



Comprehensive Annual Financial Report

FISCAL YEAR ENDING JUNE 30, 2018



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

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**
For the Year Ended June 30, 2018

Prepared by the City of Lancaster, Finance Department
Pamela Statsmann, Finance Director
Tammie Holladay, Treasury Manager

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

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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 20, 2018

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 which ended June 30, 2018. 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 three sections: introduction, finances, and statistics. The introduction includes this transmittal letter, the City's organizational chart, and a list of principal officers. The financial section includes the basic financial statements, including the management's discussion and analysis, the combined and individual fund statements and schedules, and the auditor's report on the financial statements and schedules. The statistical section includes selected multi-year financial and demographic information.

This CAFR includes all 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, the 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 41 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 2017 U.S. Census estimates Lancaster's population at 160,316.

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. 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.

In fact, 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.



Lancaster Engage

Lancaster Engage empowers residents to have a greater say in what happens in their City by inviting them to participate in the process of working together and collectively bringing about positive change.

This online portal offers an inclusive, meaningful, accountable, and responsive method of engaging local residents, business owners, and the community at-large. Each of you can make a difference.

The IMPACT Initiative

The IMPACT Initiative (Innovative Municipal Programs Achieving Community Transformation) addresses beautification of the community and aims to transform the visual character of our City. City staff and various stakeholders collaborate to develop and implement strategic, tactical programs utilizing a coordinated holistic approach that results in renewed civic pride. People of all ages will have access to improved neighborhoods, facilities, and thoroughfares.

Smart Signals

Smart signals delineate an advanced traffic management system being installed throughout the City to provide improved signal coordination based on real-time traffic patterns. By modernizing our

signals with new high-speed fiber optic cables, we are empowering our community with “Smart City” capabilities that will support a number of advancements, ranging from community Wi-Fi to autonomous vehicle accommodation.

Capital Improvement Program

The Capital Improvement Program includes the Measure R Interchange Improvements, the Revive 25 Program, the Master Plan of Complete Streets, the Safe Routes to School Master Plan, and the Master Plan for Trails and Bikeways.



Measure R Interchange Improvements are being implemented at Avenue G, Avenue J, Avenue K, Avenue L, and Avenue M interchanges, per selection by the Los Angeles County Metropolitan Transportation Authority. The Measure R Highway “Equity” Fund will contribute to reducing congestion, increasing mobility, enhancing safety, and improving way-finding in these project areas.



REVIVE 25 continues to work its way through our City, with the goal of treating every Lancaster road by 2025. This innovative program is designed to maximize the life of all our roads by preventing road issues before they occur, which translates to fewer costs in the future and a tax payer savings of more than \$280 million over the next ten years. Being proactive truly pays off.



The Master Plan of Complete Streets encourages the development of a network of streets, sidewalks, and public rights-of-way throughout Lancaster that creates a more balanced transportation system. Flexible design concepts and best practices are incorporated to ensure that new and updated street projects are planned, designed, maintained, and operated to enable safe, comfortable, and convenient travel to the greatest extent possible for users of all ages and abilities, including pedestrians, bicyclists, motorists, and transit riders.



The City’s Safe Routes to School Master Plan is part of an international movement that aims to increase the number of children who walk or bicycle to school by removing the barriers that prevent them from doing so. An in-depth study of Lancaster’s school traffic and road design resulted in a list of improvement plans for each school area.

The Master Plan for Trails and Bikeways is a guide to the planning and design of pedestrian, bicycle, and equestrian facilities throughout Lancaster. The City’s vision is to create a connected network of on-road and off-road trails and bikeway facilities to accommodate users of all ages and abilities.

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, 2017. 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 thirty-two 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, 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



Pamela Statsmann
Finance Director

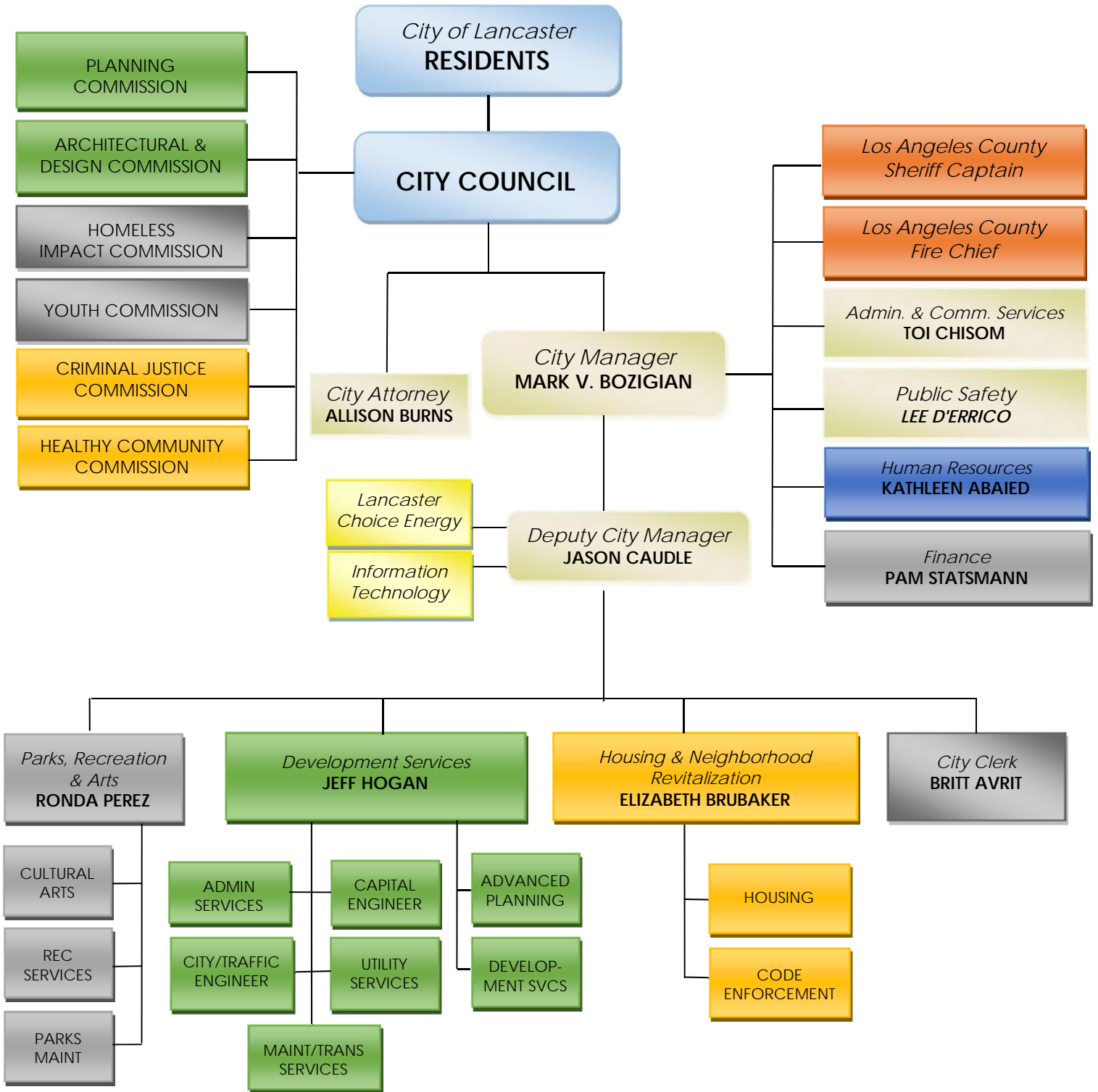
CITY OF LANCASTER

CITY COUNCIL MEMBERS

		<u>Term Expires</u>
R. Rex Parris	Mayor	2020
Marvin E. Crist	Vice Mayor	2022
Raj Malhi	Council Member	2022
Kenneth G. Mann	Council Member	2020
Angela Underwood-Jacobs	Council Member	2020

CITY OFFICIALS

Mark V. Bozigian	City Manager
Allison E. Burns	City Attorney
Jason D. Caudle	Deputy City Manager
Toi Chisom	Administrative & Community Services Director
Pamela Statsmann	Finance Director
Elizabeth A. Brubaker	Housing & Neighborhood Revitalization Director
Britt Avrit	City Clerk
Kathleen Abaied	Human Resources Manager
Ronda Perez	Parks, Recreation and Arts Director
Jeff Hogan	Development Services Director
Lee D'Errico	Public Safety Director





Government Finance Officers Association

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

Presented to

**City of Lancaster
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

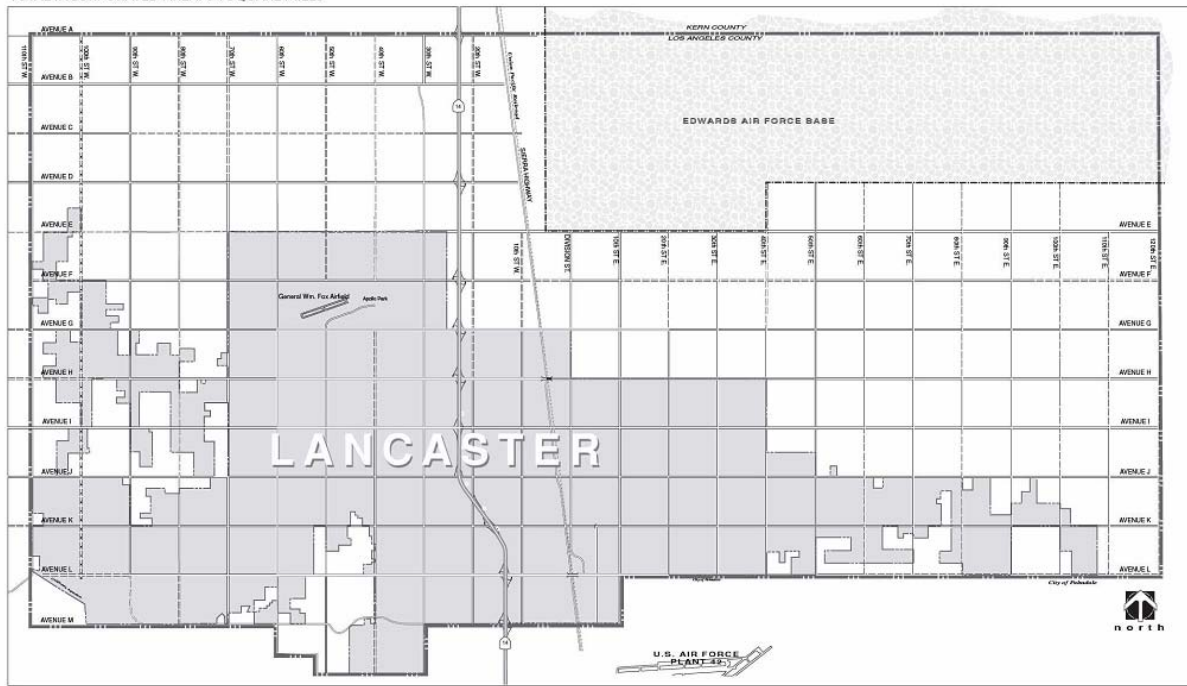
Executive Director/CEO



AV Economic Region



TOTAL INCORPORATED AREA: 94 SQUARE MILES

CITY OF LANCASTER



-  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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, the Transportation Development Authority Special Revenue Fund, the Lancaster Housing Authority Special Revenue Fund, and the Lancaster Lighting District 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 21 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of this standard required retrospective application resulting in a \$1,460,705 increase of previously reported net position of the governmental activities. Also, as discussed in Note 21 to the financial statements, the fund balance of the other governmental funds and net position of the governmental activities as of July 1, 2017, were restated for other items. 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, the schedule of changes in net OPEB liability and related ratios, the schedule of contributions - OPEB and the average money-weighted rate of return, net of investments - OPEB, 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 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.

Other Matters (Continued)

Other Information (Continued)

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 20, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
December 20, 2018

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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, 2018. 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 \$153,847,163
- The cost of governmental activities was \$134,293,536
- The General Fund reported revenues and transfers-in in excess of expenditures and transfers-out of \$627,000
- For the General Fund, actual resources available for appropriation (revenue inflows and fund balance) was more than final budget by \$1,261,687; while actual appropriations (outflows) were less than the final budget by \$5,811,580.

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, Recreation and Arts, Development Services, and Housing and Neighborhood Revitalization. The business-type activities include the Lancaster Power Authority, Lancaster Choice Energy and the California Choice Energy Authority.

The government-wide financial statements include the blending of separate legal entities: Lancaster Housing Authority, Lancaster Community Services Foundation, Lancaster Financing Authority, Lancaster Power Authority, and California Choice Energy 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 three special revenue funds, all of which are considered to be major funds. Data from the other thirty-two 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 adopted a biennial appropriated budget for its general fund for FY 16/17 and FY 17/18. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with its 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 enterprise funds to account for the activities of the Lancaster Power Authority, Lancaster Choice Energy, and California Choice Energy Authority.

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

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Lancaster's own programs.

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

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

Government-wide Financial Analysis

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

City of Lancaster Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 223,102	\$ 229,382	\$ 12,831	\$ 11,574	\$ 235,933	\$ 240,956
Capital Assets	874,841	885,958	17,380	18,320	892,221	904,278
Total Assets	1,097,943	1,115,340	30,211	29,894	1,128,154	1,145,234
Total Deferred Outflows of Resources	15,740	11,278	-	-	15,740	11,278
Long Term Liabilities Outstanding	103,146	95,992	21,753	22,140	124,899	118,132
Other Liabilities	14,129	15,505	5,098	5,435	19,227	20,940
Total Liabilities	117,275	111,497	26,851	27,575	144,126	139,072
Total Deferred Inflows of Resources	416	1,051	-	-	416	1,051
Net Position						
Net Investment in Capital Assets	858,554	868,784	(1,551)	(998)	857,003	867,786
Restricted	143,458	146,633			143,458	146,633
Unrestricted	(6,021)	(1,347)	4,911	3,317	(1,110)	1,970
Total Net Position	\$ 995,991	\$1,014,070	\$ 3,360	\$ 2,319	\$ 999,351	\$ 1,016,389

Governmental Activities. Governmental activities decreased the City of Lancaster's net position by \$20,179,134.

- Sales tax increased only slightly by \$20,380 or .1% from the prior year.
- Property taxes increased by \$954,844 or 4.9% from the prior year.
- The decrease in Net Position is due to capital expenditures.

Business-Type Activities. Business-type activities increased the City of Lancaster's net position by \$1,040,903 primarily due to the revenue generated by Lancaster Choice Energy.

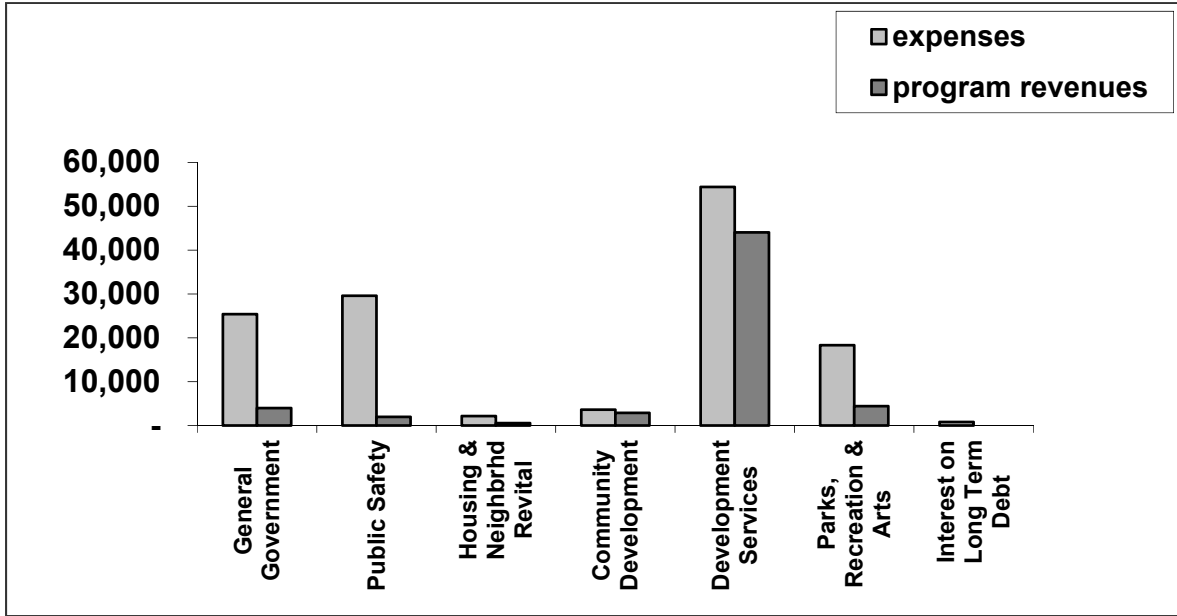
**City of Lancaster Changes in Net Position
(in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 22,300	\$ 22,077	\$ 40,812	\$ 38,923	\$ 63,112	\$ 61,000
Operating contributions and grants	27,378	24,107	-	-	27,378	24,107
Capital contributions and grants	8,167	2,949	-	-	8,167	2,949
General revenues:						
Taxes:						
Property taxes	20,424	19,469	-	-	20,424	19,469
Intergovernmental-Sales Tax	20,483	20,463	-	-	20,483	20,463
Franchise taxes	4,706	2,926	-	-	4,706	2,926
Transient occupancy taxes	2,202	2,064	-	-	2,202	2,064
Other taxes	1,924	1,474	-	-	1,924	1,474
Investment income	243	465	25	10	268	475
Other	4,761	2,822	421	72	5,182	2,894
Total revenues	<u>112,588</u>	<u>98,816</u>	<u>41,258</u>	<u>39,005</u>	<u>153,846</u>	<u>137,822</u>
Expenses						
General Government	25,404	8,961	-	-	25,404	8,961
Public Safety	29,601	28,407	-	-	29,601	28,407
Community Development	3,597	3,153	-	-	3,597	3,153
Parks, Recreation and Arts	18,331	16,693	-	-	18,331	16,693
Development Services	54,410	69,972	-	-	54,410	69,972
Housing and Neighborhood Revitalization	2,157	2,561	-	-	2,157	2,561
Interest on long-term debt	793	273	-	-	793	273
Lancaster Power Authority	-	-	1,987	2,040	1,987	2,040
Lancaster Choice Energy	-	-	34,290	33,809	34,290	33,809
California Choice Energy Authority	-	-	2,415	52	2,415	52
Total expenses	<u>134,293</u>	<u>130,020</u>	<u>38,692</u>	<u>35,901</u>	<u>172,985</u>	<u>165,921</u>
Increase (decrease) in net position before transfers	(21,705)	(31,204)	2,566	3,104	(19,139)	(28,099)
Transfers	1,525	1,358	(1,525)	(1,358)	-	-
Increase (decrease) in net position after transfers	\$ (20,180)	\$ (29,846)	\$ 1,041	\$ 1,746	\$ (19,139)	\$ (28,099)
*Beginning Net Position	1,014,070	1,043,916	2,319	573	1,016,389	1,044,489
Prior Period Adjustment (Note 21)	2,101	-	-	-	2,101	-
Net Position - Beginning of Year, As Restated	1,016,171	1,043,916	2,319	573	1,018,490	1,044,489
Ending Net Position	<u>\$ 995,991</u>	<u>\$ 1,014,070</u>	<u>\$ 3,360</u>	<u>\$ 2,319</u>	<u>\$ 999,351</u>	<u>\$ 1,016,390</u>

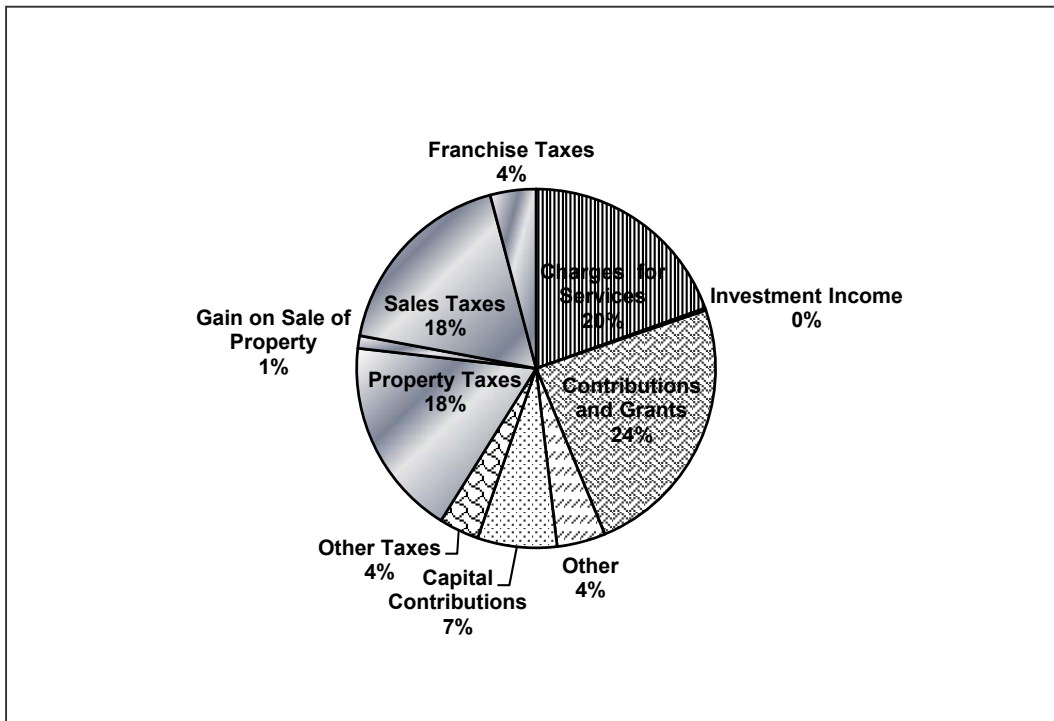
* Restatement of Net Position for FY 2018. See Note 21.

The City's total revenues are \$153,847,163 while the costs of all programs and services are \$172,985,394.

**City of Lancaster Governmental 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, recreation and arts, development services, and community development - 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
	2018	2018
General Government	\$ 25,404	\$ (21,432)
Public Safety	29,601	(27,616)
Parks, Recreation and Arts	18,331	(13,923)
Development Services	54,410	(10,369)
Community Development	3,597	(699)
Totals	\$ 131,343	\$ (74,039)

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 \$186.3 million. This is a decrease of \$6.5 million from last fiscal year mostly due to an increase in public safety (Sheriff Contract and law enforcement-related services) and a substantial increase in capital outlay (capital improvement project) expenditures.

The General Fund is the chief operating fund of the City of Lancaster. At the end of the current fiscal year, including transfers, the General Fund reported revenues and proceeds from capital lease, and transfers-in in excess of expenditures and transfers-out of \$627,000. This increase in fund balance is due to slow rebounding revenues and diligent cost containment.

The Transportation Development Authority Fund is a special revenue fund used for local street and road improvements, congestions relief and traffic safety. At the end of the current fiscal year, Transportation Development Authority Fund reported revenues and transfers-in in excess of expenditures and transfer-out of \$1,266,344. This is primarily due to receiving funds from MTA for fiscal year 16/17 during fiscal year 17/18.

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 \$1,940,340. The services provided to the community by the Housing and Neighborhood revitalization staff exceeded the revenues received to cover these expenses. This was mainly due to expenditures on Master Planned

Communities. When completed, these efforts will yield beautiful, family-friendly, new housing tracts in formerly blighted areas of the City.

The Lancaster Lighting Maintenance District is a special revenue fund used to account for the operation of traffic and streetlights within the City. At the end of the current fiscal year, Lancaster Lighting Maintenance District Fund reported revenues and transfers-in in excess of expenditures and transfer-out of \$134,171.

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 17/18, the Capital Projects Fund reported expenditures of \$21,988,893 and transfers in totaling \$21,988,893.

Proprietary Funds. The City of Lancaster’s proprietary funds provide the same type of information found in the government-wide financial statement, but in more detail. The City of Lancaster has three funds of this type: Lancaster Power Authority, Lancaster Choice Energy, and California Choice Energy Authority.

The net position of the Lancaster Power Authority, Lancaster Choice Energy, and California Choice Energy Authority at the end of the year was \$3,359,888, an increase over last year of \$1,040,903. This is mainly due to the continued success of Lancaster Choice Energy, a community choice aggregation providing electricity to Lancaster residents at a reduced rate.

General Fund Budgetary Highlights

The actual amounts of expenditures for the General Fund at year-end were \$4,960,180 less than the final budget before transfers. The budget to actual variance in appropriations was due to management's effort to control expenditures. Managers citywide diligently tracked division and departmental budgets to ensure overruns did not occur. Actual revenues were \$1,144,106 more than the final budget before transfers. This is mainly attributed to slight increases across all general revenues.

Capital Asset and Debt Administration

Capital Assets. At the end of FY 2018, the City had \$892.2 million invested in a broad range of capital assets, including land, buildings, infrastructure, equipment, and intangible assets net of accumulated depreciation.

The City’s Capital Improvement Plan projects spending \$43.4 million through fiscal 2018-19 on new projects. Funding will come from current fund balances and projected revenues. The most significant projects include 2019 Pavement Management Program, Revive 25; State Route 14 Interchange Enhancement Projects; Lancaster Health District; Pedestrian Gap Closure Improvements; Safe Routes to School Pedestrian Improvements.

	Governmental Activities	Business-type Activities	Total Capital Assets
Land	\$ 24,660		\$ 24,660
Structures and Improvements	43,483		43,483
Furniture and Equipment	4,127		4,127
Infrastructure	764,039		764,039
Construction in Progress	38,532		38,532
Intangible Assets		17,380	17,380
Net Capital Assets	\$ 874,841	\$ 17,380	\$ 892,221

Note 5 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 \$1,607,684 or (5.8%) from the prior year due to continued debt service payments. As of June 30, 2018, the City of Lancaster had accrued employee benefits outstanding of \$3,252,886.

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

The City's AA credit rating remained unchanged for FY 17/18.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Notes Payable	\$ 1,540	\$ 1,967	\$ -	\$ -	\$ 1,540	\$ 1,967
Accrued Employee Benefits	3,253	3,335	-	-	3,253	3,335
Claims and Judgements	1,431	1,167	-	-	1,431	1,167
Renewable Energy Bonds	-	-	22,195	22,605	22,195	22,605
Unamortized Bond Discount	-	-	(442)	(465)	(442)	(465)
Unamortized Bond Premium	485	511	-	-	485	511
*Limited Obligation Revenue Bonds	1,250	1,525	-	-	1,250	1,525
Settlement Agreement	1,800	2,000	-	-	1,800	2,000
Loans	918	1,026	-	-	918	1,026
Streetlight Acquisition Issue of 2016	13,720	14,250	-	-	13,720	14,250
Capital Leases	1,484	1,707	-	-	1,484	1,707
Total	\$ 25,881	\$ 27,488	\$ 21,753	\$ 22,140	\$ 47,634	\$ 49,628

*Restated 2017 Balance

Notes 7 provides a detailed analysis of these Long Term Debt items.

Economic Factors and Next Year's Budgets and Rates

On June 26, 2018, the City Council adopted and approved the budget for FY 18/19 along with the Five-Year Capital Improvement Program. Appropriations of \$188.5 million were adopted for the 18/19 fiscal year. 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. The ending General Fund balance meets 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 two largest sources of revenue for the City's General Fund are sales tax, which represents 27.0% of all General Fund revenues, and property tax representing 26.2% of 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, California Department of Tax & Fee Administration, 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, Finance Director, at the City of Lancaster, 44933 Fern Avenue, Lancaster, CA 93534, or by phone at (661)723-6038.

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BASIC FINANCIAL STATEMENTS

CITY OF LANCASTER

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and investments	\$ 60,600,375	\$ 3,049,413	\$ 63,649,788
Receivables:			
Accounts	5,914,448	6,966,954	12,881,402
Taxes	5,632,577	-	5,632,577
Accrued interest	229,992	-	229,992
Due from other governments	11,113,372	199,727	11,313,099
Notes and loans	11,284,213	-	11,284,213
Deposits	-	100,000	100,000
Prepaid items	212,536	62,656	275,192
Inventories	173,150	-	173,150
Land held for resale	54,013,336	-	54,013,336
Advances to Successor Agency	72,303,850	-	72,303,850
Restricted assets:			
Cash and investments	1,623,882	2,452,055	4,075,937
Capital assets:			
Nondepreciable	63,192,607	-	63,192,607
Depreciable	811,648,433	17,380,213	829,028,646
TOTAL ASSETS	1,097,942,771	30,211,018	1,128,153,789
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts on pension plan	13,217,849	-	13,217,849
Deferred amounts on OPEB	2,521,850	-	2,521,850
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,739,699	-	15,739,699
LIABILITIES:			
Accounts payable	8,406,972	4,825,281	13,232,253
Accrued liabilities	1,885,376	51,412	1,936,788
Accrued interest	211,738	149,932	361,670
Unearned revenues	899,527	71,225	970,752
Deposits payable	2,724,139	-	2,724,139
Due to other governments	1,789	-	1,789
Noncurrent liabilities:			
Due within one year	2,698,882	460,000	3,158,882
Due in more than one year	23,181,914	21,293,280	44,475,194
Net pension liability	57,734,586	-	57,734,586
Net OPEB liability	19,529,820	-	19,529,820
TOTAL LIABILITIES	117,274,743	26,851,130	144,125,873
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts on pension plan	384,224	-	384,224
Deferred amounts on OPEB	32,036	-	32,036
TOTAL DEFERRED INFLOWS OF RESOURCES	416,260	-	416,260
NET POSITION:			
Net investment in capital assets	858,554,529	(1,551,196)	857,003,333
Restricted for:			
Community development projects	2,832,047	-	2,832,047
Parks, recreation, and arts	2,356,856	-	2,356,856
Development services	40,588,836	-	40,588,836
Debt service	1,628,987	-	1,628,987
Housing and neighborhood revitalization	96,051,159	-	96,051,159
Unrestricted	(6,020,947)	4,911,084	(1,109,863)
TOTAL NET POSITION	\$ 995,991,467	\$ 3,359,888	\$ 999,351,355

See accompanying notes to financial statements.

CITY OF LANCASTER

STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 25,403,881	\$ 602,044	\$ 3,369,791	\$ -
Public safety	29,600,738	1,062,896	922,304	-
Community development	3,596,731	634,154	2,263,960	-
Parks, recreation, and arts	18,330,765	4,321,483	86,391	-
Development services	54,409,902	15,313,752	20,559,761	8,166,904
Housing and neighborhood revitalization	2,158,452	365,977	175,957	-
Interest and other charges	793,067	-	-	-
Total governmental activities	134,293,536	22,300,306	27,378,164	8,166,904
Business-Type Activities:				
Lancaster Power Authority	1,987,221	1,861,482	-	-
Lancaster Choice Energy	34,290,014	37,454,517	-	-
California Choice Energy Authority	2,414,623	1,495,702	-	-
Total business-type activities	38,691,858	40,811,701	-	-
Total primary government	\$ 172,985,394	\$ 63,112,007	\$ 27,378,164	\$ 8,166,904

General revenues:

Taxes:

Property taxes, levied for general purposes

Franchise taxes

Transient occupancy taxes

Business licenses taxes

Other taxes

Intergovernmental

Intergovernmental - state shared sales tax

Investment earnings

Miscellaneous

Gain on sale of property

Transfers

Total general revenues and transfers

Change in net position

Net Position - Beginning of Year

Prior-period adjustment (Note 21)

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
\$ (21,432,046)	\$ -	\$ (21,432,046)
(27,615,538)	-	(27,615,538)
(698,617)	-	(698,617)
(13,922,891)	-	(13,922,891)
(10,369,485)	-	(10,369,485)
(1,616,518)	-	(1,616,518)
(793,067)	-	(793,067)
<u>(76,448,162)</u>	<u>-</u>	<u>(76,448,162)</u>
-	(125,739)	(125,739)
-	3,164,503	3,164,503
-	(918,921)	(918,921)
<u>-</u>	<u>2,119,843</u>	<u>2,119,843</u>
<u>(76,448,162)</u>	<u>2,119,843</u>	<u>(74,328,319)</u>
20,423,770	-	20,423,770
4,706,453	-	4,706,453
2,202,452	-	2,202,452
932,469	-	932,469
991,873	-	991,873
83,074	-	83,074
20,483,067	-	20,483,067
243,124	25,250	268,374
3,393,939	420,810	3,814,749
1,283,807	-	1,283,807
1,525,000	(1,525,000)	-
<u>56,269,028</u>	<u>(1,078,940)</u>	<u>55,190,088</u>
<u>(20,179,134)</u>	<u>1,040,903</u>	<u>(19,138,231)</u>
1,014,069,921	2,318,985	1,016,388,906
<u>2,100,680</u>	<u>-</u>	<u>2,100,680</u>
<u>1,016,170,601</u>	<u>2,318,985</u>	<u>1,018,489,586</u>
<u>\$ 995,991,467</u>	<u>\$ 3,359,888</u>	<u>\$ 999,351,355</u>

See accompanying notes to financial statements.

CITY OF LANCASTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2018

	General	Special Revenue Funds	
		Transportation Development Authority	Lancaster Housing Authority
ASSETS:			
Pooled cash and investments	\$ 9,790,321	\$ -	\$ 8,442,480
Receivables:			
Accounts	2,106,254	-	250
Taxes	4,997,976	-	-
Accrued interest	207,959	-	-
Due from other governments	439,346	5,482,119	-
Notes and loans, net	8,907,791	-	1,065,658
Prepaid items	212,536	-	-
Due from other funds	11,280,381	-	-
Inventories	173,150	-	-
Land held for resale	-	-	52,971,914
Advances to Successor Agency	39,984,846	-	32,319,004
Cash and investments with fiscal agents	-	-	-
TOTAL ASSETS	<u>\$ 78,100,560</u>	<u>\$ 5,482,119</u>	<u>\$ 94,799,306</u>
LIABILITIES:			
Accounts payable	\$ 4,147,284	\$ -	\$ 62,135
Accrued liabilities	1,272,464	-	19,120
Due to other governments	-	-	-
Unearned revenues	92,675	-	-
Deposits payable	2,003,437	-	-
Due to other funds	-	7,215,773	-
TOTAL LIABILITIES	<u>7,515,860</u>	<u>7,215,773</u>	<u>81,255</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues	14,402,341	-	3,593,919
FUND BALANCES:			
Nonspendable:			
Notes and loans	8,818,200	-	-
Prepaid items	212,536	-	-
Inventories	173,150	-	-
Advances to Successor Agency	25,609,169	-	-
Restricted:			
Community development projects	-	-	-
Public safety	-	-	-
Parks, recreation, and arts	-	-	-
Development services	-	1,266,344	-
Debt service	-	-	-
Housing and neighborhood revitalization	-	-	91,124,132
Assigned:			
Encumbrance reserve	1,058,040	-	-
Financial stability reserve	13,650,000	-	-
Employee benefits	3,253,000	-	-
Capital replacement	500,000	-	-
Capital facilities	500,000	-	-
Technology infrastructure	750,000	-	-
Legal claims	1,431,000	-	-
Capital projects	200,000	-	-
Unassigned	27,264	(2,999,998)	-
TOTAL FUND BALANCES (DEFICIT)	<u>56,182,359</u>	<u>(1,733,654)</u>	<u>91,124,132</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 78,100,560</u>	<u>\$ 5,482,119</u>	<u>\$ 94,799,306</u>

See accompanying notes to financial statements.

Special Revenue
Funds (Continued)

Lancaster Lighting District	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,606,819	\$ 38,760,755	\$ 60,600,375
185,839	-	3,622,105	5,914,448
153,932	-	480,669	5,632,577
-	-	22,033	229,992
3,983	-	5,187,924	11,113,372
-	-	1,310,764	11,284,213
-	-	-	212,536
-	-	-	11,280,381
-	-	-	173,150
-	-	1,041,422	54,013,336
-	-	-	72,303,850
-	-	1,623,882	1,623,882
<u>\$ 343,754</u>	<u>\$ 3,606,819</u>	<u>\$ 52,049,554</u>	<u>\$ 234,382,112</u>
\$ 290,605	\$ 3,146,372	\$ 760,576	\$ 8,406,972
14,296	399,800	179,696	1,885,376
-	-	1,789	1,789
-	-	806,852	899,527
-	-	720,702	2,724,139
27,399	-	4,037,209	11,280,381
<u>332,300</u>	<u>3,546,172</u>	<u>6,506,824</u>	<u>25,198,184</u>
11,454	-	4,881,347	22,889,061
-	-	-	8,818,200
-	-	-	212,536
-	-	-	173,150
-	-	-	25,609,169
-	-	2,481,359	2,481,359
-	-	-	-
-	-	2,332,581	2,332,581
-	-	35,437,584	36,703,928
-	-	1,628,987	1,628,987
-	-	1,333,108	92,457,240
-	-	-	1,058,040
-	-	-	13,650,000
-	-	-	3,253,000
-	-	-	500,000
-	-	-	500,000
-	-	-	750,000
-	-	-	1,431,000
-	60,647	-	260,647
-	-	(2,552,236)	(5,524,970)
<u>-</u>	<u>60,647</u>	<u>40,661,383</u>	<u>186,294,867</u>
<u>\$ 343,754</u>	<u>\$ 3,606,819</u>	<u>\$ 52,049,554</u>	<u>\$ 234,382,112</u>

See accompanying notes to financial statements.

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CITY OF LANCASTER

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

June 30, 2018

Fund balances - total governmental funds		\$ 186,294,867
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	\$ 1,806,050,564	
Accumulated depreciation	<u>(931,209,524)</u>	874,841,040
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, 2018 are:		
Bonds, notes, loans, and capital leases payable	(21,196,911)	
Claims and judgments	(1,431,000)	
Compensated absences	<u>(3,252,885)</u>	(25,880,796)
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 affect only the government-wide statements for governmental activities:		
Deferred outflows of resources	13,217,849	
Deferred inflows of resources	(384,224)	
Pension liability	<u>(57,734,586)</u>	(44,900,961)
OPEB-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 related to OPEB are only reported in the statement of net position, as the changes in these amounts affect only the government-wide statements for governmental activities.		
Deferred outflows of resources	2,521,850	
Deferred inflows of resources	(32,036)	
Net OPEB liability	<u>(19,529,820)</u>	(17,040,006)
Accrued interest payable for the current portion of interest due on bonds are not reported in the governmental funds		(211,738)
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>22,889,061</u>
Net position of governmental activities		<u>\$ 995,991,467</u>

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, 2018

	General	Special Revenue Funds	
		Transportation Development Authority	Lancaster Housing Authority
REVENUES:			
Taxes	\$ 28,525,488	\$ -	\$ -
Licenses and permits	2,465,669	-	-
Intergovernmental	22,761,694	8,280,618	-
Charges for services	3,984,376	-	-
Investment earnings	810,338	-	19,800
Fines and forfeitures	993,259	-	-
Contributions	-	-	-
Rental income	155,750	-	-
Gain from sale of land held for resale	-	-	90,300
Miscellaneous	2,395,297	-	169,169
TOTAL REVENUES	<u>62,091,871</u>	<u>8,280,618</u>	<u>279,269</u>
EXPENDITURES:			
Current:			
General government	18,120,244	-	-
Public safety	29,265,221	-	-
Community development	2,017,711	-	-
Parks, recreation, and arts	14,088,247	-	-
Development services	4,157,134	-	-
Housing and neighborhood revitalization	-	-	1,236,344
Capital outlay	-	-	-
Debt service:			
Principal retirement	502,246	-	-
Interest and fiscal charges	93,350	-	-
TOTAL EXPENDITURES	<u>68,244,153</u>	<u>-</u>	<u>1,236,344</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,152,282)</u>	<u>8,280,618</u>	<u>(957,075)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	8,558,867	184,136	-
Transfers out	<u>(1,779,585)</u>	<u>(7,198,410)</u>	<u>(983,265)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,779,282</u>	<u>(7,014,274)</u>	<u>(983,265)</u>
NET CHANGE IN FUND BALANCES	627,000	1,266,344	(1,940,340)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR, AS RESTATED	<u>55,555,359</u>	<u>(2,999,998)</u>	<u>93,064,472</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 56,182,359</u>	<u>\$ (1,733,654)</u>	<u>\$ 91,124,132</u>

See accompanying notes to financial statements.

Special
Revenue Funds
(Continued)

Lancaster Lighting District	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 4,168,833	\$ 32,694,321
-	-	4,846,329	7,311,998
-	-	18,635,441	49,677,753
4,600,756	-	3,525,370	12,110,502
6,487	-	174,744	1,011,369
-	-	255,235	1,248,494
-	-	35,586	35,586
-	-	-	155,750
-	-	-	90,300
2,269,599	-	1,416,356	6,250,421
<u>6,876,842</u>	<u>-</u>	<u>33,057,894</u>	<u>110,586,494</u>
-	-	3,645,087	21,765,331
-	-	164,245	29,429,466
-	-	1,334,880	3,352,591
84,988	-	2,596,567	16,769,802
5,330,895	-	10,849,446	20,337,475
-	-	922,108	2,158,452
-	21,988,893	392,000	22,380,893
530,000	-	742,637	1,774,883
446,756	-	120,827	660,933
<u>6,392,639</u>	<u>21,988,893</u>	<u>20,767,797</u>	<u>118,629,826</u>
<u>484,203</u>	<u>(21,988,893)</u>	<u>12,290,097</u>	<u>(8,043,332)</u>
79,138	21,988,893	5,852,777	36,663,811
<u>(429,170)</u>	<u>-</u>	<u>(24,748,381)</u>	<u>(35,138,811)</u>
<u>(350,032)</u>	<u>21,988,893</u>	<u>(18,895,604)</u>	<u>1,525,000</u>
134,171	-	(6,605,507)	(6,518,332)
<u>(134,171)</u>	<u>60,647</u>	<u>47,266,890</u>	<u>192,813,199</u>
<u>\$ -</u>	<u>\$ 60,647</u>	<u>\$ 40,661,383</u>	<u>\$ 186,294,867</u>

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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, 2018

Net change in fund balances - total governmental funds		\$ (6,518,332)
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	\$ 22,518,707	
Contributed capital assets	2,406,255	
Disposals	(129,038)	
Depreciation expense	<u>(35,913,131)</u>	(11,117,207)
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	1,574,883	
Amortization of bond premium	26,461	
Bond accretion	<u>(11,333)</u>	1,590,011
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	81,673	
Change in claims payable	(264,000)	
Change in settlement agreement	<u>200,000</u>	17,673
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		
		(147,262)
OPEB expense reported in the governmental funds includes the actuarial determined contributions. In the Statement of Activities, OPEB expense includes the change in the net OPEB liability and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources.		
		851,968
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.		
		(4,452,638)
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.		
		<u>(403,347)</u>
Change in net position of governmental activities		<u><u>\$ (20,179,134)</u></u>

See accompanying notes to financial statements.

CITY OF LANCASTER

BUDGETARY COMPARISON STATEMENT
GENERAL FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 55,555,359	\$ 55,555,359	\$ 55,555,359	\$ -
Resources (Inflows):				
Taxes	29,697,980	28,697,980	28,525,488	(172,492)
Licenses and permits	1,238,115	2,238,115	2,465,669	227,554
Intergovernmental	21,695,510	21,695,510	22,761,694	1,066,184
Charges for services	3,855,790	3,855,790	3,984,376	128,586
Investment earnings	755,800	755,800	810,338	54,538
Fines and forfeitures	836,000	836,000	993,259	157,259
Rental income	141,815	141,815	155,750	13,935
Miscellaneous	2,705,755	2,726,755	2,395,297	(331,458)
Transfers in	8,293,695	8,441,286	8,558,867	117,581
Amounts Available for Appropriations	<u>124,775,819</u>	<u>124,944,410</u>	<u>126,206,097</u>	<u>1,261,687</u>
Charges to Appropriations (Outflows):				
General government	19,094,128	21,071,099	18,120,244	2,950,855
Public safety	30,420,192	30,420,192	29,265,221	1,154,971
Community development	2,207,745	2,207,745	2,017,711	190,034
Parks, recreation, and arts	14,163,976	14,173,976	14,088,247	85,729
Development services	4,435,725	4,435,725	4,157,134	278,591
Capital outlay	300,000	300,000	-	300,000
Debt service:				
Principal retirement	502,246	502,246	502,246	-
Interest and fiscal charges	93,350	93,350	93,350	-
Transfers out	2,191,500	2,630,985	1,779,585	851,400
Total Charges to Appropriations	<u>73,408,862</u>	<u>75,835,318</u>	<u>70,023,738</u>	<u>5,811,580</u>
Budgetary Fund Balance, June 30	<u>\$ 51,366,957</u>	<u>\$ 49,109,092</u>	<u>\$ 56,182,359</u>	<u>\$ 7,073,267</u>

See accompanying notes to financial statements.

CITY OF LANCASTER

BUDGETARY COMPARISON STATEMENT
 TRANSPORTATION DEVELOPMENT AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (2,999,998)	\$ (2,999,998)	\$ (2,999,998)	\$ -
Resources (Inflows):				
Intergovernmental	9,160,500	9,160,500	8,280,618	(879,882)
Investment earnings	14,000	14,000	-	(14,000)
Transfers in	-	159,147	184,136	24,989
Amounts Available for Appropriations	<u>6,174,502</u>	<u>6,333,649</u>	<u>5,464,756</u>	<u>(868,893)</u>
Charges to Appropriations (Outflows):				
General government	-	17,700	-	17,700
Transfers out	<u>12,902,790</u>	<u>13,653,140</u>	<u>7,198,410</u>	<u>6,454,730</u>
Total Charges to Appropriations	<u>12,902,790</u>	<u>13,670,840</u>	<u>7,198,410</u>	<u>6,472,430</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (6,728,288)</u>	<u>\$ (7,337,191)</u>	<u>\$ (1,733,654)</u>	<u>\$ 5,603,537</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 93,064,472	\$ 93,064,472	\$ 93,064,472	\$ -
Resources (Inflows):				
Investment earnings	25,800	25,800	19,800	(6,000)
Gain from sale of land held for resale	150,000	150,000	90,300	(59,700)
Miscellaneous	140,365	140,365	169,169	28,804
Amounts Available for Appropriations	<u>93,380,637</u>	<u>93,380,637</u>	<u>93,343,741</u>	<u>(36,896)</u>
Charges to Appropriations (Outflows):				
Housing and neighborhood revitalization	3,720,086	3,720,086	1,236,344	2,483,742
Transfers out	681,610	970,767	983,265	(12,498)
Total Charges to Appropriations	<u>4,401,696</u>	<u>4,690,853</u>	<u>2,219,609</u>	<u>2,471,244</u>
Budgetary Fund Balance, June 30	<u>\$ 88,978,941</u>	<u>\$ 88,689,784</u>	<u>\$ 91,124,132</u>	<u>\$ 2,434,348</u>

See accompanying notes to financial statements.

CITY OF LANCASTER

BUDGETARY COMPARISON STATEMENT
LANCASTER LIGHTING DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (134,171)	\$ (134,171)	\$ (134,171)	\$ -
Resources (Inflows):				
Charges for services	4,446,000	4,446,000	4,600,756	154,756
Investment earnings	-	-	6,487	6,487
Miscellaneous	2,480,000	2,480,000	2,269,599	(210,401)
Transfers in	-	600,000	79,138	(520,862)
Amounts Available for Appropriations	<u>6,791,829</u>	<u>7,391,829</u>	<u>6,821,809</u>	<u>(570,020)</u>
Charges to Appropriations (Outflows):				
Parks, recreation, and arts	85,000	85,000	84,988	12
Development services	7,647,578	7,647,578	5,330,895	2,316,683
Principal retirement	530,000	530,000	530,000	-
Interest and fiscal charges	(529,999)	(529,999)	446,756	(976,755)
Transfers out	429,170	429,170	429,170	-
Total Charges to Appropriations	<u>8,161,749</u>	<u>8,161,749</u>	<u>6,821,809</u>	<u>1,339,940</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (1,369,920)</u>	<u>\$ (769,920)</u>	<u>\$ -</u>	<u>\$ 769,920</u>

See accompanying notes to financial statements.

CITY OF LANCASTER

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2018

	Business-Type Activities Enterprise Funds			Total
	Lancaster Power Authority	Lancaster Choice Energy	Nonmajor California Choice Energy Authority	
ASSETS:				
CURRENT ASSETS:				
Cash and investments	\$ 2,961,112	\$ -	\$ 88,301	\$ 3,049,413
Receivables:				
Accounts	181,700	6,726,531	58,723	6,966,954
Due from other governments	-	-	199,727	199,727
Deposits	-	100,000	-	100,000
Prepaid items	-	37,680	24,976	62,656
Restricted assets:				
Cash and investments	2,248,948	203,107	-	2,452,055
TOTAL CURRENT ASSETS	5,391,760	7,067,318	371,727	12,830,805
NONCURRENT ASSETS:				
Capital assets:				
Depreciable	17,380,213	-	-	17,380,213
TOTAL ASSETS	22,771,973	7,067,318	371,727	30,211,018
LIABILITIES:				
CURRENT LIABILITIES:				
Accounts payable	-	4,560,939	264,342	4,825,281
Accrued liabilities	2,463	48,949	-	51,412
Interest payable	149,932	-	-	149,932
Unearned revenues	71,225	-	-	71,225
Current portion of long-term liabilities	460,000	-	-	460,000
TOTAL CURRENT LIABILITIES	683,620	4,609,888	264,342	5,557,850
LONG-TERM LIABILITIES:				
Noncurrent portion of long-term liabilities	21,293,280	-	-	21,293,280
TOTAL LONG-TERM LIABILITIES	21,293,280	-	-	21,293,280
TOTAL LIABILITIES	21,976,900	4,609,888	264,342	26,851,130
NET POSITION:				
Net investment in capital assets	(1,551,196)	-	-	(1,551,196)
Unrestricted	2,346,269	2,457,430	107,385	4,911,084
TOTAL NET POSITION	\$ 795,073	\$ 2,457,430	\$ 107,385	\$ 3,359,888

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, 2018

	Business-Type Activities Enterprise Funds			Total
	Lancaster Power Authority	Lancaster Choice Energy	Nonmajor California Choice Energy Authority	
OPERATING REVENUES:				
Sales and service charges	\$ 1,861,482	\$ 37,454,517	\$ 1,495,702	\$ 40,811,701
TOTAL OPERATING REVENUES	1,861,482	37,454,517	1,495,702	40,811,701
OPERATING EXPENSES:				
Purchased power	-	31,817,741	-	31,817,741
Administration and general	120,602	2,414,824	2,414,623	4,950,049
Depreciation expense	939,471	-	-	939,471
TOTAL OPERATING EXPENSES	1,060,073	34,232,565	2,414,623	37,707,261
OPERATING INCOME	801,409	3,221,952	(918,921)	3,104,440
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	25,250	-	-	25,250
Other nonoperating income (loss)	-	420,810	-	420,810
Interest expense	(927,148)	(57,449)	-	(984,597)
TOTAL NONOPERATING REVENUES (EXPENSES)	(901,898)	363,361	-	(538,537)
INCOME BEFORE TRANSFERS	(100,489)	3,585,313	(918,921)	2,565,903
TRANSFERS:				
Transfers in	-	1,269,500	2,243,082	3,512,582
Transfers out	(50,000)	(3,743,082)	(1,244,500)	(5,037,582)
TOTAL TRANSFERS	(50,000)	(2,473,582)	998,582	(1,525,000)
CHANGE IN NET POSITION	(150,489)	1,111,731	79,661	1,040,903
NET POSITION - BEGINNING OF YEAR	945,562	1,345,699	27,724	2,318,985
NET POSITION - END OF YEAR	\$ 795,073	\$ 2,457,430	\$ 107,385	\$ 3,359,888

See accompanying notes to financial statements.

CITY OF LANCASTER

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2018

	Business-Type Activities			Total
	Enterprise Funds			
	Lancaster Power Authority	Lancaster Choice Energy	Nonmajor California Choice Energy Authority	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ 1,906,674	\$ 37,458,414	\$ 1,317,252	\$ 40,682,340
Cash paid to suppliers for goods and services	(120,611)	(34,712,183)	(2,205,950)	(37,038,744)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>1,786,063</u>	<u>2,746,231</u>	<u>(888,698)</u>	<u>3,643,596</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from other funds	-	1,269,500	2,243,082	3,512,582
Cash paid to other funds	(50,000)	(3,743,082)	(1,266,083)	(5,059,165)
Advance received from other funds	-	(1,930,838)	-	(1,930,838)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>(50,000)</u>	<u>(4,404,420)</u>	<u>976,999</u>	<u>(3,477,421)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on capital debt	(410,000)	-	-	(410,000)
Interest paid on capital debt	(905,744)	(57,449)	-	(963,193)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,315,744)</u>	<u>(57,449)</u>	<u>-</u>	<u>(1,373,193)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	25,250	-	-	25,250
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>25,250</u>	<u>-</u>	<u>-</u>	<u>25,250</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	445,569	(1,715,638)	88,301	(1,181,768)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,764,491</u>	<u>1,918,745</u>	<u>-</u>	<u>6,683,236</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,210,060</u>	<u>\$ 203,107</u>	<u>\$ 88,301</u>	<u>\$ 5,501,468</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income	\$ 801,409	\$ 3,221,952	\$ (918,921)	\$ 3,104,440
Other income (loss)	-	420,810	-	420,810
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	939,471	-	-	939,471
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	45,192	(416,913)	21,277	(350,444)
(Increase) decrease in due from other governments	-	-	(199,727)	(199,727)
(Increase) decrease in prepaid items	-	89,320	(24,976)	64,344
Increase (decrease) in accounts payable	-	(598,959)	233,649	(365,310)
Increase (decrease) in accrued liabilities	(9)	30,021	-	30,012
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 1,786,063</u>	<u>\$ 2,746,231</u>	<u>\$ (888,698)</u>	<u>\$ 3,643,596</u>

See accompanying notes to financial statements.

CITY OF LANCASTER
STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2018

	Private-Purpose Trust Fund <u>Successor Agency of the Former RDA</u>	PARS Pension Trust Fund	Agency Funds
ASSETS:			
Pooled cash and investments	\$ 17,052,264	\$ -	\$ 3,720,564
Receivable:			
Accounts	15,281	-	26,973
Taxes	-	-	19,030
Notes and loans, net	166,323	-	-
Accrued interest	36,884	-	-
Land held for resale	13,699,234	-	-
Restricted assets:			
Cash and investments with fiscal agents	<u>3,098,097</u>	<u>9,079,353</u>	<u>458,366</u>
TOTAL ASSETS	<u>34,068,083</u>	<u>9,079,353</u>	<u>\$ 4,224,933</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred losses on debt refundings	<u>5,619,738</u>	<u>-</u>	
LIABILITIES:			
Accounts payable	-	-	\$ 9,333
Interest payable	2,652,867	-	-
Deposits payable	15,099	-	586,968
Due to other governments	391	-	-
Due to bondholders	-	-	3,628,632
Advances from City of Lancaster	39,984,846	-	-
Advances from Lancaster Housing Authority	32,319,004	-	-
Long-term liabilities:			
Due in one year	8,435,000	-	-
Due in more than one year	180,709,555	-	-
TOTAL LIABILITIES	<u>264,116,762</u>	<u>-</u>	<u>\$ 4,224,933</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred gains on debt refundings	<u>1,263,471</u>	<u>-</u>	
NET POSITION:			
Held in trust for other purposes	(225,692,412)	-	
Net position restricted for pensions	<u>-</u>	<u>9,079,353</u>	
TOTAL NET POSITION	<u>\$ (225,692,412)</u>	<u>\$ 9,079,353</u>	

See accompanying notes to financial statements.

CITY OF LANCASTER

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND

For the year ended June 30, 2018

	Private-Purpose Trust Fund	PARS Pension Trust Fund
	Successor Agency of the Former RDA	
ADDITIONS:		
Taxes	\$ 17,878,993	\$ -
Intergovernmental - other	2,539,181	-
Investment income	117,627	557,263
Rental income	425,879	-
Miscellaneous	118,907	-
	<u>21,080,587</u>	<u>557,263</u>
TOTAL ADDITIONS		
DEDUCTIONS:		
Administrative expenses	659,899	23,583
Developer disposition agreements	1,155,687	-
Distributions	-	678,957
Interest expense	7,000,644	-
	<u>8,816,230</u>	<u>702,540</u>
TOTAL DEDUCTIONS		
CHANGE IN NET POSITION	12,264,357	(145,277)
NET POSITION - BEGINNING OF YEAR	<u>(237,956,769)</u>	<u>9,224,630</u>
NET POSITION - END OF YEAR	<u>\$ (225,692,412)</u>	<u>\$ 9,079,353</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF LANCASTER, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Lancaster, California (the City), have been prepared in accordance with accounting principles generally accepted in the United States of America (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 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.

The management of the primary government has operational responsibility for each of the component units, and/or receives financial benefits from each component unit, being blended within the financial reporting entity of the City of Lancaster. Component units include the Lancaster Housing Authority, the Lancaster Community Services Foundation, the Lancaster Financing Authority, the Lancaster Power Authority, and the California Choice Energy Authority.

A brief description of each blended 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.

The Lancaster 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Description of the Reporting Entity (Continued)

The California Choice Energy Authority (the Energy Authority) was formed to help cities in Southern California Edison territory to participate in community choice aggregation without having to sacrifice control often associated with joint power authorities or taking on the significant liability of a single entity community choice aggregation. Separate financial statements are not available for the Energy 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.

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 transactions 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

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, 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, represent a private-purpose trust fund, a pension trust fund, and agency funds.

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 nonexchange* 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of Accounting and Measurement Focus (Continued)

Governmental Funds (Continued)

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets, 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.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Revenues, expenses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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.

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. Nonoperating 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.

CITY OF LANCASTER, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of Accounting and Measurement Focus (Continued)

Proprietary and Fiduciary Funds (Continued)

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.

Transportation Development Authority Special Revenue Fund - This fund accounts for local street and road improvements, congestion relief, and traffic safety projects funded by revenues received by the Metropolitan Transportation Authority.

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 and is funded by revenues generated by the housing assets.

Lancaster Lighting District - This fund is used to account for the operation of traffic and street lights within the City and is funded by assessments received from homeowners.

Capital Projects - This fund is used to account for the City's capital improvement project activities not required to be accounted for in other funds.

The City reports the following major proprietary funds:

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.

Lancaster Choice Energy (LCE) - This fund is used to account for the operations of the new not-for-profit power provider.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Fund Classifications (Continued)

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 Pension 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).

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 2017-2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for post-employment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this statement increased the net position at July 1, 2017, of the governmental activities by \$1,460,705.

GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, and did not impact the City.

GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017, and did not impact the City.

GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017, and did not impact the City.

I. 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 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

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 which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The fair value of the City's investment in this pool is reported at an amount based upon the City's prorated share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

f. Interfund 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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds."

The principal portion of advances to other funds reported in the General Fund financial statements is offset by a nonspendable amount to indicate that it is not available for appropriation and is not an expendable available financial resource. All trade and property tax receivables are shown net of an allowance for uncollectibles.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Property Taxes

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.

h. Inventories and Prepaid Items

Inventories of materials and supplies are carried at cost on a moving average basis. 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. The consumption method of accounting is used for both inventories and prepaid items.

i. 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.

j. 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 or plant and infrastructure capital projects that are in excess of \$125,000 (amounts 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 acquisition 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. 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 will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following item that qualifies for reporting in this category:

- Deferred loss on refunding, net of accumulated amortization reported in the fiduciary private-purpose trust fund. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pensions for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans' fiduciary net position. These amounts are amortized over five years.
- Deferred outflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plan.
- Deferred outflows related to OPEB equal to employer contributions made after the measurement date of the net OPEB liability.

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 the following items that qualify for reporting in this category:

- Deferred inflows from unavailable revenues, which are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, which are taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred gain on refunding, net of accumulated amortization reported in the fiduciary private-purpose trust fund. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Deferred Outflows/Inflows of Resources (Continued)

- Deferred inflows related to pensions for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plan.
- Deferred inflows related to OPEB resulting from the difference in projected and actual earnings on investments of the pension plans' fiduciary net position. These amounts are amortized over five years.

l. 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.

m. 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 record these parcels as land held for resale in their 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 land held for resale is recorded at lower of cost or fair value.

n. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Compensated Absences (Continued)

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 payment up to a maximum of 50% of unused sick leave, depending on years of service. The maximum hours payable is set at 1,000 after 15 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.

o. 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 as other financing sources and uses, respectively. The face amount of debt issued is reported as other financing sources.

p. Fund Balance Classification

In the fund financial statements, fund balances are classified as follows:

Nonspendable includes 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). In the General Fund only, it also includes the long-term portion of notes and loan’s receivable with no constraints on how the eventual proceeds can be spent.

Restricted includes 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 includes 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 includes 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 includes the residual amounts that have not been restricted, committed, or assigned to specific purposes. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other funds, deficit balance amounts resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned are classified as unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Fund Balance Classification (Continued)

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.

q. 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 and the Public Agency Retirement Services (PARS) plan (collectively, the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and PARS. 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.

r. Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability (asset) and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the City's OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

s. 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 with the exception of those for unfinished capital projects, special projects, and grant programs. For these specific projects and programs, unused appropriations at the end of the fiscal year are carried forward and become part of the next year's budget. During the year, several supplementary appropriations were necessary.

CITY OF LANCASTER, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2018

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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. Total encumbrances of \$1,058,042 are included in the General Fund’s assigned fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

Budget Basis of Accounting

Budgets for all governmental funds, except for the Zero-Net Energy Solar Mitigation in Lieu, Mariposa Lily Special Revenue Funds, the Lancaster Financing Authority Debt Service Fund, and the Capital Projects Fund, which are budgeted on a project basis, are adopted on a basis consistent with generally accepted accounting principles.

Excess of Expenditures over Appropriations

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2018:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Funds			
Lancaster Housing Authority Special Revenue Fund			
Transfers out	\$ 970,767	\$ 983,265	\$ (12,498)
Other Governmental Special Revenue Funds			
Gas Tax			
Parks, recreation, and arts	972,392	981,886	(9,494)
Community Services			
Community development	77,600	85,062	(7,462)
Landscape Maintenance District			
General Government	-	5,387	(5,387)
Parks, recreation, and arts	1,392,664	1,504,843	(112,179)
Housing and Community Development			
General government	-	6,943	(6,943)
Proposition C			
Community development	-	176,514	(176,514)
Recycle Water			
General Government	-	12,328	(12,328)
Development services	175,570	196,130	(20,560)
Biological Impact Fees			
Development services	22,500	23,143	(643)
Lancaster Drainage Maintenance			
Debt service - principal retirement	-	28,973	(28,973)
Debt service - interest and fiscal charges	-	5,726	(5,726)

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Deficit Fund Balances

The following funds contained deficit fund balances as of June 30, 2018:

	<u>Deficit Amount</u>
Major Funds	
Transportation Development Authority Special Revenue Fund	\$ 1,733,654 (2)
Other Governmental Special Revenue Funds	
Bikeway Improvement	56,255 (2)
Federal Grants	352,602 (1)
LA County Reimbursement	337,306 (2)
MTA Grant	1,806,073 (2) (3)

These fund balance deficits will be eliminated as (1) grant reimbursements become available, (2) when transfers are made, or (3) future revenues are received.

3. CASH AND INVESTMENTS

Cash and Investments

Cash and investments held by the City at June 30, 2018, are reported in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 63,649,788
Restricted	
Cash and investments	4,075,937
Statement of Fiduciary Assets and Liabilities:	
Pooled cash and investments	20,772,828
Restricted	
Cash and investments with fiscal agents	<u>12,635,817</u>
Total cash and investments	<u>\$ 101,134,370</u>
Cash and investments consisted of the following:	
Cash on hand	\$ 7,466
Deposits with financial institutions	5,674,799
Investments	<u>95,452,105</u>
Total cash and investments	<u>\$ 101,134,370</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.

3. CASH AND INVESTMENTS (CONTINUED)

Deposits

At June 30, 2018, the carrying amount of the City's deposits was \$3,100,716 and the bank balance was \$4,115,659. The \$1,014,943 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 is considered to be held for, and in the name of, the local governmental agency. As of June 30, 2018, all of the City's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

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.

3. CASH AND INVESTMENTS (CONTINUED)

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 City established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the City's OPEB 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.

The City-approved guidelines are as follows:

Risk Tolerance:	Moderate high
Risk Management:	The portfolio is constructed to control risk through four layers of diversification - asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers, and securities. Disciplined mutual fund selection and monitoring process help to drive return potential while reducing portfolio risk.
Investment Objective:	To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.
Strategic Ranges:	0% - 20% Cash 40% - 60% Fixed income 40% - 60% Equity

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, 2018, the City invested in various MTNs which were rated AA- or better by Standard & Poor's (S&P). At June 30, 2018, the City's investments with US Government Sponsored Agency Securities were rated AA+ and money market mutual funds were rated AAA by S&P. Investments in US government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed.

As of June 30, 2018, 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.

3. CASH AND INVESTMENTS (CONTINUED)

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, 2018, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions on the maximum percentage it can invest in a single type of investment. These limitations are 25% of the City's invested funds for nonnegotiable certificates of deposit, 15% of the City's invested funds for banker acceptances with no more than 2% in any one issuer, 25% of the City's invested funds for commercial paper with no more than 5% in any one issuer, 20% of the City's invested funds for medium term notes with no more than 5% in any one issuer, and 20% of the City's invested funds for money market funds with no more than 10% in any one issuer. If the City has invested more than 5% of its total investments in any one issuer then it is exposed to credit risk.

As of June 30, 2018, the City's investment in the following issuers exceeded 5% of the City investment pool:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	US Government Sponsored Agency Securities	\$ 4,100,136
Federal Home Loan Mortgage Corporation	US Government Sponsored Agency Securities	4,060,159

This exposure will be corrected in fiscal year 2018-19.

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, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

3. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

As of June 30, 2018, 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	
City Investment Pool					
United States Treasury Securities	\$ 9,496,165	\$ 3,188,238	\$ -	\$ -	\$ 12,684,403
United States Government Sponsored Agency Securities	2,582,944	12,292,521	-	-	14,875,465
Medium-Term Corporate Notes	2,385,824	8,691,419	-	-	11,077,243
California Local Agency Investment Fund (LAIF)	39,897,134	-	-	-	39,897,134
Money Market Mutual Funds	-	-	-	-	-
Held by Fiscal Agency					
Money Market Mutual Funds	6,503,507	-	-	-	6,503,507
Municipal Bonds	340,000	635,000	360,000	-	1,335,000
PARS Trust Pooled Investments	9,079,353	-	-	-	9,079,353
Total	<u>\$ 70,284,927</u>	<u>\$ 24,807,178</u>	<u>\$ 360,000</u>	<u>\$ -</u>	<u>\$ 95,452,105</u>

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements), inputs are quoted price of similar assets in active markets (Level 2 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The City has the following recurring fair value measurements as of June 30, 2018:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
United States Treasury Securities	\$ -	\$ 12,684,403	\$ -	\$ 12,684,403
United States Government Sponsored Agency Securities	-	14,875,465	-	14,875,465
Medium Term Corporate Notes	-	11,077,243	-	11,077,243
Municipal Bonds	-	1,335,000	-	1,335,000
Total Subject to Hierarchy	<u>\$ -</u>	<u>\$ 39,972,111</u>	<u>\$ -</u>	<u>39,972,111</u>
LAIF (1)				39,897,134
Held by Fiscal Agent:				
Money Market Mutual Funds (1)				6,503,507
PARS Pooled Trust Investments (1)				9,079,353
Total Investment Portfolio				<u>\$ 95,452,105</u>

(1) Investment is not subject to fair value hierarchy measurements.

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

4. NOTES AND LOANS RECEIVABLE

Notes and loans receivable at June 30, 2018, were as follows:

	Loans and Notes Receivable Repayments	Loan Forgiveness Terms	Long-Term Lump Sum Repayment Terms	Total
General Fund	\$ 10,176,674	\$ (756,500)	\$ (512,383)	\$ 8,907,791
HOME Program				
Special Revenue Fund	14,607,380	-	(13,296,616)	1,310,764
Lancaster Housing Authority				
Special Revenue Fund	1,996,276	-	(930,618)	1,065,658
	<u>\$ 26,780,330</u>	<u>\$ (756,500)</u>	<u>\$ (14,739,617)</u>	<u>\$ 11,284,213</u>
Fiduciary Private-Purpose Trust Fund	<u>\$ 1,134,401</u>	<u>\$ (968,078)</u>	<u>\$ -</u>	<u>\$ 166,323</u>

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

Governmental Activities

	Balance at July 1, 2017	Construction In Progress Transfers	Additions	Deletions/ Transfers	Balance at June 30, 2018
Governmental Activities					
Capital assets, not depreciated:					
Land	\$ 24,092,512	\$ -	\$ 568,514	\$ (500)	\$ 24,660,526
Construction in progress	<u>20,257,507</u>	<u>(2,957,536)</u>	<u>21,360,648</u>	<u>(128,538)</u>	<u>38,532,081</u>
Total capital assets, not depreciated	<u>44,350,019</u>	<u>(2,957,536)</u>	<u>21,929,162</u>	<u>(129,038)</u>	<u>63,192,607</u>
Capital assets, being depreciated:					
Structures and improvements	76,456,526	-	-	-	76,456,526
Furniture and equipment	15,583,640	-	518,175	(470,992)	15,630,823
Infrastructure	<u>1,645,335,447</u>	<u>2,957,536</u>	<u>2,477,625</u>	<u>-</u>	<u>1,650,770,608</u>
Total capital assets, being depreciated	<u>1,737,375,613</u>	<u>2,957,536</u>	<u>2,995,800</u>	<u>(470,992)</u>	<u>1,742,857,957</u>
Less accumulated depreciation for:					
Structures and improvements	(31,198,795)	-	(1,774,490)	-	(32,973,285)
Furniture and equipment	(11,015,952)	-	(959,299)	470,992	(11,504,259)
Infrastructure	<u>(853,552,638)</u>	<u>-</u>	<u>(33,179,342)</u>	<u>-</u>	<u>(886,731,980)</u>
Total accumulated depreciation	<u>(895,767,385)</u>	<u>-</u>	<u>(35,913,131)</u>	<u>470,992</u>	<u>(931,209,524)</u>
Total capital assets, being depreciated, net	<u>841,608,228</u>	<u>2,957,536</u>	<u>(32,917,331)</u>	<u>-</u>	<u>811,648,433</u>
Governmental Activities Capital Assets, net	<u>\$ 885,958,247</u>	<u>\$ -</u>	<u>\$ (10,988,169)</u>	<u>\$ (129,038)</u>	<u>\$ 874,841,040</u>

Depreciation expense was charged in the following functions in the statement of activities for the year ended June 30, 2018, as follows:

General government	\$ 539,523
Public safety	171,272
Development services	33,099,015
Community development	420,654
Parks, recreation, and arts	1,682,667
Total	<u>\$ 35,913,131</u>

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

5. CAPITAL ASSETS (CONTINUED)

Business-Type Activities

Capital asset activity for the year ended June 30, 2018, was as follows:

	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2018</u>
Capital assets, not depreciated:				
Intangible assets	\$ 23,486,774	\$ -	\$ -	\$ 23,486,774
Less accumulated depreciation for:				
Intangible assets	<u>(5,167,090)</u>	<u>(939,471)</u>	<u>-</u>	<u>(6,106,561)</u>
Total business-type activities capital assets, net	<u>\$ 18,319,684</u>	<u>\$ (939,471)</u>	<u>\$ -</u>	<u>\$ 17,380,213</u>

The depreciation expense of \$939,471 was charged to the Lancaster Power Authority program for the year ended June 30, 2018.

6. INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS

Due To/From Other Funds

Interfund receivable and payable balances at June 30, 2018, are as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Transportation Development Authority	\$ 7,215,773
	Lancaster Lighting District	27,399
	Other Governmental Funds	4,037,209
		<u>\$ 11,280,381</u>

The due to General Fund from the various other governmental funds was a result of temporary deficit cash balances in those funds.

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

6. INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS (CONTINUED)

Transfers

The following schedule summarizes the City's transfer activity:

Transfers In	Transfers Out	Amount
General Fund	Transportation Development Authority Special Revenue Fund	\$ 584,109
	Lancaster Housing Authority Special Special Revenue Fund	681,610
	Lancaster Lighting District Special Special Revenue Fund	429,170
	Other Governmental Funds	5,313,978
	Lancaster Power Authority Enterprise Fund	50,000
	Lancaster Choice Energy Enterprise Fund	1,500,000
Transportation Development Authority (TDA) Special Revenue Fund	Other Governmental Funds	184,136
Lancaster Lighting District Special Revenue Fund	Transportation Development Authority Special Revenue Fund	79,138
Capital Projects	General Fund	69,900
	Transportation Development Authority Special Revenue Fund	3,522,367
	Other Governmental Funds	18,396,626
Other Governmental Funds	General Fund	1,709,685
	Transportation Development Authority Special Revenue Fund	3,012,796
	Lancaster Housing Authority Special Revenue Fund	301,655
	Other Governmental Funds	828,641
Lancaster Choice Energy Enterprise Fund	Other Governmental Funds	25,000
	California Choice Energy Enterprise Fund	1,244,500
California Choice Energy Enterprise Fund	Lancaster Choice Energy Enterprise Fund	2,243,082
		<u>\$ 40,176,393</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.

Transfers made to the General Fund were for administrative and retiree health benefit costs incurred.

Transfers in to the TDA fund were reimbursements for expenditures charged in Other Governmental Funds.

Transfers from the TDA Fund to the Lancaster Lighting District Fund were to cover street light operations.

Transfers from the TDA Fund to Other Governmental Funds were to cover a portion of Gas Tax Fund operations and ineligible grant expenditures.

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

6. INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS (CONTINUED)

Transfers (Continued)

Transfers from the General Fund to Other Governmental Funds were to cover Development Services-Engineering Fund and Recycled Water Fund operating costs and to cover ineligible grant expenditures.

Transfers from the Lancaster Housing Authority to Other Governmental Funds were to cover overages on a grant funded remediation project and a LAHSA grant.

Transfers from the Other Governmental Funds to the Other Governmental Funds were to cover various operations.

Transfers in to Lancaster Choice Energy were from and AVAQMD grant and expense reimbursement from California Choice Energy Authority Fund.

Transfers to California Choice Energy Authority Fund from Lancaster Choice Energy were for Lancaster Choice Energy's portion of expenditures.

7. LONG-TERM LIABILITIES

Governmental Activities

Changes in long-term liabilities for the governmental activities for the year ended June 30, 2018, are as follows:

	Balance July 1, 2017 As Restated	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
Section 108 Notes:						
Series 2015-A1	\$ 641,000	\$ -	\$ (81,000)	\$ 560,000	\$ 85,000	\$ 475,000
Series 2015-A2	746,000	-	(81,000)	665,000	84,000	581,000
Series 2010-A	580,000	-	(265,000)	315,000	285,000	30,000
1997 Series A	900,000	-	(205,000)	695,000	215,000	480,000
1997 Series B - CIB	370,400	-	(81,664)	288,736	88,911	199,825
1997 Series B - CAB	254,761	11,333	-	266,094	-	266,094
Capital leases	1,707,037	-	(223,525)	1,483,512	249,085	1,234,427
Loans	1,026,135	-	(107,693)	918,442	110,948	807,494
Streetlight Acquisition						
Issue of 2016	14,250,000	-	(530,000)	13,720,000	540,000	13,180,000
Unamortized bond premium	511,587	-	(26,461)	485,126	-	485,126
Settlement agreement	2,000,000	-	(200,000)	1,800,000	200,000	1,600,000
Accrued employee benefits	3,334,560	196,004	(277,678)	3,252,886	277,679	2,975,207
Claims and judgements (Note 13)	1,167,000	983,554	(719,554)	1,431,000	563,259	867,741
Total Governmental Activities	<u>\$27,488,480</u>	<u>\$ 1,190,891</u>	<u>\$(2,798,575)</u>	<u>\$ 25,880,796</u>	<u>\$ 2,698,882</u>	<u>\$ 23,181,914</u>

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

The liability for accrued employee benefits is fully liquidated by the general fund. The liability for pension-related debt is recorded in the fund incurring the current pension expense. For pension-related debt, the general fund normally liquidates 67%, and 33% is liquidated by the other governmental funds.

Section 108 Notes

Series 2015-A1

On August 7, 2003, the City issued \$1,450,000 of US 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. During fiscal year 2015-2016, the City refinanced the 2003 Series notes at a lower interest rate by issuing Series 2015-A1 notes. The notes mature from 2004-2023 and bear varying rates of interest. The principal balance outstanding as of June 30, 2018, was \$560,000.

Series 2015-A2

On June 30, 2004, the City issued \$1,500,000 of US 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. During fiscal year 2015-2016, the City refinanced the 2004 Series notes at a lower interest rate by issuing Series 2015-A2 notes. The notes mature from 2006-2024 and bear varying rates of interest. The principal balance outstanding as of June 30, 2018, was \$665,000.

Series 2010-A

On April 28, 1999, the City issued \$3,100,000 of US 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, 2018, was \$315,000.

The annual requirements to amortize the outstanding indebtedness as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 454,000	\$ 31,530	\$ 485,530
2020	205,000	23,821	228,821
2021	182,000	19,879	201,879
2022	190,000	15,845	205,845
2023	198,000	11,187	209,187
2024 - 2025	311,000	7,401	318,401
Total	<u>\$ 1,540,000</u>	<u>\$ 109,663</u>	<u>\$ 1,649,663</u>

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Limited Obligation Bonds

Series 1997 A

The Limited Obligation Bonds, Series 1997 A in the original issue amount of \$3,740,000, were issued by the Lancaster Financing Authority for the purchase of certain refunding bonds of the Community Facilities District Number 89-1. The bonds mature in both serial and term fashion through September 1, 2020, and interest is payable semiannually at a rate of 6%. The bonds are subject to optional and mandatory sinking fund redemption prior to maturity in denomination of \$5,000. The bonds are payable from a special tax assessed on the properties within the community facilities districts. The principal balance outstanding as of June 30, 2018, was \$695,000.

Series 1997 B

The Limited Obligation Bonds, Series 1997 B in the original issue amount of \$2,643,890, were issued by the Lancaster Financing Authority for the purchase of certain refunding bonds of the Community Facilities District Number 89-1. The bonds include \$1,185,535 term current interest bonds with interest payable semiannually on March 1 and September 1 of each year, commencing March 1, 1998, and \$2,664,400 capital appreciation bonds payable at maturity. At June 30, 2018, the balance includes \$288,735 principal and \$266,094 accreted interest.

The annual requirements to amortize the outstanding indebtedness as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 303,911	\$ 54,182	\$ 358,093
2020	326,713	33,639	360,352
2021	353,112	11,496	364,608
Total	983,736	\$ 99,317	\$ 1,083,053
Plus: Accreted Interest	266,094		
Total	\$ 1,249,830		

Capital Leases

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, 2018, is \$979,850.

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Capital Leases (Continued)

On March 2, 2016, the City entered into an equipment lease/purchase agreement for vehicles. This lease agreement qualifies as a capital lease for accounting purpose (barging purchase option 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 \$255,981. The financing was obtained from National Cooperative Leasing on March 2, 2016, for \$255,981 with an interest rate of 4.2% per annum and annual payments of \$57,058 through the end of the lease (July 2020). The outstanding balance at June 30, 2018, is \$128,999.

On August 1, 2016, the City entered into an equipment lease/purchase agreement for vehicles. This lease agreement qualifies as a capital lease for accounting purpose (barging purchase option 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 \$222,438. The financing was obtained from Caterpillar Financial Services Corp. on August 1, 2016, for \$222,438 with an interest rate of 3.05% per annum and annual payments of \$34,699 through the end of the lease (August 2023). The outstanding balance at June 30, 2018, is \$158,767.

On February 22, 2017, the City entered into an equipment lease/purchase agreement for vehicles. This lease agreement qualifies as a capital lease for accounting purpose (barging purchase option 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 \$86,376. The financing was obtained from Caterpillar Financial Services Corp. on February 22, 2017, for \$86,376 with an interest rate of 4.2% per annum and annual payments of \$18,707 through the end of the lease (July 2022). The outstanding balance at June 30, 2018, is \$67,669.

On May 2, 2017, the City entered into an equipment lease/purchase agreement for vehicles. This lease agreement qualifies as a capital lease for accounting purpose (barging purchase option 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 \$246,407. The financing was obtained from National Cooperative Leasing on May 2, 2017, for \$246,407 with an interest rate of 5.09% per annum and annual payments of \$54,519 through the end of the lease (May 2022). The outstanding balance at June 30, 2018, is \$148,227.

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

Year Ending June 30,	
2019	\$ 311,324
2020	311,324
2021	279,005
2022	181,040
2023	181,040
2024 - 2026	<u>439,023</u>
Subtotal	1,702,756
Less: Amount representing interest	<u>(219,244)</u>
Total	<u><u>\$ 1,483,512</u></u>

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

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, 2018, is \$918,442.

The annual requirements to amortize the outstanding indebtedness as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 110,948	\$ 26,730	\$ 137,678
2020	114,241	23,438	137,679
2021	117,754	19,924	137,678
2022	121,314	16,364	137,678
2023	124,980	12,697	137,677
2024 - 2026	329,205	14,992	344,197
Total	<u>\$ 918,442</u>	<u>\$ 114,145</u>	<u>\$ 1,032,587</u>

Assessment Revenue Bonds

On October 26, 2016, the Lancaster Financing Authority issued \$14,250,000 of 2016 Assessment Revenue Streetlights Acquisition Bonds. These bonds were used to finance the purchase of streetlights throughout the City. Interest on these bonds is due semiannually on March 2 and September 2 of each year, commencing March 2, 2017. Interest rates vary from 2% to 4%. The principal portion of these bonds is payable from September 2, 2017 to September 2, 2036. The outstanding balance at June 30, 2018, is \$13,720,000.

The annual requirements to amortize the outstanding indebtedness as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 540,000	\$ 436,056	\$ 976,056
2020	550,000	422,406	972,406
2021	570,000	405,606	975,606
2022	585,000	388,281	973,281
2023	605,000	370,431	975,431
2024 - 2028	3,300,000	1,561,781	4,861,781
2029 - 2033	3,925,000	912,056	4,837,056
2034 - 2037	3,645,000	232,266	3,877,266
Total	<u>\$ 13,720,000</u>	<u>\$ 4,728,883</u>	<u>\$ 18,448,883</u>

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Settlement Agreement

In September 2015, the City entered into a settlement agreement for \$2,400,000. The terms of the agreement allow for payments of the settlement in annual installments of \$200,000 beginning on September 1, 2015 through August 1, 2026. The outstanding balance at June 30, 2018, is \$1,800,000.

Business-Type Activities

Changes in long-term liabilities for the business-type activities for the year ended June 30, 2018, are as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
2012 A Solar Renewable Energy Revenue Bonds	\$22,605,000	\$ -	\$ (410,000)	\$ 22,195,000	\$ 460,000	\$ 21,735,000
Unamortized bond discount	(465,174)	-	23,454	(441,720)	-	(441,720)
Total Business-type Activities	<u>\$22,139,826</u>	<u>\$ -</u>	<u>\$ (386,546)</u>	<u>\$ 21,753,280</u>	<u>\$ 460,000</u>	<u>\$ 21,293,280</u>

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 semiannually 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, 2018, is \$22,195,000.

The annual requirements to amortize the outstanding indebtedness as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 460,000	\$ 892,694	\$ 1,352,694
2020	510,000	878,144	1,388,144
2021	570,000	861,944	1,431,944
2022	625,000	843,706	1,468,706
2023	690,000	822,806	1,512,806
2024 - 2028	4,575,000	3,633,469	8,208,469
2029 - 2033	6,950,000	2,471,419	9,421,419
2034 - 2037	7,815,000	715,422	8,530,422
Total	<u>\$ 22,195,000</u>	<u>\$ 11,119,604</u>	<u>\$ 33,314,604</u>

CITY OF LANCASTER, CALIFORNIA
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June 30, 2018

8. DEFINED BENEFIT PENSION PLANS

The following is a summary of pension-related items for the year ended June 30, 2018:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS Miscellaneous	\$ 55,187,990	\$ 13,053,162	\$ (384,224)	\$ 9,597,082
PARS	2,546,596	164,687	-	(15,575)
	<u>\$ 57,734,586</u>	<u>\$ 13,217,849</u>	<u>\$ (384,224)</u>	<u>\$ 9,581,507</u>

a. Public Employees Retirement System (CalPERS)

General Information about the Pension Plan

Plan Description

All qualified regular and probationary employees are eligible to participate in the City's Miscellaneous Plan, agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found 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 50 to 62 with statutorily reduced benefits. All members are eligible for nonindustrial 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, 2018, are summarized as follows:

	Miscellaneous		
	Classic Members Hired Prior to January 1, 2013	Classic Members Hired On or After January 1, 2013	New Members Hired On or After January 1, 2013
Hire date			
Benefit formula	2.7%@55	2.0%@60	2%@62
Benefit vesting schedule	5 Years of service	5 Years of service	5 Years 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 eligible compensation	2% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates:			
Normal cost rate	11.360%	11.360%	11.360%
Payment of unfunded liability	\$ 2,615,116	\$ -	\$ -

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

a. Public Employees Retirement System (CalPERS) (Continued)

General Information about the Pension Plan (Continued)

Employees Covered

At the June 30, 2017, measurement date, the following employees were covered by the benefit terms for the Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	237
Inactive employees entitled to but not yet receiving benefits	485
Active employees	<u>292</u>
Total	<u><u>1,014</u></u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

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, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

a. Public Employees Retirement System (CalPERS) (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Mortality Rate Table	(2)
Post-Retirement Benefit Income	(3)

(1) Varies by entry age and service.

(2) The probabilities of mortality are derived using CalPERS's membership data for all funds. The mortality table used was developed based on CalPERS's 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.

(3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS's website under Forms and Publications.

Change of Assumptions

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

a. Public Employees Retirement System (CalPERS) (Continued)

Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan and reflects the long-term expected rate of return for each Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, 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 of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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.

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 (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 PERF 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.

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

a. Public Employees Retirement System (CalPERS) (Continued)

Net Pension Liability (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. The target allocation shown was adopted by the CalPERS's Board of Directors effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

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

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

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

a. Public Employees Retirement System (CalPERS) (Continued)

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016 (Measurement Date)	\$ 146,575,780	\$ 98,802,585	\$ 47,773,195
Changes in the Year:			
Service cost	4,120,166	-	4,120,166
Interest on the total pension liability	11,094,780	-	11,094,780
Differences between expected and actual experience	(449,010)	-	(449,010)
Changes in assumptions	9,732,561	-	9,732,561
Changes in benefit terms			-
Contribution - employer	-	4,609,250	(4,609,250)
Contribution - employee	-	1,558,516	(1,558,516)
Net investment income	-	11,061,811	(11,061,811)
Administrative expenses	-	(145,875)	145,875
Benefit payments, including refunds of employee contributions	(5,495,333)	(5,495,333)	-
Net Changes	<u>19,003,164</u>	<u>11,588,369</u>	<u>7,414,795</u>
Balance at June 30, 2017 (Measurement Date)	<u>\$ 165,578,944</u>	<u>\$ 110,390,954</u>	<u>\$ 55,187,990</u>

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

a. Public Employees Retirement System (CalPERS) (Continued)

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

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 79,253,408
Current Discount Rate	7.15%
Net Pension Liability	\$ 55,187,990
1% Increase	8.15%
Net Pension Liability	\$ 35,416,965

Pension Plans Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

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

For the year ended June 30, 2018, the City recognized pension expense of \$9,597,082 for this Plan. At June 30, 2018, 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	\$ 4,949,379	\$ -
Differences between expected and actual experience	454,020	(303,027)
Change in assumptions	6,256,646	(81,197)
Net differences between projected and actual earnings on plan investments	1,393,117	-
Total	<u>\$ 13,053,162</u>	<u>\$ (384,224)</u>

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

a. Public Employees Retirement System (CalPERS) (Continued)

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

Deferred outflows of resources of \$4,949,379 that are 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2019	\$ 3,699,647
2020	4,247,175
2021	576,160
2022	(803,423)
2023	-
Thereafter	-

Payable to the Pension Plans

At June 30, 2018, the City had no outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2018.

b. Public Agency Retirement Services (PARS)

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 the June 30, 2017, measurement date, there were 71 inactive employees or beneficiaries receiving benefits, one active employee and one inactive employee entitled but not yet receiving benefits for total of 73 covered employees.

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.

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

b. Public Agency Retirement Services (PARS) (Continued)

Net Pension Liability

The City's net pension liability for this Plan is measured as the pension plan's fiduciary net position less the total pension liability. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2017. A summary of principal assumptions and methods used to determine the net pension asset is shown on the following page.

Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount rate	4.97%, net of investment expenses
Inflation	2.75%
Salary scale	Aggregate - 3.00%
	Merit - CalPERS 1997-2015 Experience Study
Investment rate of return	6.00% at June 30, 2017
Mortality assumption for service retirements and beneficiaries	CalPERS 1997-2015 Experience Study Mortality Table projected fully generational with Society of Actuaries Scale MP-2017

Change of Assumptions and Changes in Experience Affecting the Measurement of the Total Pension Liability Since the Prior Measurement Date

Since the prior measurement date of June 30, 2016, the discount rate was updated from 4.99% to 4.97% and the expected long-term rate of return on investments was updated from 6.25% to 6.00%.

Discount Rate

The discount rate of 4.97% was used to measure the total pension liability and was set equal to the long-term expected rate of return. In a crossover test, assuming the City funds the full actuarially determined contribution each year and assuming that the amortization period used in the determination of the contribution will change from a 10-year rolling period to be no more than the average future life expectancy of plan participants when that drops below 10 years, the net pension liability is \$2,546,596 or 78.4% funded.

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

b. Public Agency Retirement Services (PARS) (Continued)

Net Pension Liability (Continued)

Discount Rate (Continued)

The 6.00% long-term expected rate of return was derived based on the inflation assumption of 2.75% and a long-term asset allocation of 48% equities, 45% fixed income, 2% REITs, and 5% cash equivalent. The geometric real rates of return were assumed to be 4.91% for equities, 1.44% for fixed income, 3.95% for REITs, and 0.12% for cash equivalent.

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	Target Allocation	Expected Real Rate of Return
Equity	48%	4.91%
Fixed Income	45%	1.44%
REITs	2%	3.95%
Cash	5%	0.12%
Total	100%	

CITY OF LANCASTER, CALIFORNIA
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June 30, 2018

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

b. Public Agency Retirement Services (PARS) (Continued)

Changes in the Net Pension Liability

The changes in the net pension liability for the Plans, using the measurement period ended June 30, 2017, are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016	<u>\$ 11,929,000</u>	<u>\$ 9,026,916</u>	<u>\$ 2,902,084</u>
Changes in the Year:			
Service cost	1,485	-	1,485
Interest on the total pension liability	578,723	-	578,723
Changes in benefit terms	-	-	-
Changes in assumptions	(161,368)	-	(161,368)
Differences between actual and expected experience	89,030	-	89,030
Contribution - employer	-	-	-
Contribution - employee	-	-	-
Net investment income	-	881,421	(881,421)
Administrative expenses	-	(18,063)	18,063
Benefit payments, including refunds of employee contributions	(665,644)	(665,644)	-
Net Changes	<u>(157,774)</u>	<u>197,714</u>	<u>(355,488)</u>
Balance at June 30, 2017 (Measurement Period)	<u>\$ 11,771,226</u>	<u>\$ 9,224,630</u>	<u>\$ 2,546,596</u>

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 one percentage point lower or one percentage point higher than the current rate:

	PARS
1% Decrease Net Pension Liability (Asset)	3.97% \$ 4,000,926
Current Discount Rate Net Pension Liability (Asset)	4.97% \$ 2,546,596
1% Increase Net Pension Liability (Asset)	5.97% \$ 1,337,093

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. DEFINED BENEFIT PENSION PLANS (CONTINUED)

b. Public Agency Retirement Services (PARS) (Continued)

Changes in the Net Pension Liability (Continued)

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.

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

For the year ended June 30, 2018, the City recognized pension expense of (\$15,575). At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earning on plan investments	\$ 164,687	\$ -

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2019	\$ 23,022
2200	143,222
2210	61,822
2022	(63,379)
2023	-
Thereafter	-

Payable to the Pension Plans

At June 30, 2018, the City had no outstanding contributions to the PARS pension plan required for the year ended June 30, 2018.

9. OTHER POST-EMPLOYMENT BENEFITS PLAN

General Information about the OPEB Plan

Plan Description

The City provides other post-employment benefits (OPEB) through an agent-employer defined benefit health-care 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.

The City entered into an agreement with California Employers' Retiree Benefit Trust (CERBT) to prefund the City's OPEB liability.

Employees Covered

As of the June 30, 2017, measurement date, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees, spouses, or beneficiaries currently receiving benefits	93
Inactive employees or beneficiaries entitled to but not yet receiving benefits	3
Active employees	<u>253</u>
 Total	 <u><u>349</u></u>

Contributions

Contribution requirements are established by City policy and may be amended by the City Council. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the City's cash contributions were \$2,377,850 in payments to the trust and the estimated implicit subsidy was \$144,000, resulting in total payment of \$2,521,850.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

CITY OF LANCASTER, CALIFORNIA
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9. OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability as of June 30, 2017, actuarial valuation was determined using the following actuarial assumptions and applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.75%
Projected Salary Increase	Aggregate - 3.00%
Expected Long-Term Investment Rate of Return	6.12%
Health-Care Cost Trend Rates	Non-Medicare 7.5% for 2019, decreasing to 4.0% in 2076, Medicare 6.5% for 2019, decreasing to 4.0% in 2076
Mortality, Retirement, Disability, Termination	Derived from CalPERS 1997-2015 experience study. Retirement assumed after age 55, with rates from ages 50-54 spread over ages 55-56.

The actuarial assumptions used in the June 30, 2017, valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense, and inflation) are developed for each major asset class. The asset class percentages are taken from the current composition of CERBT and the expected yields are taken from a recent CalPERS publication for the pension fund:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
CERBT		
Global Equity	40.00%	4.85%
Fixed Income	39.00%	1.47%
TIPS	10.00%	1.29%
REITs	8.00%	3.76%
Commodities	3.00%	0.84%
Total	<u>100.00%</u>	

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

9. OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

Net OPEB Liability (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability is 6.25%. This is the expected long-term rate of return on City assets using investment strategy 2 within the California Employers' Retiree Benefit Trust (CERBT). The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position is projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2016 (Measurement Date)	\$ 23,907,875	\$ 3,258,899	\$ 20,648,976
Changes in the Year:			
Service cost	533,847	-	533,847
Interest on the total OPEB liability	1,500,990	-	1,500,990
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	2,757,002	(2,757,002)
Net investment income	-	400,018	(400,018)
Administrative expenses	-	(3,027)	3,027
Benefit payments	(851,733)	(851,733)	-
Net Changes	1,183,104	2,302,260	(1,119,156)
Balance at June 30, 2017 (Measurement Date)	\$ 25,090,979	\$ 5,561,159	\$ 19,529,820

Change of Assumptions

There was no change of assumptions.

Change of Benefit Terms

There was no change of benefit terms.

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

9. OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

Changes in the Net OPEB Liability (Continued)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
Net OPEB Liability	\$ 22,968,317	\$ 19,529,820	\$ 16,693,577

Sensitivity of the Net OPEB Liability to Changes in Health-Care Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using health-care cost trend rates that are one percentage point lower (6.50% - non-Medicare and 5.50% - Medicare) or one percentage point higher (8.50% non-Medicare and 7.50% - Medicare) than current health-care cost trend rates:

	1% Decrease Non-Medicare 6.5% decreasing to 3.0% Medicare 5.5% decreasing to 3.0%	Current Health-Care Cost Trend Rates Non-Medicare 7.5% decreasing to 4.0% Medicare 6.5% decreasing to 4.0%	1% Increase Non-Medicare 8.5% decreasing to 5.0% Medicare 7.5% decreasing to 5.0%
Net OPEB Liability	\$ 16,731,135	\$ 19,529,820	\$ 22,948,304

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$1,669,882. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 2,521,850	\$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Differences between projected and actual earnings	-	(32,036)
Total	\$ 2,521,850	\$ (32,036)

The net difference between projected and actual earnings on plan investments is amortized over a five-year period.

9. OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

An amount of \$2,521,850, which is reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2019	\$ (8,009)
2020	(8,009)
2021	(8,009)
2022	(8,009)
2023	-
Thereafter	-

Payable to the OPEB Plan

At June 30, 2018, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

10. 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 cost and carrying amount of the leased assets are \$7,060,660 and \$3,883,363, respectively. 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 fourth year of the term.

11. 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.

CITY OF LANCASTER, CALIFORNIA
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June 30, 2018

11. ANTELOPE VALLEY TRANSIT AUTHORITY JOINT VENTURE (CONTINUED)

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, 2018 (latest information available), Antelope Valley Transit Authority’s financial position was as follows:

Assets	<u>\$ 87,835,657</u>
Deferred Outflow of Resources	<u>\$ 843,132</u>
Liabilities	<u>\$ 8,200,433</u>
Deferred Inflows of Resources	<u>\$ 71,796</u>
Net Position	<u>\$ 80,406,560</u>
Revenues	\$ 36,822,365
Expenses	<u>29,011,126</u>
Changes in Net Position	<u>\$ 7,811,239</u>

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 an equity interest or 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, CA 93534.

12. SPECIAL ASSESSMENT DEBT WITH NO CITY COMMITMENT

The City issued special tax and assessment bonds on behalf of property owners, pursuant to the Improvement Bond Act of 1915 and the Mello-Roos Community Facilities Act of 1982, to finance the acquisition and construction of certain infrastructure improvements within the assessment districts and community facilities districts.

The City acts solely as an agent for those paying special tax and assessments and remits the amounts collected to the bondholders of these fixed-rate Improvement Bond Act of 1915 and Mello-Roos Community Facilities Act of 1982 issues. The City is acting as an agent and is in no way liable for the special assessment debt.

The bonds are not general obligations of the City but are limited obligations, payable solely from special tax and assessments. The City has no obligation beyond the balances in the designated agency funds for any delinquent assessment district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of the available funds of the City. Neither the faith and credit nor the taxing power of the City, or the State of California, or any political subdivision thereof is pledged to the payment of these bonds.

CITY OF LANCASTER, CALIFORNIA
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June 30, 2018

12. SPECIAL ASSESSMENT DEBT WITH NO CITY COMMITMENT (CONTINUED)

Noncommittal debt amounts issued and outstanding at June 30, 2018, are as follows:

	Bonds Issued	Bonds Outstanding
AD 93-3, Series 1994	\$ 3,680,000	\$ 495,000
CFD 89-1, Series 1990	4,895,000	975,000
CFD 89-1, Series 1997	360,000	360,000
Total	\$ 8,935,000	\$ 1,830,000

13. 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, 2018, \$1,431,000 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, 2018, 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 2017 and 2018 were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2016 - 2017	\$ 1,143,000	\$ 1,521,136	\$ (1,497,136)	\$ 1,167,000
2017 - 2018	1,167,000	983,554	(719,554)	1,431,000

For workers' 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.

14. CONTINGENT LIABILITIES

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

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

15. CONSTRUCTION COMMITMENTS

The following material construction commitments existed at June 30, 2018:

Project Name	Contract Amount	Expenditures to date as of June 30, 2018	Remaining Commitments
L.A. County Senior Center Expansion	\$ 1,473,360	\$ 1,258,853	\$ 214,507
Traffic Operations Center / Signal Contract	3,620,031	1,620,164	1,999,867
20th Street West / Lancaster Blvd to Ave J Improvements	3,282,226	2,100,788	1,181,438
2015 Pavement Management Program	4,735,671	3,843,967	891,704
2015/2016 Pvmnt. Mgmt. Program Revision 25	3,498,300	1,696,392	1,801,908
2016/2017 Pvmnt. Mgmt. Program Revision 25	1,913,806	1,590,480	323,326
Avenue K / State Road 14 Interchange	1,992,324	1,792,327	199,997
Avenue G / State Road 14 Interchange	1,677,672	1,462,320	215,352
Avenue J / State Road 14 Interchange	1,775,954	1,659,655	116,299
Avenue L / State Road 14 Interchange	535,949	423,415	112,534
10 th Street W. /Avenue M Gap Closure	3,927,184	2,782,414	1,144,770
Avenue I / 15 th Street West Streetscape	2,512,118	795,633	1,716,485
Avenue I / Challenger Way Improvements	122,684	2,729	119,955
Traffic Signal System Modernization	2,431,636	1,525,608	906,028

16. LANCASTER CHOICE ENERGY

The City has 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 “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, 2018, the City made payments totaling \$31,794,325 for take or pay contracts. At June 30, 2018, the City has \$76,677,347 remaining on its take or pay contracts, which have terms of one month to 20 years expiring at various dates through August 2035.

17. SUCCESSOR AGENCY DISCLOSURES

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency of the City of Lancaster Redevelopment Agency on February 1, 2012, as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities.

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
2004 County Fire	\$ 4,745,000	\$ -	\$ (580,000)	\$ 4,165,000	\$ 610,000	\$ 3,555,000
2004 County - Sheriff	10,175,000	-	(1,245,000)	8,930,000	1,310,000	7,620,000
2015 Housing A&B	22,325,000	-	(625,000)	21,700,000	645,000	21,055,000
2017 Housing	65,650,000	-	(2,525,000)	63,125,000	2,500,000	60,625,000
2010 Non-Housing Lease Revenue	4,670,000	-	(150,000)	4,520,000	155,000	4,365,000
2016 A-1 & A-2 Non-Housing	60,595,000	-	(2,550,000)	58,045,000	2,590,000	55,455,000
2016 B-1 & B-2 Non-Housing	16,920,000	-	(610,000)	16,310,000	625,000	15,685,000
Total Successor Agency	185,080,000	-	(8,285,000)	176,795,000	8,435,000	168,360,000
Unamortized original issue (discount) or premium	13,021,815	-	(672,260)	12,349,555	-	12,349,555
Net Long-Term Debt	<u>\$ 198,101,815</u>	<u>\$ -</u>	<u>\$ (8,957,260)</u>	<u>\$ 189,144,555</u>	<u>\$ 8,435,000</u>	<u>\$ 180,709,555</u>

Combined Tax Allocation Notes and Bonds

- a. On December 15, 2004, the Successor 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 semiannually 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. The outstanding balance at June 30, 2018, is \$4,165,000.
- b. On December 15, 2004, the Successor 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 semiannually 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. The outstanding balance at June 30, 2018, is \$8,930,000.

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities (Continued)

Combined Tax Allocation Notes and Bonds (Continued)

- c. On March 10, 2015, the Successor Agency issued \$23,510,000 of Combined Redevelopment Project Areas (Housing Programs) Tax Allocation Refunding Bonds, issue of 2015A and B. This financing was undertaken to refund \$23,510,000 in outstanding Agency debt. The principal portion of these bonds is payable from August 1, 2015 to 2026. Interest is payable semiannually on February 1 and August 1 of each year commencing on August 1, 2015. The outstanding balance at June 30, 2018, is \$21,700,000.
- d. On April 18, 2017, the Successor Agency issued \$62,495,000 of Combined Redevelopment Project Areas (Housing Programs) Tax Allocation Refunding Bonds and \$3,155,000 of Combined Redevelopment Project Areas (Housing Programs) Taxable Tax Allocation Refunding Bonds issue of 2017. This financing was undertaken to advance refund \$47,750,000 of Combined Housing Financing Series 2003 Bonds and \$24,680,000 of Combined Redevelopment Project Areas (Housing Program) Tax Allocation Bonds issue 2009. The principal portion of these bonds is payable annually from August 1, 2017 to 2039. Interest is payable semiannually on February 1 and August 1 of each year, commencing on August 1, 2017. The outstanding balance at June 30, 2018, is \$63,125,000.

As a result of the advance refunding, the City reduced its total debt service requirements by \$21,457,747, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$9,106,155.

- e. On April 22, 2010, the Successor 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 semiannually 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. The outstanding balance at June 30, 2018, is \$4,520,000.
- f. On June 14, 2016, the Successor Agency issued \$61,425,000 of Combined Redevelopment Project Areas (Non-Housing Programs) Tax Allocation Refunding Bonds, issue of 2016A-1 & A-2. This financing was undertaken to advance refund \$71,312,000 in outstanding Agency debt. The principal portion of these bonds is payable from August 1, 2016 to 2038. Interest is payable semiannually on February 1 and August 1 of each year, commencing on August 1, 2016. The outstanding balance at June 30, 2018, is \$58,045,000.
- g. On June 14, 2016, the Successor Agency issued \$17,590,000 of Lancaster Redevelopment Project Area No. 5 and Project Area No. 6 (School District Pass-Throughs) Tax Allocation Refunding Bonds, issue of 2016 B-1 and B-2. This financing was undertaken to advance refund \$21,763,000 in outstanding Agency debt. The principal portion of these bonds is payable from February 1, 2017 to 2037. Interest is payable semiannually on February 1 and August 1 of each year, commencing on August 1, 2016. The outstanding balance at June 30, 2018, is \$16,310,000.

CITY OF LANCASTER, CALIFORNIA
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June 30, 2018

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities (Continued)

Combined Tax Allocation Notes and Bonds (Continued)

The annual requirements to amortize the outstanding bond indebtedness for the Lancaster Redevelopment Agency Bonds and Notes, as of June 30, 2018, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 8,435,000	\$ 7,070,831	\$ 15,505,831
2020	8,685,000	6,802,434	15,487,434
2021	8,985,000	6,493,202	15,478,202
2022	9,470,000	6,127,352	15,597,352
2023	9,865,000	5,712,405	15,577,405
2024 - 2028	44,210,000	22,365,572	66,575,572
2029 - 2033	49,815,000	12,466,565	62,281,565
2034 - 2038	33,575,000	2,922,775	36,497,775
2039 - 2040	3,755,000	121,575	3,876,575
Total	<u>\$ 176,795,000</u>	<u>\$ 70,082,711</u>	<u>\$ 246,877,711</u>

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 \$246,877,711 with annual debt service requirements as indicated above. 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 \$20,825,532 and the debt service obligation on the bonds was \$15,014,075 broken down as follows:

	<u>Received in FY 17/18</u>
Scope of Fund Recognized by Successor Agency	
for Enforceable Obligations:	
Redevelopment Property Tax Trust Funds (RPTTF)	\$ 17,878,993
Fire and Sheriff	2,539,181
Lease Revenue Funds remitted by the City of Lancaster	<u>407,358</u>
Total funds recognized by the Successor Agency available for the payment of debt services	<u>\$ 20,825,532</u>

CITY OF LANCASTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Pledged Revenue (Continued)

Debt Service Obligations due in FY 17/18	Principal Due	Interest Due	Total
Non-Housing, Housing and School Bus (RPTTF)	\$ 6,310,000	\$ 5,755,725	\$ 12,065,725
County Fire & Sheriff Bonds (paid from Fire & Sheriff pass through funds)	1,825,000	714,182	2,539,182
Lease Revenue Bonds (paid from lease payment from City of Lancaster)	150,000	259,168	409,168
Total Successor Agency Debt Service Obligations, FY 17/18	\$ 8,285,000	\$ 6,729,075	\$ 15,014,075

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. The outstanding balance at June 30, 2018, is \$22,322,792. The Successor Agency made repayments totaling \$1,509,345 to the Lancaster Housing Authority during the current fiscal years.

2. 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 and an additional \$9,174,633 were reinstated in fiscal year 2015-2016. The outstanding principal totals \$32,011,462; the interest at June 30, 2018, totals \$17,969,596. The total amount due to the City and Housing Authority from the Successor Agency on these prior advances is \$49,981,058. No repayments were made during the current fiscal year and accrued unpaid interest of \$240,901 was added to the advance balance.

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, 2018, the following defeased bond issues are still outstanding:

	<u>Outstanding Amount</u>
The Combined Housing Financing bonds 2003 Issue	\$ 45,910,000
Tax Allocation Bonds (Housing Programs) 2009 Issue	24,035,000

17. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Noncommitment Debt (Continued)

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 13.

18. DEFERRED COMPENSATION PLAN

The City has made available to its Regular Employees and mandatory for its Temporary Employees an Internal Revenue Code (IRC) Section 457(b) deferred compensation plan, whereby employees authorize the City to withhold funds from salary to be invested in the ICMA Retirement Corporation's Deferred Compensation Plan. For Temporary Employees, the mandatory 457(b) contribution is in lieu of contributing to Social Security or CalPERS.

Funds may be withdrawn by participants upon termination of employment or retirement. The City makes no contributions under the plan. The City withholds employee contributions from employee's payroll checks and transmits these monies to the plan providers on a bi-weekly basis. The City makes distributions from the plans based solely upon authorizations by the plan administrator.

Pursuant to changes in IRC Section 457, on January 2, 1997, the City formally established a plan level trust in which all assets and income of the 457 plan were placed. The plan assets, all property and rights purchased with such amount, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries. These assets are not the property of the City and, as such, are not subject to the claims of the City's general creditors. The City has minimal involvement in the administration of the 457 plan and, therefore, lacks fiduciary accountability. As a result, the assets of the 457 plan are not reflected in the financial statements.

19. DEFINED CONTRIBUTION PLAN

The City provides a tax qualified retirement savings plan under Section 401(a) of the Internal Revenue Code to all Regular Employees. The Plan is a defined contribution plan and benefits depend solely on amounts contributed to the plan and investment earnings. The Plan is administered by the ICMA Retirement Corporation, and the City Council has the authority for establishing and amending the plan provisions. There were 315 participants in the Plan for the year ended June 30, 2018. Employer contributions are based on an employee's tier of eligibility. For the year ended June 30, 2018, employer contributions totaled \$892,263. There are no required employee contributions.

As is the case with the 457 plan, the 401(a) plan assets are held in trust for distribution to employees and their beneficiaries. Funds may be withdrawn by participants upon termination of employment or retirement. The City lacks fiduciary accountability and as such, the assets of the 401(a) plan are not reflected in the financial statements.

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20. RETIREE HEALTH SAVINGS PLAN

The City provides a Retiree Health Savings Plan (RHSP) under IRC Section 105(h) to all Regular Employees hired after July 1, 2012. This defined contribution benefit is in lieu of any other post-employment benefits (OPEB) for these employees. There is a mandatory five-year vesting period to be eligible for distribution from this plan.

Additionally, the City provides a RHSP for Mid-Management and Executive-Management employees, employees opting out of other post-employment benefits, and employees opting out of all medical coverage or opting for no dependent medical coverage. The City Council has the authority for establishing and amending plan provisions. There were 313 individuals in the RHSP at June 30, 2018. Contributions for the year ended June 30, 2018, totaled \$556,691.

As with the other ICMA plans, assets of the RHSP are held in trust, eligible for withdrawal upon termination of employment, are not assets of the City, and are not reflected in the financial statements.

21. RESTATEMENT OF NET POSITION/FUND BALANCES

The balance of the net position of the government-wide financial statements as of July 1, 2017, was restated as follows:

	<u>Governmental Activities</u>
Net position as previously reported as of June 30, 2017	\$ 1,014,069,921
Implementation of GASB 75 to record the OPEB liability at the beginning of the year	1,460,705
To record the limited obligation bonds, Series A and B	(1,525,161)
To record the investment in Community Facilities District No. 89-1 bonds	<u>2,165,136</u>
Net position as restated July 1, 2017	<u>\$ 1,016,170,601</u>

The balance of the Other Governmental Fund – Lancaster Financing Authority Debt Service Funds as of July 1, 2017, was restated as follows:

	<u>Governmental Governmental Fund Lancaster Financing Authority Debt Service Fund</u>
Fund balance as previously reported as of June 30, 2017	\$ 5,105
To record the investment in Community Facilities District No. 89-1 bonds	<u>2,165,136</u>
Fund balance as restated July 1, 2017	<u>\$ 2,170,241</u>

CITY OF LANCASTER, CALIFORNIA

Notes to Basic Financial Statements

June 30, 2018

22. *SUBSEQUENT EVENTS*

On December 13, 2018, the Lancaster Financing Authority issued Lease Revenue Bonds, Series 2018 for \$14,955,000 to finance certain improvements to City facilities.

All other events occurring after June 30, 2018, have been evaluated for possible adjustments to the financial statements or disclosure as of December 20, 2018, which is the date these financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LANCASTER

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

Last Ten Fiscal Years*

Fiscal Year Ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Period Ended	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:				
Service cost	\$ 4,120,166	\$ 3,757,280	\$ 3,659,838	\$ 3,783,673
Interest on total pension liability	11,094,780	10,446,457	9,650,056	9,015,665
Differences between expected and actual experience	(449,010)	1,362,060	(445,730)	-
Changes in assumptions	9,732,561	-	(2,517,116)	-
Benefit payments, including refunds of employee contributions	(5,495,333)	(4,608,628)	(4,011,772)	(3,666,038)
Net Change in Total Pension Liability	19,003,164	10,957,169	6,335,276	9,133,300
Total Pension Liability - Beginning of Year	146,575,780	135,618,611	129,283,335	120,150,035
Total Pension Liability - End of Year (a)	<u>\$ 165,578,944</u>	<u>\$ 146,575,780</u>	<u>\$ 135,618,611</u>	<u>\$ 129,283,335</u>
Plan Fiduciary Net Position:				
Contributions - employer	\$ 4,609,250	\$ 4,077,018	\$ 3,803,574	\$ 3,549,119
Contributions - employee	1,558,516	1,628,815	1,611,229	1,556,684
Net investment income	11,061,811	535,654	2,090,380	13,752,204
Benefit payments	(5,495,333)	(4,608,628)	(4,011,772)	(3,666,038)
Administrative expense	(145,875)	(59,256)	(109,427)	-
Net Change in Plan Fiduciary Net Position	11,588,369	1,573,603	3,383,984	15,191,969
Plan Fiduciary Net Position - Beginning of Year	98,802,585	97,228,982	93,844,998	78,653,029
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 110,390,954</u>	<u>\$ 98,802,585</u>	<u>\$ 97,228,982</u>	<u>\$ 93,844,998</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 55,187,990</u>	<u>\$ 47,773,195</u>	<u>\$ 38,389,629</u>	<u>\$ 35,438,337</u>
Plan fiduciary net position as a percentage of the total pension liability	66.67%	67.41%	71.69%	72.59%
Covered payroll	\$ 19,501,764	\$ 19,428,612	\$ 19,407,546	\$ 19,312,337
Net pension liability as percentage of covered payroll	282.99%	245.89%	197.81%	183.50%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

* Fiscal year 2015 was the first year of implementation; therefore, four years are shown.

CITY OF LANCASTER

SCHEDULE OF CONTRIBUTIONS
CalPERS PENSION PLANS

Last Ten Fiscal Years*

Fiscal year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 4,949,379	\$ 4,429,710	\$ 4,072,457	\$ 3,803,574
Contributions in relation to the actuarially determined contributions	<u>(4,949,379)</u>	<u>(4,429,710)</u>	<u>(4,072,457)</u>	<u>(3,803,574)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 20,482,128	\$ 19,501,764	\$ 19,428,612	\$ 19,407,546
Contributions as a percentage of covered payroll	24.16%	22.71%	20.96%	19.60%

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 years for 2.7%@55 and 2%@60, 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.**

* Fiscal year 2015 was the first year of implementation; therefore, four years are shown.

** The valuation for June 30, 2012 and 2013 (applicable to fiscal years ended June 30, 2015, 2016, and 2017, respectively) included the same actuarial assumptions.

*** The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018, respectively).

CITY OF LANCASTER

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

Last Ten Fiscal Years*

Fiscal Year Ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Period Ended	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:				
Service cost	\$ 1,485	\$ 1,000	\$ 1,000	\$ 1,000
Interest on total pension liability	578,723	636,000	605,000	607,000
Differences between expected and actual experience	89,030	-	156,000	-
Changes in assumptions	(161,368)	1,837,000	350,000	-
Changes in benefits	-	-	-	-
Benefit payments, including refunds of employee contributions	(665,644)	(652,000)	(640,000)	(627,000)
Net Change in Total Pension Liability	(157,774)	1,822,000	472,000	(19,000)
Total Pension Liability - Beginning of Year	11,929,000	10,107,000	9,635,000	9,654,000
Total Pension Liability - End of Year (a)	<u>\$11,771,226</u>	<u>\$11,929,000</u>	<u>\$10,107,000</u>	<u>\$ 9,635,000</u>
Plan Fiduciary Net Position:				
Contributions - employer	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-
Net investment income (loss)	881,421	(108)	230,000	1,204,000
Administrative expense	(18,063)	(23,332)	(20,000)	(20,000)
Benefit payments	(665,644)	(665,644)	(640,000)	(627,000)
Net Change in Plan Fiduciary Net Position	197,714	(689,084)	(430,000)	557,000
Plan Fiduciary Net Position - Beginning of Year	9,026,916	9,716,000	10,146,000	9,589,000
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 9,224,630</u>	<u>\$ 9,026,916</u>	<u>\$ 9,716,000</u>	<u>\$10,146,000</u>
Net Pension Liability (Asset) - Ending (a)-(b)	<u>\$ 2,546,596</u>	<u>\$ 2,902,084</u>	<u>\$ 391,000</u>	<u>\$ (511,000)</u>
Plan fiduciary net position as a percentage of the total pension liability	78.37%	75.67%	96.13%	105.30%
Covered - employee payroll	None	None	None	None
Net pension liability as percentage of covered - employee payroll	N/A	N/A	N/A	N/A

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 6.25% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 6.50% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

The discount rate was updated from 6.50% to 4.99% and the expected long-term rate of return on investments was updated from 6.50% to 6.25%.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was updated from 4.97% to 4.99% and the expected long-term rate of return on investments was updated from 6.25% to 6.00%.

* Fiscal year 2015 was the first year of implementation; therefore four years are shown.

CITY OF LANCASTER

SCHEDULE OF CONTRIBUTIONS
PARS PENSION PLAN

Last Ten Fiscal Years*

Fiscal year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 89,000	\$ 93,000	\$ 52,000	\$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-
Contribution deficiency (excess)	\$ 89,000	\$ 93,000	\$ 52,000	\$ -
Covered - employee payroll	\$ -	None	None	None
Contributions as a percentage of covered - employee payroll	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date	6/30/2017	6/30/2015	6/30/2015	6/30/2013
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Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar	Level dollar	Level dollar
Remaining amortization period	10 Years open	10 Years open	10 Years closed	10 Years open
Asset valuation method	Market value	Market value	Market value	Market value
Inflation	2.75%	3.00%	3.00%	3.00%
Salary scale:				
Aggregate	3.00%	3.25%	3.25%	3.25%
Merit (CalPERS Experience Study)	1997-2015	1997-2011	1997-2011	1997-2007

Investment rate of return

06/30/17 valuation	6.5%, net of investment expenses only
06/30/15 valuation	6.5%, net of investment expenses only
06/30/13 valuation	6.25%, net of investment and administrative expenses

Mortality assumptions for service retirements and beneficiaries:

06/30/17 valuation	Mortality Table projected fully generational with Society of Actuaries Scale MP-2017.
06/30/15 valuation	Mortality Table projected fully generational with Scale MP-2014 modified to converge to ultimate improvement rates in 2022.
06/30/13 valuation	CalPERS 1997-2007 Experience Study, Mortality projected fully generational with Scale AA.

Mortality assumptions for disability retirements:

06/30/17 valuation	CalPERS 1997-2015 Experience Study, Mortality Table projected fully generational with Society of Actuaries Scale MP-2017.
06/30/15 valuation	CalPERS 1997-2011 Experience Study, Mortality Table for nonwork Disabled Retirees projected fully generational with Scale MP-2014 modified to converge to ultimate improvement rates in 2022.
06/30/13 valuation	CalPERS 1997-2007 Experience Study, Mortality projected fully generational with Scale AA.

* Fiscal year 2015 was the first year of implementation; therefore, four years are shown.

CITY OF LANCASTER

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year end	<u>6/30/2018</u>
Measurement date	<u>6/30/2017</u>
Total OPEB Liability:	
Service cost	\$ 533,847
Interest on total OPEB liability	1,500,990
Benefit payments, including refunds of	<u>(851,733)</u>
Net Change in Total OPEB Liability	1,183,104
Total OPEB Liability - Beginning of Year	<u>23,907,875</u>
Total OPEB Liability - End of Year (a)	<u>25,090,979</u>
Plan Fiduciary Net Position:	
Contributions - employer	2,757,002
Net investment income	400,018
Administrative expenses	(3,027)
Benefit payments	<u>(851,733)</u>
Net Change in Plan Fiduciary Net Position	2,302,260
Plan Fiduciary Net Position - Beginning of Year	<u>3,258,899</u>
Plan Fiduciary Net Position - End of Year (b)	<u>5,561,159</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 19,529,820</u>
Plan fiduciary net position as a percentage of the net OPEB liability	22.16%
Covered - employee payroll	\$ 20,878,494
Net OPEB liability as percentage of covered - employee payroll	93.54%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

CITY OF LANCASTER
SCHEDULE OF CONTRIBUTIONS - OPEB

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2018</u>
Contractually required contribution (actuarially determined)	\$ 2,099,000
Contributions in relation to the actuarially determined contributions	<u>(2,521,850)</u>
Contribution deficiency (excess)	<u>\$ (422,850)</u>
Covered - employee payroll	\$ 19,015,391
Contributions as a percentage of covered - employee payroll	13.26%

Notes to Schedule:

Valuation Date 6/30/2017

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age normal, level percent of pay
Amortization method	Level dollar
Amortization period	27 year fixed period for 2017/2018
Inflation	3.00%
Salary increases	3.000%
Health-care trend rates	Non-Medicare 7.50%, decreasing to 5.00% in 2021 Medicare 7.80%, decreasing to 5.00% in 2021
Mortality	CalPERS 1997-2011 Experience Study
Mortality improvements	Mortality projected fully generational with Scale MP-14 modified to coverage in 2022

* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

CITY OF LANCASTER

Other Post-Employment Benefits Plan
Annual Money-Weighted Rate of Return on Investments

Last Ten Fiscal Years*

Retiree Health Plan

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense*</u>
6/30/18	6.26%
6/30/17	10.17%

* Ten years of historical information is required by the GASB Statement No. 74. Fiscal year ended June 30, 2017 was the first year of implementation; therefore, two years are presented.

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REQUIRED SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF LANCASTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2018

	Special Revenue Funds			
	Gas Tax	Community Services	Landscape Maintenance District	Housing and Community Development
ASSETS:				
Pooled cash and investments	\$ 1,106,833	\$ 132,252	\$ 2,420,906	\$ 1,551,260
Receivables:				
Accounts	6,757	-	-	-
Taxes	253,690	-	36,583	-
Accrued interest	-	-	-	-
Due from other governments	137,237	-	-	364,361
Notes and loans, net	-	-	-	-
Land held for resale	-	-	-	1,041,422
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
TOTAL ASSETS	<u>\$ 1,504,517</u>	<u>\$ 132,252</u>	<u>\$ 2,457,489</u>	<u>\$ 2,957,043</u>
LIABILITIES:				
Accounts payable	\$ 133,230	\$ 4,543	\$ 116,038	\$ 165,467
Accrued liabilities	55,083	-	6,249	8,177
Due to other governments	-	-	-	1,789
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	301,689
TOTAL LIABILITIES	<u>188,313</u>	<u>4,543</u>	<u>122,287</u>	<u>477,122</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	729	-	-	350,688
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>729</u>	<u>-</u>	<u>-</u>	<u>350,688</u>
FUND BALANCES (DEFICITS):				
Restricted:				
Community development projects	-	127,709	-	2,129,233
Parks, recreation, and arts	-	-	-	-
Development services	1,315,475	-	2,335,202	-
Debt service	-	-	-	-
Housing and neighborhood revitalization	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,315,475</u>	<u>127,709</u>	<u>2,335,202</u>	<u>2,129,233</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,504,517</u>	<u>\$ 132,252</u>	<u>\$ 2,457,489</u>	<u>\$ 2,957,043</u>

Special Revenue Funds (Continued)

HOME Program	Proposition A	Bikeway Improvement	Proposition C	Federal Grants	State Grants	Parks Development
\$ 739,753	\$ 3,269,969	\$ -	\$ 3,243,832	\$ -	\$ 219,229	\$ 831,093
3,293	-	-	412	929,422	5,365	-
-	-	-	-	-	-	-
-	5,973	-	6,314	-	132	-
-	-	13,516	-	359,381	74,545	-
1,310,764	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 2,053,810</u>	<u>\$ 3,275,942</u>	<u>\$ 13,516</u>	<u>\$ 3,250,558</u>	<u>\$ 1,288,803</u>	<u>\$ 299,271</u>	<u>\$ 831,093</u>
\$ -	\$ 8,040	\$ -	\$ -	\$ -	\$ 17,374	\$ 32,063
-	748	-	-	2,977	363	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
720,702	-	-	-	-	-	-
-	-	69,771	-	1,285,827	29,692	-
<u>720,702</u>	<u>8,788</u>	<u>69,771</u>	<u>-</u>	<u>1,288,804</u>	<u>47,429</u>	<u>32,063</u>
-	-	-	-	352,601	30,438	-
-	-	-	-	352,601	30,438	-
-	-	-	-	-	221,404	-
-	-	-	-	-	-	799,030
-	3,267,154	-	3,250,558	-	-	-
-	-	-	-	-	-	-
1,333,108	-	-	-	-	-	-
-	-	(56,255)	-	(352,602)	-	-
<u>1,333,108</u>	<u>3,267,154</u>	<u>(56,255)</u>	<u>3,250,558</u>	<u>(352,602)</u>	<u>221,404</u>	<u>799,030</u>
<u>\$ 2,053,810</u>	<u>\$ 3,275,942</u>	<u>\$ 13,516</u>	<u>\$ 3,250,558</u>	<u>\$ 1,288,803</u>	<u>\$ 299,271</u>	<u>\$ 831,093</u>

(Continued)

CITY OF LANCASTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2018

	Special Revenue Funds (Continued)			
	Developer Fees - Signals	Developer Fees - Drainage	Recycled Water	Biological Impact Fees
ASSETS:				
Pooled cash and investments	\$ 2,897,538	\$ 4,356,114	\$ 77,283	\$ 1,531,325
Receivables:				
Accounts	111,698	234,028	17,760	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Notes and loans, net	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
TOTAL ASSETS	<u>\$ 3,009,236</u>	<u>\$ 4,590,142</u>	<u>\$ 95,043</u>	<u>\$ 1,531,325</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 102,797	\$ 38,888	\$ 1,305
Accrued liabilities	-	-	1,152	-
Due to other governments	-	-	-	-
Unearned revenues	98,060	234,028	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	<u>98,060</u>	<u>336,825</u>	<u>40,040</u>	<u>1,305</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):				
Restricted:				
Community development projects	-	-	-	-
Parks, recreation, and arts	-	-	55,003	-
Development services	2,911,176	4,253,317	-	1,530,020
Debt service	-	-	-	-
Housing and neighborhood revitalization	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>2,911,176</u>	<u>4,253,317</u>	<u>55,003</u>	<u>1,530,020</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,009,236</u>	<u>\$ 4,590,142</u>	<u>\$ 95,043</u>	<u>\$ 1,531,325</u>

Special Revenue Funds (Continued)

Traffic Impact Fees	AQMD	Lancaster Drainage Maintenance District	Miscellaneous Grants	Traffic Safety	Engineering Fees	Zero-Net Energy Solar Mitigation In Lieu
\$ 2,369,997	\$ 89,176	\$ 1,869,205	\$ 3,013	\$ -	\$ 37,212	\$ 46,112
210,494	-	-	-	-	-	-
-	-	52,638	-	-	-	-
-	-	-	-	-	-	-
17,904	2,307	-	-	44,573	24,738	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 2,598,395</u>	<u>\$ 91,483</u>	<u>\$ 1,921,843</u>	<u>\$ 3,013</u>	<u>\$ 44,573</u>	<u>\$ 61,950</u>	<u>\$ 46,112</u>
\$ -	\$ 751	\$ 30,521	\$ -	\$ -	\$ 17,711	\$ -
-	-	11,672	-	-	44,239	-
-	-	-	-	-	-	-
210,494	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	44,573	-	-
<u>210,494</u>	<u>751</u>	<u>42,193</u>	<u>-</u>	<u>44,573</u>	<u>61,950</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	3,013	-	-	-
-	-	-	-	-	-	-
2,387,901	90,732	1,879,650	-	-	-	46,112
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,387,901</u>	<u>90,732</u>	<u>1,879,650</u>	<u>3,013</u>	<u>-</u>	<u>-</u>	<u>46,112</u>
<u>\$ 2,598,395</u>	<u>\$ 91,483</u>	<u>\$ 1,921,843</u>	<u>\$ 3,013</u>	<u>\$ 44,573</u>	<u>\$ 61,950</u>	<u>\$ 46,112</u>

(Continued)

CITY OF LANCASTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2018

	Special Revenue Funds (Continued)			
	LA County Reimbursement	MTA Grant	Urban Structure Program	Mariposa Lily
ASSETS:				
Pooled cash and investments	\$ -	\$ -	\$ 1,650,062	\$ 62,733
Receivables:				
Accounts	-	435,408	24,278	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	274,167	2,074,375	1,071	-
Notes and loans, net	-	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
TOTAL ASSETS	<u>\$ 274,167</u>	<u>\$ 2,509,783</u>	<u>\$ 1,675,411</u>	<u>\$ 62,733</u>
LIABILITIES:				
Accounts payable	\$ 33,136	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenues	239,995	-	24,275	-
Deposits payable	-	-	-	-
Due to other funds	64,176	2,241,481	-	-
TOTAL LIABILITIES	<u>337,307</u>	<u>2,241,481</u>	<u>24,275</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	274,166	2,074,375	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>274,166</u>	<u>2,074,375</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):				
Restricted:				
Community development projects	-	-	-	-
Parks, recreation, and arts	-	-	1,478,548	-
Development services	-	-	172,588	62,733
Debt service	-	-	-	-
Housing and neighborhood revitalization	-	-	-	-
Unassigned	(337,306)	(1,806,073)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>(337,306)</u>	<u>(1,806,073)</u>	<u>1,651,136</u>	<u>62,733</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 274,167</u>	<u>\$ 2,509,783</u>	<u>\$ 1,675,411</u>	<u>\$ 62,733</u>

Special Revenue Funds (Continued)					Debt Service Fund	Total Other Governmental Funds
Sewer Maintenance District	Proposition 1B	Proposition 42	Measure R	Measure M	Lancaster Financing Authority	
\$ 4,519,526	\$ 240,959	\$ 649,772	\$ 3,470,183	\$ 1,370,313	\$ 5,105	\$ 38,760,755
1,545	-	-	1,641,645	-	-	3,622,105
137,758	-	-	-	-	-	480,669
-	445	-	6,420	2,749	-	22,033
1,399	-	-	1,798,350	-	-	5,187,924
-	-	-	-	-	-	1,310,764
-	-	-	-	-	-	1,041,422
-	-	-	-	-	1,623,882	1,623,882
<u>\$ 4,660,228</u>	<u>\$ 241,404</u>	<u>\$ 649,772</u>	<u>\$ 6,916,598</u>	<u>\$ 1,373,062</u>	<u>\$ 1,628,987</u>	<u>\$ 52,049,554</u>
\$ 58,712	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 760,576
49,036	-	-	-	-	-	179,696
-	-	-	-	-	-	1,789
-	-	-	-	-	-	806,852
-	-	-	-	-	-	720,702
-	-	-	-	-	-	4,037,209
<u>107,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,506,824</u>
-	-	-	1,798,350	-	-	4,881,347
-	-	-	1,798,350	-	-	4,881,347
-	-	-	-	-	-	2,481,359
-	-	-	-	-	-	2,332,581
4,552,480	241,404	649,772	5,118,248	1,373,062	-	35,437,584
-	-	-	-	-	1,628,987	1,628,987
-	-	-	-	-	-	1,333,108
-	-	-	-	-	-	(2,552,236)
<u>4,552,480</u>	<u>241,404</u>	<u>649,772</u>	<u>5,118,248</u>	<u>1,373,062</u>	<u>1,628,987</u>	<u>40,661,383</u>
<u>\$ 4,660,228</u>	<u>\$ 241,404</u>	<u>\$ 649,772</u>	<u>\$ 6,916,598</u>	<u>\$ 1,373,062</u>	<u>\$ 1,628,987</u>	<u>\$ 52,049,554</u>

CITY OF LANCASTER

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

For the year ended June 30, 2018

	Special Revenue Funds			
	Gas Tax	Community Services	Landscape Maintenance District	Housing and Community Development
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	3,826,575	-	-	1,145,307
Charges for services	9,161	-	1,739,790	-
Investment earnings	-	-	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	35,586	-
Miscellaneous	31,255	69,937	-	1,062,770
TOTAL REVENUES	<u>3,866,991</u>	<u>69,937</u>	<u>1,775,376</u>	<u>2,208,077</u>
EXPENDITURES:				
Current:				
General government	63,549	1,036	5,387	6,943
Public safety	-	-	-	-
Community development	-	85,062	-	1,012,869
Parks, recreation, and arts	981,886	-	1,504,843	-
Development services	3,877,310	-	89,948	-
Housing and neighborhood revitalization	-	-	-	922,108
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	427,000
Interest and fiscal charges	-	-	-	41,709
TOTAL EXPENDITURES	<u>4,922,745</u>	<u>86,098</u>	<u>1,600,178</u>	<u>2,410,629</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,055,754)</u>	<u>(16,161)</u>	<u>175,198</u>	<u>(202,552)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,990,350	-	-	-
Transfers out	<u>(3,409,885)</u>	<u>(7,284)</u>	<u>(381,280)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(419,535)</u>	<u>(7,284)</u>	<u>(381,280)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(1,475,289)</u>	<u>(23,445)</u>	<u>(206,082)</u>	<u>(202,552)</u>
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	<u>2,790,764</u>	<u>151,154</u>	<u>2,541,284</u>	<u>2,331,785</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 1,315,475</u>	<u>\$ 127,709</u>	<u>\$ 2,335,202</u>	<u>\$ 2,129,233</u>

HOME Program	Proposition A	Bikeway Improvement	Proposition C	Federal Grants	State Grants	Parks Development
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	123,251
48,488	2,930,315	13,515	2,464,047	4,300	346,846	-
-	-	-	-	-	-	-
-	7,926	7	25,515	-	185	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>48,488</u>	<u>2,938,241</u>	<u>13,522</u>	<u>2,489,562</u>	<u>4,300</u>	<u>347,031</u>	<u>123,251</u>
-	3,112,541	-	-	-	-	-
-	-	-	-	48,807	-	-
-	-	-	176,514	-	15,435	-
-	-	-	-	-	-	52,486
-	-	-	57,162	10,999	167,071	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>3,112,541</u>	<u>-</u>	<u>233,676</u>	<u>59,806</u>	<u>182,506</u>	<u>52,486</u>
<u>48,488</u>	<u>(174,300)</u>	<u>13,522</u>	<u>2,255,886</u>	<u>(55,506)</u>	<u>164,525</u>	<u>70,765</u>
-	-	7,596	-	62,983	289,157	-
<u>-</u>	<u>(73,451)</u>	<u>(79,040)</u>	<u>(5,149,521)</u>	<u>(723,088)</u>	<u>(3,383)</u>	<u>(108,545)</u>
<u>-</u>	<u>(73,451)</u>	<u>(71,444)</u>	<u>(5,149,521)</u>	<u>(660,105)</u>	<u>285,774</u>	<u>(108,545)</u>
<u>48,488</u>	<u>(247,751)</u>	<u>(57,922)</u>	<u>(2,893,635)</u>	<u>(715,611)</u>	<u>450,299</u>	<u>(37,780)</u>
<u>1,284,620</u>	<u>3,514,905</u>	<u>1,667</u>	<u>6,144,193</u>	<u>363,009</u>	<u>(228,895)</u>	<u>836,810</u>
<u>\$ 1,333,108</u>	<u>\$ 3,267,154</u>	<u>\$ (56,255)</u>	<u>\$ 3,250,558</u>	<u>\$ (352,602)</u>	<u>\$ 221,404</u>	<u>\$ 799,030</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, 2018

	Special Revenue Funds (Continued)			
	Developer Fees - Signals	Developer Fees - Drainage	Recycled Water	Biological Impact Fees
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	311,493	372,229	-	657,482
Intergovernmental	-	-	-	-
Charges for services	-	-	94,945	-
Investment earnings	-	-	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	1,868	-	-	-
TOTAL REVENUES	<u>313,361</u>	<u>372,229</u>	<u>94,945</u>	<u>657,482</u>
EXPENDITURES:				
Current:				
General government	-	-	12,328	-
Public safety	-	-	-	-
Community development	-	-	-	-
Parks, recreation, and arts	-	-	-	-
Development services	-	211,137	196,130	23,143
Housing and neighborhood revitalization	-	-	-	-
Capital outlay	-	-	-	392,000
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>211,137</u>	<u>208,458</u>	<u>415,143</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>313,361</u>	<u>161,092</u>	<u>(113,513)</u>	<u>242,339</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,100	-	395,876	665,186
Transfers out	<u>(1,164,490)</u>	<u>(387,172)</u>	<u>(58,375)</u>	<u>(33,793)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,162,390)</u>	<u>(387,172)</u>	<u>337,501</u>	<u>631,393</u>
NET CHANGE IN FUND BALANCES	(849,029)	(226,080)	223,988	873,732
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	<u>3,760,205</u>	<u>4,479,397</u>	<u>(168,985)</u>	<u>656,288</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 2,911,176</u>	<u>\$ 4,253,317</u>	<u>\$ 55,003</u>	<u>\$ 1,530,020</u>

Special Revenue Funds (Continued)

Traffic Impact Fees	AQMD	Lancaster Drainage Maintenance District	Miscellaneous Grants	Traffic Safety	Engineering Fees	Zero-Net Energy Solar Mitigation In Lieu
\$ -	\$ -	\$ -	\$ 11,505	\$ -	\$ -	\$ -
333,051	-	-	-	-	2,551,753	-
-	27,830	-	-	-	-	-
-	-	1,681,474	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	255,235	-	-
-	-	-	-	-	-	-
-	25,000	-	-	-	-	46,112
<u>333,051</u>	<u>52,830</u>	<u>1,681,474</u>	<u>11,505</u>	<u>255,235</u>	<u>2,551,753</u>	<u>46,112</u>
-	-	-	-	-	143,060	-
-	-	-	-	-	115,438	-
-	21,000	-	-	-	-	-
-	27,830	-	-	-	-	-
-	-	772,033	-	-	2,659,031	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	28,973	-	-	-	-
-	-	5,726	-	-	-	-
<u>-</u>	<u>48,830</u>	<u>806,732</u>	<u>-</u>	<u>-</u>	<u>2,917,529</u>	<u>-</u>
333,051	4,000	874,742	11,505	255,235	(365,776)	46,112
-	-	-	-	-	1,368,725	-
<u>(843,620)</u>	<u>(87,069)</u>	<u>(510,365)</u>	<u>(35,506)</u>	<u>(257,754)</u>	<u>(857,385)</u>	<u>-</u>
(843,620)	(87,069)	(510,365)	(35,506)	(257,754)	511,340	-
(510,569)	(83,069)	364,377	(24,001)	(2,519)	145,564	46,112
2,898,470	173,801	1,515,273	27,014	2,519	(145,564)	-
<u>\$ 2,387,901</u>	<u>\$ 90,732</u>	<u>\$ 1,879,650</u>	<u>\$ 3,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,112</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, 2018

	Special Revenue Funds (Continued)			
	LA County Reimbursement	MTA Grant	Urban Structure Program	Mariposa Lily
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	339,193	-
Intergovernmental	1,779,757	936,400	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>1,779,757</u>	<u>936,400</u>	<u>339,193</u>	<u>-</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	24,000	-	-	-
Parks, recreation, and arts	-	-	29,522	-
Development services	-	-	-	-
Housing and neighborhood revitalization	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	<u>24,000</u>	<u>-</u>	<u>29,522</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,755,757</u>	<u>936,400</u>	<u>309,671</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	12,498	29,043	-	-
Transfers out	<u>(1,976,606)</u>	<u>(2,641,034)</u>	<u>(122,811)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,964,108)</u>	<u>(2,611,991)</u>	<u>(122,811)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(208,351)	(1,675,591)	186,860	-
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	<u>(128,955)</u>	<u>(130,482)</u>	<u>1,464,276</u>	<u>62,733</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (337,306)</u>	<u>\$ (1,806,073)</u>	<u>\$ 1,651,136</u>	<u>\$ 62,733</u>

Special Revenue Funds (Continued)					Debt Service Fund	Total Other Governmental Funds
Sewer Maintenance District	Proposition 1B	Proposition 42	Measure R	Measure M	Lancaster Financing Authority	
\$ 4,157,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,168,833
157,877	-	-	-	-	-	4,846,329
-	-	-	3,462,264	1,649,797	-	18,635,441
-	-	-	-	-	-	3,525,370
-	1,021	-	23,326	340	116,424	174,744
-	-	-	-	-	-	255,235
-	-	-	-	-	-	35,586
-	-	179,414	-	-	-	1,416,356
<u>4,315,205</u>	<u>1,021</u>	<u>179,414</u>	<u>3,485,590</u>	<u>1,650,137</u>	<u>116,424</u>	<u>33,057,894</u>
2,621	-	-	-	-	297,622	3,645,087
-	-	-	-	-	-	164,245
-	-	-	-	-	-	1,334,880
-	-	-	-	-	-	2,596,567
2,785,482	-	-	-	-	-	10,849,446
-	-	-	-	-	-	922,108
-	-	-	-	-	-	392,000
-	-	-	-	-	286,664	742,637
-	-	-	-	-	73,392	120,827
<u>2,788,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>657,678</u>	<u>20,767,797</u>
<u>1,527,102</u>	<u>1,021</u>	<u>179,414</u>	<u>3,485,590</u>	<u>1,650,137</u>	<u>(541,254)</u>	<u>12,290,097</u>
-	-	-	29,263	-	-	5,852,777
<u>(1,497,083)</u>	<u>(7,773)</u>	<u>(21,803)</u>	<u>(4,033,190)</u>	<u>(277,075)</u>	<u>-</u>	<u>(24,748,381)</u>
<u>(1,497,083)</u>	<u>(7,773)</u>	<u>(21,803)</u>	<u>(4,003,927)</u>	<u>(277,075)</u>	<u>-</u>	<u>(18,895,604)</u>
30,019	(6,752)	157,611	(518,337)	1,373,062	(541,254)	(6,605,507)
<u>4,522,461</u>	<u>248,156</u>	<u>492,161</u>	<u>5,636,585</u>	<u>-</u>	<u>2,170,241</u>	<u>47,266,890</u>
<u>\$ 4,552,480</u>	<u>\$ 241,404</u>	<u>\$ 649,772</u>	<u>\$ 5,118,248</u>	<u>\$ 1,373,062</u>	<u>\$ 1,628,987</u>	<u>\$ 40,661,383</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,790,764	\$ 2,790,764	\$ 2,790,764	\$ -
Resources (Inflows):				
Intergovernmental	4,482,975	4,482,975	3,826,575	(656,400)
Charges for services	10,000	10,000	9,161	(839)
Miscellaneous	1,200	1,200	31,255	30,055
Transfers in	2,840,000	2,990,350	2,990,350	-
Amounts Available for Appropriations	<u>10,124,939</u>	<u>10,275,289</u>	<u>9,648,105</u>	<u>(627,184)</u>
Charges to Appropriations (Outflows):				
General government	87,340	87,340	63,549	23,791
Parks, recreation, and arts	952,392	972,392	981,886	(9,494)
Development services	4,748,318	4,848,668	3,877,310	971,358
Transfers out	4,570,141	4,570,141	3,409,885	1,160,256
Total Charges to Appropriations	<u>10,358,191</u>	<u>10,478,541</u>	<u>8,332,630</u>	<u>2,145,911</u>
Budgetary Fund Balance, June 30	<u>\$ (233,252)</u>	<u>\$ (203,252)</u>	<u>\$ 1,315,475</u>	<u>\$ 1,518,727</u>

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 151,154	\$ 151,154	\$ 151,154	\$ -
Resources (Inflows):				
Miscellaneous	51,330	71,330	69,937	(1,393)
Amounts Available for Appropriations	202,484	222,484	221,091	(1,393)
Charges to Appropriations (Outflows):				
General government	6,200	6,200	1,036	5,164
Community development	62,600	77,600	85,062	(7,462)
Transfers out	-	20,000	7,284	12,716
Total Charges to Appropriations	68,800	103,800	93,382	10,418
Budgetary Fund Balance, June 30	\$ 133,684	\$ 118,684	\$ 127,709	\$ 9,025

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,541,284	\$ 2,541,284	\$ 2,541,284	\$ -
Resources (Inflows):				
Charges for services	1,807,000	1,807,000	1,739,790	(67,210)
Contributions	9,284	9,284	35,586	26,302
Amounts Available for Appropriations	4,357,568	4,357,568	4,316,660	(40,908)
Charges to Appropriations (Outflows):				
General Government	-	-	5,387	(5,387)
Parks, recreation, and arts	1,362,664	1,392,664	1,504,843	(112,179)
Development services	223,175	223,175	89,948	133,227
Transfers out	441,673	441,673	381,280	60,393
Total Charges to Appropriations	2,027,512	2,057,512	1,981,458	76,054
Budgetary Fund Balance, June 30	\$ 2,330,056	\$ 2,300,056	\$ 2,335,202	\$ 35,146

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,331,785	\$ 2,331,785	\$ 2,331,785	\$ -
Resources (Inflows):				
Intergovernmental	1,616,833	1,616,833	1,145,307	(471,526)
Miscellaneous	1,350,000	3,237,014	1,062,770	(2,174,244)
Amounts Available for Appropriations	5,298,618	7,185,632	4,539,862	(2,645,770)
Charges to Appropriations (Outflows):				
General government	-	-	6,943	(6,943)
Community development	1,203,435	1,203,435	1,012,869	190,566
Housing and neighborhood revitalization	2,540	1,889,554	922,108	967,446
Debt service:				
Principal retirement	427,000	427,000	427,000	-
Interest and fiscal charges	41,709	41,709	41,709	-
Total Charges to Appropriations	1,674,684	3,561,698	2,410,629	1,151,069
Budgetary Fund Balance, June 30	\$ 3,623,934	\$ 3,623,934	\$ 2,129,233	\$ (1,494,701)

CITY OF LANCASTER

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

HOME PROGRAM SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,284,620	\$ 1,284,620	\$ 1,284,620	\$ -
Resources (Inflows):				
Intergovernmental	<u>110,000</u>	<u>110,000</u>	<u>48,488</u>	<u>(61,512)</u>
Amounts Available for Appropriations	<u>1,394,620</u>	<u>1,394,620</u>	<u>1,333,108</u>	<u>(61,512)</u>
Charges to Appropriations (Outflows):				
General government	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Charges to Appropriations	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Budgetary Fund Balance, June 30	<u>\$ 1,384,620</u>	<u>\$ 1,384,620</u>	<u>\$ 1,333,108</u>	<u>\$ (51,512)</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,514,905	\$ 3,514,905	\$ 3,514,905	\$ -
Resources (Inflows):				
Intergovernmental	2,957,575	2,957,575	2,930,315	(27,260)
Investment earnings	10,000	10,000	7,926	(2,074)
Amounts Available for Appropriations	6,482,480	6,482,480	6,453,146	(29,334)
Charges to Appropriations (Outflows):				
General government	3,116,145	3,232,415	3,112,541	119,874
Transfers out	3,759,229	1,829,769	73,451	1,756,318
Total Charges to Appropriations	6,875,374	5,062,184	3,185,992	1,876,192
Budgetary Fund Balance, June 30	\$ (392,894)	\$ 1,420,296	\$ 3,267,154	\$ 1,846,858

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,667	\$ 1,667	\$ 1,667	\$ -
Resources (Inflows):				
Intergovernmental	105,000	105,000	13,515	(91,485)
Investment earnings	-	-	7	7
Transfers in	-	-	7,596	7,596
Amounts Available for Appropriations	<u>106,667</u>	<u>106,667</u>	<u>22,785</u>	<u>(83,882)</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>272,970</u>	<u>335,351</u>	<u>79,040</u>	<u>256,311</u>
Total Charges to Appropriations	<u>272,970</u>	<u>335,351</u>	<u>79,040</u>	<u>256,311</u>
Budgetary Fund Balance, June 30	<u><u>\$ (166,303)</u></u>	<u><u>\$ (228,684)</u></u>	<u><u>\$ (56,255)</u></u>	<u><u>\$ 172,429</u></u>

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,144,193	\$ 6,144,193	\$ 6,144,193	\$ -
Resources (Inflows):				
Intergovernmental	2,450,000	2,450,000	2,464,047	14,047
Investment earnings	17,500	17,500	25,515	8,015
Amounts Available for Appropriations	8,611,693	8,611,693	8,633,755	22,062
Charges to Appropriations (Outflows):				
Community development	-	-	176,514	(176,514)
Development services	62,013	62,013	57,162	4,851
Transfers out	8,156,992	8,156,992	5,149,521	3,007,471
Total Charges to Appropriations	8,219,005	8,219,005	5,383,197	2,835,808
Budgetary Fund Balance, June 30	\$ 392,688	\$ 392,688	\$ 3,250,558	\$ 2,857,870

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 363,009	\$ 363,009	\$ 363,009	\$ -
Resources (Inflows):				
Intergovernmental	11,594,834	11,594,834	4,300	(11,590,534)
Transfers in	-	62,381	62,983	602
Amounts Available for Appropriations	11,957,843	12,020,224	430,292	(11,589,932)
Charges to Appropriations (Outflows):				
Public safety	100,997	100,997	48,807	52,190
Development services	22,507	22,507	10,999	11,508
Transfers out	11,058,242	11,523,477	723,088	10,800,389
Total Charges to Appropriations	11,181,746	11,646,981	782,894	10,864,087
Budgetary Fund Balance (Deficit), June 30	\$ 776,097	\$ 373,243	\$ (352,602)	\$ (725,845)

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (228,895)	\$ (228,895)	\$ (228,895)	\$ -
Resources (Inflows):				
Intergovernmental	2,035,368	2,290,677	346,846	(1,943,831)
Investment earnings	-	-	185	185
Transfers in	-	289,157	289,157	-
Amounts Available for Appropriations	<u>1,806,473</u>	<u>2,350,939</u>	<u>407,293</u>	<u>(1,943,646)</u>
Charges to Appropriations (Outflows):				
Community development	210,760	210,760	15,435	195,325
Development services	268,562	563,148	167,071	396,077
Transfers out	<u>1,589,505</u>	<u>1,589,505</u>	<u>3,383</u>	<u>1,586,122</u>
Total Charges to Appropriations	<u>2,068,827</u>	<u>2,363,413</u>	<u>185,889</u>	<u>2,177,524</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (262,354)</u>	<u>\$ (12,474)</u>	<u>\$ 221,404</u>	<u>\$ 233,878</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 836,810	\$ 836,810	\$ 836,810	\$ -
Resources (Inflows):				
Licenses and permits	100,000	100,000	123,251	23,251
Amounts Available for Appropriations	936,810	936,810	960,061	23,251
Charges to Appropriations (Outflows):				
Parks, recreation, and arts	80,000	58,300	52,486	5,814
Capital outlay	-	21,700	-	21,700
Transfers out	600,376	600,376	108,545	491,831
Total Charges to Appropriations	680,376	680,376	161,031	519,345
Budgetary Fund Balance, June 30	\$ 256,434	\$ 256,434	\$ 799,030	\$ 542,596

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,760,205	\$ 3,760,205	\$ 3,760,205	\$ -
Resources (Inflows):				
Licenses and permits	220,000	220,000	311,493	91,493
Miscellaneous	-	-	1,868	1,868
Transfers in	-	-	2,100	2,100
Amounts Available for Appropriations	<u>3,980,205</u>	<u>3,980,205</u>	<u>4,075,666</u>	<u>95,461</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>3,744,599</u>	<u>3,744,599</u>	<u>1,164,490</u>	<u>2,580,109</u>
Total Charges to Appropriations	<u>3,744,599</u>	<u>3,744,599</u>	<u>1,164,490</u>	<u>2,580,109</u>
Budgetary Fund Balance, June 30	<u>\$ 235,606</u>	<u>\$ 235,606</u>	<u>\$ 2,911,176</u>	<u>\$ 2,675,570</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,479,397	\$ 4,479,397	\$ 4,479,397	\$ -
Resources (Inflows):				
Licenses and permits	670,000	670,000	372,229	(297,771)
Amounts Available for Appropriations	5,149,397	5,149,397	4,851,626	(297,771)
Charges to Appropriations (Outflows):				
Development services	240,038	248,538	211,137	37,401
Transfers out	2,613,272	2,613,272	387,172	2,226,100
Total Charges to Appropriations	2,853,310	2,861,810	598,309	2,263,501
Budgetary Fund Balance, June 30	\$ 2,296,087	\$ 2,287,587	\$ 4,253,317	\$ 1,965,730

CITY OF LANCASTER

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

RECYCLED WATER SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (168,985)	\$ (168,985)	\$ (168,985)	\$ -
Resources (Inflows):				
Charges for services	110,000	110,000	94,945	(15,055)
Transfers in	110,000	395,876	395,876	-
Amounts Available for Appropriations	51,015	336,891	321,836	(15,055)
Charges to Appropriations (Outflows):				
General Government	-	-	12,328	(12,328)
Development services	159,070	175,570	196,130	(20,560)
Transfers out	58,375	58,375	58,375	-
Total Charges to Appropriations	217,445	233,945	266,833	(32,888)
Budgetary Fund Balance (Deficit), June 30	\$ (166,430)	\$ 102,946	\$ 55,003	\$ (47,943)

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 656,288	\$ 656,288	\$ 656,288	\$ -
Resources (Inflows):				
Licenses and permits	450,000	450,000	657,482	207,482
Transfers in	665,186	665,186	665,186	-
Amounts Available for Appropriations	1,771,474	1,771,474	1,978,956	207,482
Charges to Appropriations (Outflows):				
Capital outlay	-	1,692,000	392,000	1,300,000
Development services	-	22,500	23,143	(643)
Transfers out	148,802	126,302	33,793	92,509
Total Charges to Appropriations	148,802	1,840,802	448,936	1,391,866
Budgetary Fund Balance (Deficit), June 30	\$ 1,622,672	\$ (69,328)	\$ 1,530,020	\$ 1,599,348

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,898,470	\$ 2,898,470	\$ 2,898,470	\$ -
Resources (Inflows):				
Licenses and permits	230,000	230,000	333,051	103,051
Amounts Available for Appropriations	3,128,470	3,128,470	3,231,521	103,051
Charges to Appropriations (Outflows):				
Transfers out	2,094,375	2,252,675	843,620	1,409,055
Total Charges to Appropriations	2,094,375	2,252,675	843,620	1,409,055
Budgetary Fund Balance, June 30	\$ 1,034,095	\$ 875,795	\$ 2,387,901	\$ 1,512,106

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 173,801	\$ 173,801	\$ 173,801	\$ -
Resources (Inflows):				
Intergovernmental	-	25,525	27,830	2,305
Miscellaneous	117,045	117,045	25,000	(92,045)
Amounts Available for Appropriations	290,846	316,371	226,631	(89,740)
Charges to Appropriations (Outflows):				
Community development	-	33,875	21,000	12,875
Parks, recreation, and arts	-	27,830	27,830	-
Transfers out	243,104	243,104	87,069	156,035
Total Charges to Appropriations	243,104	304,809	135,899	168,910
Budgetary Fund Balance, June 30	\$ 47,742	\$ 11,562	\$ 90,732	\$ 79,170

CITY OF LANCASTER

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

LANCASTER DRAINAGE MAINTENANCE DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,515,273	\$ 1,515,273	\$ 1,515,273	\$ -
Resources (Inflows):				
Charges for services	1,655,000	1,655,000	1,681,474	26,474
Amounts Available for Appropriations	3,170,273	3,170,273	3,196,747	26,474
Charges to Appropriations (Outflows):				
Development services	1,061,796	1,061,796	772,033	289,763
Transfers out	510,365	510,365	510,365	-
Debt service:				
Principal retirement	-	-	28,973	(28,973)
Interest and fiscal charges	-	-	5,726	(5,726)
Total Charges to Appropriations	1,572,161	1,572,161	1,317,097	255,064
Budgetary Fund Balance, June 30	\$ 1,598,112	\$ 1,598,112	\$ 1,879,650	\$ 281,538

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 27,014	\$ 27,014	\$ 27,014	\$ -
Resources (Inflows):				
Taxes	11,505	11,505	11,505	-
Amounts Available for Appropriations	38,519	38,519	38,519	-
Charges to Appropriations (Outflows):				
Transfers out	10,000	35,506	35,506	-
Total Charges to Appropriations	10,000	35,506	35,506	-
Budgetary Fund Balance, June 30	\$ 28,519	\$ 3,013	\$ 3,013	\$ -

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,519	\$ 2,519	\$ 2,519	\$ -
Resources (Inflows):				
Fines and forfeitures	260,000	260,000	255,235	(4,765)
Amounts Available for Appropriations	262,519	262,519	257,754	(4,765)
Charges to Appropriations (Outflows):				
Transfers out	260,000	260,000	257,754	2,246
Total Charges to Appropriations	260,000	260,000	257,754	2,246
Budgetary Fund Balance, June 30	\$ 2,519	\$ 2,519	\$ -	\$ (2,519)

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (145,564)	\$ (145,564)	\$ (145,564)	\$ -
Resources (Inflows):				
Licenses and permits	1,538,350	2,478,350	2,551,753	73,403
Transfers in	<u>1,695,000</u>	<u>1,695,000</u>	<u>1,368,725</u>	<u>(326,275)</u>
Amounts Available for Appropriations	<u>3,087,786</u>	<u>4,027,786</u>	<u>3,774,914</u>	<u>(252,872)</u>
Charges to Appropriations (Outflows):				
General government	136,040	144,050	143,060	990
Public safety	195,190	375,190	115,438	259,752
Development services	2,085,340	2,694,830	2,659,031	35,799
Transfers out	<u>857,385</u>	<u>857,385</u>	<u>857,385</u>	<u>-</u>
Total Charges to Appropriations	<u>3,273,955</u>	<u>4,071,455</u>	<u>3,774,914</u>	<u>296,541</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (186,169)</u>	<u>\$ (43,669)</u>	<u>\$ -</u>	<u>\$ 43,669</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (128,955)	\$ (128,955)	\$ (128,955)	\$ -
Resources (Inflows):				
Intergovernmental	2,269,753	2,393,753	1,779,757	(613,996)
Transfers in	-	153,610	12,498	(141,112)
Amounts Available for Appropriations	<u>2,140,798</u>	<u>2,418,408</u>	<u>1,663,300</u>	<u>(755,108)</u>
Charges to Appropriations (Outflows):				
Community development	-	94,000	24,000	70,000
Transfers out	<u>2,153,295</u>	<u>2,207,295</u>	<u>1,976,606</u>	<u>230,689</u>
Total Charges to Appropriations	<u>2,153,295</u>	<u>2,301,295</u>	<u>2,000,606</u>	<u>300,689</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (12,497)</u>	<u>\$ 117,113</u>	<u>\$ (337,306)</u>	<u>\$ (454,419)</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (130,482)	\$ (130,482)	\$ (130,482)	\$ -
Resources (Inflows):				
Intergovernmental	4,371,453	4,371,453	936,400	(3,435,053)
Transfers in	-	-	29,043	29,043
Amounts Available for Appropriations	<u>4,240,971</u>	<u>4,240,971</u>	<u>834,961</u>	<u>(3,406,010)</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>4,218,028</u>	<u>4,218,028</u>	<u>2,641,034</u>	<u>1,576,994</u>
Total Charges to Appropriations	<u>4,218,028</u>	<u>4,218,028</u>	<u>2,641,034</u>	<u>1,576,994</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ 22,943</u>	<u>\$ 22,943</u>	<u>\$ (1,806,073)</u>	<u>\$ (1,829,016)</u>

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,464,276	\$ 1,464,276	\$ 1,464,276	\$ -
Resources (Inflows):				
Licenses and permits	398,000	398,000	339,193	(58,807)
Amounts Available for Appropriations	1,862,276	1,862,276	1,803,469	(58,807)
Charges to Appropriations (Outflows):				
Parks, recreation, and arts	-	41,020	29,522	11,498
Transfers out	1,222,843	1,222,843	122,811	1,100,032
Total Charges to Appropriations	1,222,843	1,263,863	152,333	1,111,530
Budgetary Fund Balance, June 30	\$ 639,433	\$ 598,413	\$ 1,651,136	\$ 1,052,723

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,522,461	\$ 4,522,461	\$ 4,522,461	\$ -
Resources (Inflows):				
Taxes	4,200,000	4,200,000	4,157,328	(42,672)
Licenses and permits	126,916	126,916	157,877	30,961
Amounts Available for Appropriations	8,849,377	8,849,377	8,837,666	(11,711)
Charges to Appropriations (Outflows):				
General government	125,220	125,220	2,621	122,599
Development services	3,452,584	3,544,752	2,785,482	759,270
Transfers out	2,045,509	2,032,111	1,497,083	535,028
Total Charges to Appropriations	5,623,313	5,702,083	4,285,186	1,416,897
Budgetary Fund Balance, June 30	\$ 3,226,064	\$ 3,147,294	\$ 4,552,480	\$ 1,405,186

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 248,156	\$ 248,156	\$ 248,156	\$ -
Resources (Inflows):				
Investment earnings	-	-	1,021	1,021
Amounts Available for Appropriations	248,156	248,156	249,177	1,021
Charges to Appropriations (Outflows):				
Transfers out	67,704	67,704	7,773	59,931
Total Charges to Appropriations	67,704	67,704	7,773	59,931
Budgetary Fund Balance, June 30	\$ 180,452	\$ 180,452	\$ 241,404	\$ 60,952

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 492,161	\$ 492,161	\$ 492,161	\$ -
Resources (Inflows):				
Miscellaneous	-	-	179,414	179,414
Amounts Available for Appropriations	492,161	492,161	671,575	179,414
Charges to Appropriations (Outflows):				
Transfers out	412,315	412,315	21,803	390,512
Total Charges to Appropriations	412,315	412,315	21,803	390,512
Budgetary Fund Balance, June 30	\$ 79,846	\$ 79,846	\$ 649,772	\$ 569,926

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,636,585	\$ 5,636,585	\$ 5,636,585	\$ -
Resources (Inflows):				
Intergovernmental	48,608,315	48,608,315	3,462,264	(45,146,051)
Investment earnings	8,225	8,225	23,326	15,101
Transfers in	-	29,263	29,263	-
Amounts Available for Appropriations	54,253,125	54,282,388	9,151,438	(45,130,950)
Charges to Appropriations (Outflows):				
Transfers out	54,339,032	54,339,032	4,033,190	50,305,842
Total Charges to Appropriations	54,339,032	54,339,032	4,033,190	50,305,842
Budgetary Fund Balance, June 30	\$ (85,907)	\$ (56,644)	\$ 5,118,248	\$ 5,174,892

CITY OF LANCASTER

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

MEASURE M SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	1,500,000	1,500,000	1,649,797	149,797
Investment earnings	-	-	340	340
Amounts Available for Appropriations	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,650,137</u>	<u>150,137</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>1,500,000</u>	<u>1,500,000</u>	<u>277,075</u>	<u>1,222,925</u>
Total Charges to Appropriations	<u>1,500,000</u>	<u>1,500,000</u>	<u>277,075</u>	<u>1,222,925</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,373,062</u>	<u>\$ 1,373,062</u>

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CITY OF LANCASTER

COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS

June 30, 2018

	Assessment District	Agency	AD 93-3	AD 92-101
ASSETS				
Pooled cash and investments	\$ 154,596	\$ 541,027	\$ 164,896	\$ 90,033
Receivable:				
Accounts	-	26,973	-	-
Taxes	-	4,660	486	556
Restricted:				
Cash and investments with fiscal agents	-	-	456,623	-
 TOTAL ASSETS	 <u>\$ 154,596</u>	 <u>\$ 572,660</u>	 <u>\$ 622,005</u>	 <u>\$ 90,589</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,502	\$ 808	\$ -
Deposits payable	-	571,158	-	-
Due to bondholders	154,596	-	621,197	90,589
 TOTAL LIABILITIES	 <u>\$ 154,596</u>	 <u>\$ 572,660</u>	 <u>\$ 622,005</u>	 <u>\$ 90,589</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>Total</u>
\$ -	\$ 1,098,426	\$ 445,503	\$ 776,760	\$ 449,323	\$ 3,720,564
-	-	-	-	-	26,973
-	13,328	-	-	-	19,030
-	1,743	-	-	-	458,366
<u>\$ -</u>	<u>\$ 1,113,497</u>	<u>\$ 445,503</u>	<u>\$ 776,760</u>	<u>\$ 449,323</u>	<u>\$ 4,224,933</u>
\$ -	\$ 2,488	\$ -	\$ -	\$ 4,535	\$ 9,333
-	-	-	-	15,810	586,968
-	1,111,009	445,503	776,760	428,978	3,628,632
<u>\$ -</u>	<u>\$ 1,113,497</u>	<u>\$ 445,503</u>	<u>\$ 776,760</u>	<u>\$ 449,323</u>	<u>\$ 4,224,933</u>

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
ASSESSMENT DISTRICT				
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	\$ 676,224	\$ 467,130	\$ (602,327)	\$ 541,027
Receivable:				
Accounts	32,973	103,668	(109,668)	26,973
Taxes	-	4,660	-	4,660
TOTAL ASSETS	\$ 709,197	\$ 575,458	\$ (711,995)	\$ 572,660
LIABILITIES:				
Accounts payable	\$ 63,233	\$ 463,331	\$ (525,062)	\$ 1,502
Deposits payable	645,964	320,451	(395,257)	571,158
TOTAL LIABILITIES	\$ 709,197	\$ 783,782	\$ (920,319)	\$ 572,660
AD 93-3				
ASSETS:				
Pooled cash and investments	\$ 641,195	\$ 44,467	\$ (520,766)	\$ 164,896
Receivable:				
Taxes	55	486	(55)	486
Restricted:				
Cash and investments with fiscal agents	454,170	2,453	-	456,623
TOTAL ASSETS	\$ 1,095,420	\$ 47,406	\$ (520,821)	\$ 622,005
LIABILITIES:				
Accounts payable	\$ 996	\$ 520,502	\$ (520,690)	\$ 808
Due to bondholders	1,094,424	47,428	(520,655)	621,197
TOTAL LIABILITIES	\$ 1,095,420	\$ 567,930	\$ (1,041,345)	\$ 622,005

CITY OF LANCASTER

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

For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
AD 92-101				
ASSETS:				
Pooled cash and investments	\$ 87,607	\$ 2,764	\$ (338)	\$ 90,033
Receivable:				
Taxes	266	556	(266)	556
TOTAL ASSETS	<u>\$ 87,873</u>	<u>\$ 3,320</u>	<u>\$ (604)</u>	<u>\$ 90,589</u>
LIABILITIES:				
Accounts payable	\$ 328	\$ 15	\$ (343)	\$ -
Due to bondholders	87,545	3,320	(276)	90,589
TOTAL LIABILITIES	<u>\$ 87,873</u>	<u>\$ 3,335</u>	<u>\$ (619)</u>	<u>\$ 90,589</u>
IFD 92-1				
ASSETS:				
Pooled cash and investments	\$ 2	\$ -	\$ (2)	\$ -
TOTAL ASSETS	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ -</u>
LIABILITIES:				
Due to bondholders	\$ 2	\$ -	\$ (2)	\$ -
TOTAL LIABILITIES	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ -</u>
CFD 89-1				
ASSETS:				
Pooled cash and investments	\$ 853,305	\$ 388,296	\$ (143,175)	\$ 1,098,426
Receivable:				
Taxes	2,886	13,328	(2,886)	13,328
Restricted:				
Cash and investments with fiscal agents	1,690	53	-	1,743
TOTAL ASSETS	<u>\$ 857,881</u>	<u>\$ 401,677</u>	<u>\$ (146,061)</u>	<u>\$ 1,113,497</u>
LIABILITIES:				
Accounts payable	\$ 5,265	\$ 142,303	\$ (145,080)	\$ 2,488
Due to bondholders	852,616	401,623	(143,230)	1,111,009
TOTAL LIABILITIES	<u>\$ 857,881</u>	<u>\$ 543,926</u>	<u>\$ (288,310)</u>	<u>\$ 1,113,497</u>

CITY OF LANCASTER

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

For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
CFD 90-1				
ASSETS:				
Pooled cash and investments	\$ 447,172	\$ 335	\$ (2,004)	\$ 445,503
TOTAL ASSETS	<u>\$ 447,172</u>	<u>\$ 335</u>	<u>\$ (2,004)</u>	<u>\$ 445,503</u>
LIABILITIES:				
Due to bondholders	447,172	335	(2,004)	445,503
TOTAL LIABILITIES	<u>\$ 447,172</u>	<u>\$ 335</u>	<u>\$ (2,004)</u>	<u>\$ 445,503</u>
CFD 91-1				
ASSETS:				
Pooled cash and investments	\$ 770,575	\$ 6,782	\$ (597)	\$ 776,760
TOTAL ASSETS	<u>\$ 770,575</u>	<u>\$ 6,782</u>	<u>\$ (597)</u>	<u>\$ 776,760</u>
LIABILITIES:				
Accounts payable	\$ 598	\$ 556	\$ (1,154)	\$ -
Due to bondholders	769,977	7,339	(556)	776,760
TOTAL LIABILITIES	<u>\$ 770,575</u>	<u>\$ 7,895</u>	<u>\$ (1,710)</u>	<u>\$ 776,760</u>
CFD 91-2				
ASSETS:				
Pooled cash and investments	\$ 450,644	\$ -	\$ (1,321)	\$ 449,323
TOTAL ASSETS	<u>\$ 450,644</u>	<u>\$ -</u>	<u>\$ (1,321)</u>	<u>\$ 449,323</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 5,856	\$ (1,321)	\$ 4,535
Deposits payable	15,810	-	-	15,810
Due to bondholders	434,834	-	(5,856)	428,978
TOTAL LIABILITIES	<u>\$ 450,644</u>	<u>\$ 5,856</u>	<u>\$ (7,177)</u>	<u>\$ 449,323</u>

CITY OF LANCASTER

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

For the year ended June 30, 2018

TOTAL - ALL AGENCY FUNDS

ASSETS:

Pooled cash and investments	\$ 4,081,320	\$ 909,774	\$ (1,270,530)	\$ 3,720,564
Receivable:				
Accounts	32,973	103,668	(109,668)	26,973
Taxes	3,207	19,030	(3,207)	19,030
Restricted:				
Cash and investments with fiscal agents	455,860	2,506	-	458,366
TOTAL ASSETS	<u>\$ 4,573,360</u>	<u>\$ 1,034,978</u>	<u>\$ (1,383,405)</u>	<u>\$ 4,224,933</u>

LIABILITIES:

Accounts payable	\$ 70,420	\$ 1,132,563	\$ (1,193,650)	\$ 9,333
Deposits payable	661,774	320,451	(395,257)	586,968
Due to bondholders	3,841,166	460,045	(672,579)	3,628,632
TOTAL LIABILITIES	<u>\$ 4,573,360</u>	<u>\$ 1,913,059</u>	<u>\$ (2,261,486)</u>	<u>\$ 4,224,933</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>	151-155
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>	156-162
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>	163-167
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>	168-169
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>	170-173

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

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CITY OF LANCASTER

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 898,662,290	\$ 702,012,782	\$ 726,729,266	\$ 924,786,002	\$ 937,437,269	\$ 923,425,649	\$ 907,594,209	\$ 893,340,891	\$ 868,784,058	\$ 858,554,529
Restricted	107,858,231	102,128,746	93,277,881	172,781,575	161,081,541	154,576,976	156,831,806	148,498,481	146,632,874	143,457,885
Unrestricted	(107,716,546)	83,233,996	71,812,198	23,048,243	5,094,946	30,520,092	(10,727,418)	3,063,526	(1,347,011)	(6,020,947)
Total governmental activities net assets	\$ 898,823,975	\$ 897,375,524	\$ 891,819,345	\$ 1,120,615,820	\$ 1,103,613,756	\$ 1,108,522,717	\$ 1,053,898,597	\$ 1,044,902,898	\$ 1,014,069,921	\$ 995,991,467
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,221,367.00)	\$ (1,317,420.00)	\$ (1,175,345)	\$ (998,271)	\$ (1,551,196)
Unrestricted	-	-	-	(252,698)	(1,397,269)	2,469,059	(1,234,241)	1,748,081	3,317,256	4,911,084
Total business-type activities net assets	\$ -	\$ -	\$ -	\$ (252,698)	\$ (1,397,269)	\$ (1,752,308)	\$ (2,551,661)	\$ 572,736	\$ 2,318,985	\$ 3,359,888
Primary government										
Net investment in capital assets	\$ 898,662,290	\$ 702,012,782	\$ 726,729,266	\$ 924,786,002	\$ 937,437,269	\$ 919,204,282	\$ 906,276,789	\$ 892,165,546	\$ 867,785,787	\$ 857,003,333
Restricted	107,858,231	102,128,746	93,277,881	172,781,575	161,081,541	154,576,976	156,831,806	148,498,481	146,632,874	143,457,885
Unrestricted	(107,716,546)	83,233,996	71,812,198	22,795,545	3,697,677	32,989,151	(11,961,659)	4,811,607	1,970,245	(1,109,863)
Total primary government net assets	\$ 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	\$ 1,045,475,634	\$ 1,016,388,906	\$ 999,351,355

*2017 Net Assets Restated

CITY OF LANCASTER

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General Government	\$ 22,895,700	\$ 37,870,880	\$ 25,975,571	\$ 24,809,328	\$ 20,108,707	\$ 20,826,798	\$ 18,151,158	\$ 24,202,118	\$ 8,960,666	\$ 25,403,881
Public Safety	24,365,048	24,802,866	25,206,610	23,493,486	25,618,865	24,042,237	26,777,341	26,305,165	28,407,266	29,600,738
Community Development	20,533,196	16,187,846	14,847,798	12,796,592	6,554,237	4,382,821	3,205,562	3,075,464	3,153,141	3,596,731
Parks, Recreation and Arts	13,053,273	12,239,846	12,526,273	52,220,277	13,049,889	13,555,843	14,096,265	16,934,244	16,693,089	18,330,765
Development Services	59,454,167	52,982,594	52,085,914	1,722,135	53,654,875	54,078,702	54,734,695	50,487,653	69,971,677	54,409,902
Housing and Neighborhood Revitalization	959,974	4,805,507	5,993,185	10,355,215	421,279	3,072,338	4,341,667	2,672,073	2,561,473	2,158,452
Interest on long-term debt	14,194,203	15,149,746	14,873,413	2,316,858	375,667	233,915	180,567	217,001	273,270	793,067
Total primary governmental activities expenses	\$ 155,455,561	\$ 164,049,285	\$ 151,508,764	\$ 127,713,891	\$ 119,783,519	\$ 120,192,654	\$ 121,487,255	\$ 123,863,718	\$ 130,020,582	\$ 134,293,536
Business-type activities:										
Lancaster Power Authority	\$ -	\$ -	\$ -	\$ 1,138,830	\$ 2,990,770	\$ 3,215,141	\$ 2,170,134	\$ 2,166,532	\$ 2,039,939	\$ 1,987,221
Lancaster Choice Energy	-	-	-	-	-	-	1,430,990	20,238,595	33,808,624	34,290,014
California Choice Energy Authority	-	-	-	-	-	-	-	-	52,276	2,414,623
Total business-type activities expenses	\$ -	\$ -	\$ -	\$ 1,138,830	\$ 2,990,770	\$ 3,215,141	\$ 3,601,124	\$ 22,405,127	\$ 35,900,839	\$ 38,691,858
Total primary government expenses	\$ 155,455,561	\$ 164,049,285	\$ 151,508,764	\$ 128,852,721	\$ 122,774,289	\$ 123,407,795	\$ 125,088,379	\$ 146,268,845	\$ 165,921,421	\$ 172,985,394
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
General Government	\$ 3,690,259	\$ 3,976,962	\$ 1,436,838	\$ 935,460	\$ 284,461	\$ 198,193	\$ 432,988	\$ 513,200	\$ 639,962	\$ 602,044
Public Safety	2,921,179	3,091,957	2,729,238	1,935,658	1,070,125	978,834	818,277	751,611	984,026	1,062,896
Community Development	579,523	1,045,149	738,985	3,156,519	428,817	568,214	550,551	496,533	661,602	634,154
Parks, Recreation and Arts	2,888,631	2,814,076	3,527,940	21,175,600	3,560,430	3,683,705	3,652,517	4,277,377	4,550,335	4,321,483
Development Services	14,308,525	14,165,751	14,103,957	1,306,309	13,352,265	13,285,244	14,021,460	14,565,036	15,011,307	15,313,752
Housing and Neighborhood Revitalization	1,655,770	1,652,359	1,676,262	283,252	908,953	1,009,550	303,541	226,958	229,371	365,977
Operating grants and contributions	20,916,807	26,034,713	36,719,976	22,221,889	27,016,113	22,338,733	22,198,805	24,493,308	24,106,817	27,378,164
Capital grants and contributions	55,674,240	43,298,860	16,288,773	6,133,131	10,893,821	13,157,118	20,173,224	7,918,787	2,949,315	8,166,904
Total governmental activities program revenues	\$ 102,634,934	\$ 96,079,827	\$ 77,221,869	\$ 57,147,818	\$ 57,514,985	\$ 55,219,591	\$ 62,151,383	\$ 53,242,810	\$ 49,132,735	\$ 57,845,374
Business-type activities:										
Charges for services:										
Lancaster Power Authority	\$ -	\$ -	\$ -	\$ 1,479,116	\$ 2,937,736	\$ 3,402,736	\$ 3,273,181	\$ 3,512,716	\$ 2,818,772	\$ 1,861,482
Lancaster Choice Energy	-	-	-	-	-	-	275,128	23,437,682	36,023,817	37,454,517
California Choice Energy Authority	-	-	-	-	-	-	-	-	80,000	1,495,702
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	\$ -	\$ -	\$ -	\$ 1,479,116	\$ 2,937,736	\$ 3,402,736	\$ 3,548,309	\$ 26,950,398	\$ 38,922,589	\$ 40,811,701
Total primary government program revenues	\$ 102,634,934	\$ 96,079,827	\$ 77,221,869	\$ 58,626,934	\$ 60,452,721	\$ 58,622,327	\$ 65,699,692	\$ 80,193,208	\$ 88,055,324	\$ 98,657,075
Governmental activities	\$ (52,820,627)	\$ (67,969,458)	\$ (74,286,895)	\$ (70,566,073)	\$ (62,374,602)	\$ (64,838,504)	\$ (59,335,872)	\$ (70,620,908)	\$ (80,887,847)	\$ (76,448,162)
Business-type activities:	-	-	-	340,286	53,034	53,036	(52,815)	4,545,271	3,021,750	2,119,843
Net Primary Government Revenue (Expense)	\$ (52,820,627)	\$ (67,969,458)	\$ (74,286,895)	\$ (70,225,787)	\$ (62,321,568)	\$ (64,785,468)	\$ (59,388,687)	\$ (66,075,637)	\$ (77,866,097)	\$ (74,328,319)

CITY OF LANCASTER

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 47,841,204	\$ 41,226,311	\$ 35,895,395	\$ 25,370,913	\$ 14,142,727	\$ 14,370,865	\$ 16,854,719	\$ 19,252,156	19,468,926	20,423,770
Transient occupancy taxes	1,327,022	1,380,790	1,300,067	1,338,016	1,314,747	1,313,033	1,614,404	1,866,299	2,064,522	2,202,452
Intergovernmental - state shared sales taxes	14,934,911	14,523,154	15,607,533	17,259,589	16,254,549	18,043,706	18,540,150	19,488,624	20,462,687	20,483,067
Franchise taxes	2,902,408	2,593,418	2,697,165	2,655,535	2,617,877	2,669,286	2,776,634	2,821,855	2,926,257	4,706,453
Business licenses taxes	855,453	883,017	1,008,810	955,466	906,896	929,618	983,968	915,740	842,598	932,469
Other taxes	518,992	430,826	310,397	284,519	406,441	413,913	419,034	428,651	630,705	991,873
Intergovernmental unrestricted	493,557	426,464	679,772	78,065	80,905	67,299	65,519	64,874	70,376	83,074
Use of money and property	10,270,036	4,275,530	3,952,452	2,102,259	38,131	252,605	331,645	532,869	465,226	243,124
Miscellaneous	619,185	293,490	336,649	3,913,577	1,008,418	331,511	1,141,731	1,041,187	2,308,190	3,393,939
Gain on sale of land held for resale	-	-	-	5,078,193	109,072	4,160,149	2,129,772	1,158,860	443,926	1,283,807
Transfers	-	-	-	600,000	600,000	600,000	800,000	1,600,000	1,358,064	1,525,000
Total governmental activities	\$ 79,762,768	\$ 66,033,000	\$ 61,788,240	\$ 59,636,132	\$ 37,479,763	\$ 43,151,985	\$ 45,657,576	\$ 49,181,115	\$ 51,041,477	\$ 56,269,028
Business-type activities:										
Use of Money and Property	\$ -	\$ -	\$ -	\$ 7,016	\$ 2,421	\$ 9,533	\$ 1,762	\$ 6,041	\$ 10,109	\$ 25,250
Miscellaneous	-	-	-	-	42,750	47,833	51,700	173,085	72,454	420,810
Transfers	-	-	-	(600,000)	(600,000)	(600,000)	(800,000)	(1,600,000)	(1,358,064)	(1,525,000)
Total business-type activities	\$ -	\$ -	\$ -	\$ (592,984)	\$ (654,829)	\$ (542,634)	\$ (746,538)	\$ (1,420,874)	\$ (1,275,501)	\$ (1,078,940)
Extraordinary gain/(loss)	\$ -	\$ -	\$ -	\$ 236,809,943	\$ (14,482,945)	\$ 41,469,430	\$ -	\$ 11,789,312	\$ -	\$ -
Total Primary Government Revenues, Contributions, Extraordinary Items and Transfers	\$ 79,762,768	\$ 66,033,000	\$ 61,788,240	\$ 295,853,091	\$ 22,441,989	\$ 84,078,781	\$ 44,911,038	\$ 59,549,553	\$ 49,765,976	\$ 55,190,088
Change in Net Assets										
Governmental activities	\$ 26,942,141	\$ (1,936,458)	\$ (12,498,655)	\$ 225,880,002	\$ (39,271,716)	\$ 19,648,352	\$ (13,678,286)	\$ (9,650,481)	\$ (29,846,370)	\$ (20,179,134)
Business-type activities				(252,698)	(607,863)	(355,039)	(799,353)	3,124,397	1,746,249	1,040,903
Total Primary Government	\$ 26,942,141	\$ (1,936,458)	\$ (12,498,655)	\$ 225,627,304	\$ (39,879,579)	\$ 19,293,313	\$ (14,477,649)	\$ (6,526,084)	\$ (28,100,121)	\$ (19,138,231)

*2017 Restated

CITY OF LANCASTER

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 52,461,253	\$ 50,723,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	34,818,644	25,945,055	-	-	-	-	-	-	-	-
Nonspendable	-	-	40,175,246	22,319,854	8,852,742	28,221,235	30,146,378	35,269,352	35,371,160	34,813,055
Assigned	-	-	6,665,011	4,889,386	4,800,218	4,680,626	4,928,059	5,271,564	16,385,000	21,342,040
Unassigned	-	-	16,502,115	11,700,986	12,927,615	8,742,053	7,363,284	14,512,289	3,799,199	27,264
Total general fund	\$ 87,279,897	\$ 76,668,663	\$ 63,342,372	\$ 38,910,226	\$ 26,580,575	\$ 41,643,914	\$ 42,437,721	\$ 55,053,205	\$ 55,555,359	\$ 56,182,359
All Other Governmental Funds										
Reserved	\$ 74,432,801	\$ 105,561,942	\$ 96,050,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	56,919,624	40,794,756	44,504,625	-	-	-	-	-	-	-
Capital projects funds	(62,191,991)	(64,562,712)	(55,635,744)	-	-	-	-	-	-	-
Debt service funds	32,721,659	14,030,167	6,665,509	-	-	-	-	-	-	-
Nonspendable	-	-	-	94,373,593	87,303,062	-	47,639	138,887	302,869	-
Restricted	-	-	-	60,392,063	56,185,252	151,441,914	153,298,355	143,175,424	138,738,574	135,604,095
Assigned	-	-	-	509	509	509	17,055	-	60,647	60,647
Unassigned	-	-	-	(4,902,734)	(5,397,190)	(2,637,423)	(2,503,461)	(2,239,594)	(4,009,386)	(5,552,234)
Total all other governmental funds	\$ 101,882,093	\$ 95,824,153	\$ 91,585,136	\$ 149,863,431	\$ 138,091,633	\$ 148,805,000	\$ 150,859,588	\$ 141,074,717	\$ 135,092,704	\$ 130,112,508

CITY OF LANCASTER

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 69,730,798	\$ 59,689,451	\$ 57,914,640	\$ 48,495,344	\$ 49,816,195	\$ 43,142,049	\$ 45,955,569	\$ 50,788,011	\$ 51,225,214	\$ 32,694,321
Licenses, fees, and permits	4,376,841	3,593,907	3,742,427	10,644,481	4,758,487	3,765,131	4,213,219	7,618,177	7,154,796	7,311,998
Intergovernmental	22,924,589	28,496,569	30,291,807	23,563,011	20,477,373	25,441,406	29,814,201	20,399,991	20,131,473	49,677,753
Charges for services	9,647,677	13,069,923	10,645,688	10,166,791	10,773,394	11,055,161	11,579,958	11,943,261	12,047,968	12,110,502
Investment earnings	10,057,206	5,087,601	4,750,765	3,491,243	2,515,570	5,988,730	3,027,639	1,315,125	865,832	1,011,369
Fines and forfeitures	2,921,179	3,091,957	2,729,238	1,935,658	1,253,922	1,164,109	1,031,987	958,579	1,076,830	1,248,494
Contributions	-	-	-	-	-	-	-	-	630	35,586
Rental Income	-	-	-	-	-	-	5,748	194,687	155,750	155,750
Miscellaneous	4,338,209	2,534,139	2,148,883	8,697,718	4,693,687	1,106,353	2,167,266	2,365,424	5,320,963	6,250,421
Total revenues	\$ 123,996,499	\$ 115,563,547	\$ 112,223,448	\$ 106,994,246	\$ 94,288,628	\$ 91,664,939	\$ 97,795,587	\$ 95,583,255	\$ 97,979,456	\$ 110,496,194
Expenditures										
General Government	\$ 20,400,983	\$ 35,400,480	\$ 20,564,844	\$ 19,429,696	\$ 16,729,037	\$ 13,998,033	\$ 15,994,460	\$ 20,261,382	\$ 19,648,188	\$ 21,785,331
Public Safety	24,303,445	24,764,758	25,188,927	23,456,553	25,349,866	24,238,229	25,019,344	26,299,308	28,401,068	29,429,466
Community Development	20,383,837	16,000,405	14,737,406	11,423,703	7,171,105	4,021,302	2,732,422	2,796,072	2,879,556	3,352,591
Parks, Recreation and Arts	11,853,863	10,961,119	11,335,806	16,530,854	11,639,064	12,324,636	12,819,404	15,218,338	16,157,838	16,769,802
Development Services	22,454,629	17,517,257	17,367,107	1,722,135	18,383,201	17,639,737	19,678,403	18,634,314	34,626,426	20,337,475
Housing and Neighborhood Revitalization	959,974	4,805,507	5,993,185	10,207,101	4,522,079	5,063,159	4,341,667	2,672,073	3,564,603	2,158,452
Capital outlay	19,004,734	38,183,765	20,847,133	22,019,463	17,762,739	11,121,837	14,852,578	17,109,139	13,067,378	22,380,893
Debt service										
Principal	5,745,000	14,262,517	6,382,000	4,832,000	6,556,995	528,151	549,758	607,293	771,403	1,774,883
Interest	13,873,812	12,838,000	14,315,824	7,195,509	463,046	244,583	221,672	185,367	293,259	660,933
Debt issuance Costs	-	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 138,980,277	\$ 174,733,808	\$ 136,732,232	\$ 116,817,014	\$ 104,507,132	\$ 89,179,667	\$ 96,209,708	\$ 103,783,286	\$ 119,409,719	\$ 118,629,826
Excess of revenues over (under) expenditures	\$ (14,983,778)	\$ (59,170,261)	\$ (24,508,784)	\$ (9,822,768)	\$ (10,218,504)	\$ 2,485,272	\$ 1,585,879	\$ (8,200,031)	\$ (21,430,263)	\$ (8,133,632)
Other Financing Sources (Uses)										
Bonds, notes and loans issued	\$ -	\$ 42,160,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,250,000	\$ -
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-	-	-	-	-	-
Bonds issuance premium	-	-	-	-	-	-	-	-	529,230	-
Gain/(Loss) on sale of land	-	-	-	-	-	-	-	-	-	-
Proceeds from capital lease	-	-	-	5,078,193	-	-	-	255,981	555,221	90,300
Transfers in	55,359,163	82,081,243	48,993,462	49,040,910	24,370,408	23,056,901	24,675,475	31,209,370	22,640,266	36,663,811
Transfers out	(55,359,163)	(82,081,243)	(48,993,462)	(48,440,910)	(23,770,408)	(22,456,901)	(23,875,475)	(29,609,370)	(21,282,202)	(35,138,811)
Total other financing sources (uses)	-	42,160,938	-	5,678,193	600,000	600,000	800,000	1,855,981	16,692,515	1,615,300
Extraordinary, special gain/(loss)	\$ -	\$ -	\$ -	\$ 32,325,866	\$ (14,842,945)	\$ 22,836,799	\$ -	\$ 9,174,663	\$ -	\$ -
Net change in fund balances	\$ (14,983,778)	\$ (17,009,323)	\$ (24,508,784)	\$ 28,181,291	\$ (24,461,449)	\$ 25,922,071	\$ 2,385,879	\$ 2,830,613	\$ (4,737,748)	\$ (6,518,332)
Debt service as a percentage of noncapital expenditures	16.35%	19.85%	17.86%	12.69%	8.09%	0.99%	0.95%	0.91%	1.00%	2.53%

2018 - Sales Taxes moved from Taxes category to Intergovernmental category.

CITY OF LANCASTER

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

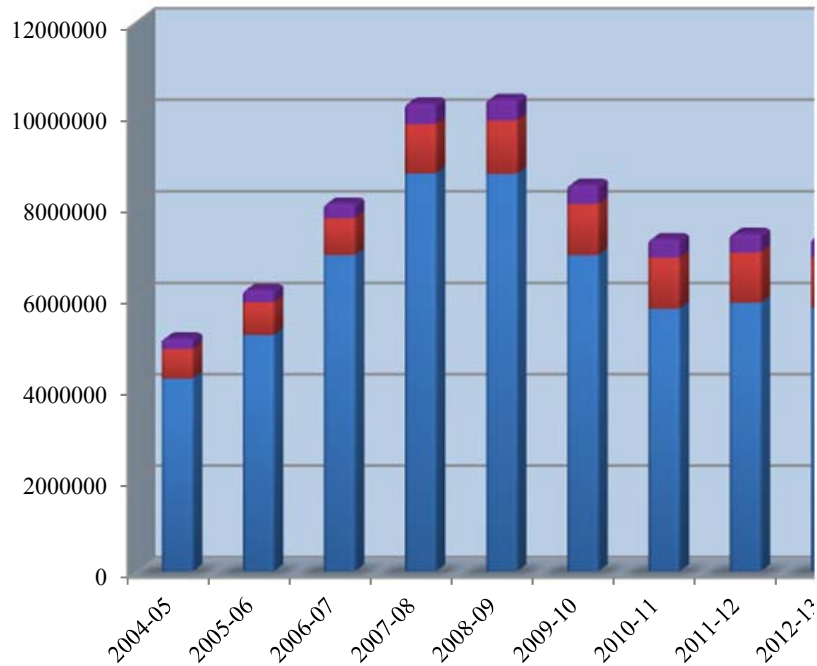
Fiscal Year	*Property Taxes	Transient Occupancy	Intergovernmental				Franchise Taxes	Business Licenses Taxes	Other Taxes	Total
			State Shared Sales Taxes	State Shared Sales Taxes	State Shared Sales Taxes	State Shared Sales Taxes				
2009	47,841,204	1,327,022	14,934,911	2,902,408	855,453	518,992	68,379,990			
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			
2016	19,252,156	1,866,299	19,498,624	2,821,855	915,740	428,651	44,783,325			
2017	19,468,926	2,064,522	20,462,687	2,926,257	842,598	630,705	46,395,695			
2018	20,423,770	2,202,452	20,483,067	4,706,453	932,469	991,873	49,740,084			
Change 2009-2018	-57.3%	66.0%	37.1%	62.2%	9.0%	91.1%	-27.3%			

*Since 2013 Property Taxes have been 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*
2008-09	8,698,733	1,164,920	459,459	998,914	318,702
2009-10	6,922,218	1,120,681	421,199	1,403,444	353,362
2010-11	5,752,260	1,119,257	405,506	1,217,476	331,486
2011-12	5,881,635	1,099,774	410,978	1,108,713	316,057
2012-13	5,775,643	1,109,273	417,524	1,093,610	309,749
2013-14	6,028,269	1,142,422	421,089	1,086,064	290,049
2014-15	6,875,938	1,151,791	429,440	1,105,203	278,624
2015-16	7,366,323	1,272,042	431,603	1,137,342	291,158
2016-17	7,772,454	1,293,080	439,480	1,175,301	309,909
2017-18	8,248,993	1,331,678	455,985	1,213,136	283,133

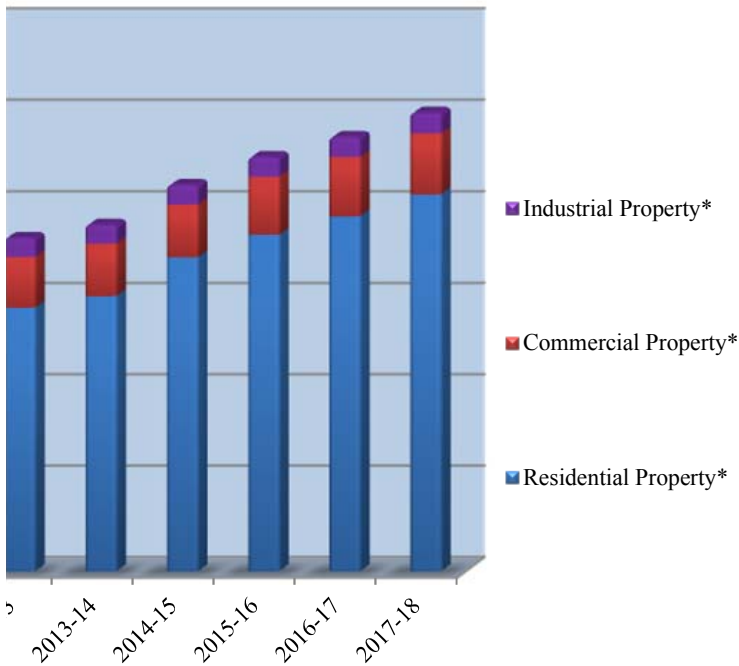


Source: Los Angeles County Assessor data, Avenu Insights & Analytics

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

- 1.) Total direct tax rate is the city share of the 1% ad valorem tax for TRA 005-438 for 2012-13.
- 2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to

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)
-	11,640,728	0.070150	11,640,728	100.000%
(392,871)	9,828,033	0.067588	9,935,752	101.096%
(428,418)	8,397,567	0.067588	8,249,711	98.239%
(457,271)	8,359,886	0.067588	8,100,717	96.900%
(447,236)	8,258,563	0.067588	8,491,853	102.825%
(491,828)	8,476,065	0.067588	10,751,310	126.843%
(501,969)	9,339,027	0.067588	10,761,355	115.230%
(513,024)	9,985,444	0.067588	11,922,544	119.399%
(429,860)	10,560,364	0.067588	13,385,314	126.751%
(487,736)	11,045,188	0.067588	14,021,260	126.945%



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
2009	1.00000%	0.00000%	0.02095%	0.09374%
2010	1.00000%	0.00000%	0.02421%	0.02282%
2011	1.00000%	0.00000%	0.02902%	0.03061%
2012	1.00000%	0.00000%	0.02913%	0.03074%
2013	1.00000%	0.00000%	0.03075%	0.03380%
2014	1.00000%	0.00000%	0.02602%	0.05503%
2015	1.00000%	0.00000%	0.02585%	0.04837%
2016	1.00000%	0.00000%	0.02428%	0.05449%
2017	1.00000%	0.00000%	0.02474%	0.05512%
2018	1.00000%	0.00000%	0.02357%	0.06398%

Source: Los Angeles County Auditor data, Avenu Insights & Analytics

For the purposes of this report TRA 005-438 is represented

Source (2008-09 and prior): previously published CAFR Report



Community College	Water	Total Direct & Overlapping	Total Direct (1)
0.01682%	0.07049%	1.20200%	0.070150
0.02460%	0.07049%	1.14212%	0.067588
0.02539%	0.07049%	1.15551%	0.067588
0.02599%	0.07049%	1.15635%	0.067588
0.02949%	0.07049%	1.16453%	0.067588
0.02741%	0.07049%	1.17895%	0.067588
0.02480%	0.07049%	1.16951%	0.067588
0.02556%	0.07049%	1.17482%	0.067588
0.02560%	0.07049%	1.17594%	0.067588
0.04869%	0.07049%	1.20672%	0.067588

CITY OF LANCASTER

**Principal Property Tax Payers (Top 5%)
Last Fiscal Year and Nine Years Prior**

	2017-2018			2008-2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Kaiser Foundation Health Plan	\$ 112,395,769	1	1.02%	\$ 110,947,128	1	0.95%
Provident Housing Resources In	49,952,887	2	0.45%	65,121,321	2	0.56%
Wal Mart Real Estate	49,788,848	3	0.45%	46,817,985	3	0.40%
Thrifty Payless Inc.	47,720,087	4	0.43%	36,990,926	4	0.32%
Usir li Lancaster LLC	45,284,000	5	0.41%	33,591,186	5	0.29%
Cp Antelope Shops LLC	41,193,520	6	0.37%	32,273,494	6	0.28%
Mgf Cordova Park Lp	36,061,422	7	0.33%	29,588,296	7	0.25%
Mgp Ix Properties LLC	31,586,510	8	0.29%	27,815,680	8	0.24%
Fts Property Holdings LLC	31,159,580	9	0.28%	25,612,902	9	0.22%
Castleblack Lancaster Owner LI	25,924,803	10	0.23%	25,262,175	10	0.22%
Sygma Network Inc.	25,857,578	11	0.23%	24,064,450	11	0.21%
Eretz Lancaster Properties LLC	25,355,249	12	0.23%	23,537,214	12	0.20%
Mg Sienna Heights Apt I Lp	24,931,271	13	0.23%	22,438,184	13	0.19%
Mg Granada Villas Apt I Lp	24,121,689	14	0.22%	22,250,986	14	0.19%
Quartz Hill Station LLC	22,281,831	15	0.20%	21,267,473	15	0.18%
Wells Fargo Bank	21,471,305	16	0.19%	20,943,468	16	0.18%
Darghalli Rami	20,422,290	17	0.18%	20,690,991	17	0.18%
Top 5% Total	\$ 571,333,213		5.75%	\$ 589,213,859		5.06%

CITY OF LANCASTER

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2016	6,698,981	6,698,981	100%	-	6,698,981	100%
2017	6,205,334	6,205,334	100%	-	6,205,334	100%
2018	6,560,915	6,560,915	100%	-	6,560,915	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		Revenue		Assessment		Community		*Business-Type		Total Primary Government	Percentage of Household Income ^a	Per Capita
	Bonds	Redevelopment	Bonds	Bonds	District Bonds	Bonds	Facilities Dist. Bonds	Activity Revenue Bonds	Bonds				
2009	230,465		15,170	5,070	17,598					268,303	407.69%	1.75	
2010	261,145		15,000	4,680	17,439					298,264	437.04%	1.90	
2011	255,605		9,015	4,265	15,579					284,464	435.13%	1.80	
2012	249,160		13,885	3,760	13,694			26,895		307,394	502.15%	1.95	
2013	242,465		2,370	3,295	9,476			26,336		283,942	449.99%	1.81	
2014	228,955		5,611	2,805	9,561			25,359		272,291	439.21%	1.73	
2015	218,715		4,945	2,280	7,309			24,850		258,099	412.57%	1.64	
2016	193,400		4,810	1,370	4,159			23,745		227,484	354.94%	1.44	
2017	180,410		4,670	15,200	2,900			22,140		225,320	338.15%	1.43	
2018	172,275		4,520	14,215	2,585			21,753		215,348	310.22%	1.33	

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

CITY OF LANCASTER

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation	Tax Allocation Redevelopment	Total		
	Bonds	Bonds			
2009	-	230,465	230,465	1.9798%	1.50
2010	-	261,145	261,145	2.6571%	1.67
2011	-	255,605	255,605	3.0438%	1.62
2012	-	249,160	249,160	2.9804%	1.58
2013	-	242,465	242,465	2.9359%	1.55
2014	-	228,955	228,955	2.7012%	1.45
2015	-	218,715	218,715	2.3419%	1.39
2016	-	193,400	193,400	1.9368%	1.23
2017	-	180,410	180,410	1.7084%	1.14
2018	-	172,275	172,275	1.5597%	1.07

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, 2018

2017-18 Assessed Valuation: \$11,163,442,688

<u>Governmental Unit</u>	<u>Total Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Overlapping Tax and Assessment Debt			
Antelope Valley Joint Community College District	\$ 283,598,682	33.58%	\$ 95,232,437
Antelope Valley Union High School District	59,029,873	38.21%	22,554,134
Eastside Union School District	6,294,744	61.24%	3,855,342
Lancaster School District	50,783,483	97.08%	49,298,066
Westside Union School District	59,717,538	28.76%	17,175,361
Westside Union School District Community Facilities Districts	19,507,981	100.00%	19,507,981
City of Lancaster Community Facilities Districts No. 89-1	1,008,735	100.00%	1,008,735
City of Lancaster Lighting Maintenance District	13,720,000	100.00%	13,720,000
City of Lancaster 1915 Act Bonds	490,000	100.00%	490,000
Los Angeles County Regional Park and Open Space Assessment District	26,575,000	0.78%	208,082
Total Overlapping Tax And Assessment Debt			\$ 223,050,138
Direct And Overlapping General Fund Debt:			
Los Angeles County General Fund Obligations	\$ 1,921,992,404	0.78%	\$15,049,201
Los Angeles County Superintendent of Schools Certificates of Participation	6,500,306	0.78%	50,897
Eastside Union School District Certificates of Participation	3,500,000	61.25%	2,143,645
Lancaster School District Certificates of Participation	76,600,000	97.08%	7,435,945
Los Angeles County Sanitation District No. 14 Certificates of Participation	1,575,184	75.48%	1,188,996
Antelope Valley Hospital District Certificates of Participation	16,235,609	35.93%	5,833,130
City of Lancaster Power Authority Revenue Bonds	22,195,000	100.00%	22,195,000
Total Gross Direct And Overlapping General Fund Debt			\$ 53,896,814
Less: Lancaster Power Authority Revenue Bonds supported by solar utility revenues			22,195,000
Total Net Direct And Overlapping General Fund Debt			\$ 31,701,814
Overlapping Tax Increment Debt:			
City of Lancaster Tax Allocation Bonds	\$176,795,000	100.00%	\$176,795,000
TOTAL GROSS DIRECT DEBT			\$22,195,000
TOTAL NET DIRECT DEBT			\$0
TOTAL OVERLAPPING DEBT			\$ 431,546,952
GROSS COMBINED TOTAL DEBT			\$ 453,741,952
NET COMBINED TOTAL DEBT			\$ 431,546,952

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 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.00%
Total Gross Direct Debt (\$22,195,000)	0.20%
Total Net Direct Debt (\$0)	0.00%
Gross Combined Total Debt	4.06%
Net Combined Total Debt	3.87%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$7,068,192,517):

Total Overlapping Tax Increment Debt	2.50%
--------------------------------------	-------

AB: (\$500)

CITY OF LANCASTER

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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed Valuation	\$ 11,777,155	\$ 9,828,032	\$ 8,397,567	\$ 8,359,886	\$ 8,258,563	\$ 8,476,065	\$ 9,339,027	\$ 9,985,444	\$ 10,560,364	\$ 11,045,188
Debt limit (3.75% of Gross AV)	\$ 441,643	\$ 368,551	\$ 314,909	\$ 313,496	\$ 309,696	\$ 317,852	\$ 350,214	\$ 374,454	\$ 396,014	\$ 414,195
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 374,454</u>	<u>\$ 396,014</u>	<u>\$ 414,195</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			
	Property Tax Increment	Debt Service		Coverage
		Principal	Interest	
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
2016	25,590	11,255	10,531	1.17
2017	21,248	6,350	7,600	1.52
2018	20,826	8,285	6,729	1.39

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
2009	153,613	65,810	21,507	16.20%
2010	156,633	68,246	22,523	17.50%
2011	157,803	65,375	20,623	17.10%
2012	157,515	61,215	19,311	15.30%
2013	156,809	63,100	19,905	13.90%
2014	157,458	61,996	19,557	11.98%
2015	157,658	62,559	19,428	7.40%
2016	157,859	64,090	19,904	5.90%
2017	157,820	66,634	19,832	5.26%
2018	161,485	69,417	21,095	6.00%

Source: Avenu Insights & Analytics, LLC, U.S. Census Bureau, 2010 American Community Survey.

Source: 2016-17 and prior, previous published CAFR.

- 1.) Population Projections are provided by the California Department of Finance Projections.
- 2.) Income Data is provided by the Greater Antelope Valley Economic Alliance.
- 3.) Per Capita Personal Income Data is provided by the U.S. Census Bureau
- 4.) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

CITY OF LANCASTER

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

<u>Employer</u>	<u>2018</u>			<u>2009</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 AFB	11,457	1	17.44%	12,800	1	21.00%
China Lake NWC	6,520	2	9.92%	5,608	2	9.20%
Northrop Grumman	4,200	3	6.39%	3,827	3	6.28%
County of Los Angeles	4,136	4	6.30%	3,700	4	6.07%
Lockheed Martin	3,700	5	5.63%	2,346	5	3.85%
Antelope Valley Hospital Medical Center	2,600	6	3.96%	2,302	6	3.78%
Antelope Valley Union Highschool District	2,500	7	3.81%	2,174	7	3.57%
Lancaster School District	2,200	8	3.35%	2,100	8	3.45%
Palmdale School District	1,792	9	2.73%	2,040	9	3.35%
CA State Prison (LA)	550	10	0.84%	1,800	10	2.95%
TOTAL Employment	65,700		60.36%	60,950		63.49%

Source: GAVEA 2017: City of Lancaster CAFR FY 2007-2008

Notes: Total employment as used above may represent figures from total employment located within the Greater Antelope Valley region. The Greater Antelope Valley is considered to be the City's economic region and covers 3,514.2 square miles of area and includes Lancaster, Palmdale, Mojave, Tehachapi, Mojave, Edwards AFB, and Ridgecrest.

CITY OF LANCASTER

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

<u>Function</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government										
City Manager	5	7.63	7.63	8.25	8.25	9.25	10.25	11.75	12.75	9.75
City Clerk	5	3.62	3.62	4	4	3	2	3	3	3
Administrative Services	4	4	4	2	4	8	6	3	1	13
Finance	21	21	21	22	21	25	24	25	25	19
Human Resources	10	10	11	5	5	5	5	4	6	7
Planning	16	12	12	12	-	-	-	-	-	-
Redevelopment	37	38	38	-	-	-	-	-	-	-
Housing and Neighborhood Revitalization	-	-	-	30	22	20	19	20	20	19
Economic Development	-	-	-	4	2	2	3	4	4	5
City Attorney	-	-	-	0	0	0	1	1	2	2
Lancaster Choice Energy	-	-	-	0	0	0	0	8	8	5
Public Safety	21	16	20	16	15	13	13	12	12	13
Parks, Recreation and Arts	66	59	59	56	54	51	53	45	45	45
Public Works	144	125	124	128	-	-	-	-	-	-
Development Services	-	-	-	-	124	125	124	131	131	124
Less vacancies filled by internal recruitments						-11	-8	-22	-18.75	-19
Total	329	296.25	300.25	287.25	259.25	250.25	252.25	245.75	269.75	264.75
Year over year	0	-32.75	4	-13	-28	-9.00	2.00	-6.50	24.00	-5.00

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Business licenses										
New business licenses issued	1,272	1,326	1,238	1,201	1,169	1,178	1,325	1,135	1,188	957
Business licenses renewed	4,103	3,904	4,101	3,972	3,989	4,073	4,315	4,385	4,143	3,528
Taxi Business licenses										
New business licenses issued	31	21	39	38	29	24	16	7	4	3
Business licenses renewed	21	27	40	45	46	39	23	25	13	10
Tow Business licenses										
New business licenses issued	14	12	23	20	25	16	24	15	9	15
Business licenses renewed	24	41	44	44	37	45	32	42	35	28
Group Home Business licenses										
New business licenses issued	14	16	6	1	2	7	7	6	7	7
Business licenses renewed	3	17	25	33	33	42	43	53	29	27
LANCAP Business licenses										
New business licenses issued	848	844	1,168	781	579	577	567	449	448	308
Business licenses renewed	1,137	1,864	2,693	3,228	3,522	3,774	4,058	4,147	4,094	3,318
Massage Business licenses										
New business licenses issued	79	103	63	43	29	16	10	24	40	24
Business licenses renewed	72	66	69	63	48	44	35	39	31	44
News rack Permits										
New permits issued		4	1	0	0	0	-	-	0	0
Permits renewed		0	4	3	4	5	2	1	1	1
Human Resource Recruitments	23	22	4	2	12	22	26	40	31	9
Public Safety										
Physical arrests	17,867	27,854	12,778	11,371	11,929	7,474	8,374	6,971	8,256	7,942
Citations	26,407	25,386	22,025	15,401	3,265	10,487	8,616	9,987	8,919	9,375
Community Safety										
Parking violations	17,616	41,505	31,089	26,632	20,784	17,224	15,669	17,599	29,663	31,906
Development Services										
Building permits issued	907	1,444	2,228	2,600	3,192	1,777	1,270	3,795	3,460	3,240
Centerline miles maintained	621	630	630	633	640	640	640	640	640	640
No of Traffic Signals	145	141	138	138	137	139	147	139	153	153
Fleet Vehicles Maintained	320	295	292	301	301	318	323	322	320	318
Sponsored recycling event	30	0	0	5	7	4	4	4	4	7
Street sweeping - residential miles	15,678	15,678	16,274	16,375	16,522	16,651	16,651	16,655	14,407	14,418
Street sweeping - arterial miles	9,224	2,220	2,234	2,245	2,267	2,279	2,279	2,280	2,702	2,702
Street sweeping - alley miles	900	0	0	0	0	0	0	0	-	
Street sweeping - raised median curb miles	2,106	0	0	10	0	0	0	0	631	631

CITY OF LANCASTER

Operating Indicators by Function/Program

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Parks, Recreation and Arts										
Maintenance Services										
No. of developed park sites	13	13	14	14	14	14	14	14	14	14
No. of acres maintained	438	449	463	463	463	463	463	463	463	463
No. of trees in right of way	47,022	58,987	61,225	61,324	61,462	68,000	68,320	68,320	68,320	68,320
Recreation										
Community Events Sponsored	10	16	21	21	21	22	23	23	23	23
Youth Sport Participants	295	315	315	323	329	349	334	417	898	1,019
Adult league basketball teams	74	67	65	58	63	62	44	36	55	48
Adult league softball teams	493	545	542	474	511	495	195	195	409	383
Softball tournaments- no. of teams	681	582	624	500	533	597	589	476	790	642
Soccer tournaments-no. of teams	2,130	2,530	1,959	2,100	2,203	3,699	2,765	3,756	1,931	1,460
Instructional class enrollments*	7,425	6,839	6,814	6,115	7,468	6,607	8,911	7,635	8,551	9,212
Performing Arts Center										
Season Performances	94	97	68	55	74	59	95	53	54	53
Tickets Sold	45,360	39,376	33,590	27,913	31,525	23,829	32,124	28,564	29,541	33,527
Outreaches	35	32	33	23	20	19	24	24	23	27
Master Classes	2	1	3	0	9	2	2	1	1	1
Acting Workshops	4	0	0	0	1	0	0	0	0	-
Theater Rentals	126	92	51	55	75	78	75	49	71	65
Rental tickets sold	29,940	29,940	21,009	16,705	17,770	16,094	16,945	20,600	16,752	17,022

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 estimates

CITY OF LANCASTER

Capital Asset Statistics by Function/Program

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
City Hall	1	1	1	1	1	1	1	1	1	1
Annex/Record Center	1	1	1	-	-	-	-	-	-	-
Community Development										
Brierwood Mobile Home Park	1	1	1	-	-	-	-	-	-	-
Desert Sands Mobile Home Park	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	4	4	4	4	4	3	3	3	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)	621	630	630	633	640	640	1,765	1,765	1,765	1,765
Streetlights (owned by City)	1,141	1,112	1,149	1,157	1,875	1,895	1,895	1,908	19,576	19,576
Traffic signals	145	141	138	138	137	139	147	145	153	153
Street Signs	28,000	28,533	29,058	26,334	26,378	26,400	26,412	26,472	26,759	38,000
Fleet Vehicles	320	295	292	301	301	318	304	322	320	318
Storm Drain Pipe (LF)	117,142	381,110	381,821	434,005	485,113	485,113	485,113	485,113	420,239	420,239
Storm Drain Box (LF)	20,803	31,570	31,570	26,169	27,993	27,996	27,996	27,996	27,996	27,996
Storm Drain Box (Each)									1,547	1,547
Storm Drain Channel (LF)	48,715	48,715	48,715	44,883	44,883	44,883	44,883	44,883	45,733	45,733
Sewer Pipe (LF)	2055473*	2244000*	2,077,192	2,265,580	2,261,609	2,265,120	2,265,120	2,262,626	2,268,696	2,268,527
Sewer Manholes	8000*	9083*	8,089	9,005	9,035	9,188	9,042	8,966	8,975	8,977
Sewer Lift Station	1	1	1	1	1	1	1	1	1	1
Parks, Recreation and Arts										
Acreage	525	525	538	538	538	538	538	538	538	538
Developed park sites	13	13	14	14	14	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	8	8	8	8	8	8
Cedar Center	1	1	1	1	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	8	8	8	8	8	8	8	8	8	8

Sources: Various city departments.

*Estimated figures



City of Lancaster

Finance Department

44933 Fern Avenue

Lancaster, CA 93534