

CITY OF LANCASTER
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
YEAR ENDED JUNE 30, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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INTRODUCTORY SECTION



R. REX PARRIS
MAYOR

MARVIN CRIST
VICE MAYOR

KEN MANN
COUNCIL MEMBER

RAJ MAHLI
COUNCIL MEMBER

DARRELL DORRIS
COUNCIL MEMBER

JASON CAUDLE
CITY MANAGER

44933 Fern Avenue
Lancaster, CA 93534
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May 20, 2022

Honorable Mayor and Members of the City Council:

We are pleased to submit for your consideration the Annual Comprehensive Financial Report (ACFR) of the City of Lancaster, California, for the fiscal year which ended June 30, 2021. This document has been prepared by the City's Finance Department and 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.

The cost of internal controls should not outweigh their benefits; therefore, Lancaster's internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements are 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, Clifton Larson Allen LLP. All disclosures necessary to provide 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 ACFR 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 ACFR incorporates all City funds, including the separate entities under the direction of the City Council. These separate entities include the Lancaster Successor Agency, Community Facilities Districts 89-1, 90-1, 91-1, 91-2, and Assessment Districts 92-101 and 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 north of 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 42 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 2020 US Census showed the population remaining steady at a population of 155,822.

As the first three-time 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.



Strategic Technology Innovation & Resilience



STIR is a three-pronged initiative aiming to establish a new mindset among City staff and stakeholders regarding our approach to not only development, but also to the way we do business as a whole. STIR anticipates the integration of cutting-edge and future technologies and the impact on the community, as well as implementing smart infrastructure. In addition to incorporating new ideas, approaches and techniques to build a stronger City, from enhancing connectivity and aesthetics to policing and addressing

homelessness. STIR maximizes available resources, including land, to generate the greatest value possible for the community.



Technology

Highway Safety Improvement Program



The City of Lancaster was awarded \$6.1 Million in grants from Caltrans to accomplish 6 major projects as part of the Lancaster Safer Streets Action Plan. Among the approved projects are Systemic Signalized Upgrades, which will improve vehicle detection technology at 28 intersections. Included are advanced dilemma-zone detection, bike recognition and detection. This

technology will allow the traffic control system to modify timing to reduce the number of drivers who have to hesitate to decide to stop or not at a yellow light. By utilizing this technology, the City will not only improve the driving experience, but will also help reduce and eliminate traffic related casualties.

Hydrogen Efforts Go Global

Lancaster's trailblazing efforts in the area of clean energy innovation have resulted in a place on the global stage. Mayor R. Rex Parris met with the Consul General of Japan to discuss efforts to create a global "Hydrogen Society". As a partnership of committed cities and counties from around the world, the effort seeks to reduce greenhouse gasses through the use of low-cost and zero-emission hydrogen production.



The City also recognized progress in its partnership with Hitachi Zosen Inova in the development



of an AD plant at the Lancaster landfill. The \$100 Million plant is being co-developed with a nearby hydrogen facility and utilizes the latest green hydrogen generation technology. This plant will solve waste and energy problems with one of the most environmentally friendly technologies in the world.

Innovation

See And Be Seen



Since 2019, the City experienced continued success in its “See And Be Seen” campaign. The program has been recognized locally, regionally, and nationally for its creative approach to traffic safety education. Intersection improvements have resulted in a large decrease in fatalities and collisions within the City’s most problematic intersections. The City also involved the local youth through various curricular resources and an opportunity for them to create the artwork for utility cabinet wraps around the City. These wraps remind residents to look up from their phones, be aware of

their surroundings, walk only in designated areas, and ensure drivers are aware of pedestrians and bicyclists sharing the road.



Together- Six Feet Apart

As the pandemic stretched from two weeks to months, fiscal year 2020-2021 was impacted by 12 months of social distancing. With mental health issues soaring throughout the country due to the lack of social contact, the City got creative to boost the sense of community and create socially distanced opportunities for interaction. Events

began small, with social media challenges for prizes, Lancaster residents danced, karaoke’ d, and played trivia during Zoom social hours. Staff, determined to maintain the most beloved events, got inventive and brought back the BLVD Magical Christmas as a drive-thru event. The event was so popular, that residents from all over Los Angeles joined in the festivities and helped rebuild a sense of social connection.

Lancaster Culture

In December 2020, the City worked with the community to ask about their impact on shaping the future culture of the City. Nationally, discussions around community and culture dominated the headlines and dinner-time conversations. With such a diverse population, Lancaster wanted to incorporate these important conversations into the City’s 5-year master plan. Residents were asked to complete a 23-question survey which asked questions to help chart the roadmap of Lancaster’s Cultural, Economic, and Educational Growth. The results of this survey allowed the City to begin aligning resources with the issues that matter most to residents.



Resilience

Measure LC

With the passing of Measure LC, the City's 0.75% sales tax increase, residents and staff demonstrated their commitment to the long-term fiscal health of their City. The measure was passed by voters on November 3, 2020, and was estimated to provide approximately \$12,000,000 in revenues annually. All additional revenues created by this sales tax will remain in the City. The goals of this additional funding: community safety, facilities development and maintenance, and services for the highest risk populations, will be overseen by a Citizens' Oversight Committee.



Global Pandemic

Through the City's commitment to the community's health and wellness, concerns over the pandemic were addressed strategically and comprehensively. Beginning with mass testing sites throughout the community, residents were provided no-cost testing opportunities which allowed area residents to identify cases early and receive the appropriate medical care. This testing minimized the spread of the virus by ensuring all residents had access to care and testing. The City was also the first in the greater Antelope Valley to offer vaccinations at no cost. The vaccination site, which partnered with local health care providers, vaccinated nearly 100,000 people. These efforts to mitigate the impacts of the virus saved countless lives.



In addition to the health and safety impact to the local community, the City of Lancaster recognized the huge economic burden that would result from ongoing lockdowns and health department restrictions. City leaders listened to the community and created several local stimulus programs to assist those industries most impacted. The Stand Strong loan program assisted 47 local businesses meet financial obligations they would not have been able to otherwise. This included the costs of payroll, rent, and other ongoing expenses. As the restrictions lingered, the City assisted local businesses by providing outdoor seating and PPE so they could reopen and begin generating revenues again. The City encouraged residents to eat locally through the Restaurant Rescue program. This program provided grants to local restaurants as well as provided community members with gift cards to participating restaurants. The benefit of this program was twofold; the Restaurants generated additional revenues and locals were able to enjoy feeling "normal" again by gathering in locations that adhered to COVID protocols.



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 Clifton Larson Allen LLP. The auditor's opinion is included in this report.

Acknowledgments

The preparation of this document is the result of the hard work of the entire Finance Department staff who have worked tirelessly to maintain accuracy while balancing additional challenges presented by the global pandemic. Their efforts, coupled with the assistance of our auditors, have culminated in the 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,

George Harris (May 20, 2022 11:33 PM)

George Harris
Finance and Information Technology Director

**CITY OF LANCASTER
PRINCIPAL CITY OFFICIALS
YEAR ENDED JUNE 30, 2021**

CITY COUNCIL MEMBERS

| | | <u>Term Expires</u> |
|-----------------|----------------|---------------------|
| R. Rex Parris | Mayor | 2024 |
| Marvin E. Crist | Vice Mayor | 2022 |
| Darrell Dorris | Council Member | 2024 |
| Kenneth G. Mann | Council Member | 2024 |
| Raj Malhi | Council Member | 2022 |

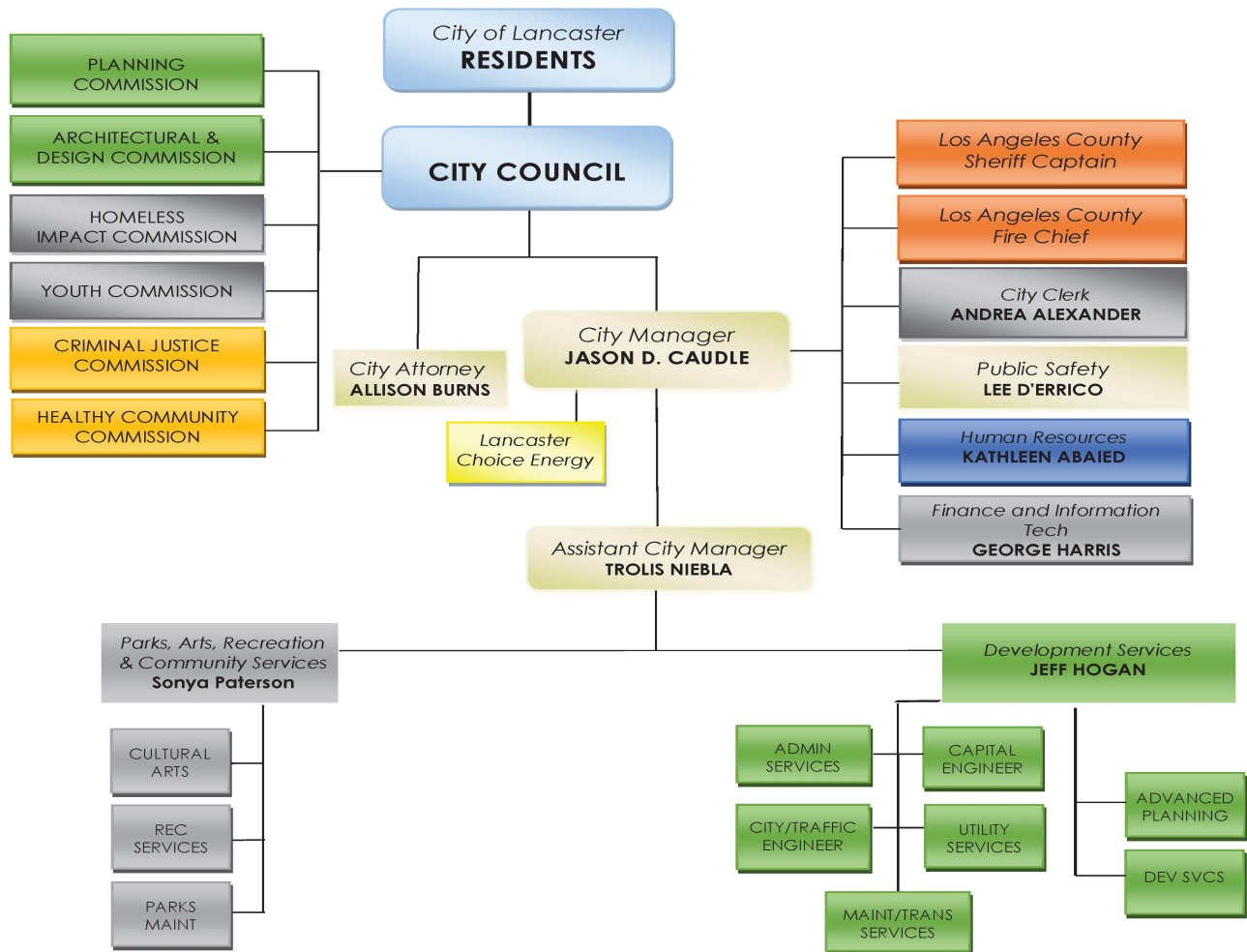
CITY OFFICIALS

| | |
|------------------|--|
| Jason D. Caudle | City Manager |
| Allison E. Burns | City Attorney |
| Trolis Niebla | Assistant City Manager |
| Jeff Hogan | Development Services Director |
| George Harris | Finance and Information Technology Director |
| Sonya Patterson | Parks, Arts, Recreation, and Community Services Director |
| Lee D'Errico | Public Safety Director |

**CITY OF LANCASTER
ORGANIZATION CHART
YEAR ENDED JUNE 30, 2021**



*City of Lancaster
Fiscal Year 2019 Organization Chart*



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
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, 2021, 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, the Lancaster Housing Authority Special Revenue Fund, and the Transportation Development Authority Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 21 to the financial statements, the City implemented the Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*, in fiscal year 2020-2021, which resulted in a restatement. Also, as described in Note 21, the City restated the net position/fund balance of the City's General Fund, Lancaster Housing Authority Special Revenue Fund, and Successor Agency of the Former RDA, a Private-Purpose Trust Fund for the adjustment of long-term assets. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

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, combining statements and individual fund schedules (supplementary information), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

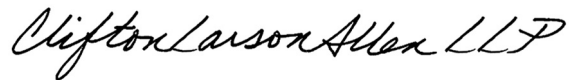
Honorable Mayor and Members of the City Council
City of Lancaster

The supplementary information 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the 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 May 20, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.



CliftonLarsonAllen LLP

Irvine, California
May 20, 2022

**CITY OF LANCASTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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, 2021. 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 General Fund revenues were \$98,777,680
- The cost of the General Fund was \$82,650,739
- The General Fund reported revenues in excess of expenditures of \$16,126,941
- For the General Fund, actual resources available for appropriation (revenue inflows and fund balance) was greater than final budget by \$23,663,524; while actual appropriations (outflows) were less than the final budget by \$2,573,479

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.

**CITY OF LANCASTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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-six 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 debt service fund, and two 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 adopts an annual budget for its governmental funds. A fiscal year (FY) 20/21 budgetary comparison statement has been provided for each individual fund to demonstrate compliance with its budget appropriations.

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.

**CITY OF LANCASTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Government-wide Financial Analysis

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

Governmental Activities. Governmental activities increased the City of Lancaster's net position by \$22,083,638

- State Shared Sales Taxes performed significantly better than anticipated given the continuing pandemic, exceeding previous year revenues by \$9,843,747; 45% increase in year over year
- As a result of closures and restrictions due to COVID, the City was unable to accommodate many of its Parks, Recreations and Arts programming, resulting in a \$1,898,437 loss in charges for services. It is anticipated that as restrictions ease, programming will begin to return and revenues closer to historical averages will be realized.

| Expenses | Fiscal Year | |
|---|-----------------------|-----------------------|
| | <u>2020</u> | <u>2021</u> |
| General Government | \$ 34,227,243 | \$ 35,691,615 |
| Public Safety | 31,515,319 | 32,230,935 |
| Community Development | 657,480 | 592,696 |
| Parks, Recreation and Arts | 18,323,761 | 17,820,781 |
| Development Services | 53,960,990 | 50,239,507 |
| Housing and Neighborhood Revitalization | 1,850,333 | 2,056,358 |
| Interest on long-term debt | 2,315,735 | 3,119,743 |
| Total primary governmental activities expenses | \$ 142,850,861 | \$ 141,751,635 |

**CITY OF LANCASTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Program Revenues (see Schedule 3)

Governmental activities:

Charges for services:

| | | |
|---|------------|--------------|
| General Government | \$ 139,214 | \$ 3,335,332 |
| Public Safety | 853,945 | 2,525,888 |
| Community Development | 597,666 | 430,021 |
| Parks, Recreation and Arts | 2,657,974 | 759,537 |
| Development Services | 16,463,307 | 18,297,602 |
| Housing and Neighborhood Revitalization | 1,042,728 | 290,464 |
| Operating grants and contributions | 32,101,550 | 48,818,504 |
| Capital grants and contributions | 13,207,647 | 14,693,720 |

| | | |
|---|----------------------|----------------------|
| Total governmental activities program revenues | \$ 67,064,031 | \$ 89,151,068 |
|---|----------------------|----------------------|

| | | |
|-------------------------|-----------------|-----------------|
| Governmental activities | \$ (75,786,830) | \$ (52,600,567) |
|-------------------------|-----------------|-----------------|

Other Changes in Net Assets

Governmental activities:

Taxes

| | | |
|--|------------|------------|
| Property taxes | 24,296,937 | 26,148,244 |
| Transient occupancy taxes | 1,965,102 | 2,012,943 |
| Intergovernmental - state shared sales taxes | 21,961,474 | 31,805,221 |
| Franchise taxes | 7,663,335 | 7,731,919 |
| Business licenses taxes | 722,837 | 1,223,982 |
| Other taxes | 1,279,397 | 1,315,822 |
| Intergovernmental | 127,902 | 118,596 |
| Investment Earnings | 4,696,743 | 1,391,387 |
| Miscellaneous | 4,138,146 | 1,546,901 |
| Gain on sale of land held for resale | 888,441 | 513,340 |
| Transfers | 893,410 | 875,850 |

| | | |
|--------------------------------------|----------------------|----------------------|
| Total governmental activities | \$ 68,633,724 | \$ 74,684,205 |
|--------------------------------------|----------------------|----------------------|

Change in Net Assets

| | | |
|-------------------------|----------------|---------------|
| Governmental activities | \$ (7,153,106) | \$ 22,083,638 |
|-------------------------|----------------|---------------|

Business-Type Activities. Business-type activities decreased the City of Lancaster's net position by \$1,287,129 primarily due to increased power purchases, many as required due to increased resource adequacy requirements. Revenues remained relatively flat from the prior year due to decreased collections as a result of the pandemic utility shut-off moratorium.

| | <u>2020</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Expenses | | |
| Business-type activities: | | |
| Lancaster Power Authority | \$ 1,841,253 | \$ 1,825,146 |
| Lancaster Choice Energy | 39,741,272 | 47,013,871 |
| California Choice Energy Authority | 5,650,866 | 6,033,722 |
| Total business-type activities expenses | 47,233,391 | 54,872,739 |

**CITY OF LANCASTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Program Revenues (see Schedule 3)

Business-type activities:

Charges for services:

| | | |
|------------------------------------|--------------|--------------|
| Lancaster Power Authority | \$ 1,545,531 | \$ 1,896,121 |
| Lancaster Choice Energy | 43,397,265 | 46,576,991 |
| California Choice Energy Authority | 5,438,167 | 5,987,488 |

| | | |
|--|---------------|---------------|
| Total business-type activities program revenues | \$ 50,380,963 | \$ 54,460,600 |
|--|---------------|---------------|

| | | |
|---------------------------|-----------|-----------|
| Business-type activities: | 3,147,572 | (412,139) |
|---------------------------|-----------|-----------|

Other Changes in Net Assets

Business-type activities:

| | | |
|---------------------|-----------|-----------|
| Investment Earnings | \$ 34,247 | \$ 860 |
| Miscellaneous | 2,258,254 | - |
| Transfers | (893,410) | (875,850) |

| | | |
|---------------------------------------|--------------|--------------|
| Total business-type activities | \$ 1,399,091 | \$ (974,990) |
|---------------------------------------|--------------|--------------|

**Total Primary Government Revenues, Contributions,
and Transfers**

| | | |
|--|---------------|---------------|
| | \$ 51,780,854 | \$ 53,585,610 |
|--|---------------|---------------|

Change in Net Assets

| | | |
|--------------------------|-----------|-------------|
| Business-type activities | 4,546,663 | (1,287,129) |
|--------------------------|-----------|-------------|

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. As a result of the on-going pandemic shut-downs and restrictions, many city services were required to continue without the ability to generate revenue. As a result, many activities placed a greater burden on tax-payers for the fiscal year.

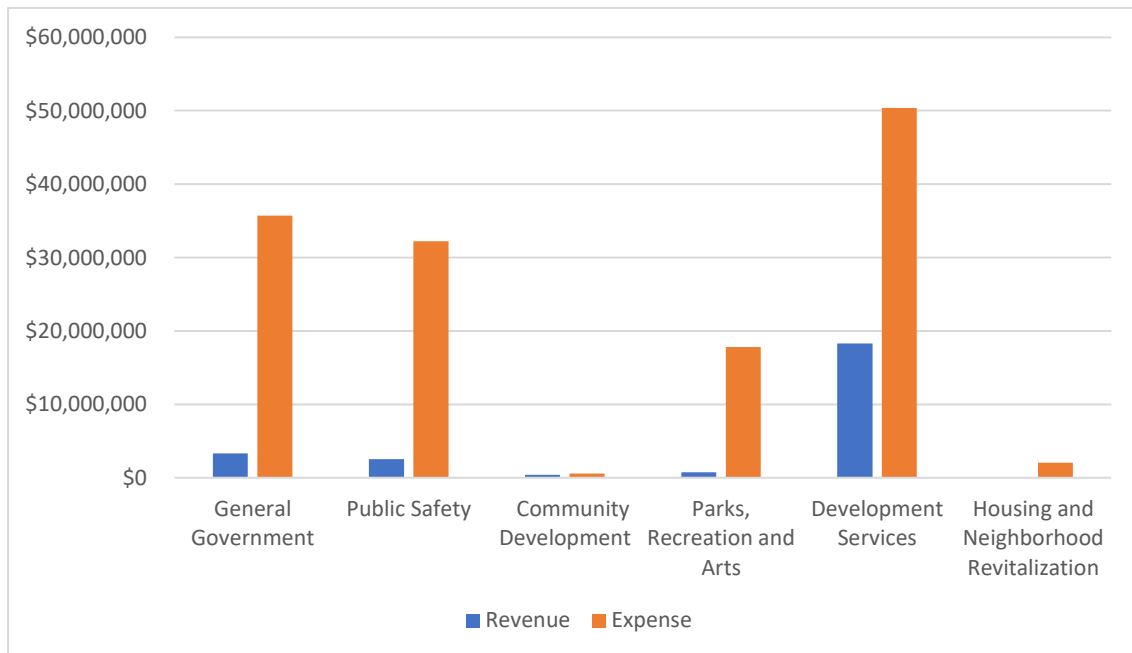
The net cost of services indicates that the overall cost of government is more than the revenues generated to support it. The City is not fully recovering the cost of these services with program revenues from user fees and other contributions. See the Statement of Activities for further detail on program revenues and general revenues.

**CITY OF LANCASTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

**CITY OF LANCASTER- COST OF SERVICES
(in thousands)**

| | Total Cost of Services | Net Cost of Services |
|--|---------------------------|-------------------------|
| | 2021 | 2021 |
| General Government | \$ 35,692 | \$ (15,957) |
| Public Safety | 32,231 | (28,570) |
| Community Development | 593 | 1,843 |
| Parks, Recreation and Arts | 17,821 | (16,429) |
| Development Services | 50,354 | 11,295 |
| Housing and Neighborhood Revitalization | 2,056 | (1,663) |
| Totals | \$ 138,747 | \$ (49,481) |

**City of Lancaster Governmental Activities
REVENUE & EXPENSE BY SOURCE**



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.

**CITY OF LANCASTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

As of the end of the current fiscal year, the City of Lancaster's governmental funds reported combined ending fund balances of \$270,914,050. This is an increase of \$29,247,553 from last fiscal year mostly due to an increase in sales taxes as a result of increased economic activity as well as the passing of Measure LC.

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 transfers-in in excess of expenditures and transfers-out of \$86,205,564. This increase in fund balance is due primarily to increases in sales tax revenue, which includes the passing and collection of the Measure LC sales taxes and one-time intergovernmental revenues as a result of COVID stimulus.

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 expenditures and transfers out in excess of revenues and transfer-in of \$1,343,186.

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 revenues and transfer-in in excess expenditures and transfers-out of \$84,635,788. The services provided to the community by the Housing and Neighborhood revitalization staff will yield beautiful, family-friendly, new housing tracts in formerly blighted areas of the City.

The Lancaster Financing Authority is a debt service fund used to account for the update for debt service fund. At the end of the current fiscal year, Lancaster Financing Authority Fund reported revenues and transfers-in in excess of expenditures and transfer-out of \$56,050,380.

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 \$5,762,437, an decrease over last year of \$1,287,129. This is primarily due to higher power purchases as a result of increased resource adequacy requirements and delayed collections as a result of the moratorium on utility shut-offs during the pandemic.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual amount of expenditures for the General Fund at year-end were \$2,573,479 less than the final budget to include transfers. This variance is mainly a result of project delays resulting from COVID. The global pandemic had an unprecedented impact on city operations. However, it should be noted that Management works very hard to control expenditures, ensuring the city is fiscally sound. Managers citywide diligently tracked division and departmental budgets to ensure overruns did not occur. Additionally, the City remained conservative in its revenue estimates as a result of projected losses due to the ongoing COVID 19 restrictions. Sales taxes well exceeded expectations and an additional flow of resources from the Federal Government in the form of the CARES Act and ARPA stimulus also resulted in large positive variances from budget. As a result of the decreased spending and increased revenues, the city was still able to see a net positive \$26,237,003 in actuals over appropriations.

**CITY OF LANCASTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At the end of FY 2021, the City had \$868.2 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 requested \$78 million in new capital projects through fiscal 2021-22 on new projects. Funding will come from current fund balances and projected revenues. The most significant projects include SR 14 interchange projects, City Hall facelift, pavement management program, and other citywide facility upgrades.

| CAPITAL ASSETS (in Thousands) | | | |
|--|----------------------------|---------------------------------|-------------------------|
| | Governmental Activities | Business- type Activities | Total Capital Assets |
| Land | \$ 29,796 | - | \$ 29,796 |
| Structures and Improvements | 76,457 | - | 76,457 |
| Furniture and Equipment | 17,325 | - | 17,325 |
| Infrastructure | 1,727,869 | - | 1,727,869 |

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 \$9.7 Million from the prior year. This is due to the payments against outstanding debt without the issuance of new debt. As of June 30, 2021, the City of Lancaster had accrued employee benefits outstanding of \$3,434,822.

The City's AA credit rating remained unchanged for FY 20/21.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

On June 22, 2021, the City Council adopted and approved the budget for FY 21/22 along with the Five-Year Capital Improvement Program. Appropriations (including transfers) of \$270.8 million were adopted for the 21/22 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 exceeds the City's policy minimum of 35% of operating expenditures. This is split into Working Capital, Emergency Operational, Emergency Response, and Business Opportunity/Investment reserves. The City of Lancaster is revised the reserve policy as of the FY 2021/22 budget to better align with its long term sustainability plan.

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.

**CITY OF LANCASTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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 Funds are property tax and sales tax. Taxes overall represent 27.0% of total 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.

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 Nike Noack, Senior Finance Manager, at the City of Lancaster, 44933 Fern Avenue, Lancaster, CA 93534, or by phone at 661-723-6135.

FINANCIAL STATEMENTS

CITY OF LANCASTER
STATEMENT OF NET POSITION
JUNE 30, 2021

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|-------------------------|
| ASSETS | | | |
| Cash and Investments | \$ 80,167,447 | \$ 6,053,724 | \$ 86,221,171 |
| Cash and Investments - Held Separately by CCEA | - | 801,133 | 801,133 |
| Receivables: | | | |
| Accounts | 8,758,673 | 12,403,420 | 21,162,093 |
| Taxes | 10,203,533 | - | 10,203,533 |
| Accrued Interest | 226,377 | - | 226,377 |
| Due From Other Governments | 24,485,367 | 421,697 | 24,907,064 |
| Notes and Loans | 5,238,376 | - | 5,238,376 |
| Deposits | - | 147,000 | 147,000 |
| Prepaid Items | 115,543 | 336,292 | 451,835 |
| Internal Balances | 2,667,878 | (2,667,878) | - |
| Inventories | 26,416 | - | 26,416 |
| Land Held for Resale | 49,540,837 | - | 49,540,837 |
| Advances to Successor Agency | 67,552,256 | - | 67,552,256 |
| Restricted Assets: | | | |
| Cash and Investments | 71,012,638 | 2,270,588 | 73,283,226 |
| Capital Assets: | | | |
| Nondepreciable | 85,611,478 | - | 85,611,478 |
| Depreciable | 782,581,938 | 14,561,800 | 797,143,738 |
| Total Assets | <u>1,188,188,757</u> | <u>34,327,776</u> | <u>1,222,516,533</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Amounts on Pension Plan | 9,246,863 | - | 9,246,863 |
| Deferred Amounts on OPEB | 2,291,367 | - | 2,291,367 |
| Total Deferred Outflows of Resources | <u>11,538,230</u> | <u>-</u> | <u>11,538,230</u> |
| LIABILITIES | | | |
| Accounts Payable | 15,361,653 | 6,691,149 | 22,052,802 |
| Accrued Liabilities | 1,837,107 | 54,090 | 1,891,197 |
| Accrued Interest | 414,888 | 142,232 | 557,120 |
| Unearned Revenues | 2,867,176 | 311,225 | 3,178,401 |
| Deposits Payable | 1,263,928 | 1,083,000 | 2,346,928 |
| Noncurrent Liabilities: | | | |
| Due Within One Year - Other | 4,917,619 | 625,000 | 5,542,619 |
| Due in More than One Year: | | | |
| Other | 84,466,061 | 19,658,643 | 104,124,704 |
| Net Pension Liability | 67,415,115 | - | 67,415,115 |
| Net OPEB Liability | 15,971,711 | - | 15,971,711 |
| Total Liabilities | <u>194,515,258</u> | <u>28,565,339</u> | <u>223,080,597</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Amounts on OPEB | 1,415,064 | - | 1,415,064 |
| Total Deferred Inflows of Resources | <u>1,415,064</u> | <u>-</u> | <u>1,415,064</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 845,575,930 | (2,899,971) | 842,675,959 |
| Restricted for: | | | |
| Community Development Projects | 2,886,763 | - | 2,886,763 |
| Public Safety | 117,568 | - | 117,568 |
| Parks, Recreation, and Arts | 2,946,552 | - | 2,946,552 |
| Development Services | 39,312,364 | - | 39,312,364 |
| Housing and Neighborhood Revitalization | 90,289,538 | - | 90,289,538 |
| Capital Projects | 5,977,368 | - | 5,977,368 |
| Unrestricted | 16,690,582 | 8,662,408 | 25,352,990 |
| Total Net Position | <u>\$ 1,003,796,665</u> | <u>\$ 5,762,437</u> | <u>\$ 1,009,559,102</u> |

See accompanying Notes to Financial Statements.

**CITY OF LANCASTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

| Functions/Programs | Expenses | Program Revenues | | |
|---|-----------------------|----------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| GOVERNMENTAL ACTIVITIES | | | | |
| General Government | \$ 35,691,615 | \$ 3,335,332 | \$ 16,399,222 | \$ - |
| Public Safety | 32,230,935 | 2,525,888 | 1,134,708 | - |
| Community Development | 592,696 | 430,021 | 2,005,906 | - |
| Parks, Recreation, and Arts | 17,820,781 | 759,537 | 632,261 | - |
| Development Services | 50,239,507 | 18,297,602 | 28,543,363 | 14,693,720 |
| Housing and Neighborhood Revitalization | 2,056,358 | 290,464 | 103,044 | - |
| Interest and Other Charges | 3,119,743 | - | - | - |
| Total Governmental Activities | <u>141,751,635</u> | <u>25,638,844</u> | <u>48,818,504</u> | <u>14,693,720</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Lancaster Power Authority | 1,825,146 | 1,896,121 | - | - |
| Lancaster Choice Energy | 47,013,871 | 46,576,991 | - | - |
| California Choice Energy Authority | 6,033,722 | 5,987,488 | - | - |
| Total Business-Type Activities | <u>54,872,739</u> | <u>54,460,600</u> | <u>-</u> | <u>-</u> |
| Total Primary Government | <u>\$ 196,624,374</u> | <u>\$ 80,099,444</u> | <u>\$ 48,818,504</u> | <u>\$ 14,693,720</u> |

See accompanying Notes to Financial Statements.

**CITY OF LANCASTER
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

| Functions/Programs | Net (Expenses) Revenue and Changes in Net Position Primary Government | | |
|---|---|-----------------------------|-------------------------|
| | Governmental Activities | Business-Type Activities | Total |
| GOVERNMENTAL ACTIVITIES | | | |
| General Government | \$ (15,957,061) | \$ - | \$ (15,957,061) |
| Public Safety | (28,570,339) | - | (28,570,339) |
| Community Development | 1,843,231 | - | 1,843,231 |
| Parks, Recreation, and Arts | (16,428,983) | - | (16,428,983) |
| Development Services | 11,295,178 | - | 11,295,178 |
| Housing and Neighborhood Revitalization | (1,662,850) | - | (1,662,850) |
| Interest and Other Charges | (3,119,743) | - | (3,119,743) |
| Total Governmental Activities | <u>(52,600,567)</u> | - | <u>(52,600,567)</u> |
| BUSINESS-TYPE ACTIVITIES | | | |
| Lancaster Power Authority | - | 70,975 | 70,975 |
| Lancaster Choice Energy | - | (436,880) | (436,880) |
| California Choice Energy Authority | - | (46,234) | (46,234) |
| Total Business-Type Activities | <u>-</u> | <u>(412,139)</u> | <u>(412,139)</u> |
| Total Primary Government | <u>(52,600,567)</u> | <u>(412,139)</u> | <u>(53,012,706)</u> |
| GENERAL REVENUES AND TRANSFERS | | | |
| Taxes: | | | |
| Property Taxes, Levied for General Purposes | 26,148,244 | - | 26,148,244 |
| Franchise Taxes | 7,731,919 | - | 7,731,919 |
| Transient Occupancy Taxes | 2,012,943 | - | 2,012,943 |
| Business Licenses Taxes | 1,223,982 | - | 1,223,982 |
| Other Taxes | 1,315,822 | - | 1,315,822 |
| Intergovernmental | 118,596 | - | 118,596 |
| Intergovernmental - State Shared Sales Tax | 31,805,221 | - | 31,805,221 |
| Investment Earnings | 1,391,387 | 860 | 1,392,247 |
| Miscellaneous | 1,546,901 | - | 1,546,901 |
| Gain on Sale of Property | 513,340 | - | 513,340 |
| Transfers | 875,850 | (875,850) | - |
| Total General Revenues and Transfers | <u>74,684,205</u> | <u>(874,990)</u> | <u>73,809,215</u> |
| CHANGE IN NET POSITION | 22,083,638 | (1,287,129) | 20,796,509 |
| Net Position - Beginning of Year, as Restated | <u>981,713,027</u> | <u>7,049,566</u> | <u>988,762,593</u> |
| NET POSITION - END OF YEAR | <u>\$ 1,003,796,665</u> | <u>\$ 5,762,437</u> | <u>\$ 1,009,559,102</u> |

See accompanying Notes to Financial Statements.

**CITY OF LANCASTER
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021**

| | General | Special Revenue Funds | | Debt Service Fund |
|--|-----------------------|-----------------------------|--------------------------------------|-------------------------------|
| | | Lancaster Housing Authority | Transportation Development Authority | Lancaster Financing Authority |
| ASSETS | | | | |
| Pooled Cash and Investments | \$ 11,647,352 | \$ 11,912,489 | \$ 104,156 | \$ - |
| Receivables: | | | | |
| Accounts | 2,619,540 | - | - | - |
| Taxes | 9,680,642 | - | - | - |
| Accrued Interest | 190,418 | - | - | - |
| Due From Other Governments | 10,688,520 | - | 9,360,979 | - |
| Notes and Loans, Net | 820,439 | 3,827,877 | - | - |
| Prepaid Items | 1,050 | - | - | - |
| Due From Other Funds | 35,624,019 | - | - | - |
| Inventories | 26,416 | - | - | - |
| Land Held for Resale | - | 49,316,071 | - | - |
| Advances to Successor Agency | 43,442,156 | 24,110,100 | - | - |
| Restricted Assets: | | | | |
| Cash and Investments With Fiscal Agents | - | - | - | 71,012,638 |
| Total Assets | \$ 114,740,552 | \$ 89,166,537 | \$ 9,465,135 | \$ 71,012,638 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 7,666,617 | \$ 47,335 | \$ - | \$ - |
| Accrued Liabilities | 1,168,155 | 25,167 | - | - |
| Unearned Revenues | 71,601 | - | - | - |
| Deposits Payable | 1,263,928 | - | - | - |
| Due to Other Funds | - | - | 9,171,809 | 14,962,258 |
| Total Liabilities | 10,170,301 | 72,502 | 9,171,809 | 14,962,258 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenues | 18,364,687 | 4,458,247 | 1,636,512 | - |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Notes and Loans | 820,439 | - | - | - |
| Prepaid Items | 1,050 | - | - | - |
| Inventories | 26,416 | - | - | - |
| Advances to Successor Agency | 25,609,169 | - | - | - |
| Restricted: | | | | |
| Community Development Projects | - | - | - | - |
| Public Safety | - | - | - | - |
| Parks, Recreation, and Arts | - | - | - | - |
| Development Services | - | - | - | - |
| Debt Service | - | - | - | - |
| Housing and Neighborhood Revitalization | - | 84,635,788 | - | - |
| Capital Projects | - | - | - | 56,050,380 |
| Committed: | | | | |
| Contingency Reserve | 8,083,847 | - | - | - |
| Assigned: | | | | |
| Employee Benefits | 3,434,823 | - | - | - |
| Legal Claims | 3,113,000 | - | - | - |
| Capital Projects | 7,585,171 | - | - | - |
| Unassigned | 37,531,649 | - | (1,343,186) | - |
| Total Fund Balances (Deficit) | 86,205,564 | 84,635,788 | (1,343,186) | 56,050,380 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 114,740,552 | \$ 89,166,537 | \$ 9,465,135 | \$ 71,012,638 |

See accompanying Notes to Financial Statements.

**CITY OF LANCASTER
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021**

| | Other Governmental Funds | Total Governmental Funds |
|--|--------------------------------|--------------------------------|
| ASSETS | | |
| Pooled Cash and Investments | \$ 56,503,450 | \$ 80,167,447 |
| Receivables: | | |
| Accounts | 6,139,133 | 8,758,673 |
| Taxes | 522,891 | 10,203,533 |
| Accrued Interest | 35,959 | 226,377 |
| Due From Other Governments | 4,435,868 | 24,485,367 |
| Notes and Loans, Net | 590,060 | 5,238,376 |
| Prepaid Items | 114,493 | 115,543 |
| Due From Other Funds | - | 35,624,019 |
| Inventories | - | 26,416 |
| Land Held for Resale | 224,766 | 49,540,837 |
| Advances to Successor Agency | - | 67,552,256 |
| Restricted Assets: | | |
| Cash and Investments With Fiscal Agents | - | 71,012,638 |
| | <u>\$ 68,566,620</u> | <u>\$ 352,951,482</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | |
| LIABILITIES | | |
| Accounts Payable | \$ 7,647,701 | \$ 15,361,653 |
| Accrued Liabilities | 643,785 | 1,837,107 |
| Unearned Revenues | 2,795,575 | 2,867,176 |
| Deposits Payable | - | 1,263,928 |
| Due to Other Funds | 8,822,074 | 32,956,141 |
| Total Liabilities | <u>19,909,135</u> | <u>54,286,005</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable Revenues | 3,291,981 | 27,751,427 |
| FUND BALANCES | | |
| Nonspendable: | | |
| Notes and Loans | - | 820,439 |
| Prepaid Items | 114,493 | 115,543 |
| Inventories | - | 26,416 |
| Advances to Successor Agency | - | 25,609,169 |
| Restricted: | | |
| Community Development Projects | 2,644,249 | 2,644,249 |
| Public Safety | 117,568 | 117,568 |
| Parks, Recreation, and Arts | 2,946,552 | 2,946,552 |
| Development Services | 39,312,364 | 39,312,364 |
| Debt Service | - | - |
| Housing and Neighborhood Revitalization | 1,195,503 | 85,831,291 |
| Capital Projects | - | 56,050,380 |
| Committed: | | |
| Contingency Reserve | - | 8,083,847 |
| Assigned: | | |
| Employee Benefits | - | 3,434,823 |
| Legal Claims | - | 3,113,000 |
| Capital Projects | 1,905,548 | 9,490,719 |
| Unassigned | (2,870,773) | 33,317,690 |
| Total Fund Balances (Deficit) | <u>45,365,504</u> | <u>270,914,050</u> |
| | <u>\$ 68,566,620</u> | <u>\$ 352,951,482</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 68,566,620</u> | <u>\$ 352,951,482</u> |

See accompanying Notes to Financial Statements.

**CITY OF LANCASTER
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Fund Balances - Total Governmental Funds \$ 270,914,050

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 | 1,907,262,241 |
| Accumulated Depreciation | <u>(1,039,068,825)</u> |
| | 868,193,416 |

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 expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances as of June 30, 2021, are:

| | |
|---|--------------------|
| Bonds, Notes, Loans, and Capital Leases Payable | (82,835,858) |
| Claims and Judgments | (3,113,000) |
| Compensated Absences | <u>(3,434,822)</u> |
| | (89,383,680) |

The net pension liability 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 | 9,246,863 |
| Net Pension Liability | <u>(67,415,115)</u> |
| | (58,168,252) |

The net OPEB liability 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 inflows 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 | 2,291,367 |
| Deferred Inflows of Resources | (1,415,064) |
| Net OPEB Liability | <u>(15,971,711)</u> |
| | (15,095,408) |

Accrued interest payable for the current portion of interest due on bonds is not reported in the governmental funds

(414,888)

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>27,751,427</u> |
|----------------------|-------------------|

Net Position of Governmental Activities \$ 1,003,796,665

CITY OF LANCASTER
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

| | General | Special Revenue Funds | | Debt Service |
|--|----------------------|-----------------------------|--------------------------------------|------------------------------------|
| | | Lancaster Housing Authority | Transportation Development Authority | Fund Lancaster Financing Authority |
| REVENUES | | | | |
| Taxes | \$ 42,460,689 | \$ - | \$ - | \$ - |
| Licenses and Permits | 7,332,396 | - | - | - |
| Intergovernmental | 40,330,617 | - | 7,726,007 | - |
| Charges for Services | 794,723 | - | - | - |
| Investment Earnings | 389,212 | 3,149 | (828) | 53,319 |
| Fines and Forfeitures | 535,740 | - | - | - |
| Contributions | - | - | - | - |
| Gain From Sale of Land Held for Resale | - | 472,883 | - | - |
| Miscellaneous | 6,934,303 | 223,914 | 1,730 | - |
| Total Revenues | 98,777,680 | 699,946 | 7,726,909 | 53,319 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 28,827,512 | - | - | - |
| Public Safety | 32,319,382 | - | - | - |
| Community Development | - | - | - | - |
| Parks, Recreation, and Arts | 12,801,400 | - | - | - |
| Development Services | 7,795,380 | - | - | - |
| Housing and Neighborhood Revitalization | - | 956,352 | - | - |
| Capital Outlay | 273,583 | 9,600 | 2,475,094 | 11,246,629 |
| Debt Service: | | | | |
| Principal Retirement | 568,876 | - | - | 1,703,111 |
| Interest and Fiscal Charges | 64,606 | - | - | 3,032,721 |
| Total Expenditures | 82,650,739 | 965,952 | 2,475,094 | 15,982,461 |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES | 16,126,941 | (266,006) | 5,251,815 | (15,929,142) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Capital Assets | 40,457 | - | - | - |
| Transfers In | 8,681,059 | - | 186,728 | 3,550,903 |
| Transfers Out | (1,142,756) | (532,102) | (6,882,104) | - |
| Total Other Financing Sources (Uses) | 7,578,760 | (532,102) | (6,695,376) | 3,550,903 |
| NET CHANGE IN FUND BALANCES | 23,705,701 | (798,108) | (1,443,561) | (12,378,239) |
| Fund Balances - Beginning of Year as Restated | 62,499,863 | 85,433,896 | 100,375 | 68,428,619 |
| FUND BALANCES - END OF YEAR | \$ 86,205,564 | \$ 84,635,788 | \$ (1,343,186) | \$ 56,050,380 |

See accompanying Notes to Financial Statements.

**CITY OF LANCASTER
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

| | Other Governmental Funds | Total Governmental Funds |
|--|--------------------------------|--------------------------------|
| REVENUES | | |
| Taxes | \$ 4,421,209 | \$ 46,881,898 |
| Licenses and Permits | 10,828,307 | 18,160,703 |
| Intergovernmental | 36,528,483 | 84,585,107 |
| Charges for Services | 9,837,262 | 10,631,985 |
| Investment Earnings | 93,176 | 538,028 |
| Fines and Forfeitures | 167,197 | 702,937 |
| Contributions | 8,757 | 8,757 |
| Gain From Sale of Land Held for Resale | - | 472,883 |
| Miscellaneous | 33,323 | 7,193,270 |
| Total Revenues | 61,917,714 | 169,175,568 |
| EXPENDITURES | | |
| Current: | | |
| General Government | 2,402,706 | 31,230,218 |
| Public Safety | - | 32,319,382 |
| Community Development | 490,242 | 490,242 |
| Parks, Recreation, and Arts | 2,591,113 | 15,392,513 |
| Development Services | 14,103,314 | 21,898,694 |
| Housing and Neighborhood Revitalization | 1,100,006 | 2,056,358 |
| Capital Outlay | 16,870,512 | 30,875,418 |
| Debt Service: | | |
| Principal Retirement | 783,705 | 3,055,692 |
| Interest and Fiscal Charges | 428,478 | 3,525,805 |
| Total Expenditures | 38,770,076 | 140,844,322 |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES | 23,147,638 | 28,331,246 |
| OTHER FINANCING SOURCES (USES) | | |
| Sale of Capital Assets | - | 40,457 |
| Transfers In | 7,073,440 | 19,492,130 |
| Transfers Out | (10,059,318) | (18,616,280) |
| Total Other Financing Sources (Uses) | (2,985,878) | 916,307 |
| NET CHANGE IN FUND BALANCES | 20,161,760 | 29,247,553 |
| Fund Balances - Beginning of Year as Restated | 25,203,744 | 241,666,497 |
| FUND BALANCES - END OF YEAR | \$ 45,365,504 | \$ 270,914,050 |

See accompanying Notes to Financial Statements.

**CITY OF LANCASTER
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 29,247,553

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 | 30,027,290 |
| Contributed Capital Assets | 6,324,408 |
| Disposals | (199,400) |
| Depreciation Expense | (36,342,081) |
| | (189,783) |

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 | 3,055,692 |
| Amortization of Bond Premium | 382,123 |
| | 3,437,815 |

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 | (400,250) |
| Change in Claims Payable | (476,000) |
| | (876,250) |

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

23,939

OPEB expenditures 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.

(313,872)

Pension expenditures 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.

(2,989,162)

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.

(6,256,602)

Change in Net Position of Governmental Activities **\$ 22,083,638**

**CITY OF LANCASTER
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR as Restated | \$ 62,499,863 | \$ 62,499,863 | \$ 62,499,863 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Taxes | 31,773,973 | 35,660,599 | 42,460,689 | 6,800,090 |
| Licenses and Permits | 4,972,819 | 4,884,489 | 7,332,396 | 2,447,907 |
| Intergovernmental | 21,174,970 | 25,841,536 | 40,330,617 | 14,489,081 |
| Charges for Services | 2,500,250 | 591,563 | 794,723 | 203,160 |
| Investment Earnings | 1,015,967 | 1,015,967 | 389,212 | (626,755) |
| Fine and Forfeitures | 956,000 | 646,623 | 535,740 | (110,883) |
| Miscellaneous | 4,065,757 | 6,455,181 | 6,934,303 | 479,122 |
| Sale of Capital Assets | 260,476 | 297,445 | 40,457 | (256,988) |
| Transfers In | 8,442,269 | 8,442,269 | 8,681,059 | 238,790 |
| Amounts Available for Appropriations | <u>75,162,481</u> | <u>83,835,672</u> | <u>107,499,196</u> | <u>23,663,524</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| General Government | 20,739,722 | 29,806,245 | 28,827,512 | 978,733 |
| Public Safety | 32,855,838 | 33,107,148 | 32,319,382 | 787,766 |
| Parks, Recreation, and Arts | 12,087,419 | 12,759,370 | 12,801,400 | (42,030) |
| Development Services | 8,462,420 | 9,148,557 | 7,795,380 | 1,353,177 |
| Capital Outlay | - | 224,482 | 273,583 | (49,101) |
| Debt Service: | | | | |
| Principal Retirement | 568,876 | 568,876 | 568,876 | - |
| Interest and Fiscal Charges | 64,606 | 64,606 | 64,606 | - |
| Transfers Out | 425,000 | 687,690 | 1,142,756 | (455,066) |
| Total Charges to Appropriations | <u>75,203,881</u> | <u>86,366,974</u> | <u>83,793,495</u> | <u>2,573,479</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 62,458,463</u> | <u>\$ 59,968,561</u> | <u>\$ 86,205,564</u> | <u>\$ 26,237,003</u> |

See accompanying Notes to Financial Statements.

**CITY OF LANCASTER
BUDGETARY COMPARISON STATEMENT
LANCASTER HOUSING AUTHORITY SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - | | | | |
| BEGINNING OF YEAR, as Restated | \$ 85,433,896 | \$ 85,433,896 | \$ 85,433,896 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Investment Earnings | - | - | 3,149 | 3,149 |
| Gain From Sale of Land Held for Resale | - | - | 472,883 | 472,883 |
| Miscellaneous | 3,845,518 | 140,365 | 223,914 | 83,549 |
| Amounts Available for Appropriations | <u>89,279,414</u> | <u>85,574,261</u> | <u>86,133,842</u> | <u>559,581</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Housing and Neighborhood Revitalization | 1,034,801 | 1,813,601 | 956,352 | 857,249 |
| Capital Outlay | - | - | 9,600 | (9,600) |
| Transfers Out | 508,738 | 658,303 | 532,102 | 126,201 |
| Total Charges to Appropriations | <u>1,543,539</u> | <u>2,471,904</u> | <u>1,498,054</u> | <u>973,850</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 87,735,875</u> | <u>\$ 83,102,357</u> | <u>\$ 84,635,788</u> | <u>\$ 1,533,431</u> |

See accompanying Notes to Financial Statements.

**CITY OF LANCASTER
BUDGETARY COMPARISON STATEMENT
TRANSPORTATION DEVELOPMENT AUTHORITY SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|-----------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 100,375 | \$ 100,375 | \$ 100,375 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | 9,510,910 | 17,235,377 | 7,726,007 | (9,509,370) |
| Investment Earnings | - | - | (828) | (828) |
| Miscellaneous | - | - | 1,730 | 1,730 |
| Transfers In | - | - | 186,728 | 186,728 |
| Amounts Available for Appropriations | <u>9,611,285</u> | <u>17,335,752</u> | <u>8,014,012</u> | <u>(9,321,740)</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Capital Outlay | - | - | 2,475,094 | (2,475,094) |
| Transfers Out | <u>9,859,265</u> | <u>10,835,991</u> | <u>6,882,104</u> | <u>3,953,887</u> |
| Total Charges to Appropriations | <u>9,859,265</u> | <u>10,835,991</u> | <u>9,357,198</u> | <u>1,478,793</u> |
| BUDGETARY FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ (247,980)</u> | <u>\$ 6,499,761</u> | <u>\$ (1,343,186)</u> | <u>\$ (7,842,947)</u> |

See accompanying Notes to Financial Statements.

**CITY OF LANCASTER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021**

| | Business-Type Activities Enterprise Funds | | | Total |
|---|--|-------------------------------|--|-------------------------|
| | Lancaster Power Authority | Lancaster Choice Energy | Nonmajor | |
| | | | California Choice Energy Authority | |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Investments - Pooled with City | \$ 3,752,307 | \$ 2,211,666 | \$ 89,751 | \$ 6,053,724 |
| Cash and Investments | - | - | 801,133 | 801,133 |
| Receivables: | | | | |
| Accounts | 183,344 | 11,537,822 | 682,254 | 12,403,420 |
| Due From Other Governments | - | 112,032 | 309,665 | 421,697 |
| Deposits | - | 147,000 | - | 147,000 |
| Prepaid Items | - | 294,000 | 42,292 | 336,292 |
| Restricted Assets: | | | | |
| Cash and Investments | 2,270,588 | - | - | 2,270,588 |
| Total Current Assets | <u>6,206,239</u> | <u>14,302,520</u> | <u>1,925,095</u> | <u>22,433,854</u> |
| Noncurrent Assets: | | | | |
| Capital Assets: | | | | |
| Depreciable | 14,561,800 | - | - | 14,561,800 |
| Total Noncurrent Assets | <u>14,561,800</u> | <u>-</u> | <u>-</u> | <u>14,561,800</u> |
| Total Assets | <u>20,768,039</u> | <u>14,302,520</u> | <u>1,925,095</u> | <u>36,995,654</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | - | 6,036,361 | 654,788 | 6,691,149 |
| Accrued Liabilities | - | 54,090 | - | 54,090 |
| Interest Payable | 142,232 | - | - | 142,232 |
| Unearned Revenues | 71,225 | 240,000 | - | 311,225 |
| Due to Other Funds | - | 2,667,878 | - | 2,667,878 |
| Deposits | - | 200,000 | 883,000 | 1,083,000 |
| Current Portion of Long-Term Liabilities | 625,000 | - | - | 625,000 |
| Total Current Liabilities | <u>838,457</u> | <u>9,198,329</u> | <u>1,537,788</u> | <u>11,574,574</u> |
| Long-Term Liabilities | | | | |
| Noncurrent Portion of Long-Term Liabilities | 19,658,643 | - | - | 19,658,643 |
| Total Long-Term Liabilities | <u>19,658,643</u> | <u>-</u> | <u>-</u> | <u>19,658,643</u> |
| Total Liabilities | <u>20,497,100</u> | <u>9,198,329</u> | <u>1,537,788</u> | <u>31,233,217</u> |
| NET POSITION | | | | |
| Net Investment in Capital Assets | (2,899,971) | - | - | (2,899,971) |
| Unrestricted | 3,170,910 | 5,104,191 | 387,307 | 8,662,408 |
| Total Net Position | <u>\$ 270,939</u> | <u>\$ 5,104,191</u> | <u>\$ 387,307</u> | <u>\$ 5,762,437</u> |

See accompanying Notes to Financial Statements.

CITY OF LANCASTER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

| | Business-Type Activities Enterprise Funds | | | Total |
|---|--|-------------------------------|--|---------------------|
| | Lancaster Power Authority | Lancaster Choice Energy | Nonmajor | |
| | | | California Choice Energy Authority | |
| OPERATING REVENUES | | | | |
| Sales and Service Charges | \$ 1,896,121 | \$ 46,576,991 | \$ 5,987,488 | \$ 54,460,600 |
| Total Operating Revenues | <u>1,896,121</u> | <u>46,576,991</u> | <u>5,987,488</u> | <u>54,460,600</u> |
| OPERATING EXPENSES | | | | |
| Purchased Power | - | 43,654,132 | - | 43,654,132 |
| Administration and General | 3,127 | 3,359,739 | 6,033,722 | 9,396,588 |
| Depreciation Expense | 939,471 | - | - | 939,471 |
| Total Operating Expenses | <u>942,598</u> | <u>47,013,871</u> | <u>6,033,722</u> | <u>53,990,191</u> |
| OPERATING INCOME | 953,523 | (436,880) | (46,234) | 470,409 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest Revenue | 860 | - | - | 860 |
| Interest Expense | (882,548) | - | - | (882,548) |
| Total Nonoperating Revenue (Expenses) | <u>(881,688)</u> | <u>-</u> | <u>-</u> | <u>(881,688)</u> |
| INCOME BEFORE TRANSFERS | 71,835 | (436,880) | (46,234) | (411,279) |
| TRANSFERS | | | | |
| Transfers Out | (11,246) | (864,604) | - | (875,850) |
| Total Transfers | <u>(11,246)</u> | <u>(864,604)</u> | <u>-</u> | <u>(875,850)</u> |
| CHANGE IN NET POSITION | 60,589 | (1,301,484) | (46,234) | (1,287,129) |
| Net Position - Beginning of Year | <u>210,350</u> | <u>6,405,675</u> | <u>433,541</u> | <u>7,049,566</u> |
| NET POSITION - END OF YEAR | <u>\$ 270,939</u> | <u>\$ 5,104,191</u> | <u>\$ 387,307</u> | <u>\$ 5,762,437</u> |

See accompanying Notes to Financial Statements.

**CITY OF LANCASTER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021**

| | Business-Type Activities Enterprise Funds | | | Total |
|---|--|-------------------------------|--|---------------------|
| | Lancaster Power Authority | Lancaster Choice Energy | Nonmajor California Choice Energy Authority | |
| | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash Received From Customers and Users | \$ 1,941,476 | \$ 42,615,200 | \$ 5,047,859 | \$ 49,604,535 |
| Cash Paid to Suppliers for Goods and Services | (4,927) | (44,918,680) | (5,557,495) | (50,481,102) |
| Net Cash Provided (Used) by Operating Activities | 1,936,549 | (2,303,480) | (509,636) | (876,567) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Cash Received From Other Funds | - | 2,667,878 | - | 2,667,878 |
| Cash Paid to Other Funds | (11,246) | (60,501) | (500,000) | (571,747) |
| Net Cash Provided (Used) by Noncapital Financing Activities | (11,246) | 2,607,377 | (500,000) | 2,096,131 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Principal Paid on Capital Debt | (569,999) | - | - | (569,999) |
| Interest Paid on Capital Debt | (861,944) | - | - | (861,944) |
| Net Cash Used by Capital and Related Financing Activities | (1,431,943) | - | - | (1,431,943) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest Received | 860 | - | - | 860 |
| Net Cash Provided by Investing Activities | 860 | - | - | 860 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 494,220 | 303,897 | (1,009,636) | (211,519) |
| Cash and Cash Equivalents - Beginning of Year | 5,528,675 | 1,907,769 | 1,900,520 | 9,336,964 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 6,022,895</u> | <u>\$ 2,211,666</u> | <u>\$ 890,884</u> | <u>\$ 9,125,445</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| Operating Income (Loss) | \$ 953,523 | \$ (436,880) | \$ (46,234) | \$ 470,409 |
| Adjustments to Reconcile Operating Income (Loss) | | | | |
| Changes in Assets and Liabilities: | | | | |
| (Increase) Decrease in Accounts Receivable | 137,037 | (2,804,144) | (176,964) | (2,844,071) |
| (Increase) Decrease in Due From Other Governments | - | (112,032) | (309,665) | (421,697) |
| (Increase) Decrease in Deposits | - | (47,000) | - | (47,000) |
| (Increase) Decrease in Prepaid Items | - | 496,000 | 485,708 | 981,708 |
| Increase (Decrease) in Accounts Payable | (1,800) | 1,638,552 | 210,271 | 1,847,023 |
| Increase (Decrease) in Accrued Liabilities | - | 7,639 | - | 7,639 |
| Increase (Decrease) in Due to Other Governments | - | - | (219,752) | (219,752) |
| Increase (Decrease) in Unearned Revenues | (91,682) | (1,045,615) | (528,000) | (1,665,297) |
| Increase (Decrease) in Deposits | - | - | 75,000 | 75,000 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 1,936,549</u> | <u>\$ (2,303,480)</u> | <u>\$ (509,636)</u> | <u>\$ (876,567)</u> |

See accompanying Notes to Financial Statements.

**CITY OF LANCASTER
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

| | Private-Purpose Trust Fund | Custodial Funds |
|---|--|--------------------|
| | Successor Agency of the Former RDA | |
| ASSETS | | |
| Pooled Cash and Investments | \$ 17,995,967 | \$ 189,592 |
| Receivables: | | |
| Accounts | 12,658 | 12,351 |
| Taxes | - | 2,989 |
| Notes and Loans, Net | 108,733 | - |
| Accrued Interest | 8,465 | - |
| Restricted Assets: | | |
| Cash and Investments With Fiscal Agents | 3,054,629 | 2,185 |
| Total Assets | 21,180,452 | 207,117 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Losses on Debt Refundings | 4,835,250 | - |
| LIABILITIES | | |
| Interest Payable | 2,401,858 | - |
| Deposits Payable | - | 25,056 |
| Advances From City of Lancaster | 67,552,256 | - |
| Long-Term Liabilities: | | |
| Due in One Year | 9,470,000 | - |
| Due in More Than One Year | 151,552,776 | - |
| Total Liabilities | 230,976,890 | 25,056 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred Gains on Debt Refundings | 1,034,271 | - |
| NET POSITION | | |
| Held in Trust for Other Purposes | (205,995,459) | - |
| Restricted for Bondholders | - | 182,061 |
| Total Net Position | \$(205,995,459) | \$ 182,061 |

See accompanying Notes to Financial Statements.

**CITY OF LANCASTER
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021**

| | Private-Purpose Trust Fund | Custodial Funds |
|--|--|--------------------|
| | Successor Agency of the Former RDA | |
| ADDITIONS | | |
| Taxes | \$ 14,108,511 | \$ 525,877 |
| Intergovernmental - Other | 2,498,572 | - |
| Investment Income (loss) | (48,948) | - |
| Rental Income | 419,839 | - |
| Miscellaneous | 816,040 | - |
| Total Additions | 17,794,014 | 525,877 |
| DEDUCTIONS | | |
| Administrative Expenses | 530,257 | 1,575 |
| Payment of Special Tax Debt | 6,836,804 | 735,116 |
| Total Deductions | 7,367,061 | 736,691 |
| CHANGE IN NET POSITION | 10,426,953 | (210,814) |
| Net Position - Beginning of Year as Restated | (216,422,412) | 392,875 |
| NET POSITION - END OF YEAR | \$ (205,995,459) | \$ 182,061 |

See accompanying Notes to Financial Statements.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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. The Housing Authority assumed responsibilities for the prior low/moderate Housing Fund. Separate financial statements are not available for the Housing Authority.

The Lancaster Community Services Foundation (the Foundation) was formed to provide certain community services to the residents of the City. Separate financial statements are not available for the Foundation.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of the Reporting Entity (Continued)

The Lancaster Financing Authority Debt Service Fund (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.

The California Choice Energy Authority (the Energy Authority) was formed to help cities in the Southern California Edison territory 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 financial statements of the City are composed of the following:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

Government-Wide Financial Statements

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

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

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another 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 and custodial funds.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Funds

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

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. Significant revenues subject to the criteria include taxes, licenses and permits, and intergovernmental revenues. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided).

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. The principal portion of advances to other funds reported in the general fund financial statements is classified as nonspendable fund balance to indicate that it is not available for appropriation and is not an expendable available financial resource.

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.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

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 another financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expenditure.

The City's fiduciary funds are accounted for using the economic resources measurement focus and accrual basis of accounting. 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.

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.

Transportation Development Authority Special Revenue Fund – This fund is used to account for restricted funds associated with the Transportation Development Act. The funding is provided to support transportation planning and mass transportation purposes.

Lancaster Financing Authority Debt Service Fund – This fund is used to account for resources restricted or assigned for expenditures of principal and interest.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Classifications (Continued)

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 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.

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.

Custodial 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 Custodial Funds:

- Assessment District – to account for the City, acting in the capacity as an agent, for various 1915 Act Assessment District Bonds.
- Community Facilities Districts (CFD) – to account for collection of special assessments within the Mello-Roos District to provide public waterworks improvements and basic infrastructure within the Districts.
- Deposits – to account for deposits held on behalf of the Downtown Lancaster Association.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements

In fiscal year ended June 30, 2021, the City adopted the following accounting standard.

GASB Statement No. 84, *Fiduciary Activities*, became effective for fiscal years beginning after December 15, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City has implemented this Statement, see Note 21 for detail on impact to the City's financial statements.

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."

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 when 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.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

| | |
|-----------------------------|---------------|
| Structures and Improvements | 40 Years |
| Furniture and Equipment | 7 to 10 Years |
| Infrastructure | 50 Years |

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 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 and other postemployment benefits (OPEB) equal to employer contributions made after the measurement date of the net pension liability and net OPEB liability.
- Deferred outflows related to pensions and OPEB 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 and OPEB through the plans.
- Deferred outflows related to pensions and OPEB resulting from the difference in projected and actual earnings on investments of the plans. These amounts are amortized over five years.

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 following sources, which are taxes, interest, 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.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

- Deferred inflows from OPEB 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.

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 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 market 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.

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.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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.

Pursuant to Resolution 96-111, a minimum of 10% unallocated fund balance shall be designated to provide contingency in case of unexpected decreases in revenues or unexpected expenditures. In accordance with the resolution, these funds can only be used for specific expenditure(s) following a formal vote of the City Council.

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 11-35.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance Classification (Continued)

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.

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. Postemployment Benefits Other Than Pensions

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.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 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.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the general, special revenue, and similar governmental funds. Encumbrances are included in the general fund's assigned fund balance under capital projects for \$7,585,171. 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 the Community Services Foundation, Zero-Net Energy Solar Mitigation In Lieu Special Revenue Fund, Mariposa Lily Special Revenue Fund, 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 accounting principles generally accepted in the United States of America.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Excess of Expenditures over Appropriations

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2021:

| | Final Budget | Actual | Variance With Final Budget |
|--|-----------------|---------------|-------------------------------|
| Major Funds | | | |
| General Fund: | | | |
| Parks, Recreation, and Arts | \$ 12,759,370 | \$ 12,801,400 | \$ (42,030) |
| Capital Outlay | 224,482 | 273,583 | (49,101) |
| Lancaster Housing Authority: | | | |
| Capital Outlay | - | 9,600 | (9,600) |
| Transportation Development Authority: | | | |
| Capital Outlay | - | 2,475,094 | (2,475,094) |
| Other Governmental Special Revenue Funds | | | |
| Gas Tax | | | |
| Capital Outlay | - | 1,564,526 | (1,564,526) |
| Landscape Maintenance District | | | |
| Capital Outlay | - | 8,682 | (8,682) |
| Housing and Community Development | | | |
| Capital Outlay | - | 571,453 | (571,453) |
| Home | | | |
| Housing and Neighborhood Revitalization | - | 238,843 | (238,843) |
| Proposition A | | | |
| General Government | 1,674,648 | 2,189,561 | (514,913) |
| Capital Outlay | - | 259,354 | (259,354) |
| Bikeway Improvement | | | |
| Capital Outlay | - | 216,070 | (216,070) |
| Proposition C: | | | |
| Capital Outlay | - | 950,516 | (950,516) |
| Federal Grant | | | |
| Capital Outlay | - | 1,677,083 | (1,677,083) |
| State Grant | | | |
| General Government | 148,910 | 193,343 | (44,433) |
| Capital Outlay | - | 1,714,488 | (1,714,488) |
| Park Development | | | |
| Capital Outlay | - | 91,947 | (91,947) |
| Developer Fees - Signals | | | |
| Capital Outlay | - | 47,968 | (47,968) |
| Developer Fees - Drainage | | | |
| Capital Outlay | - | 848,439 | (848,439) |
| Traffic Impact | | | |
| Capital Outlay | - | 285,387 | (285,387) |
| Landscape Drainage Maintenance District: | | | |
| Capital Outlay | - | 139,337 | (139,337) |
| Debt Service - Principal Retirement | - | 31,705 | (31,705) |
| Debt Service - Interest and Fiscal Charges | - | 2,993 | (2,993) |
| MTA Grant | | | |
| Capital Outlay | - | 745,903 | (745,903) |
| Urban Structure Program | | | |
| Capital Outlay | - | 190,859 | (190,859) |
| Sewer Maintenance | | | |
| General Government | - | 2,117 | (2,117) |
| Capital Outlay | - | 333,631 | (333,631) |
| Proposition 1B | | | |
| Capital Outlay | - | 136,746 | (136,746) |
| Proposition 42 | | | |
| Capital Outlay | - | 591 | (591) |
| Measure R: | | | |
| Development Services | - | 2,301 | (2,301) |
| Capital Outlay | - | 6,624,280 | (6,624,280) |
| Measure M: | | | |
| Development Services | - | 3,075 | (3,075) |
| Capital Outlay | 343,048 | 463,252 | (120,204) |
| Lancaster Lighting District | | | |

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Deficit Fund Balances

The following funds contained deficit fund balances as of June 30, 2021:

| | <u>Deficit Amount</u> | |
|---|---------------------------|-----|
| Transportation Development Authority Special Revenue Fund | \$ (1,343,186) | (3) |
| Other Governmental Special Revenue Funds | | |
| Bikeway Improvement | (1,538) | (2) |
| Federal Grants Special Revenue Fund | (443,783) | (1) |
| State Grants Special Revenue Fund | (1,830,739) | (1) |
| AQMD | (39,252) | (2) |
| LA County Reimbursement | (179,568) | (1) |
| MTA Grant | (375,893) | (1) |

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

NOTE 3 CASH AND INVESTMENTS

Cash and Investments

Cash and investments held by the City at June 30, 2021, are reported in the accompanying financial statements as follows:

| | | |
|--|-----------------------|--|
| Statement of Net Position | | |
| Cash and Investments | \$ 86,221,171 | |
| Restricted: | | |
| Cash and Investments | 73,283,226 | |
| Statement of Fiduciary Assets and Liabilities | | |
| Pooled Cash and Investments | 18,185,559 | |
| Restricted: | | |
| Cash and Investments With Fiscal Agents | 3,056,814 | |
| Total Cash and Investments | <u>\$ 180,746,770</u> | |
| Cash and Investments Consisted of the Following: | | |
| Cash on Hand | \$ 5,700 | |
| Deposits With Financial Institutions | 45,610,041 | |
| Investments | 135,131,029 | |
| Total Cash and Investments | <u>\$ 180,746,770</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.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits

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 Federal Deposit Insurance Corporation. 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, 2021, all 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.

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.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Credit Risk

The City's investment policy limits investments in medium-term notes (MTNs) and municipal bonds to those rated AA- or better by a nationally recognized statistical rating organization. At June 30, 2021, the City invested in various MTNs and municipal bonds which were rated AA- or better by Standard & Poor's (S&P). At June 30, 2021, 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, 2021, the City's investment in LAIF is unrated. The City has amounts invested in investment agreements held with fiscal agents and invested under the direction of the City, which are unrated.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2021, 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, 30% 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, 2021, none of the City's investments had issuers exceeding 5% of the City investment pool.

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 bond issues may be invested in securities for more than five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2021, the City had the following investments and original maturities:

| <u>Investment Type</u> | 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 | \$ 7,644,861 | \$ 8,742,526 | \$ 1,031,680 | \$ - | \$ 17,419,067 |
| United States Government Sponsored Agency Securities | - | 5,847,806 | 4,350,391 | - | 10,198,197 |
| Medium-Term Corporate Notes | 2,505,432 | 2,395,629 | 4,281,463 | - | 9,182,524 |
| Municipal Bonds | - | 3,284,782 | 1,498,347 | - | 4,783,129 |
| California Local Agency Investment Fund (LAIF) | 17,200,972 | - | - | - | 17,200,972 |
| Money Market Mutual Funds | 7,991 | - | - | - | 7,991 |
| Held by Fiscal Agent: | | | | | |
| Money Market Mutual Funds | 76,339,149 | - | - | - | 76,339,149 |
| Total | \$ 103,698,405 | \$ 20,270,743 | \$ 11,161,881 | \$ - | \$ 135,131,029 |

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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, 2021:

| | Quoted Prices Level 1 | Observable Inputs Level 2 | Unobservable Inputs Level 3 | Total |
|--|-----------------------------|---------------------------------|-----------------------------------|-----------------------|
| United States Treasury Securities | \$ 17,419,067 | \$ - | \$ - | \$ 17,419,067 |
| United States Government Sponsored Agency Securities | - | 10,198,197 | - | 10,198,197 |
| Medium-Term Corporate Notes | - | 9,182,524 | - | 9,182,524 |
| Municipal Bonds | - | 4,783,129 | - | 4,783,129 |
| Total Subject to Hierarchy | \$ 17,419,067 | \$ 24,163,850 | \$ - | 41,582,917 |
| LAIF (1) | | | | 17,200,972 |
| Money Market Mutual Funds (1) | | | | 7,991 |
| Held by Fiscal Agent: | | | | |
| Money Market Mutual Funds (1) | | | | 76,339,149 |
| Total Investment Portfolio | | | | \$ 135,131,029 |

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

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 NOTES AND LOANS RECEIVABLE

Notes and loans receivable at June 30, 2021, were as follows:

| | Loans and Notes Receivable Repayments | Loan Forgiveness/ Allowance Terms | Long-Term Lump-Sum Repayment Terms | Total |
|--|--|--|---|---------------------|
| General Fund | \$ 1,525,588 | \$ (669,270) | \$ (35,879) | \$ 820,439 |
| Lancaster Housing Authority Special Revenue Fund | 3,827,877 | - | - | 3,827,877 |
| Other Governmental Funds HOME Program Special Revenue Fund | 15,176,643 | (14,586,583) | - | 590,060 |
| Total | <u>\$ 20,530,108</u> | <u>\$ (15,255,853)</u> | <u>\$ (35,879)</u> | <u>\$ 5,238,376</u> |
| Fiduciary Private-Purpose Trust Fund | <u>\$ 117,066</u> | <u>\$ (8,333)</u> | <u>\$ -</u> | <u>\$ 108,733</u> |

Loan forgiveness/allowance is a reduction in the balance for the amount forgiven or allowed for based on assessment of collectability on the loans by the City during the fiscal year. The long-term lump-sum repayment terms reduces the loan balance for the payments received during the year.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

Governmental Activities

| | Balance at June 30, 2020 | Construction in Progress Transfers | Additions | Deletions | Balance at June 30, 2021 |
|---|-----------------------------|--|---------------------|-------------------|-----------------------------|
| Governmental Activities: | | | | | |
| Capital Assets, Not Depreciated: | | | | | |
| Land, as Restate | \$ 29,796,320 | \$ - | \$ - | \$ - | \$ 29,796,320 |
| Construction in Progress | 37,968,370 | (10,891,118) | 28,937,306 | 199,400 | 55,815,158 |
| Total Capital Assets, Not Depreciated | <u>67,764,690</u> | <u>(10,891,118)</u> | <u>28,937,306</u> | <u>199,400</u> | <u>85,611,478</u> |
| Capital Assets, Being Depreciated: | | | | | |
| Structures and Improvements | 76,456,526 | - | - | - | 76,456,526 |
| Furniture and Equipment | 16,548,045 | - | 777,183 | - | 17,325,228 |
| Infrastructure | <u>1,710,340,682</u> | <u>10,891,118</u> | <u>6,637,209</u> | <u>-</u> | <u>1,727,869,009</u> |
| Total Capital Assets, Being Depreciated | 1,803,345,253 | 10,891,118 | 7,414,392 | - | 1,821,650,763 |
| Less Accumulated Depreciation for: | | | | | |
| Structures and Improvements | (36,522,265) | - | (1,522,829) | - | (38,045,094) |
| Furniture and Equipment | (12,422,707) | - | (405,563) | - | (12,828,270) |
| Infrastructure | <u>(953,781,772)</u> | <u>-</u> | <u>(34,413,689)</u> | <u>-</u> | <u>(988,195,461)</u> |
| Total Accumulated Depreciation | <u>(1,002,726,744)</u> | <u>-</u> | <u>(36,342,081)</u> | <u>-</u> | <u>(1,039,068,825)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>800,618,509</u> | <u>10,891,118</u> | <u>(28,927,689)</u> | <u>-</u> | <u>782,581,938</u> |
| Governmental Activities Capital Assets, Net | | | | | |
| | <u>\$ 868,383,199</u> | <u>\$ -</u> | <u>\$ 9,617</u> | <u>\$ 199,400</u> | <u>\$ 868,193,416</u> |

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged in the following functions in the statement of activities for the year ended June 30, 2021, as follows:

| | |
|-----------------------------|----------------------|
| General Government | \$ 282,113 |
| Development Services | 33,529,246 |
| Community Development | 102,454 |
| Parks, Recreation, and Arts | 2,428,268 |
| Total | <u>\$ 36,342,081</u> |

Business-Type Activities

Capital asset activity for the year ended June 30, 2021, was as follows:

| | Balance at June 30, 2020 | Additions | Deletions | Balance at June 30, 2021 |
|------------------------------------|-----------------------------|-------------|---------------------|-----------------------------|
| Capital Assets, Not Depreciated: | | | | |
| Intangible Assets | \$ 23,486,774 | \$ - | \$ - | \$ 23,486,774 |
| Less Accumulated Depreciation for: | | | | |
| Intangible Assets | (7,985,503) | - | (939,471) | (8,924,974) |
| Total Business-Type Activities | | | | |
| Capital Assets, Net | <u>\$ 15,501,271</u> | <u>\$ -</u> | <u>\$ (939,471)</u> | <u>\$ 14,561,800</u> |

The depreciation expense of \$939,471 was charged to the Lancaster Power Authority program for the year ended June 30, 2021.

NOTE 6 INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS

Due To/From Other Funds

Interfund receivable and payable balances at June 30, 2021, are as follows:

| <u>Receivable</u> | <u>Payable</u> | <u>Amount</u> |
|-------------------|--------------------------------------|----------------------|
| General Fund | | |
| | Transportation Development Authority | \$ 9,171,809 |
| | Lancaster Financing Authority | 14,962,258 |
| | Other Governmental Funds | 8,822,074 |
| | California Choice Energy Authority | |
| | Enterprise Fund | 2,667,878 |
| | Total | <u>\$ 35,624,019</u> |

The due to General Fund was a result of temporary deficit cash balances in those funds.

The due to General Fund from the California Choice Energy Authority to provide for funds for collateral deposit and reimbursement of expenses.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Transfers

The following schedule summarizes the City's transfer activity:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|---|---|----------------------|
| General Fund | Lancaster Housing Authority Special Revenue Fund | \$ 531,768 |
| | Transportation Special Revenue Fund | 660,342 |
| | Other Governmental Funds | 6,638,567 |
| | Lancaster Power Authority Enterprise Fund | 11,246 |
| | Lancaster Choice Energy Enterprise Fund | 839,136 |
| Tranportation Development Authority Special Revenue Fund | Other Governmental Funds | 186,728 |
| Lancaster Financing Authority Debt Service Fund | General Fund | 398,993 |
| | Other Governmental Funds | 3,126,442 |
| | Lancaster Choice Energy Enterprise Fund | 25,468 |
| Other Governmental Funds | General Fund | 743,763 |
| | Lancaster Housing Authority Special Revenue Fund | 334 |
| | Transportation Special Revenue Fund | 6,221,762 |
| | Other Governmental Funds | 107,581 |
| | Total | <u>\$ 19,492,130</u> |

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

Transfers made to the Transportation Development Authority Special Revenue Fund were for project expenses.

Transfers made to the Lancaster Financing Authority Debt Service Fund were for debt service requirements

Transfers made to Other Governmental Funds were to cover various operations and capital projects.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 LONG-TERM LIABILITIES

Governmental Activities

Changes in long-term liabilities for the governmental activities for the year ended June 30, 2021, are as follows:

| | Balance July 1, 2020 | Additions | Deletions | Balance June 30, 2021 | Due One Year | Due in More than One Year |
|----------------------------------|-------------------------|---------------------|---------------------|--------------------------|---------------------|------------------------------|
| Direct Borrowings: | | | | | | |
| Section 108 Notes: | | | | | | |
| Series 2015-A1 | \$ 387,000 | \$ - | \$ 91,000 | \$ 296,000 | \$ 95,000 | \$ 201,000 |
| Series 2015-A2 | 494,000 | - | 91,000 | 403,000 | 95,000 | 308,000 |
| Capital Leases | 1,113,831 | - | 282,825 | 831,006 | 216,303 | 614,703 |
| Loans | 693,254 | - | 117,755 | 575,499 | 121,314 | 454,185 |
| Settlement Agreement | 1,400,000 | - | 200,000 | 1,200,000 | 200,000 | 1,000,000 |
| Other Debt: | | | | | | |
| Streetlight Acquisition | | | | | | |
| Issue of 2016 | 12,630,000 | - | 570,000 | 12,060,000 | 585,000 | 11,475,000 |
| Public Improvements Project | | | | | | |
| Issue of 2018 | 14,085,000 | - | 265,000 | 13,820,000 | 275,000 | 13,545,000 |
| Measure M & R Street Improvement | | | | | | |
| Profit Issue of 2018 | 46,960,000 | - | 725,000 | 46,235,000 | 755,000 | 45,480,000 |
| Unamortized Bond Premium | 7,797,476 | - | 382,123 | 7,415,353 | - | 7,415,353 |
| 1997 Series A | 250,000 | - | 250,000 | - | - | - |
| 1997 Series B CIB | 103,112 | - | 103,112 | - | - | - |
| 1997 Series B - CAB | 360,000 | - | 360,000 | - | - | - |
| Other Long-Term Liabilities: | | | | | | |
| Accrued Employee Benefits | 3,034,572 | 2,322,134 | 1,921,884 | 3,434,822 | 1,921,883 | 1,512,939 |
| Claims and Judgements | 2,637,000 | 942,000 | 466,000 | 3,113,000 | 653,119 | 2,459,881 |
| Total Governmental Activities | <u>\$ 91,945,245</u> | <u>\$ 3,264,134</u> | <u>\$ 5,825,699</u> | <u>\$ 89,383,680</u> | <u>\$ 4,917,619</u> | <u>\$ 84,466,061</u> |

The liability for accrued employee benefits is fully liquidated by the general fund. The net pension liability is recorded in the fund incurring the current pension expense. For the net pension liability, 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, 2021, was \$296,000.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Section 108 Notes (Continued)

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, 2021, was \$403,000.

The annual requirements to amortize the Section 108 Notes outstanding indebtedness as of June 30, 2021, are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|------------------|-------------------|
| 2022 | \$ 190,000 | \$ 15,845 | \$ 205,845 |
| 2023 | 198,000 | 11,187 | 209,187 |
| 2024 | 205,000 | 5,891 | 210,891 |
| 2025 | 106,000 | 1,510 | 107,510 |
| Total | <u>\$ 699,000</u> | <u>\$ 34,433</u> | <u>\$ 733,433</u> |

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 bonds do not have reserve requirement. The bond was paid off during the year.

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. The bonds are payable from a special tax assessed on the properties within the community facilities districts. The bonds do not have reserve requirement. The bond was paid off during the year.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

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, 2021, is \$651,103.

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 (bargain 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 lease was paid off during the year.

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 (bargain 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, 2021, is \$66,439.

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 (bargain 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, 2021, is \$18,209.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Capital Leases (Continued)

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 (bargain 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 lease was paid off during the year.

On July 27, 2018, the City entered into an equipment lease/purchase agreement for vehicles. This lease agreement qualifies as a capital lease for accounting purpose (bargain 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 \$232,545. The financing was obtained from De Lage Landen Public Finance LLC on July 27, 2018, for \$232,545 with an interest rate of 5.37% per annum and annual payments of \$51,498 through the end of the lease (July 2023). The outstanding balance at June 30, 2021, is \$95,255.

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

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|------------------------------------|--------------------------|
| 2022 | \$ 232,538 |
| 2023 | 232,538 |
| 2024 | 146,341 |
| 2025 | 146,341 |
| 2026 | <u>146,341</u> |
| Subtotal | 904,099 |
| Less: Amount Representing Interest | <u>(73,093)</u> |
| Total | <u><u>\$ 831,006</u></u> |

Loans

In January 2011, the City entered into a loan agreement with the State of California Energy Resources Conservation and Development Commission for a 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, 2021, is \$575,499.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Loans (Continued)

The annual requirements to amortize the outstanding indebtedness as of June 30, 2021, are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|------------------|-------------------|
| 2022 | \$ 121,314 | \$ 16,365 | \$ 137,679 |
| 2023 | 124,981 | 12,698 | 137,679 |
| 2024 | 128,736 | 8,943 | 137,679 |
| 2025 | 132,649 | 5,030 | 137,679 |
| 2026 | 67,819 | 1,020 | 68,839 |
| Total | <u>\$ 575,499</u> | <u>\$ 44,056</u> | <u>\$ 619,555</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, 2021, is \$12,060,000.

The bond indenture requires the City to maintain a bond reserve in the amount of \$975,606. To satisfy this requirement, the City purchased a municipal bond insurance policy. The annual requirements to amortize the outstanding indebtedness as of June 30, 2021, are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|---------------------|----------------------|
| 2022 | \$ 585,000 | \$ 388,281 | \$ 973,281 |
| 2023 | 605,000 | 370,431 | 975,431 |
| 2024 | 620,000 | 352,056 | 972,056 |
| 2025 | 640,000 | 333,156 | 973,156 |
| 2026 | 660,000 | 313,656 | 973,656 |
| 2027 - 2031 | 3,645,000 | 1,195,481 | 4,840,481 |
| 2032 - 2036 | 4,350,000 | 496,831 | 4,846,831 |
| 2037 | 955,000 | 14,923 | 969,923 |
| Total | <u>\$ 12,060,000</u> | <u>\$ 3,464,815</u> | <u>\$ 15,524,815</u> |

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Lease Revenue Bonds

Public Improvements Project, Issue of 2018

On December 1, 2018, the Lancaster Financing Authority issued \$14,955,000 of Lease Revenue Bonds, Series 2018, Public Improvements Project Bonds. These bonds were issued to finance improvements to City facilities. Interest on these bonds is due semiannually on May 1 and November 1 of each year, commencing May 1, 2019. Interest rates vary from 3% to 5%. The principal portion of these bonds is payable from May 1, 2019 to May 1, 2048. The outstanding balance at June 30, 2021, is \$13,820,000.

The bond indenture requires the City to maintain a bond reserve in equal to the maximum annual debt service. The City purchased as reserve body insurance policy to satisfy this requirement. The annual requirements to amortize the outstanding indebtedness as of June 30, 2021, are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|---------------------|----------------------|
| 2022 | \$ 275,000 | \$ 573,381 | \$ 848,381 |
| 2023 | 290,000 | 559,631 | 849,631 |
| 2024 | 305,000 | 545,131 | 850,131 |
| 2025 | 320,000 | 529,881 | 849,881 |
| 2026 | 330,000 | 520,281 | 850,281 |
| 2027 - 2031 | 1,915,000 | 2,336,656 | 4,251,656 |
| 2032 - 2036 | 2,400,000 | 1,852,531 | 4,252,531 |
| 2037 - 2041 | 2,885,000 | 1,370,689 | 4,255,689 |
| 2042 - 2046 | 3,495,000 | 751,400 | 4,246,400 |
| 2047 - 2048 | 1,605,000 | 97,000 | 1,702,000 |
| Total | <u>\$ 13,820,000</u> | <u>\$ 9,136,581</u> | <u>\$ 22,956,581</u> |

Street Improvements Project, Issue of 2019

On October 1, 2019, the Lancaster Financing Authority issued \$48,405,000 of Lease Revenue Bonds, Series 2019, Measure M & R Street Improvements Project Bonds. These bonds were issued to finance certain local roadway and street improvements. Interest on these bonds is due semiannually on December 1 and June 1 of each year, commencing May 1, 2020. Interest rates vary from 3% to 4%. The principal portion of these bonds is payable from May 1, 2020 to May 1, 2049. The outstanding balance at June 30, 2021, is \$46,235,000.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Lease Revenue Bonds (Continued)

The bond indenture requires the City to maintain a bond reserve in equal to the maximum annual debt service. The City purchased as reserve body insurance policy to satisfy this requirement. The bonds are payable from the revenues pledged, which consist of:

- all Measure M Receipts, which consist of certain amounts received by the City from 0.5% retail transactions and use tax that is collected by the County, to the extent that the applicable Project constitutes a Measure M Project; and
- all Measure R Receipts, which consist of certain amounts received by the City from 0.5% retail transactions and use tax that is collected by the County through June 30, 2039, to the extent that the applicable Project constitutes a Measure R Project

The annual requirements to amortize the outstanding indebtedness as of June 30, 2021, are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|----------------------|----------------------|
| 2022 | \$ 755,000 | \$ 1,948,000 | \$ 2,703,000 |
| 2023 | 785,000 | 1,917,800 | 2,702,800 |
| 2024 | 825,000 | 1,878,550 | 2,703,550 |
| 2025 | 865,000 | 1,837,300 | 2,702,300 |
| 2026 | 905,000 | 1,794,050 | 2,699,050 |
| 2027 - 2031 | 5,265,000 | 8,243,750 | 13,508,750 |
| 2032 - 2036 | 6,635,000 | 6,870,150 | 13,505,150 |
| 2036 - 2041 | 8,600,000 | 5,417,800 | 14,017,800 |
| 2042 - 2046 | 12,700,000 | 3,343,800 | 16,043,800 |
| 2047 - 2049 | 8,900,000 | 721,400 | 9,621,400 |
| Total | <u>\$ 46,235,000</u> | <u>\$ 33,972,600</u> | <u>\$ 80,207,600</u> |

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, 2021, is \$1,200,000.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities

Changes in long-term liabilities for the business-type activities for the year ended June 30, 2021, are as follows:

| | Balance July 1, 2020 | Additions | Deletions | June 30, 2021 | Due One Year | Due in One Year |
|---|-------------------------|-------------|-------------------|----------------------|-------------------|----------------------|
| Other Debt: | | | | | | |
| 2012A Solar Renewable Energy Revenue Bonds | \$ 21,225,000 | \$ - | \$ 570,000 | \$ 20,655,000 | \$ 625,000 | \$ 20,030,000 |
| Unamortized Bond Discount | (394,812) | - | 23,455 | (371,357) | - | (371,357) |
| Total business-Type Activities | <u>\$ 20,830,188</u> | <u>\$ -</u> | <u>\$ 593,455</u> | <u>\$ 20,283,643</u> | <u>\$ 625,000</u> | <u>\$ 19,658,643</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, 2021, is \$20,655,000.

The bond indenture requires the Lancaster Power Authority to maintain a bond reserve in the amount of \$2,222,578. The balance in the reserve account as of June 30, 2021, amounted to \$2,270,256.

The annual requirements to amortize the outstanding indebtedness as of June 30, 2021, are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|---------------------|----------------------|
| 2022 | \$ 625,000 | \$ 843,706 | \$ 1,468,706 |
| 2023 | 690,000 | 822,806 | 1,512,806 |
| 2024 | 755,000 | 796,494 | 1,551,494 |
| 2025 | 830,000 | 764,794 | 1,594,794 |
| 2026 | 910,000 | 729,994 | 1,639,994 |
| 2027 - 2031 | 5,920,000 | 2,999,031 | 8,919,031 |
| 2032 - 2036 | 8,750,000 | 1,482,419 | 10,232,419 |
| 2037 | 2,175,000 | 47,578 | 2,222,578 |
| Total | <u>\$ 20,655,000</u> | <u>\$ 8,486,822</u> | <u>\$ 29,141,822</u> |

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS

The following is a summary of pension-related items for the year ended June 30, 2021:

| | Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
|-----------------------|----------------------|--------------------------------------|-------------------------------------|---------------------|
| CalPERS Miscellaneous | \$ 62,922,594 | \$ 9,125,663 | \$ - | \$ 8,407,005 |
| PARS | 4,492,521 | 121,200 | - | 1,327,904 |
| Total | <u>\$ 67,415,115</u> | <u>\$ 9,246,863</u> | <u>\$ -</u> | <u>\$ 9,734,909</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 multiemployer 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 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.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

| | <u>Miscellaneous</u> | | |
|--|---|--|--|
| | <u>Classic Members Hired Prior to January 1, 2013</u> | <u>Classic Members Hired On or After January 1, 2013</u> | <u>New Members Hired On or After January 1, 2013</u> |
| Hire Date | | | |
| Benefit Formula | 2.7% @ 55 | 2.0% @ 60 | 2.0% @ 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 | 11.144% | 11.144% | 11.144% |
| Payment of Unfunded Liability | \$ 3,132,638 | \$ - | \$ - |

Employees Covered

At the June 30, 2020, measurement date, the following employees were covered by the benefit terms for the Plan:

| | <u>Miscellaneous</u> |
|---|----------------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 304 |
| Inactive Employees Entitled to But Not Yet Receiving Benefits | 492 |
| Active Employees | 257 |
| Total | <u>1,053</u> |

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

General Information about the Pension Plan (Continued)

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. The City made contributions to the plan during fiscal year ended June 30, 2021, of \$6,735,678.

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, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2019, actuarial valuations were determined using the following actuarial assumptions:

| | |
|--------------------------------|---------------------------------|
| | <u>Miscellaneous</u> |
| Valuation Date | June 30, 2019 |
| Measurement Date | June 30, 2020 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.5% |
| Projected Salary Increase | (1) |
| Mortality Rate Table | (2) |
| Post-Retirement Benefit Income | (3) |

(1) Varies by entry age and service.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

General Information about the Pension Plan (Continued)

Actuarial Assumptions (Continued)

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

(3) Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

Long-Term Expected Rate of Return

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 cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

| <u>Asset Class (a)</u> | <u>New Strategic Allocation</u> | <u>Real Return Years 1 - 10 (b)</u> | <u>Real Return Years 11+ (c)</u> |
|------------------------|---------------------------------|-------------------------------------|----------------------------------|
| Global Equity | 50.00% | 4.80% | 5.98% |
| Fixed Income | 28.00% | 1.00% | 2.62% |
| Inflation Assets | 0.00% | 0.77% | 1.81% |
| Private Equity | 8.00% | 6.30% | 7.23% |
| Real Assets | 13.00% | 3.75% | 4.93% |
| Liquidity | 1.00% | 0.00% | -0.92% |
| Total | <u>100.00%</u> | | |

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

General Information about the Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

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

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, 2019 (Measurement Date) | \$ 185,620,817 | \$ 127,314,703 | \$ 58,306,114 |
| Changes in the Year: | | | |
| Service Cost | 3,812,712 | - | 3,812,712 |
| Interest on the Total Pension Liability | 13,228,441 | - | 13,228,441 |
| Differences Between Expected and Actual Experience | 1,608,904 | - | 1,608,904 |
| Contribution - Employer | - | 6,104,781 | (6,104,781) |
| Contribution - Employee | - | 1,680,632 | (1,680,632) |
| Net Investment Income | - | 6,427,646 | (6,427,646) |
| Administrative Expenses | - | - | - |
| Benefit Payments, Including Refunds of Employee Contributions | (8,246,671) | (8,246,671) | - |
| Other Miscellaneous Income (Expense) | - | (179,482) | 179,482 |
| Net Changes | <u>10,403,386</u> | <u>5,786,906</u> | <u>4,616,480</u> |
| Balance at June 30, 2020 (Measurement Date) | <u>\$ 196,024,203</u> | <u>\$ 133,101,609</u> | <u>\$ 62,922,594</u> |

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

General Information about the Pension Plan (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 | \$ 90,125,738 |
| Current Discount Rate | 7.15% |
| Net Pension Liability | \$ 62,922,594 |
| 1% Increase | 8.15% |
| Net Pension Liability | \$ 40,509,036 |

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, 2021, the City recognized pension expense of \$8,407,005. At June 30, 2021, 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 | \$ 6,735,678 | \$ - |
| Differences Between Expected and Actual Experience | 1,362,561 | - |
| Net Differences Between Projected and Actual Earnings on Plan Investments | 1,027,424 | - |
| Total | \$ 9,125,663 | \$ - |

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

General Information about the Pension Plan (Continued)

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

Deferred outflows of resources of \$6,735,678 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------------|
| 2022 | \$ 518,109 |
| 2023 | 701,543 |
| 2024 | 644,057 |
| 2025 | 526,276 |
| 2026 | - |
| Thereafter | - |
| Total | <u>\$ 2,389,985</u> |

Payable to the Pension Plans

At June 30, 2021, the City had no outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2021.

B. Public Employees Retirement System (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. A separate financial report is not available for the plan.

Employees Covered

At the June 30, 2020 measurement date, there were 70 inactive employees or beneficiaries receiving benefits.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Public Employees Retirement System (PARS) (Continued)

General Information about the Pension Plan (Continued)

Contributions

The actuarial contribution is determined on the funding policy and most recent measurement available when the contribution for the reporting period was adopted.

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, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. 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, 2019, actuarial valuation was determined using the following actuarial assumptions:

| | |
|----------------------------------|--|
| Valuation Date | June 30, 2019 |
| Measurement Date | June 30, 2020 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 3.83% |
| Inflation | 2.75% |
| Salary Scale | Aggregate - 3.00% Merit - CalPERS 1997-2015 Experience Study |
| Investment Rate of Return | 6% |
| Mortality Assumption for Service | CalPERS 1997-2015 Experience Study |

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, 2019, the discount rate was updated from 4.71% to 3.83%. In addition, the mortality improvement scale was updated to Scale MP-19.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Public Employees Retirement System (PARS) (Continued)

General Information about the Pension Plan (Continued)

Discount Rate

The discount rate of 3.83% was used to measure the total pension liability and was a blended rate equivalent to combination of the long-term expected rate of return on assets and Bond Buyer 20 Index, which is 2.21% at June 30, 2020. In a crossover test, future employer contributions to the trust were assumed to be zero.

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 48.25% equities, 45% fixed income, 1.75% REITs, and 5% cash equivalent. The geometric real rates of return were assumed to be 4.82% for equities, 1.47% for fixed income, 3.76% for REITs, and 0.06% 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 | 48.25% | 4.82% |
| Fixed Income | 45.00% | 1.47% |
| REITs | 1.75% | 3.76% |
| Cash | 5.00% | 0.06% |
| Total | <u>100.00%</u> | |

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Public Employees Retirement System (PARS) (Continued)

General Information about the Pension Plan (Continued)

Changes in the Net Pension Liability

The changes in the net pension liability for the Plans, using the measurement period ended June 30, 2020, are as follows:

| | Increase (Decrease) | | |
|---|-------------------------------|-----------------------------------|-------------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
| Balance at June 30, 2019 (Measurement Date) | \$ 11,924,427 | \$ 8,904,872 | \$ 3,019,555 |
| Changes in the Year: | | | |
| Service Cost | - | - | - |
| Interest on the Total Pension Liability | 545,037 | - | 545,037 |
| Changes in Benefit Terms | - | - | - |
| Changes in Assumptions | 1,173,341 | - | 1,173,341 |
| Differences Between Expected and Actual Experience | - | - | - |
| Net Investment Income | - | 262,205 | (262,205) |
| Administrative Expenses | - | - | - |
| Benefit Payments | (705,047) | (705,047) | - |
| Administrative Expenses | - | (16,793) | 16,793 |
| Net Changes | <u>1,013,331</u> | <u>(459,635)</u> | <u>1,472,966</u> |
| Balance at June 30, 2020 (Measurement Date) | <u>\$ 12,937,758</u> | <u>\$ 8,445,237</u> | <u>\$ 4,492,521</u> |

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Public Employees Retirement System (PARS) (Continued)

General Information about the Pension Plan (Continued)

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

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

| | <u>Miscellaneous</u> |
|-------------------------------|----------------------|
| 1% Decrease | 2.83% |
| Net Pension Liability (Asset) | \$ 6,073,731 |
| Current Discount Rate | 3.83% |
| Net Pension Liability (Asset) | \$ 4,492,521 |
| 1% Increase | 4.83% |
| Net Pension Liability (Asset) | \$ 3,172,743 |

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, 2021, the City recognized pension expense of \$1,327,904. At June 30, 2021, 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> |
|---|---|--|
| Net Differences Between Projected and Actual Earnings on Plan Investments | \$ 121,200 | \$ - |
| Total | \$ 121,200 | \$ - |

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Public Employees Retirement System (PARS) (Continued)

General Information about the Pension Plan (Continued)

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

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

| <u>Year Ending June 30.</u> | <u>Amount</u> |
|-----------------------------|-------------------|
| 2022 | \$ (19,831) |
| 2023 | 43,548 |
| 2024 | 47,395 |
| 2025 | 50,088 |
| 2026 | - |
| Thereafter | - |
| Total | <u>\$ 121,200</u> |

Payable to the Pension Plans

At June 30, 2021, the City had no outstanding contributions to the PARS pension plan required for the year ended June 30, 2021.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN

General Information about the OPEB Plan

Plan Description

The City provides other postemployment 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.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

General Information about the OPEB Plan

Employees Covered

As of the June 30, 2020, measurement date, the following current and former employees were covered by the benefit terms under the plan:

| | |
|---|------------|
| Inactive Employees, Spouses, or Beneficiaries | |
| Current Receiving Benefits | 132 |
| Active Employees | 241 |
| Total | <u>373</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 year ended June 30, 2021, the City's cash contributions were \$928,672 in payments to the trust and the estimated implicit subsidy was \$203,957, resulting in total contributions of \$1,132,629.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability as of June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| | <u>Miscellaneous</u> |
| Valuation Date | June 30, 2019 |
| Measurement Date | June 30, 2020 |
| 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 | 6.25% |
| Health Care Cost Trend Rates | Non-Medicare 7.25% for 2021, decreasing to 4.0% in 2076, Medicare 6.3% for 2021, decreasing to 4.0% in 2076 |
| Mortality, Retirement, Disability, and 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 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% | 4.82% |
| Fixed Income | 43.00% | 1.47% |
| TIPS | 5.00% | 1.29% |
| REITs | 8.00% | 3.76% |
| Commodities | 4.00% | 0.84% |
| Total | <u>100.00%</u> | |

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 OTHER POSTEMPLOYMENT 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, 2019 (Measurement Date) | \$ 27,478,128 | \$ 10,167,957 | \$ 17,310,171 |
| Changes in the Year: | | | |
| Service Cost | 544,912 | - | 544,912 |
| Interest on the Total OPEB Liability | 1,711,964 | - | 1,711,964 |
| Differences Between Actual and Expected Experience | - | - | - |
| Changes in Assumptions | (498,407) | - | (498,407) |
| Changes in Benefit Terms | - | - | - |
| Contribution - Employer | | 2,451,000 | (2,451,000) |
| Net Investment Income | - | 652,096 | (652,096) |
| Administrative Expenses | - | (6,167) | 6,167 |
| Benefit Payments | (1,263,243) | (1,263,243) | - |
| Net Changes | <u>495,226</u> | <u>1,833,686</u> | <u>(1,338,460)</u> |
| Balance at June 30, 2020 (Measurement Date) | <u>\$ 27,973,354</u> | <u>\$ 12,001,643</u> | <u>\$ 15,971,711</u> |

Change of Assumptions

The ACA excise tax was repealed in December 2019.

Change of Benefit Terms

There was no change of benefit terms.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 OTHER POSTEMPLOYMENT 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 | \$ 19,569,256 | \$ 15,971,711 | \$ 12,983,957 |

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 (6.25% Non-Medicare and 5.30% Medicare) or one percentage point higher (8.25% Non-Medicare and 7.30% Medicare) than current health-care cost trend rates:

| | 1% Decrease | Current Health Care Cost Trend Rates | 1% Increase |
|--------------------|---------------|---|---------------|
| Net OPEB Liability | \$ 12,565,111 | \$ 15,971,711 | \$ 20,114,372 |

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$1,446,501. At June 30, 2021, 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 | \$ 1,132,629 | \$ - |
| Differences Between Actual and Expected Experience | 1,109,658 | - |
| Change in Assumptions | - | 1,415,064 |
| Differences Between Projected and Actual Earnings | 49,080 | - |
| Total | \$ 2,291,367 | \$ 1,415,064 |

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

An amount of \$1,132,629, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------------|
| 2022 | \$ (39,915) |
| 2023 | (31,906) |
| 2024 | (34,839) |
| 2025 | (18,704) |
| 2026 | (43,611) |
| Thereafter | (87,351) |
| Total | <u>\$ (256,326)</u> |

Payable to the OPEB Plan

At June 30, 2021, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

NOTE 10 STADIUM OPERATING LEASE

The City leased the Lancaster Municipal Stadium to Jethawks Baseball, LP, which operated the Jethawks, a California "A" League professional baseball team franchise. The cost and carrying amount of the previously leased assets was \$7,060,660 and \$3,530,330, respectively with the term of the lease from January 9, 2015 to January 9, 2025. During this lease, the city was to receive annual rent of \$55,750 subject to CPI increases after the fourth year. Jethawks Baseball, LP did not receive an invitation from a Major League Baseball team for the 2021 season. The City reached an agreement to terminate the JetHawk's lease and official Notice of Termination was dated February 3, 2022.

NOTE 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.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 ANTELOPE VALLEY TRANSIT AUTHORITY JOINT VENTURE (CONTINUED)

Description of Debt

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

Subsequent to the Certificate of Participation issue, the Transit Authority entered into a "Reimbursement Agreement" with the County of Los Angeles to repay the obligation incurred by the County on their behalf.

As of June 30, 2021 (latest information available), Antelope Valley Transit Authority's financial position was as follows:

| | |
|-------------------------------|-----------------------|
| Assets | <u>\$ 109,346,570</u> |
| Deferred Outflow of Resources | <u>\$ 717,467</u> |
| Liabilities | <u>\$ 5,297,537</u> |
| Deferred Inflows of Resources | <u>\$ 10,284</u> |
| Net Position | <u>\$ 104,756,216</u> |
| Revenues | \$ 45,913,444 |
| Expenses | <u>40,928,155</u> |
| Changes in Net Position | <u>\$ 4,985,289</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, California 93534.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 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 custodial 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. The noncommittal debt amounts were paid off during the year.

NOTE 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 PRISM, with statutory limit coverage. The City also maintained property coverage including earthquake and flood.

At June 30, 2021, \$3,113,000 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, 2021, is dependent on future developments, based upon information from the City Attorney, the City's claims administrators, and others involved with the administration of the programs, City management believes the accrual is adequate to cover such losses.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 RISK MANAGEMENT (CONTINUED)

Changes in the claims liability amount in fiscal years 2020 and 2021 were as follows:

| <u>Fiscal Year Ended</u> | <u>Beginning of Fiscal Year Liability</u> | <u>Claims and Changes in Estimates</u> | <u>Claim Payments</u> | <u>End of Fiscal Year Liability</u> |
|--------------------------|---|--|---------------------------|---|
| 2019 - 2020 | \$ 2,046,000 | \$ 1,071,000 | \$ 480,000 | \$ 2,637,000 |
| 2020 - 2021 | 2,637,000 | 942,000 | 466,000 | 3,113,000 |

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.

NOTE 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
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 CONSTRUCTION COMMITMENTS

The following material construction commitments existed at June 30, 2021:

| Project Name | Contract Amount | Expenditures to date as of June 30, 2021 | Remaining Commitments |
|----------------------------------|--------------------|--|--------------------------|
| 2020 FALL PVMT MGMT PROGRAM | \$ 10,764,508 | \$ 235,510 | \$ 10,528,998 |
| 2020 SIDEWALK, CURB AND GUTTER | 506,470 | 457,911 | 48,559 |
| 2020 SUMMER PVMT MGMT PROGRAM | 6,379,016 | 4,041,971 | 2,337,045 |
| 2021 PAVEMENT MGMT PROGRAM | 1,056,424 | - | 1,056,424 |
| 2021 SUMMER PMP | 392,417 | 209,768 | 182,649 |
| AVE J/SR 14 INTERCHANGE | 7,112,577 | 2,579,604 | 4,532,973 |
| AVE K/SR 14 INTERCHANGE -MSR R | 2,414,006 | 2,202,733 | 211,273 |
| AVE L & SR 14 INTERCHANGE | 902,705 | 588,657 | 314,048 |
| AVE M/SR 14 INTERCHANGE -MSR R | 2,332,859 | 1,667,003 | 665,856 |
| AVTA BUS STOP IMPROVEMENTS | 572,869 | 31,089 | 541,780 |
| BLVD SATELLITE PKG (MARRIOTT) | 184,985 | - | 184,985 |
| DRAINAGE IMP, 30W & AVE J-8 | 215,481 | 34,571 | 180,910 |
| LANC BAPTIST CHURCH EV CHARGER | 66,384 | - | 66,384 |
| LANCASTER HEALTH DISTRICT | 2,670,262 | 1,684,359 | 985,903 |
| MPDF CHALLENGER CHNL-K TO BLVD | 294,839 | 56,803 | 238,036 |
| TRAFFIC CALMING | 146,708 | - | 146,708 |
| TRAFFIC OVERHEAD SIGN REPLACE | 200,000 | 85,581 | 114,419 |
| TRANSPORTATION MANAGEMENT CENTER | 219,680 | 52,960 | 166,720 |

NOTE 16 LANCASTER CHOICE ENERGY

Lancaster Choice Energy (CLE) has registered as a Community Choice Aggregator (CCA) for the purpose of delivering electric services to certain customers located within the City of Lancaster. LCE entered into an administrative services agreement with California Choice Energy Authority (CCEA), for administration, energy procurement, contract negotiation, contract administration, resource planning services, and other services provided to the LCE program. This contract has a term of the longer of three years from the effective date or the longest term of any energy contract to which the CCEA is a party on behalf of LCE. Payments to CCEA for the fiscal year ended June 30, 2021, totaled \$1,562,841.

CCEA master “Take or Pay” agreements with different energy providers that PRIME uses to purchase energy to provide for future electric capacity for customers. LCE enters into separate contracts with the providers and these contracts constitute an obligation of LCE to purchase a set volume of electricity at a set price throughout the terms of the contracts.

During the fiscal year ended June 30, 2021, the total payments made by LCE under the take or pay contracts was \$41,658,491. At June 30, 2021, the remaining take or pay contracts for LCE is \$29,667,514 through December 2028.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 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.

Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021, was as follows:

| | Balance July 1, 2020 | Additions | Deletions | Balance June 30, 2021 | Due One Year | Due in More than One Year |
|---|-------------------------|-------------|---------------------|--------------------------|---------------------|------------------------------|
| Other Borrowings: | | | | | | |
| 2004 County Fire | \$ 2,915,000 | \$ - | \$ 675,000 | 2,240,000 | \$ 710,000 | \$ 1,530,000 |
| 2004 County - Sheriff | 6,245,000 | - | 1,450,000 | 4,795,000 | 1,520,000 | 3,275,000 |
| 2015 Housing A&B | 20,395,000 | - | 995,000 | 19,400,000 | 1,045,000 | 18,355,000 |
| 2017 Housing | 58,050,000 | - | 2,335,000 | 55,715,000 | 2,540,000 | 53,175,000 |
| 2010 Non-Housing Lease Revenue | 4,205,000 | - | 170,000 | 4,035,000 | 180,000 | 3,855,000 |
| 2016 A-1 & A-2 Non-Housing | 52,820,000 | - | 2,700,000 | 50,120,000 | 2,780,000 | 47,340,000 |
| 2016 B-1 & B-2 Non-Housing | 15,045,000 | - | 660,000 | 14,385,000 | 695,000 | 13,690,000 |
| Total Successor Agency | <u>159,675,000</u> | <u>-</u> | <u>8,985,000</u> | <u>150,690,000</u> | <u>9,470,000</u> | <u>141,220,000</u> |
| Unamortized Original Issue (Discount) or Premium | 11,005,036 | - | 672,260 | 10,332,776 | - | 10,332,776 |
| Net Long-Term Debt | <u>\$ 170,680,036</u> | <u>\$ -</u> | <u>\$ 9,657,260</u> | <u>\$ 161,022,776</u> | <u>\$ 9,470,000</u> | <u>\$ 151,552,776</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, 2021, is \$2,240,000.
- 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, 2021, is \$4,795,000.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (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, 2021, is \$19,400,000.
- 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, 2021, is \$55,715,000.
- 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, 2021, is \$4,035,000.
- 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, 2021, is \$50,120,000.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Combined Tax Allocation Notes and Bonds (Continued)

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, 2021, is \$14,385,000.

The annual requirements to amortize the outstanding bond indebtedness for the Lancaster Redevelopment Agency Bonds and Notes, as of June 30, 2021, including interest, are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-----------------------|----------------------|-----------------------|
| 2022 | \$ 9,470,000 | \$ 6,127,352 | \$ 15,597,352 |
| 2023 | 9,865,000 | 5,712,405 | 15,577,405 |
| 2024 | 10,295,000 | 5,261,761 | 15,556,761 |
| 2025 | 8,165,000 | 4,844,268 | 13,009,268 |
| 2026 | 8,215,000 | 4,469,389 | 12,684,389 |
| 2027 - 2031 | 46,655,000 | 16,611,166 | 63,266,166 |
| 2032 - 2036 | 48,980,000 | 6,107,679 | 55,087,679 |
| 2037 - 2041 | 9,045,000 | 582,225 | 9,627,225 |
| Total | <u>\$ 150,690,000</u> | <u>\$ 49,716,245</u> | <u>\$ 200,406,245</u> |

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

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 \$200,406,245 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 \$17,010,422 and the debt service obligation on the bonds was \$15,478,202 broken down as follows:

| | |
|---|-------------------------|
| | Received in FY 20/21 |
| Scope of Fund Recognized by Successor Agency for enforceable Obligations: | |
| Redevelopment Property Tax Trust Funds (RPTTF) | \$ 14,108,511 |
| Pass-Through Funds Remitted by Los Angeles County Fire and Sheriff | 2,498,572 |
| Lease Revenue Funds Remitted by the City of Lancaster | 403,339 |
| Total Funds Recognized by the Successor Agency Available for the Payment of Debt Services | \$ 17,010,422 |

| Debt Service Obligations Due in FY 20/21 | Principal Due | Interest Due | Total |
|---|---------------|--------------|---------------|
| Non-Housing, Housing, and School Bus (RPTTF) | \$ 6,690,000 | \$ 405,719 | \$ 7,095,719 |
| County Fire and Sheriff Bonds (Paid From Fire and Sheriff Pass-Through Funds) | 2,125,000 | 5,851,703 | 7,976,703 |
| Lease Revenue Bonds (Paid From Lease Payment From City of Lancaster) | 170,000 | 235,780 | 405,780 |
| Total Successor Agency Debt Service Obligations FY 20/21 | \$ 8,985,000 | \$ 6,493,202 | \$ 15,478,202 |

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Due to the City of Lancaster and Lancaster Housing Authority

A. 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, 2021, is \$13,249,560. The Successor Agency made repayments totaling \$3,705,153 to the Lancaster Housing Authority during the current fiscal years.

B. 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, 2021, totals \$22,291,234. The total amount due to the City and Housing Authority from the Successor Agency on these prior advances is \$54,302,696. No repayments were made during the current fiscal year and accrued unpaid interest of \$960,364 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, 2021, the following defeased bond issues are still outstanding:

| | <u>Outstanding Amount</u> |
|--|-------------------------------|
| The Combined Housing Financing Bonds 2003 Issue | \$ 2,040,000 |
| Tax Allocation Bonds (Housing Programs) 2009 Issue | 22,005,000 |

Noncommitment Debt

The Agency has issued \$94,710,000 of Residential Mortgage Revenue Bonds that have not been reflected in long-term debt because these bonds are special obligations payable solely from and secured by specific revenue sources described in the bond resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Agency, the state of California, or any political subdivision thereof, is pledged for the payment of these bonds.

CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

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.

NOTE 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.

NOTE 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 241 participants in the Plan for the year ended June 30, 2021. Employer contributions are based on an employee's tier of eligibility. For the year ended June 30, 2021, employer contributions totaled \$834,479. 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.

**CITY OF LANCASTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 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 postemployment 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 postemployment 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 240 individuals in the RHSP at June 30, 2021. Contributions for the year ended June 30, 2021, totaled \$601,816.

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.

NOTE 21 RESTATEMENTS OF NET POSITION/FUND BALANCE

The City adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 84, Fiduciary Activities, which became effective during the year ended June 30, 2021. The intention of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

The implementation of the statement required the City to report the beginning net position of the Custodial Funds at \$392,875.

Additionally, the City had restatements of net position/fund balance as of July 1, 2020, as follows:

| | Governmental Activities | General Fund | Lancaster Housing Authority | Successor Agency of the Former RDA |
|---|----------------------------|----------------------|-----------------------------------|--|
| Net Position/Fund Balance - Beginning of Year, as Previously Reported | \$ 983,489,489 | \$ 65,281,967 | \$ 88,711,829 | \$ (214,752,911) |
| Decrease in Net Position/Fund Balance for Write Down of Land Held for Resale | (3,277,933) | - | (3,277,933) | - |
| Increase (Decrease) in Net Position/Fund Balance for Reclassification of Land Held for Resale | 1,501,471 | (2,782,104) | - | (1,669,501) |
| Net Position/Fund Balance - Beginning of Year, as Restated | <u>\$ 981,713,027</u> | <u>\$ 62,499,863</u> | <u>\$ 85,433,896</u> | <u>\$ (216,422,412)</u> |

NOTE 22 SUBSEQUENT EVENTS

On October 12, 2021, the Lancaster Power Authority issued \$19.3 million Revenue Refunding Bonds, Series 2021 (Solar Renewable Energy Program) to provide funds to refinance the 2012 Power Authority Revenue Bonds. The refinance of these bonds will create savings of approximately \$400,000 per year for the first four years and approximately \$340,000 in subsequent years through final maturity.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LANCASTER
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
CalPERS PENSION PLANS
LAST TEN FISCAL YEARS*
YEAR ENDED JUNE 30, 2021

| Fiscal Year Ended | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
|--|----------------|----------------|----------------|----------------|
| Measurement Period Ended | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |
| Total Pension Liability: | | | | |
| Service Cost | \$ 3,812,712 | \$ 3,984,412 | \$ 4,089,766 | \$ 4,120,166 |
| Interest on Total Pension Liability | 13,228,441 | 12,492,922 | 11,749,454 | 11,094,780 |
| Differences Between Expected and Actual Experience | 1,608,904 | 1,303,631 | 925,375 | (449,010) |
| Changes in Assumptions | - | - | (1,119,628) | 9,732,561 |
| Benefit Payments, Including Refunds of Employee Contributions | (8,246,671) | (7,180,971) | (6,203,088) | (5,495,333) |
| Net Change in Total Pension Liability | 10,403,386 | 10,599,994 | 9,441,879 | 19,003,164 |
| Total Pension Liability - Beginning of Year | 185,620,817 | 175,020,823 | 165,578,944 | 146,575,780 |
| Total Pension Liability - End of Year (a) | \$ 196,024,203 | \$ 185,620,817 | \$ 175,020,823 | \$ 165,578,944 |
| Plan Fiduciary Net Position: | | | | |
| Contributions - Employer | \$ 6,104,781 | \$ 5,376,086 | \$ 4,949,350 | \$ 4,609,250 |
| Contributions - Employee | 1,680,632 | 1,594,327 | 1,606,648 | 1,558,516 |
| Net Investment Income (Loss) | 6,427,646 | 7,935,508 | 9,429,980 | 11,061,811 |
| Benefit Payments | (8,246,671) | (7,180,971) | (6,203,088) | (5,495,333) |
| Net Plan to Plan Resource Movement | - | 277 | (277) | - |
| Administrative and Other Expense | (179,482) | (85,403) | (498,688) | (145,875) |
| Net Change in Plan Fiduciary Net Position | 5,786,906 | 7,639,824 | 9,283,925 | 11,588,369 |
| Plan Fiduciary Net Position - Beginning of Year | 127,314,703 | 119,674,879 | 110,390,954 | 98,802,585 |
| Plan Fiduciary Net Position - End of Year (b) | \$ 133,101,609 | \$ 127,314,703 | \$ 119,674,879 | \$ 110,390,954 |
| Net Pension Liability (Asset) - Ending (a)-(b) | \$ 62,922,594 | \$ 58,306,114 | \$ 55,345,944 | \$ 55,187,990 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 67.90% | 68.59% | 68.38% | 66.67% |
| Covered Payroll | \$ 20,370,100 | \$ 19,995,467 | \$ 20,482,128 | \$ 19,501,764 |
| Net Pension Liability as Percentage of Covered Payroll | 308.90% | 291.60% | 270.22% | 282.99% |

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 significant changes in assumptions.

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

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

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

* Fiscal year 2015 was the first year of implementation, and therefore, only seven years are shown.

CITY OF LANCASTER
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
CaIPERS PENSION PLANS (CONTINUED)
LAST TEN FISCAL YEARS*
YEAR ENDED JUNE 30, 2021

| Fiscal Year Ended | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|--|-----------------------|-----------------------|-----------------------|
| Measurement Period Ended | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| Total Pension Liability: | | | |
| Service Cost | \$ 3,757,280 | \$ 3,659,838 | \$ 3,783,673 |
| Interest on Total Pension Liability | 10,446,457 | 9,650,056 | 9,015,665 |
| Differences Between Expected and Actual Experience | 1,362,060 | (445,730) | - |
| Changes in Assumptions | - | (2,517,116) | - |
| Benefit Payments, Including Refunds of Employee Contributions | <u>(4,608,628)</u> | <u>(4,011,772)</u> | <u>(3,666,038)</u> |
| Net Change in Total Pension Liability | 10,957,169 | 6,335,276 | 9,133,300 |
| Total Pension Liability - Beginning of Year | <u>135,618,611</u> | <u>129,283,335</u> | <u>120,150,035</u> |
| Total Pension Liability - End of Year (a) | <u>\$ 146,575,780</u> | <u>\$ 135,618,611</u> | <u>\$ 129,283,335</u> |
| Plan Fiduciary Net Position: | | | |
| Contributions - Employer | \$ 4,077,018 | \$ 3,803,574 | \$ 3,549,119 |
| Contributions - Employee | 1,628,815 | 1,611,229 | 1,556,684 |
| Net Investment Income (Loss) | 535,654 | 2,090,380 | 13,752,204 |
| Benefit Payments | (4,608,628) | (4,011,772) | (3,666,038) |
| Net Plan to Plan Resource Movement | - | - | - |
| Administrative and Other Expense | <u>(59,256)</u> | <u>(109,427)</u> | <u>-</u> |
| Net Change in Plan Fiduciary Net Position | 1,573,603 | 3,383,984 | 15,191,969 |
| Plan Fiduciary Net Position - Beginning of Year | <u>97,228,982</u> | <u>93,844,998</u> | <u>78,653,029</u> |
| Plan Fiduciary Net Position - End of Year (b) | <u>\$ 98,802,585</u> | <u>\$ 97,228,982</u> | <u>\$ 93,844,998</u> |
| Net Pension Liability (Asset) - Ending (a)-(b) | <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 | 67.41% | 71.69% | 72.59% |
| Covered Payroll | \$ 19,428,612 | \$ 19,407,546 | \$ 19,312,337 |
| Net Pension Liability as Percentage of Covered Payroll | 245.89% | 197.81% | 183.50% |

**CITY OF LANCASTER
SCHEDULE OF CONTRIBUTIONS
CalPERS PENSION PLANS
LAST TEN FISCAL YEARS*
YEAR ENDED JUNE 30, 2021**

| Fiscal Year Ended | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
|---|--------------------|--------------------|--------------------|--------------------|
| Actuarially Determined Contribution | \$ 6,735,678 | \$ 6,104,781 | \$ 5,376,086 | \$ 4,949,350 |
| Contributions in Relation to the Actuarially Determined Contributions | <u>(6,735,678)</u> | <u>(6,104,781)</u> | <u>(5,376,086)</u> | <u>(4,949,350)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered Payroll | \$ 20,158,000 | \$ 20,370,100 | \$ 19,995,467 | \$ 20,482,128 |
| Contributions as a Percentage of Covered Payroll | 33.41% | 29.92% | 26.81% | 24.16% |

Notes to Schedule:

| | | | | |
|---|------------|------------|------------|------------|
| Valuation Date | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 |
| Methods and Assumptions Used to Determine Contribution Rates: | | | | |
| Actuarial Cost Method | Entry Age | Entry Age | Entry Age | Entry Age |
| Amortization Method | (1) | (1) | (1) | (1) |
| Asset Valuation Method | Fair Value | Fair Value | Fair Value | Fair Value |
| Inflation | 2.75% | 2.75% | 2.75% | 2.75% |
| Salary Increases | (2) | (2) | (2) | (2) |
| Investment rate of Return | 7.375% (3) | 7.375% (3) | 7.375% (3) | 7.50% (3) |
| Retirement age | (4) | (4) | (4) | (4) |
| Mortality | (5) | (5) | (5) | (5) |

- (1) Level percentage of payroll, closed.
(2) Depending on age, service, and type of employment.
(3) Net of pension plan investment expense, including inflation.
(4) 50 years for 2.7% @ 55 and 2% @ 60, 52 years for 2% @ 62.
(5) 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, and therefore, only seven years are shown.

**CITY OF LANCASTER
SCHEDULE OF CONTRIBUTIONS
CalPERS PENSION PLANS (CONTINUED)
LAST TEN FISCAL YEARS*
YEAR ENDED JUNE 30, 2021**

| Fiscal Year Ended | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|--|----------------------|----------------------|----------------------|
| Actuarially Determined Contribution | \$ 4,609,250 | \$ 4,077,018 | \$ 3,803,574 |
| Contributions in Relation to the Actuarially Determined Contributions | <u>(4,609,250)</u> | <u>(4,077,018)</u> | <u>(3,803,574)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered Payroll | \$ 19,501,764 | \$ 19,428,612 | \$ 19,407,546 |
| Contributions as a Percentage of Covered Payroll | 22.71% | 20.96% | 19.60% |

Notes to Schedule:

| | | | |
|--|------------|------------|---|
| Valuation Date | 6/30/2014 | 6/30/213 | 6/30/2012 |
| Methods and Assumptions Used to Determine Contribution Rates: | | | |
| Actuarial Cost Method | Entry Age | Entry Age | Entry Age |
| Amortization Method | (1) | (1) | (1) |
| Asset Valuation Method | Fair Value | Fair Value | Fair Value Smoothed Market Method |
| Inflation | 2.75% | 2.75% | 2.75% |
| Salary Increases | (2) | (2) | (2) |
| Investment rate of Return | 7.50% (3) | 7.50% (3) | 7.50% (3) |
| Retirement age | (4) | (4) | (4) |
| Mortality | (5) | (5) | (5) |

CITY OF LANCASTER
SCHEDULE OF CHANGES IN THE NET POSITION LIABILITY AND RELATED RATIOS
PARS PENSION PLAN
LAST TEN FISCAL YEARS*
YEAR ENDED JUNE 30, 2021

| Fiscal Year Ended | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
|---|----------------------|----------------------|----------------------|----------------------|
| Measurement Period Ended | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |
| Total Pension Liability: | | | | |
| Service Cost | \$ - | \$ 1,569 | \$ 1,577 | \$ 1,485 |
| Interest on Total Pension Liability | 545,037 | 569,756 | 568,236 | 578,723 |
| Differences Between Expected and Actual Experience | - | 134,522 | - | 89,030 |
| Changes in Assumptions | 1,173,341 | 439,122 | (188,575) | (161,368) |
| Changes in benefits | - | - | - | - |
| Benefit Payments, Including Refunds of Employee Contributions | (705,047) | (694,049) | (678,957) | (665,644) |
| Net Change in Total Pension Liability | 1,013,331 | 450,920 | (297,719) | (157,774) |
| Total Pension Liability - Beginning of Year | 11,924,427 | 11,473,507 | 11,771,226 | 11,929,000 |
| Total Pension Liability - End of Year (a) | \$ 12,937,758 | \$ 11,924,427 | \$ 11,473,507 | \$ 11,771,226 |
| Plan Fiduciary Net Position: | | | | |
| Contributions - Employer | \$ - | \$ - | \$ - | \$ - |
| Contributions - Employee | - | - | - | - |
| Net Investment Income (Loss) | 262,205 | 536,880 | 551,796 | 881,421 |
| Administrative Expense | (16,973) | (17,313) | (18,115) | (18,063) |
| Benefit Payments | (705,047) | (694,049) | (678,957) | (665,644) |
| Net Change in Plan Fiduciary Net Position | (459,815) | (174,482) | (145,276) | 197,714 |
| Plan Fiduciary Net Position - Beginning of Year | 8,904,872 | 9,079,354 | 9,224,630 | 9,026,916 |
| Plan Fiduciary Net Position - End of Year (b) | \$ 8,445,057 | \$ 8,904,872 | \$ 9,079,354 | \$ 9,224,630 |
| Net Pension Liability (Asset) - Ending (a)-(b) | \$ 4,492,701 | \$ 3,019,555 | \$ 2,394,153 | \$ 2,546,596 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 65.27% | 74.68% | 79.13% | 78.37% |
| Covered Payroll | None | None | None | None |
| Net Pension Liability as Percentage of Covered 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 7.50% 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%.

From fiscal year June 30, 2018 to June 30, 2019:

The discount rate was updated from 4.99% to 5.12%.

From fiscal year June 30, 2019 to June 30, 2020:

The discount rate was updated from 5.12% to 4.71% and mortality improvement scale was updated to Scale MP-2019.

From fiscal year June 30, 2020 to June 30, 2021:

The discount rate was updated from 4.71% to 3.83%

* Fiscal year 2015 was the first year of implementation, and therefore, only seven years are shown.

CITY OF LANCASTER
SCHEDULE OF CHANGES IN THE NET POSITION LIABILITY AND RELATED RATIOS
PARS PENSION PLAN (CONTINUED)
LAST TEN FISCAL YEARS*
YEAR ENDED JUNE 30, 2021

| Fiscal Year Ended | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|--|----------------------|----------------------|----------------------|
| Measurement Period Ended | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| Total Pension Liability: | | | |
| Service Cost | \$ 1,000 | \$ 1,000 | \$ 1,000 |
| Interest on Total Pension Liability | 636,000 | 605,000 | 607,000 |
| Differences Between Expected and Actual Experience | - | 156,000 | - |
| Changes in Assumptions | 1,837,000 | 350,000 | - |
| Changes in benefits | - | - | - |
| Benefit Payments, Including Refunds of Employee Contributions | <u>(652,000)</u> | <u>(640,000)</u> | <u>(627,000)</u> |
| Net Change in Total Pension Liability | 1,822,000 | 472,000 | (19,000) |
| Total Pension Liability - Beginning of Year | <u>10,107,000</u> | <u>9,635,000</u> | <u>9,654,000</u> |
| Total Pension Liability - End of Year (a) | <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) | (108) | 230,000 | 1,204,000 |
| Administrative Expense | (23,332) | (20,000) | (20,000) |
| Benefit Payments | <u>(665,644)</u> | <u>(640,000)</u> | <u>(627,000)</u> |
| Net Change in Plan Fiduciary Net Position | (689,084) | (430,000) | 557,000 |
| Plan Fiduciary Net Position - Beginning of Year | <u>9,716,000</u> | <u>10,146,000</u> | <u>9,589,000</u> |
| Plan Fiduciary Net Position - End of Year (b) | <u>\$ 9,026,916</u> | <u>\$ 9,716,000</u> | <u>\$ 10,146,000</u> |
| Net Pension Liability (Asset) - Ending (a)-(b) | <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 | 75.67% | 96.13% | 105.30% |
| Covered Payroll | None | None | None |
| Net Pension Liability as Percentage of Covered Payroll | N/A | N/A | N/A |

**CITY OF LANCASTER
SCHEDULE OF CONTRIBUTIONS
PARS PENSION PLAN
LAST TEN FISCAL YEARS*
YEAR ENDED JUNE 30, 2021**

| Fiscal Year Ended | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> |
|---|--|----------------------|----------------------|----------------------|
| Actuarially Determined Contribution | \$ 233,631 | \$ 311,000 | \$ 337,000 | \$ 89,000 |
| Contributions in Relation to the Actuarially Determined Contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution Deficiency (Excess) | <u>\$ 233,631</u> | <u>\$ 311,000</u> | <u>\$ 337,000</u> | <u>\$ 89,000</u> |
| Covered Payroll | None | None | None | None |
| Contributions as a Percentage of Covered Payroll | N/A | N/A | N/A | N/A |
| Notes to Schedule: | | | | |
| Valuation Date | 6/30/2019 | 6/30/2017 | 6/30/2017 | 6/30/2015 |
| 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 Open | 10 Years Open |
| Asset Valuation Method | Market Value | Market Value | Market Value | Market Value |
| Inflation | 2.75% | 2.75% | 2.75% | 3.00% |
| Salary Scale: | | | | |
| Aggregate | 3.00% | 3.00% | 3.00% | 3.25% |
| Merit (CalPERS Experience Study) | 1997-2015 | 1997-2015 | 1997-2015 | 1997-2011 |
| Investment Rate of Return: | | | | |
| 06/30/19 Valuation | 6.0%, net of investment expenses only | | | |
| 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: | | | | |
| 06/30/19 Valuation | Mortality Table projected fully generational with Society of Actuaries Scale MP-2019. | | | |
| 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 and 6/30/19 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, and therefore, only seven years are shown.

**CITY OF LANCASTER
SCHEDULE OF CONTRIBUTIONS
PARS PENSION PLAN (CONTINUED)
LAST TEN FISCAL YEARS*
YEAR ENDED JUNE 30, 2021**

| Fiscal Year Ended | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|---|----------------------|----------------------|----------------------|
| Actuarially Determined Contribution | \$ 93,000 | \$ 52,000 | \$ - |
| Contributions in Relation to the Actuarially Determined Contributions | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution Deficiency (Excess) | <u>\$ 93,000</u> | <u>\$ 52,000</u> | <u>\$ -</u> |
| Covered Payroll | None | None | None |
| Contributions as a Percentage of Covered Payroll | N/A | N/A | N/A |
| Notes to Schedule: | | | |
| Valuation Date | 6/30/2015 | 6/30/213 | 6/30/213 |
| Methods and Assumptions Used to Determine Contribution Rates: | | | |
| Single and Agent Employers | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Amortization Method | Level Dollar | Level Dollar | Level Dollar |
| Remaining Amortization Period | 10 Years Open | 10 Years Closed | 10 Years Open |
| Asset Valuation Method | Market Value | Market Value | Market Value |
| Inflation | 3.00% | 3.00% | 3.00% |
| Salary Scale: | | | |
| Aggregate | 3.25% | 3.25% | 3.25% |
| Merit (CalPERS Experience Study) | 1997-2011 | 1997-2007 | 1997-2007 |

CITY OF LANCASTER
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*
YEAR ENDED JUNE 30, 2021

| Fiscal Year End | <u>6/30/2021</u> | <u>6/30/2020</u> | <u>6/30/2019</u> | <u>6/30/2018</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| Measurement Date | <u>6/30/2020</u> | <u>6/30/2019</u> | <u>6/30/2018</u> | <u>6/30/2017</u> |
| Total OPEB Liability: | | | | |
| Service Cost | \$ 544,912 | \$ 514,497 | \$ 549,862 | \$ 533,847 |
| Interest on Total OPEB Liability | 1,711,964 | 1,640,380 | 1,574,306 | 1,500,990 |
| Change in Assumption | (498,407) | (1,320,939) | - | - |
| Difference Between Expected and Actual Experience | - | 1,492,298 | - | - |
| Benefit Payments, Including Refunds of Employee Contributions | <u>(1,263,243)</u> | <u>(1,159,375)</u> | <u>(903,880)</u> | <u>(851,733)</u> |
| Net Change in Total OPEB Liability | 495,226 | 1,166,861 | 1,220,288 | 1,183,104 |
| Total OPEB Liability - Beginning of Year | <u>27,478,128</u> | <u>26,311,267</u> | <u>25,090,979</u> | <u>23,907,875</u> |
| Total OPEB Liability - End of Year (a) | <u>27,973,354</u> | <u>27,478,128</u> | <u>26,311,267</u> | <u>25,090,979</u> |
| Plan Fiduciary Net Position: | | | | |
| Contributions - Employer | 2,451,000 | 2,973,720 | 2,521,850 | 2,757,002 |
| Net Investment Income | 652,096 | 717,403 | 470,766 | 400,018 |
| Administrative Expenses | (6,167) | (2,205) | (11,481) | (3,027) |
| Benefit Payments | <u>(1,263,243)</u> | <u>(1,159,375)</u> | <u>(903,880)</u> | <u>(851,733)</u> |
| Net Change in Plan Fiduciary Net Position | 1,833,686 | 2,529,543 | 2,077,255 | 2,302,260 |
| Plan Fiduciary Net Position - Beginning of Year | <u>10,167,957</u> | <u>7,638,414</u> | <u>5,561,159</u> | <u>3,258,899</u> |
| Plan Fiduciary Net Position - End of Year (b) | <u>12,001,643</u> | <u>10,167,957</u> | <u>7,638,414</u> | <u>5,561,159</u> |
| Net OPEB Liability - Ending (a)-(b) | <u>\$ 15,971,711</u> | <u>\$ 17,310,171</u> | <u>\$ 18,672,853</u> | <u>\$ 19,529,820</u> |
| Plan Fiduciary Net Position as a Percentage of the Net OPEB Liability | 42.90% | 37.00% | 29.03% | 22.16% |
| Covered - Employee Payroll | \$ 20,370,100 | \$ 21,066,497 | \$ 19,015,391 | \$ 20,878,494 |
| Net OPEB Liability as Percentage of Covered - Employee Payroll | 78.41% | 82.17% | 98.20% | 93.54% |

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

There were no changes in assumptions.

From fiscal year June 30, 201 to June 30, 2019:

Mortality improvement scale was updated to Scale MP-2019

Assumed plan elections at retirement were updated

Spousal coverage assumption was updated from 50% to 30%

* Fiscal year 2018 was the first year of implementation and therefore only four years are shown.

**CITY OF LANCASTER
SCHEDULE OF CONTRIBUTIONS – OPEB
LAST TEN FISCAL YEARS*
YEAR ENDED JUNE 30, 2021**

| Fiscal Year Ended | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Contractually Required Contribution (Actuarially Determined) | \$ 1,985,527 | \$ 1,973,000 | \$ 2,009,000 | \$ 2,099,000 |
| Contributions in Relation to the Actuarially Determined Contributions | <u>(1,132,629)</u> | <u>(2,451,000)</u> | <u>(2,973,720)</u> | <u>(2,521,850)</u> |
| Contribution Deficiency (Excess) | <u>\$ 852,898</u> | <u>\$ (478,000)</u> | <u>\$ (964,720)</u> | <u>\$ (422,850)</u> |
| Covered - Employee Payroll | \$ 21,125,169 | \$ 20,370,100 | \$ 21,066,497 | \$ 19,015,391 |
| Contributions as a Percentage of Covered - Employee Payroll | 5.36% | 12.03% | 14.12% | 13.26% |

Notes to Schedule:

| | | | | |
|--|--|--|--|--|
| Valuation Date | 6/30/2019 | 6/30/2017 | 6/30/2017 | 6/30/2015 |
| Methods and Assumptions Used to Determine Contribution Rates: | | | | |
| Single and Agent Employers | Entry Age | Entry Age | Entry age | Entry age |
| Amortization Method | Level Dollar | Level Dollar | Level dollar | Level dollar |
| Amortization Period | 24 Year Fixed Period | 25 Year Fixed Period | 26 Year Fixed Period | 27 Year Fixed Period |
| Inflation | 2.75% | 2.75% | 2.75% | 3.00% |
| Mortality | CalPERS 1997-2015 Experience Mortality | CalPERS 1997-2015 Experience Mortality | CalPERS 1997-2015 Experience Mortality | CalPERS 1997-2011 Experience Mortality |
| Mortality Improvements | Projected Fully Generational With Scale MP-2019 | Projected Fully Generational With Scale MP-2017 | Projected Fully Generational With Scale MP-2017 | Projected Fully Generational With Scale MP-2014 |

Health Care Trend Rates:

| | |
|--------------------|--|
| 06/30/15 Valuation | Non-Medicare 7.50% decreasing to 5.00% in 2021, Medicare 7.80% decreasing to 5.00% in 2021 |
| 06/30/17 Valuation | Non-Medicare 7.50% decreasing to 4.00% in 2076, Medicare 6.50% decreasing to 4.00% in 2076 |
| 06/30/19 Valuation | Non-Medicare 7.25% decreasing to 4.00% in 2076, Medicare 6.30% decreasing to 4.00% in 2076 |

* Fiscal year 2018 was the first year of implementation and therefore only four years are shown.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**CITY OF LANCASTER
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2021**

| | Special Revenue Funds | | | |
|--|-----------------------|--------------------|--------------------------------|-----------------------------------|
| | Gas Tax | Community Services | Landscape Maintenance District | Housing and Community Development |
| ASSETS | | | | |
| Pooled Cash and Investments | \$ 2,094,758 | \$ 120,010 | \$ 1,508,113 | \$ 2,696,807 |
| Receivables: | | | | |
| Accounts | 10,743 | 36 | 11,758 | - |
| Taxes | 394,197 | - | 12,863 | - |
| Accrued Interest | 9,531 | - | - | - |
| Due From Other Governments | 546,281 | - | 27,841 | 443,780 |
| Notes and Loans, Net | - | - | - | - |
| Prepaid Items | - | - | - | - |
| Land Held for Resale | - | - | - | 224,766 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>224,766</u> |
| Total Assets | <u>\$ 3,055,510</u> | <u>\$ 120,046</u> | <u>\$ 1,560,575</u> | <u>\$ 3,365,353</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 410,718 | \$ - | \$ 219,700 | \$ 84,776 |
| Accrued Liabilities | 131,654 | - | 9,591 | 1,526 |
| Unearned Revenues | - | - | - | - |
| Due to Other Funds | - | - | - | 524,861 |
| Total Liabilities | <u>542,372</u> | <u>-</u> | <u>229,291</u> | <u>611,163</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenues | - | - | - | 242,514 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>242,514</u> |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable: | | | | |
| Prepaid Items | - | - | - | - |
| Restricted: | | | | |
| Community Development Projects | - | 120,046 | - | 2,511,676 |
| Public Safety | - | - | - | - |
| Parks, Recreation, and Arts | - | - | - | - |
| Development Services | 2,513,138 | - | 1,331,284 | - |
| Housing and Neighborhood Revitalization | - | - | - | - |
| Capital Projects | - | - | - | - |
| Assigned: | | | | |
| Capital Projects | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances (Deficits) | <u>2,513,138</u> | <u>120,046</u> | <u>1,331,284</u> | <u>2,511,676</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 3,055,510</u> | <u>\$ 120,046</u> | <u>\$ 1,560,575</u> | <u>\$ 3,365,353</u> |

**CITY OF LANCASTER
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021**

| | Special Revenue Funds | | | |
|--|-----------------------|---------------------|------------------------|---------------------|
| | HOME Program | Proposition A | Bikeway Improvement | Proposition C |
| ASSETS | | | | |
| Pooled Cash and Investments | \$ 944,674 | \$ 3,730,958 | \$ - | \$ 5,406,644 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Taxes | - | - | - | - |
| Accrued Interest | - | 8,108 | 96 | 11,535 |
| Due From Other Governments | - | - | 2,012 | - |
| Notes and Loans, Net | 590,060 | - | - | - |
| Prepaid Items | - | - | - | - |
| Land Held for Resale | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 1,534,734</u> | <u>\$ 3,739,066</u> | <u>\$ 2,108</u> | <u>\$ 5,418,179</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ - | \$ 289,006 | \$ - | \$ - |
| Accrued Liabilities | - | 2,440 | - | - |
| Unearned Revenues | 339,231 | - | - | - |
| Due to Other Funds | - | - | 1,634 | - |
| Total Liabilities | <u>339,231</u> | <u>291,446</u> | <u>1,634</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenues | - | - | 2,012 | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>2,012</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable: | | | | |
| Prepaid Items | - | - | - | - |
| Restricted: | | | | |
| Community Development Projects | - | - | - | - |
| Public Safety | - | - | - | - |
| Parks, Recreation, and Arts | - | - | - | - |
| Development Services | - | 3,447,620 | - | 5,418,179 |
| Housing and Neighborhood Revitalization | 1,195,503 | - | - | - |
| Capital Projects | - | - | - | - |
| Assigned: | | | | |
| Capital Projects | - | - | - | - |
| Unassigned | - | - | (1,538) | - |
| Total Fund Balances (Deficits) | <u>1,195,503</u> | <u>3,447,620</u> | <u>(1,538)</u> | <u>5,418,179</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 1,534,734</u> | <u>\$ 3,739,066</u> | <u>\$ 2,108</u> | <u>\$ 5,418,179</u> |

**CITY OF LANCASTER
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021**

| | Special Revenue Funds | | | |
|--|-----------------------|---------------------|----------------------|--------------------------------|
| | Federal Grants | State Grants | Parks Development | Developer Fees - Signals |
| ASSETS | | | | |
| Pooled Cash and Investments | \$ 9,074 | \$ 252,156 | \$ 759,004 | \$ 2,365,139 |
| Receivables: | | | | |
| Accounts | 2,111,671 | 311,489 | 1,000 | 99,450 |
| Taxes | - | - | - | - |
| Accrued Interest | - | 309 | - | - |
| Due From Other Governments | 694,788 | 1,672,749 | - | - |
| Notes and Loans, Net | - | - | - | - |
| Prepaid Items | - | - | - | - |
| Land Held for Resale | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 2,815,533</u> | <u>\$ 2,236,703</u> | <u>\$ 760,004</u> | <u>\$ 2,464,589</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ - | \$ 391,512 | \$ - | \$ - |
| Accrued Liabilities | - | 250 | - | - |
| Unearned Revenues | - | 348,208 | - | 98,058 |
| Due to Other Funds | 2,564,528 | 1,681,728 | - | - |
| Total Liabilities | <u>2,564,528</u> | <u>2,421,698</u> | <u>-</u> | <u>98,058</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenues | 694,788 | 1,645,744 | - | - |
| Total Deferred Inflows of Resources | <u>694,788</u> | <u>1,645,744</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable: | | | | |
| Prepaid Items | - | - | - | - |
| Restricted: | | | | |
| Community Development Projects | - | - | - | - |
| Public Safety | - | - | - | - |
| Parks, Recreation, and Arts | - | - | 760,004 | - |
| Development Services | - | - | - | 2,366,531 |
| Housing and Neighborhood Revitalization | - | - | - | - |
| Capital Projects | - | - | - | - |
| Assigned: | | | | |
| Capital Projects | - | - | - | - |
| Unassigned | (443,783) | (1,830,739) | - | - |
| Total Fund Balances (Deficits) | <u>(443,783)</u> | <u>(1,830,739)</u> | <u>760,004</u> | <u>2,366,531</u> |
| | <u>\$ 2,815,533</u> | <u>\$ 2,236,703</u> | <u>\$ 760,004</u> | <u>\$ 2,464,589</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 2,815,533</u> | <u>\$ 2,236,703</u> | <u>\$ 760,004</u> | <u>\$ 2,464,589</u> |

**CITY OF LANCASTER
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021**

| | Special Revenue Funds | | | |
|--|---------------------------------|-------------------|------------------------------|---------------------------|
| | Developer Fees - Drainage | Recycled Water | Biological Impact Fees | Traffic Impact Fees |
| ASSETS | | | | |
| Pooled Cash and Investments | \$ 10,979,464 | \$ 127,292 | \$ 640,061 | \$ 1,417,828 |
| Receivables: | | | | |
| Accounts | 238,808 | 12,845 | - | 212,284 |
| Taxes | - | - | - | - |
| Accrued Interest | - | - | - | - |
| Due From Other Governments | - | - | - | - |
| Notes and Loans, Net | - | - | - | - |
| Prepaid Items | - | - | - | - |
| Land Held for Resale | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 11,218,272</u> | <u>\$ 140,137</u> | <u>\$ 640,061</u> | <u>\$ 1,630,112</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ - | \$ 12,269 | \$ - | \$ - |
| Accrued Liabilities | - | 2,351 | - | - |
| Unearned Revenues | 234,028 | - | - | 210,494 |
| Due to Other Funds | - | - | - | - |
| Total Liabilities | <u>234,028</u> | <u>14,620</u> | <u>-</u> | <u>210,494</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenues | - | - | - | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable: | | | | |
| Prepaid Items | - | - | - | - |
| Restricted: | | | | |
| Community Development Projects | - | - | - | - |
| Public Safety | - | - | - | - |
| Parks, Recreation, and Arts | - | 125,517 | - | - |
| Development Services | 10,984,244 | - | 640,061 | 1,419,618 |
| Housing and Neighborhood Revitalization | - | - | - | - |
| Capital Projects | - | - | - | - |
| Assigned: | | | | |
| Capital Projects | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Fund Balances (Deficits) | <u>10,984,244</u> | <u>125,517</u> | <u>640,061</u> | <u>1,419,618</u> |
| | <u>\$ 11,218,272</u> | <u>\$ 140,137</u> | <u>\$ 640,061</u> | <u>\$ 1,630,112</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 11,218,272</u> | <u>\$ 140,137</u> | <u>\$ 640,061</u> | <u>\$ 1,630,112</u> |

**CITY OF LANCASTER
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021**

| | Special Revenue Funds | | | |
|--|-----------------------|--|-------------------------|-------------------|
| | AQMD | Lancaster Drainage Maintenance District | Miscellaneous Grants | Traffic Safety |
| ASSETS | | | | |
| Pooled Cash and Investments | \$ - | \$ 1,960,057 | \$ 12,527 | \$ 94,313 |
| Receivables: | | | | |
| Accounts | - | 60,515 | - | - |
| Taxes | - | 27,425 | - | - |
| Accrued Interest | - | - | - | - |
| Due From Other Governments | - | - | - | 23,255 |
| Notes and Loans, Net | - | - | - | - |
| Prepaid Items | - | 114,493 | - | - |
| Land Held for Resale | - | - | - | - |
| Total Assets | \$ - | \$ 2,162,490 | \$ 12,527 | \$ 117,568 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ - | \$ 61,779 | \$ - | \$ - |
| Accrued Liabilities | - | 30,077 | - | - |
| Unearned Revenues | - | - | - | - |
| Due to Other Funds | 39,252 | - | - | - |
| Total Liabilities | 39,252 | 91,856 | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenues | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable: | | | | |
| Prepaid Items | - | 114,493 | - | - |
| Restricted: | | | | |
| Community Development Projects | - | - | 12,527 | - |
| Public Safety | - | - | - | 117,568 |
| Parks, Recreation, and Arts | - | - | - | - |
| Development Services | - | 1,956,141 | - | - |
| Housing and Neighborhood Revitalization | - | - | - | - |
| Capital Projects | - | - | - | - |
| Assigned: | | | | |
| Capital Projects | - | - | - | - |
| Unassigned | (39,252) | - | - | - |
| Total Fund Balances (Deficits) | (39,252) | 2,070,634 | 12,527 | 117,568 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ - | \$ 2,162,490 | \$ 12,527 | \$ 117,568 |

**CITY OF LANCASTER
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021**

| | Special Revenue Funds | | |
|--|---|----------------------------|---------------------|
| ASSETS | Zero-Net Energy Solar Mitigation In Lieu | LA County Reimbursement | MTA Grant |
| Pooled Cash and Investments | \$ 106,700 | \$ 114,281 | \$ 1,630,156 |
| Receivables: | | | |
| Accounts | - | - | 535,766 |
| Taxes | - | - | - |
| Accrued Interest | - | - | - |
| Due From Other Governments | - | 337,084 | 688,078 |
| Notes and Loans, Net | - | - | - |
| Prepaid Items | - | - | - |
| Land Held for Resale | - | - | - |
| | <u>\$ 106,700</u> | <u>\$ 451,365</u> | <u>\$ 2,854,000</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ - | \$ 55,000 | \$ - |
| Accrued Liabilities | - | - | - |
| Unearned Revenues | - | 114,281 | 1,427,000 |
| Due to Other Funds | - | 282,083 | 1,427,000 |
| Total Liabilities | - | 451,364 | 2,854,000 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenues | - | 179,569 | 375,893 |
| Total Deferred Inflows of Resources | - | 179,569 | 375,893 |
| FUND BALANCES (DEFICITS) | | | |
| Nonspendable: | | | |
| Prepaid Items | - | - | - |
| Restricted: | | | |
| Community Development Projects | - | - | - |
| Public Safety | - | - | - |
| Parks, Recreation, and Arts | - | - | - |
| Development Services | 106,700 | - | - |
| Housing and Neighborhood Revitalization | - | - | - |
| Capital Projects | - | - | - |
| Assigned: | | | |
| Capital Projects | - | - | - |
| Unassigned | - | (179,568) | (375,893) |
| Total Fund Balances (Deficits) | <u>106,700</u> | <u>(179,568)</u> | <u>(375,893)</u> |
| | <u>\$ 106,700</u> | <u>\$ 451,365</u> | <u>\$ 2,854,000</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 106,700</u> | <u>\$ 451,365</u> | <u>\$ 2,854,000</u> |

**CITY OF LANCASTER
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021**

| | Special Revenue Funds | | | | |
|--|-------------------------------|-------------------|----------------------------------|-------------------|-------------------|
| | Urban Structure Program | Mariposa Lily | Sewer Maintenance District | Proposition 1B | Proposition 42 |
| ASSETS | | | | | |
| Pooled Cash and Investments | \$ 2,107,180 | \$ 62,733 | \$ 3,554,508 | \$ 6,088 | \$ 46,543 |
| Receivables: | | | | | |
| Accounts | 26,928 | - | 43,145 | - | - |
| Taxes | - | - | 35,016 | - | - |
| Accrued Interest | - | - | - | 25 | - |
| Due From Other Governments | - | - | - | - | - |
| Notes and Loans, Net | - | - | - | - | - |
| Prepaid Items | - | - | - | - | - |
| Land Held for Resale | - | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 2,134,108</u> | <u>\$ 62,733</u> | <u>\$ 3,632,669</u> | <u>\$ 6,113</u> | <u>\$ 46,543</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ - | \$ - | \$ 50,522 | \$ - | \$ - |
| Accrued Liabilities | - | - | 84,141 | - | - |
| Unearned Revenues | 24,275 | - | - | - | - |
| Due to Other Funds | - | - | - | - | - |
| Total Liabilities | <u>24,275</u> | <u>-</u> | <u>134,663</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable Revenues | - | - | - | - | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) | | | | | |
| Nonspendable: | | | | | |
| Prepaid Items | - | - | - | - | - |
| Restricted: | | | | | |
| Community Development Projects | - | - | - | - | - |
| Public Safety | - | - | - | - | - |
| Parks, Recreation, and Arts | 2,061,031 | - | - | - | - |
| Development Services | 48,802 | 62,733 | 3,498,006 | 6,113 | 46,543 |
| Housing and Neighborhood Revitalization | - | - | - | - | - |
| Capital Projects | - | - | - | - | - |
| Assigned: | | | | | |
| Capital Projects | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total Fund Balances (Deficits) | <u>2,109,833</u> | <u>62,733</u> | <u>3,498,006</u> | <u>6,113</u> | <u>46,543</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 2,134,108</u> | <u>\$ 62,733</u> | <u>\$ 3,632,669</u> | <u>\$ 6,113</u> | <u>\$ 46,543</u> |

**CITY OF LANCASTER
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021**

| | Special Revenue Funds | | | Capital Projects Fund | Total Other Governmental Funds |
|--|-----------------------|---------------------|-----------------------------------|-----------------------------|---|
| | Measure R | Measure M | Lancaster Lighting District | Capital Projects | |
| ASSETS | | | | | |
| Pooled Cash and Investments | \$ 171,161 | \$ 2,099,672 | \$ 3,534,551 | \$ 7,950,998 | \$ 56,503,450 |
| Receivables: | | | | | |
| Accounts | 2,388,281 | - | 74,414 | - | 6,139,133 |
| Taxes | - | - | 53,390 | - | 522,891 |
| Accrued Interest | 1,429 | 4,926 | - | - | 35,959 |
| Due From Other Governments | - | - | - | - | 4,435,868 |
| Notes and Loans, Net | - | - | - | - | 590,060 |
| Prepaid Items | - | - | - | - | 114,493 |
| Land Held for Resale | - | - | - | - | 224,766 |
| | | | | | |
| Total Assets | <u>\$ 2,560,871</u> | <u>\$ 2,104,598</u> | <u>\$ 3,662,355</u> | <u>\$ 7,950,998</u> | <u>\$ 68,566,620</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ - | \$ - | \$ 404,652 | \$ 5,667,767 | \$ 7,647,701 |
| Accrued Liabilities | - | - | 4,072 | 377,683 | 643,785 |
| Unearned Revenues | - | - | - | - | 2,795,575 |
| Due to Other Funds | 2,300,988 | - | - | - | 8,822,074 |
| Total Liabilities | <u>2,300,988</u> | <u>-</u> | <u>408,724</u> | <u>6,045,450</u> | <u>19,909,135</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable Revenues | - | - | 151,461 | - | 3,291,981 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>151,461</u> | <u>-</u> | <u>3,291,981</u> |
| FUND BALANCES (DEFICITS) | | | | | |
| Nonspendable: | | | | | |
| Prepaid Items | - | - | - | - | 114,493 |
| Restricted: | | | | | |
| Community Development Projects | - | - | - | - | 2,644,249 |
| Public Safety | - | - | - | - | 117,568 |
| Parks, Recreation, and Arts | - | - | - | - | 2,946,552 |
| Development Services | 259,883 | 2,104,598 | 3,102,170 | \$ - | 39,312,364 |
| Housing and Neighborhood Revitalization | - | - | - | - | 1,195,503 |
| Capital Projects | - | - | - | - | - |
| Assigned: | | | | | |
| Capital Projects | - | - | - | 1,905,548 | 1,905,548 |
| Unassigned | - | - | - | - | (2,870,773) |
| Total Fund Balances (Deficits) | <u>259,883</u> | <u>2,104,598</u> | <u>3,102,170</u> | <u>1,905,548</u> | <u>45,365,504</u> |
| | | | | | |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 2,560,871</u> | <u>\$ 2,104,598</u> | <u>\$ 3,662,355</u> | <u>\$ 7,950,998</u> | <u>\$ 68,566,620</u> |

CITY OF LANCASTER
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – OTHER GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

| | Special Revenue Funds | | | |
|---|-----------------------|--------------------|--------------------------------|-----------------------------------|
| | Gas Tax | Community Services | Landscape Maintenance District | Housing and Community Development |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and Permits | - | - | - | - |
| Intergovernmental | 6,576,350 | - | - | 1,755,630 |
| Charges for Services | 20 | - | 1,961,398 | - |
| Investment Earnings | 31,860 | - | - | - |
| Fines and Forfeitures | - | - | - | - |
| Contributions | - | - | 8,757 | - |
| Miscellaneous | 3,537 | 28,811 | - | - |
| Total Revenues | <u>6,611,767</u> | <u>28,811</u> | <u>1,970,155</u> | <u>1,755,630</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | - | 17,685 | - | - |
| Community Development | - | 6,750 | - | - |
| Parks, Recreation, and Arts | 738,621 | - | 1,767,552 | - |
| Development Services | 6,445,176 | - | 40,533 | - |
| Housing and Neighborhood Revitalization | - | - | - | 861,163 |
| Capital Outlay | 1,564,526 | - | 8,682 | 571,453 |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | 182,000 |
| Interest and Fiscal Charges | - | - | - | 19,879 |
| Total Expenditures | <u>8,748,323</u> | <u>24,435</u> | <u>1,816,767</u> | <u>1,634,495</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (2,136,556) | 4,376 | 153,388 | 121,135 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 6,194,478 | - | - | - |
| Transfers Out | <u>(3,316,716)</u> | <u>(1,942)</u> | <u>(512,974)</u> | <u>(30,427)</u> |
| Total Other Financing Sources (Uses) | <u>2,877,762</u> | <u>(1,942)</u> | <u>(512,974)</u> | <u>(30,427)</u> |
| NET CHANGE IN FUND BALANCES | 741,206 | 2,434 | (359,586) | 90,708 |
| Fund Balances (Deficits) - Beginning of Year | <u>1,771,932</u> | <u>117,612</u> | <u>1,690,870</u> | <u>2,420,968</u> |
| FUND BALANCES (DEFICITS) - END OF YEAR | <u>\$ 2,513,138</u> | <u>\$ 120,046</u> | <u>\$ 1,331,284</u> | <u>\$ 2,511,676</u> |

CITY OF LANCASTER
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – OTHER GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

| | Special Revenue Funds | | | |
|---|-----------------------|---------------------|------------------------|---------------------|
| | HOME Program | Proposition A | Bikeway Improvement | Proposition C |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and Permits | - | - | - | - |
| Intergovernmental | - | 3,251,491 | 260,745 | 2,696,997 |
| Charges for Services | - | - | - | - |
| Investment Earnings | - | 18,214 | 474 | 29,802 |
| Fines and Forfeitures | - | - | - | - |
| Contributions | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>-</u> | <u>3,269,705</u> | <u>261,219</u> | <u>2,726,799</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | - | 2,189,561 | - | - |
| Community Development | - | - | - | - |
| Parks, Recreation, and Arts | - | - | - | - |
| Development Services | - | - | - | - |
| Housing and Neighborhood Revitalization | 238,843 | - | - | - |
| Capital Outlay | - | 259,354 | 216,070 | 950,516 |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Total Expenditures | <u>238,843</u> | <u>2,448,915</u> | <u>216,070</u> | <u>950,516</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (238,843) | 820,790 | 45,149 | 1,776,283 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 335 | 722 | - | - |
| Transfers Out | - | (203,365) | - | - |
| Total Other Financing Sources (Uses) | <u>335</u> | <u>(202,643)</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (238,508) | 618,147 | 45,149 | 1,776,283 |
| Fund Balances (Deficits) - Beginning of Year | <u>1,434,011</u> | <u>2,829,473</u> | <u>(46,687)</u> | <u>3,641,896</u> |
| FUND BALANCES (DEFICITS) - END OF YEAR | <u>\$ 1,195,503</u> | <u>\$ 3,447,620</u> | <u>\$ (1,538)</u> | <u>\$ 5,418,179</u> |

CITY OF LANCASTER
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – OTHER GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

| | Special Revenue Funds | | | |
|---|-----------------------|-----------------------|----------------------|--------------------------------|
| | Federal Grants | State Grants | Parks Development | Developer Fees - Signals |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and Permits | - | - | 368,000 | 596,363 |
| Intergovernmental | 4,069,204 | 5,803,507 | - | - |
| Charges for Services | - | - | - | - |
| Investment Earnings | - | (389) | - | - |
| Fines and Forfeitures | - | - | - | - |
| Contributions | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>4,069,204</u> | <u>5,803,118</u> | <u>368,000</u> | <u>596,363</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | - | 193,343 | - | - |
| Community Development | - | 28,015 | - | - |
| Parks, Recreation, and Arts | - | - | - | - |
| Development Services | - | 572,415 | - | - |
| Housing and Neighborhood Revitalization | - | - | - | - |
| Capital Outlay | 1,677,083 | 1,714,488 | 91,947 | 47,968 |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Total Expenditures | <u>1,677,083</u> | <u>2,508,261</u> | <u>91,947</u> | <u>47,968</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 2,392,121 | 3,294,857 | 276,053 | 548,395 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 189,969 | 616,960 | - | - |
| Transfers Out | (261,285) | (195,325) | - | - |
| Total Other Financing Sources (Uses) | <u>(71,316)</u> | <u>421,635</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 2,320,805 | 3,716,492 | 276,053 | 548,395 |
| Fund Balances (Deficits) - Beginning of Year | <u>(2,764,588)</u> | <u>(5,547,231)</u> | <u>483,951</u> | <u>1,818,136</u> |
| FUND BALANCES (DEFICITS) - END OF YEAR | <u>\$ (443,783)</u> | <u>\$ (1,830,739)</u> | <u>\$ 760,004</u> | <u>\$ 2,366,531</u> |

CITY OF LANCASTER
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – OTHER GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

| | Special Revenue Funds | | | |
|---|---------------------------------|-------------------|------------------------------|---------------------------|
| | Developer Fees - Drainage | Recycled Water | Biological Impact Fees | Traffic Impact Fees |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and Permits | 7,646,451 | - | 42,112 | 812,589 |
| Intergovernmental | - | - | - | - |
| Charges for Services | - | 164,190 | - | - |
| Investment Earnings | - | - | - | - |
| Fines and Forfeitures | - | - | - | - |
| Contributions | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>7,646,451</u> | <u>164,190</u> | <u>42,112</u> | <u>812,589</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Community Development | - | - | - | - |
| Parks, Recreation, and Arts | - | - | - | - |
| Development Services | - | 157,007 | - | - |
| Housing and Neighborhood Revitalization | - | - | - | - |
| Capital Outlay | 848,439 | - | - | 285,387 |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Total Expenditures | <u>848,439</u> | <u>157,007</u> | <u>-</u> | <u>285,387</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 6,798,012 | 7,183 | 42,112 | 527,202 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | - | (4,578) | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(4,578)</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 6,798,012 | 2,605 | 42,112 | 527,202 |
| Fund Balances (Deficits) - Beginning of Year | <u>4,186,232</u> | <u>122,912</u> | <u>597,949</u> | <u>892,416</u> |
| FUND BALANCES (DEFICITS) - END OF YEAR | <u>\$ 10,984,244</u> | <u>\$ 125,517</u> | <u>\$ 640,061</u> | <u>\$ 1,419,618</u> |

CITY OF LANCASTER
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – OTHER GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

| | Special Revenue Funds | | | |
|---|-----------------------|--|-------------------------|-------------------|
| | AQMD | Lancaster Drainage Maintenance District | Miscellaneous Grants | Traffic Safety |
| | | | | |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ 11,504 | \$ - |
| Licenses and Permits | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Charges for Services | - | 1,995,867 | - | - |
| Investment Earnings | - | - | - | - |
| Fines and Forfeitures | - | - | - | 167,197 |
| Contributions | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>-</u> | <u>1,995,867</u> | <u>11,504</u> | <u>167,197</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Community Development | - | - | - | - |
| Parks, Recreation, and Arts | - | - | - | - |
| Development Services | - | 1,277,214 | - | - |
| Housing and Neighborhood Revitalization | - | - | - | - |
| Capital Outlay | - | 139,337 | - | - |
| Debt Service: | | | | |
| Principal Retirement | - | 31,705 | - | - |
| Interest and Fiscal Charges | - | 2,993 | - | - |
| Total Expenditures | <u>-</u> | <u>1,451,249</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | 544,618 | 11,504 | 167,197 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | - | (627,657) | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(627,657)</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | - | (83,039) | 11,504 | 167,197 |
| Fund Balances (Deficits) - Beginning of Year | <u>(39,252)</u> | <u>2,153,673</u> | <u>1,023</u> | <u>(49,629)</u> |
| FUND BALANCES (DEFICITS) - END OF YEAR | <u>\$ (39,252)</u> | <u>\$ 2,070,634</u> | <u>\$ 12,527</u> | <u>\$ 117,568</u> |

CITY OF LANCASTER
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – OTHER GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

| | Special Revenue Funds | | |
|---|---|----------------------------|---------------------|
| | Zero-Net Energy Solar Mitigation In Lieu | LA County Reimbursement | MTA Grant |
| | - | - | - |
| REVENUES | | | |
| Taxes | \$ - | \$ - | \$ - |
| Licenses and Permits | - | - | - |
| Intergovernmental | - | 386,801 | 806,795 |
| Charges for Services | - | - | - |
| Investment Earnings | - | - | - |
| Fines and Forfeitures | - | - | - |
| Contributions | - | - | - |
| Miscellaneous | - | - | - |
| Total Revenues | <u>-</u> | <u>386,801</u> | <u>806,795</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | - | - | - |
| Community Development | - | 455,477 | - |
| Parks, Recreation, and Arts | - | - | - |
| Development Services | - | - | - |
| Housing and Neighborhood Revitalization | - | - | - |
| Capital Outlay | - | - | 745,903 |
| Debt Service: | | | |
| Principal Retirement | - | - | - |
| Interest and Fiscal Charges | - | - | - |
| Total Expenditures | <u>-</u> | <u>455,477</u> | <u>745,903</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | (68,676) | 60,892 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | - | - | - |
| Transfers Out | - | - | (1,035) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>(1,035)</u> |
| NET CHANGE IN FUND BALANCES | - | (68,676) | 59,857 |
| Fund Balances (Deficits) - Beginning of Year | <u>106,700</u> | <u>(110,892)</u> | <u>(435,750)</u> |
| FUND BALANCES (DEFICITS) - END OF YEAR | <u>\$ 106,700</u> | <u>\$ (179,568)</u> | <u>\$ (375,893)</u> |

CITY OF LANCASTER
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – OTHER GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

| | Special Revenue Funds | | | | |
|---|-------------------------------|------------------|----------------------------------|-------------------|-------------------|
| | Urban Structure Program | Mariposa Lily | Sewer Maintenance District | Proposition 1B | Proposition 42 |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ 4,409,705 | \$ - | \$ - |
| Licenses and Permits | 1,187,988 | - | 174,804 | - | - |
| Intergovernmental | - | - | - | - | - |
| Charges for Services | - | - | - | - | - |
| Investment Earnings | - | - | - | (1,108) | - |
| Fines and Forfeitures | - | - | - | - | - |
| Contributions | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Total Revenues | <u>1,187,988</u> | <u>-</u> | <u>4,584,509</u> | <u>(1,108)</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | - | - | 2,117 | - | - |
| Community Development | - | - | - | - | - |
| Parks, Recreation, and Arts | - | - | - | - | - |
| Development Services | - | - | 2,718,374 | - | - |
| Housing and Neighborhood Revitalization | - | - | - | - | - |
| Capital Outlay | 190,859 | - | 333,631 | 136,746 | 591 |
| Debt Service: | | | | | |
| Principal Retirement | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - |
| Total Expenditures | <u>190,859</u> | <u>-</u> | <u>3,054,122</u> | <u>136,746</u> | <u>591</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 997,129 | - | 1,530,387 | (137,854) | (591) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | - | - | - | - | - |
| Transfers Out | (42,446) | - | (1,797,934) | - | - |
| Total Other Financing Sources (Uses) | <u>(42,446)</u> | <u>-</u> | <u>(1,797,934)</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 954,683 | - | (267,547) | (137,854) | (591) |
| Fund Balances (Deficits) - Beginning of Year | <u>1,155,150</u> | <u>62,733</u> | <u>3,765,553</u> | <u>143,967</u> | <u>47,134</u> |
| FUND BALANCES (DEFICITS) - END OF YEAR | <u>\$ 2,109,833</u> | <u>\$ 62,733</u> | <u>\$ 3,498,006</u> | <u>\$ 6,113</u> | <u>\$ 46,543</u> |

CITY OF LANCASTER
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – OTHER GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

| | Special Revenue Funds | | | Capital Projects Fund | Total Other Governmental Funds |
|---|-----------------------|--------------|-----------------------------------|-----------------------------|---|
| | Measure R | Measure M | Lancaster Lighting District | Capital Projects | |
| | | | | | |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 4,421,209 |
| Licenses and Permits | - | - | - | - | 10,828,307 |
| Intergovernmental | 7,276,859 | 2,295,022 | - | 1,349,082 | 36,528,483 |
| Charges for Services | - | - | 5,715,787 | - | 9,837,262 |
| Investment Earnings | 4,601 | 9,703 | 19 | - | 93,176 |
| Fines and Forfeitures | - | - | - | - | 167,197 |
| Contributions | - | - | - | - | 8,757 |
| Miscellaneous | - | - | 975 | - | 33,323 |
| Total Revenues | 7,281,460 | 2,304,725 | 5,716,781 | 1,349,082 | 61,917,714 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | - | - | - | - | 2,402,706 |
| Community Development | - | - | - | - | 490,242 |
| Parks, Recreation, and Arts | - | - | 84,940 | - | 2,591,113 |
| Development Services | 2,301 | 3,075 | 2,887,219 | - | 14,103,314 |
| Housing and Neighborhood Revitalization | - | - | - | - | 1,100,006 |
| Capital Outlay | 6,624,280 | 463,252 | - | - | 16,870,512 |
| Debt Service: | | | | | |
| Principal Retirement | - | - | 570,000 | - | 783,705 |
| Interest and Fiscal Charges | - | - | 405,606 | - | 428,478 |
| Total Expenditures | 6,626,581 | 466,327 | 3,947,765 | - | 38,770,076 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 654,879 | 1,838,398 | 1,769,016 | 1,349,082 | 23,147,638 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | 70,976 | - | - | - | 7,073,440 |
| Transfers Out | (1,110,765) | (1,621,188) | (331,681) | - | (10,059,318) |
| Total Other Financing Sources (Uses) | (1,039,789) | (1,621,188) | (331,681) | - | (2,985,878) |
| NET CHANGE IN FUND BALANCES | (384,910) | 217,210 | 1,437,335 | 1,349,082 | 20,161,760 |
| Fund Balances (Deficits) - Beginning of Year | 644,793 | 1,887,388 | 1,664,835 | 556,466 | 25,203,744 |
| FUND BALANCES (DEFICITS) - END OF YEAR | \$ 259,883 | \$ 2,104,598 | \$ 3,102,170 | \$ 1,905,548 | \$ 45,365,504 |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GAS TAX SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|-------------------|---------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 1,771,932 | \$ 1,771,932 | \$ 1,771,932 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | 6,548,592 | 6,548,592 | 6,576,350 | 27,758 |
| Charges for Services | - | - | 20 | 20 |
| Investment Earnings | - | - | 31,860 | 31,860 |
| Miscellaneous | 209,000 | 209,000 | 3,537 | (205,463) |
| Transfers In | 6,988,587 | 6,988,587 | 6,194,478 | (794,109) |
| Amounts Available for Appropriations | <u>15,518,111</u> | <u>15,518,111</u> | <u>14,578,177</u> | <u>(939,934)</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Parks, Recreation, and Arts | 835,202 | 850,207 | 738,621 | 111,586 |
| Development Services | 6,470,335 | 7,235,016 | 6,445,176 | 789,840 |
| Capital Outlay | - | - | 1,564,526 | (1,564,526) |
| Transfers Out | 5,121,445 | 6,512,875 | 3,316,716 | 3,196,159 |
| Total Charges to Appropriations | <u>12,426,982</u> | <u>14,598,098</u> | <u>12,065,039</u> | <u>2,533,059</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 3,091,129</u> | <u>\$ 920,013</u> | <u>\$ 2,513,138</u> | <u>\$ 1,593,125</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
LANDSACPE MAINTENANCE DISTRICT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|---------------------|---------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 1,690,870 | \$ 1,690,870 | \$ 1,690,870 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Charges for Services | 1,707,000 | 1,707,000 | 1,961,398 | 254,398 |
| Contributions | 3,000 | 3,000 | 8,757 | 5,757 |
| Amounts Available for Appropriations | <u>3,400,870</u> | <u>3,400,870</u> | <u>3,661,025</u> | <u>260,155</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Parks, Recreation, and Arts | 1,668,005 | 1,809,487 | 1,767,552 | 41,935 |
| Development Services | 48,570 | 59,473 | 40,533 | 18,940 |
| Capital Outlay | - | - | 8,682 | (8,682) |
| Transfers Out | 1,527,442 | 1,977,442 | 512,974 | 1,464,468 |
| Total Charges to Appropriations | <u>3,244,017</u> | <u>3,846,402</u> | <u>2,329,741</u> | <u>1,516,661</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 156,853</u> | <u>\$ (445,532)</u> | <u>\$ 1,331,284</u> | <u>\$ 1,776,816</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
HOUSING AND COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 2,420,968 | \$ 2,420,968 | \$ 2,420,968 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | 2,190,538 | 3,934,932 | 1,755,630 | (2,179,302) |
| Amounts Available for Appropriations | <u>4,611,506</u> | <u>6,355,900</u> | <u>4,176,598</u> | <u>(2,179,302)</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Housing and Neighborhood Revitalization | 298,981 | 2,201,288 | 861,163 | 1,340,125 |
| Capital Outlay | - | - | 571,453 | (571,453) |
| Debt Service: | | | | |
| Principal Retirement | 182,000 | 182,000 | 182,000 | - |
| Interest and Fiscal Charges | 201,879 | 201,879 | 19,879 | 182,000 |
| Transfers Out | 817,588 | 1,955,195 | 30,427 | 1,924,768 |
| Total Charges to Appropriations | <u>1,500,448</u> | <u>4,540,362</u> | <u>1,664,922</u> | <u>2,875,440</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 3,111,058</u> | <u>\$ 1,815,538</u> | <u>\$ 2,511,676</u> | <u>\$ 696,138</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
HOME PROGRAM SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 1,434,011 | \$ 1,434,011 | \$ 1,434,011 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Transfers In | - | - | 335 | 335 |
| Amounts Available for Appropriations | 1,434,011 | 1,434,011 | 1,434,346 | 335 |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Housing and Neighborhood Revitalization | - | - | 238,843 | (238,843) |
| Total Charges to Appropriations | - | - | 238,843 | (238,843) |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 1,434,011</u> | <u>\$ 1,434,011</u> | <u>\$ 1,195,503</u> | <u>\$ (238,508)</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
PROPOSITION A SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 2,829,473 | \$ 2,829,473 | \$ 2,829,473 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | 3,406,245 | 3,406,245 | 3,251,491 | (154,754) |
| Investment Earnings | 14,040 | 14,040 | 18,214 | 4,174 |
| Transfers In | - | - | 722 | 722 |
| Amounts Available for Appropriations | <u>6,249,758</u> | <u>6,249,758</u> | <u>6,099,900</u> | <u>(149,858)</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| General Government | 1,655,382 | 1,674,648 | 2,189,561 | (514,913) |
| Parks, Recreation, and Arts | - | - | - | - |
| Capital Outlay | - | - | 259,354 | (259,354) |
| Transfers Out | 2,108,951 | 3,442,413 | 203,365 | 3,239,048 |
| Total Charges to Appropriations | <u>3,764,333</u> | <u>5,117,061</u> | <u>2,652,280</u> | <u>2,464,781</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 2,485,425</u> | <u>\$ 1,132,697</u> | <u>\$ 3,447,620</u> | <u>\$ 2,314,923</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
BIKEWAY IMPROVEMENT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE (DEFICIT) - BEGINNING OF YEAR | \$ (46,687) | \$ (46,687) | \$ (46,687) | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | 564,654 | 825,399 | 260,745 | (564,654) |
| Investment Earnings | - | - | 474 | 474 |
| Amounts Available for Appropriations | <u>517,967</u> | <u>778,712</u> | <u>214,532</u> | <u>(564,180)</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Capital Outlay | - | - | 216,070 | (216,070) |
| Transfers Out | 353,695 | 524,212 | - | 524,212 |
| Total Charges to Appropriations | <u>353,695</u> | <u>524,212</u> | <u>216,070</u> | <u>308,142</u> |
| BUDGETARY FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ 164,272</u> | <u>\$ 254,500</u> | <u>\$ (1,538)</u> | <u>\$ (256,038)</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
PROPOSITION C SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|--------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 3,641,896 | \$ 3,641,896 | \$ 3,641,896 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | 2,825,390 | 2,825,390 | 2,696,997 | (128,393) |
| Investment Earnings | 18,000 | 18,000 | 29,802 | 11,802 |
| Amounts Available for Appropriations | 6,485,286 | 6,485,286 | 6,368,695 | (116,591) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Capital Outlay | - | - | 950,516 | (950,516) |
| Transfers Out | 4,358,999 | 5,895,639 | - | 5,895,639 |
| Total Charges to Appropriations | 4,358,999 | 5,895,639 | 950,516 | 4,945,123 |
| BUDGETARY FUND BALANCE - END OF YEAR | \$ 2,126,287 | \$ 589,647 | \$ 5,418,179 | \$ 4,828,532 |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FEDERAL GRANTS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-------------------|---------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE (DEFICIT) - BEGINNING OF YEAR | \$ (2,764,588) | \$ (2,764,588) | \$ (2,764,588) | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | 9,692,980 | 19,561,605 | 4,069,204 | (15,492,401) |
| Transfers In | - | - | 189,969 | 189,969 |
| Amounts Available for Appropriations | <u>6,928,392</u> | <u>16,797,017</u> | <u>1,494,585</u> | <u>(15,302,432)</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Capital Outlay | - | - | 1,677,083 | (1,677,083) |
| Transfers Out | 8,789,632 | 16,144,752 | 261,285 | 15,883,467 |
| Total Charges to Appropriations | <u>8,789,632</u> | <u>16,144,752</u> | <u>1,938,368</u> | <u>14,206,384</u> |
| BUDGETARY FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ (1,861,240)</u> | <u>\$ 652,265</u> | <u>\$ (443,783)</u> | <u>\$ (1,096,048)</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
STATE GRANTS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-------------------|-----------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE (DEFICIT) - BEGINNING OF YEAR | \$ (5,547,231) | \$ (5,547,231) | \$ (5,547,231) | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | 1,187,198 | 10,239,990 | 5,803,507 | (4,436,483) |
| Investment Earnings | - | - | (389) | (389) |
| Transfers In | - | - | 616,960 | 616,960 |
| Amounts Available for Appropriations | <u>(4,360,033)</u> | <u>4,692,759</u> | <u>872,847</u> | <u>(3,819,912)</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| General Government | - | 148,910 | 193,343 | (44,433) |
| Community Development | 206,000 | 230,026 | 28,015 | 202,011 |
| Development Services | - | 579,032 | 572,415 | 6,617 |
| Capital Outlay | - | - | 1,714,488 | (1,714,488) |
| Transfers Out | <u>784,806</u> | <u>3,258,117</u> | <u>195,325</u> | <u>3,062,792</u> |
| Total Charges to Appropriations | <u>990,806</u> | <u>4,216,085</u> | <u>2,703,586</u> | <u>1,512,499</u> |
| BUDGETARY FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ (5,350,839)</u> | <u>\$ 476,674</u> | <u>\$ (1,830,739)</u> | <u>\$ (2,307,413)</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
PARKS DEVELOPMENT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 483,951 | \$ 483,951 | \$ 483,951 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Licenses and Permits | 100,000 | 100,000 | 368,000 | 268,000 |
| Amounts Available for Appropriations | <u>583,951</u> | <u>583,951</u> | <u>851,951</u> | <u>268,000</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Capital Outlay | - | - | 91,947 | (91,947) |
| Transfers Out | - | 100,236 | - | 100,236 |
| Total Charges to Appropriations | <u>-</u> | <u>100,236</u> | <u>91,947</u> | <u>8,289</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 583,951</u> | <u>\$ 483,715</u> | <u>\$ 760,004</u> | <u>\$ 276,289</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DEVELOPER FEES – SIGNALS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|-------------------|---------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 1,818,136 | \$ 1,818,136 | \$ 1,818,136 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Licenses and Permits | 160,000 | 160,000 | 596,363 | 436,363 |
| Amounts Available for Appropriations | <u>1,978,136</u> | <u>1,978,136</u> | 2,414,499 | 436,363 |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Capital Outlay | - | - | 47,968 | (47,968) |
| Transfers Out | 970,315 | 1,108,853 | - | 1,108,853 |
| Total Charges to Appropriations | <u>970,315</u> | <u>1,108,853</u> | 47,968 | 1,060,885 |
| | | | - | |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 1,007,821</u> | <u>\$ 869,283</u> | <u>\$ 2,366,531</u> | <u>\$ 1,497,248</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DEVELOPER FEES – DRAINAGE SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|----------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 4,186,232 | \$ 4,186,232 | \$ 4,186,232 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Licenses and Permits | 450,000 | 450,000 | 7,646,451 | 7,196,451 |
| Amounts Available for Appropriations | <u>4,636,232</u> | <u>4,636,232</u> | 11,832,683 | 7,196,451 |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Capital Outlay | - | - | 848,439 | (848,439) |
| Transfers Out | 777,000 | 2,700,694 | - | 2,700,694 |
| Total Charges to Appropriations | <u>777,000</u> | <u>2,700,694</u> | <u>848,439</u> | <u>1,852,255</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 3,859,232</u> | <u>\$ 1,935,538</u> | <u>\$ 10,984,244</u> | <u>\$ 9,048,706</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
RECYCLED WATER SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------------|-------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 122,912 | \$ 122,912 | \$ 122,912 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Charges for Services | 100,000 | 100,000 | 164,190 | 64,190 |
| Amounts Available for Appropriations | <u>247,912</u> | <u>247,912</u> | <u>287,102</u> | <u>39,190</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Development Services | 178,772 | 322,690 | 157,007 | 165,683 |
| Transfers Out | 1,400 | 1,400 | 4,578 | (3,178) |
| Total Charges to Appropriations | <u>180,172</u> | <u>324,090</u> | <u>161,585</u> | <u>162,505</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 67,740</u> | <u>\$ (76,178)</u> | <u>\$ 125,517</u> | <u>\$ 201,695</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
BIOLOGICAL IMPACT FEES SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 597,949 | \$ 597,949 | \$ 597,949 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Licenses and Permits | 175,000 | 175,000 | 42,112 | (132,888) |
| Amounts Available for Appropriations | 772,949 | 772,949 | 640,061 | (132,888) |
| BUDGETARY FUND BALANCE - END OF YEAR | \$ 762,949 | \$ 752,031 | \$ 640,061 | \$ (111,970) |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
TRAFFIC IMPACT FEES SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|---------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 892,416 | \$ 892,416 | \$ 892,416 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Licenses and Permits | 270,000 | 270,000 | 812,589 | 542,589 |
| Amounts Available for Appropriations | <u>1,162,416</u> | <u>1,162,416</u> | 1,705,005 | 542,589 |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Capital Outlay | - | - | 285,387 | (285,387) |
| Transfers Out | 862,620 | 1,013,255 | - | 1,013,255 |
| Total Charges to Appropriations | <u>862,620</u> | <u>1,013,255</u> | <u>285,387</u> | <u>727,868</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 299,796</u> | <u>\$ 149,161</u> | <u>\$ 1,419,618</u> | <u>\$ 1,270,457</u> |

**CITY OF LANCASTER
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 AQMD SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-------------|--------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE (DEFICIT) - BEGINNING OF YEAR | \$ - | \$ - | \$ (39,252) | \$ - |
| BUDGETARY FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (39,252)</u> | <u>\$ -</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
LANCASTER DRAINAGE MAINTENANCE DISTRICT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|--------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 2,153,673 | \$ 2,153,673 | \$ 2,153,673 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Charges for Services | 1,650,000 | 1,650,000 | 1,995,867 | 345,867 |
| Amounts Available for Appropriations | 3,803,673 | 3,803,673 | 4,149,540 | 345,867 |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Development Services | 1,685,528 | 1,689,706 | 1,277,214 | 412,492 |
| Capital Outlay | - | - | 139,337 | (139,337) |
| Debt Service: | | | | |
| Principal Retirement | - | - | 31,705 | (31,705) |
| Interest and Fiscal Charges | - | - | 2,993 | (2,993) |
| Transfers Out | 827,918 | 827,918 | 627,657 | 200,261 |
| Total Charges to Appropriations | 2,513,446 | 2,517,624 | 2,078,906 | 438,718 |
| BUDGETARY FUND BALANCE - END OF YEAR | \$ 1,290,227 | \$ 1,286,049 | \$ 2,070,634 | \$ 784,585 |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
MISCELLANEOUS GRANTS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------------|------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 1,023 | \$ 1,023 | \$ 1,023 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Taxes | 11,000 | 11,000 | 11,504 | 504 |
| Amounts Available for Appropriations | 12,023 | 12,023 | 12,527 | 504 |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 1,023</u> | <u>\$ 1,023</u> | <u>\$ 12,527</u> | <u>\$ 11,504</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
TRAFFIC SAFETY SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|-------------|-------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE (DEFICIT) - BEGINNING OF YEAR | \$ (49,629) | \$ (49,629) | \$ (49,629) | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Fines and Forfeitures | 260,000 | 309,629 | 167,197 | (142,432) |
| Amounts Available for Appropriations | 210,371 | 260,000 | 117,568 | (142,432) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Transfers Out | 260,000 | 260,000 | - | 260,000 |
| Total Charges to Appropriations | 260,000 | 260,000 | - | 260,000 |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ (49,629)</u> | <u>\$ -</u> | <u>\$ 117,568</u> | <u>\$ 117,568</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
LA COUNTY REIMBURSEMENT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|--------------|---------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE (DEFICIT) - BEGINNING OF YEAR | \$ (110,892) | \$ (110,892) | \$ (110,892) | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | - | 1,383,826 | 386,801 | (997,025) |
| Amounts Available for Appropriations | (110,892) | 1,272,934 | 275,909 | (997,025) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Community Development | 600,000 | 1,272,934 | 455,477 | 817,457 |
| Total Charges to Appropriations | 600,000 | 1,272,934 | 455,477 | 817,457 |
| BUDGETARY FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ (710,892)</u> | <u>\$ -</u> | <u>\$ (179,568)</u> | <u>\$ (179,568)</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
MTA GRANT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|--------------|---------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE (DEFICIT) - BEGINNING OF YEAR | \$ (435,750) | \$ (435,750) | \$ (435,750) | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | 95,576 | 2,098,579 | 806,795 | (1,291,784) |
| Amounts Available for Appropriations | (340,174) | 1,662,829 | 371,045 | (1,291,784) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Capital Outlay | - | - | 745,903 | (745,903) |
| Transfers Out | 95,576 | 1,662,829 | 1,035 | 1,661,794 |
| Total Charges to Appropriations | 95,576 | 1,662,829 | 746,938 | 915,891 |
| BUDGETARY FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ (435,750)</u> | <u>\$ -</u> | <u>\$ (375,893)</u> | <u>\$ (375,893)</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
URBAN STRUCTURE PROGRAM SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|-------------------|---------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 1,155,150 | \$ 1,155,150 | \$ 1,155,150 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Licenses and Permits | 277,000 | 277,000 | 1,187,988 | 910,988 |
| Amounts Available for Appropriations | <u>1,432,150</u> | <u>1,432,150</u> | <u>2,343,138</u> | <u>910,988</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Capital Outlay | - | - | 190,859 | (190,859) |
| Transfers Out | 291,681 | 546,777 | 42,446 | 504,331 |
| Total Charges to Appropriations | <u>291,681</u> | <u>546,777</u> | <u>233,305</u> | <u>313,472</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 1,140,469</u> | <u>\$ 885,373</u> | <u>\$ 2,109,833</u> | <u>\$ 1,224,460</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SEWER MAINTENANCE DISTRICT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 3,765,553 | \$ 3,765,553 | \$ 3,765,553 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Taxes | 4,100,000 | 4,100,000 | 4,409,705 | 309,705 |
| Licenses and Permits | 123,300 | 123,300 | 174,804 | 51,504 |
| Amounts Available for Appropriations | <u>7,988,853</u> | <u>7,988,853</u> | <u>8,350,062</u> | <u>361,209</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| General Government | 2,200 | - | 2,117 | (2,117) |
| Development Services | 3,260,852 | 3,317,206 | 2,718,374 | 598,832 |
| Capital Outlay | - | - | 333,631 | (333,631) |
| Transfers Out | 1,644,170 | 2,144,566 | 1,797,934 | 346,632 |
| Total Charges to Appropriations | <u>4,907,222</u> | <u>5,461,772</u> | <u>4,852,056</u> | <u>609,716</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 3,081,631</u> | <u>\$ 2,527,081</u> | <u>\$ 3,498,006</u> | <u>\$ 970,925</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
PROPOSITION 1B SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-----------------|-----------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 143,967 | \$ 143,967 | \$ 143,967 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Investment Earnings | - | - | (1,108) | (1,108) |
| Amounts Available for Appropriations | 143,967 | 143,967 | 142,859 | (1,108) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Capital Outlay | - | - | 136,746 | (136,746) |
| Transfers Out | - | 137,141 | - | 137,141 |
| Total Charges to Appropriations | - | 137,141 | 136,746 | 395 |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 143,967</u> | <u>\$ 6,826</u> | <u>\$ 6,113</u> | <u>\$ (713)</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
PROPOSITION 42 SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------------|------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 47,134 | \$ 47,134 | \$ 47,134 | \$ - |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Capital Outlay | - | - | 591 | (591) |
| Transfers Out | - | 45,746 | - | 45,746 |
| Total Charges to Appropriations | <u>-</u> | <u>45,746</u> | <u>591</u> | <u>45,155</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 47,134</u> | <u>\$ 1,388</u> | <u>\$ 46,543</u> | <u>\$ 45,155</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
MEASURE R SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|------------|------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 644,793 | \$ 644,793 | \$ 644,793 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | 22,775,674 | 26,327,461 | 7,276,859 | (19,050,602) |
| Investment Earnings | 20,500 | 20,500 | 4,601 | (15,899) |
| Transfers In | - | - | 70,976 | 70,976 |
| Amounts Available for Appropriations | 23,440,967 | 26,992,754 | 7,997,229 | (18,995,525) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Development Services | - | - | 2,301 | (2,301) |
| Capital Outlay | - | - | 6,624,280 | (6,624,280) |
| Transfers Out | 23,223,489 | 26,958,695 | 1,110,765 | 25,847,930 |
| Total Charges to Appropriations | 23,223,489 | 26,958,695 | 7,737,346 | 19,221,349 |
| BUDGETARY FUND BALANCE - END OF YEAR | \$ 217,478 | \$ 34,059 | \$ 259,883 | \$ 225,824 |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
MEASURE M SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 1,887,388 | \$ 1,887,388 | \$ 1,887,388 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | 3,642,068 | 3,642,068 | 2,295,022 | (1,347,046) |
| Investment Earnings | 10,000 | 10,000 | 9,703 | (297) |
| Amounts Available for Appropriations | <u>5,539,456</u> | <u>5,539,456</u> | <u>4,192,113</u> | <u>(1,347,343)</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Development Services | - | - | 3,075 | (3,075) |
| Capital Outlay | 200,000 | 343,048 | 463,252 | (120,204) |
| Transfers Out | 2,876,686 | 4,123,979 | 1,621,188 | 2,502,791 |
| Total Charges to Appropriations | <u>3,076,686</u> | <u>4,467,027</u> | <u>2,087,515</u> | <u>2,379,512</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 2,462,770</u> | <u>\$ 1,072,429</u> | <u>\$ 2,104,598</u> | <u>\$ 1,032,169</u> |

**CITY OF LANCASTER
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
LANCASTER LIGHTING DISTRICT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| BUDGETARY FUND BALANCE - BEGINNING OF YEAR | \$ 1,664,835 | \$ 1,664,835 | \$ 1,664,835 | \$ - |
| RESOURCES (INFLOWS) | | | | |
| Charges for Services | 4,465,000 | 4,465,000 | 5,715,787 | 1,250,787 |
| Investment Earnings | - | - | 19 | 19 |
| Miscellaneous | - | - | 975 | 975 |
| Amounts Available for Appropriations | <u>6,144,835</u> | <u>6,144,835</u> | <u>7,381,616</u> | <u>1,236,781</u> |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Parks, Recreation, and Arts | 85,000 | 85,000 | 84,940 | 60 |
| Development Services | 2,678,734 | 2,591,599 | 2,887,219 | (295,620) |
| Principal Retirement | 570,000 | 570,000 | 570,000 | - |
| Interest and Fiscal Charges | 976,755 | 976,755 | 405,606 | 571,149 |
| Transfers Out | <u>322,057</u> | <u>322,057</u> | <u>331,681</u> | <u>9,624</u> |
| Total Charges to Appropriations | <u>4,632,546</u> | <u>4,545,411</u> | <u>4,279,446</u> | <u>285,213</u> |
| BUDGETARY FUND BALANCE - END OF YEAR | <u>\$ 1,512,289</u> | <u>\$ 1,599,424</u> | <u>\$ 3,102,170</u> | <u>\$ 1,521,994</u> |

**CITY OF LANCASTER
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 ALL CUSTODIAL FUNDS
 JUNE 30, 2021**

| | Assessment District | Deposits | AD 92-101 |
|---|------------------------|---------------|---------------|
| ASSETS | | | |
| Pooled Cash and Investments | \$ 154,596 | \$ 9,716 | \$ 202 |
| Receivable: | | | |
| Accounts | - | 12,351 | - |
| Taxes | - | 2,989 | - |
| Restricted: | | | |
| Cash and Investments with Fiscal Agents | - | - | - |
| | <u>154,596</u> | <u>25,056</u> | <u>202</u> |
| Total Assets | <u>154,596</u> | <u>25,056</u> | <u>202</u> |
| LIABILITIES | | | |
| Deposits Payable | - | 25,056 | - |
| | <u>-</u> | <u>25,056</u> | <u>-</u> |
| Total Liabilities | <u>-</u> | <u>25,056</u> | <u>-</u> |
| NET POSITION | | | |
| Restricted for Bondholders | 154,596 | - | 202 |
| | <u>154,596</u> | <u>-</u> | <u>202</u> |
| Total Net Position | <u>\$ 154,596</u> | <u>\$ -</u> | <u>\$ 202</u> |

CITY OF LANCASTER
COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL CUSTODIAL FUNDS (CONTINUED)
JUNE 30, 2021

| | <u>CFD 89-1</u> | <u>CFD 90-1</u> | <u>CFD 91-1</u> | <u>Total</u> |
|---|------------------|-----------------|-----------------|-------------------|
| ASSETS | | | | |
| Pooled Cash and Investments | \$ 23,917 | \$ 619 | \$ 542 | \$ 189,592 |
| Receivable: | | | | |
| Accounts | - | - | - | 12,351 |
| Taxes | - | - | - | 2,989 |
| Restricted: | | | | |
| Cash and Investments with Fiscal Agents | 2,185 | - | - | 2,185 |
| | <u>26,102</u> | <u>619</u> | <u>542</u> | <u>207,117</u> |
| Total Assets | | | | |
| | <u>26,102</u> | <u>619</u> | <u>542</u> | <u>207,117</u> |
| LIABILITIES | | | | |
| Deposits Payable | - | - | - | 25,056 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>25,056</u> |
| Total Liabilities | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>25,056</u> |
| NET POSITION | | | | |
| Restricted for Bondholders | 26,102 | 619 | 542 | 182,061 |
| | <u>26,102</u> | <u>619</u> | <u>542</u> | <u>182,061</u> |
| Total Net Position | <u>\$ 26,102</u> | <u>\$ 619</u> | <u>\$ 542</u> | <u>\$ 207,117</u> |

**CITY OF LANCASTER
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 ALL CUSTODIAL FUNDS
 YEAR ENDED JUNE 30, 2021**

| | Assessment District | Deposits | AD 92-101 |
|---|------------------------|-------------|---------------|
| ADDITIONS | | | |
| Special Assessments or Taxes Collected From Property Owners | \$ - | \$ - | \$ - |
| Investment Earnings | - | - | - |
| Total Additions | - | - | - |
| DEDUCTIONS | | | |
| Administrative Expenses | - | - | - |
| Payment of Special Tax Debt | - | - | - |
| Total Deductions | - | - | - |
| CHANGE IN NET POSITION | - | - | - |
| TOTAL NET POSITION, BEGINNING OF YEAR, AS RESTATED | 154,596 | - | 202 |
| TOTAL NET POSITION, END OF YEAR | <u>\$ 154,596</u> | <u>\$ -</u> | <u>\$ 202</u> |

**CITY OF LANCASTER
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALL CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2021**

| | <u>CFD 89-1</u> | <u>CFD 90-1</u> | <u>CFD 91-1</u> | <u>Total</u> |
|---|-------------------------|----------------------|----------------------|--------------------------|
| ADDITIONS | | | | |
| Special Assessments or Taxes Collected From Property Owners | \$ 525,917 | \$ (40) | \$ - | \$ 525,877 |
| Investment Earnings | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Additions | <u>525,917</u> | <u>(40)</u> | <u>-</u> | <u>525,877</u> |
| DEDUCTIONS | | | | |
| Administrative Expenses | 1,575 | - | - | 1,575 |
| Payment of Special Tax Debt | <u>735,116</u> | <u>-</u> | <u>-</u> | <u>735,116</u> |
| Total Deductions | <u>736,691</u> | <u>-</u> | <u>-</u> | <u>736,691</u> |
| CHANGE IN NET POSITION | (210,774) | (40) | - | (210,814) |
| TOTAL NET POSITION, BEGINNING OF YEAR, AS RESTATED | <u>236,876</u> | <u>659</u> | <u>542</u> | <u>392,875</u> |
| TOTAL NET POSITION, END OF YEAR | <u><u>\$ 26,102</u></u> | <u><u>\$ 619</u></u> | <u><u>\$ 542</u></u> | <u><u>\$ 182,061</u></u> |

STATISTICAL SECTION

**CITY OF LANCASTER
DESCRIPTION OF STATISTICAL SECTION CONTENTS
JUNE 30, 2021**

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.

Contents

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Financial Trends

151-156

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity

157-161

These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes.

Debt Capacity

162-166

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.

Demographic and Economic Information

167-168

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.

Operating Information

169-170

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.

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

**CITY OF LANCASTER
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
JUNE 30, 2021
(ACCRUAL BASIS OF ACCOUNTING)**

| | Fiscal Year | | | | | | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Governmental Activities | | | | | | | | | | |
| Net Investment in | | | | | | | | | | |
| Capital Assets | | | | | | | | | | |
| Restricted | \$ 924,786,002 | \$ 937,437,269 | \$ 923,425,649 | \$ 907,594,209 | \$ 893,340,891 | \$ 868,784,058 | \$ 858,554,529 | \$ 850,994,405 | \$ 852,525,238 | \$ 845,575,930 |
| Unrestricted | 172,781,575 | 161,081,541 | 154,576,976 | 156,831,806 | 148,498,481 | 146,632,874 | 143,457,885 | 153,574,408 | 211,659,170 | 141,530,153 |
| Total Governmental Activities Net Assets | <u>\$ 1,120,615,820</u> | <u>\$ 1,103,613,756</u> | <u>\$ 1,108,522,717</u> | <u>\$ 1,053,698,597</u> | <u>\$ 1,044,902,898</u> | <u>\$ 1,014,069,921</u> | <u>\$ 995,991,467</u> | <u>\$ 990,603,948</u> | <u>\$ 983,489,489</u> | <u>\$ 1,003,796,665</u> |
| Business-type activities | | | | | | | | | | |
| Net Investment in | | | | | | | | | | |
| Capital Assets | | | | | | | | | | |
| Unrestricted | \$ - | \$ - | \$ (4,221,367) | \$ (1,317,420) | \$ (1,175,345) | \$ (998,271) | \$ (1,551,196) | \$ (2,054,121) | \$ (2,507,045) | \$ (2,899,971) |
| Total Business-Type Activities Net Assets | <u>\$ (252,698)</u> | <u>\$ (1,397,269)</u> | <u>\$ (1,752,308)</u> | <u>\$ (2,551,661)</u> | <u>\$ 572,736</u> | <u>\$ 2,318,985</u> | <u>\$ 3,359,888</u> | <u>\$ 2,727,026</u> | <u>\$ 7,273,689</u> | <u>\$ 5,762,437</u> |
| Primary Government | | | | | | | | | | |
| Net Investment in | | | | | | | | | | |
| Capital Assets | | | | | | | | | | |
| Restricted | \$ 924,786,002 | \$ 937,437,269 | \$ 919,204,282 | \$ 906,276,789 | \$ 892,165,546 | \$ 867,785,787 | \$ 857,003,333 | \$ 848,940,284 | \$ 850,018,193 | \$ 842,675,959 |
| Unrestricted | 172,781,575 | 161,081,541 | 154,576,976 | 156,831,806 | 148,498,481 | 146,632,874 | 143,457,885 | 153,574,408 | 211,659,170 | 141,530,153 |
| Total Primary Government Net Assets | <u>\$ 1,120,363,122</u> | <u>\$ 1,102,216,487</u> | <u>\$ 1,106,770,409</u> | <u>\$ 1,051,146,936</u> | <u>\$ 1,045,475,634</u> | <u>\$ 1,016,388,906</u> | <u>\$ 999,351,355</u> | <u>\$ 993,330,974</u> | <u>\$ 990,763,178</u> | <u>\$ 1,009,559,102</u> |

*2017 Net Assets Restated

**CITY OF LANCASTER
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2021
(ACCRUAL BASIS OF ACCOUNTING)**

| | Fiscal Year | | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 24,809,328 | \$ 20,108,707 | \$ 20,826,798 | \$ 18,151,158 | \$ 24,202,118 | \$ 8,960,666 | \$ 25,403,881 | \$ 36,559,231 | \$ 34,227,243 | \$ 35,691,615 |
| Public Safety | 23,493,486 | 25,618,865 | 24,042,237 | 26,777,341 | 26,305,165 | 28,407,266 | 29,600,738 | 30,472,647 | 31,515,319 | 32,230,935 |
| Community Development | 12,796,592 | 6,554,237 | 4,382,821 | 3,205,562 | 3,075,464 | 3,153,141 | 3,596,731 | 3,203,719 | 657,480 | 592,696 |
| Parks, Recreation, and Arts | 52,220,277 | 13,049,889 | 13,555,843 | 14,096,265 | 16,934,244 | 16,693,089 | 18,330,765 | 19,055,172 | 18,323,761 | 17,820,781 |
| Development Services | 1,722,135 | 53,654,875 | 54,078,702 | 54,734,695 | 50,457,653 | 69,971,677 | 54,409,902 | 53,929,613 | 53,960,990 | 50,239,507 |
| Housing and Neighborhood Revitalization | 10,355,215 | 421,279 | 3,072,338 | 4,341,667 | 2,672,073 | 2,561,473 | 2,158,452 | 2,115,890 | 1,850,333 | 2,056,358 |
| Interest on Long-Term Debt | 2,316,858 | 375,667 | 233,915 | 180,567 | 217,001 | 273,270 | 793,067 | 920,559 | 2,315,735 | 3,119,743 |
| Total Primary Governmental Activities Expenses | 127,713,891 | 119,783,519 | 120,192,654 | 121,487,255 | 123,863,718 | 130,020,582 | 134,293,536 | 146,256,831 | 142,850,861 | 141,751,635 |
| 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 | 1,968,698 | 1,841,253 | 1,825,146 |
| Lancaster Choice Energy | - | - | - | 1,430,990 | 20,238,595 | 33,808,624 | 34,290,014 | 36,835,001 | 39,741,272 | 47,013,871 |
| California Choice Energy Authority | - | - | - | - | - | 52,276 | 2,414,623 | 4,287,401 | 5,650,866 | 6,033,722 |
| 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 | 43,091,100 | 47,233,391 | 54,872,739 |
| Total Primary Government Expenses | 128,852,721 | 122,774,289 | 123,407,795 | 125,088,379 | 146,268,845 | 165,921,421 | 172,985,394 | 189,347,931 | 190,084,252 | 196,624,374 |
| Program Revenues (see Schedule 3) | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | 935,460 | 284,461 | 198,193 | 432,988 | 513,200 | 639,962 | 602,044 | 619,995 | 139,214 | 3,335,332 |
| Public Safety | 1,935,658 | 1,070,125 | 978,834 | 818,277 | 751,611 | 984,026 | 1,062,896 | 1,085,753 | 853,945 | 2,525,888 |
| Community Development | 3,156,519 | 428,817 | 568,214 | 550,551 | 496,533 | 661,602 | 634,154 | 639,536 | 597,666 | 430,021 |
| Parks, Recreation and Arts | 21,175,600 | 3,560,430 | 3,683,705 | 3,652,517 | 4,277,377 | 4,550,335 | 4,321,483 | 4,715,881 | 2,657,974 | 759,537 |
| Development Services | 1,306,309 | 13,352,265 | 13,285,244 | 14,021,480 | 14,565,036 | 15,011,307 | 15,313,752 | 15,847,319 | 16,463,307 | 18,297,602 |
| Housing and Neighborhood Revitalization | 283,252 | 908,953 | 1,009,550 | 303,541 | 226,958 | 229,371 | 365,977 | 237,247 | 1,042,728 | 290,464 |
| Operating Grants and Contributions | 22,221,889 | 27,016,113 | 22,338,733 | 22,198,805 | 24,493,308 | 24,106,817 | 27,378,164 | 26,646,632 | 32,101,550 | 48,818,504 |
| Capital Grants and Contributions | 6,133,131 | 10,893,821 | 13,157,118 | 20,173,224 | 7,918,787 | 2,949,315 | 8,166,904 | 18,407,817 | 13,207,647 | 14,693,720 |
| Total Governmental Activities Program Revenues | 57,147,818 | 57,514,985 | 55,219,591 | 62,151,383 | 53,242,810 | 49,132,735 | 57,845,374 | 68,200,180 | 67,064,031 | 89,151,068 |

**CITY OF LANCASTER
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2021
(ACCRUAL BASIS OF ACCOUNTING)**

| | Fiscal Year | | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| 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 | \$ 1,661,277 | \$ 1,545,531 | \$ 1,896,121 |
| Lancaster Choice Energy | - | - | - | 275,128 | 23,437,682 | 36,023,817 | 37,454,517 | 37,059,153 | 43,397,265 | 43,786,322 |
| California Choice Energy Authority | - | - | - | - | - | 80,000 | 1,495,702 | 4,535,102 | 5,438,167 | 5,987,488 |
| Total Business-Type Activities | 1,479,116 | 2,937,736 | 3,402,736 | 3,548,309 | 26,950,398 | 38,922,589 | 40,811,701 | 43,255,532 | 50,380,963 | 51,669,931 |
| Total Primary Government | | | | | | | | | | |
| Program Revenues | 58,626,934 | 60,452,721 | 58,622,327 | 65,699,692 | 80,193,208 | 88,055,324 | 98,657,075 | 111,455,712 | 117,444,994 | 140,820,999 |
| Governmental Activities | (70,566,073) | (62,374,602) | (64,838,504) | (59,335,872) | (70,620,908) | (80,887,847) | (76,448,162) | (78,056,651) | (75,786,830) | (52,600,567) |
| Business-Type Activities: | 340,286 | 53,034 | 53,036 | (52,815) | 4,545,271 | 3,021,750 | 2,119,843 | 164,432 | 3,147,572 | (3,202,808) |
| Net Primary Government | | | | | | | | | | |
| Revenue (Expense) | (70,225,787) | (62,321,568) | (64,785,468) | (59,388,687) | (66,075,637) | (77,866,097) | (74,328,319) | (77,892,219) | (72,639,258) | (55,803,375) |
| Other Changes in Net Assets | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property Taxes | 25,370,913 | 14,142,727 | 14,370,865 | 16,854,719 | 19,252,156 | 19,468,926 | 20,423,770 | 22,583,607 | 24,296,937 | 26,148,244 |
| Transient Occupancy Taxes | 1,338,016 | 1,314,747 | 1,313,033 | 1,614,404 | 1,866,299 | 2,064,522 | 2,202,452 | 2,211,230 | 1,965,102 | 7,731,919 |
| Intergovernmental - State | | | | | | | | | | |
| Shared Sales Taxes | 17,259,589 | 16,254,549 | 18,043,706 | 18,540,150 | 19,498,624 | 20,462,687 | 20,483,067 | 23,611,132 | 21,961,474 | 2,012,943 |
| Franchise Taxes | 2,655,535 | 2,617,877 | 2,669,286 | 2,776,634 | 2,821,855 | 2,926,257 | 4,706,453 | 7,637,948 | 7,663,335 | 1,223,982 |
| Business Licenses Taxes | 955,466 | 906,896 | 929,618 | 983,968 | 915,740 | 842,598 | 932,469 | 920,998 | 722,837 | 1,315,822 |
| Other Taxes | 284,519 | 406,441 | 413,913 | 419,034 | 428,651 | 630,705 | 991,873 | 885,093 | 1,279,397 | 118,596 |
| Intergovernmental | 78,065 | 80,905 | 67,299 | 65,519 | 64,874 | 70,376 | 83,074 | 77,514 | 127,902 | 31,805,221 |
| Investment Earnings | 2,102,259 | 38,131 | 252,605 | 331,645 | 532,869 | 465,226 | 243,124 | 1,942,204 | 4,696,743 | 1,391,387 |
| Miscellaneous | 3,913,577 | 1,008,418 | 331,511 | 1,141,731 | 1,041,187 | 2,308,190 | 3,393,939 | 10,536,241 | 4,138,146 | 1,546,901 |
| 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 | 1,220,392 | 888,441 | 513,340 |
| Transfers | 600,000 | 600,000 | 600,000 | 800,000 | 1,600,000 | 1,358,064 | 1,525,000 | 845,513 | 893,410 | 875,850 |
| Total Governmental Activities | 59,636,132 | 37,479,763 | 43,151,985 | 45,657,576 | 49,181,115 | 51,041,477 | 56,269,028 | 72,471,872 | 68,633,724 | 74,684,205 |
| Business-Type Activities: | | | | | | | | | | |
| Investment Earnings | 7,016 | 2,421 | 9,533 | 1,762 | 6,041 | 10,109 | 25,250 | 48,219 | 34,247 | 860 |
| Miscellaneous | - | 42,750 | 47,833 | 51,700 | 173,085 | 72,454 | 420,810 | | 2,258,254 | 2,790,669 |
| Transfers | (600,000) | (600,000) | (600,000) | (800,000) | (1,600,000) | (1,358,064) | (1,525,000) | (845,513) | (893,410) | (875,850) |
| Total Business-Type Activities | (592,984) | (554,829) | (542,634) | (746,538) | (1,420,874) | (1,275,501) | (1,078,940) | (797,294) | 1,399,091 | 1,915,679 |

**CITY OF LANCASTER
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2021
(ACCRUAL BASIS OF ACCOUNTING)**

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|------------------------|----------------------|------------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Extraordinary Gain/(Loss) | \$ 236,809,943 | \$ (14,482,945) | \$ 41,469,430 | \$ - | \$ 11,789,312 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Primary Government Revenues, Contributions, Extraordinary Items and Transfers | 295,853,091 | 22,441,989 | 84,078,781 | 44,911,038 | 59,549,553 | 49,765,976 | 55,190,088 | 71,674,578 | 70,032,815 | 76,599,884 |
| Extraordinary Gain/(Loss) due to Transfer of Assets to Successor Agency (Note 16) | - | (14,482,945) | 41,469,430 | - | - | - | - | - | - | - |
| Change in Net Assets | | | | | | | | | | |
| Governmental Activities | 225,880,002 | (39,271,716) | 19,648,352 | (13,678,296) | (9,650,481) | (29,846,370) | (20,179,134) | (5,584,779) | (7,153,106) | 22,083,638 |
| Business-Type Activities | (252,698) | (607,863) | (355,039) | (799,353) | 3,124,397 | 1,746,249 | 1,040,903 | (632,862) | 4,546,663 | (1,287,129) |
| Total Primary Government | <u>\$ 225,627,304</u> | <u>\$ (39,879,579)</u> | <u>\$ 19,293,313</u> | <u>\$ (14,477,649)</u> | <u>\$ (6,526,084)</u> | <u>\$ (28,100,121)</u> | <u>\$ (19,138,231)</u> | <u>\$ (6,217,641)</u> | <u>\$ (2,606,443)</u> | <u>\$ 20,796,509</u> |

**CITY OF LANCASTER
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2021
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 22,319,854 | \$ 8,852,742 | \$ 28,221,235 | \$ 30,146,378 | \$ 35,269,352 | \$ 35,371,160 | \$ 34,813,055 | \$ 29,262,811 | \$ 29,674,751 | \$ 26,457,074 |
| Committed | - | - | - | - | - | - | - | 3,365,000 | 1,614,733 | 8,083,847 |
| Assigned | 4,889,386 | 4,800,218 | 4,680,626 | 4,928,059 | 5,271,564 | 16,385,000 | 21,342,040 | 23,159,000 | 9,055,493 | 14,132,994 |
| Unassigned | 11,700,986 | 12,927,615 | 8,742,053 | 7,363,284 | 14,512,289 | 3,799,199 | 27,264 | 7,120,806 | 24,936,990 | 37,531,649 |
| Total General Fund | \$ 38,910,226 | \$ 26,580,575 | \$ 41,643,914 | \$ 42,437,721 | \$ 55,053,205 | \$ 55,555,359 | \$ 56,182,359 | \$ 62,907,617 | \$ 65,281,967 | \$ 86,205,564 |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ 94,373,593 | \$ 87,303,062 | \$ - | \$ 47,639 | \$ 138,887 | \$ 302,869 | \$ - | \$ 1,952 | \$ - | \$ 114,493 |
| Restricted | 60,392,063 | 56,185,252 | 151,441,914 | 153,298,355 | 143,175,424 | 138,738,574 | 135,604,095 | 145,720,618 | 194,765,788 | 186,902,404 |
| Assigned | 509 | 509 | 509 | 17,055 | - | 60,647.00 | 60,647 | 60,647 | 556,466 | 1,905,548 |
| Unassigned | (4,902,734) | (5,397,190) | (2,637,423) | (2,503,461) | (2,239,594) | (4,009,386) | (5,552,234) | (4,758,232) | (12,709,657) | (4,213,959) |
| Total all Other Governmental Funds | \$ 149,863,431 | \$ 138,091,633 | \$ 148,805,000 | \$ 150,859,588 | \$ 141,074,717 | \$ 135,092,704 | \$ 130,112,508 | \$ 141,024,985 | \$ 182,612,597 | \$ 184,708,486 |

Explanation of fund balance categories and descriptions can be found in Note 1 - Summary of Significant Accounting Policies; differences in fund balances between FY 19/20 & 20/21 are discussed in Management Discussion and Analysis section.

CITY OF LANCASTER
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2021
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | | | | | |
|--|-----------------------|------------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2020 | 2021 |
| Revenues | | | | | | | | | |
| Taxes | \$ 48,495,344 | \$ 49,816,195 | \$ 43,142,049 | \$ 45,955,569 | \$ 50,788,011 | \$ 51,225,214 | \$ 32,694,321 | \$ 39,776,377 | \$ 46,881,898 |
| Licenses, Fees, and Permits | 10,644,481 | 4,758,487 | 3,765,131 | 4,213,219 | 7,618,177 | 7,154,796 | 7,311,998 | 6,145,835 | 18,160,703 |
| Intergovernmental | 23,563,011 | 20,477,373 | 25,441,406 | 29,814,201 | 20,399,991 | 20,131,473 | 49,677,753 | 56,422,007 | 84,585,107 |
| Charges for Services | 10,166,791 | 10,773,394 | 11,055,161 | 11,579,958 | 11,943,261 | 12,047,968 | 12,110,502 | 11,656,942 | 10,631,985 |
| Investment Earnings | 3,491,243 | 2,515,570 | 5,988,730 | 3,027,639 | 1,315,125 | 865,832 | 1,011,369 | 2,913,406 | 538,028 |
| Fines and Forfeitures | 1,935,658 | 1,253,922 | 1,164,109 | 1,031,987 | 958,579 | 1,076,830 | 1,248,494 | 996,310 | 702,937 |
| Contributions | - | - | - | - | - | 630 | 35,586 | 2,669 | 8,757 |
| Rental Income | - | - | - | 5,748 | 194,687 | 155,750 | 155,750 | 128,893 | - |
| Gain From Sale of Land Held | - | - | - | - | - | - | - | 30,303 | 472,883 |
| Miscellaneous | 8,697,718 | 4,693,687 | 1,108,353 | 2,167,266 | 2,365,424 | 5,320,963 | 6,340,721 | 6,331,271 | 7,193,270 |
| Total Revenues | \$ 106,994,246 | \$ 94,288,628 | \$ 91,664,939 | \$ 97,795,587 | \$ 95,583,255 | \$ 97,979,456 | \$ 110,586,494 | \$ 124,404,013 | \$ 169,175,568 |
| Expenditures | | | | | | | | | |
| General Government | \$ 19,429,696 | \$ 16,729,037 | \$ 13,998,033 | \$ 15,994,460 | \$ 20,261,382 | \$ 19,648,188 | \$ 21,765,331 | \$ 28,610,023 | \$ 31,230,218 |
| Public Safety | 23,456,553 | 25,349,866 | 24,238,229 | 25,019,344 | 26,299,308 | 28,401,068 | 29,429,466 | 31,325,203 | 32,319,382 |
| Community Development | 11,423,703 | 7,171,105 | 4,021,302 | 2,732,422 | 2,796,072 | 2,879,556 | 3,352,591 | 236,826 | 490,242 |
| Parks, Recreation and Arts | 16,530,854 | 11,639,064 | 12,324,636 | 12,819,404 | 15,218,338 | 16,157,838 | 16,769,802 | 17,042,667 | 15,392,513 |
| Development Services | 1,722,135 | 18,383,201 | 17,639,737 | 19,678,403 | 18,634,314 | 34,626,426 | 20,337,475 | 20,176,895 | 21,898,694 |
| Housing and Neighborhood Revitalization | 10,207,101 | 452,079 | 5,063,159 | 4,341,667 | 2,672,073 | 3,564,603 | 2,158,452 | 1,850,333 | 2,056,358 |
| Capital Outlay | 22,019,463 | 17,762,739 | 11,121,837 | 14,852,578 | 17,109,139 | 13,067,378 | 22,380,893 | 32,485,154 | 30,875,418 |
| Debt Service | | | | | | | | | |
| Principal | 4,832,000 | 6,556,995 | 528,151 | 549,758 | 607,293 | 771,403 | 1,774,883 | 3,397,596 | 3,055,692 |
| Interest | 7,195,509 | 463,046 | 244,583 | 221,672 | 185,367 | 293,259 | 660,933 | 2,413,747 | 3,525,805 |
| Total Expenditures | 116,817,014 | 104,507,132 | 89,179,667 | 96,209,708 | 103,783,286 | 119,409,719 | 118,629,826 | 137,538,444 | 140,844,322 |
| Excess of Revenues Over (Under) | | | | | | | | | |
| Expenditures | <u>(9,822,768)</u> | <u>(10,218,504)</u> | <u>2,485,272</u> | <u>1,585,879</u> | <u>(8,200,031)</u> | <u>(21,430,263)</u> | <u>(8,043,332)</u> | <u>(13,134,431)</u> | <u>28,331,246</u> |
| Other Financing Sources (Uses) | | | | | | | | | |
| Sale of Capital Assets | - | - | - | - | - | - | - | 526,178 | 40,457 |
| Bonds, notes, and Loans lissued | - | - | - | - | - | 14,250,000 | - | 48,405,000 | - |
| Bonds Issuance Premium | - | - | - | - | - | 529,230 | - | 7,268,805 | - |
| Sale of Capital Assets | | | | | | | | | |
| Gain/(Loss) on Sale of Land | 5,078,193 | - | - | - | - | - | 90,300 | - | - |
| Proceeds from Capital Lease | - | - | - | - | 255,981 | 555,221 | - | - | - |
| Transfers in | 49,040,910 | 24,370,408 | 23,056,901 | 24,675,475 | 31,209,370 | 22,640,266 | 36,663,811 | 50,727,058 | 19,492,130 |
| Transfers out | (48,440,910) | (23,770,408) | (22,456,901) | (23,875,475) | (29,609,370) | (21,282,202) | (35,138,811) | (49,833,648) | (18,616,280) |
| Total Other Financing Sources (Uses) | 5,678,193 | 600,000 | 600,000 | 800,000 | 1,855,981 | 16,692,515 | 1,615,300 | 57,093,393 | 916,307 |
| Extraordinary, Special Gain/(Loss) | 32,325,866 | (14,842,945) | 22,836,799 | - | 9,174,663 | - | - | - | - |
| Net Change in Fund Balances | \$ 28,181,291 | \$ (24,461,449) | \$ 25,922,071 | \$ 2,385,879 | \$ 2,830,613 | \$ (4,737,748) | \$ (6,428,032) | \$ 43,958,962 | \$ 29,247,553 |
| Debt service as a percentage of noncapital expenditures | 12.69% | 8.09% | 0.99% | 0.95% | 0.91% | 1.00% | 2.53% | 5.53% | 5.98% |

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

**CITY OF LANCASTER
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2021
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

| Fiscal Year | *Property Taxes | Transient Occupancy | Intergovernmental | | Measure LC | Franchise Taxes | Business Licenses Taxes | Other Taxes | Total | |
|-------------|-----------------|---------------------|--------------------------|---------------|--------------|-----------------|-------------------------|-------------|---------------|--------------|
| | | | State Shared Sales Taxes | | | | | | | |
| 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 | \$ 15,982,000 | \$ 3,516,624 | 2,821,855 | 915,740 | 428,651 | 64,281,949 | |
| 2017 | 19,468,926 | 2,064,522 | 20,462,687 | 20,097,483 | 365,204 | 2,926,257 | 842,598 | 630,705 | 66,858,382 | |
| 2018 | 20,423,770 | 2,202,452 | 20,483,067 | 20,653,375 | (170,308) | 4,706,453 | 932,469 | 991,873 | 70,223,151 | |
| 2019 | 22,583,607 | 2,211,230 | 23,611,132 | 22,980,662 | 630,470 | 7,637,948 | 920,998 | 885,093 | 81,461,140 | |
| 2020 | 24,296,937 | 1,965,102 | 21,961,474 | 22,535,050 | (573,576) | 7,663,335 | 722,837 | 1,279,397 | 79,850,556 | |
| 2021 | 26,148,244 | 2,012,943 | 26,734,737 | - | 26,734,737 | \$ 5,070,608 | 7,731,919 | 729,798 | 1,010,653 | 96,173,638 |
| | 7.62% | 2.43% | 21.73% | -100.00% | -4761.06% | 0.89% | 0.96% | -21.01% | 20.44% | |
| Change | (1,851,306) | (47,842) | (4,773,263) | 22,535,050 | (27,308,313) | (5,070,608) | (68,583) | (6,961) | 268,744 | (16,323,082) |
| 2012-2021 | -27.2% | 54.8% | 71.3% | #DIV/0! | #DIV/0! | 186.7% | -27.7% | 225.6% | 69.3% | |

*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
 LAST TEN FISCAL YEARS
 YEAR ENDED JUNE 30, 2021
 (IN THOUSANDS)**

| Fiscal Year | Residential Property* | Commercial Property* | Industrial Property* | Other Property* | Unsecured Property* | Less: Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate* |
|-------------|-----------------------|----------------------|----------------------|-----------------|---------------------|---------------------------|------------------------------|------------------------|
| 2011-12 | \$ 5,881,635 | \$ 1,099,774 | \$ 410,978 | \$ 1,108,713 | \$ 316,057 | \$ (457,271) | \$ 8,359,886 | 0.669320 |
| 2012-13 | 5,775,643 | 1,109,273 | 417,524 | 1,093,610 | 309,749 | (447,236) | 8,258,563 | 0.629500 |
| 2013-14 | 6,028,269 | 1,142,422 | 421,089 | 1,086,064 | 290,049 | (491,828) | 8,476,065 | 0.094360 |
| 2014-15 | 6,875,938 | 1,151,791 | 429,440 | 1,105,203 | 278,624 | (501,969) | 9,339,027 | 0.092970 |
| 2015-16 | 7,366,323 | 1,272,042 | 431,603 | 1,137,342 | 291,158 | (513,024) | 9,985,444 | 0.091940 |
| 2016-17 | 7,772,454 | 1,293,080 | 439,480 | 1,175,301 | 309,909 | (429,860) | 10,560,364 | 0.091220 |
| 2017-18 | 8,248,993 | 1,331,678 | 455,985 | 1,213,136 | 283,133 | (487,736) | 11,045,188 | 0.090230 |
| 2018-19 | 8,849,447 | 1,396,589 | 514,693 | 1,219,625 | 280,558 | (461,721) | 11,799,191 | 0.089460 |
| 2019-20 | 9,457,797 | 1,444,154 | 550,237 | 1,332,867 | 360,368 | (428,683) | 12,716,740 | 0.088530 |
| 2020-21 | 9,778,254 | 1,426,788 | 576,248 | 1,773,175 | 407,473 | (638,594) | 13,323,344 | 0.085786 |

Source: Los Angeles County Assessor data, Hdl, Coren & Cone

*Total Direct Rate is the weighted average of all individual direct rates applied by the City and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas.

**CITY OF LANCASTER
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2021**

| Fiscal Year | General | Los Angeles County | Antelope Valley Union High School District | Elementary School Districts | Community College | Water | Total Direct & Overlapping(1) | City's Share of 1% Levy Per Prop 13(2) | Total Direct(3) |
|-------------|----------|--------------------|--|-----------------------------|-------------------|----------|-------------------------------|--|-----------------|
| 2012 | 1.00000% | 0.00000% | 0.02913% | 0.16285% | 0.02599% | 0.07049% | 1.28846% | 0.06611% | 0.669320 |
| 2013 | 1.00000% | 0.00000% | 0.03075% | 0.17208% | 0.02949% | 0.07049% | 1.30281% | 0.06611% | 0.629500 |
| 2014 | 1.00000% | 0.00000% | 0.02602% | 0.19795% | 0.02741% | 0.07049% | 1.32186% | 0.06611% | 0.094360 |
| 2015 | 1.00000% | 0.00000% | 0.02585% | 0.21896% | 0.02480% | 0.07049% | 1.34010% | 0.06611% | 0.092970 |
| 2016 | 1.00000% | 0.00000% | 0.02428% | 0.21732% | 0.02556% | 0.07049% | 1.33765% | 0.06611% | 0.091940 |
| 2017 | 1.00000% | 0.00000% | 0.02474% | 0.21889% | 0.02560% | 0.07049% | 1.33972% | 0.06611% | 0.091220 |
| 2018 | 1.00000% | 0.00000% | 0.02357% | 0.21331% | 0.04869% | 0.07049% | 1.35606% | 0.06611% | 0.090230 |
| 2019 | 1.00000% | 0.00000% | 0.02317% | 0.20772% | 0.04847% | 0.07049% | 1.34985% | 0.06611% | 0.089460 |
| 2020 | 1.00000% | 0.00000% | 0.02187% | 0.20734% | 0.04722% | 0.07049% | 1.34692% | 0.06611% | 0.088530 |
| 2021 | 1.00000% | 0.00000% | 0.02163% | 0.06540% | 0.42466% | 0.07049% | 1.58218% | 0.06611% | 0.085786 |

Source: Los Angeles County Auditor 2011/12-2020/21 Tax Rate Table, HdL Coren & Cone

(1) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

(2) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The City's ERAF portion of the City's Levy has been subtracted where known.

(3) Total Direct Rate is the weighted average of all individual direct rates applied by the City and excludes revenues derived from aircraft. Beginning in 2013/14, the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas.

**CITY OF LANCASTER
PRINCIPAL PROPERTY TAX PAYERS
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2021**

| <u>Taxpayer</u> | <u>2020-21</u> | | | <u>Taxpayer</u> | <u>2011-12</u> | | |
|----------------------------|-------------------------------|-------------|--|---------------------------------|-------------------------------|-------------|--|
| | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total City Taxable Assessed Value</u> | | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total City Taxable Assessed Value</u> |
| Rami Darghalli Trust | \$ 67,831,253 | 1 | 0.51% | Basrock | \$ 92,006,137 | 1 | 1.10% |
| Walmart Stores INC | 62,245,360 | 2 | 0.47% | Walmart | 50,894,858 | 2 | 0.61% |
| BRE MG Granada Villias LLC | 54,924,012 | 3 | 0.41% | Avenue K Lancaster UCM Cadenc | 46,879,846 | 3 | 0.56% |
| TA High Desert LLC | 54,835,443 | 4 | 0.41% | US Industrial Reit II | 45,284,000 | 4 | 0.54% |
| BRE MG Cordova Park LLC | 52,178,736 | 5 | 0.39% | Thrifty Payless Inc | 34,439,192 | 5 | 0.41% |
| Thrifty Payless Inc. | 49,224,466 | 6 | 0.37% | Bank of America | 31,158,315 | 6 | 0.37% |
| BYD Coach and Bus LLC | 49,034,258 | 7 | 0.37% | Federal National Mortgage Assoc | 27,313,138 | 7 | 0.33% |
| AG Sunset Ridge Owner LP | 47,210,000 | 8 | 0.35% | MGP IX Reit LLC | 27,150,000 | 8 | 0.32% |
| Vereit Real Estate LP | 46,974,059 | 9 | 0.35% | Sygma Network Inc | 25,586,895 | 9 | 0.31% |
| BRE MG Sienna Heights LLC | 45,254,526 | 10 | 0.34% | Wood Lancaster | 23,685,303 | 10 | 0.28% |
| Top Ten Total | \$ 529,712,113 | | 3.98% | Top Ten Total | \$ 404,397,684 | | 4.84% |

**CITY OF LANCASTER
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2021**

| Taxpayer | 2020-21 | | | Taxpayer | 2011-12 | | |
|----------------------------|------------------------|------|---|---------------------------------|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Rami Darghalli Trust | \$ 67,831,253 | 1 | 0.51% | Basrock | \$ 92,006,137 | 1 | 1.10% |
| Walmart Stores INC | 62,245,360 | 2 | 0.47% | Walmart | 50,894,858 | 2 | 0.61% |
| BRE MG Granada Villias LLC | 54,924,012 | 3 | 0.41% | Avenue K Lancaster UCM Cadenc | 46,879,846 | 3 | 0.56% |
| TA High Desert LLC | 54,835,443 | 4 | 0.41% | US Industrial Reit II | 45,284,000 | 4 | 0.54% |
| BRE MG Cordova Park LLC | 52,178,736 | 5 | 0.39% | Thrifty Payless Inc | 34,439,192 | 5 | 0.41% |
| Thrifty Payless Inc. | 49,224,466 | 6 | 0.37% | Bank of America | 31,158,315 | 6 | 0.37% |
| BYD Coach and Bus LLC | 49,034,258 | 7 | 0.37% | Federal National Mortgage Assoc | 27,313,138 | 7 | 0.33% |
| AG Sunset Ridge Owner LP | 47,210,000 | 8 | 0.35% | MGP IX Reit LLC | 27,150,000 | 8 | 0.32% |
| Vereit Real Estate LP | 46,974,059 | 9 | 0.35% | Syigma Network Inc | 25,586,895 | 9 | 0.31% |
| BRE MG Sienna Heights LLC | 45,254,526 | 10 | 0.34% | Wood Lancaster | 23,685,303 | 10 | 0.28% |
| Top Ten Total | <u>\$ 529,712,113</u> | | <u>3.98%</u> | Top Ten Total | <u>\$ 404,397,684</u> | | <u>4.84%</u> |

**CITY OF LANCASTER
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2021
(DOLLARS IN THOUSAND, EXCEPT PER CAPITA)**

| Fiscal Year | Lease Revenue Bonds | Assessment District Bonds | *Business-Type Activity Revenue Bonds | Total Primary Government | Percentage of Personal Income | Per Capita |
|----------------|---------------------------|---------------------------------|--|--------------------------------|-------------------------------------|---------------|
| 2012 | \$ - | \$ 3,760 | \$ 26,895 | \$ 30,655 | 159.55% | 0.19 |
| 2013 | - | 3,295 | 26,336 | 29,631 | 148.45% | 0.19 |
| 2014 | - | 2,805 | 25,359 | 28,164 | 142.01% | 0.18 |
| 2015 | - | 2,280 | 24,850 | 27,130 | 136.81% | 0.17 |
| 2016 | - | 1,370 | 23,745 | 25,115 | 125.87% | 0.16 |
| 2017 | - | 15,200 | 22,140 | 37,340 | 195.17% | 0.24 |
| 2018 | - | 14,215 | 22,195 | 36,410 | 191.69% | 0.23 |
| 2019 | 14,340 | 14,157 | 21,735 | 50,232 | 254.71% | 0.31 |
| 2020 | 14,085 | 12,630 | 21,225 | 47,940 | 229.77% | 0.30 |
| 2021 | 13,820 | 12,060 | 20,284 | 46,164 | 206.87% | 0.27 |

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
YEAR ENDED JUNE 30, 2021
(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 Bonds | Tax Allocation Redevelopment Bonds | Total | | |
| 2012 | \$ - | \$ 249,160 | \$ 249,160 | 2.9804% | 1.58 |
| 2013 | - | 242,465 | 242,465 | 2.9359% | 1.53 |
| 2014 | - | 228,955 | 228,955 | 2.7012% | 1.43 |
| 2015 | - | 218,715 | 218,715 | 2.3419% | 1.37 |
| 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 |
| 2019 | - | 163,995 | 163,995 | 1.3899% | 1.01 |
| 2020 | - | 154,784 | 154,784 | 1.2172% | 0.96 |
| 2021 | - | 161,023 | 161,023 | 1.2086% | 0.94 |

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
YEAR ENDED JUNE 30, 2021**

| | Total Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Direct and Overlapping Debt |
|---|------------------------------|---------------------------------------|--|
| Direct Debt | | | |
| Direct Borrowings | \$ 3,305,505 | 100.00% | \$ 3,305,505 |
| Other Debt: | | | |
| Streetlight Acquisition Bonds of 2016 | 12,060,000 | 100.00% | 12,060,000 |
| Public Improvement Project Bonds of 2018 | 13,820,000 | 100.00% | 13,820,000 |
| Unamortized Bond Premiums | 7,415,353 | 100.00% | 7,415,353 |
| CFD 89-1 Series 1997 A & B | - | 100.00% | - |
| Measure M & R Street Improvement | 46,235,000 | 100.00% | 46,235,000 |
| Other Long-Term Liabilities | 6,547,822 | 100.00% | 6,547,822 |
| Total Direct Debt | | | \$ 89,383,680 |
| Overlapping Tax and Assessment Debt | | | |
| 464.5 EASTSIDE UNION DS 1998 SERIES A | \$ 907,862 | 62.219% | 564,860 |
| 464.54 EASTSIDE UNION DS 2016 REF | 3,955,000 | 62.219% | 2,460,748 |
| 529.5 LANCASTER SD DS 1999 SERIES A | 2,189,714 | 97.328% | 2,131,197 |
| 529.51 LANCASTER SD DS 1999 SERIES 2001 | 6,690,468 | 97.328% | 6,511,674 |
| 529.53 LANCASTER SD DS 2012 SERIES 2013A | 17,205,000 | 97.328% | 16,745,219 |
| 529.54 LANCASTER SD DS 2012 SERIES 2013B | 10,755,000 | 97.328% | 10,467,587 |
| 529.55 LANCASTER SD DS 2012 SERIES 2018C | 26,184,908 | 97.328% | 25,485,151 |
| 689.54 WESTSIDE UNION SD DS 1998 SERIES A | 1,844,130 | 29.029% | 535,336 |
| 689.55 WESTSIDE UNION SD DS 1998 S-2001A | 2,516,302 | 29.029% | 730,463 |
| 689.56 WESTSIDE UNION SD DS 1998 S-2002A | 1,865,450 | 29.029% | 541,525 |
| 689.61 WESTSIDE UNION SD DS 2008 SERIES A | 8,668,068 | 29.029% | 2,516,272 |
| 689.62 WESTSIDE UNION SD DS 2008 SERIES B | 12,753,931 | 29.029% | 3,702,365 |
| 689.63 WESTSIDE UNION SD DS 2012 SERIES A | 10,615,000 | 29.029% | 3,081,451 |
| 689.64 WESTSIDE UNION SD DS 2012 SERIES B | 13,410,000 | 29.029% | 3,892,817 |
| 717.54 ANTELOPE VALLEY JUHSD REF SERIES 2012 | 46,810,000 | 38.613% | 18,074,972 |
| 717.55 ANTELOPE VALLEY UNION HSD DS REF 2015 | 4,504,873 | 38.613% | 1,739,488 |
| 792.55 ANTELOPE VALLEY CCD DS 2014 REF SERIES A | 17,400,000 | 36.262% | 6,309,659 |
| 792.56 ANTELOPE VALLEY CCD DS 2014 REF SERIES B | 8,760,000 | 36.262% | 3,176,587 |
| 792.57 ANTELOPE VALLEY CCD DS 2015 REF | 77,683,682 | 36.262% | 42,204,006 |
| 792.58 ANTELOPE VALLEY CCD DS 2016 SERIES A | 22,945,000 | 36.262% | 8,320,410 |
| 792.59 ANTELOPE VALLEY CCD DS 2020 | 220,685,000 | 36.262% | 80,025,699 |
| Total Overlapping Tax And Assessment Debt | | | 239,217,486 |
| Total Direct And Overlapping Governmental Funds Debt | | | \$ 328,601,166 |
| City Assessed Valuation | \$ 4,256,996,964 | | |
| Incremental Value | 7,530,141,888 | | |
| Total Assessed Valuation | \$ 11,787,138,852 | | |

Debt to Assessed Valuation Ratios:

| | |
|---|---------------|
| Direct Debt | 0.758% |
| Overlapping and Assessment Debt | 2.029% |
| Total Direct and Overlapping Governmental Funds Debt | 2.788% |

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Lancaster. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Source: HdL Coren & Cone, Los Angeles Co Assessor & Auditor Combined 2020/21 Lien Date Tax Rolls, City of Lancaster Finance Department

**CITY OF LANCASTER
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2021
(DOLLARS IN THOUSANDS)**

| | Fiscal Year | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Assessed Valuation | \$ 8,359,886 | \$ 8,258,563 | \$ 8,476,065 | \$ 9,339,027 | \$ 9,985,444 | \$ 10,560,364 | \$ 11,045,188 | \$ 11,799,191 | \$ 12,716,740 | \$ 14,086,117 |
| Debt Limit (3.75% of Gross AV) | 313,496 | 309,696 | 317,852 | 350,214 | 374,454 | 396,014 | 414,195 | 442,470 | 476,878 | 528,229 |
| Total Net Debt Applicable to Limit | - | - | - | - | - | - | - | - | - | - |
| Legal Debt Margin | <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> | <u>\$ 442,470</u> | <u>\$ 476,878</u> | <u>\$ 528,229</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, HdL Coren & Cone

**CITY OF LANCASTER
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 YEAR ENDED JUNE 30, 2021
 (DOLLARS IN THOUSANDS)**

| Fiscal Year | Redevelopment Tax Allocation Bonds | | | | Coverage |
|------------------------|------------------------------------|--------------|----------|------|----------|
| | Property Tax Increment | Debt Service | | | |
| | | Principal | Interest | | |
| 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 | |
| 2019 | 19,409 | 8,435 | 7,002 | 1.26 | |
| 2020 | 20,350 | 8,685 | 6,802 | 1.31 | |
| 2021 | 21,052 | 8,985 | 6,493 | 1.36 | |

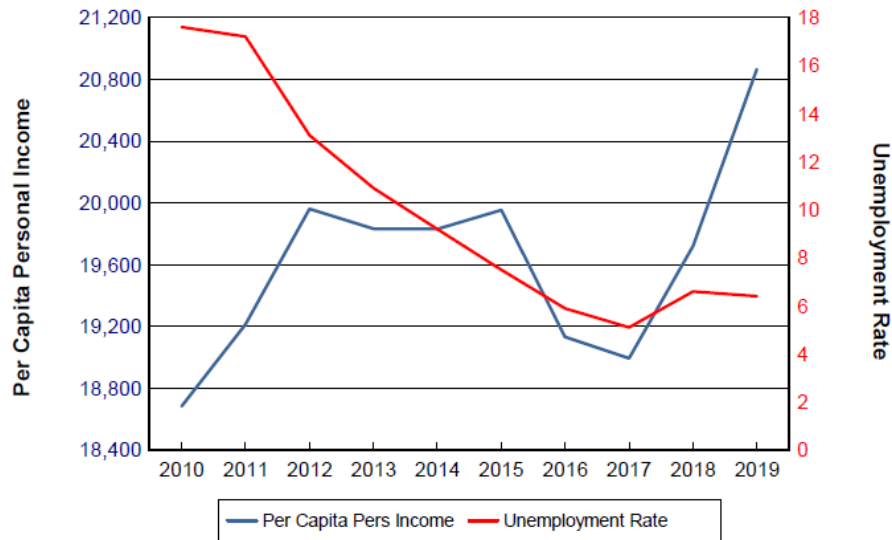
Notes: Details regarding the city's outstanding redevelopment debt can be found in the notes to the financial statements.

*Fiscal year 2012 is split because the Redevelopment Agency officially dissolved on February 1, 2012 and started receiving property taxes from the County of Los Angeles instead of "Property Tax Increment."

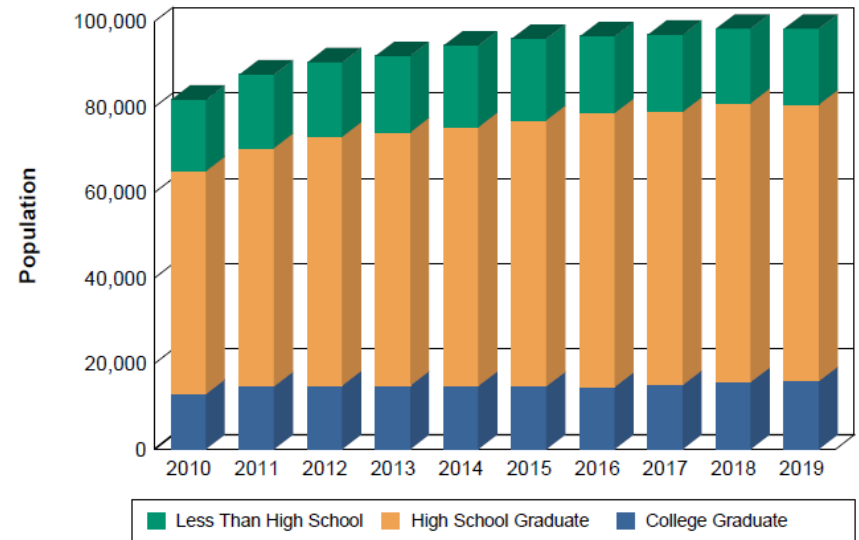
**CITY OF LANCASTER
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
YEAR ENDED JUNE 30, 2021**

| Calendar Year | Population | Personal income (in Thousands) | Per Capita Personal Income | Unemployment Rate | Median Age | % of Pop 25+ with High School Degree | % of Pop 25+ with Bachelor's Degree |
|---------------|------------|--------------------------------|----------------------------|-------------------|------------|--------------------------------------|-------------------------------------|
| 2012 | 158,630 | \$3,166,255 | \$19,960 | 13.10% | 31.4 | 80.80% | 16.50% |
| 2013 | 159,878 | \$3,170,860 | \$19,833 | 10.90% | 31.5 | 80.60% | 16.20% |
| 2014 | 159,956 | \$3,171,927 | \$19,830 | 9.20% | 32.3 | 79.80% | 15.70% |
| 2015 | 157,094 | \$3,134,596 | \$19,953 | 7.50% | 32.2 | 80.20% | 15.40% |
| 2016 | 157,820 | \$3,019,475 | \$19,132 | 5.90% | 31.7 | 81.40% | 15.10% |
| 2017 | 161,485 | \$3,067,258 | \$18,994 | 5.10% | 31.8 | 81.40% | 15.50% |
| 2018 | 161,604 | \$3,187,146 | \$19,721 | 6.60% | 32.4 | 82.30% | 16.00% |
| 2019 | 161,699 | \$3,373,741 | \$20,864 | 6.40% | 32.4 | 82.00% | 16.20% |
| 2020 | 171,674 | \$3,830,805 | \$22,315 | 5.00% | 32.6 | 82.60% | 17.60% |
| 2021 | 171,674 | \$3,838,000 | \$22,356 | 6.50% | 32.94 | 82.60% | 10.39% |

Personal Income and Unemployment



Education Level Attained for Population 25 and Over



**CITY OF LANCASTER
TOP 10 PRINCIPAL EMPLOYERS
CURRENT CALENDAR YEAR AND TEN YEARS PRIOR
YEAR ENDED JUNE 30, 2021**

| <u>Employer</u> | 2021 | | | <u>Employer</u> | 2012 | | |
|---|----------------------------|-------------|--|-----------------------------------|----------------------------|-------------|--|
| | <u>Estimated Employees</u> | <u>Rank</u> | <u>Percentage of Total Valley Employment</u> | | <u>Estimated Employees</u> | <u>Rank</u> | <u>Percentage of Total Valley Employment</u> |
| Northrop Grumman | 28,000 | 1 | 32.30% | Edwards Air Force Base | 10,808 | 1 | 17.45% |
| Edwards Air Force Base | 8,929 | 2 | 10.30% | China Lake Navel Weapons | 9,172 | 2 | 14.81% |
| County of Los Angeles | 3,933 | 3 | 4.27% | County of Los Angeles | 3,953 | 3 | 6.38% |
| China Lake NWC | 3,700 | 4 | 3.00% | Lockheed Martin | 3,000 | 4 | 4.84% |
| Lancaster School District | 2,600 | 5 | 4.54% | Palmdale School District | 2,682 | 5 | 4.33% |
| Antelope Valley Hospital Medical Center | 2,425 | 6 | 2.65% | Antelope Valley Hospital | 2,619 | 6 | 4.23% |
| Antelope Valley Union Highschool District | 2,300 | 7 | 2.80% | Northrop Grumman | 2,573 | 7 | 4.16% |
| Walmart | 1,900 | 8 | 2.19% | AV Union High School District | 2,037 | 8 | 3.29% |
| AV Mall | 1,800 | 9 | 2.08% | Wal-Mart (5) | 1,922 | 9 | 3.10% |
| Palmdale School District | <u>1,792</u> | 10 | 2.07% | California Correctional Institute | <u>1,915</u> | 10 | 3.09% |
| TOTAL Employment | 86,688 | | 66.19% | | 61,923 | | 65.70% |

Source: GAVEA 2021: City of Lancaster CAFR FY 2010-2011

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, Tehachapi, Mojave, Edwards AFB, and Ridgecrest.

**CITY OF LANCASTER
FULL-TIME-EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
YEAR ENDED JUNE 30, 2021**

| <u>Function</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Government | | | | | | | | | | |
| Administrative Services | 2.00 | 4.00 | 8.00 | 6.00 | 3.00 | 1.00 | 13.00 | 16.00 | 15.00 | 12.00 |
| City Clerk | 4.00 | 4.00 | 3.00 | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| City Manager | 8.25 | 8.25 | 9.25 | 10.25 | 11.75 | 12.75 | 9.75 | 8.00 | 10.00 | 9.00 |
| Economic Development | 4.00 | 2.00 | 2.00 | 3.00 | 4.00 | 4.00 | 5.00 | 2.00 | | 23.00 |
| Finance | 22.00 | 21.00 | 25.00 | 24.00 | 25.00 | 25.00 | 19.00 | 18.00 | 17.00 | |
| Housing and Neighborhood Revitalization | 30.00 | 22.00 | 20.00 | 19.00 | 20.00 | 20.00 | 19.00 | 21.00 | 17.00 | 17.00 |
| Human Resources | 5.00 | 5.00 | 5.00 | 5.00 | 4.00 | 6.00 | 7.00 | 7.00 | 7.00 | 10.00 |
| Planning | 12.00 | - | - | - | - | - | - | - | - | - |
| Redevelopment | - | - | - | - | - | - | - | - | - | - |
| City Attorney | - | - | - | 1.00 | 1.00 | 2.00 | 2.00 | 2.00 | | |
| Development Services | 128.00 | 124.00 | 125.00 | 124.00 | 131.00 | 131.00 | 124.00 | 124.00 | 122.00 | 105.00 |
| Lancaster Choice Energy | - | - | - | - | 8.00 | 8.00 | 5.00 | 4.00 | 1.00 | - |
| Parks, Recreation and Arts | 56.00 | 54.00 | 51.00 | 53.00 | 45.00 | 45.00 | 45.00 | 47.00 | 45.00 | 51.00 |
| Public Safety | 16.00 | 15.00 | 13.00 | 13.00 | 12.00 | 12.00 | 13.00 | 11.00 | 12.00 | 26.00 |
| Less vacancies filled by internal recruitments | - | - | (11.00) | (8.00) | (22.00) | (18.75) | (19.00) | (8.00) | - | - |
| Total | 287.25 | 259.25 | 250.25 | 252.25 | 245.75 | 251.00 | 245.75 | 255.00 | 249.00 | 256.00 |
| Year over year | (13.00) | (28.00) | (9.00) | 2.00 | (6.50) | 5.25 | (5.25) | 9.25 | (6.00) | 7.00 |

Source: City Human Resources Department

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

Note: The City went through a reorganization in 2021 resulting in ACS being dissolved and divisions being absorbed by various departments

**CITY OF LANCASTER
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
YEAR ENDED JUNE 30, 2021**

| Function/Program | Fiscal Year | | | | | | | | | |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| General government | | | | | | | | | | |
| City Hall | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Annex/Record Center | - | - | - | - | - | - | - | - | - | - |
| Community Development | | | | | | | | | | |
| Brierwood Mobile Home Park | - | - | - | - | - | - | - | - | - | - |
| Desert Sands Mobile Home Park | 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 | 4 | 4 | 4 | 3 | 3 | 3 | 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) | 633 | 640 | 640 | 1,765 | 1,765 | 1,765 | 1,765 | 1,765 | 1,769 | 482 |
| Streetlights (owned by City) | 1,157 | 1,875 | 1,895 | 1,895 | 1,908 | 19,576 | 19,576 | 19,576 | 19,576 | 19,777 |
| Traffic signals | 138 | 137 | 139 | 147 | 145 | 153 | 153 | 141 | 143 | 143 |
| Street Signs | 26,334 | 26,378 | 26,400 | 26,412 | 26,472 | 26,759 | 38,000 | 38,000 | 38,000 | 38,000 |
| Fleet Vehicles | 301 | 301 | 318 | 304 | 322 | 320 | 318 | 321 | 321 | 318 |
| Storm Drain Pipe (LF) | 434,005 | 485,113 | 485,113 | 485,113 | 485,113 | 420,239 | 420,239 | 430,445 | 430,868 | 432,434 |
| Storm Drain Box (LF) | 26,169 | 27,993 | 27,996 | 27,996 | 27,996 | 27,996 | 27,996 | 9,217 | 9,217 | 9,217 |
| Storm Drain Box (Each) | | | | | | 1,547 | 1,547 | 1,477 | 1,477 | 1,487 |
| Storm Drain Channel (LF) | 44,883 | 44,883 | 44,883 | 44,883 | 44,883 | 45,733 | 45,733 | 45,951 | 45,951 | 45,951 |
| Sewer Pipe (LF) | 2,265,580 | 2,261,609 | 2,265,120 | 2,265,120 | 2,262,626 | 2,268,696 | 2,268,527 | 2,265,120 | 2,271,627 | 2,276,401 |
| Sewer Manholes | 9,005 | 9,035 | 9,188 | 9,042 | 8,966 | 8,975 | 8,977 | 9,073 | 9,106 | 9,130 |
| Sewer Lift Station | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Drainage Lift Station | | | | | | | | | | 13 |
| Parks, Recreation and Arts | | | | | | | | | | |
| Acreage | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 558 | 558 | 558 |
| Developed park sites | 14 | 14 | 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 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Cedar Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Prime Desert Woodlands Preserve/Nature Cntr | 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

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