,584	1,731	2,190	-	16,988	11,987	2,175,383
-	-	-	-	-	-	316,226
-	-	-	-	-	-	5,748
-	-	-	-	-	-	257,361
<u>4,335,349</u>	<u>139,754</u>	<u>2,190</u>	<u>-</u>	<u>2,551,935</u>	<u>1,865,289</u>	<u>45,435,080</u>
112,229	-	-	-	-	-	2,537,471
-	-	-	-	-	-	176,942
-	-	-	-	-	-	1,176,861
-	-	-	-	-	-	4,835
2,718,068	-	-	-	-	-	15,347,605
-	-	-	-	-	-	2,919,267
-	-	-	-	263,387	-	263,387
-	-	-	-	-	-	363,000
-	-	-	-	-	-	130,291
<u>2,830,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>263,387</u>	<u>-</u>	<u>22,919,659</u>
<u>1,505,052</u>	<u>139,754</u>	<u>2,190</u>	<u>-</u>	<u>2,288,548</u>	<u>1,865,289</u>	<u>22,515,421</u>
5,059	-	7,048	-	1,357	-	2,703,318
(1,664,777)	(227,344)	(6,611)	-	(1,508,463)	-	(21,963,590)
<u>(1,659,718)</u>	<u>(227,344)</u>	<u>437</u>	<u>-</u>	<u>(1,507,106)</u>	<u>-</u>	<u>(19,260,272)</u>
(154,666)	(87,590)	2,627	-	781,442	1,865,289	3,255,149
<u>6,383,308</u>	<u>333,729</u>	<u>959,919</u>	<u>(2,522)</u>	<u>3,720,955</u>	<u>2,033,494</u>	<u>51,617,921</u>
<u>\$ 6,228,642</u>	<u>\$ 246,139</u>	<u>\$ 962,546</u>	<u>\$ (2,522)</u>	<u>\$ 4,502,397</u>	<u>\$ 3,898,783</u>	<u>\$ 54,873,070</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as Restated	\$ 5,323,912	\$ 5,323,912	\$ 5,323,912	\$ -
Resources (Inflows):				
Intergovernmental	3,944,595	4,536,070	4,390,550	(145,520)
Charges for services	10,000	10,000	9,159	(841)
Miscellaneous	5,000	27,570	92,773	65,203
Transfers in	1,623,071	1,623,071	1,129,385	(493,686)
Amounts Available for Appropriations	10,906,578	11,520,623	10,945,779	(574,844)
Charges to Appropriations (Outflows):				
General government	220	220	223	(3)
Public works	4,553,730	4,564,123	4,079,072	485,051
Transfers out	5,694,650	5,694,650	1,675,985	4,018,665
Total Charges to Appropriations	10,248,600	10,258,993	5,755,280	4,503,713
Budgetary Fund Balance, June 30	\$ 657,978	\$ 1,261,630	\$ 5,190,499	\$ 3,928,869

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 68,394	\$ 68,394	\$ 68,394	\$ -
Resources (Inflows):				
Charges for services	-	80,000	45,000	(35,000)
Miscellaneous	6,000	66,000	73,673	7,673
Transfers in	-	27,700	27,700	-
Amounts Available for Appropriations	<u>74,394</u>	<u>242,094</u>	<u>214,767</u>	<u>(27,327)</u>
Charges to Appropriations (Outflows):				
General government	1,500	9,200	7,294	1,906
Community development	<u>80,356</u>	<u>161,600</u>	<u>97,215</u>	<u>64,385</u>
Total Charges to Appropriations	<u>81,856</u>	<u>170,800</u>	<u>104,509</u>	<u>66,291</u>
Budgetary Fund Balance, June 30	<u><u>\$ (7,462)</u></u>	<u><u>\$ 71,294</u></u>	<u><u>\$ 110,258</u></u>	<u><u>\$ 38,964</u></u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,561,934	\$ 2,561,934	\$ 2,561,934	\$ -
Resources (Inflows):				
Charges for services	1,705,000	1,705,000	1,762,654	57,654
Use of money and property	5,000	5,000	6,191	1,191
Contributions	5,000	5,000	748	(4,252)
Amounts Available for Appropriations	<u>4,276,934</u>	<u>4,276,934</u>	<u>4,331,527</u>	<u>54,593</u>
Charges to Appropriations (Outflows):				
Public works	1,339,020	1,426,020	1,408,881	17,139
Transfers out	487,070	487,070	279,034	208,036
Total Charges to Appropriations	<u>1,826,090</u>	<u>1,913,090</u>	<u>1,687,915</u>	<u>225,175</u>
Budgetary Fund Balance, June 30	<u>\$ 2,450,844</u>	<u>\$ 2,363,844</u>	<u>\$ 2,643,612</u>	<u>\$ 279,768</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,447,544	\$ 4,447,544	\$ 4,447,544	\$ -
Resources (Inflows):				
Intergovernmental	1,721,054	1,580,054	1,622,724	42,670
Use of money and property	-	-	2,018,708	2,018,708
Amounts Available for Appropriations	<u>6,168,598</u>	<u>6,027,598</u>	<u>8,088,976</u>	<u>2,061,378</u>
Charges to Appropriations (Outflows):				
General government	421,468	421,468	52,127	369,341
Community development	987,163	1,075,623	772,559	303,064
Housing	4,016,994	4,016,994	2,919,267	1,097,727
Debt service:				
Principal retirement	363,000	363,000	363,000	-
Interest and fiscal charges	135,891	135,891	130,291	5,600
Transfers out	<u>384,419</u>	<u>384,419</u>	<u>356,874</u>	<u>27,545</u>
Total Charges to Appropriations	<u>6,308,935</u>	<u>6,397,395</u>	<u>4,594,118</u>	<u>1,803,277</u>
Budgetary Fund Balance, June 30	<u>\$ (140,337)</u>	<u>\$ (369,797)</u>	<u>\$ 3,494,858</u>	<u>\$ 3,864,655</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 169,154	\$ 169,154	\$ 169,154	\$ -
Resources (Inflows):				
Intergovernmental	9,115,079	9,115,079	9,114,887	(192)
Use of money and property	20,000	20,000	7,392	(12,608)
Transfers in	-	-	70,512	70,512
Amounts Available for Appropriations	<u>9,304,233</u>	<u>9,304,233</u>	<u>9,361,945</u>	<u>57,712</u>
Charges to Appropriations (Outflows):				
Capital outlay	182,676	182,676	-	182,676
Transfers out	<u>6,848,342</u>	<u>9,225,012</u>	<u>5,275,775</u>	<u>3,949,237</u>
Total Charges to Appropriations	<u>7,031,018</u>	<u>9,407,688</u>	<u>5,275,775</u>	<u>4,131,913</u>
Budgetary Fund Balance, June 30	<u>\$ 2,273,215</u>	<u>\$ (103,455)</u>	<u>\$ 4,086,170</u>	<u>\$ 4,189,625</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,050,575	\$ 3,050,575	\$ 3,050,575	\$ -
Resources (Inflows):				
Intergovernmental	2,777,712	2,777,712	2,805,417	27,705
Use of money and property	20,000	20,000	16,617	(3,383)
Amounts Available for Appropriations	<u>5,848,287</u>	<u>5,848,287</u>	<u>5,872,609</u>	<u>24,322</u>
Charges to Appropriations (Outflows):				
General government	1,893,459	2,618,459	2,338,550	279,909
Transfers out	1,543,969	1,534,629	385,738	1,148,891
Total Charges to Appropriations	<u>3,437,428</u>	<u>4,153,088</u>	<u>2,724,288</u>	<u>1,428,800</u>
Budgetary Fund Balance, June 30	<u>\$ 2,410,859</u>	<u>\$ 1,695,199</u>	<u>\$ 3,148,321</u>	<u>\$ 1,453,122</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 134,259	\$ 134,259	\$ 134,259	\$ -
Resources (Inflows):				
Intergovernmental	269,392	5,805	5,805	-
Use of money and property	250	250	527	277
Amounts Available for Appropriations	403,901	140,314	140,591	277
Charges to Appropriations (Outflows):				
Transfers out	457,459	402,783	184,953	217,830
Total Charges to Appropriations	457,459	402,783	184,953	217,830
Budgetary Fund Balance (Deficit), June 30	\$ (53,558)	\$ (262,469)	\$ (44,362)	\$ 218,107

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,158,571	\$ 7,158,571	\$ 7,158,571	\$ -
Resources (Inflows):				
Intergovernmental	2,304,039	2,304,039	2,295,578	(8,461)
Use of money and property	25,000	25,000	36,953	11,953
Amounts Available for Appropriations	<u>9,487,610</u>	<u>9,487,610</u>	<u>9,491,102</u>	<u>3,492</u>
Charges to Appropriations (Outflows):				
Public works	106,366	158,366	45,078	113,288
Transfers out	<u>8,599,000</u>	<u>9,302,082</u>	<u>3,732,968</u>	<u>5,569,114</u>
Total Charges to Appropriations	<u>8,705,366</u>	<u>9,460,448</u>	<u>3,778,046</u>	<u>5,682,402</u>
Budgetary Fund Balance, June 30	<u>\$ 782,244</u>	<u>\$ 27,162</u>	<u>\$ 5,713,056</u>	<u>\$ 5,685,894</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 123,462	\$ 123,462	\$ 123,462	\$ -
Resources (Inflows):				
Intergovernmental	5,424,433	6,082,005	1,598,099	(4,483,906)
Transfers in	-	5,360	18,236	12,876
Amounts Available for Appropriations	<u>5,547,895</u>	<u>6,210,827</u>	<u>1,739,797</u>	<u>(4,471,030)</u>
Charges to Appropriations (Outflows):				
Public safety	174,807	246,119	176,942	69,177
Community development	-	111,824	20,910	90,914
Parks and recreation	6,120	6,120	-	6,120
Public works	-	322,000	112,302	209,698
Transfers out	<u>7,796,140</u>	<u>7,847,516</u>	<u>1,449,773</u>	<u>6,397,743</u>
Total Charges to Appropriations	<u>7,977,067</u>	<u>8,533,579</u>	<u>1,759,927</u>	<u>6,773,652</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (2,429,172)</u>	<u>\$ (2,322,752)</u>	<u>\$ (20,130)</u>	<u>\$ 2,302,622</u>

CITY OF LANCASTER

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

STATE GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (1,524,545)	\$ (1,524,545)	\$ (1,524,545)	\$ -
Resources (Inflows):				
Intergovernmental	3,106,669	3,472,889	1,052,178	(2,420,711)
Use of money and property	-	-	90	90
Transfers in	-	-	915	915
Amounts Available for Appropriations	<u>1,582,124</u>	<u>1,948,344</u>	<u>(471,362)</u>	<u>(2,419,706)</u>
Charges to Appropriations (Outflows):				
Community development	736,416	792,298	119,202	673,096
Public works	234,373	520,138	202,565	317,573
Transfers out	<u>2,466,885</u>	<u>2,491,458</u>	<u>578,975</u>	<u>1,912,483</u>
Total Charges to Appropriations	<u>3,437,674</u>	<u>3,803,894</u>	<u>900,742</u>	<u>2,903,152</u>
Budgetary Fund Balance (Deficit), June 30	<u><u>\$ (1,855,550)</u></u>	<u><u>\$ (1,855,550)</u></u>	<u><u>\$ (1,372,104)</u></u>	<u><u>\$ 483,446</u></u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,018,359	\$ 1,018,359	\$ 1,018,359	\$ -
Resources (Inflows):				
Licenses and permits	75,000	75,000	82,500	7,500
Use of money and property	2,500	2,500	2,322	(178)
Amounts Available for Appropriations	<u>1,095,859</u>	<u>1,095,859</u>	<u>1,103,181</u>	<u>7,322</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>28,617</u>	<u>293,348</u>	<u>198,946</u>	<u>94,402</u>
Total Charges to Appropriations	<u>28,617</u>	<u>293,348</u>	<u>198,946</u>	<u>94,402</u>
Budgetary Fund Balance, June 30	<u><u>\$ 1,067,242</u></u>	<u><u>\$ 802,511</u></u>	<u><u>\$ 904,235</u></u>	<u><u>\$ 101,724</u></u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (233,234)	\$ (233,234)	\$ (233,234)	\$ -
Resources (Inflows):				
Contributions	-	5,000	5,000	-
Amounts Available for Appropriations	(233,234)	(228,234)	(228,234)	-
Charges to Appropriations (Outflows):				
Parks and recreation	-	5,000	4,835	165
Total Charges to Appropriations	-	5,000	4,835	165
Budgetary Fund Balance (Deficit), June 30	\$ (233,234)	\$ (233,234)	\$ (233,069)	\$ 165

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,662,978	\$ 4,662,978	\$ 4,662,978	\$ -
Resources (Inflows):				
Licenses and permits	150,000	150,000	153,496	3,496
Use of money and property	10,000	10,000	10,637	637
Amounts Available for Appropriations	<u>4,822,978</u>	<u>4,822,978</u>	<u>4,827,111</u>	<u>4,133</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>2,409,813</u>	<u>2,246,762</u>	<u>230,878</u>	<u>2,015,884</u>
Total Charges to Appropriations	<u>2,409,813</u>	<u>2,246,762</u>	<u>230,878</u>	<u>2,015,884</u>
Budgetary Fund Balance, June 30	<u>\$ 2,413,165</u>	<u>\$ 2,576,216</u>	<u>\$ 4,596,233</u>	<u>\$ 2,020,017</u>

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 4,145,574	\$ 4,145,574	\$ 4,145,574	\$ -
Resources (Inflows):				
Licenses and permits	300,000	300,000	341,821	41,821
Use of money and property	10,000	10,000	9,457	(543)
Amounts Available for Appropriations	<u>4,455,574</u>	<u>4,455,574</u>	<u>4,496,852</u>	<u>41,278</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>4,181,906</u>	<u>4,181,906</u>	<u>112,493</u>	<u>4,069,413</u>
Total Charges to Appropriations	<u>4,181,906</u>	<u>4,181,906</u>	<u>112,493</u>	<u>4,069,413</u>
Budgetary Fund Balance, June 30	<u>\$ 273,668</u>	<u>\$ 273,668</u>	<u>\$ 4,384,359</u>	<u>\$ 4,110,691</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (272,460)	\$ (272,460)	\$ (272,460)	\$ -
Resources (Inflows):				
Charges for services	15,000	43,215	52,905	9,690
Miscellaneous	-	20,000	20,000	-
Transfers in	110,000	110,000	110,000	-
Amounts Available for Appropriations	<u>(147,460)</u>	<u>(99,245)</u>	<u>(89,555)</u>	<u>9,690</u>
Charges to Appropriations (Outflows):				
Public works	112,407	112,407	94,653	17,754
Transfers out	55,160	55,160	55,160	-
Total Charges to Appropriations	<u>167,567</u>	<u>167,567</u>	<u>149,813</u>	<u>17,754</u>
Budgetary Fund Balance (Deficit), June 30	<u><u>\$ (315,027)</u></u>	<u><u>\$ (266,812)</u></u>	<u><u>\$ (239,368)</u></u>	<u><u>\$ 27,444</u></u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 403,049	\$ 403,049	\$ 403,049	\$ -
Resources (Inflows):				
Licenses and permits	150,000	150,000	66,988	(83,012)
Use of money and property	500	500	914	414
Amounts Available for Appropriations	<u>553,549</u>	<u>553,549</u>	<u>470,951</u>	<u>(82,598)</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>143,012</u>	<u>143,012</u>	<u>3,000</u>	<u>140,012</u>
Total Charges to Appropriations	<u>143,012</u>	<u>143,012</u>	<u>3,000</u>	<u>140,012</u>
Budgetary Fund Balance, June 30	<u>\$ 410,537</u>	<u>\$ 410,537</u>	<u>\$ 467,951</u>	<u>\$ 57,414</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,690,958	\$ 4,690,958	\$ 4,690,958	\$ -
Resources (Inflows):				
Licenses and permits	250,000	250,000	260,362	10,362
Use of money and property	10,000	10,000	10,968	968
Transfers in	-	-	45,247	45,247
Amounts Available for Appropriations	<u>4,950,958</u>	<u>4,950,958</u>	<u>5,007,535</u>	<u>56,577</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>4,535,203</u>	<u>4,738,883</u>	<u>1,253,816</u>	<u>3,485,067</u>
Total Charges to Appropriations	<u>4,535,203</u>	<u>4,738,883</u>	<u>1,253,816</u>	<u>3,485,067</u>
Budgetary Fund Balance, June 30	<u>\$ 415,755</u>	<u>\$ 212,075</u>	<u>\$ 3,753,719</u>	<u>\$ 3,541,644</u>

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 178,227	\$ 178,227	\$ 178,227	\$ -
Resources (Inflows):				
Intergovernmental	75,000	75,000	-	(75,000)
Use of money and property	500	500	407	(93)
Amounts Available for Appropriations	<u>253,727</u>	<u>253,727</u>	<u>178,634</u>	<u>(75,093)</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>248,300</u>	<u>248,300</u>	<u>4,178</u>	<u>244,122</u>
Total Charges to Appropriations	<u>248,300</u>	<u>248,300</u>	<u>4,178</u>	<u>244,122</u>
Budgetary Fund Balance, June 30	<u>\$ 5,427</u>	<u>\$ 5,427</u>	<u>\$ 174,456</u>	<u>\$ 169,029</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as Restated	\$ 124,058	\$ 124,058	\$ 124,058	\$ -
Resources (Inflows):				
Charges for services	4,210,000	4,484,460	4,452,720	(31,740)
Use of money and property	-	-	332	332
Miscellaneous	20,000	54,890	48,105	(6,785)
Transfers in	607,290	607,290	261,450	(345,840)
Amounts Available for Appropriations	<u>4,961,348</u>	<u>5,270,698</u>	<u>4,886,665</u>	<u>(384,033)</u>
Charges to Appropriations (Outflows):				
Public works	4,503,315	4,503,315	4,386,402	116,913
Transfers out	412,375	412,375	412,375	-
Total Charges to Appropriations	<u>4,915,690</u>	<u>4,915,690</u>	<u>4,798,777</u>	<u>116,913</u>
Budgetary Fund Balance, June 30	<u>\$ 45,658</u>	<u>\$ 355,008</u>	<u>\$ 87,888</u>	<u>\$ (267,120)</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 901,789	\$ 901,789	\$ 901,789	\$ -
Resources (Inflows):				
Charges for services	1,695,000	1,695,000	1,642,210	(52,790)
Use of money and property	5,000	5,000	2,027	(2,973)
Miscellaneous	-	22,810	22,810	-
Amounts Available for Appropriations	<u>2,601,789</u>	<u>2,624,599</u>	<u>2,568,836</u>	<u>(55,763)</u>
Charges to Appropriations (Outflows):				
General government	1,020	1,020	-	1,020
Public works	1,185,930	1,125,856	864,543	261,313
Transfers out	<u>535,955</u>	<u>535,955</u>	<u>512,605</u>	<u>23,350</u>
Total Charges to Appropriations	<u>1,722,905</u>	<u>1,662,831</u>	<u>1,377,148</u>	<u>285,683</u>
Budgetary Fund Balance, June 30	<u>\$ 878,884</u>	<u>\$ 961,768</u>	<u>\$ 1,191,688</u>	<u>\$ 229,920</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (349,420)	\$ (349,420)	\$ (349,420)	\$ -
Resources (Inflows):				
Taxes	10,000	12,800	11,505	(1,295)
Use of money and property	-	-	30	30
Amounts Available for Appropriations	<u>(339,420)</u>	<u>(336,620)</u>	<u>(337,885)</u>	<u>(1,265)</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>10,000</u>	<u>12,800</u>	<u>12,800</u>	<u>-</u>
Total Charges to Appropriations	<u>10,000</u>	<u>12,800</u>	<u>12,800</u>	<u>-</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (349,420)</u>	<u>\$ (349,420)</u>	<u>\$ (350,685)</u>	<u>\$ (1,265)</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 51,975	\$ 51,975	\$ 51,975	\$ -
Resources (Inflows):				
Use of money and property	1,000	1,000	963	(37)
Fines and forfeitures	366,000	366,000	316,226	(49,774)
Amounts Available for Appropriations	418,975	418,975	369,164	(49,811)
Charges to Appropriations (Outflows):				
Transfers out	367,000	367,000	345,000	22,000
Total Charges to Appropriations	367,000	367,000	345,000	22,000
Budgetary Fund Balance, June 30	\$ 51,975	\$ 51,975	\$ 24,164	\$ (27,811)

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (85,300)	\$ (85,300)	\$ (85,300)	\$ -
Resources (Inflows):				
Licenses and permits	1,120,000	1,176,875	1,259,989	83,114
Transfers in	1,030,360	1,030,360	1,012,653	(17,707)
Amounts Available for Appropriations	<u>2,065,060</u>	<u>2,121,935</u>	<u>2,187,342</u>	<u>65,407</u>
Charges to Appropriations (Outflows):				
General government	44,875	44,875	27,048	17,827
Public works	1,446,181	1,576,181	1,436,041	140,140
Transfers out	809,770	809,770	810,263	(493)
Total Charges to Appropriations	<u>2,300,826</u>	<u>2,430,826</u>	<u>2,273,352</u>	<u>157,474</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (235,766)</u>	<u>\$ (308,891)</u>	<u>\$ (86,010)</u>	<u>\$ 222,881</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (169,942)	\$ (169,942)	\$ (169,942)	\$ -
Resources (Inflows):				
Intergovernmental	-	161,184	167,950	6,766
Transfers in	-	-	13,756	13,756
Amounts Available for Appropriations	<u>(169,942)</u>	<u>(8,758)</u>	<u>11,764</u>	<u>20,522</u>
Charges to Appropriations (Outflows):				
Community development	9,700	162,884	166,975	(4,091)
Transfers out	<u>36,000</u>	<u>36,000</u>	<u>-</u>	<u>36,000</u>
Total Charges to Appropriations	<u>45,700</u>	<u>198,884</u>	<u>166,975</u>	<u>31,909</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (215,642)</u>	<u>\$ (207,642)</u>	<u>\$ (155,211)</u>	<u>\$ 52,431</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 132,847	\$ 132,847	\$ 132,847	\$ -
Resources (Inflows):				
Intergovernmental	145,000	379,438	6,982	(372,456)
Amounts Available for Appropriations	277,847	512,285	139,829	(372,456)
Charges to Appropriations (Outflows):				
Transfers out	2,796,650	3,169,108	-	3,169,108
Total Charges to Appropriations	2,796,650	3,169,108	-	3,169,108
Budgetary Fund Balance, June 30	\$ (2,518,803)	\$ (2,656,823)	\$ 139,829	\$ 2,796,652

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,413,730	\$ 1,413,730	\$ 1,413,730	\$ -
Resources (Inflows):				
Licenses and permits	160,000	217,560	631,846	414,286
Use of money and property	3,500	3,500	3,225	(275)
Amounts Available for Appropriations	<u>1,577,230</u>	<u>1,634,790</u>	<u>2,048,801</u>	<u>414,011</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>1,310,261</u>	<u>1,310,261</u>	<u>684,806</u>	<u>625,455</u>
Total Charges to Appropriations	<u>1,310,261</u>	<u>1,310,261</u>	<u>684,806</u>	<u>625,455</u>
Budgetary Fund Balance, June 30	<u>\$ 266,969</u>	<u>\$ 324,529</u>	<u>\$ 1,363,995</u>	<u>\$ 1,039,466</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,383,308	\$ 6,383,308	\$ 6,383,308	\$ -
Resources (Inflows):				
Taxes	4,200,000	4,330,730	4,301,311	(29,419)
Licenses and permits	495,000	30,000	19,454	(10,546)
Use of money and property	5,000	5,000	14,584	9,584
Transfers in	-	-	5,059	5,059
Amounts Available for Appropriations	<u>11,083,308</u>	<u>10,749,038</u>	<u>10,723,716</u>	<u>(25,322)</u>
Charges to Appropriations (Outflows):				
General government	107,105	107,105	112,229	(5,124)
Public works	2,950,591	3,036,901	2,718,068	318,833
Transfers out	<u>2,492,120</u>	<u>2,492,120</u>	<u>1,664,777</u>	<u>827,343</u>
Total Charges to Appropriations	<u>5,549,816</u>	<u>5,636,126</u>	<u>4,495,074</u>	<u>1,141,052</u>
Budgetary Fund Balance, June 30	<u>\$ 5,533,492</u>	<u>\$ 5,112,912</u>	<u>\$ 6,228,642</u>	<u>\$ 1,115,730</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 333,729	\$ 333,729	\$ 333,729	\$ -
Resources (Inflows):				
Intergovernmental	361,000	361,000	138,023	(222,977)
Use of money and property	750	750	1,731	981
Amounts Available for Appropriations	<u>695,479</u>	<u>695,479</u>	<u>473,483</u>	<u>(221,996)</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>1,073,562</u>	<u>690,938</u>	<u>227,344</u>	<u>463,594</u>
Total Charges to Appropriations	<u>1,073,562</u>	<u>690,938</u>	<u>227,344</u>	<u>463,594</u>
Budgetary Fund Balance, June 30	<u><u>\$ (378,083)</u></u>	<u><u>\$ 4,541</u></u>	<u><u>\$ 246,139</u></u>	<u><u>\$ 241,598</u></u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 959,919	\$ 959,919	\$ 959,919	\$ -
Resources (Inflows):				
Use of money and property	1,000	1,000	2,190	1,190
Transfers in	-	-	7,048	7,048
Amounts Available for Appropriations	<u>960,919</u>	<u>960,919</u>	<u>969,157</u>	<u>8,238</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>699,109</u>	<u>699,109</u>	<u>6,611</u>	<u>692,498</u>
Total Charges to Appropriations	<u>699,109</u>	<u>699,109</u>	<u>6,611</u>	<u>692,498</u>
Budgetary Fund Balance, June 30	<u><u>\$ 261,810</u></u>	<u><u>\$ 261,810</u></u>	<u><u>\$ 962,546</u></u>	<u><u>\$ 700,736</u></u>

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 3,720,955	\$ 3,720,955	\$ 3,720,955	\$ -
Resources (Inflows):				
Intergovernmental	8,808,050	8,808,050	2,534,947	(6,273,103)
Use of money and property	5,000	5,000	16,988	11,988
Transfers in	-	1,357	1,357	-
Amounts Available for Appropriations	<u>12,534,005</u>	<u>12,535,362</u>	<u>6,274,247</u>	<u>(6,261,115)</u>
Charges to Appropriations (Outflows):				
Capital outlay	263,387	263,387	263,387	-
Transfers out	<u>10,455,704</u>	<u>10,455,704</u>	<u>1,508,463</u>	<u>8,947,241</u>
Total Charges to Appropriations	<u>10,719,091</u>	<u>10,719,091</u>	<u>1,771,850</u>	<u>8,947,241</u>
Budgetary Fund Balance, June 30	<u>\$ 1,814,914</u>	<u>\$ 1,816,271</u>	<u>\$ 4,502,397</u>	<u>\$ 2,686,126</u>

CITY OF LANCASTER

COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS

June 30, 2015

	Assessment District	Agency	AD 93-3	AD 92-101
ASSETS				
Pooled cash and investments	\$ 154,596	\$ 698,507	\$ 551,879	\$ 453,537
Receivable:				
Accounts	-	13,593	-	-
Restricted:				
Cash and investments with fiscal agents	-	-	452,862	157,603
TOTAL ASSETS	<u>\$ 154,596</u>	<u>\$ 712,100</u>	<u>\$ 1,004,741</u>	<u>\$ 611,140</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 6,672	\$ -
Deposits payable	-	712,100	-	-
Due to bondholders	154,596	-	998,069	611,140
TOTAL LIABILITIES	<u>\$ 154,596</u>	<u>\$ 712,100</u>	<u>\$ 1,004,741</u>	<u>\$ 611,140</u>

<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	\$ 527,680	\$ 435,345	\$ 1,246,039	\$ 679,498	\$ 4,747,083
-	-	-	-	-	13,593
-	901,500	779,102	534,810	623,380	3,449,257
<u>\$ 2</u>	<u>\$ 1,429,180</u>	<u>\$ 1,214,447</u>	<u>\$ 1,780,849</u>	<u>\$ 1,302,878</u>	<u>\$ 8,209,933</u>
\$ -	\$ 352	\$ -	\$ 236	\$ 2,968	\$ 10,228
-	-	-	-	15,810	727,910
2	1,428,828	1,214,447	1,780,613	1,284,100	7,471,795
<u>\$ 2</u>	<u>\$ 1,429,180</u>	<u>\$ 1,214,447</u>	<u>\$ 1,780,849</u>	<u>\$ 1,302,878</u>	<u>\$ 8,209,933</u>

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

For the year ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
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	\$ 742,941	\$ 270,049	\$ (314,483)	\$ 698,507
Receivable:				
Accounts	6,797	36,468	(29,672)	13,593
TOTAL ASSETS	\$ 749,738	\$ 306,517	\$ (344,155)	\$ 712,100
LIABILITIES:				
Accounts payable	\$ 62,554	\$ 251,665	\$ (314,219)	\$ -
Deposits payable	687,184	279,010	(254,094)	712,100
TOTAL LIABILITIES	\$ 749,738	\$ 530,675	\$ (568,313)	\$ 712,100
AD 93-3				
ASSETS:				
Pooled cash and investments	\$ 674,190	\$ 461,165	\$ (583,476)	\$ 551,879
Receivable:				
Taxes	1,405	-	(1,405)	-
Accrued interest	276	-	(276)	-
Restricted:				
Cash and investments with fiscal agents	452,693	169	-	452,862
TOTAL ASSETS	\$ 1,128,564	\$ 461,334	\$ (585,157)	\$ 1,004,741
LIABILITIES:				
Accounts payable	\$ 5,887	\$ 583,982	\$ (583,197)	\$ 6,672
Due to bondholders	1,122,677	459,505	(584,113)	998,069
TOTAL LIABILITIES	\$ 1,128,564	\$ 1,043,487	\$ (1,167,310)	\$ 1,004,741

(Continued)

CITY OF LANCASTER

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

For the year ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
AD 92-101				
ASSETS:				
Pooled cash and investments	\$ 405,945	\$ 246,930	\$ (199,338)	\$ 453,537
Receivable:				
Taxes	1,787	-	(1,787)	-
Accrued interest	727	-	(727)	-
Restricted:				
Cash and investments with fiscal agents	157,545	58		157,603
TOTAL ASSETS	<u>\$ 566,004</u>	<u>\$ 246,988</u>	<u>\$ (201,852)</u>	<u>\$ 611,140</u>
LIABILITIES:				
Accounts payable	\$ 4,184	\$ 194,830	\$ (199,014)	\$ -
Due to bondholders	561,820	233,916	(184,596)	611,140
TOTAL LIABILITIES	<u>\$ 566,004</u>	<u>\$ 428,746</u>	<u>\$ (383,610)</u>	<u>\$ 611,140</u>
IFD 92-1				
ASSETS:				
Pooled cash and investments	\$ 2	\$ -	\$ -	\$ 2
TOTAL ASSETS	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>
LIABILITIES:				
Due to bondholders	\$ 2	\$ -	\$ -	\$ 2
TOTAL LIABILITIES	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>
CFD 89-1				
ASSETS:				
Pooled cash and investments	\$ 577,097	\$ 424,999	\$ (474,416)	\$ 527,680
Receivable:				
Taxes	3,811	-	(3,811)	-
Accrued interest	1,033	-	(1,033)	-
Restricted:				
Cash and investments with fiscal agents	863,463	38,037	-	901,500
TOTAL ASSETS	<u>\$ 1,445,404</u>	<u>\$ 463,036</u>	<u>\$ (479,260)</u>	<u>\$ 1,429,180</u>
LIABILITIES:				
Accounts payable	\$ 4,118	\$ 469,842	\$ (473,608)	\$ 352
Due to bondholders	1,441,286	452,442	(464,900)	1,428,828
TOTAL LIABILITIES	<u>\$ 1,445,404</u>	<u>\$ 922,284</u>	<u>\$ (938,508)</u>	<u>\$ 1,429,180</u>

(Continued)

CITY OF LANCASTER

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

For the year ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
CFD 90-1				
ASSETS:				
Pooled cash and investments	\$ 1,178,135	\$ 48,390	\$ (791,180)	\$ 435,345
Receivable:				
Taxes	3,821	-	(3,821)	-
Accrued interest	2,109	-	(2,109)	-
Restricted:				
Cash and investments with fiscal agents	778,809	293	-	779,102
TOTAL ASSETS	<u>\$ 1,962,874</u>	<u>\$ 48,683</u>	<u>\$ (797,110)</u>	<u>\$ 1,214,447</u>
LIABILITIES:				
Accounts payable	\$ 3,180	\$ 787,389	\$ (790,569)	\$ -
Due to bondholders	1,959,694	31,763	(777,010)	1,214,447
TOTAL LIABILITIES	<u>\$ 1,962,874</u>	<u>\$ 819,152</u>	<u>\$ (1,567,579)</u>	<u>\$ 1,214,447</u>
CFD 91-1				
ASSETS:				
Pooled cash and investments	\$ 1,189,382	\$ 598,448	\$ (541,791)	\$ 1,246,039
Receivable:				
Taxes	1,628	-	(1,628)	-
Accrued interest	2,129	-	(2,129)	-
Restricted:				
Cash and investments with fiscal agents	534,942	76	(208)	534,810
TOTAL ASSETS	<u>\$ 1,728,081</u>	<u>\$ 598,524</u>	<u>\$ (545,756)</u>	<u>\$ 1,780,849</u>
LIABILITIES:				
Accounts payable	\$ 3,903	\$ 536,620	\$ (540,287)	\$ 236
Due to bondholders	1,724,178	587,641	(531,206)	1,780,613
TOTAL LIABILITIES	<u>\$ 1,728,081</u>	<u>\$ 1,124,261</u>	<u>\$ (1,071,493)</u>	<u>\$ 1,780,849</u>

(Continued)

CITY OF LANCASTER

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

For the year ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
CFD 91-2				
ASSETS:				
Pooled cash and investments	\$ 415,303	\$ 934,596	\$ (670,401)	\$ 679,498
Receivable:				
Taxes	71,844	-	(71,844)	-
Accrued interest	743	-	(743)	-
Restricted:				
Cash and investments with fiscal agents	699,602	-	(76,222)	623,380
TOTAL ASSETS	<u>\$ 1,187,492</u>	<u>\$ 934,596</u>	<u>\$ (819,210)</u>	<u>\$ 1,302,878</u>
LIABILITIES:				
Accounts payable	\$ 14,667	\$ 653,599	\$ (665,298)	\$ 2,968
Deposits payable	15,810	-	-	15,810
Due to bondholders	1,157,015	890,266	(763,181)	1,284,100
TOTAL LIABILITIES	<u>\$ 1,187,492</u>	<u>\$ 1,543,865</u>	<u>\$ (1,428,479)</u>	<u>\$ 1,302,878</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS:				
Pooled cash and investments	\$ 5,337,591	\$ 2,984,577	\$ (3,575,085)	\$ 4,747,083
Receivable:				
Accounts	6,797	36,468	(29,672)	13,593
Taxes	84,296	-	(84,296)	-
Accrued interest	7,017	-	(7,017)	-
Restricted:				
Cash and investments with fiscal agents	3,487,054	38,633	(76,430)	3,449,257
TOTAL ASSETS	<u>\$ 8,922,755</u>	<u>\$ 3,059,678</u>	<u>\$ (3,772,500)</u>	<u>\$ 8,209,933</u>
LIABILITIES:				
Accounts payable	\$ 98,493	\$ 3,477,927	\$ (3,566,192)	\$ 10,228
Deposits payable	702,994	279,010	(254,094)	727,910
Due to bondholders	8,121,268	2,655,533	(3,305,006)	7,471,795
TOTAL LIABILITIES	<u>\$ 8,922,755</u>	<u>\$ 6,412,470</u>	<u>\$ (7,125,292)</u>	<u>\$ 8,209,933</u>

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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>	155-159
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>	160-164
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>	165-169
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>	170-171
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>	173-176

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.*

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CITY OF LANCASTER

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets, net of related debt	\$ 94,068,075	\$ 822,650,031	\$ 880,722,283	\$ 898,682,290	\$ 702,012,782	\$ 726,729,266	\$ 924,786,002	\$ 937,437,269	\$ 923,425,649	\$ 907,594,209
Restricted	87,569,015	120,838,558	115,527,885	107,858,231	102,128,746	93,277,881	172,781,575	161,081,541	154,576,976	156,831,806
Unrestricted	(80,808,829)	(111,545,878)	(108,634,823)	(107,716,546)	93,233,996	71,812,198	23,048,243	5,094,946	30,520,092	(10,727,418)
Total governmental activities net assets	\$ 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	\$ 1,108,522,717	\$ 1,053,698,597
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,221,367)	\$ (1,317,420)
Unrestricted	-	-	-	-	-	-	(252,698)	(1,397,269)	2,469,059	(1,234,241)
Total business-type activities net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (252,698)	\$ (1,397,269)	\$ (1,752,308)	\$ (2,551,661)
Primary government										
Invested in capital assets, net of related debt	\$ 94,068,075	\$ 822,650,031	\$ 880,722,283	\$ 898,682,290	\$ 702,012,782	\$ 726,729,266	\$ 924,786,002	\$ 937,437,269	\$ 919,204,282	\$ 906,276,789
Restricted	87,569,015	120,838,558	115,527,885	107,858,231	102,128,746	93,277,881	172,781,575	161,081,541	154,576,976	156,831,806
Unrestricted	(80,808,829)	(111,545,878)	(108,634,823)	(107,716,546)	93,233,996	71,812,198	22,795,545	3,697,677	32,989,151	(11,961,659)
Total primary government net assets	\$ 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	\$ 1,106,770,409	\$ 1,051,146,936

CITY OF LANCASTER

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 15,996,662	\$ 16,300,790	\$ 19,703,043	\$ 22,895,700	\$ 37,870,880	\$ 25,975,571	\$ 24,809,328	\$ 20,108,707	\$ 20,826,798	\$ 18,151,158
Public safety	15,057,609	17,142,744	22,155,873	24,365,048	24,802,866	25,206,610	23,493,486	25,618,865	24,042,237	26,777,341
Community development	19,043,934	13,669,830	14,734,792	20,533,196	16,187,846	14,847,798	12,796,592	6,554,237	4,382,821	3,205,562
Parks and recreation	14,715,042	13,423,273	60,663,940	13,053,273	12,239,846	12,526,273	52,220,277	13,049,889	13,555,843	14,096,265
Public works	22,087,634	59,019,071	1,786,468	59,454,167	52,992,594	52,085,914	1,722,135	53,654,875	54,078,702	54,734,695
Housing	1,232,174	5,361,600	6,650,286	959,974	4,805,507	5,993,185	10,355,215	421,279	3,072,338	4,341,667
Interest on long-term debt	14,921,363	16,351,722	16,512,637	14,194,203	15,149,746	14,873,413	2,316,858	375,667	233,915	180,567
Total primary governmental activities expenses	\$ 103,054,418	\$ 141,269,030	\$ 142,207,039	\$ 155,455,561	\$ 164,049,285	\$ 151,508,764	\$ 127,713,891	\$ 119,783,519	\$ 120,192,654	\$ 121,487,255
Business-type activities:										
Lancaster Power Authority							\$ 1,138,830	\$ 2,990,770	\$ 3,215,141	\$ 2,170,134
Lancaster Choice Energy										1,430,990
Total business-type activities expenses	-	-	-	-	-	-	1,138,830	2,990,770	3,215,141	3,601,124
Total primary government expenses	\$ 103,054,418	\$ 141,269,030	\$ 142,207,039	\$ 155,455,561	\$ 164,049,285	\$ 151,508,764	\$ 128,852,721	\$ 122,774,289	\$ 123,407,795	\$ 125,088,379
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
General government	\$ 3,403,979	\$ 406,451	\$ 1,647,842	\$ 3,690,259	\$ 3,976,962	\$ 1,436,838	\$ 935,460	\$ 284,461	\$ 198,193	\$ 432,988
Public safety	7,371,936	2,211,141	3,505,516	2,921,179	3,091,957	2,729,238	1,935,658	1,070,125	978,834	818,277
Community development	4,838,078	805,132	1,478,571	579,523	1,045,149	738,985	3,156,519	428,817	568,214	550,551
Parks and recreation	3,534,430	3,175,710	2,991,204	2,888,631	2,814,076	3,527,840	21,175,600	3,560,430	3,683,705	3,652,517
Public works	29,098,965	24,686,902	17,556,965	14,308,525	14,165,751	14,103,957	1,306,309	13,352,265	13,285,244	14,021,480
Housing	1,789,277	2,633,713	1,610,734	1,655,770	1,652,359	1,676,262	283,252	908,953	1,009,550	303,541
Operating grants and contributions	36,717,092	21,790,093	22,304,176	20,916,807	26,034,713	36,719,976	22,221,889	27,016,113	22,338,733	22,198,805
Capital grants and contributions	-	-	65,570,808	55,674,240	43,298,860	16,288,773	6,133,131	10,893,821	13,157,118	20,173,224
Total governmental activities program revenues	\$ 86,753,757	\$ 55,709,142	\$ 116,665,816	\$ 102,634,934	\$ 96,079,827	\$ 77,221,869	\$ 57,147,818	\$ 57,514,985	\$ 55,219,591	\$ 62,151,383
Business-type activities:										
Charges for services:										
Lancaster Power Authority							\$ 1,479,116	\$ 2,937,736	\$ 3,402,736	\$ 3,273,181
Lancaster Choice Energy										\$ 275,128
Total business-type activities program revenues	-	-	-	-	-	-	\$ 1,479,116	\$ 2,937,736	\$ 3,402,736	\$ 3,548,309
Total primary government program revenues	\$ 86,753,757	\$ 55,709,142	\$ 116,665,816	\$ 102,634,934	\$ 96,079,827	\$ 77,221,869	\$ 58,626,934	\$ 60,452,721	\$ 58,622,327	\$ 65,699,692
Governmental activities	\$ (16,300,661)	\$ (85,559,888)	\$ (25,541,223)	\$ (52,820,627)	\$ (67,969,458)	\$ (74,286,895)	\$ (70,566,073)	\$ (62,374,602)	\$ (64,838,504)	\$ (59,335,872)
Business-type activities:							340,286	53,034	53,036	(52,815)
Net Primary Government Revenue (Expense)	\$ (16,300,661)	\$ (85,559,888)	\$ (25,541,223)	\$ (52,820,627)	\$ (67,969,458)	\$ (74,286,895)	\$ (70,225,787)	\$ (62,321,568)	\$ (64,785,468)	\$ (59,388,687)

CITY OF LANCASTER

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 32,672,098	\$ 30,773,463	\$ 44,679,962	\$ 47,841,204	\$ 41,226,311	\$ 35,895,395	\$ 25,370,913	\$ 14,142,727	\$ 14,370,865	\$ 16,854,719
Transient occupancy taxes	1,257,943	1,452,827	1,211,514	1,327,022	1,380,790	1,300,067	1,338,016	1,314,747	1,313,033	1,614,404
Sales taxes	21,377,455	25,879,313	19,449,760	14,934,911	14,523,154	15,607,533	17,259,589	16,254,549	18,043,706	18,540,150
Franchise taxes	2,844,195	2,754,230	2,484,807	2,902,408	2,593,418	2,697,165	2,655,535	2,617,877	2,669,286	2,776,634
Business licenses taxes	493,197	886,625	846,911	855,453	883,017	1,008,810	955,466	906,896	929,618	983,968
Other taxes	522,999	1,002,095	453,943	518,992	430,826	310,397	284,519	406,441	413,913	419,034
Intergovernmental unrestricted	3,129,626	3,129,626	918,534	493,557	426,464	679,772	78,065	80,905	67,299	65,519
Use of money and property	16,088,474	16,088,474	22,647,525	10,270,036	4,275,530	3,952,452	2,102,259	38,131	252,605	331,645
Miscellaneous	83,925	83,925	557,331	619,185	293,490	336,649	3,913,577	1,008,418	331,511	1,141,731
Gain on sale of land held for resale								5,078,193	109,072	4,160,149
Transfers							600,000	600,000	600,000	800,000
Total governmental activities	\$ 78,469,912	\$ 82,050,578	\$ 93,250,287	\$ 79,762,768	\$ 66,033,000	\$ 61,788,240	\$ 59,636,132	\$ 37,479,763	\$ 43,151,985	\$ 45,657,576
Business-type activities:										
Use of Money and Property	-	-	-	-	-	-	\$ 7,016	\$ 2,421	\$ 9,533	\$ 1,762
Miscellaneous								42,750	47,833	51,700
Transfers	-	-	-	-	-	-	(600,000)	(600,000)	(600,000)	(800,000)
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (592,984)	\$ (554,829)	\$ (542,634)	\$ (746,538)
Extraordinary gain/(loss) due to dissolution of redevelopment agency (Note 17)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 236,809,943	\$ -	\$ -	\$ -
Total Primary Government Revenues, Contributions, Extraordinary Items and Transfers	\$ 78,469,912	\$ 82,050,578	\$ 93,250,287	\$ 79,762,768	\$ 66,033,000	\$ 61,788,240	\$ 295,853,091	\$ 36,924,934	\$ 42,609,351	\$ 44,911,038
Extraordinary gain/(loss) due to transfer of assets to Successor Agency (Note 16)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (14,482,945)	\$ 41,469,430	\$ -
Change in Net Position										
Governmental activities	\$ 62,169,251	\$ (7,089,976)	\$ 67,709,064	\$ 26,942,141	\$ (1,936,458)	\$ (12,498,655)	\$ 225,880,002	\$ (39,271,716)	\$ 19,648,352	\$ (13,678,296)
Business-type activities							(252,698)	(607,863)	(355,039)	(799,353)
Total Primary Government	\$ 62,169,251	\$ (7,089,976)	\$ 67,709,064	\$ 26,942,141	\$ (1,936,458)	\$ (12,498,655)	\$ 225,627,304	\$ (39,879,579)	\$ 19,293,313	\$ (14,477,649)

CITY OF LANCASTER

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 59,733,381	\$ 64,019,546	\$ 54,513,982	\$ 52,461,253	\$ 50,723,608	-	-	-	-	-
Unreserved	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	28,221,235	30,146,378
Assigned	-	-	-	-	-	6,665,011	4,889,386	4,800,218	4,680,626	4,928,059
Unassigned	-	-	-	-	-	16,502,115	11,700,986	12,927,615	8,742,053	7,363,284
Total general fund	<u>\$ 91,466,762</u>	<u>\$ 96,006,284</u>	<u>\$ 91,836,288</u>	<u>\$ 87,279,897</u>	<u>\$ 76,668,663</u>	<u>\$ 63,342,372</u>	<u>\$ 38,910,226</u>	<u>\$ 26,580,575</u>	<u>\$ 41,643,914</u>	<u>\$ 42,437,721</u>
All Other Governmental Funds										
Reserved	\$ 47,888,239	\$ 71,637,570	\$ 59,478,125	\$ 74,432,801	\$ 105,561,942	\$ 96,050,746	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	68,008,628	52,767,008	59,541,994	56,919,624	40,794,756	44,504,625	-	-	-	-
Capital projects funds	(49,662,040)	(30,507,293)	(34,197,147)	(62,191,991)	(64,562,712)	(55,635,744)	-	-	-	-
Debt service funds	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	-	47,639
Restricted	-	-	-	-	-	-	60,392,063	56,185,252	151,441,914	153,298,355
Assigned	-	-	-	-	-	-	509	509	509	17,055
Unassigned	-	-	-	-	-	-	(4,902,734)	(5,397,190)	(2,637,423)	(2,503,461)
Total all other governmental funds	<u>\$ 86,445,974</u>	<u>\$ 117,816,567</u>	<u>\$ 109,782,950</u>	<u>\$ 101,882,093</u>	<u>\$ 95,824,153</u>	<u>\$ 91,585,136</u>	<u>\$ 149,863,431</u>	<u>\$ 138,091,633</u>	<u>\$ 148,805,000</u>	<u>\$ 150,859,588</u>

Notes:

The City implemented GASB 54, "Fund Balance Reporting and Government Fund Type Definition" beginning fiscal year 2012. Certain data required by GASB 54 was not readily available for fiscal years prior to 2012.

CITY OF LANCASTER

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes (see Schedule 6)	\$ 58,059,847	\$ 65,926,362	\$ 70,162,583	\$ 69,730,798	\$ 59,689,451	\$ 57,914,640	\$ 48,495,344	\$ 49,816,195	\$ 43,142,049	\$ 45,955,569
Licenses, fees, and permits	39,580,124	18,406,355	8,360,699	4,376,841	3,593,907	3,742,427	10,644,481	4,758,487	3,765,131	4,213,219
Intergovernmental	22,928,483	27,189,039	25,236,245	22,924,589	28,496,569	30,291,807	23,563,011	20,477,373	25,441,406	29,814,201
Charges for services	14,083,950	8,901,806	9,319,279	9,647,677	13,069,923	10,645,688	10,166,791	10,773,394	11,055,161	11,579,958
Use of money and property	14,994,933	13,121,339	11,222,381	10,057,206	5,087,601	4,750,765	3,491,243	2,515,570	5,988,730	3,027,639
Fines and forfeitures	1,673,103	2,158,669	3,505,516	2,921,179	3,091,957	2,729,238	1,935,658	1,253,922	1,164,109	1,031,987
Other revenues	1,647,768	1,893,388	2,841,166	4,338,209	2,534,139	2,148,883	8,697,718	4,693,687	1,108,353	2,173,014
Total revenues	<u>\$ 152,968,208</u>	<u>\$ 137,596,958</u>	<u>\$ 130,647,869</u>	<u>\$ 123,996,499</u>	<u>\$ 115,563,547</u>	<u>\$ 112,223,448</u>	<u>\$ 106,994,246</u>	<u>\$ 94,288,628</u>	<u>\$ 91,664,939</u>	<u>\$ 97,795,587</u>
Expenditures										
General government	\$ 19,475,290	\$ 16,056,247	\$ 18,935,026	\$ 20,400,983	\$ 35,400,480	\$ 20,564,844	\$ 19,429,696	\$ 16,729,037	\$ 13,998,033	\$ 15,994,460
Public safety	15,019,081	17,107,689	21,945,315	24,303,445	24,764,758	25,188,927	23,456,553	25,349,866	24,238,229	25,019,344
Community development	18,412,648	13,609,531	6,258,047	20,383,837	16,000,405	14,737,406	11,423,703	7,171,105	4,021,302	2,732,422
Parks and recreation	11,837,309	11,696,144	11,878,211	11,853,863	10,961,119	11,335,806	16,530,854	11,639,064	12,324,636	12,819,404
Public Works	19,278,112	21,456,745	20,335,433	22,454,629	17,517,257	17,367,107	1,722,135	18,383,201	17,639,737	19,678,403
Housing	1,232,174	5,361,600	1,781,432	959,974	4,805,507	5,993,185	10,207,101	452,079	5,063,159	4,341,667
Capital outlay	22,048,652	37,806,315	36,955,971	19,004,734	38,183,765	20,847,133	22,019,463	17,762,739	11,121,837	14,852,578
Debt service										
Principal	5,466,252	5,240,000	6,128,000	5,745,000	14,262,517	6,382,000	4,832,000	6,556,995	528,151	549,758
Interest	14,753,943	16,541,783	16,518,213	13,873,812	12,838,000	14,315,824	7,195,509	463,046	244,583	221,672
Debt Issuance Costs	-	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	853,689	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 127,523,461</u>	<u>\$ 145,729,743</u>	<u>\$ 140,735,648</u>	<u>\$ 138,980,277</u>	<u>\$ 174,733,808</u>	<u>\$ 136,732,232</u>	<u>\$ 116,817,014</u>	<u>\$ 104,507,132</u>	<u>\$ 89,179,667</u>	<u>\$ 96,209,708</u>
Excess of revenues over (under) expenditures	<u>\$ 25,444,747</u>	<u>\$ (8,132,785)</u>	<u>\$ (10,087,779)</u>	<u>\$ (14,983,778)</u>	<u>\$ (59,170,261)</u>	<u>\$ (24,508,784)</u>	<u>\$ (9,822,768)</u>	<u>\$ (10,218,504)</u>	<u>\$ 2,485,272</u>	<u>\$ 1,585,879</u>
Other Financing Sources (Uses)										
Bonds, Notes and Loans Issued	\$ -	\$ -	\$ -	\$ -	\$ 42,160,938	\$ -	\$ -	\$ -	\$ -	\$ -
Refunding bonds issued	-	39,315,000	-	-	-	-	-	-	-	-
Payments to escrow agent	-	(5,180,403)	-	-	-	-	-	-	-	-
Bonds issuance premium	-	1,320,578	-	-	-	-	-	-	-	-
Gain/(Loss) on sale of land	-	8,409,173	-	-	-	-	5,078,193	-	-	-
Transfers in	52,066,330	68,139,732	63,668,972	55,359,163	82,081,243	48,993,462	49,040,910	24,370,408	23,056,901	24,675,475
Transfers out	(52,066,330)	(68,139,732)	(63,668,972)	(55,359,163)	(82,081,243)	(48,993,462)	(48,440,910)	(23,770,408)	(22,456,901)	(23,875,475)
Total other financing sources (uses)	<u>-</u>	<u>43,864,348</u>	<u>-</u>	<u>-</u>	<u>42,160,938</u>	<u>-</u>	<u>5,678,193</u>	<u>600,000</u>	<u>600,000</u>	<u>800,000</u>
Extraordinary, special gain/(loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,325,866	\$ (14,842,945)	\$ 22,836,799	\$ -
Net change in fund balances	<u>\$ 25,444,747</u>	<u>\$ 35,731,563</u>	<u>\$ (10,087,779)</u>	<u>\$ (14,983,778)</u>	<u>\$ (17,009,323)</u>	<u>\$ (24,508,784)</u>	<u>\$ 28,181,291</u>	<u>\$ (24,461,449)</u>	<u>\$ 25,922,071</u>	<u>\$ 2,385,879</u>
Debt service as a percentage of noncapital expenditures	19.17%	20.18%	21.82%	16.35%	19.85%	17.86%	12.69%	8.09%	0.99%	0.95%

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	Business Licenses Taxes	Other Taxes	Total
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
2014	14,370,865	1,313,033	18,043,706	2,669,286	929,618	413,913	37,740,421
2015	16,854,719	1,614,404	18,540,150	2,776,634	983,968	419,034	41,188,909
Change 2006-2015	-48.4%	28.3%	-13.3%	-2.4%	99.5%	-19.9%	-30.4%

*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 (2)
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%
2014	6,028,269	1,142,422	421,089	1,086,064	290,049	(491,828)	8,476,065	0.0676	10,751,310	102.684%
2015	6,875,938	1,151,791	429,440	1,105,203	278,624	(501,969)	9,339,027	0.0676	10,761,355	115.230%

Source: Los Angeles County Assessor data, MuniServices, LLC

*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

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	General	Los Angeles County	Antelope Valley Union High School District	Westside School District	Community College	Water	Total Direct & Overlapping	Total Direct (1)
2006	1.00000%	0.00080%	0.02266%	0.10365%	0.01630%	0.07050%	1.21391%	0.06933
2007	1.00000%	0.00066%	0.01996%	0.08454%	0.02905%	0.07049%	1.20470%	0.06970
2008	1.00000%	0.00000%	0.01908%	0.08488%	0.00983%	0.07049%	1.18428%	0.06999
2009	1.00000%	0.00000%	0.02095%	0.09374%	0.01682%	0.07049%	1.20200%	0.07015
2010	1.00000%	0.00000%	0.02421%	0.02282%	0.02460%	0.07049%	1.14212%	0.06759
2011	1.00000%	0.00000%	0.02902%	0.03061%	0.02539%	0.07049%	1.15551%	0.06759
2012	1.00000%	0.00000%	0.02913%	0.03074%	0.02599%	0.07049%	1.15635%	0.06759
2013	1.00000%	0.00000%	0.03075%	0.03380%	0.02949%	0.07049%	1.16453%	0.06759
2014	1.00000%	0.00000%	0.02602%	0.05503%	0.02741%	0.07049%	1.17895%	0.06759
2015	1.00000%	0.00000%	0.02585%	0.04837%	0.02480%	0.07049%	1.16951%	0.06759

Source: Los Angeles County Assessor data, MuniServices, LLC

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

2) 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 (Top 5%)
Last Fiscal Year and Nine Years Prior

<u>Taxpayer</u>	<u>2014-2015</u>			<u>Taxpayer</u>	<u>2005-2006</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Mg Homes Llc	\$ 58,214,970	1	0.62%	Basrock	\$ 53,451,290	1	0.73%
Wal Mart Stores Inc.	54,315,484	2	0.58%	Thrifty Payless Inc.	41,686,029	2	0.57%
Cp Antelope Shops Llc	46,276,429	3	0.50%	BPP Valley Central	40,013,568	3	0.54%
Us Industrial Reit Ii	45,284,000	4	0.48%	Passco Lancaster LLC Et Al	37,732,262	4	0.51%
Kaiser	41,148,615	5	0.44%	Lexington Lancaster LLC	26,733,546	5	0.36%
Thrifty Payless Inc.	35,993,203	6	0.39%	K Partners Lancaster Ii Lp	25,336,166	6	0.34%
Mgf Cordova Park Lp	34,117,900	7	0.37%	Woodcreek Garden Apartments	25,295,361	7	0.34%
Mk Rrp 176 Holston Drive Llc	31,600,000	8	0.34%	Lancaster Hospital Corp	22,553,556	8	0.31%
Mgp Ix Properties Llc	28,375,096	9	0.30%	KB Home Greater Los Angeles In	19,428,931	9	0.26%
Syigma Network Inc.	26,721,080	10	0.29%	Cinema Properties Inc.	19,076,829	10	0.26%
K Partners Lancaster Ii Lp	25,535,810	11	0.27%	VFF Commercial Properties LLC	18,155,089	11	0.25%
Avp Lancaster Llc	22,441,042	12	0.24%	Lowes HIW Inc	16,254,419	12	0.22%
Ih2 Property West Lp	21,264,503	13	0.23%	Citadel Properties Lancaster L	16,143,776	13	0.22%
				Caritas Affiliated Corp	15,825,119	14	0.21%
Top 5% Total	\$ 471,288,132		5.05%	Top 5% Total	\$ 377,685,941		5.12%
City Total	<u>9,339,028,038</u>		<u>100.00%</u>	City Total	<u>7,371,150,353</u>		<u>100%</u>

Source: 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	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2014	3,686,297	3,686,297	100%	-	3,686,297	100%
2015	5,101,745	5,101,745	100%	-	5,101,745	100%

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 Redevelopment Bonds	Revenue Bonds	Assessment District Bonds	Community Facilities Dist. Bonds	Total Primary Government	Percentage of Household Income^a	Per Capita
2006	\$ 211,740	\$ 16,750	\$ 7,245	\$ 21,928	\$ 257,663	420.34%	1.96
2007	240,720	16,245	5,775	17,965	280,705	463.18%	2.03
2008	235,660	15,720	5,455	17,758	274,593	432.26%	1.91
2009	230,465	15,170	5,070	17,598	268,303	407.69%	1.85
2010	261,145	15,000	4,680	17,439	298,264	437.04%	2.06
2011	255,605	14,455	4,265	15,579	289,904	443.45%	1.85
2012	249,160	40,780	3,760	13,694	307,394	502.15%	1.95
2013	242,465	34,465	3,295	9,476	289,701	459.11%	1.83
2014	228,955	30,970	2,805	9,561	272,291	439.21%	1.70
2015	218,715	29,795	2,280	7,309	258,099	412.57%	1.61

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

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation	Tax Allocation Redevelopment	Total		
	Bonds	Bonds			
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
2014	-	228,955	228,955	2.7012%	1.43
2015	-	218,715	218,715	2.3419%	1.36

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, 2015

<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	\$ 141,011,767	33.59%	\$ 47,365,853
Antelope Valley Union High School District	71,469,873	38.31	27,380,108
Eastside Union School District	8,255,729	61.833	5,104,765
Lancaster School District	46,324,242	96.974	44,922,470
Westside Union School District	70,111,904	28.875	20,244,812
Westside Union School District Community Facilities Districts	19,825,000	100	19,825,000
City of Lancaster Community Facilities Districts	7,103,890	100	7,103,890
City of Lancaster 1915 Act Bonds	2,265,000	100	2,265,000
Los Angeles County Regional Park and Open Space Assessment District	82,880,000	0.788	653,094
Total Overlapping Tax And Assessment Debt			\$ 174,864,992
Direct And Overlapping General Fund Debt:			
Los Angeles County General Fund Obligations	\$ 1,885,330,518	78.80%	\$14,856,404
Los Angeles County Superintendent of Schools Certificates of Participation	8,719,113	0.788	68,707
Antelope Valley Joint Community College District Certificates of Participation	7,790,000	33.59	2,616,661
Eastside Union School District Certificates of Participation	3,500,000	61.833	2,164,155
Lancaster School District Certificates of Participation	8,010,000	96.974	7,767,617
Los Angeles County Sanitation District No. 14 Certificates of Participation	2,648,089	76.08	2,014,666
City of Lancaster Power Authority Revenue Bonds	24,850,000	100	24,850,000
Total Gross Direct And Overlapping General Fund Debt			\$ 54,338,210
Less: Los Angeles County General Fund Obligations supported by landfill revenues			35,814
Lancaster Power Authority Revenue Bonds supported by solar utility revenues			24,850,000
Total Net Direct And Overlapping General Fund Debt			\$ 29,452,396
Overlapping Tax Increment Debt:			
City of Lancaster Tax Allocation Bonds	\$218,715,000	100.00%	\$218,715,000
City of Lancaster Lease Revenue Bonds	4,945,000	100	\$4,945,000
Total Overlapping Tax Increment Debt	\$223,660,000		\$223,660,000 (1)
TOTAL GROSS DIRECT DEBT			\$24,850,000
TOTAL NET DIRECT DEBT			\$0
TOTAL GROSS OVERLAPPING DEBT			\$428,013,202
TOTAL NET OVERLAPPING DEBT			\$427,977,388
GROSS COMBINED TOTAL DEBT			\$452,863,202 (2)
NET COMBINED TOTAL DEBT			\$427,977,388

Notes:

- 1 The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- 2 Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy bonds are included based on principal due at maturity.

Ratios to 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.85%
Total Gross Direct Debt (\$32,095,000)	26.00%
Total Net Direct Debt (\$5,200,000)	0.00%
Gross Combined Total Debt	4.79%
Net Combined Total Debt	4.52%

Ratios to Redevelopment Incremental Valuation (\$5,181,670,244):

Total Overlapping Tax Increment Debt	3.85%
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CITY OF LANCASTER

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

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Assessed Valuation	\$ 7,494,593	\$ 9,685,762	\$ 11,727,911	\$ 11,777,155	\$ 9,828,032	\$ 8,397,567	\$ 8,359,886	\$ 8,258,563	\$ 8,476,065	\$ 9,339,027
Debt limit (3.75% of Gross AV)	<u>\$ 281,047</u>	<u>\$ 363,216</u>	<u>\$ 439,797</u>	<u>\$ 441,643</u>	<u>\$ 368,551</u>	<u>\$ 314,909</u>	<u>\$ 313,496</u>	<u>\$ 309,696</u>	<u>\$ 317,852</u>	<u>\$ 350,214</u>
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 281,047</u>	<u>\$ 363,216</u>	<u>\$ 439,797</u>	<u>\$ 441,643</u>	<u>\$ 368,551</u>	<u>\$ 314,909</u>	<u>\$ 313,496</u>	<u>\$ 309,696</u>	<u>\$ 317,852</u>	<u>\$ 350,214</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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				Coverage
	Property Tax Increment	Debt Service			
		Principal	Interest		
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	
2014	23,252	16,005	12,313	0.82	
2015	23,535	9,675	11,477	1.11	

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	Average Household Income	Per Capita Personal Income	Unemployment Rate
2006	131,246	\$ 61,298	\$ 19,967	6.90%
2007	138,392	60,604	19,741	7.30%
2008	143,818	63,525	20,692	10.70%
2009	145,243	65,810	21,507	16.20%
2010	145,074	68,246	22,523	17.50%
2011	156,633	65,375	20,623	17.10%
2012	157,902	61,215	19,311	15.30%
2013	158,630	63,100	19,905	13.90%
2014	159,878	61,996	19,557	11.98%
2015	160,784	62,559	19,428	8.45%

- Sources:**
- Population statistics gathered from State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, , except during decennial census years, FY 2000-2001 and 2010-2011, U.S. Census Bureau.
 - Average Household and Personal Income gathered from Greater Antelope Valley Economic Alliance
 - Unemployment Rate gathered from State of California Employment Development Department <http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/areaselection.asp?tablename=labforce>
 - Unemployment Rate not seasonally adjusted
 - 2015 Unemployment Rate preliminary

CITY OF LANCASTER

**Top 10 Principal Employers
Current Calendar Year and Ten Years Prior**

<u>Employer</u>	<u>2015</u>			<u>Employer</u>	<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Valley Employment</u>		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Valley Employment</u>
Edwards Air Force Base	10,647	1	13.88%	Edwards AFB	12,117	1	15.27%
China Lake Navel Weapons	6,690	2	8.72%	China Lake NWC	4,986	2	6.28%
County of Los Angeles	3,743	3	4.88%	Lockheed Martin	4,200	3	5.29%
Lockheed Martin	3,700	4	4.82%	County of Los Angeles	3,441	4	4.34%
Antelope Valley Hospital	2,300	5	3.00%	AV Union High School	2,400	5	3.02%
Northrop Grumman	2,100	6	2.74%	Antelope Valley Hospital	2,200	6	2.77%
Wal Mart Sotres (5)	1,922	7	2.51%	Countrywide	2,200	7	2.77%
California Correctional Institute	1,915	8	2.50%	Lancaster School Dist.	2,142	8	2.70%
Antelope Valley Mall	1,800	9	2.35%	Wal-Mart (4)	2,047	9	2.58%
Palmdale School District	1,792	10	2.34%	Northrop Grumman	1,633	10	2.06%
TOTAL AV Employment	76,690		47.74%		79,366		47.08%

Source: 2015 City of Lancaster Economic Development;CA EDD; GAVEA. 2006: Greater Antelope Valley Economic Alliance 2005 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**

<u>Function</u>	<u>Full-time-Equivalent Employees</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>	<u>2014</u>	<u>2015</u>
General government										
City Manager	3	4	5	5	7.63	7.63	8.25	8.25	9.25	10.25
City Clerk	5	5	5	5	3.62	3.62	4	4	3	2
Administrative Services	8.5	6.9	4	4	4	4	2	4	8	6
Finance	14.75	16.75	21	21	21	21	22	21	25	24
Human Resources	3	4	10	10	10	11	5	5	5	5
Planning	14	16	16	16	12	12	12	-	-	-
Redevelopment	20.3	22.3	37	37	38	38	-	-	-	-
Housing & Neighborhood Revitalization	-	-	-	-	-	-	30	22	20	19
Economic Development	-	-	-	-	-	-	4	2	2	3
Public Safety	17	17.75	21	21	16	20	16	15	13	13
Parks and Recreation	65	67	66	66	59	59	56	54	51	53
Public Works	117	137	144	144	125	124	128	-	-	-
Development Services	-	-	-	-	-	-	-	124	125	124
Less vacancies filled by internal recruitments									-11	-8
Total	<u>267.55</u>	<u>296.7</u>	<u>329</u>	<u>329</u>	<u>296.25</u>	<u>300.25</u>	<u>287.25</u>	<u>259.25</u>	<u>250.25</u>	<u>251.25</u>
Year over year	-61.075	29.15	32.3	0	-32.75	4	-13	-28	-9.00	1.00

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	2014	2015
General government										
Business licenses										
New business licenses issued	1,426	825	606	1,272	1,326	1,238	1,201	1,169	1,178	1,325
Business licenses renewed	4,070	3,313	2,499	4,103	3,904	4,101	3,972	3,989	4,073	4,315
Business improvement district										
BID licenses issued	21	10	4	23	23	38	73	42	21	27
BID licenses renewed	201	159	100	152	144	151	149	161	183	149
Taxi Business licenses										
New business licenses issued	-	-	24	31	21	39	38	29	24	16
Business licenses renewed	-	-	-	21	27	40	45	46	39	23
Tow Business licenses										
New business licenses issued	-	-	8	14	12	23	20	25	16	24
Business licenses renewed	-	-	2	24	41	44	44	37	45	32
Group Home Business licenses										
New business licenses issued	-	-	3	14	16	6	1	2	7	7
Business licenses renewed	-	-	-	3	17	25	33	33	42	43
LANCAP Business licenses										
New business licenses issued	-	-	79	848	844	1,168	781	579	577	567
Business licenses renewed	-	-	818	1,137	1,864	2,693	3,228	3,522	3,774	4,058
Massage Business licenses										
New business licenses issued	-	-	56	79	103	63	43	29	16	10
Business licenses renewed	-	-	5	72	66	69	63	48	44	35
News rack Permits										
New permits issued	-	-	-	-	4	1	-	-	-	-
Permits renewed	-	-	-	-	-	4	3	4	5	2
Human Resource Recruitments	33	44	30	23	22	4	2	12	22	26
Public Safety										
Physical arrests	12,064	11,042	17,606	17,867	27,854	12,778	11,371	11,929	7,474	8,374
Citations	18,555	24,216	23,031	26,407	25,386	22,025	15,401	3,265	10,487	8,616
Community Safety										
Parking violations	40,115	17,458	28,389	17,616	41,505	31,089	26,632	20,784	17,224	15,669
Development Services										
Building permits issued	4,416	2,363	1,400	907	1,444	2,228	2,600	3,192	1,777	1,270
Centerline miles maintained	1,208	590	627	621	630	630	633	640	640	640
No of Traffic Signals	129	130	139	145	141	138	138	137	139	147
Fleet Vehicles Maintained	296	272	307	320	295	292	301	301	318	323
Sponsored recycling event	1	4	12	30	-	-	5	7	4	4
Street sweeping - residential miles	14,880	18,000	14,770	15,678	15,678	16,274	16,375	16,522	16,651	16,651
Street sweeping - arterial miles	8,900	8,876	8,960	9,224	2,220	2,234	2,245	2,267	2,279	2,279
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	14	14
No. of acres maintained	430	362	365	438	449	463	463	463	463	463
No. of trees in right of way	43,615	53,176	44,773	47,022	58,987	61,225	61,324	61,462	68,000	68,320
Recreation										
Community Events Sponsored	7	12	10	10	16	21	21	21	22	23
Youth Sport Participants	300	289	315	295	315	315	323	329	349	334
Adult league basketball teams	69	61	67	74	67	65	58	63	62	44
Adult league softball teams	472	434	474	493	545	542	474	511	495	195
Softball tournaments-no. of teams	891	680	572	681	582	624	500	533	597	589
Soccer tournaments-no. of teams	2,240	2,222	2,057	2,130	2,530	1,959	2,100	2,203	3,699	2,765
Instructional class enrollments*	2,900	19,103	7,499	7,425	6,839	6,814	6,115	7,468	6,607	8,911

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>	<u>2014</u>	<u>2015</u>
Performing Arts Center										
Season Performances	108	95	94	94	97	68	55	74	59	95
Tickets Sold	45,789	51,694	34,850	45,360	39,376	33,590	27,913	31,525	23,829	32,124
Outreaches	22	28	32	35	32	33	23	20	19	24
Master Classes	2	2	2	2	1	3	-	9	2	2
Acting Workshops	-	-	4	4	-	-	-	1	-	-
Theater Rentals	140	118	85	126	92	51	55	75	78	75
Rental tickets sold	43,791	38,400	25,500	29,940	29,940	21,009	16,705	17,770	16,094	16,945

Sources: Various city departments.

Notes: Public Safety numbers are estimates by querying Lancaster sheriffs station computer assisted dispatching system and using GIS to extract citations given within city boundary.

CITY OF LANCASTER

Capital Asset Statistics by Function/Program

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
City Hall	1	1	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	-	-
Development Services										
Maintenance Yard - Modular Office Bldg.	1	1	1	1	1	1	1	1	1	1
Maintenance Yard - Office/Warehouse	1	1	1	1	1	1	1	1	1	1
Maintenance Yard - Maintenance Garage	1	1	1	1	1	1	1	1	1	1
Maintenance Yard - Canopy	1	1	1	1	1	1	1	1	1	1
Maintenance Yard - Storage Bldg	3	3	3	3	4	4	4	4	4	3
Maintenance Yard - Wash Bay	1	1	1	1	1	1	1	1	1	1
Maintenance Yard - HazMat Storage Bldg	1	1	1	1	1	1	1	1	1	1
Streets (miles)	591	591	627	621	630	630	633	640	640	1
Streetlights (owned by City)	1,000	1,405	1,600	1,141	1,112	1,149	1,157	1,875	1,895	1,765
Traffic signals	129	130	139	145	141	138	138	137	139	1,895
Street Signs	24,000	26,000	27,000	28,000	28,533	29,058	26,334	26,378	26,400	147
Fleet Vehicles	296	272	307	320	295	292	301	301	318	26,412
Storm Drain Pipe (LF)				117,142	381,110	381,821	434,005	485,113	485,113	304
Storm Drain Box (LF)				20,803	31,570	31,570	26,169	27,993	27,996	485,113
Storm Drain Channel (LF)				48,715	48,715	48,715	44,883	44,883	44,883	27,996
Sewer Pipe (LF)				2055473*	2244000*	2,077,192	2,265,580	2,261,609	2,265,120	44,883
Sewer Manholes				8000*	9083*	8,089	9,005	9,035	9,188	2,265,120
Sewer Lift Station				1	1	1	1	1	1	9,042
Parks and Recreation										
Acreage	362	362	365	525	525	538	538	538	538	538
Developed park sites	12	13	12	13	13	14	14	14	14	14
Pools	2	2	2	2	2	2	2	2	2	2
Big 8 Tournament Baseball complex	1	1	1	1	1	1	1	1	1	1
Batting Cage Facility	1	1	1	1	1	1	1	1	1	1
Soccer complex	1	1	1	1	1	1	1	1	1	1
Community/Activity Centers	7	7	7	7	7	7	7	8	8	8
Cedar Center					1	1	1	1	1	1
Prime Desert Woodlands Preserve & Nature Center	1	1	1	1	1	1	1	1	1	1
Municipal Baseball Stadium	1	1	1	1	1	1	1	1	1	1
Performing Arts Center	1	1	1	1	1	1	1	1	1	1
Museum and Art Gallery	1	1	1	1	1	1	1	1	1	1
Western Hotel (historic site)	1	1	1	1	1	1	1	1	1	1
Metrolink Station	1	1	1	1	1	1	1	1	1	1
Park and Ride Lots	4	4	4	8	8	8	8	8	8	8

Sources: Various city departments.

Notes:

*Estimated figures



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it's positively clear